



**IOL CHEMICALS AND PHARMACEUTICALS LIMITED**

IOLCP/CGC/2016  
08 October 2016

|   |  |
|---|--|
| <p>The General Manager<br/><b>National Stock Exchange of India Ltd.</b><br/>Exchange Plaza, Plot no. C/1, G Block,<br/>Bandra-Kurla Complex, Bandra (E),<br/>Mumbai - 400 051</p> | <p>The General Manager<br/><b>BSE Limited.</b><br/>Phiroze Jeejeebhoy Towers,<br/>Dalal Street,<br/>Mumbai</p> |
|---|--|

**Subject: Annual Report under Regulations 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sirs,

Pursuant to Regulations 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report of the Company for the financial year 2015-16 in soft copy.

This is for your information and record please.

Thanking you

Yours faithfully,  
for IOL Chemicals and Pharmaceuticals Limited



[Krishan Singla]  
Vice President & Company Secretary

29<sup>th</sup> Annual Report  
2015-2016



**IOL Chemicals and Pharmaceuticals Limited**



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Please visit our website: [www.iolcp.com](http://www.iolcp.com)

**Board of Directors**

Dr M A Zahir

*Chairman & Independent Director*

Mr Varinder Gupta

*Managing Director*

Mr Vijay Kumar Garg

*Joint Managing Director*

Mr Vikas Gupta

*Executive Director*

Mr Vijay Singla

*Director (Works)*

Mr Chandra Mohan

*Independent Director*

Dr Sandhya Mehta

*Independent Director***Chief Financial Officer**

Mr Pardeep Kumar Khanna

**Vice President and Company Secretary**

Mr Krishan Singla

**Statutory Auditors**

M/s S C Vasudeva &amp; Co.

Chartered Accountants,

New Delhi

**Cost Auditors**

M/s Ramanath Iyer &amp; Co.

Cost Accountants,

New Delhi

**Registrar and Share Transfer Agents**

Alankit Assignments Limited

(Unit: IOL Chemicals and Pharmaceuticals Limited)

"Alankit Heights", 1E/13, Jhandewalan Extension,

New Delhi-110 055

Phone : +91-11-23541234, 42541234

Fax : +91-11-41543474

E mail : rta@alankit.com

**Board's Committees****Audit and Risk Management Committee**Dr M A Zahir - *Chairman*

Mr Chandra Mohan

Dr Sandhya Mehta

**Stakeholders' Relationship Committee**Dr M A Zahir - *Chairman*

Mr Vijay Kumar Garg

Mr Vikas Gupta

**Nomination and Remuneration Committee**Mr Chandra Mohan - *Chairman*

Dr M A Zahir

Dr Sandhya Mehta

**Bankers**

Punjab National Bank

Allahabad Bank

Oriental Bank of Commerce

Export-Import Bank of India

State Bank of India

**Registered Office :**

Trident Complex, Raikot Road,

Barnala – 148 101 (Punjab)

Phone : +91-1679 - 244701-07

Fax : +91-1679 - 244708

E-mail : [contact@iolcp.com](mailto:contact@iolcp.com)**Corporate Office :**

85, Industrial Area, 'A'

Ludhiana – 141 003

Phone : +91-161 - 2225531-35

Fax : +91-161 - 2608784

E-mail : [contact@iolcp.com](mailto:contact@iolcp.com)**Works :**

Village Fatehgarh Chhana,

Mansa Road, Barnala - 148 101

Phone : +91-1679 - 285285-86

Fax : +91-1679 - 285292

E-mail : [contact@iolcp.com](mailto:contact@iolcp.com)

Members are requested to intimate their e-mail id for **quick correspondence** to the **Depository Participants / [investor@iolcp.com](mailto:investor@iolcp.com)** and/or register themselves at Company's website **[www.iolcp.com](http://www.iolcp.com)**



**NOTICE**

NOTICE is hereby given that the Twenty-ninth Annual General Meeting of the members of **IOL Chemicals and Pharmaceuticals Limited** (CIN: L24116PB1986PLC007030) will be held on **Wednesday, 28 September 2016** at **11.00 A.M.** at the Registered Office of the Company; Trident Complex, Raikot Road, Barnala, Punjab to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the financial statements for the year ended 31 March 2016 including audited Balance Sheet of the Company as at 31 March 2016 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a director in place of Mr Vijay Kumar Garg (holding DIN 06510248) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Vijay Singla (holding DIN 03577178) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr Vikas Gupta (holding DIN 07198109) who retires by rotation and being eligible, offers himself for re-appointment.
5. **Appointment of Auditors**

To ratify the appointment of auditors of the Company and fix their remuneration and pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, pursuant to the recommendation of the Audit and Risk Management Committee and pursuant to the resolution passed by the members at the Annual General Meeting held on 30 September 2014, the appointment of M/s. S C Vasudeva & Co., Chartered Accountants, New Delhi as the auditors of the Company to hold office till the conclusion of thirty first Annual General Meeting of the Company be and is hereby ratified on such remuneration as may be fixed by the Board of Directors from time to time as agreed upon between the Auditors and the Board of Directors.”

**Special Business:**

6. **Re-appointment of Mr Vijay Kumar Garg as Joint Managing Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED that in accordance with the provisions of Sections 196, 197 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to approval of the Central Government and/or any other authority, if required, Mr Vijay Kumar Garg (DIN: 06510248) be and is hereby re-appointed as Joint Managing Director of the Company, for a period of three years liable to retire by rotation with effect from 02 March 2016 to 01 March 2019, at a gross remuneration of ₹ 7,50,000/- as per details given below:

- 1a) Basic Salary: ₹ 3,00,000/- (Rupees three lacs only) per month.

- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

|  |                  |
|--|------------------|
| a) House Rent Allowance                | 50% of salary    |
| b) Conveyance Allowance                | 20% of salary    |
| c) Communication Allowance             | 10% of salary    |
| d) Medical Allowance                   | 8.33% of salary  |
| e) Newspaper and Periodicals Allowance | 5% of salary     |
| f) Children Education Allowance        | 5% of salary     |
| g) Provident Fund Contribution         | 12% of salary    |
| h) Bonus                               | 10% of salary    |
| i) Gratuity                            | 4.17% of salary  |
| j) Uniform Allowance                   | 8% of salary     |
| k) Self Development Allowance          | 13.33% of salary |
| l) Medical CL/GIS                      | 4.17% of salary  |

“RESOLVED FURTHER that approval of the Company be and is hereby accorded to Board of Directors for variation in his terms of appointment in respect of revision of his remuneration to ₹ 10,00,000/- lacs per month consisting of basic salary of ₹ 4,00,000/- and aforesaid perquisites and allowances with effect from 01 April 2016 for remaining period of his tenure.”

2. **Other Terms**

The Joint Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company’s practice and rules and regulations in force from time to time.

“RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act 2013.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to increase his remuneration and perquisites from time to time within Schedule V of the Companies Act, 2013 and such other guidelines or ceiling fixed by the Government from time to time.”

“RESOLVED FURTHER that Board of Directors be and is hereby authorised to complete all legal and procedural formalities to give effect to the re-appointment of the Joint Managing Director.”

7. **Re-appointment of Mr Vijay Singla as Director (Works) of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED that in accordance with the provisions of Sections 196, 197 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government and/or any other authority, if required, Mr Vijay Singla (DIN: 03577178) be and is hereby re-appointed as Director (Works) of the Company, for a period of three years liable to retire by rotation with effect from 01 April 2016 to 31 March 2019, at a gross remuneration of ₹ 5,50,000 as per details given below:

- 1 a) Basic Salary: ₹ 2,20,000/- (Rupees two lacs twenty thousand only) per month.

b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

|   |                                     |                  |
|---|-------------------------------------|------------------|
| a | House Rent Allowance                | 50% of salary    |
| b | Conveyance Allowance                | 20% of salary    |
| c | Communication Allowance             | 10% of salary    |
| d | Medical Allowance                   | 8.33% of salary  |
| e | Newspaper and Periodicals Allowance | 5% of salary     |
| f | Children Education Allowance        | 5% of salary     |
| g | Provident Fund Contribution         | 12% of salary    |
| h | Bonus                               | 10% of salary    |
| i | Gratuity                            | 4.17% of salary  |
| j | Uniform Allowance                   | 8% of salary     |
| k | Self Development Allowance          | 13.33% of salary |
| l | Medical CL/GIS                      | 4.17% of salary  |

## 2. Other Terms

The Director (Works) shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and rules and regulations in force from time to time.

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to increase his remuneration and perquisites from time to time within Schedule V of the Companies Act, 2013 and such other guidelines or ceiling fixed by the Government from time to time."

"RESOLVED FURTHER that Board of Director be and is hereby authorised to complete all legal and procedural formalities to give effect to the re-appointment of the Director (Works)."

## 8. Increase of the remuneration of Mr Varinder Gupta, Managing Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

"RESOLVED that in accordance with the provisions of Section 197 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government and/or any other authority, if required, variation in the terms of appointment of Mr Varinder Gupta (DIN:00044068), Managing Director in respect of increase in his gross remuneration to ₹ 12,00,000 with effect from 01 April 2016 for his remaining tenure that is upto 31 August 2018 be and is hereby approved as per details given below:

1a) Basic Salary: ₹ 4,80,000/- (Rupees four lac eighty thousand only) per month.

b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

|    |                                     |                 |
|----|-------------------------------------|-----------------|
| a) | House Rent Allowance                | 50% of salary   |
| b) | Conveyance Allowance                | 20% of salary   |
| c) | Communication Allowance             | 10% of salary   |
| d) | Medical Allowance                   | 8.33% of salary |
| e) | Newspaper and Periodicals Allowance | 5% of salary    |
| f) | Children Education Allowance        | 5% of salary    |

|    |                             |                  |
|----|-----------------------------|------------------|
| g) | Provident Fund Contribution | 12% of salary    |
| h) | Bonus                       | 10% of salary    |
| i) | Gratuity                    | 4.17% of salary  |
| j) | Uniform Allowance           | 8% of salary     |
| k) | Self Development Allowance  | 13.33% of salary |
| l) | Medical CL/GIS              | 4.17% of salary  |

## 2. Other Terms

The Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and rules and regulations in force from time to time.

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER that Board of Directors be and is hereby authorised to complete all legal and procedural formalities to give effect to the variation of terms of the appointment of the Managing Director."

## 9. Increase of the remuneration of Mr Vikas Gupta, Executive Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that in accordance with the provisions of Section 197 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government and/or any other authority, if required, variation in the terms of appointment of Mr Vikas Gupta (DIN: 07198109), Executive Director in respect of increase of his gross remuneration to ₹ 2,50,000 with effect from 01 April 2016 for his remaining tenure be and is hereby approved as per details given below:

1 a) Basic Salary: ₹ 1,00,000/- (Rupees one lac only) per month.

b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

|    |                                     |                  |
|----|-------------------------------------|------------------|
| a) | House Rent Allowance                | 50% of salary    |
| b) | Conveyance Allowance                | 20% of salary    |
| c) | Communication Allowance             | 10% of salary    |
| d) | Medical Allowance                   | 8.33% of salary  |
| e) | Newspaper and Periodicals Allowance | 5% of salary     |
| f) | Children Education Allowance        | 5% of salary     |
| g) | Provident Fund Contribution         | 12% of salary    |
| h) | Bonus                               | 10% of salary    |
| i) | Gratuity                            | 4.17% of salary  |
| j) | Uniform Allowance                   | 8% of salary     |
| k) | Self Development Allowance          | 13.33% of salary |
| l) | Medical CL/GIS                      | 4.17% of salary  |

## 2. Other Terms

The Executive Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and rules and regulations in force from time to time.

“RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER that Board of Director be and is hereby authorised to complete all legal and procedural formalities for giving effect to the variation of terms of the appointment of the Executive Director.”

**10. Approval of remuneration to the Cost Auditors for the financial year ending 31 March 2017**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, and such other permissions as may be necessary, the members hereby approve the remuneration of ₹ 1,20,000/- plus service tax and out-of-pocket expenses payable to M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, who are appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the cost accounting records maintained by the Company in respect of bulk drugs and chemicals for the financial year ending 31 March 2017.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board  
For IOL Chemicals and Pharmaceuticals Limited

**Registered Office:**

Trident Complex, Raikot Road,  
Barnala-148 101 (Punjab)

Dated : 08 August 2016

Sd/  
[Krishan Singla]  
Vice President and Company Secretary

**NOTES:**

- 1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at Annual General Meeting (AGM) is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- 3) The Register of Members and Share Transfer Books will remain closed on **21 September 2016** for purpose of the Annual General Meeting.
- 4) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members

are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

- 5) The Securities and Exchange Board of India (SEBI) has mandated the submission of **Permanent Account Number (PAN)** by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 6) **The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same.** Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
- 7) Members may also note that the Annual Report is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com) for their download. The physical copies of the aforesaid documents is also be available at the Company's Registered Office in Barnala (Punjab) for inspection during normal business hours on working days. **Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor@iolcp.com.**
- 8) **Voting through electronic means**
  - (i) The voting period begins on **23 September 2016 at 9.00 A.M. and ends on 27 September 2016 at 5.00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **21 September 2016**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (iii) The shareholders should log on to the e-voting **website www.evotingindia.com**.
  - (iv) Click on **“Shareholders”** tab
  - (v) Now Enter your **User ID**
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should **enter Folio Number** registered with the Company.
  - (vi) Next enter the **Image Verification** as displayed and Click on Login.
  - (vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then **your existing password** is to be used.

(viii) If you are a first time user follow the steps given below:

|  |  |
|--|--|
|  | <b>For Members holding shares in Demat Form and Physical Form</b>  |
| PAN  | <p>Enter your 10 digit alpha-numeric <b>*PAN issued by Income Tax Department</b> (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the <b>the first two letters of their name and the 8 digits of the sequence number in the PAN field.</b></li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. <b>Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</b></li> </ul> |
| Dividend Bank Details<br><b>OR</b> Date of Birth (DOB) | <p>Enter the <b>Dividend Bank Details or Date of Birth</b> (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please <b>enter the member id / folio number</b> in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>  |

(ix) After entering these details appropriately, click on **“SUBMIT”** tab.

(x) Members holding shares **in physical form** will then **directly reach the Company selection screen**. However, members holding shares **in demat form** will now reach **‘Password Creation’** menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the **EVSN i.e. 160817062** for the IOL Chemicals and Pharmaceuticals Limited on which you choose to vote.

(xiii) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire resolution details.

(xv) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.

(xvi) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the Voting page.

(xviii) If demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21 September 2016 may follow the same instructions as mentioned above for e-Voting.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The Company has appointed **Mr Vinay Kohli partner, M/s. K.K. Kapoor & Associates, Chartered Accountants** as scrutinizer for conducting the e-voting process in fair and transparent manner and he will submit his report to the Chairman within 3 days of conclusion of voting.
- Members who are holding shares in identical order of names under more than one folio are requested to send the relative share certificates to the RTA for consolidation of the entire holding under one folio.
- All activities for transfer of shares, dematerialization of shares, change of address etc. are carried out by the Company through its Registrar and Share Transfer Agents (RTA). Members are requested to make their requests to RTA at the following address: Alankit Assignments Limited, “Alankit Heights”, 1E/13, Jhandewalan Extension, New Delhi-110 055
- Documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except holidays, between **11:00 A.M. to 1:00 P.M.**
- Members desiring any information on Accounts or other items of Agenda are requested to write to the Company at its Registered Office at least ten days before the date of the Annual General Meeting so as enable the Management to keep the information ready.
- Members are requested to:
  - Notify the change of address with pin code, to ensure quick delivery of letters and quote their folio/ client ID & DP ID in all correspondence.



- b) Bring their copies of Annual Report at the meeting.  
 c) Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

d) **Intimate their e-mail id for quick correspondence to the Depository Participants / investor@iolcp.com and/or register themselves at Company's website www.iolcp.com**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

**Item No. 6**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, re-appointed Mr Vijay Kumar Garg as Joint Managing Director of the Company for a period of three years with effect from 02 March 2016 at a monthly gross remuneration of ₹ 7,50,000/-.

Further, the Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 10,00,000/- consisting of basic salary of ₹ 4,00,000/- and the perquisites and allowances as detailed in the resolution, with effect from 01 April 2016 to 01 March 2019.

The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule V to the Companies Act, 2013 is given hereunder.

**I. General information**

- Nature of Industry: Manufactures of API and Specialty Chemicals.
- Date or expected date of commencement of commercial production: It is an existing manufacturing Company.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA
- Financial performance based on given indicators:

(₹ in crore)

| Particulars                | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|----------------------------|---------|---------|---------|---------|
| Net sales and other income | 581.64  | 386.05  | 564.81  | 484.04  |
| Profit/(Loss) before tax   | (38.55) | (75.44) | 5.08    | 2.96    |
| Profit/(Loss) after tax    | (40.03) | (66.65) | 1.78    | 1.59    |

- Export performance and net foreign exchange earning: During the year 2014- 2015 export of the Company have been ₹ 63.72 crore and ₹ 131.67 crore during the year 2015-2016.
- Foreign investments or collaborators, if any: None

**II Information about the appointee**

*Background details:*

Mr Vijay Kumar Garg, aged 46 years is having degree of B.Sc. (Chemistry) and MBA, Executive Program in International Business (One year PG Course) from Indian Institute of Management Kolkata. He has an experience of 24 years in commercial activities of the chemical and pharmaceutical products and has an international exposure in the industry. He has joined the Company on 01 August 2012 as President (Commercial). He was appointed as Joint Managing Director on 02 March 2013.

*Past remuneration:*

Mr Vijay Kumar Garg, Joint Managing Director is drawing gross remuneration of ₹ 7,50,000/- per month since 01 April 2015.

*Job profile and his suitability:*

Mr Vijay Kumar Garg is responsible for overall day to day

management of the Company under the supervision and control of the Board of Director and the Managing Director.

*Remuneration Proposed:*

The Board of Director has proposed to pay him monthly basic salary of ₹ 3,00,000/- plus perquisites and allowances as detailed in the resolution for the period of three years with effect from 02 March 2016. Further the Board of Directors revised his monthly basic salary to ₹ 4,00,000/- plus perquisites and allowances as detailed in the resolution with effect from 01 April 2016 for remaining period of his tenure that is upto 01 March 2019.

*Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:*

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of the appointees, the proposed remuneration is reasonable as compared remuneration paid by other companies to such similar positions.

*Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel*

Mr Vijay Kumar Garg has no pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel

**III OTHER INFORMATION**

*Reasons of loss or inadequate profits:*

The Company has inadequate profits due to mis-match in input and output prices in chemical business and company was not able to pass on the increase price of raw materials to its customers because of subdued sentiments in overall economy.

*Steps taken or proposed to be taken for improvement:*

The Company has strengthened its inventory risk mitigation procedures and concentrate more on its pharma business.

*Expected increase in productivity and profits in measurable terms:*

Due to the steps taken by the company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the company will improve its profitability in time to come. The Company was able to reduces its losses substantially in the year 2015-16 to ₹ 40.03 crore as compared to ₹ 66.65 crore during the year 2014-15.

**IV DISCLOSURES**

All the relevant information pertaining to the remuneration and other particulars of Directors are mentioned in the Directors' Report under the heading "Corporate Governance", as annexed to the Annual Report.

As per the provisions of the Companies Act, 2013 read with Schedule V, thereof, approval of members is required for this purpose. Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Vijay Kumar Garg being the proposed appointee is concerned or interested, in the resolution.

**Item No. 7**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, re-appointed Mr Vijay Singla as Director (Works) of the Company for a period of three years with effect from 01 April 2016 at a monthly gross remuneration of ₹ 5,50,000/- consisting of basic salary of ₹ 2,20,000/- and the perquisites and allowances as detailed in the resolution.

The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule V to the Companies Act, 2013 is given hereunder.

### I. General information

1. Nature of Industry: Manufactures of API and Special Chemicals
2. Date or expected date of commencement of commercial production : It is an existing manufacturing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA
4. Financial performance based on given indicators:

(₹ in crore)

| Particulars                | 2015-16 | 2014-15 | 2013-14 |
|----------------------------|---------|---------|---------|
| Net sales and other income | 581.64  | 386.05  | 564.81  |
| Profit/(Loss) before tax   | (38.55) | (75.44) | 5.08    |
| Profit/(Loss) after tax    | (40.03) | (66.65) | 1.78    |

5. Export performance and net foreign exchange earning: During the year 2015- 2016 export of the Company have been ₹ 131.67 crore.
6. Foreign investments or collaborators, if any: None

### II Information about the appointee

#### Background details:

Mr Vijay Singla, aged 41 years is having Degree in Chemical Engineering from Punjab Technical University and Electric Engineering from Institute of Engineers (India) Calcutta. He has an experience of 16 years in Pharmaceuticals and Chemicals Industries. He has joined the Company on 01 March 2000 as Engineer Trainee. He worked in various capacities and also worked as President in Ibuprofen production before his elevation as Director (Works). He was instrumental in setting up the Ibuprofen plant of the Company.

#### Past remuneration:

Mr Vijay Singla is drawing gross monthly remuneration of ₹ 5,00,000/- per month since 01 April 2015.

#### Job profile and his suitability:

Mr Vijay Singla is looking after and responsible for efficient & smooth running and development of works of the Company and will also carry out such duties as may be entrusted to him by the Board from time to time.

#### Remuneration Proposed:

The Board of Director has proposed to pay him monthly basic salary of ₹ 2,20,000/- plus perquisites and allowances as detailed in the resolution, with effect from 01 April 2016 to 31 March 2019.

#### Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of the appointees, the proposed remuneration is reasonable as compared to the remuneration paid by other companies to such similar positions.

#### Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel

Mr Vijay Singla has no pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel.

### III OTHER INFORMATION

#### Reasons of loss or inadequate profits:

The Company has inadequate profits due to mis-match in input and output prices in chemical business and company was not able to pass on the increase price of raw materials to its customers because of subdued sentiments in overall economy.

#### Steps taken or proposed to be taken for improvement:

The Company has strengthened its inventory risk mitigation procedures and concentrate more on its pharma business.

#### Expected increase in productivity and profits in measurable terms:

Due to the steps taken by the Company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the Company will improve its profitability in time to come. The Company was able to reduce its losses substantially in the year 2015-16 to ₹ 40.03 crore as compared to ₹ 66.65 crore during the year 2014-15.

### IV DISCLOSURES

All the relevant information pertaining to the remuneration and other particulars of Directors are mentioned in the Directors' Report under the heading "Corporate Governance", as annexed to the Annual Report.

As per the provision of the Companies Act, 2013 read with Schedule V, thereof, approval of members is required for this purpose. Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Vijay Singla being the proposed appointee concerned or interested, in the resolution.

#### Item No. 8

The Company has re-appointed Mr Varinder Gupta as Managing Director of the Company for a period of three years with effect from 01 September 2015 at a monthly gross remuneration of ₹ 8,00,000/-. The Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 12,00,000/- consisting of basic salary of ₹ 4,80,000/- and perquisites and allowances as detailed in the resolution, with effect from 01 April 2016 for remaining period of his tenure.

The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule V to the Companies Act, 2013 is given hereunder.

### I. General information

1. Nature of Industry: Manufactures of API and Special Chemicals
2. Date or expected date of commencement of commercial production : It is an existing manufacturing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA
4. Financial performance based on given indicators:

(₹ in crore)

| Particulars                | 2015-16 | 2014-15 | 2013-14 |
|----------------------------|---------|---------|---------|
| Net sales and other income | 581.64  | 386.05  | 564.81  |
| Profit/(Loss) before tax   | (38.55) | (75.44) | 5.08    |
| Profit/(Loss) after tax    | (40.03) | (66.65) | 1.78    |

5. Export performance and net foreign exchange earning: During the year 2015- 2016 export of the Company have been ₹ 131.67 crore.
6. Foreign investments or collaborators, if any: None

## II Information about the appointee

### Background details:

Mr Varinder Gupta, aged 53 years, has more than 30 years experience in the chemical and pharmaceutical industry. He is instrumental in bringing the Company from a humble beginning to one of the largest manufacturers of Ibuprofen in the world.

### Past remuneration:

Mr Varinder Gupta, is drawing gross monthly remuneration of ₹ 8,00,000/- per month since 01 April 2015.

### Job profile and his suitability:

Mr Varinder Gupta is responsible for overall day to day management of the Company under the supervision and control of the Board of Director.

### Remuneration Proposed:

The Board of Director has proposed to increase his monthly gross salary to ₹ 12,00,000/- (consisting of basic salary to ₹ 4,80,000/- plus perquisites and allowances) with effect from 01 April 2016 for remaining period of his tenure.

### Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of the appointees, the proposed remuneration is competitive with remuneration paid by other companies to such similar positions.

### Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel

Mr Varinder Gupta is a promoter of the Company and has relation with Mr Vikas Gupta, Executive Director being his father.

## III OTHER INFORMATION

### Reasons of loss or inadequate profits:

The Company has inadequate profits due to mis-match in input and output prices in chemical business and company was not able to pass on the increase price of raw materials to its customers because of subdued sentiments in overall economy.

### Steps taken or proposed to be taken for improvement:

The Company has strengthened its inventory risk mitigation procedures.

### Expected increase in productivity and profits in measurable terms:

Due to the steps taken by the Company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the Company will improve its profitability in time to come. The Company was able to reduce its losses substantially in the year 2015-16 to ₹ 40.03 crore as compared to ₹ 66.65 crore during the year 2014-15.

## IV DISCLOSURES

All the relevant information pertaining to the remuneration and other particulars of Directors are mentioned in the Directors' Report under the heading "Corporate Governance", as annexed to the Annual Report.

As per the provision of the Companies Act, 2013 read with Schedule V, thereof, approval of members is required for this purpose. Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Vikas Gupta, Executive Director being son of

Mr Varinder Gupta and Mr Varinder Gupta being proposed appointee is concerned or interested, in the resolution.

## Item No. 9

The Company has appointed Mr Vikas Gupta as Executive Director on the Board with effect from 29 May 2015 for a term of five years at gross remuneration of ₹ 1,50,000/-.

The Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 2,50,000/- consisting of basic salary of ₹ 1,00,000/- and perquisites and allowances as detailed in the resolution, with effect from 01 April 2016.

The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule V to the Companies Act, 2013 is given hereunder.

### I. General information

1. Nature of Industry: Manufactures of API and Special Chemicals.
2. Date or expected date of commencement of commercial production : It is an existing manufacturing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NA
4. Financial performance based on given indicators:

(₹ in crore)

| Particulars                | 2015-16 | 2014-15 | 2013-14 |
|----------------------------|---------|---------|---------|
| Net sales and other income | 581.64  | 386.05  | 564.81  |
| Profit/(Loss) before tax   | (38.55) | (75.44) | 5.08    |
| Profit/(Loss) after tax    | (40.03) | (66.65) | 1.78    |

5. Export performance and net foreign exchange earning: During the year 2015- 2016 export of the Company have been ₹ 131.67 crore.
6. Foreign investments or collaborators, if any: None

## II Information about the appointee

### Background details:

Mr Vikas Gupta, aged 24 years is having a degree of BSc. (Hons.) in Business Management from Kings College London. He has an international exposure in the field of Business Management. He is academically equipped with the knowledge and possesses organisational capacity and ability for managing people and resources. He has joined the Company on 20 July 2013 as Deputy Manager (Strategic Management). He was appointed as Executive Director on 29 May 2015.

### Past remuneration:

Mr Vikas Gupta, Executive Director is drawing gross monthly remuneration of ₹ 1,50,000 /- since 29 May 2015.

### Job profile and his suitability:

Mr Vikas Gupta shall be responsible for day to day management of the Company and will also carry out such duties as may be entrusted to him by the Board from time to time.

### Remuneration Proposed:

The Board of Director has proposed to pay him monthly gross salary of ₹ 2,50,000/- consisting of basic salary of ₹ 1,00,000/- plus perquisites and allowances as detailed in the resolution with effect from 01 April 2016 for remaining period of his tenure.

### Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view

the type of the industry, size of the Company, the responsibilities and capabilities of the appointees, the proposed remuneration is competitive with remuneration paid by other companies to such similar positions.

*Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.*

Mr Vikas Gupta is related to Mr Varinder Gupta who is Managing Director and promoter of the Company.

### III OTHER INFORMATION

*Reasons of loss or inadequate profits:*

The Company has inadequate profits due to mis-match in input and output prices in chemical business and company was not able to pass on the increase price of raw materials to its customers because of subdued sentiments in overall economy.

*Steps taken or proposed to be taken for improvement:*

The Company has strengthened its inventory risk mitigation procedures.

Expected increase in productivity and profits in measurable terms:

Due to the steps taken by the Company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the Company will improve its profitability in time to come. The Company was able to reduce its losses substantially in the year 2015-16 to ₹ 40.03 crore as compared to ₹ 66.65 crore during the year 2014-15.

### IV DISCLOSURES

All the relevant information pertaining to the remuneration and

other particulars of Directors are mentioned in the Directors' Report under the heading "Corporate Governance", as annexed to the Annual Report.

As per the provision of the Companies Act, 2013 read with Schedule V, thereof, approval of members is required for this purpose. Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Varinder Gupta, Managing Director being the father of Mr Vikas Gupta and Mr Vikas Gupta, proposed appointee is concerned or interested in the resolution.

#### Item No. 10

The Board on the recommendation of the Audit and Risk Management Committee, approved the appointment and remuneration of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi to conduct the audit of the cost accounting records maintained by the Company in respect of chemicals and bulk drugs for the financial year ending 31 March 2017 and remuneration of ₹ 1,20,000/- plus service tax and out-of-pocket expenses have been fixed for this purpose subject to the approval of the members.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, approval for the remuneration payable to the Cost Auditors for the financial year 2016-17 is being sought from the members.

The Board recommends the resolution for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution.

**Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the directors seeking re-appointment / appointment at the Annual General Meeting.**

| Name of the Director                  | Mr Vijay Kumar Garg   | Mr Vijay Singla  | Mr Vikas Gupta  |
|---------------------------------------|---|--|---|
| Date of Birth                         | 17 January 1970   | 1 January 1975   | 13 February 1992  |
| Date of Appointment                   | 02 March 2013   | 11 July 2011   | 29 May 2015   |
| Expertise in specific functional area | Commercial activities of the Chemicals and Pharmaceuticals Products               | Pharmaceuticals and Chemicals Industries.                | Business Management   |
| Total experience                      | 24 years  | 16 years   | 3 years   |
| Present profession                    | Joint Managing Director   | Director (Works)   | Executive Director  |
| Qualification                         | B.Sc (Chemistry), EPIB (IIM Kolkata), MBA Marketing                               | Degree in Chemicals Engineering and Electric Engineering | BSc. (Hons.) in Business Management from Kings College London                     |
| Directorships in other companies      | Nil   | IOL Lifesciences limited                                 | Nil   |
| Chairmanship of Board Committees      | Nil   | Nil  | Nil   |
| Membership of Board Committees        | *Stakeholders Relationship Committee<br>IOL Chemicals and Pharmaceuticals Limited | Nil  | *Stakeholders Relationship Committee<br>IOL Chemicals and Pharmaceuticals Limited |
| No of shares held                     | Nil   | Nil  | Nil   |
| Relationship with other directors     | Not related to any other director   | Not related to any other director                        | Son of Mr Varinder Gupta, Managing Director                                       |

\* Stakeholders Relationship Committee was reconstituted on 14 May 2016.

#### Registered Office:

Trident Complex, Raikot Road,  
Barnala-148 101 (Punjab)  
Dated : 08 August 2016

By order of the Board  
For IOL Chemicals and Pharmaceuticals Limited  
Sd/-  
[Krishan Singla]  
Vice President and Company Secretary

## DIRECTORS' REPORT

### Dear Members

Your Directors are pleased to present the Twenty-ninth Annual Report and Audited Accounts for the financial year ended 31 March 2016.

### Financial Results

Financial results of the Company for the financial year under report are given below:

(₹ in crore)

| Particulars                                | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Gross sales and other income               | <b>645.44</b>               | 427.02                      |
| Net sales and other income                 | <b>581.64</b>               | 386.04                      |
| Profit before interest & depreciation      | <b>52.60</b>                | 12.58                       |
| Interest                                   | <b>61.47</b>                | 59.11                       |
| Profit before depreciation                 | <b>(8.86)</b>               | (46.53)                     |
| Depreciation                               | <b>29.68</b>                | 28.91                       |
| Profit before tax                          | <b>(38.55)</b>              | (75.44)                     |
| Provision for tax (including deferred tax) | <b>1.48</b>                 | (8.79)                      |
| Profit after tax                           | <b>(40.03)</b>              | (66.65)                     |
| Balance carried to the Balance Sheet       | <b>(59.96)</b>              | (19.93)                     |

### Performance Review

Net Revenue and other income of the Company went up by 51% to ₹ 581.64 crore during the year under review in comparison to ₹ 386.04 crore reported in the previous year. The Company was able to reduce its losses to ₹ 40.03 crore during the year under review from ₹ 66.65 crore incurred during the previous year, mainly due to increase in sales of the Company and improved operational efficiency during the year.

The Company continues to maintain strategic focus on grabbing more share in the market. Further, the Company is striving for improvement in the product mix to increase the share of pharma business, capitalizing product level opportunities for which regulatory approvals have been received. Product rationalization, cost effectiveness throughout the organization would be the key growth drivers.

### Cash Flow Statement

A Cash Flow Statement for the financial year 2015-16 is included in the annexed Statement of Accounts.

### Dividend

The Board of Directors has not recommended any dividend due to inadequate profits during the year under review.

### Share Capital

The paid up equity share capital of the Company has been increased from ₹ 47,65,55,020/- consisting of 4,76,55,502 equity shares of ₹ 10/- each to ₹ 56,20,55,020/- consisting of 5,62,05,502 equity shares of ₹ 10/- each due to allotment of 85,50,000 equity share of face value of ₹ 10/- each on the conversion of share warrants during the year ended 31 March 2016.

### Holding & Subsidiary Company

The Company has neither any holding company nor a subsidiary company.

### Internal financial control and its adequacy

The details in respect of internal financial control and its adequacy are included in the Management Discussion & Analysis Report, which forms part of this Report.

### Loan, guarantees or investment under Section 186 of the Companies Act, 2013

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### Recognitions

Members would be happy to note the receipt of following recognitions by the Company during the year under review:

- "Certificates of Pharmaceuticals Products" (COPP) for manufacturing facilities of Ibuprofen IP/BP/USP/Ph.Eur./JP and Lamotrigine IP/BP/USP/Ph.Eur products in its exiting Multiple Purpose Plant conforming to the WHO guidelines from, Food & Drugs Administration, Punjab.
- Approval of US Food and Drug Administration (USFDA) in July 2015 to launch API business in the US Market.
- "Certificate of Good Manufacturing Practices Compliance of Manufacturer" from Authority for Health and Consumer Protection, Hamburg, Germany.
- Company has got renewal of "HALAL CERTIFICATE" from Halal Committee, Jamiat Ulama - E - Maharashtra for Ibuprofen, Iso Butyl Benzene, Ethyl Acetate and other products of the Company for the year 2016-2017.
- The Company has been awarded with CEP certification (Certificates of Suitability) dated 17 April 2015 for its product Metformin Hydrochloride by European Directorate for the Quality of Medicines & HealthCare (EDQM) authorities, Council of Europe, France. The certificate is valid for a period of five years from the date of issue.
- The Company has got 'Two Star Export House "certificate on 24 June 2015.

### Composition and Number of Meetings of the Board

The Board comprises of well qualified and experienced persons having expertise in their respective areas. The Board has appropriate combination of Executive and Independent Directors.

During the financial year 2015-16, the Board met 5 (five) times on 29 May 2015, 11 August 2015, 13 August 2015, 30 October 2015 and 30 January 2016.

### Directors /Key Managerial Personnel

The Board on the recommendation of Nomination and Remuneration Committee has re-appointed Mr Varinder Gupta as Managing Director of the Company for a period of three years with effect from 01 September 2015. The members of the Company in its Annual General Meeting held on 29 September 2015 have approved his re-appointment as Managing Director of the Company.

The Board on the recommendation of Nomination and Remuneration Committee has re-appointed Mr Vijay Kumar Garg as Joint Managing Director for a period of three years with effect from 02 March 2016 subject to the approval of the members.

The Board on the recommendation of Nomination and Remuneration Committee has re-appointed Mr Vijay Singla as Director (Works) for a period of three years with effect from 01 April 2016 subject to the approval of the members.

The Board on the recommendation of Nomination and Remuneration Committee has appointed Mr Vikas Gupta as an Additional and Executive Director for a period of five years with effect from 29 May 2015 and members of the Company in its Annual General Meeting held on 29 September 2015 has approved his appointment as Executive Director of the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Vijay Kumar Garg, Mr Vikas Gupta and Mr Vijay Singla will retire in the ensuing Annual General Meeting and being eligible has offered themselves for re-appointment.

During the current year, Mr Yogesh Goel and Mr Ravi Pratap Singh, independent directors resigned from directorship of the Company with effect from 14 May 2016 due to their pre-occupations. The Board places on record appreciation for the services rendered by them during their tenure as directors of the Company.

The Company has appointed Mr Pardeep Kumar Khanna as Chief Financial Officer (CFO) of the Company with effect from 13 August 2015 in place of Mr Rakesh Mahajan. The Company has enhanced the role of Mr Rakesh Mahajan with higher responsibilities.

#### **Woman director**

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr Sandhya Mehta has been serving as independent woman director on the Board of the Company since 22 August 2014. She is also a member of Audit and Risk Management Committee and Nomination and Remuneration Committee.

#### **Board evaluation**

The Board has carried out an annual evaluation of its own performance, Board Committees and Independent Directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has evaluated the performance of Independent Directors mainly on the basis of their constructive participation in the Board/ Committee proceedings, their ability to monitor the management performance, providing guidance in the key issue in the best interest of the Company and their commitment to the ethical and to fulfillment of fiduciary and other duties assigned by the various act, regulations and rules by the Government. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Committee of Independent Directors.

#### **Nomination and Remuneration Policy**

The Nomination and Remuneration Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub section (3) of Section 178 of the Companies Act, 2013 is available on our website [www.iolcp.com](http://www.iolcp.com). There has been no change in the policy since the last fiscal year.

#### **Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Directors of your Company confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) they have 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 end of the financial year and of the profit or loss of the Company for that period.

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) they have prepared the annual accounts on a going concern basis.
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Declaration by Independent Directors**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Corporate Governance**

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance alongwith Auditors' Certificate regarding compliance of conditions of corporate governance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Annual Report.

#### **Management Discussion and Analysis Report**

Management Discussion and Analysis Report is given separately in this Annual Report.

#### **Audit and Risk Management Committee**

The Composition and role of the Committee has been provided in the Corporate Governance Report annexed with the report.

#### **Risk management**

The Board has formed Audit and Risk Management Committee inter alia to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. It has been covered in the Management Discussion and Analysis Report, which forms part of this report.

#### **Related Party Transactions**

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Policy on materiality of and dealing with Related Party Transactions. The disclosures of related party transactions are provided in notes to financial statements.

The Company has formulated a Policy on materiality of and dealing with Related Party Transactions. The policy is available on the Company's website [www.iolcp.com](http://www.iolcp.com).

#### **Fixed Deposits**

The Company has not accepted any fixed deposits from the public/ members during the year under review.

### Investor Services

The Company is committed to provide its best services to the shareholders/ investors. **M/s Alankit Assignments Limited, New Delhi** is working as Registrars and Share Transfer Agents (RTA) of the Company for transfer, dematerialization of shares and other investor related services. No correspondence /enquiry from any shareholder/ investor is pending with the Company for reply.

### Listing of Shares

The equity shares of the Company continued to be listed and traded on National Stock Exchange of India Limited (Script code; IOLCP) and BSE Limited (Script code; 524164). The Company has made all compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fee.

### Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, M/s S C Vasudeva & Co., Chartered Accountants, New Delhi were appointed as statutory auditors of the Company from the conclusion of the twenty seventh Annual General Meeting of the Company held on 30 September 2014 till the conclusion of the thirty first Annual General Meeting to be held in the year 2018, subject to ratification of their appointment at every Annual General Meeting of the Company.

In terms of aforesaid provisions, the appointment of auditors' is placed for rectification by the members.

### Statutory Auditors' Report

Auditors' Report on the accounts is self-explanatory and does not contain any qualifications, reservations or adverse remarks.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s B. K. Gupta & Associates, practicing Company Secretaries for conducting secretarial audit of the Company for the financial year 2015-2016. The Secretarial Audit Report is annexed hereto as **Annexure I** and forms part of the report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### Cost Auditors

Pursuant to the provisions of Section 139 of Companies Act, 2013, the Company has appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditor to conduct the audit of cost accounts of bulk drugs and chemicals maintained by the Company, for the financial year 2016-17, subject to determination of their remuneration by members of the Company thereto.

The Cost Audit Report for the year ended 31 March 2015 has been filed on 16 September 2015 with Ministry of Corporate Affairs, New Delhi.

### Energy Conservation / Technology Absorption and Foreign Exchange Earnings and Outgo

Energy conservation continues to be an area of major emphasis in the Company. A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed hereto as **Annexure II** and forms part of the Report.

### Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure III** forming part of the Report.

### Particulars of remuneration and related disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the **Annexure IV** forming part of the Report.

The statement showing the name and other detail of the top ten employees in terms of remuneration drawn and every employee employed throughout the financial year was in receipt of remuneration of ₹ 1.02 crore or more, or posted for part of financial year and in receipt of remuneration of ₹ 8.50 lakh or more a month, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2), 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the **Annexure V** forming part of the Report.

### Industrial Relations

Industrial relations remained cordial and harmonious throughout the year under review.

### Safety, Health and Environment

Safety is Company's top priority with regard to employment and it is encouraging safety measures at all levels of operations especially at the floor level. Regular training programmes are being conducted to bring in awareness about the importance of safety at work place.

### Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2015-2016, no complaint related to sexual harassment was received by the Company.

### Vigil Mechanism

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

### Acknowledgement

We are pleased to place on record our sincere gratitude and appreciation for assistance and co-operation received from the Union Government, Punjab Government, bankers, members, customers, vendors and business constituents.

We also place on record our sincere appreciation for contribution made by the employees at all levels. Our consistent growth is made possible by their devout, sincere and unstinted services.

For and on behalf of the Board

Place : Ludhiana  
Dated : 08 August 2016

Sd/-  
Varinder Gupta  
Managing Director  
DIN: 00044068

Sd/-  
Dr M A Zahir  
Chairman  
DIN: 00002973

**ANNEXURE I TO THE DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013  
and rule No.9 of the Companies (Appointment and  
Remuneration Personnel) Rules, 2014]*

To  
The Members  
IOL Chemicals and Pharmaceuticals Limited  
Trident Complex, Raikot Road  
Barnala- 148101

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IOL Chemicals and Pharmaceuticals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my 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 31 March 2016 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 Company for the financial year ended on 31st March, 2016 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, 1992 and 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;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not Applicable during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable during the audit period;

- (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 during the audit period; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable during the audit period;
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange & National Stock Exchange;

During the period under review the Company has generally 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 in 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.

**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** during the audit period the Company has made the following decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

- Company has allotted 85,50,000 equity shares of face value of ₹ 10/- each at a premium of ₹ 18/- each to non-promoters on a preferential basis, on exercising the option attached with warrants.

**For B.K. Gupta & Associates  
Company Secretaries**

**Sd/-  
(Bhupesh Gupta)  
FCS No.:4590  
C P No.: 5708**

**Place: Ludhiana  
Date: 08 August 2016**

- Note: 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.





**LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD**

**List of Labour Laws**

Factories Act, 1948  
 Industrial Disputes Act, 1947  
 The Payment of Wages Act, 1936  
 The Minimum Wages Act, 1948  
 Employee's State Insurance Act 1948  
 The Payment of Bonus Act, 1972  
 The Contract Labour (Regulation and Abolition) Act, 1970  
 The Apprentices Act, 1961

**List of Environmental Laws**

Environment (Protection) Act, 1986  
 The Public Liability Insurance Act, 1991  
 Water (Prevention and Control of Pollution) Act, 1974  
 Air (Prevention and Control of Pollution) Act, 1981  
 Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

**Annexure:-A**

The Members,  
 IOL Chemicals and Pharmaceuticals Limited  
 Trident Complex, Raikot Road,  
 Barnala- 148101

1. Maintenance of secretarial record 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 the random 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. Where ever 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 random 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 with which the management has conducted the affairs of the Company.

**For B.K. Gupta & Associates  
 Company Secretaries**

**Sd/-  
 (Bhupesh Gupta)  
 FCS No.:4590  
 C P No.: 5708**

**Place: Ludhiana  
 Date: 08 August 2016**

**ANNEXURE II TO THE DIRECTORS' REPORT**

**Information as per Section 134(3)(m) of the Companies Act, 2013 ("the Act") read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31 March 2016.**

**I CONSERVATION OF ENERGY**

**1.1 Energy conservation measures taken:**

- a) Installation of heat exchanger as condenser in column no.3 to recover the latent heat of process in ethyl acetate plant.
- b) Replacement of chilled water with cooling water in final distillation column chillers to save the chilled water in ethyl acetate plant.
- c) Replacement of chilled water with cooling water in crude chillers to save the chilled water in winter season in ethyl acetate plant.
- d) Use of high pressure steam condensate instead of low pressure steam in MCA tracing line to save the thermal energy in MCA plant and acetyl chloride plant.
- e) Use of flash steam from condensate tank to heat the feed of the acetyl column to save the thermal energy in MCA and acetyl chloride plant.
- f) Installation of VFD on gas blower to save electrical energy in Iso butyl benzene plant.
- g) Replacement of total bed coils and superheated coils of the the 80TPH boiler to increase the availability of plant and reduction of taking PSEB and by this we will reduce the power consumption of the boiler.
- h) Taken 11 Ata & 27 Ata bleeds in line at lower load to generate more power from 13 MW turbine.

- i) Shifted lower power boiler feed pump from 32 TPH boiler to 80 TPH to save electrical energy at the time of lower running of boiler.
- j) Started steam based VAMs so that vent steam will be utilized to save thermal energy.
- k) Started using VFDs on that system where process has been controlled by dampers.
- l) Reduction in steam consumption by using steam stripping instead of indirect heating through reactor jacket in IBAP plant.
- m) Effective utilization of brine reduces brine usage per unit of output done by reducing cycle time of reaction section reactors.
- n) Contaminated condensate water is used as hot water in crystallizer in ibuprofen.
- o) Normality of aqueous lye layer increased in process itself, before evaporation was done to increase the normality in ibuprofen plant.

**1.2 Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**

Installation of interchanger in between cooler and chiller with reflux of crude column to save chilled water consumption.

**1.3 Impact of measures taken at (1.1) and (1.2) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

Consumption per unit of production is lower from that of previous year in the case of chemicals and drug intermediates due to various measures taken to conserve the energy. However consumption per unit of production of bulk drugs is higher due to developing the new products.

**1.4 Total energy consumption and consumption per unit of production as per Form-A of the annexure in respect of industries specified in the schedule thereto.**

| Particulars                                  |             | Unit | Year ended<br>31 March<br>2016 | Year ended<br>31 March<br>2015 |
|--|-------------|------|--------------------------------|--------------------------------|
| <b>A. Power and Fuel Consumption</b>         |             |      |                                |                                |
| <b>1. Electricity</b>                        |             |      |                                |                                |
| <b>a) Purchased Units</b>                    |             |      |                                |                                |
|  | KWH in lacs |      | <b>34.87</b>                   | 23.35                          |
| Total amount                                 | ₹ in lacs   |      | <b>264.20</b>                  | 164.90                         |
| Rate/Unit                                    | ₹/KWH       |      | <b>7.58</b>                    | 7.06                           |
| <b>b) Own Generation</b>                     |             |      |                                |                                |
| <b>i) Through Diesel Generator</b>           |             |      |                                |                                |
| Units  | KWH in lacs |      | <b>0.38</b>                    | 0.31                           |
| Units per liter of HSD                       | KWH         |      | <b>2.66</b>                    | 3.37                           |
| Cost/Unit                                    | ₹/KWH       |      | <b>17.61</b>                   | 16.22                          |
| <b>ii) Through Turbine Generator</b>         |             |      |                                |                                |
| Units  | KWH in lacs |      | <b>337.94</b>                  | 283.39                         |
| Units per MT of Steam                        | KWH         |      | <b>106</b>                     | 103                            |
| Cost/Unit                                    | ₹/KWH       |      | <b>7.57</b>                    | 7.92                           |
| <b>2. Coal</b>                               | MT          |      | <b>21,402</b>                  | 31,634                         |
| <b>3. Furnace Oil</b>                        | KL          |      | <b>NIL</b>                     | NIL                            |
| <b>4. Others/Internal Generation</b>         |             |      | <b>NIL</b>                     | NIL                            |
| <b>B. Consumption per unit of production</b> |             |      |                                |                                |
| Chemicals                                    | KWH/MT      |      | <b>75</b>                      | 187                            |
| Drug Intermediates                           | KWH/MT      |      | <b>270</b>                     | 374                            |
| Bulk Drugs                                   | KWH/MT      |      | <b>4,088</b>                   | 3,548                          |

**II TECHNOLOGY ABSORPTION**

Efforts made in technology absorption are as per Form B of the annexure

**Form-B**

Disclosure of particulars with respect to technology absorption

**1. Research & Development (R & D):**

**a) Specific areas in which R&D is carried out in the Company:**

- R&D team works on development of new molecules (API/ chemical intermediate/bulk chemicals/specialty chemicals/ CRAMS molecules) in pipeline via green chemistry.
- Synthesis, isolation & characterization of impurities of existing molecules under development.
- Trouble shooting & further cost cutting in existing commercialized products.
- Conversion of byproducts in to sellable products.

**b) Benefits derived as a result of the above R&D:**

- R&D has developed a process for hydrolysis of ester intermediate of ibuprofen to aldehyde under pressure, using this technique consumption of caustic lye & water has been decreased parallel lot of reduction in generation of spent lye from reaction mass.
- Inconsistency in color of IBAP (intermediate) has been resolved.
- Development & successful delivery of TMSI (CRAMS molecule) for a French customer, will increase customer base for CRAMS business.
- Development of UDCA at R&D scale has been completed & its commercialization in Multipurpose plant is under progress.

**C) Future action plans R&D:**

Molecules like atorvastatin, tert-leucine, Moc-Leucine, SAP, T2E (Key intermediate of Clopidogrel) are in pipeline for development.

**2. Technology Absorption, Adaptation & Innovation: Nil**

**3. Foreign Exchange Earnings & Outgo: (₹ in crore)**

|        |        |
|--------|--------|
| Used   | 13.69  |
| Earned | 131.67 |

For and on behalf of the Board

Place Ludhiana  
Dated : 08 August 2016

Sd/-  
Varinder Gupta  
Managing Director  
DIN: 00044068

Sd/-  
Dr M A Zahir  
Chairman  
DIN: 00002973



## ANNEXURE III TO THE DIRECTORS' REPORT

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended 31 March 2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014

| I. REGISTRATION & OTHER DETAILS: |  |   |
|----------------------------------|--|---|
| 1                                | CIN  | L24116PB1986PLC007030   |
| 2                                | Registration Date  | 29 September 1986   |
| 3                                | Name of the Company  | IOL Chemicals and Pharmaceuticals Limited   |
| 4                                | Category/Sub-category of the Company                                       | Company Limited by shares / Indian – Non Government Company   |
| 5                                | Address of the Registered office & contact details                         | Trident Complex, Raikot road, Barnala-148101<br>Phone : +91-1679-244701-07<br>Fax : +91-1679-244708<br>Email : contact@iolcp.com  |
| 6                                | Whether listed company   | Yes   |
| 7                                | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Alankit Assignments Limited<br>(Unit: IOL Chemicals and Pharmaceuticals Limited) "Alankit Heights", 1E/13,<br>Jhandewalan Extension, New Delhi – 110055<br>Phone : +91-11-23541234, 42541234<br>Fax : +91-11-41543474<br>E mail : rta@alankit.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      | Pharmaceuticals   | 21001                            | 50.46                              |
| 2      | Manufacture of organic and inorganic chemical compounds | 20119                            | 46.10                              |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|--------------------------------|------------------|--------------------|
|        | N.A.                            |         |                                |                  |                    |

## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

## (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year<br>[As on 31 March 2015] |          |                    |                   | No. of Shares held at the end of the year<br>[As on 31 March 2016] |          |                    |                   | % Change during the year |
|--------------------------|--|----------|--------------------|-------------------|--|----------|--------------------|-------------------|--------------------------|
|                          | Demat  | Physical | Total              | % of Total Shares | Demat  | Physical | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>      |  |          |                    |                   |  |          |                    |                   |                          |
| (1) Indian               |  |          |                    |                   |  |          |                    |                   |                          |
| a) Individual/ HUF       | 11,96,965  | -        | 11,96,965          | 2.51              | 11,96,965  | -        | 11,96,965          | 2.13              | (0.38)                   |
| b) Central Govt          | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| c) State Govt(s)         | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| d) Bodies Corp.          | 2,12,40,001  | -        | 2,12,40,001        | 44.57             | 2,12,40,001  | -        | 2,12,40,001        | 37.79             | (6.78)                   |
| e) Banks / FI            | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| f) Any other             | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| <b>Sub Total (A) (1)</b> | <b>2,24,36,966</b>   | <b>-</b> | <b>2,24,36,966</b> | <b>47.08</b>      | <b>2,24,36,966</b>   | <b>-</b> | <b>2,24,36,966</b> | <b>39.92</b>      | <b>(7.16)</b>            |
| (2) Foreign              |  |          |                    |                   |  |          |                    |                   |                          |
| a) NRI Individuals       | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| b) Other Individuals     | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| c) Bodies Corp.          | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| d) Any other             | -  | -        | -                  | -                 | -  | -        | -                  | -                 | -                        |
| <b>Sub Total (A) (2)</b> | <b>-</b>   | <b>-</b> | <b>-</b>           | <b>-</b>          | <b>-</b>   | <b>-</b> | <b>-</b>           | <b>-</b>          | <b>-</b>                 |
| <b>TOTAL (A)</b>         | <b>2,24,36,966</b>   | <b>-</b> | <b>2,24,36,966</b> | <b>47.08</b>      | <b>2,24,36,966</b>   | <b>-</b> | <b>2,24,36,966</b> | <b>39.92</b>      | <b>(7.16)</b>            |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>[As on 31 March 2015] |          |             |                   | No. of Shares held at the end of the year<br>[As on 31 March 2016] |          |             |                   | % Change during the year |
|---|--|----------|-------------|-------------------|--|----------|-------------|-------------------|--------------------------|
|   | Demat  | Physical | Total       | % of Total Shares | Demat  | Physical | Total       | % of Total Shares |                          |
| <b>B. Public Shareholding</b>   |  |          |             |                   |  |          |             |                   |                          |
| <b>1. Institutions</b>  |  |          |             |                   |  |          |             |                   |                          |
| a) Mutual Funds   | -  | 10,200   | 10,200      | 0.02              | -  | 10,200   | 10,200      | 0.02              | -                        |
| b) Banks / FI   | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| c) Central Govt   | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| d) State Govt(s)  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| e) Venture Capital Funds  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| f) Insurance Companies  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| g) FIs  | 8,09,379   | -        | 8,09,379    | 1.70              | 13,900   | -        | 13,900      | 0.02              | (1.68)                   |
| h) Foreign Venture Capital Funds  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| i) Others (specify)   | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| <b>Sub-total (B)(1)</b>   | 8,09,379   | 10,200   | 8,19,579    | 1.72              | 13,900   | 10,200   | 24,100      | 0.04              | (1.68)                   |
| <b>2. Non-Institutions</b>  |  |          |             |                   |  |          |             |                   |                          |
| a) Bodies Corp.   |  |          |             |                   |  |          |             |                   |                          |
| i) Indian   | 78,60,515  | 5,400    | 78,65,915   | 16.51             | 1,67,64,943  | 5,200    | 1,67,70,143 | 29.84             | 13.33                    |
| ii) Overseas  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| b) Individuals  |  |          |             |                   |  |          |             |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 18,47,869  | 6,86,521 | 25,34,390   | 5.32              | 18,67,597  | 6,75,636 | 25,43,233   | 4.52              | (0.80)                   |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 51,12,737  | -        | 51,12,737   | 10.73             | 55,42,083  | -        | 55,42,083   | 9.86              | (0.87)                   |
| c) Others (specify)   |  |          |             |                   |  |          |             |                   |                          |
| Non Resident Indians  | 27,327   | -        | 27,327      | 0.06              | 30,389   | -        | 30,389      | 0.05              | (0.01)                   |
| Overseas Corporate Bodies   | 88,58,588  | -        | 88,58,588   | 18.59             | 88,58,588  | -        | 88,58,588   | 15.76             | (2.83)                   |
| Foreign Nationals   | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| Clearing Members  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| Trusts  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| Foreign Bodies - D R  | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| <b>Sub-total (B)(2):-</b>   | 2,37,07,036  | 6,91,921 | 2,43,98,957 | 51.20             | 3,30,63,600  | 6,80,836 | 3,37,44,436 | 60.04             | 8.84                     |
| <b>Total Public (B)</b>   | 2,45,16,415  | 7,02,121 | 2,52,18,536 | 52.92             | 3,30,77,500  | 6,91,036 | 3,37,68,536 | 60.08             | 7.16                     |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | -  | -        | -           | -                 | -  | -        | -           | -                 | -                        |
| <b>Grand Total (A+B+C)</b>  | 4,69,53,381  | 7,02,121 | 4,76,55,502 | 100               | 5,55,14,466  | 6,91,036 | 5,62,05,502 | 100.00            |                          |

## (ii) Shareholding of Promoter

| S. No. | Shareholder's Name           | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |   | % 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      | Sh Varinder Gupta            | 11,96,965                                 | 2.51                             | -   | 11,96,965                           | 2.13                             | -   | (0.38)                                   |
| 2      | M/s Mayadevi Polycot Limited | 1,00,06,323                               | 21.00                            | -   | 1,00,06,323                         | 17.80                            | -   | (3.2)                                    |
| 3      | M/s NM Merchandiles Limited  | 50,75,571                                 | 10.65                            | -   | 50,75,571                           | 9.03                             | -   | (1.62)                                   |
| 4      | M/s NCG Enterprises Limited  | 32,84,393                                 | 6.89                             | -   | 32,84,393                           | 5.84                             | -   | (1.05)                                   |
| 5      | M/s IOL Lifesciences Limited | 28,73,714                                 | 6.03                             | -   | 28,73,714                           | 5.11                             | -   | (0.92)                                   |

Note: This percentage change is due to increase in total paid up equity capital of the Company during the year under review.

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S. No. | Particulars                  | Shareholding at the beginning of the year |                   | Changing during the year | Cumulative Shareholding during the year |                   |
|--------|------------------------------|---|-------------------|--------------------------|---|-------------------|
|        |                              | No. of shares                             | % of total shares |                          | No. of shares                           | % of total shares |
| 1      | Sh Varinder Gupta            | 11,96,965                                 | 2.51              | -                        | 11,96,965                               | 2.13              |
| 2      | M/s Mayadevi Polycot limited | 1,00,06,323                               | 21.00             | -                        | 1,00,06,323                             | 17.80             |
| 3      | M/s NM Merchandiles Limited  | 50,75,571                                 | 10.65             | -                        | 50,75,571                               | 9.03              |
| 4      | M/s NCG Enterprises Limited  | 32,84,393                                 | 6.89              | -                        | 32,84,393                               | 5.84              |
| 5      | M/s IOL Lifesciences Limited | 28,73,714                                 | 6.03              | -                        | 28,73,714                               | 5.11              |



(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| S. No. | For each of the Top 10 shareholders   | Shareholding at the beginning of the year |                   | Changing during the year | Cumulative Shareholding during the year |                        |
|--------|---|---|-------------------|--------------------------|---|------------------------|
|        |   | No. of shares                             | % of total shares | No. of shares            | No. of shares                           | % of total shares      |
| 1      | Innova Marchantiles Limited<br>At the beginning of the year<br>Allotment of shares on the conversion of warrant during the year<br>At the end of the year | 24,50,000                                 | 5.14              | 85,50,000                | 24,50,000<br>1,10,00,000<br>1,10,00,000 | 4.36<br>19.57<br>19.57 |
| 2      | IndiaSTAR (Mauritius ) Limited<br>At the beginning of the year<br>During the year no change<br>At the end of the year                                     | 88,58,588                                 | 18.59             | -                        | 88,58,588<br>-<br>88,58,588             | 15.76<br>-<br>15.76    |
| 3      | Trident Limited<br>At the beginning of the year<br>During the year no change<br>At the end of the year  | 17,85,714                                 | 3.75              | -                        | 17,85,714<br>-<br>17,85,714             | 3.18<br>-<br>3.18      |
| 4      | G Consultants and Fabricators Ltd<br>At the beginning of the year<br>During the year no change<br>At the end of the year                                  | 14,89,000                                 | 3.12              | -                        | 14,89,000<br>-<br>14,89,000             | 2.65<br>-<br>2.65      |
| 5      | Hetal Chetan Mehta<br>At the beginning of the year<br>During the year no change<br>At the end of the year   | 10,00,000                                 | 2.10              | -                        | 10,00,000<br>-<br>10,00,000             | 1.78<br>-<br>1.78      |
| 6      | International Financial Services Limited<br>At the beginning of the year<br>Purchase/Sale during the year<br>At the end of the year                       | 3,34,400                                  | 0.70              | 4,24,600                 | 3,34,400<br>7,59,000<br>7,59,000        | 0.59<br>1.35<br>1.35   |
| 7      | Chamunda Traders Private Limited<br>At the beginning of the year<br>During the year no change<br>At the end of the year                                   | 6,02,032                                  | 1.26              | -                        | 6,02,032<br>-<br>6,02,032               | 1.07<br>-<br>1.07      |
| 8      | Hetal Kumar Pravinbhai Desai<br>At the beginning of the year<br>Purchase during the year<br>At the end of the year  | -   | -                 | 4,05,000                 | -<br>4,05,000<br>4,05,000               | -<br>0.72<br>0.72      |
| 9      | Reena Ashish Ajmera<br>At the beginning of the year<br>During the year no change<br>At the end of the year  | 2,76,000                                  | 0.58              | -                        | 2,76,000<br>-<br>2,76,000               | 0.49<br>-<br>0.49      |
| 10     | Avani Jasmin Ajmera<br>At the beginning of the year<br>During the year no change<br>At the end of the year  | 2,75,000                                  | 0.58              | -                        | 2,75,000<br>-<br>2,75,000               | 0.49<br>-<br>0.49      |

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Shareholding of each Directors and each Key Managerial Personnel<br>No. of shares  | Shareholding at the beginning of the year |                   | Changing during the year | Cumulative Shareholding during the year |                      |
|--------|--|---|-------------------|--------------------------|---|----------------------|
|        |  | No. of shares                             | % of total shares | No. of shares            | No. of shares                           | % of total shares    |
| 1      | Sh Varinder Gupta<br>At the beginning of the year<br>During the year no change<br>At the end of the year   | 11,96,965                                 | 2.51              | -                        | 11,96,965<br>-<br>11,96,965             | 2.13<br>-<br>2.13    |
| 2      | Sh Krishan Singla<br>At the beginning of the year<br>Market Purchase on 19.06.2015<br>At the end of the year   | 100                                       | 0.00              | 10                       | 100<br>110<br>110                       | 0.00<br>0.00<br>0.00 |
| 3      | Sh Rakesh Mahajan<br>At the beginning of the year<br>Market purchase on 26.06.2015<br>At the end of the year<br>(Shareholding as on 13.08.2015 date of cease as Chief Financial Officer) | 70  | 0.00              | 900                      | 70<br>970<br>970                        | 0.00<br>0.00<br>0.00 |

| S. No. | Shareholding of each Directors and each Key Managerial Personnel<br>No. of shares   | Shareholding at the beginning of the year |                   | Changing during the year | Cumulative Shareholding during the year |                   |
|--------|---|---|-------------------|--------------------------|---|-------------------|
|        |   | No. of shares                             | % of total shares | No. of shares            | No. of shares                           | % of total shares |
| 4      | Sh Pardeep Kumar Khanna<br>At the beginning of the year<br>(Shareholding as on 13.08.2015 date of appointment as Chief Financial Officer) | 3,200                                     | 0.01              |                          | 3,200                                   | 0.01              |
|        | Purchase /sale from 13.08.2015 to 31.03.2016  |   |                   | 1600                     | 4,800                                   | 0.01              |
|        | At the end of the year  |   |                   |                          | 4,800                                   | 0.01              |

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lac)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 25,651.31                        | 3,160.77        | -        | 28,812.08          |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 20.83                            |                 |          | 20.83              |
| <b>Total (i+ii+iii)</b>                                    | <b>25,672.14</b>                 | <b>3,160.77</b> | <b>-</b> | <b>28,832.91</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| * Addition   | 4,007.65                         | -               | -        | 4,007.65           |
| * Reduction  | -                                | 851.91          | -        | 851.91             |
| Net Change   | 4,007.65                         | 851.91          | -        | 3,155.74           |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 2,96,25.92                       | 2,308.86        | -        | 31934.78           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 53.87                            |                 |          | 53.87              |
| <b>Total (i+ii+iii)</b>                                    | <b>29,679.79</b>                 | <b>2,308.86</b> | <b>-</b> | <b>31,988.65</b>   |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Lac)

| S. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager  |                   |                  |                         | Total Amount  |  |
|--------|---|--|-------------------|------------------|-------------------------|---------------|--|
|        |   | Name   | Mr Varinder Gupta | Mr Vijay Singla  | Mr Vijay Kumar Garg     |               | Mr Vikas Gupta                         |
|        |   | Designation  | Managing Director | Director (Works) | Joint Managing Director |               | Executive Director (w.e.f. 29.05.2015) |
| 1      | Gross salary  |  |                   |                  |                         |               |  |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 89.12  | 55.96             | 81.51            | 12.16                   | 238.75        |  |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -  | -                 | -                | -                       | -             |  |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -  | -                 | -                | -                       | -             |  |
| 2      | Stock Option  | -  | -                 | -                | -                       | -             |  |
| 3      | Sweat Equity  | -  | -                 | -                | -                       | -             |  |
| 4      | Commission  | -  | -                 | -                | -                       | -             |  |
|        | - as % of profit  | -  | -                 | -                | -                       | -             |  |
|        | - others, specify   | -  | -                 | -                | -                       | -             |  |
| 5      | Others, please specify  | -  | -                 | -                | -                       | -             |  |
|        | <b>Total (A)</b>  | <b>89.12</b>   | <b>55.96</b>      | <b>81.51</b>     | <b>12.16</b>            | <b>238.75</b> |  |
|        | Ceiling as per the Act  | Due to inadequate profit Company paid managerial remuneration under limit of Schedule-V and with Central Government approval whenever it is required |                   |                  |                         |               |  |



B. Remuneration to other Directors

(₹ in Lac)

| S. No. | Particulars of Remuneration                | Name of Directors |                  |                |                  |                      | Total Amount |
|--------|--|-------------------|------------------|----------------|------------------|----------------------|--------------|
|        |  | Dr M A Zahir      | Mr Chandra Mohan | Mr Yogesh Goel | Dr Sandhya Mehta | Mr Ravi Pratap Singh |              |
| 1      | Independent Directors                      |                   |                  |                |                  |                      |              |
|        | Fee for attending board/committee meetings | 2.25              | 0.50             | 0.18           | 0.85             | 0.25                 | 4.03         |
|        | Commission                                 | -                 | -                | -              | -                | -                    | -            |
|        | Others, please specify                     | -                 | -                | -              | -                | -                    | -            |
|        | Total (1)                                  | 2.25              | 0.50             | 0.18           | 0.85             | 0.25                 | 4.03         |
| 2      | Other Non-Executive Directors              | -                 | -                | -              | -                | -                    | -            |
|        | Fee for attending board/committee meetings | -                 | -                | -              | -                | -                    | -            |
|        | Commission                                 | -                 | -                | -              | -                | -                    | -            |
|        | Others, please specify                     | -                 | -                | -              | -                | -                    | -            |
|        | Total (2)                                  | -                 | -                | -              | -                | -                    | -            |
|        | Total (B)=(1+2)                            | 2.25              | 0.50             | 0.18           | 0.85             | 0.25                 | 4.03         |
|        | Total Managerial Remuneration(A+B)         |                   |                  |                |                  |                      | 242.78       |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Lac)

| S. No. | Particulars of Remuneration   | Name of Key Managerial Personnel                                   |   |  | Total Amount |
|--------|---|--|---|--|--------------|
|        |   | Name   |   |  |              |
|        |   | Mr Rakesh Mahajan<br>Chief Financial Officer<br>(up to 13.08.2016) | Mr Pardeep Khanna<br>Chief Financial Officer<br>(w.e.f. 13.08.2016) | Mr Krishan Singla<br>Company Secretary |              |
| 1      | Gross salary  |  |   |  |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 20.5   | 14.26   | 25.48                                  | 60.24        |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -  | -   | -                                      | -            |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -  | -   | -                                      | -            |
| 2      | Stock Option  | -  | -   | -                                      | -            |
| 3      | Sweat Equity  | -  | -   | -                                      | -            |
| 4      | Commission  | -  | -   | -                                      | -            |
|        | - as % of profit  | -  | -   | -                                      | -            |
|        | - others, specify   | -  | -   | -                                      | -            |
| 5      | Others, please specify  | -  | -   | -                                      | -            |
|        | Total   | 20.5   | 14.26   | 25.48                                  | 60.24        |

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) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                              |                                    |
| Penalty                             | -                            | -                 | -  | --                           | -                                  |
| Punishment                          | -                            | -                 | -  | -                            | -                                  |
| Compounding                         | -                            | -                 | -  | -                            | -                                  |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                              |                                    |
| Penalty                             | -                            | -                 | -  | --                           | -                                  |
| Punishment                          | -                            | -                 | -  | -                            | -                                  |
| Compounding                         | -                            | -                 | -  | -                            | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                              |                                    |
| Penalty                             | -                            | -                 | -  | -                            | -                                  |
| Punishment                          | -                            | -                 | -  | -                            | -                                  |
| Compounding                         | -                            | -                 | -  | -                            | -                                  |

ANNEXURE IV TO THE DIRECTORS' REPORT

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and

comparison of the remuneration of each Key Managerial Personnel against the performance of the Company.

| S. No. | Name of Director/ Key Managerial Personnel Designation                        | Remuneration of Director / Key Managerial Personnel for financial year 2015-16 (₹ in lac) | Ratio of remuneration of each Director/Key Managerial Personnel to median remuneration of employee | Comparison of the remuneration of Key Managerial Personnel against the performance of the Company (% age of net sales for the year 2015-16) | % increase in remuneration in the Financial Year 2015-16 |
|--------|---|---|--|---|--|
| 1.     | Mr Varinder Gupta<br>Managing Director  | 96.00   | 48.93  | 0.17%   | 100%   |
| 2.     | Mr Vijay Kumar Garg<br>Joint Managing Director                                | 90.00   | 45.87  | 0.16%   | 114.29%  |
| 3.     | Mr Vijay Singla<br>Director (Works)   | 60.00   | 30.58  | 0.10%   | 66.67%   |
| 4.     | Mr Vikas Gupta<br>Executive Director<br>(w.e.f. 29 May 2015)                  | 15.10   | 7.70   | 0.03%   | --   |
| 5.     | Mr Rakesh Mahajan<br>Chief Financial Officer<br>(upto 13 August 2015)         | 22.10   | 11.26  | 0.04%   | 66.67%   |
| 6.     | Mr Pardeep Kumar Khanna<br>Chief Financial Officer<br>(w.e.f. 13 August 2015) | 15.23   | 7.76   | 0.03%   | --   |
| 7.     | Mr Krishan Singla<br>Vice President and Company Secretary                     | 27.00   | 13.76  | 0.05%   | 32.35%   |

**Notes:**

- 1) The ratio of remuneration to median remuneration is based on remuneration paid during the period 1 April 2015 to 31 March 2016.
  - 2) Mr Vikas Gupta was inducted on the Board with effect from 29 May 2015. Accordingly, the disclosure with respect to increase in his salary is not made.
  - 3) Mr Pardeep Kumar Khanna was appointed as Chief Financial Officer (CFO) inducted on the Board with effect from 13 August 2015. Accordingly, the disclosure with respect to increase in his salary is not made.
- (ii) The maiden remuneration of employees was increased by 28.84% from ₹ 1,52,280/- in fiscal 2015 to ₹ 1,96,200/- in fiscal 2016.
- (iii) The number of permanent employees on the rolls of the Company was 1048 as on 31 March 2016 and was 896 as on 31 March 2015.
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year, its comparison with the percentile increase in the managerial remuneration, justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-  
Average increase in Salary of Managerial persons (Managing Director and Whole-time directors) was 94%. For employees, the median increase was 29% in the financial year 2015-16.  
There was no employee who had received remuneration in excess of the highest paid director during the year.
- (v) It is hereby affirmed that the remuneration paid is as per the Nomination & Remuneration Policy of the Company.

**ANNEXURE V TO THE DIRECTORS' REPORT**

Statement containing particulars of Top ten employees and other as per Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' report for the Financial year ended 31 March 2016.

| Sr No. | Full Name                 | Designation                          | Remuneration received (per annum) | Experience (Years) | Qualifications                                   | Age (Years) | Last Employment                       | %age of equity shares held | Date of Commencement of employment |
|--------|---------------------------|--------------------------------------|-----------------------------------|--------------------|--|-------------|---------------------------------------|----------------------------|------------------------------------|
| 1      | Mr Varinder Gupta         | Managing Director                    | 96,00,000                         | 30                 | Higher Secondary                                 | 53          | First Employment                      | 2.51%                      | 29/09/1986                         |
| 2      | Mr Vijay Kumar Garg       | Joint Managing Director              | 90,00,000                         | 24                 | M.B.A. (Mktg.), PGD. (International Magt.)       | 46          | Arch Pharmalabs Limited               | 0.00%                      | 01/08/2012                         |
| 3      | Mr Vijay Singla           | Director (Works)                     | 60,00,000                         | 16                 | B.E. Chemical Engineering & Electric Engineering | 41          | First Employment                      | 0.00%                      | 01.03.2000                         |
| 4      | Mr Rakesh Mahajan         | Director Finance*                    | 60,00,000                         | 28                 | Chartered Accountant                             | 51          | Diamond Agro India Ltd.               | 0.00%                      | 19/11/1996                         |
| 5      | Dr G Ganesh Pai           | Chief Technology Officer             | 15,00,000                         | 30                 | M. Sc., PhD                                      | 64          | Arch Pharmalabs Ltd.                  | 0.00%                      | 01/01/2016                         |
| 6      | Dr Bapu Atmaram Chaudhari | President                            | 6,25,050                          | 16                 | M. Sc., PhD                                      | 47          | Ningbo Menovo Pharmaceutical Co. Ltd. | 0.00%                      | 15/02/2016                         |
| 7      | Mr Jagdish Goel           | President                            | 39,00,000                         | 25                 | M. Sc.   | 46          | Glenmark Generics Ltd.                | 0.00%                      | 06/12/2011                         |
| 8      | Dr Damandeep Singh        | President                            | 34,20,000                         | 18                 | B.E. (Chemicals), PhD                            | 42          | First Employment                      | 0.00%                      | 23/10/1997                         |
| 9      | Mr Krishan Singla         | Vice President and Company Secretary | 27,00,000                         | 29                 | LL.B, CS, C.F.A                                  | 55          | Vardhman Textiles Limited             | 0.00%                      | 01/06/1993                         |
| 10     | Mr Pardeep Kumar Khanna   | Chief Financial Officer              | 24,00,000                         | 21                 | M. Com.  | 46          | First Employment                      | 0.01%                      | 23/12/1995                         |

\* Designated, not on the Board of Directors of the Company.

There has no employee who was in receipt of remuneration equal to or exceeding ₹ 1.02 crore per annum or ₹ 8.50 lakh per month if employed for part of the year.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
**1. Industry Structure and Development**
**World Economy**

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The projected pickup in growth in the next two years despite the ongoing slowdown in China, primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East. Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy. If these key challenges are not successfully managed, global growth could be derailed. (Source: IMF)

**Indian Economy**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index. (Source: - www.ibef.org)

**Pharmaceutical Industry**

The Indian pharmaceuticals market increased at a CAGR (Compound annual growth rate) of 17.46 per cent in 2015 from US\$ 6 billion in 2005 and is expected to expand at a CAGR of 15.92 per cent to US\$ 55 billion by 2020. With 70 per cent of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. India supply 20 per cent of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others. (Source: - www.ibef.org)

**Chemical Industry**

In 2015, Indian chemical industry had a market size of USD144 billion. The chemical industry in India is a key constituent of Indian economy, accounting for about 2.11 per cent of the GDP. India accounts for approximately 16 per cent of the world production of dyestuff and dye intermediates, particularly for reactive acid and direct dyes. India is currently the world's third largest consumer of polymers and third largest producer of agrochemicals. India specialty chemical market is expected to reach USD70 billion by 2020. (https://www.ibef.org)

**Government Initiatives**

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines. (Source :- www.ibef.com)

**2. Opportunities and Threats**
**Opportunities**

1. Major raw materials for pharmaceutical division are produced in house.
2. Large domestic market, with good potential for growth.
3. Technically and qualified trained manpower.
4. Forward Integration of Products.
5. Applicability of GST will boost business sentiments in the country .

**Threats:**

1. Cost of finance in India is high as compared to prevailing in developed countries.
2. Country's Infrastructure facilities are not of world class, resulting in delays and slow movement of goods.

**3. Business Segment Performance and Future Prospects**

Our operations are broadly comprises of Bulk Drugs APIs and specialty industrial organic chemicals. Our APIs segment includes manufacturing of Bulk Drugs which are as under:-

1. Anti Inflammatory
2. Anti Diabetic

Our Specialty Industrial Organic Chemicals segment includes manufacturing of following chemicals:-

1. Iso Butyl Benzene (IBB)
2. Ethyl Acetate
3. Mono Chloro Acetic Acid (MCA)
4. Acetyl Chloride

**Bulk Drug**

Bulk Drug is commonly known as Active Pharmaceutical Ingredients (API's). APIs are mixed with other components to produce tablets, capsules or liquids. We have a clear thrust on production of APIs for Anti-inflammatory and Anti Diabetic.

We are increasing our APIs product portfolio and improving our cost competitiveness through efficient manufacturing processes and systems and entering into and expanding relationships with major Indian and foreign generic companies for sale of our APIs. Our APIs are exported worldwide. Our key markets are Africa, Latin America, South America, Europe, Korea, Commonwealth of Independent States (CIS) countries and the Middle East . Our API customers are leading global generic companies.

We have also received the approval from eminent drug authority i.e. United State Food and Drug Authority (USFDA) in July 2015 for Ibuprofen manufacturing facilities. Indeed ,this approval will enable the Company to enter into the United state with our Ibuprofen .

**Specialty Industrial Organic Chemicals**

Specialty Industrial Organic Chemicals are having varied uses in different industries like Pharmaceuticals, flexible packaging, Paints, Adhesives, Food Packing and photography etc. Since inception, we have been gradually enhancing our manufacturing capacities . Moreover, major chemicals produced by the Company such as Iso Butyl Benzene ( IBB), Mono Chloro Acetic Acid (MCA) and Acetyl Chloride are used in manufacturing of Ibuprofen.

All the products manufactured in our plants are having continuous demand from different industries in domestic as well as foreign market. To tap the opportunity of increase in demand in the market, we are increasing our capacity utilization by streamlining production processes.

#### 4. Risks and Concerns

The main risks to which the Company is exposed as well as approach taken by the management to control and mitigate those risks is given below:

##### Operational risks

The performance of the Company depends upon the uninterrupted supply of raw materials. The Company manages to enter into long-term agreements to ensure the continuous supply of raw material to achieve the desired production level and proper utilization of resources. Moreover the Company has backward integrated manufacturing facilities to ensure continuous supply of major raw material in house.

##### Competition risk

The Company is exposed to competition from indigenous as well as foreign players. We are controlling the competition risk by continuously improving our quality of products and maintaining long term relationship with our customers by providing better services to them.

##### Geographic risk

A significant dependence on a particular market could be a risk in the event of a selective downturn in that region. So the Company has network of customers virtually in almost all the states of country. Company has also expanded its customer base in about 50 countries to mitigate geographical risk.

##### Technological risk

Technological advancement could result in asset obsolescence warranting a high cost of replacement. Company is using the latest and state of the art technology in the manufacturing, processing and quality control measures and keeps itself in touch with the latest updation in technology and adopting the same to remain efficient in productivity and cost minimization. Moreover the Company have DSIR recognized Research and Development cell which is very active in developing new processes for existing products and development of new products.

##### Environmental Health and Safety Risk

Today Governments of all the countries around the world are cautious about the environment safety. Non compliance with environmental regulatory issue might affect operations. Company conducts periodic checks to compare effluents and stack emissions and comply with all applicable rules and regulations to protect the environment. Moreover, Company has also obtained ISO 14001:2004 Certification.

Health and Safety of the Workforce is priority of the company. IOLCP committed itself to manage it through occupational health and safety management tools, dedicated dispensary at factory and qualified Doctors. Moreover the Company has obtained OHSAS 18001:2007.

##### Credit risk

Credit risk is associated with losses that occur when debtors are unable to meet their obligations on time. Company has established internal policies to determine credit worthiness and reliability of existing and potential customers, which are reviewed on periodical basis. Moreover, Company also takes the insights of the customer from market sources and also obtains credit worthiness reports from Dun & Bradstreet and MIRA whenever required.

##### Liquidity risk

This refers to the possibility of default of a Company to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and appropriate actions are taken on pro active basis.

##### Foreign exchange risk

Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US dollars, on revenue and supplies. Although the foreign currency risk is naturally hedged as the Company is importing and exporting the goods. However, the Company does regular monitoring of exposures and takes hedging whenever required,

##### Human Capital Risk

Acquisition and retention of right talent is critical to maintain desired operational standards. The Company has a dedicated team of professionals who is not only looks after the recruitment and training of human capital but also takes care to provide better working environment and development opportunities to them for their self progress.

##### Insurance

All the insurable immovable as well as movable assets of the Company including stocks are adequately insured and all insurance policies are in force as on the date of the report.

#### 5. Internal Control System and its adequacy

The Company has aligned its current systems of internal controls including financial controls with the requirement of Companies Act 2013. The Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The Company uses best IT system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information.

The Audit and Risk Management Committee reviews reports submitted by internal auditors regularly and suggest the improvements from time to time which are being implemented by the Company.

#### 6. Financial Performance

##### Revenue from operations

Gross revenue from operations has increased to ₹ 645.44 crore during the year ended 31 March 2016 as compared to ₹ 427.02 crore during the previous year. Export sales of the Company has also increased from ₹ 92.17 crore to ₹ 170.45 crore during the year ended 31 March 2016.

##### Other Income

Other income for the year ended 31 March 2016 was ₹ 1.23 crore as against ₹ 1.32 crore in the previous year. Interest received during the year was ₹ 1.20 crore as against ₹ 1.25 crore during the previous year.

##### Cost of Material Consumed

During the year, the percentage of material consumption to net sales was 71.26% as against 72.58% for the previous year, representing decrease of 1.32%.

### Employee Benefit Expenses

During the year, employee benefit expenses has been increased from ₹ 24.72 crore to ₹ 35.13 crore. However as percentage to net sales it has decreased from 6.42 % to 6.05 % as compared to the previous year.

### Financial Cost

During the year, the percentage of financial expenses to net sales was 10.59% against 15.36% in the previous year, showing decrease of 4.77%.

### Depreciation

Depreciation charged to the profit and loss account increased during the year to ₹ 29.69 crore as compared to ₹ 28.91 crore during the previous year. The increase in depreciation was due to capitalization of assets for de-bottlenecking cum engineering of lbuprofen plant.

### Other Expenses

During the year, the percentage of other expenses to net sales was 13.84% against 18.07% in the previous year, showing decrease of 4.23%.

### Profit before Depreciation, Interest and Tax

Profit before depreciation, interest and tax of the Company has increased four-fold during the year from ₹ 12.58 crore to ₹ 52.60 crore as compared to that of the previous year.

### Profit/Loss before Tax

During the year, loss before tax of the Company was ₹ 38.52 crore against loss of ₹ 75.44 crore in the previous year. This decrease in loss is mainly due to increase in the turnover and operational efficiencies achieved during year as compared to that of previous year.

### Provision for tax

Tax expenses for the year under review was nil due to losses incurred. However, the Company has contributed ₹ 63.79 crore to national exchequer by way of excise duty as compared to ₹ 40.98 crore in previous year.

### Profit/Loss after Tax

During the year, loss after tax was ₹ 40.03 crore against ₹ 66.65 crore during the previous year.

### Share Capital

Authorized share capital of the Company is ₹ 80 crore divided into 5,80,00,000 equity shares of ₹ 10/- each and 2,20,00,000 preference shares of ₹ 10/- each as on 31 March 2016.

During the year Company has allotted 85,50,000 equity shares of ₹ 10/- each at premium of ₹ 18/- per share on the exercise of option attached with equity warrants allotted on 04 July 2014, thus increasing the paid up equity capital from ₹ 47,65,55,020/- consisting of 4,76,55,502 equity shares of ₹ 10/- each to ₹ 56,20,55,020/- consisting of 5,62,05,502 equity shares of ₹ 10/- each.

### Reserves and Surplus

The Company has received ₹ 15.39 crore as share premium on allotment of 85,50,000 equity shares of ₹ 10/- each at premium of ₹ 18/- per share on the exercise of option attached with equity warrants allotted on 04 July 2014. The said amount has been shown in securities premium reserve under the head reserve and surplus.

### Deferred Tax Liability

Company had a deferred tax liability (net of deferred tax assets) nil as on 31 March 2016 as against ₹ 0.38 crore at the end of previous year.

### Long Term Borrowing

Long term secured borrowing at the end of financial year 2015-16 were ₹ 283.25 crore, against ₹ 253.84 crore at the end of previous year. Unsecured long term borrowings at the end of financial year 2015-16 stood at ₹ 18.62 crore against ₹ 23.26 crore at the end of previous year.

### Other Long Term Liabilities

Other Long term liabilities at the end of financial year 2015-16 were ₹ 3.82 crore, against ₹ 8.09 crore at the end of previous year.

### Long Term Provisions

Long term provisions increased to ₹ 1.18 crore at 31 March 2016 as compared to ₹ 0.30 crore as at 31 March 2015.

### Short Term Borrowings

Short term secured borrowing at the end of financial year 2015-16 were ₹ 137.09 crore, against ₹ 120.44 crore at the end of previous year.

### Trade Payable

Trade payables as at 31 March 2016 was ₹ 116.62 crore as compared to ₹ 70.25 crore as at 31 March 2015.

### Other Current Liabilities

Other current liabilities at the end of financial year 2015-16 were ₹ 30.03 crore, against ₹ 17.81 crore at the end of previous year.

### Fixed Assets

Gross block of tangible assets as on 31 March 2016 stood at ₹ 618.47 crore as against ₹ 593.63 crore as on 31 March 2015. Addition in intangible assets of 0.84 crore during the year and stood at ₹ 1.50 crore as on 31 March 2016 against ₹ 0.66 crore as at end of the previous year.

### Non-Current Investments

Non-current investment were remained at the same level of ₹ 3.99 lac as at 31 March 2016.

### Long-term Loans and advances

Long term loan and advances as on 31 March 2016 were ₹ 9.02 crore as compared to ₹ 10.76 crore as on 31 March 2015.

### Other Non-current Assets

Other non-current assets include the bank balance as on 31 March 2016 were ₹ 2.76 crore as compared to ₹ 0.29 crore as on 31 March 2015.

### Current Investments

Company had current investment of ₹ 4.57 lac as on 31 March 2016.

### Inventories

Company had inventories of ₹ 227.94 crore as on 31 March 2016 against ₹ 213.42 crore as on 31 March 2015.

### Trade Receivable

Trade Receivable amounted to ₹ 90.64 crore as on 31 March 2016 as compared with ₹ 32.67 crore as on 31 March 2015.

### Cash and Bank balance

As on 31 March 2016, Company had cash and bank balances of ₹ 11.94 crore as compared to ₹ 12.70 crore as on 31 March 2015.

### Short term loans and advances

Short term loans and advances as on 31 March 2016 were ₹ 29.67 crore as compared to ₹ 24.68 crore as on 31 March 2015.

**Cash flows**

Company's net cash inflow from operating activities for the year ended 31 March 2016 was ₹ 17.70 crore as against cash outflow of ₹ 46.96 crore during the previous year.

Company's net cash used in investing activities amounted to ₹ 25.27 crore during the year ended 31 March 2016 against ₹ 4.79 crore during the previous year.

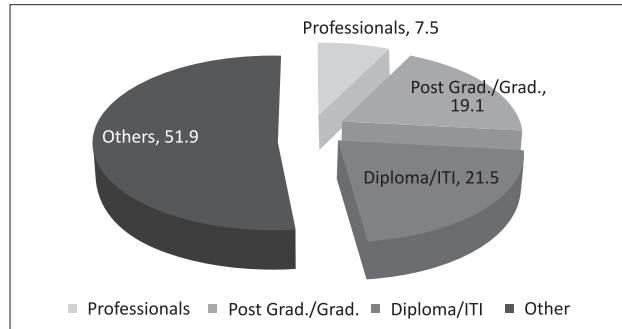
During the year, net cash from financing activities amounted to ₹ 9.27 crore as against net cash flow from financing activities ₹ 49.69 crore during the previous year.

**8. Contribution to National Exchequer**

Company has contributed a sum of ₹ 63.79 crore as compared to ₹ 40.98 crore during the previous year to National Exchequer by way of central excise duty in addition to contribution through other direct and indirect taxes.

**9. Human Assets**

Company has a team of about 1048 strong members as on 31 March 2016 consisting of 7.5 % Professionals, 19.1 % Post Graduates/ Graduates, 21.5 % Diploma/ITI and 51.9 % others.



Company stresses on all around development of the human resources. Company's HR policies entail injecting Company with a high degree of expertise, professional depth, dynamism and power of the youth. Company believes in respect of human resources and dignity of labour and consider human resources very valuable and vital assets for the development of the organization. We provide managerial and leadership development programmes across all levels to improve our business practices.

**10. Cautionary Statement**

Statement in Management Discussion and Analysis describing Company's objectives, projections, estimates and expectations may be "Forward Looking Statements" with in the meaning of applicable laws & regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include but are not restricted to the economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which Company operates, changes in the Government regulations, tax laws, and other statues, as also other incidental factors.

For and on behalf of the Board

Place : Ludhiana  
Dated : 08 August 2016

Sd/-  
Varinder Gupta  
Managing Director  
DIN: 00044068

Sd/-  
Dr M A Zahir  
Chairman  
DIN: 00002973

## CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) regulates corporate governance for listed companies through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1 December 2015) previously through Clause 49 of the Listing Agreement (up to 30 November 2015). Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of which are given below:

### 1. Company's philosophy on code of governance

The Company is committed to practice the highest level of corporate governance practices across all functions of the Company. The corporate governance at the Company cares for overall well being and welfare of all its business constituents and takes into account the stakeholders' interest in every business decision.

The Company's philosophy on Corporate Governance is based on following principles:

- (i) Composition of the Board to add value
- (ii) Promote ethical and responsible decision-making
- (iii) Safeguard integrity in financial reporting
- (iv) Make timely and balanced disclosures
- (v) Recognise and manage business risks
- (vi) Respect the rights of the shareholders
- (vii) Recognise the legitimate interest of the stakeholders
- (viii) Legal and statutory compliances in letter and spirit

### 2. Board of Directors:

#### a) Composition of the Board:

The Board comprises of four executive and five independent directors including a women director as on 31 March 2016.

Composition of the Board, number of directorship held, chairmanship & membership of the committees and shareholding in company are as given below:

| Name of the Director    | Category                | No. of Directorship held # | No. of Committees@ |             | Shareholding in Company |
|-------------------------|-------------------------|----------------------------|--------------------|-------------|-------------------------|
|                         |                         |                            | Chairmanship       | Memberships |                         |
| Dr M A Zahir (Chairman) | Independent             | 10                         | 5                  | 5           | --                      |
| Mr Varinder Gupta       | Managing Director       | 4                          | --                 | 2           | 11,96,965               |
| Mr Vijay Kumar Garg     | Joint Managing Director | 1                          | --                 | --          | --                      |
| Mr Vikas Gupta          | Executive Director      | 1                          | --                 | --          | --                      |
| Mr Vijay Singla         | Director (Works)        | 2                          | --                 | 1           | --                      |
| Mr Chandra Mohan        | Independent             | 7                          | --                 | 4           | --                      |
| Dr Sandhya Mehta        | Independent             | 1                          | --                 | 1           | --                      |
| Mr Ravi Pratap Singh*   | Independent             | 1                          | --                 | 1           | --                      |
| Mr Yogesh Goel*         | Independent             | 1                          | --                 | --          | --                      |

#including the company and does not include private company which is either holding or subsidiary company of public company.

@Board Committees for this purpose includes Audit Committee and Stakeholders' Relationship Committee only

\*Mr Ravi Pratap Singh and Mr Yogesh Goel have resigned with effect from 14 May 2016.

Notes: There is no inter-se relationship between the directors except Mr Varinder Gupta is father of Mr Vikas Gupta

#### b) Change in directorships of the Company:

The Company has re-appointed Mr Varinder Gupta as Managing Director for a period of three years with effect from 01 September 2015. The Board has re-appointed Mr Vijay Kumar Garg as Joint Managing Director for a period of three years, liable to retire by rotation with effect from 02 March 2016 and Mr Vijay Singla as Director (Works) for a period of three years, liable to retire by rotation with effect from 01 April 2016.

The Company has appointed Mr Vikas Gupta as Executive Director for a period of five years, liable to retire by rotation, with effect from 29 May 2015.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Vijay Kumar Garg, Mr Vikas Gupta and Mr Vijay Singla are liable for retirement by rotation at the ensuing Annual General Meeting and being eligible has offered themselves for re-appointment.

Mr Yogesh Goel and Mr Ravi Pratap Singh, Independent Directors have resigned from the directorship of the Company with effect from 14 May 2016. The Board places on record their appreciation for their services rendered to the Company.

#### c) Attendance of Directors at the Board Meetings and last Annual General Meeting:

During the financial year 2015-16, the Board of Directors met 5 (five) times on 29 May 2015, 11 August 2015, 13 August 2015, 30 October 2015 and 30 January 2016. There was no gap of more than four months between any two consecutive meetings. Attendance of the directors at Board Meetings and previous Annual General Meeting (AGM) held on 29 September 2015 is as given below:

| Name of the Director | Board Meetings Attended | Attendance at last AGM |
|----------------------|-------------------------|------------------------|
| Dr M A Zahir         | 5                       | Yes                    |
| Mr Varinder Gupta    | 5                       | Yes                    |
| Mr Vijay Kumar Garg  | 5                       | Yes                    |
| Mr Vikas Gupta       | 4                       | Yes                    |
| Mr Vijay Singla      | 5                       | Yes                    |
| Mr Chandra Mohan     | 3                       | No                     |
| Dr Sandhya Mehta     | 4                       | No                     |
| Mr Ravi Pratap Singh | 2                       | No                     |
| Mr Yogesh Goel       | 2                       | No                     |

### 3. Audit and Risk Management Committee

Audit and Risk Management Committee consists of four directors, three being independent directors viz. Dr M A Zahir (Chairman), Mr Ravi Pratap Singh, Dr Sandhya Mehta and one executive viz. Mr Varinder Gupta as on 31 March 2016. Statutory Auditors, Internal Auditors and Finance head are invites on the Committee. Company Secretary acts as Secretary to the Committee. The Audit and Risk Management Committee was reconstituted on 14 May 2016 consists of three directors, all being Independent Directors viz. Dr M A Zahir (Chairman), Mr Chandra Mohan and Dr Sandhya Mehta.

The role of the Audit & Risk Management Committee is in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the terms of reference specified under Section 177 of the Companies Act, 2013. Primary objective of the Committee is to monitor and provide effective supervision of management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity & quality of financial reporting and minimisation of risk.

During the year 2015-2016, Audit and Risk Management Committee met four times on 29 May 2015, 13 August 2015, 30 October 2015 and 30 January 2016. There was no gap of more than four months between any two consecutive meetings. Attendance record of Audit and Risk Management Committee members is given below:

| Name of the Members     | No. of Meetings |          |
|-------------------------|-----------------|----------|
|                         | Held            | Attended |
| Dr M A Zahir (Chairman) | 4               | 4        |
| Mr Varinder Gupta       | 4               | 4        |
| Dr Sandhya Mehta        | 4               | 4        |
| Mr Ravi Pratap Singh    | 4               | 1        |

#### 4. Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of four directors, all being Independent Directors viz. Mr Chandra Mohan (Chairman), Dr M A Zahir, Dr Sandhya Mehta and Mr Ravi Pratap Singh as on 31 March 2016. The Committee was reconstituted on 14 May 2016 consists of three directors, all being Independent Directors viz. Mr Chandra Mohan (Chairman), Dr M A Zahir and Dr Sandhya Mehta. Terms of reference of Committee is in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified under Section 178 of the Companies Act, 2013. Main terms of reference of the Committee includes determination of remuneration packages of the executive directors including remuneration policy. The Committee formulated the criteria and framework for the performance evaluation each director on the Board, including the executive and independent directors.

During the year, three meetings were held on 29 May 2015, 13 August 2015 and 30 January 2016. Attendance record of Nomination and Remuneration Committee members is given below:

| Name of the Members         | No. of Meetings |          |
|-----------------------------|-----------------|----------|
|                             | Held            | Attended |
| Mr Chandra Mohan (Chairman) | 3               | 3        |
| Dr M A Zahir                | 3               | 3        |
| Dr Sandhya Mehta            | 3               | 3        |
| Mr Ravi Pratap Singh        | 3               | --       |

#### a) Remuneration Policy and details of Remuneration of Directors:

- Executive Directors:** The company has a policy for the remuneration of Directors, Key Managerial Personnel (KMPs). The Company pays remuneration to its Executive Directors as approved by Nomination and Remuneration Committee, Board of Directors, Members of the Company and approval of Central Government wherever is required. The company entered into the agreement with Executive Directors. No severance fees is payable to the Executive Directors. All components of remuneration to the Executive Directors are fixed and in line with the Company's policies. The company has not granted any stock option to its directors.

Detail of remuneration paid to the Executive Directors during the financial year 2015-2016 is given below:

(Amount in ₹)

| Name                | Position                | Salary    | Commission | Contribution to Provident & other Funds | Other perquisites & allowances | Total     |
|---------------------|-------------------------|-----------|------------|---|--------------------------------|-----------|
| Mr Varinder Gupta   | Managing Director       | 38,40,000 | --         | 4,60,800                                | 52,99,200                      | 96,00,000 |
| Mr Vijay Kumar Garg | Joint Managing Director | 36,00,000 | --         | 4,32,000                                | 49,68,000                      | 90,00,000 |
| Mr Vijay Singla     | Director (Works)        | 24,00,000 | --         | 2,88,000                                | 33,12,000                      | 60,00,000 |
| Mr Vikas Gupta      | Executive Director      | 6,03,921  | --         | 72,471                                  | 8,33,414                       | 15,09,806 |

- Independent Directors:** Independent Directors have not paid any remuneration except sitting fees @ ₹ 10,000/- for attending each Board Meeting and ₹ 7,500/- for attending each Committee Meeting. Detail of sitting fees paid during the year 2015- 2016 is given below:

(Amount in ₹)

| Name of Directors    | Fee paid for Board Meetings | Fees paid for Committee Meetings* | Total Fee Paid  |
|----------------------|-----------------------------|-----------------------------------|-----------------|
| Dr M A Zahir         | 42,500                      | 1,82,500                          | 2,25,000        |
| Mr Chandra Mohan     | 25,000                      | 25,000                            | 50,000          |
| Mr Yogesh Goel       | 17,500                      | --                                | 17,500          |
| Dr Sandhya Mehta     | 35,000                      | 50,000                            | 85,000          |
| Mr Ravi Pratap Singh | 17,500                      | 7,500                             | 25,000          |
| <b>Total</b>         | <b>1,37,500</b>             | <b>2,65,000</b>                   | <b>4,02,500</b> |

\* The fees paid for Committees includes Audit & Risk Management Committee, Banking & Finance Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Meeting of Independent Directors and Allotment Committee.

Sitting fee for attending each meeting of the Board / Committee increased from ₹ 7,500 to ₹ 10,000 and from ₹ 5,000 to ₹ 7,500 respectively w.e.f. 13 August 2015. The Board of Directors revised the sitting fee for attending each meeting of the Board / Committee to ₹ 15,000/- with effect from 14 May 2016.

During the year 2015-16, the Company did not advance any loan to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business.

The Company, in compliance with the provisions of Section 197 of the Companies Act, 2013 and Listing Regulations, has not granted stock options to Independent Directors.

The Company is making the payment to its non-executive directors as per Nomination and Remuneration Policy of the Company, the same is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

#### 5. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of three Directors viz., Dr M A Zahir (Chairman), Mr Varinder Gupta and Mr Vijay Singla. Dr M A Zahir, non-executive director is the Chairman of the Committee as on 31 March 2016. Terms of reference of Committee is in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified under Section 178 of the Companies Act, 2013. During the year, one meeting was held on 29 May 2015 which was attended by all the members. The committee was reconstituted on 14 May 2016 consists of three Directors viz., Dr M A Zahir (Chairman), Mr Vijay Kumar Garg and Mr Vikas Gupta.

Mr Krishan Singla, Vice President and Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges

in India. Any investor / shareholder of the Company can contact him on the matters related with the Company at 85, Industrial Area, 'A', Ludhiana, Phone: +91-161-2225531-35, Fax: +91-161- 2608784 and e-mail: [krishan@iolcp.com](mailto:krishan@iolcp.com) and [investor@iolcp.com](mailto:investor@iolcp.com).

**Shareholders' complaints received, resolved and pending:**

Detail of investors' complaints/queries received and resolved during the year 2015-16 are as under:

| Sr. No. | Nature of complaints / queries             | No. of complaints / queries during the year |          |         |
|---------|--|---|----------|---------|
|         |  | Received                                    | Attended | Pending |
| 1.      | Transfer/Transmission of shares            | 11  | 11       | NIL     |
| 2.      | Dividend                                   | 1   | 1        | NIL     |
| 3.      | Loss/Issue of duplicate shares certificate | 25  | 25       | NIL     |
| 4.      | SEBI/Stock Exchange                        | 0   | 0        | NIL     |
| 5.      | Change of Company Name                     | 11  | 11       | NIL     |
| 6.      | Change of Address                          | 16  | 16       | NIL     |
| 7.      | Split/Consolidation                        | 0   | 0        | NIL     |
| 8.      | Others                                     | 8   | 8        | NIL     |

**6. Meeting of Committee of Independent Directors**

The Company's Independent Directors are required to meet at least once in every financial year without presence of Executive Directors or management personnel. Such meetings are conducted to enable Independent Directors to discuss matters pertaining to the Company's affairs, to review the performance of executive directors etc. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

During the year under review, the Independent Directors met on 29 March 2016, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors except Mr Yogesh Goel and Mr Ravi Pratap Singh attended the Meeting.

**7. Other Committees**

Besides the above three Committees, the Board of Directors has delegated banking and finance matters to Banking and Finance Committee; allotment of warrants/shares/debentures/other securities to Allotment Committee.

Detail of meetings of abovesaid committees held during the financial year 2015-16 is as under:

| Name of Committees            | No. of Meetings held | Date of Meeting  |
|-------------------------------|----------------------|--|
| Banking and Finance Committee | 4                    | 26 September 2015, 05 January 2016, 23 February 2016 and 05 March 2016   |
| Allotment Committee           | 15                   | 12 May 2015, 27 May 2015, 10 June 2015, 29 June 2015, 03 July 2015, 05 August 2015, 18 August 2015, 20 August 2015, 25 August 2015, 09 October 2015, 21 October 2015, 29 October 2015, 24 November 2015, 27 November 2015 and 30 November 2015 |

**8. General body Meetings:**

**a) Annual General Meetings/ Extra-ordinary General Meetings**

Last three Annual General Meetings were held at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala as per details given below:

| Meeting  | Date              | Day      | Time/ Location                | Details of Special Resolutions passed   |
|----------|-------------------|----------|-------------------------------|---|
| 28th AGM | 29 September 2015 | Tuesday  | 11:00 AM at Registered Office | 1. Increase of the remuneration of Mr Vijay Singla, Director (Works)<br>2. Increase of the remuneration of Mr Vijay Kumar Garg, Joint Managing Director<br>3. Increase of the remuneration of Mr Varinder Gupta, Managing Director<br>4. Re-appointment of Mr Varinder Gupta, Managing Director |
| 27th AGM | 30 September 2014 | Tuesday  | 11:00 AM at Registered Office | 1. Borrowing powers of the Company.<br>2. Creation of charges on the immovable/movable assets of the Company.   |
| 26th AGM | 28 September 2013 | Saturday | 11:30 AM at Registered Office | 1. Appointment of Mr Vijay Kumar Garg as Joint Managing Director of the Company.<br>2. Revision of Remuneration of Mr Vijay Singla, Director (Works).   |

During the year under review, no special resolution has been passed through the exercise of postal ballot.

**9. Disclosures**

**a) Related Party Transactions**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors or promoters that may have potential conflict with the interests of the Company at large except details of transactions annexed to the Balance Sheet. All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and interested directors neither participate in the discussion nor do they vote on such matters.

The Company has policy on dealing with material related party transactions which is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

**b) Compliance made by the company**

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets and no penalties or strictures have been imposed on the company by any Stock Exchange, SEBI or any other Statutory Authority relating to the above.

**c) Vigil Mechanism**

The Company has whistle blower policy which acts as vigil mechanism and provides an opportunity to employees to access in good faith, to Audit and Risk Management Committee, in case they observe unethical and improper practices or any other alleged wrongful conduct in the company and to prohibit managerial personnel from taking any adverse personnel action against those employees. It is affirmed that no personnel has been denied access to Audit and Risk Management Committee during the year.

**d) Compliance with mandatory requirements**

The Company has complied with all the applicable mandatory requirements and other applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**1) Code of Conduct for Directors and Senior Management**

The “Code of Conduct for Directors and Senior Management” has been adopted by the Company for its board members and senior management of the Company. Code of Conduct is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com). All board members and senior management personnel affirmed the compliance with the said code. A certificate signed by Managing Director as required under Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 affirming compliance of said code is given in this Annual Report.

**2) Management Discussion and Analysis Report**

Management Discussion and Analysis Report has been included in this Annual Report and includes discussion on the matters specified in the Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3) Selection of Independent Directors**

The Nomination and Remuneration Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

None of the directors serve as Independent Director in more than seven listed companies and none of the executive director serve as Independent Director on any listed company

The terms and conditions of appointment of Independent Director's is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

**4) Familiarisation Programme for Independent Directors**

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the company's procedures and practices. Periodic presentations are made at the meeting of the Board / Committee on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the company's business segments were made at the separate meetings of the Independent Directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the directors. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

**5) Board Evaluation**

The Nomination and Remuneration Committee has approved a Policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of Directors of the Company. The process for board evaluation is given in the Directors' Report.

**6) Compensation Policy for Board and Senior Management**

The Board has approved the Nomination and Remuneration Policy for Directors, KMP and all other employees of the Company and is given on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

**7) Holding and Subsidiary Companies**

The Company does not have any holding or subsidiary company.

**10. Means of Communication:**

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:

a) **Quarterly/Half Yearly/Annual Results:** Quarterly, half yearly and annual results of the company are sent to the Stock Exchanges immediately after they are approved by the Board.

b) **Publication of Quarterly/Half Yearly/Annual Results:** Quarterly, half yearly and annual results of the Company are published in the prescribed Performa within 48 hours of the conclusion of the meeting of the Board atleast in one english newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of the State of Punjab where the Registered Office of the Company is situated.

Quarterly financial results during the financial year 2015-16 were published as detailed below:

| Quarter ended     | Date of Board Meeting | Date of Publication        | Name of the Newspapers                                   |
|-------------------|-----------------------|----------------------------|--|
| 30 June 2015      | 13 August 2015        | 14 August 2015             | Financial Express and Punjabi Jagran                     |
| 30 September 2015 | 30 October 2015       | 31 October 2015            | Financial Express and Punjabi Jagran                     |
| 31 December 2015  | 30 January 2016       | 31 January 2016            | Financial Express and Punjabi Jagran                     |
| 31 March 2016     | 02 May 2016           | 03 May 2016<br>04 May 2016 | & Financial Express,<br>Economic Time and Punjabi Jagran |

These results and other press releases are sent to the Stock Exchanges as well as displayed on company's website [www.iolcp.com](http://www.iolcp.com) at the time of its release to the media.

c) **NSE Electronic Application Processing System (NEAPS):** NEAPS is a web based application designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on NEAPS.

d) **BSE Listing Centre (<http://listing.bseindia.com/>):** BSE Listing Centre is a web based application designed by BSE for corporate. The Shareholding pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on BSE Listing Centre.

e) **E-mail:** Quarterly/half yearly /annual results/ annual reports are also send to the members & investors on their e-mail Ids registered with the Company.

**11. General Shareholders Information**

Following information would be useful to the members:

a) **Annual General Meeting** of the Company will be held on Wednesday, 28 September 2016 at 11.00 AM at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, Punjab.

b) **Financial Calendar:** Last financial year of the Company was of twelve months from 1 April 2015 to 31 March 2016. Tentative financial calendar of the Company for the year



2016-17 shall be as follow:

| Board Meetings to take on record                                     | Schedule             |
|--|----------------------|
| Financial Results for the quarter ending 30 June 2016                | During August 2016   |
| Financial Results for the quarter/half year ending 30 September 2016 | During November 2016 |
| Financial Results for the quarter ending 31 December 2016            | During February 2017 |
| Financial Results for the quarter ending 31 March 2017               | During May 2017      |

**c) Date of Book Closure**

The Register of Members and Share Transfer Books will remain closed on 21 September 2016 for the purpose of the Annual General Meeting.

**d) Dividend payment date**

The Board has not recommended any dividend due to inadequate profits during the year under review.

**e) Shares of the Company are listed on the following Stock Exchange**

| Name and Address of the Stock Exchange   | Stock Code |
|--|------------|
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 | IOLCP      |
| BSE Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001  | 524164     |

The Company has made all the compliances of Listing Agreement including payment of annual listing fees.

**f) Market Price data**

Monthly high and low prices of equity shares of the Company at the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) are as follow:

(in ₹)

| Financial Year 2015-16 | NSE         |       |       |      |  |
|------------------------|-------------|-------|-------|------|--|
|                        | Share Price |       | NIFTY |      |  |
|                        | High        | Low   | High  | Low  |  |
| April 2015             | 51.00       | 27.50 | 8845  | 8145 |  |
| May 2015               | 54.70       | 42.50 | 8490  | 7997 |  |
| June 2015              | 73.70       | 42.65 | 8467  | 7940 |  |
| July 2015              | 113.90      | 73.00 | 8655  | 8315 |  |
| August 2015            | 104.40      | 53.80 | 8622  | 7667 |  |
| September 2015         | 83.00       | 64.25 | 8055  | 7540 |  |
| October 2015           | 86.50       | 76.00 | 8336  | 7931 |  |
| November 2015          | 102.10      | 76.75 | 8116  | 7714 |  |
| December 2015          | 96.50       | 69.70 | 7979  | 7551 |  |
| January 2016           | 75.50       | 55.65 | 7973  | 7242 |  |
| February 2016          | 74.90       | 57.05 | 7600  | 6826 |  |
| March 2016             | 77.50       | 66.25 | 7778  | 7035 |  |

Source: nseindia.com

(in ₹)

| Financial Year 2015-16 | BSE         |       |       |       |  |
|------------------------|-------------|-------|-------|-------|--|
|                        | Share Price |       | NIFTY |       |  |
|                        | High        | Low   | High  | Low   |  |
| April 2015             | 51.00       | 27.50 | 29095 | 26898 |  |
| May 2015               | 53.55       | 44.15 | 28071 | 26424 |  |
| June 2015              | 74.00       | 44.50 | 27969 | 26307 |  |
| July 2015              | 113.90      | 73.30 | 28578 | 27416 |  |
| August 2015            | 105.40      | 54.20 | 28418 | 25298 |  |
| September 2015         | 81.25       | 64.30 | 26472 | 24834 |  |
| October 2015           | 85.70       | 75.00 | 27618 | 26169 |  |
| November 2015          | 102.05      | 76.70 | 26824 | 25451 |  |
| December 2015          | 96.35       | 69.10 | 26256 | 24868 |  |
| January 2016           | 76.70       | 56.70 | 26197 | 23840 |  |
| February 2016          | 74.80       | 57.25 | 25002 | 22495 |  |
| March 2016             | 77.15       | 66.50 | 25480 | 23133 |  |

Source: bseindia.com

**g) Registrar and Share Transfer Agents**

Alankit Assignments Limited,  
(Unit: IOL Chemicals and Pharmaceuticals Limited)  
"Alankit Heights", 1E/13, Jhandewalan Extension,  
New Delhi-110 055  
Phone : +91-11-23541234, 42541234  
Fax : +91-11-41543474  
E mail : rta@alankit.com

**h) Distribution of Shareholding**

The Distribution Schedule of the Company as on 31 March 2016 is as follow:

| Range No. of Shares | Shareholders |                        | Shares             |                        |
|---------------------|--------------|------------------------|--------------------|------------------------|
|                     | Number       | % age of total holders | Number             | % age of total capital |
| Upto 500            | 8,440        | 90.41                  | 11,22,405          | 2.00                   |
| 501 to 1000         | 388          | 4.16                   | 3,27,861           | 0.58                   |
| 1001 to 2000        | 188          | 2.01                   | 3,00,286           | 0.54                   |
| 2001 to 3000        | 64           | 0.69                   | 1,65,133           | 0.29                   |
| 3001 to 4000        | 38           | 0.41                   | 1,37,926           | 0.25                   |
| 4001 to 5000        | 39           | 0.42                   | 1,86,604           | 0.33                   |
| 5001 to 10000       | 76           | 0.81                   | 5,63,839           | 1.00                   |
| 10001 and Above     | 102          | 1.09                   | 5,34,01,448        | 95.01                  |
| <b>Total</b>        | <b>9,335</b> | <b>100</b>             | <b>5,62,05,502</b> | <b>100.00</b>          |

**i) Shareholding Pattern:**

The shareholding pattern of the Company as on 31 March 2016 is as follow:

| Category                                | As on 31 March 2016 |                    |              | As on 31 March 2015 |                    |              |
|---|---------------------|--------------------|--------------|---------------------|--------------------|--------------|
|   | Share-holders       | Shares             | % age        | Share-holders       | Shares             | % age        |
| <b>Promoter</b>                         |                     |                    |              |                     |                    |              |
| Indians                                 | 6                   | 2,24,36,966        | 32.92        | 6                   | 2,24,36,966        | 47.08        |
| Foreign                                 | -                   | -                  | -            | -                   | -                  | -            |
| <b>Sub - total</b>                      | <b>6</b>            | <b>2,24,36,966</b> | <b>32.92</b> | <b>6</b>            | <b>2,24,36,966</b> | <b>47.08</b> |
| <b>Non-Promoters</b>                    |                     |                    |              |                     |                    |              |
| Financial Institutions/<br>Mutual Funds | 5                   | 24,100             | 0.04         | 5                   | 8,19,579           | 1.72         |
| Bodies Corporate                        | 248                 | 16770143           | 29.84        | 215                 | 78,65,915          | 16.51        |
| Individuals                             | 9043                | 8085316            | 14.39        | 8,896               | 76,47,127          | 16.05        |
| NRI                                     | 31                  | 30389              | 0.05         | 25                  | 27,327             | 0.06         |
| Foreign Companies                       | 2                   | 88,58,588          | 15.76        | 2                   | 88,58,588          | 18.59        |
| <b>Sub -total</b>                       | <b>9,329</b>        | <b>3,37,68,536</b> | <b>60.08</b> | <b>9,143</b>        | <b>2,52,18,536</b> | <b>52.92</b> |
| <b>Total</b>                            | <b>9,335</b>        | <b>5,62,05,502</b> | <b>100</b>   | <b>9,149</b>        | <b>4,76,55,502</b> | <b>100</b>   |

**j) Dematerialisation of Shares and Transfer of Shares:**

The Company's shares are compulsorily traded in dematerialised form. The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility.

| Particulars of shares | Equity shares of ₹ 10/- each |                 | Members      |                |
|-----------------------|------------------------------|-----------------|--------------|----------------|
|                       | Number                       | % age of total  | Number       | % age of total |
| Dematerialised form   |                              |                 |              |                |
| NSDL                  | 4,83,78,655                  | 86.07 %         | 2,789        | 29.88 %        |
| CDSL                  | 71,35,811                    | 12.70 %         | 1,884        | 20.18 %        |
| <b>Sub Total</b>      | <b>5,55,14,466</b>           | <b>98.77 %</b>  | <b>4,673</b> | <b>50.06 %</b> |
| Physical Form         | 6,91,036                     | 1.23 %          | 4,662        | 49.94 %        |
| <b>Total</b>          | <b>5,62,05,502</b>           | <b>100.00 %</b> | <b>9,335</b> | <b>100.00%</b> |

The Company has appointed Alankit Assignment Limited as Registrar and Share Transfer Agents. No case is pending for transfer as well as dematerialization of shares as on 31 March 2016. The ISIN No. of the Company is INE485C01011.

**k) Outstanding GDR/ADR/Warrants/Convertible Instrument**

Company has no outstanding GDR/ADR/ warrants as on 31 March 2016.

**l) Foreign exchange risk and hedging activities**

Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US dollars, on revenue and supplies. However, risk is naturally hedged as company is engaged both in imports and exports and is used to take future cover as the situation so warrants

**m) Designated e-mail id for investors**

In terms of Regulation 85(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated E-mail address for investor queries is [investor@iolcp.com](mailto:investor@iolcp.com).

**n) Legal proceeding related to the Investors**

There are no legal proceedings against the Company or by the Company by the Investors.

**o) Reconciliation of Share Capital Audit**

M/s B. K. Gupta & Associates, Company Secretaries, carried out a reconciliation of share capital audit to reconcile total admitted capital with NSDL & CDSL, total issued and listed capital. Reconciliation of share capital Audit report for quarter ended 31 March 2016 confirms that total admitted capital with both the depositories, NSDL & CDSL, total issued and listed capital are same and no case is pending for dematerialisation for more than 21 days as on that date.

**p) Green Initiative for Paperless Communications:**

To support the "Green Initiative" taken by the MCA, to contribute towards greener environment and to receive through electronic mode all documents, Notice(s), including Balance Sheet (Annual Reports) and other communications of the Company, Shareholders are requested to register their e-mail addresses.

Shareholders holding shares in demat mode can register their e-mail address/change their e-mail address with their DP. Shareholders holding shares in physical form register their e-mail address/change their e-mail with our RTA i.e Alankit Assignments Limited,(Unit: IOL Chemicals and Pharmaceuticals Limited) "Alankit House", 1E/13, Jhandewalan Extension, New Delhi - 110055 or register their e-mail ID at [investor@iolcp.com](mailto:investor@iolcp.com) and/or register themselves at company's website [www.iolcp.com](http://www.iolcp.com) to enable Company to provide Notice(s), Annual Report etc. under Section 136 of the Companies Act, 2013 and other Information through Electronic mode.

**q) Plant Location**

Village Fatehgarh Chhana, Mansa Road, Barnala-148 001.  
Phone : +91-1679-285285-86  
Fax : +91-1679-285292

**r) Address for Correspondence**For general correspondence:

Vice President and Company Secretary  
IOL Chemicals and Pharmaceuticals Limited  
85, Industrial Area 'A', Ludhiana - 141 003.  
Phone : +91-161-2225531-35; Fax : +91-161-2608784  
E-mail : [investor@iolcp.com](mailto:investor@iolcp.com),

For share transfer/ dematerialisation/ change of address etc:

Alankit Assignments Limited,  
(Unit: IOL Chemicals and Pharmaceuticals Limited)  
"Alankit Heights", 1E/13, Jhandewalan Extension,  
New Delhi-110 055  
Phone : +91-11-23541234, 42541234  
Fax : +91-11-41543474  
E mail : [rta@alankit.com](mailto:rta@alankit.com)

**s) Address of regulatory authorities/ stock exchange**

National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E) Mumbai - 400 051  
Phone : +91-22- 26598100 - 8114  
Fax : +91-22- 26598120

BSE Limited (BSE)  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Mumbai - 400001  
Phone : +91-22-22721233/4  
Fax : +91-22-22721919

Securities and Exchange Board of India  
Head Office : Plot No.C4-A  
'G' Block, Bandra Kurla Complex,  
Bandra(East), Mumbai 400051  
Tel : +91-22-26449000 / 40459000  
Fax : +91-22-26449016-20 / 40459016-20  
E-mail : [sebi@sebi.gov.in](mailto:sebi@sebi.gov.in)

**t) Address of Depositories**

National Securities Depository Limited  
Trade World, A wing, 4th & 5th Floors,  
Kamala Mills Compound, Lower Parel,  
Mumbai - 400 013  
Tel : +91-22-2499 4200 (60 lines)  
Fax : +91-22-2497 2993/ 2497 6351  
Email : [info@nsdl.co.in](mailto:info@nsdl.co.in)

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 16th Floor,  
Dalal Street, Mumbai - 400 001  
Phone : +91-22-22723333;  
Fax : +91-22-22723199 / 22722072;  
Email : [investors@cdslindia.com](mailto:investors@cdslindia.com)

**12. Compliance report on discretionary requirements under Regulation 27(1) of SEBI(Listing Obligations and Disclosure Requirements)Regulations,2015**

The Company is displaying its quarterly and half-yearly results on its website [www.iolcp.com](http://www.iolcp.com) and publishing the same in widely circulated newspapers. The auditors have given unmodified opinion on the financial statements of the company. The Company has appointed separate person to the post of Chairman and Managing Director. Dr M A Zahir is the Chairman of the Company and Mr Varinder Gupta is the Managing Director of the Company. The Internal Auditors reports to the Audit and Risk Management Committee on internal audit findings .

**13. CEO and CFO Certificate**

Certificate from the Managing Director (CEO) and Chief Financial Officer (CFO) under Regulation 17 (8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in this Annual Report.

**14. Auditor's Certificate on Compliance**

Certificate from the Statutory Auditors under Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming compliance of conditions of corporate governance is given in this Annual Report.

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

We, Varinder Gupta, Managing Director and Pardeep Kumar Khanna, Chief Financial Officer (CFO) of IOL Chemicals and Pharmaceuticals Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31 March 2016 and that to the best of our knowledge and belief :
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit & Risk Management Committee
  - a) significant changes in internal controls over the financial reporting during the year;
  - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees who have a significant role in the Company's internal controls system over the financial reporting.

Place : Ludhiana  
Date : 02 May 2016

Sd/-  
Varinder Gupta  
Managing Director  
DIN: 00044068

Sd/-  
Pardeep Kumar Khanna  
Chief Financial Officer (CFO)

**Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members  
IOL Chemicals and Pharmaceuticals Limited

We have examined the compliance of conditions of corporate governance by IOL Chemicals and Pharmaceuticals Limited (the company) for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges, for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01st December, 2015 to 31st March, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of 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, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement/Listing Regulations, as applicable.

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 S.C. VASUDEVA & CO.  
Chartered Accountants  
Firm's Regn. No. 000235N

Place : Ludhiana  
Dated : 08 August 2016

Sd/-  
(Sanjiv Mohan)  
Partner  
M. No. 086066

**Declaration under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We hereby declare that all the board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the financial year ended 31 March 2016.

For and on behalf of the Board

Place : Ludhiana  
Dated : 08 August 2016

Sd/-  
Varinder Gupta  
Managing Director  
DIN: 00044068

**Independent Auditors' Report**

To the Members of IOL Chemicals and Pharmaceuticals Limited

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of IOL Chemicals and Pharmaceuticals Limited ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit 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 financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its losses and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure- A, which forms part of this report, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, 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 and the cash flow statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act; and
  - 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- B"; and
  - 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, in our opinion and to the best of our information and according to explanations given to us;
    - i. the company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note No.29.I.(i) to the 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 are no amounts required to be transferred to the Investor Education and Protection Fund by the company.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N

Sd/  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
02 May 2016

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2016, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its assets.
- c) According to information and explanations given to us and on the basis of our examination of records of the company the title deeds of immovable properties are held in the name of the company.
- (ii) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the end of the year. In our opinion the frequency of verification is reasonable.
- b) According to the information and explanations given to us, discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been dealt with in the books of accounts.
- (iii) According to the information and explanations given to us we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore the provisions of paragraph (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted loans to directors or any other person in whom director is interested and also has not made loans, guarantees or provided security in connection with loan to any person or other body corporates and has not acquired securities of any other body corporate. Therefore, the provisions of Section 185 and Section 186 of the Companies Act, 2013 are not applicable to the company. Thus paragraph 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits cover under the provisions of Sections 73 to 76, other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. According to the information and explanations given to us, no order under the aforesaid Sections has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) According to the information and explanations there are no dues of income tax, service tax, duty of custom, duty of excise which have not been deposited with the appropriate authorities on account of any dispute. However according to information and explanations given to us, the following dues of Value Added Tax has not deposited by the company on account of dispute:

| Sr. No. | Name of the Statute  | Nature of Dues  | Period to which the amount relates | Disputed Amount (₹) | Forum where the dispute is pending                   |
|---------|----------------------|-----------------|------------------------------------|---------------------|--|
| 1.      | Punjab Vat Act, 2005 | Value Added Tax | 2006-2007                          | 17,21,622           | Assistant Excise and Taxation Commissioner, Ludhiana |
| 2.      | Punjab Vat Act, 2005 | Value Added Tax | 2009-2010                          | 11,56,914           | Deputy Excise and Taxation Commissioner, Ludhiana    |

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken during the year by the Company have been applied for the purpose for which they were raised. The company has not raised money by way of initial public offer of further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud on or by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on the records of the company, the company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the order are not applicable.
- (xiii) According to the information and explanations given to us, and based on our examinations of the records of the company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable and the details of the transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has made preferential allotment of equity shares during the financial year under audit. The company has complied with the requirements of Section 42 of the Companies Act, 2013. The said amount had been used for the purpose for which these funds were raised.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N

Sd/-  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
02 May 2016

**Annexure - B to the Auditors' Report**

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

**Report on Internal Financial Controls**

1. We have audited the internal financial controls over financial reporting of IOL Chemicals and Pharmaceuticals Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). 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.

**Auditors' Responsibility**

3. 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.
4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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**

6. 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**

7. 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**

8. In our opinion, 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 31 March 2016, 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.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N

Sd/-  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
02 May 2016

**BALANCE SHEET AS AT 31 MARCH 2016**

| Particulars   | Note No. | As at 31 March 2016<br>₹     | As at 31 March 2015<br>₹     |
|---|----------|------------------------------|------------------------------|
| <b>I EQUITY AND LIABILITIES</b>                                 |          |                              |                              |
| <b>(1) Shareholders' funds</b>                                  |          |                              |                              |
| (a) Share capital   | 3        | 56,20,55,020                 | 47,65,55,020                 |
| (b) Reserves and surplus  | 4        | 1,28,92,37,372               | 1,53,55,95,577               |
| (c) Money received against share warrants                       |          | –                            | 5,98,50,000                  |
|   |          | <u>1,85,12,92,392</u>        | <u>2,07,20,00,597</u>        |
| <b>(2) Non current liabilities</b>                              |          |                              |                              |
| (a) Long term borrowings  | 5        | 3,01,87,71,928               | 2,77,09,76,077               |
| (b) Deferred tax liabilities (Net)                              | 6        | –                            | 38,33,057                    |
| (c) Other long term liabilities                                 | 7        | 3,81,79,924                  | 8,08,88,458                  |
| (d) Long term provisions  | 8        | 1,18,17,669                  | 29,77,270                    |
|   |          | <u>3,06,87,69,521</u>        | <u>2,85,86,74,862</u>        |
| <b>(3) Current Liabilities</b>                                  |          |                              |                              |
| (a) Short term borrowings                                       | 9        | 1,37,08,51,682               | 1,20,44,33,472               |
| (b) Trade payables  | 10       | 1,16,62,30,541               | 70,24,83,454                 |
| (c) Other current liabilities                                   | 11       | 30,02,67,158                 | 17,81,11,939                 |
| (d) Short term provisions                                       | 12       | 12,83,691                    | 3,64,561                     |
|   |          | <u>2,83,86,33,072</u>        | <u>2,08,53,93,426</u>        |
| <b>TOTAL</b>  |          | <u><b>7,75,86,94,985</b></u> | <u><b>7,01,60,68,885</b></u> |
| <b>II ASSETS</b>  |          |                              |                              |
| <b>(1) Non-Current Assets</b>                                   |          |                              |                              |
| (a) Fixed assets  |          |                              |                              |
| (i) Tangible assets   | 13       | 3,98,52,23,521               | 4,02,53,09,982               |
| (ii) Intangible assets  |          | 97,58,507                    | 28,94,210                    |
| (iii) Capital work in progress                                  |          | 4,31,19,637                  | 4,20,79,330                  |
|   |          | <u>4,03,81,01,665</u>        | <u>4,07,02,83,522</u>        |
| (b) Non-current investments                                     | 14       | 3,99,900                     | 3,99,900                     |
| (c) Deferred tax assets (Net)                                   | 6        | –                            | –                            |
| (d) Long-term loans and advances                                | 15       | 9,02,38,093                  | 10,76,22,240                 |
| (e) Other non current assets                                    | 16       | 2,75,61,992                  | 29,00,000                    |
|   |          | <u>4,15,63,01,650</u>        | <u>4,18,12,05,662</u>        |
| <b>(2) Current Assets</b>                                       |          |                              |                              |
| (a) Current investments   | 17       | 4,57,225                     | 99,900                       |
| (b) Inventories   | 18       | 2,27,94,37,282               | 2,13,42,43,448               |
| (c) Trade receivables   | 19       | 90,64,42,488                 | 32,67,18,998                 |
| (d) Cash and bank balances                                      | 20       | 11,93,72,568                 | 12,70,12,428                 |
| (e) Short term loans and advances                               | 21       | 29,66,83,772                 | 24,67,88,449                 |
|   |          | <u>3,60,23,93,335</u>        | <u>2,83,48,63,223</u>        |
| <b>TOTAL</b>  |          | <u><b>7,75,86,94,985</b></u> | <u><b>7,01,60,68,885</b></u> |
| See accompanying notes forming part of the financial statements | 2        |                              |                              |

As per our report of even date attached

**For S.C. VASUDEVA & CO.**

Chartered Accountants

Firm Regn. No.000235N

Sd/-

**(Sanjiv Mohan)**

Partner

M.No.86066

For and on behalf of the board of directors

Sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

Sd/-

**Vijay Kumar Garg**

Joint Managing Director

DIN-06510248

Sd/-

**Krishan Singla**

Vice President

and Company Secretary

Sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer

Place : Ludhiana

Date : 02 May 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

| Particulars   | Note No. | For the year ended<br>31 March 2016<br>₹ | For the year ended<br>31 March 2015<br>₹ |
|---|----------|--|--|
| I Revenue from operations (Gross)   | 22       | 6,44,20,78,690                           | 4,25,70,48,840                           |
| Less: excise duty   |          | 63,79,25,265                             | 40,97,95,372                             |
| Revenue from operations (Net)   |          | 5,80,41,53,425                           | 3,84,72,53,468                           |
| II Other income   | 23       | 1,22,76,061                              | 1,31,65,677                              |
| III <b>Total revenue (I+II)</b>   |          | <b>5,81,64,29,486</b>                    | <b>3,86,04,19,145</b>                    |
| IV <b>Expenses:</b>   |          |  |  |
| (a) Cost of material consumed   | 24       | 4,34,80,00,263                           | 3,00,85,21,906                           |
| (b) Purchase of stock-in-trade  |          | -  | -  |
| (c) Changes in inventories of finished goods, work in progress and stock in trade | 25       | (21,19,56,246)                           | (21,62,42,550)                           |
| (d) Employee benefit expenses   | 26       | 35,12,70,573                             | 24,71,84,934                             |
| (e) Finance cost  | 27       | 61,46,59,727                             | 59,10,53,784                             |
| (f) Depreciation and amortization expenses  | 13       | 29,68,63,582                             | 28,91,05,473                             |
| (g) Other expenses  | 28       | 80,30,94,035                             | 69,51,75,732                             |
| <b>Total expenses</b>   |          | <b>6,20,19,31,934</b>                    | <b>4,61,47,99,279</b>                    |
| V Profit before exceptional and extraordinary items and tax (III-IV)              |          | (38,55,02,448)                           | (75,43,80,134)                           |
| VI Exceptional items  |          | -  | -  |
| VII Profit before extraordinary items and tax (V±VI)                              |          | (38,55,02,448)                           | (75,43,80,134)                           |
| VIII Extraordinary items  |          | -  | -  |
| IX Profit before tax (VII±VIII)   |          | (38,55,02,448)                           | (75,43,80,134)                           |
| X Tax expense   |          |  |  |
| (a) Current tax   |          | -  | -  |
| (b) Tax of earlier year   |          | -  | 12,880                                   |
| (c) MAT credit entitlement  |          | -  | -  |
| (d) MAT credit entitlement of earlier years w/back                                |          | 1,85,88,814                              | 1,79,51,276                              |
| (e) Deferred Tax  |          | (38,33,057)                              | (10,58,37,228)                           |
| <b>Total expenses</b>   |          | <b>1,47,55,757</b>                       | <b>(8,78,73,072)</b>                     |
| XI Profit for the year (IX-X)   |          | (40,02,58,205)                           | (66,65,07,062)                           |
| XII Earnings per equity share of ₹10/- each                                       |          |  |  |
| - Basic   |          | (7.60)                                   | (16.72)                                  |
| - Diluted   |          | (7.60)                                   | (16.63)                                  |
| - Cash  |          | (1.68)                                   | (11.67)                                  |
| See accompanying notes forming part of the financial statements                   | 2        |  |  |

As per our report of even date attached

**For S.C. VASUDEVA & CO.**

Chartered Accountants

Firm Regn. No.000235N

Sd/-

**(Sanjiv Mohan)**

Partner

M.No.86066

For and on behalf of the board of directors

Sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

Sd/-

**Vijay Kumar Garg**

Joint Managing Director

DIN-06510248

Sd/-

**Krishan Singla**

Vice President

and Company Secretary

Sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer

Place : Ludhiana

Date : 02 May 2016



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

| Particulars  | 31 March 2016<br>₹    | 31 March 2015<br>₹    |
|--|-----------------------|-----------------------|
| <b>Cash flow from operating activities</b>                                       |                       |                       |
| <b>Net profit before extraordinary items tax</b>                                 | <b>(38,55,02,448)</b> | <b>(75,43,80,134)</b> |
| Adjustments for:   |                       |                       |
| Depreciation and amortisation  | 29,68,63,582          | 28,91,05,473          |
| Loss /(Profit) on sale of fixed assets   | (1,734)               | (1,79,341)            |
| Loss on discard of fixed assets  | 6,57,630              | 7,336                 |
| Interest expense   | 56,88,56,567          | 54,09,03,848          |
| Interest income  | (1,19,91,841)         | (1,24,91,546)         |
| <b>Operating profit before working capital changes</b>                           | <b>46,88,81,756</b>   | <b>6,29,65,636</b>    |
| Movement in working capital:   |                       |                       |
| Increase/(Decrease) in trade payables and other liabilities                      | 48,51,75,741          | (52,02,25,947)        |
| Decrease/(Increase) in trade and other receivables                               | (63,18,63,848)        | 20,38,72,052          |
| Decrease/(Increase) in inventories   | (14,51,93,834)        | (21,19,82,329)        |
| <b>Cash generated from/(used in) operations</b>                                  | <b>17,69,99,815</b>   | <b>(46,53,70,588)</b> |
| Direct taxes paid (net of refunds)   | –                     | (42,32,188)           |
| <b>Net cash flow from/(used in) operating activities (A)</b>                     | <b>17,69,99,815</b>   | <b>(46,96,02,776)</b> |
| <b>Cash flow from investing activities</b>                                       |                       |                       |
| Purchase of fixed assets including intangible assets                             | (26,67,16,121)        | (5,90,88,175)         |
| Proceeds from sale of fixed assets   | 13,78,500             | 5,55,000              |
| Investment   | (3,57,325)            | (4,99,800)            |
| Interest received  | 1,30,32,209           | 1,11,02,749           |
| <b>Net cash flow from/(used in) investing activities (B)</b>                     | <b>(25,26,62,737)</b> | <b>(4,79,30,226)</b>  |
| <b>Cash flow from financing activities</b>                                       |                       |                       |
| Proceeds from issuance of share capital  | 17,95,50,000          | 22,22,49,923          |
| Proceeds from long term borrowings (net)   | 5,13,57,401           | 46,21,18,369          |
| Proceeds from short term borrowing   | 16,64,18,210          | 23,48,65,905          |
| Interest paid  | (30,46,40,557)        | (42,23,66,630)        |
| <b>Net cash flow from/(used in) financing activities (C)</b>                     | <b>9,26,85,054</b>    | <b>49,68,67,567</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>              | <b>1,70,22,132</b>    | <b>(2,06,65,435)</b>  |
| Cash and cash equivalents at the beginning of the period                         | 12,99,12,428          | 15,05,77,863          |
| Cash and cash equivalents at the end of the period                               | 14,69,34,560          | 12,99,12,428          |
| <b>Components of cash and cash equivalents</b>                                   |                       |                       |
| Cash on hand   | 44,85,993             | 75,23,212             |
| Balances with banks on current accounts  | 53,39,567             | 63,13,823             |
| Deposits with maturity for less than 12 months (held as margin money with banks) | 10,95,47,008          | 11,31,75,393          |
| Deposits with maturity for more than 12 months (held as margin money with banks) | 2,75,61,992           | 29,00,000             |
| <b>Total cash and cash equivalents (note 20)</b>                                 | <b>14,69,34,560</b>   | <b>12,99,12,428</b>   |
| See accompanying notes forming part of the financial statements                  |                       |                       |

As per our report of even date attached

**For S.C. VASUDEVA & CO.**

Chartered Accountants  
Firm Regn. No.000235N

Sd/-  
**(Sanjiv Mohan)**  
Partner  
M.No.86066

Place : Ludhiana  
Date : 02 May 2016

**For and on behalf of the board of directors**

Sd/-  
**Varinder Gupta**  
Managing Director  
DIN-00044068

Sd/-  
**Vijay Kumar Garg**  
Joint Managing Director  
DIN-06510248

Sd/-  
**Krishan Singla**  
Vice President  
and Company Secretary

Sd/-  
**Pardeep Kumar Khanna**  
Chief Financial Officer

**Notes to financial statements for the year ended 31 March 2016****1. Corporate information**

IOL Chemicals and Pharmaceuticals Limited (The Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 29<sup>th</sup> September 1986. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of Organic Chemicals and Bulk Drugs. The Company caters to both domestic and international market.

**2. Significant accounting policies and notes on accounts****a. Basis of preparation of financial statements:**

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014.

**b. Use of estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results known materialise.

**c. Revenue Recognition****i) Sale:**

Sales comprise sale of goods and export incentives. Revenue from sale of goods is recognised:

- a) when all significant risks and rewards of ownership is transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

**ii) Export Incentives**

Revenue in respect of export incentives is recognised on post export basis.

**iii) Dividend**

Dividend income from investment is recognised when the right to receive the payment is established.

**iv) Interest**

Revenue from interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**v) Insurance and other claims**

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

**d. Employee Benefits****a) Short Term Employee Benefits:**

Short Term Employee Benefits are recognised as an expense on an undiscounted basis in the statement of profit and loss for the year in which the related service is rendered.

**b) Post Employment Benefits:****i) Defined Contribution Plans:****Provident Fund:**

The Employer's Contributions to provident fund are made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and is recognised as an expense in the statement of profit and loss.

**ii) Defined Benefit Plans:****Gratuity:**

The Group Gratuity Cash Accumulation Scheme, managed by Life Insurance Corporation of India is a defined benefit plan. The liability for gratuity is provided on basis of actuarial valuation carried out by an independent actuary as at the Balance Sheet date. The Present Value of the Company's obligation is determined on the basis of actuarial valuation at the year end using the projected unit credit method and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognize the obligation on a net basis.

**c) Leave encashment:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

**d) The actuarial gain or loss:**

The actuarial gain or loss is recognised in statement of profit and loss in the period in which they occur.

**e. Tangible fixed assets**

- a) Fixed assets are stated at historical cost less accumulated depreciation.
- b) The cost of fixed asset comprises of its purchase price and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- c) The exchange differences arising on reinstatement/settlement of long term foreign currency borrowings related to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of these assets.
- d) Expenditure incurred on renovation/modernisation of the existing fixed assets is added to the book value of these assets where such renovation/modernisation increases the future benefit from them beyond their previously assessed standard of performance.

**f. Intangible assets**

Intangible assets are stated at cost less accumulated amount of amortisation.

**g. Depreciation on tangible fixed assets**

- i) Depreciation on tangible fixed assets is provided on Straight Line Method on the basis of the useful lives of such assets specified in Schedule II to the Companies Act, 2013.
- ii) Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum.
- iii) The lease hold land is amortised over the lease period, i.e. 99 years.
- iv) Addition or deduction to the fixed assets arising from exchange rate variation is depreciated over the residual life of the respective fixed assets.
- v) The Intangible fixed assets acquired prior to 01 April 2014 are amortised over the revised useful life of the assets based on the indicative useful life of the assets mandated by Schedule II to the Companies Act, 2013.

**h. Amortisation**

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

**i. Investments**

Long term investments are carried at cost less provisions, if any, for diminution in the value of such investments, which is other than temporary. Current Investments are carried at lower of cost and fair value.

**j. Inventories**

Inventories are valued at cost or net realisable value which ever is lower. The cost in respect of various items of inventories is computed as under:

|    |                     |  |
|----|---------------------|--|
| a) | Raw Material        | First in First out method plus direct expenses   |
| b) | Stores and Spares   | Weighted Average method plus direct expenses   |
| c) | Work-in-progress    | Cost of material plus appropriate share of overheads thereon at different stage of completion.   |
| d) | Finished Goods      | Cost of material plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present conditions and location. |
| e) | Material in Transit | Actual cost plus direct expenses to the extent incurred.   |

**k. Cenvat Credit**

Cenvat credit on excise duty/service tax paid on inputs, capital assets and input services is recognised in accordance with the Cenvat Credit Rules, 2004.

**l. Government Grants and Subsidies**

Government grants available to the Company are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and when benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy related to specific fixed assets is deducted from the gross value of the assets concerned.

**m. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of cost of such asset. Qualifying asset is one that takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenditure in the period in which these are incurred.

**n. Segment information**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial of the enterprise as a whole.

**o. Operating lease**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

**p. Foreign currency transactions**

- Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency, at the date of transaction.
- Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at rate different from those at which these were initially recorded during the period or reported in previous

financial statement are recognised as income or expense in the period in which they arise except in case of long term liabilities which relate to acquisition of fixed assets, these exchange differences are adjusted to the carrying cost of such fixed assets.

- The premium or discount arising at the inception of a forward exchange contracts is amortised as an expense or income over the life of the contract. Exchange difference on such contract is recognised in the statement of profit and loss in the reported period in which the exchange rate changes profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in the period in which they arise.

**q. Accounting for taxes on income**

Provision for taxation for the year comprises of current tax and deferred tax. Current tax is amount of Income-tax determined to be payable in accordance with the provisions of Income tax Act 1961. Deferred Tax is the tax effect of timing differences between taxable income and accounting income for the period that originate in one period and are capable of reversal in one or more subsequent periods.

**r. Earning Per Share**

Basic Earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

**s. Impairment of fixed assets**

At each Balance Sheet date an assessment is made whether any indication exists that an asset has been impaired, if any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**t. Cash flow statement**

The cash flow statement has been in accordance with the Accounting Standard (AS) – 3 “Cash flow statements” issued by the Companies (Accounting Standard) Rules, 2006.

**u. Provisions and Contingent Liabilities**

- Provisions are recognised (for liabilities that can be measured by using substantial degree of estimate) when;
  - the Company has a present obligation as a result of a past event;
  - a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - the amount of the obligation can be reliably estimated.
- Contingent liability is disclosed in case there is:
  - (i) Possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
  - (ii) a reliable estimate of the amount of the obligation cannot be made.
- a present obligation arising from a past event but is not recognised
  - when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - a reliable estimate of the amount of the obligation cannot be made.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 3 Share Capital

| Particulars   | As at 31 March 2016 |                     | As at 31 March 2015 |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Number of shares    | ₹                   | Number of shares    | ₹                   |
| <b>a) Authorised</b>  |                     |                     |                     |                     |
| Equity shares of ₹ 10/- each (par value)                    | 5,80,00,000         | 58,00,00,000        | 5,80,00,000         | 58,00,00,000        |
| Non cumulative preference shares<br>₹ 10/- each (par value) | 2,20,00,000         | 22,00,00,000        | 2,20,00,000         | 22,00,00,000        |
|   | <u>8,00,00,000</u>  | <u>80,00,00,000</u> | <u>8,00,00,000</u>  | <u>80,00,00,000</u> |
| <b>b) Issued and subscribed</b>                             |                     |                     |                     |                     |
| Equity shares of ₹ 10/- each                                | 5,62,05,502         | 56,20,55,020        | 4,76,55,502         | 47,65,55,020        |
|   | <u>5,62,05,502</u>  | <u>56,20,55,020</u> | <u>4,76,55,502</u>  | <u>47,65,55,020</u> |
| <b>c) Paid up</b>   |                     |                     |                     |                     |
| Equity shares of ₹ 10/- each                                | 5,62,05,502         | 56,20,55,020        | 4,76,55,502         | 47,65,55,020        |
|   | <u>5,62,05,502</u>  | <u>56,20,55,020</u> | <u>4,76,55,502</u>  | <u>47,65,55,020</u> |

**a. Reconciliation of the number of shares and the amount outstanding at the beginning and at the end of the reporting period**

| Equity Shares                                  | As at 31 March 2016 |                     | As at 31 March 2015 |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Number of shares    | ₹                   | Number of shares    | ₹                   |
| At the beginning of the reporting period       | 4,76,55,502         | 47,65,55,020        | 2,88,15,164         | 28,81,51,640        |
| Add: Issued during the year                    | 85,50,000           | 8,55,00,000         | 1,88,40,338         | 18,84,03,380        |
| Outstanding at the end of the reporting period | <u>5,62,05,502</u>  | <u>56,20,55,020</u> | <u>4,76,55,502</u>  | <u>47,65,55,020</u> |

| Preference Shares   | As at 31 March 2016 |          | As at 31 March 2015 |              |
|---|---------------------|----------|---------------------|--------------|
|   | Number of shares    | ₹        | Number of shares    | ₹            |
| At the beginning of the reporting period                  | —                   | —        | 2,00,10,000         | 20,01,00,000 |
| Add: Issued during the year                               | —                   | —        | —                   | —            |
| Less: Converted into equity share capital during the year | —                   | —        | 2,00,10,000         | 20,01,00,000 |
| <b>Outstanding at the end of the reporting period</b>     | <u>—</u>            | <u>—</u> | <u>—</u>            | <u>—</u>     |

**b. Terms/rights attached to equity shares**

The Company presently has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed 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 any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the year ended 31 March 2016.

**c. Terms/rights attached to preference shares****7% non-cumulative Preference shares 50,00,000 of ₹ 10 each**

During the previous year Company had converted 50,00,000 7% non-cumulative redeemable Preference Shares of ₹ 10/- each into 17,85,714 equity shares of face value of ₹ 10/- each at a premium of ₹ 18/- per share aggregating to ₹ 5 Crore on 21 June 2014 in accordance with the terms and conditions of the preference shares. The earliest date of redemption of these preference shares was 30 June 2015.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**
**1% non-cumulative Preference shares 1,50,10,000 of ₹ 10 each**

During the previous year Company had converted 1,50,10,000 1% non-cumulative redeemable Preference Shares of ₹ 10/- each into 53,60,713 equity shares of face value of ₹ 10/- each at a premium of ₹ 18/- per share aggregating to ₹ 15.01 crore on 21 June 2014 in accordance with the terms and conditions of the preference shares. These preference shares were redeemable at par on expiry of 10 years from the date of allotment i.e. 05 November 2013

**d. Terms/rights attached to Share warrants**

On 04 July 2014, the Company had allotted 1,10,00,000 Share warrants to non-promoter Company with an option to subscribe to an equity share of face value of ₹ 10/- at a premium of ₹ 18/- per share within the period of 18 months from the date of allotment of warrants.

Out of above the Company had allotted 24,50,000 equity shares of ₹ 10/- each at premium of ₹ 18/- per share during the previous year on exercising of its option by the warrant holders.

Whereas the balance 85,50,000 share warrants have been converted into 85,50,000 equity share of ₹ 10/- each during the year on exercise of option by its warrant holders.

**e. Details of shares held by holding company or the ultimate holding company or their subsidiaries and associates**

There is no holding Company of the Company and therefore no subsidiary/ associate of holding /ultimate holding Company.

**f. Detail of shares held by each shareholder holding more than 5% shares**

| Class of share/ Name of the shareholder | As at 31 March 2016   |                | As at 31 March 2015   |                |
|---|-----------------------|----------------|-----------------------|----------------|
|   | Number of shares held | % shareholding | Number of shares held | % shareholding |
| <b>a) Equity shares</b>                 |                       |                |                       |                |
| i) Innova Merchantiles Limited          | 1,10,00,000           | 19.57%         | 24,50,000             | 5.14%          |
| ii) Mayadevi Polycot Limited            | 1,00,06,323           | 17.80%         | 1,00,06,323           | 21.00%         |
| iii) IndiaSTAR (Mauritius) Limited      | 88,58,588             | 15.76%         | 88,58,588             | 18.59%         |
| iv) NM Merchantiles Limited             | 50,75,571             | 9.03%          | 50,75,571             | 10.65%         |
| v) NCG Enterprises Limited              | 32,84,393             | 5.84%          | 32,84,393             | 6.89%          |
| vi) IOL Lifesciences Limited            | 28,73,714             | 5.11%          | 28,73,714             | 6.03%          |

**g. Foreign Currency Convertible Bonds**

During the previous year Company had converted zero coupon unsecured foreign currency convertible bonds (FCCB) aggregating to US \$ 7 Million into equity shares as on 28 November 2014 as per terms of Foreign Currency Convertible Bonds issued on 28 May 2010

**4 Reserves and surplus**

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>a) Capital reserves</b>   |                             |                             |
| Balance as per the last financial statements   | 11,91,00,651                | 11,91,00,651                |
| <b>b) Securities premium reserve</b>   |                             |                             |
| Balance as per the last financial statements   | 1,61,58,34,710              | 99,17,76,637                |
| Add: Share premium received during the year  | 15,39,00,000                | 62,79,27,723                |
| Less: Utilised for providing for the premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds {(net of fluctuation in foreign currency of Nil) (Previous year ₹ 1,04,86,387/-)} | —                           | 38,69,650                   |
| <b>Closing Balance</b>   | <b>1,76,97,34,710</b>       | <b>1,61,58,34,710</b>       |
| <b>c) Surplus i.e. balance in statement of profit and loss</b>   |                             |                             |
| Balance as per the last financial statements   | (19,93,39,784)              | 49,33,71,401                |
| Add: Profit/(Loss) for the year transferred from statement of profit and loss  | (40,02,58,205)              | (66,65,07,062)              |
| Less: Adjustment of carrying amount of tangible assets   | —                           | 2,62,04,123                 |
| <b>Net surplus in the statement of profit and loss</b>   | <b>(59,95,97,989)</b>       | <b>(19,93,39,784)</b>       |
|  | <b>1,28,92,37,372</b>       | <b>1,53,55,95,577</b>       |

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 5 Long term borrowings

| Particulars                                    | As at 31 March 2016    |                         |                               | As at 31 March 2015    |                         |                               |
|--|------------------------|-------------------------|-------------------------------|------------------------|-------------------------|-------------------------------|
|  | Total Outstanding<br>₹ | Current Maturities<br>₹ | Net long term borrowings<br>₹ | Total Outstanding<br>₹ | Current Maturities<br>₹ | Net long term borrowings<br>₹ |
| <b>a) Term Loans (secured)</b>                 |                        |                         |                               |                        |                         |                               |
| i) From banks                                  | 2,64,65,48,896         | 11,19,56,000            | 2,53,45,92,896                | 2,29,34,36,807         | 1,99,71,528             | 2,27,34,65,279                |
| ii) From financial institutions                | 30,12,16,269           | 1,27,83,056             | 28,84,33,213                  | 25,84,99,791           | 21,43,344               | 25,63,56,447                  |
| iii) From others                               | 1,48,26,749            | 53,08,015               | 95,18,734                     | 1,31,94,486            | 46,21,464               | 85,73,022                     |
| <b>Total secured borrowings</b>                | <b>2,96,25,91,914</b>  | <b>13,00,47,071</b>     | <b>2,83,25,44,843</b>         | <b>2,56,51,31,084</b>  | <b>2,67,36,336</b>      | <b>2,53,83,94,748</b>         |
| <b>b) Other loans and advances (unsecured)</b> |                        |                         |                               |                        |                         |                               |
| From Bank                                      | 9,00,00,000            | 44,46,952               | 8,55,53,048                   | –                      | –                       | –                             |
| From others                                    | 29,29,105              | 20,31,776               | 8,97,329                      | 55,16,833              | 26,06,861               | 29,09,972                     |
| <b>c) From related parties</b>                 | <b>9,97,76,708</b>     | <b>–</b>                | <b>9,97,76,708</b>            | <b>22,96,71,357</b>    | <b>–</b>                | <b>22,96,71,357</b>           |
| <b>Total unsecured borrowings</b>              | <b>19,27,05,813</b>    | <b>64,78,728</b>        | <b>18,62,27,085</b>           | <b>23,51,88,190</b>    | <b>26,06,861</b>        | <b>23,25,81,329</b>           |
| <b>Total</b>                                   | <b>3,15,52,97,727</b>  | <b>13,65,25,799</b>     | <b>3,01,87,71,928</b>         | <b>2,80,03,19,274</b>  | <b>2,93,43,197</b>      | <b>2,77,09,76,077</b>         |

## a. Details of security for term loans

- Term loans from banks and financial institutions are secured by way of equitable mortgage of all present and future immovable properties of the Company ranking pari-passu charge by way of hypothecation of all the Company's movable properties, save and except Book Debts but including movable machinery, spares, tools and accessories both present and future subject to prior charges created / to be created in favour of the Company's Bankers on specified movable properties for securing borrowings for working capital requirements.
- Further, the term loans from banks and financial institutions are secured by second pari-passu charge on all current assets present and future and the personal guarantee of the Managing Director of the Company and corporate guarantee by a promoter Company.
- Term loan from others are secured by hypothecation of vehicles purchased against these loans.

## b. Terms of repayment of secured term loans from banks/ Financial Institutions\*

| Particulars                                   | Principal balance outstanding as at 31.03.2016<br>₹ | Principal balance outstanding as at 31.03.2015<br>₹ | Repayment Period (years) | Installments outstanding as on 31.03.2016 |             |
|---|---|---|--------------------------|---|-------------|
| <b>Term Loans from Banks</b>                  |   |   |                          | No  | Periodicity |
| Punjab National Bank                          | 1,65,13,07,660                                      | 1,42,62,61,632                                      | 6.5 to 9.5 Years         | 20 to 32                                  | Quarterly   |
| Allahabad Bank                                | 62,98,90,407  | 55,27,52,744  | 6.5 to 9.5 Years         | 20 to 32                                  | Quarterly   |
| State Bank of India                           | 11,58,81,913  | 9,87,36,390   | 6.5 to 9.5 Years         | 20 to 32                                  | Quarterly   |
| Oriental Bank of Commerce                     | 24,94,68,916  | 21,56,86,041  | 6.5 to 9.5 Years         | 20 to 32                                  | Quarterly   |
| <b>Term Loans from Financial Institutions</b> |   |   |                          |   |             |
| Export-Import Bank of India                   | 30,12,16,269  | 25,84,99,791  | 6.5 to 9.5 Years         | 20 to 32                                  | Quarterly   |
| <b>Term Loans from others</b>                 |   |   |                          |   |             |
| Kotak Mahindra Prime Limited                  | 67,364  | 3,17,822  | 4Y-10M                   | 3   | Monthly     |
| Tata Capital financial Services Limited       | 18,92,231   | 59,46,725   | 3 Years                  | 2 to 19                                   | Monthly     |
| HDFC Bank Ltd.                                | 3,50,742  | 5,32,501  | 3                        | 20  | Monthly     |
| AXIS Bank Ltd.                                | 53,38,704   | 63,97,438   | 5                        | 47  | Monthly     |
| ICICI Bank Ltd.                               | 71,77,708   | –   | 3 to 5 Years             | 26 to 57                                  | Monthly     |
| <b>Total Term Loans</b>                       | <b>2,96,25,91,914</b>                               | <b>2,56,51,31,084</b>                               |                          |   |             |

\* Figures of term loans stated above in para (b) includes current maturities of long term debt shown separately in note 11. Term loans from Banks / Financial institutions carries interest @ 11.50% P.A.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

- c. Unsecured Loan granted by Bank on the security provided by Related party under the head Other Loans & Advances (Unsecured).
- d. Interest has been accounted for based upon terms of restructuring of facilities sanctioned by the respective lenders. The Funded Interest Term Loans (FITLs) has been created on certain credit facilities.

**6 Deferred tax liabilities (Net)**

| Particulars   | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Deferred tax liabilities</b>   |                             |                             |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period | 62,64,59,884                | 60,63,76,044                |
| <b>Deferred tax assets</b>  |                             |                             |
| Unabsorbed depreciation (to the extent covered in DTL)  | 62,64,59,884                | 60,25,42,987                |
| Net deferred tax (assets) / liability   | –                           | 38,33,057                   |

**7 Other long term liabilities**

| Particulars              | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--------------------------|-----------------------------|-----------------------------|
| Long term trade deposits | 3,81,79,924                 | 8,08,88,458                 |
|                          | <u>3,81,79,924</u>          | <u>8,08,88,458</u>          |

**8 Long term provisions**

| Particulars                             | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Provision for employee benefits:</b> |                             |                             |
| - Leave encashment                      | 50,58,153                   | 24,77,738                   |
| - Gratuity                              | 58,79,204                   | –                           |
| - Medical leave                         | 8,80,312                    | 4,99,532                    |
|   | <u>1,18,17,669</u>          | <u>29,77,270</u>            |

**9 Short term borrowings**

| Particulars                     | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---------------------------------|-----------------------------|-----------------------------|
| <b>Loan repayable on demand</b> |                             |                             |
| - From Banks (secured)          | 1,37,08,51,682              | 1,20,44,33,472              |
|                                 | <u>1,37,08,51,682</u>       | <u>1,20,44,33,472</u>       |

**Details of security**

Loans repayable on demand from banks are secured by way of first pari-passu charge on all present and future finished goods, work-in-progress, raw materials, stores and spares, book debts and second pari-passu charge on fixed assets and further secured by personal guarantee of the Managing Director of the Company and corporate guarantee by a promoter Company.

**Terms:-**

- Working capital borrowings from banks are repayable on demand.
- Working capital borrowings from bank carries interest @ 11% P.A.

**10 Trade Payable**

| Particulars              | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--------------------------|-----------------------------|-----------------------------|
| Trade payables           |                             |                             |
| - Acceptances            | 1,10,61,72,833              | 64,68,41,200                |
| - Other than Acceptances | 6,00,57,708                 | 5,56,42,254                 |
|                          | <u>1,16,62,30,541</u>       | <u>70,24,83,454</u>         |

**11 Other current liabilities**

| Particulars                                | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| Current maturities of long term borrowings | 13,65,25,799                | 2,93,43,197                 |
| Interest accrued but not due on borrowings | 53,86,515                   | 20,83,023                   |
| Others payables                            |                             |                             |
| - Statutory remittances*                   | 3,60,84,158                 | 1,10,35,759                 |
| - Dues to Employees                        | 3,42,31,641                 | 4,29,70,449                 |
| - Expenses payable                         | 3,40,08,755                 | 1,88,58,703                 |
| (a)  | <u>24,62,36,868</u>         | <u>10,42,91,131</u>         |
| Payable on purchase of capital goods       | (b) 5,40,30,290             | 7,38,20,808                 |
| Total                                      | (a+b) <u>30,02,67,158</u>   | <u>17,81,11,939</u>         |

\* Statutory remittance includes contribution to provident fund and ESIC, punjab labour welfare fund, tax deducted at source, excise duty, VAT, service tax etc.

**12 Short term provisions**

| Particulars                             | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>Provision for employee benefits:</b> |                             |                             |
| - Leave encashment                      | 3,26,876                    | 2,07,226                    |
| - Gratuity                              | 9,56,815                    | 1,57,335                    |
|   | <u>12,83,691</u>            | <u>3,64,561</u>             |

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 FIXED ASSETS

| Particulars              | GROSS BLOCK                |              |           |               | ACCUMULATED DEPRECIATION    |                            |   |                                  |                   |                             | NET BLOCK                   |                             |
|--------------------------|----------------------------|--------------|-----------|---------------|-----------------------------|----------------------------|---|----------------------------------|-------------------|-----------------------------|-----------------------------|-----------------------------|
|                          | Balance as at 1 April 2015 | Additions    | Disposals | Adjustments   | Balance as at 31 March 2016 | Balance as at 1 April 2015 | Depreciation /amortisation expense for the year | Eliminated on disposal of assets | Other adjustments | Balance as at 31 March 2016 | Balance as at 31 March 2016 | Balance as at 31 March 2015 |
|                          | ₹                          | ₹            | ₹         | ₹             | ₹                           | ₹                          | ₹   | ₹                                | ₹                 | ₹                           | ₹                           | ₹                           |
| <b>Tangible Assets</b>   |                            |              |           |               |                             |                            |   |                                  |                   |                             |                             |                             |
| Freehold Land            | 9,49,69,953                | -            | -         | -             | 9,49,69,953                 | -                          | -   | -                                | -                 | -                           | 9,49,69,953                 | 9,49,69,953                 |
| Leasehold Land           | 25,24,273                  | -            | -         | -             | 25,24,273                   | 6,74,591                   | 43,522  | -                                | -                 | 7,18,113                    | 18,06,160                   | 18,49,682                   |
| Buildings                | 54,99,45,670               | 2,51,94,689  | -         | -             | 57,51,40,359                | 11,73,11,669               | 1,82,05,721                                     | -                                | -                 | 13,55,17,390                | 43,96,22,969                | 43,26,34,001                |
| Plant and Machinery      | 5,24,10,86,271             | 21,51,34,700 | 38,07,131 | -             | 5,45,24,13,840              | 1,77,40,92,751             | 27,15,39,357                                    | 36,22,666                        | -                 | 2,04,20,09,442              | 3,41,04,04,398              | 3,46,69,93,520              |
| Office Equipments        | 97,20,961                  | 13,84,044    | 5,49,264  | -             | 1,05,55,741                 | 70,04,575                  | 9,31,211  | 5,28,619                         | -                 | 74,07,167                   | 31,48,574                   | 27,16,386                   |
| Furniture and Fixtures   | 1,25,63,789                | 38,60,951    | 10,93,610 | -             | 1,53,31,130                 | 57,79,092                  | 10,94,069                                       | 10,50,183                        | -                 | 56,22,978                   | 95,08,152                   | 67,84,697                   |
| Vehicles                 | 2,54,78,784                | 1,16,79,071  | 34,32,571 | -             | 3,37,25,284                 | 61,17,041                  | 34,91,640                                       | 16,46,712                        | -                 | 79,61,969                   | 2,57,63,315                 | 1,93,61,743                 |
|                          | 5,93,62,89,701             | 25,72,53,455 | 88,82,576 | -             | 6,18,46,60,580              | 1,91,09,79,719             | 29,53,05,520                                    | 68,48,180                        | -                 | 2,19,94,37,059              | 3,98,52,23,521              | 4,02,53,09,982              |
| <b>Intangible Assets</b> |                            |              |           |               |                             |                            |   |                                  |                   |                             |                             |                             |
| Computer Softwares       | 65,66,890                  | 20,38,859    | -         | -             | 86,05,749                   | 36,72,680                  | 7,07,394  | -                                | -                 | 43,80,074                   | 42,25,675                   | 28,94,210                   |
| Technical Know How       | -                          | 63,83,500    | -         | -             | 63,83,500                   | -                          | 8,50,668  | -                                | -                 | 8,50,668                    | 55,32,832                   | -                           |
| <b>Total</b>             | 5,94,28,56,591             | 26,56,75,814 | 88,82,576 | -             | 6,19,96,49,829              | 1,91,46,52,399             | 29,68,63,582                                    | 68,48,180                        | -                 | 2,20,46,67,801              | 3,99,49,82,028              | 4,02,82,04,192              |
| <b>Previous year</b>     |                            |              |           |               |                             |                            |   |                                  |                   |                             |                             |                             |
| Tangible Assets          | 5,68,89,94,788             | 31,97,91,735 | 13,80,396 | (7,11,16,426) | 5,93,62,89,701              | 1,58,54,84,826             | 28,86,17,271                                    | 9,97,401                         | 3,79,22,043       | 1,91,10,26,739              | 4,02,53,09,982              |                             |
| Intangible Assets        | 56,66,649                  | 9,00,241     | -         | -             | 65,66,890                   | 31,37,458                  | 4,88,202  | -                                | -                 | 36,25,660                   | 28,94,210                   |                             |
| Total previous year      | 5,69,46,61,437             | 32,06,91,976 | 13,80,396 | (7,11,16,426) | 5,94,28,56,591              | 1,58,86,22,284             | 28,91,05,473                                    | 9,97,401                         | 3,79,22,043       | 1,91,46,52,399              | 4,02,82,04,192              |                             |



**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**
**14 Non-current investments (Long term investments)**

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| Investment in mutual funds (quoted) 20,000 (Previous year: 20,000) units of ₹ 10/- each of Principal PNB fixed maturity plan- series B16-1094 days- Regular plan | 2,00,000                    | 2,00,000                    |
| 1448.551 (Previous year: 1448.551) units of ₹ 138/- each of PNB Principal tax savings fund- Regular plan growth  | 1,99,900                    | 1,99,900                    |
|  | <u>3,99,900</u>             | <u>3,99,900</u>             |
| 1. Aggregate amount of quoted investments  | 3,99,900                    | 3,99,900                    |
| 2. Aggregate market value of quoted investments  | 4,28,417                    | 4,22,282                    |
| 3. Aggregate provision for diminution in value of investments  | -                           | -                           |

**15 Long term loans and advances**

| Particulars                         | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|-------------------------------------|-----------------------------|-----------------------------|
| (Unsecured considered good)         |                             |                             |
| Capital advances                    | 51,74,038                   | 52,89,056                   |
| Security deposit                    |                             |                             |
| PSPCL                               | 1,74,103                    | 1,17,050                    |
| Others                              | 11,89,590                   | 14,39,590                   |
| Prepaid expenses                    | 1,56,838                    | 1,45,320                    |
| Balances with Government department | 44,30,868                   | 29,29,754                   |
| MAT credit entitlement              | 7,91,12,656                 | 9,77,01,470                 |
|                                     | <u>9,02,38,093</u>          | <u>10,76,22,240</u>         |

**16 Other non current assets**

| Particulars                                      | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| Others   |                             |                             |
| - Bank Balances (non current) (refer note no.20) | 2,75,61,992                 | 29,00,000                   |
|  | <u>2,75,61,992</u>          | <u>29,00,000</u>            |

**17 Current investments (Valued at lower of cost and fair value)**

| Particulars   | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---|-----------------------------|-----------------------------|
| Investment in mutual funds (quoted) 5104.667 units of ₹ 97.93/- each (Previous year 1139.890 units of ₹ 87.64/ each) of Principal PNB fixed maturity plan- series B16-1094 days- Regular plan | 4,99,900                    | 99,900                      |
| Less: provision for diminution in value of investment   | 42,675                      | -                           |
| Net value of current investment   | <u>4,57,225</u>             | <u>99,900</u>               |
| 1. Aggregate amount of quoted investments   | 4,99,900                    | 99,900                      |
| 2. Aggregate market value of quoted investments   | 4,57,225                    | 1,08,027                    |
| 3. Aggregate provision for diminution in value of investments   | 42,675                      | -                           |

**18 Inventories (At lower of cost and net realisable value)**

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| Raw Material {includes in transit ₹ 3,08,02,870 (Previous Year ₹ 3,78,97,307)} | 12,21,79,209                | 9,02,97,272                 |
| Work in Progress   | 1,79,63,02,469              | 1,81,83,29,487              |
| Finished Goods   | 28,76,31,633                | 5,36,48,369                 |
| Stores and Spares  | 7,33,23,971                 | 17,19,68,320                |
|  | <u>2,27,94,37,282</u>       | <u>2,13,42,43,448</u>       |

**19 Trade receivables**

| Particulars   | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|---|-----------------------------|-----------------------------|
| Trade receivable outstanding for a period exceeding six months from the date they are due for payment |                             |                             |
| - Unsecured, Considered Good  | 92,13,861                   | 1,20,46,098                 |
| - Doubtful  | 32,26,977                   | 28,20,820                   |
| Less: Allowance for doubtful trade receivables  | (32,26,977)                 | (28,20,820)                 |
|   | <u>92,13,861</u>            | <u>1,20,46,098</u>          |
| Other trade receivables   |                             |                             |
| - Unsecured, Considered Good  | 89,72,28,627                | 31,46,72,900                |
|   | <u>90,64,42,488</u>         | <u>32,67,18,998</u>         |

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 20 Cash and bank balances

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| i) Cash and cash equivalents   |                             |                             |
| a) Balances with banks   |                             |                             |
| - In current accounts  | 53,39,567                   | 63,13,823                   |
| - In deposit accounts with maturity of less than three months                          | -                           | -                           |
| - In deposit accounts with maturity more than three months but less than twelve months | -                           | -                           |
| b) Cash on hand  | 44,85,993                   | 75,23,212                   |
| ii) Balances with banks to the extent held as margin money                             |                             |                             |
| - In deposit accounts with maturity of less than three months                          | 3,88,06,543                 | 2,45,10,861                 |
| - In deposit accounts with maturity more than three months but less than twelve months | 7,07,40,465                 | 8,86,64,532                 |
| - In deposit accounts with more than twelve months maturity                            | 2,75,61,992                 | 29,00,000                   |
|  | <u>14,69,34,560</u>         | <u>12,99,12,428</u>         |
| Amount disclosed under non-current assets (note 16)                                    | <u>(2,75,61,992)</u>        | <u>(29,00,000)</u>          |
|  | <u>11,93,72,568</u>         | <u>12,70,12,428</u>         |

## 21 Short term loans and advances

| Particulars                          | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--------------------------------------|-----------------------------|-----------------------------|
| Unsecured, considered good           |                             |                             |
| Others:                              |                             |                             |
| - Loans and advances to employees    | 12,89,733                   | 9,62,506                    |
| - Prepaid expenses                   | 2,36,87,492                 | 1,86,95,426                 |
| - Interest receivables               | 52,01,325                   | 62,41,693                   |
| - Other recoverable :                |                             |                             |
| - Balance with government department | 26,60,16,222                | 22,08,88,824                |
| - Others                             | 4,89,000                    | -                           |
|                                      | <u>29,66,83,772</u>         | <u>24,67,88,449</u>         |

## 22 Revenue from operations

| Particulars                        | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|------------------------------------|---|---|
| (a) Sale of products               | 6,37,28,71,438                              | 4,22,14,80,630                              |
| (b) Other operating revenue        |   |   |
| (i) Export incentives              | 5,77,23,999                                 | 2,33,19,543                                 |
| (ii) Miscellaneous sales           | 1,47,83,253                                 | 1,22,48,667                                 |
| Revenue from operations (Gross)    | 6,44,20,78,690                              | 4,25,70,48,840                              |
| Less: Excise Duty related to sales | 63,79,25,265                                | 40,97,95,372                                |
| Revenue from operations (Net)      | <u>5,80,41,53,425</u>                       | <u>3,84,72,53,468</u>                       |
| Detail of products sold            |   |   |
| - Chemicals                        | 2,68,97,72,286                              | 1,78,73,76,042                              |
| - Drug Intermediates               | 27,26,73,996                                | 11,42,86,690                                |
| - Bulk Drugs                       | 3,20,31,02,185                              | 2,15,61,34,190                              |
| - Others                           | 20,73,22,971                                | 16,36,83,708                                |
|                                    | <u>6,37,28,71,438</u>                       | <u>4,22,14,80,630</u>                       |

## 23 Other income

| Particulars                                   | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|---|---|---|
| Interest income (Gross)                       |   |   |
| - From bank deposits                          | 1,19,91,841                                 | 1,24,91,546                                 |
| TDS ₹11,98,841/- (Previous year ₹12,49,936/-) |   |   |
| Net gain on fixed assets sold                 | 1,734                                       | 1,79,341                                    |
| Rent received                                 | 1,80,000                                    | 1,80,000                                    |
| Profit on sale of Investments                 | 10,206                                      | -   |
| Miscellaneous                                 | 92,280                                      | 3,14,790                                    |
|   | <u>1,22,76,061</u>                          | <u>1,31,65,677</u>                          |

## 24 Cost of material consumed

| Particulars                | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|----------------------------|---|---|
| Specially Denatured Spirit | 1,17,94,42,179                              | 66,00,28,807                                |
| Acetic Acid                | 1,12,00,39,917                              | 97,32,31,696                                |
| Toluene                    | 30,95,48,962                                | 21,44,14,399                                |
| Acetic Anhydride           | 29,61,94,845                                | 6,53,68,592                                 |
| Sodium Di Chromate         | 28,12,39,269                                | 23,29,09,757                                |
| Sodium Metal               | 20,61,29,884                                | 12,36,76,995                                |
| Aluminium Chloride         | 20,05,19,089                                | 14,61,98,954                                |
| Propylene Gas              | 17,64,50,340                                | 12,45,71,393                                |
| Iso-Propyl Alcohol         | 9,12,55,264                                 | 11,81,67,169                                |
| Caustic Soda Lye           | 8,95,55,572                                 | 5,70,22,641                                 |
| Hexane                     | 5,15,45,578                                 | 5,09,35,094                                 |
| Sulphuric Acid             | 4,88,61,959                                 | 3,54,09,571                                 |
| Potassium Carbonate        | 4,56,53,372                                 | 2,33,60,327                                 |
| Others                     | 25,15,64,033                                | 18,32,26,511                                |
|                            | <u>4,34,80,00,263</u>                       | <u>3,00,85,21,906</u>                       |

## 25 Changes in inventories of finished goods, work-in-progress and stock in trade

| Particulars                              | For the year ended<br>31 March 2016 | For the year ended<br>31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Inventories at the beginning of the year |                                     |                                     |
| Work-in-progress                         | 1,81,83,29,487                      | 1,61,23,22,611                      |
| Finished goods                           | 5,36,48,369                         | 1,87,19,77,856                      |
|  | <u>7,23,80,124</u>                  | <u>3,50,31,807</u>                  |
| Inventories at the end of the year       |                                     |                                     |
| Work-in-progress                         | 1,79,63,02,469                      | 1,81,83,29,487                      |
| Finished goods                           | 28,76,31,633                        | 2,08,39,34,102                      |
|  | <u>30,55,94,102</u>                 | <u>2,90,22,631</u>                  |
|  | <u>(21,19,56,246)</u>               | <u>(21,62,42,550)</u>               |

## 26 Employees benefit expense

| Particulars                               | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|---|---|---|
| Salaries and Wages                        | 31,03,26,791                                | 22,46,00,441                                |
| Contribution to provident and other funds | 3,36,93,842                                 | 1,88,98,376                                 |
| Staff welfare expenses                    | 72,49,940                                   | 36,86,117                                   |
|   | <u>35,12,70,573</u>                         | <u>24,71,84,934</u>                         |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**
**27 Finance Cost**

| Particulars              | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|--------------------------|---|---|
| a) Interest expense on:  |   |   |
| i) Borrowings            | 45,43,51,507                                | 41,02,34,792                                |
| ii) Others               | 11,45,05,060                                | 13,06,69,056                                |
| b) Other borrowing costs | 4,58,03,160                                 | 5,01,49,936                                 |
|                          | <u>61,46,59,727</u>                         | <u>59,10,53,784</u>                         |

**28 Other expenses**

| Particulars  | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|--|---|---|
| Power and Fuel                                     | 46,56,99,814                                | 48,57,87,246                                |
| Consumption of stores and spares                   | 6,75,44,693                                 | 3,78,64,618                                 |
| Repairs to Plant and Machinery                     | 1,03,58,917                                 | 52,23,067                                   |
| Rent   | 11,37,904                                   | 10,04,360                                   |
| Insurance  | 64,40,325                                   | 82,42,883                                   |
| Auditor's Remuneration                             | 6,89,261                                    | 6,94,717                                    |
| Rates and Taxes                                    | 34,13,161                                   | 41,00,119                                   |
| Repairs to Building                                | 85,05,771                                   | 23,73,772                                   |
| Net loss on fixed assets sold/<br>discarded        | 6,57,630                                    | 7,336                                       |
| Prior Period Expenses (net)                        | 5,60,724                                    | 5,14,674                                    |
| Allowances for Doubtful Debts                      | 4,06,157                                    | 63,37,510                                   |
| Increase/(decrease) In excise duty<br>on inventory | 2,59,98,139                                 | 11,85,382                                   |
| Freight outward                                    | 12,81,42,715                                | 6,39,27,561                                 |
| Miscellaneous                                      | 8,35,38,824                                 | 7,79,12,487                                 |
|  | <u>80,30,94,035</u>                         | <u>69,51,75,732</u>                         |

**29 Contingent liabilities and provisions (to the extent not provided for) (No cash outflow is expected)**

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>I Contingent liabilities</b>  |                             |                             |
| i) Claims not acknowledged as<br>debts   | 56,17,519                   | 30,05,040                   |
| ii) Letter of Credit outstanding   | 2,12,68,720                 | 1,19,75,000                 |
| iii) Bank Guarantee issued in<br>favour of others  | 3,50,000                    | 16,50,000                   |
|  | <u>2,72,36,239</u>          | <u>1,66,30,040</u>          |
| <b>II Commitments</b>  |                             |                             |
| i) Estimated amount of contracts<br>remaining to be executed<br>on Capital account and not<br>provided for (net of advances) | 1,49,24,000                 | 2,27,59,425                 |
| ii) Export obligations under<br>Advance Authorisation/Duty<br>Free Import Authorisation #                                    | 10,70,43,249                | 52,79,69,398                |
|  | <u>12,19,67,249</u>         | <u>55,07,28,823</u>         |

# During the year, the Company has executed bonds for an aggregate amount of ₹ 15,01,62,600/- (Previous Year NIL) in favour of The President of India under sub section (I) of the Section 142 of the Custom Act 1962 for fulfillment of the obligation under the said Act.

30 The Company has contested the additional demands in respect of value added tax amounting to ₹ 38.45 lacs (Previous years ₹ 38.45 lacs). As against this, a sum of ₹ 9.67 lacs has been deposited under protest and included under Note 15 'Long Term Loans and Advances'. The Company has filed appeals/petitions with the appellate authorities and is advised that the demands are not in accordance with the law. Pending decision thereof, no provision has been made in books of account.

**31 Research and Development expenses**

| Particulars   | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|---|---|---|
| <b>Research and Development:<br/>Revenue expenses</b> |   |   |
| Raw material consumption (Net)                        | 2,85,168                                    | 6,72,671                                    |
| Salaries & wages                                      | 79,80,075                                   | 62,20,184                                   |
| Depreciation  | 44,90,798                                   | 43,07,716                                   |
| Stores and spares                                     | 18,63,209                                   | 4,22,315                                    |
| Cost of utilities                                     | 6,42,300                                    | 23,66,350                                   |
| Other expenses  | 1,31,963                                    | 1,21,553                                    |
|   | <u>1,53,93,513</u>                          | <u>1,41,10,789</u>                          |

**Research and Development:  
Capital expenses**

|                           |             |   |
|---------------------------|-------------|---|
| Additions to fixed assets | 1,13,96,187 | – |
|---------------------------|-------------|---|

The revenue expenses related to research and development is clubbed under respective heads in profit and loss account.

**32 Prior period items are as follows:-**

| Particulars                       | For the<br>year ended<br>31 March 2016<br>₹ | For the<br>year ended<br>31 March 2015<br>₹ |
|-----------------------------------|---|---|
| a) Prior period income:           |   |   |
| i) Export Incentives              | –   | 826   |
| ii) Interest                      | 46,076                                      | –   |
| iii) Others                       | 5,229                                       | 33,852                                      |
|                                   | <u>51,305</u>                               | <u>34,678</u>                               |
| b) Prior period expenses:         |   |   |
| i) Business promotion             | –   | 5,800                                       |
| ii) Professional fee              | 6,872                                       | 500   |
| iii) Freight                      | 23,151                                      | 52,513                                      |
| iv) Repair & Maintenance<br>(P&M) | 1,57,696                                    | 56,052                                      |
| v) Others                         | 4,24,310                                    | 4,34,487                                    |
|                                   | <u>6,12,029</u>                             | <u>5,49,352</u>                             |
| Prior period items (Net)          | <u>(5,60,724)</u>                           | <u>(5,14,674)</u>                           |

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 33 Employee Benefits

The summarized position of post-employment benefits and long term employee benefits recognized in the profit and loss account and Balance Sheet in accordance with AS (15) is as under:-

## I Gratuity and Leave Encashment (Funded)

|  | Gratuity (Funded)  |                    | Leave Encashment (Funded) |                    |
|--|--|--------------------|---------------------------|--------------------|
|  | 31 March 2016<br>₹   | 31 March 2015<br>₹ | 31 March 2016<br>₹        | 31 March 2015<br>₹ |
| <b>a) Expense recognised in the statement of profit and loss</b>                                     |  |                    |                           |                    |
| Current service cost   | 43,59,400  | 31,37,438          | 20,81,004                 | 14,47,866          |
| Interest cost on benefit obligation  | 20,44,918  | 21,96,037          | 6,82,156                  | 7,80,346           |
| Expected return on plan assets   | (22,23,312)  | (21,10,368)        | (5,17,904)                | (5,88,579)         |
| Net actuarial (gain)/loss recognised in the year   | 87,91,817  | (20,59,801)        | 26,26,617                 | (4,37,771)         |
| Net benefit expense  | 1,29,72,823  | 11,63,306          | 48,71,873                 | 12,01,862          |
| <b>b) Amount recognised in the Balance Sheet</b>   |  |                    |                           |                    |
| Present value of the defined benefit obligation  | 3,98,07,912  | 2,63,13,945        | 1,29,91,211               | 87,77,955          |
| Fair value of plan assets  | 3,29,71,893  | 2,61,56,610        | 76,06,182                 | 60,92,991          |
| Net asset/(liability)  | (68,36,019)  | (1,57,335)         | (53,85,029)               | (26,84,964)        |
| <b>c) Changes in the present value of the obligation</b>   |  |                    |                           |                    |
| Opening defined benefit obligation   | 2,63,13,945  | 2,50,97,562        | 87,77,955                 | 89,18,236          |
| Current service cost   | 43,59,400  | 31,37,438          | 20,81,004                 | 14,47,866          |
| Interest cost  | 20,44,918  | 21,96,037          | 6,82,156                  | 7,80,346           |
| Benefits paid  | (18,10,725)  | (21,40,198)        | (12,29,479)               | (19,06,904)        |
| Actuarial (gain)/loss  | 89,00,374  | (19,76,894)        | 26,79,575                 | (4,61,589)         |
| Closing defined benefit obligation   | 3,98,07,912  | 2,63,13,945        | 1,29,91,211               | 87,77,955          |
| <b>d) Changes in the fair value of plan assets</b>   |  |                    |                           |                    |
| Opening fair value of plan assets  | 2,61,56,610  | 2,41,18,489        | 60,92,991                 | 67,26,619          |
| Expected return  | 22,23,312  | 21,10,368          | 5,17,904                  | 5,88,579           |
| Contribution by employee   | 63,61,779  | 20,19,825          | 22,71,826                 | 8,04,540           |
| Benefits paid  | (18,10,725)  | (21,40,198)        | (12,29,479)               | (19,06,904)        |
| Charges deducted   | (67,640)   | (34,781)           | (1,00,018)                | (96,025)           |
| Actuarial gain/(loss)  | 1,08,557   | 82,907             | 52,958                    | (23,818)           |
| Closing fair value of plan assets  | 3,29,71,893  | 2,61,56,610        | 76,06,182                 | 60,92,991          |
| <b>e) The major categories of plan assets as a percentage of the fair value of total plan assets</b> |  |                    |                           |                    |
| Investment with the insurer  | 100%   | 100%               | 100%                      | 100%               |
| <b>f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average)</b>  |  |                    |                           |                    |
| Discount rate (per annum)  | 7.50%  | 7.75%              | 7.50%                     | 7.75%              |
| Rate of increase in compensation levels (per annum)  | 5.50%  | 5.75%              | 5.50%                     | 5.75%              |
| Rate of return on plan assets (per annum)  | 8.50%  | 8.75%              | 8.50%                     | 8.75%              |
| Expected average remaining working lives of employees (years)  | 25.30  | 24.93              | 25.30                     | 24.93              |
| Method used  | Projected Unit Credit  |                    | Projected Unit Credit     |                    |
| <b>g)</b>  | The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. |                    |                           |                    |
| <b>h)</b>  | The financial assumptions considered for the calculations are as under:-   |                    |                           |                    |
| i)   | Discount Rate: The discount rate has been chosen as 7.50% on long-term basis.  |                    |                           |                    |
| ii)  | Salary Increases: Salary Increase rate has been chosen as 5.50% on long-term basis.  |                    |                           |                    |
| iii)   | Expected Rate of Return: The expected return on plan assets over the accounting period, based on an assumed rate of return.  |                    |                           |                    |
| <b>i)</b>  | The plan assets are maintained with Life Insurance Corporation of India (LIC). The detail of investments maintained by LIC have not been furnished to the Company. The same have therefore not been disclosed. |                    |                           |                    |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**
**j) Short term employee's benefits**

| Particulars                                  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| i Leave encashment liability                 | 3,26,876                    | 2,07,226                    |
| ii Gratuity liability                        | 9,56,815                    | 1,57,335                    |
| <b>II Medical leave liability (unfunded)</b> |                             |                             |
| Particulars                                  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |

**a) Expense recognised in the statement of profit and loss**

|  |                 |                 |
|--|-----------------|-----------------|
| Current service cost                             | 2,02,303        | 73,282          |
| Interest cost on benefit obligation              | 38,820          | 46,446          |
| Expected return on plan assets                   | -               | -               |
| Net actuarial (gain)/loss recognised in the year | 1,39,657        | (1,51,011)      |
| Net benefit expense                              | <u>3,80,780</u> | <u>(31,283)</u> |

**b) Amount recognised in the Balance Sheet**

|   |                   |                   |
|---|-------------------|-------------------|
| Present value of the defined benefit obligation | 8,80,312          | 4,99,532          |
| Fair value of plan assets                       | -                 | -                 |
| Plant net asset/(liability)                     | <u>(8,80,312)</u> | <u>(4,99,532)</u> |

**c) Changes in the present value of the obligation**

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Opening defined benefit obligation | 4,99,532        | 5,30,815        |
| Current service cost               | 2,02,303        | 73,282          |
| Interest cost                      | 38,820          | 46,446          |
| Benefits paid                      | -               | -               |
| Actuarial (gain)/loss              | 1,39,657        | (1,51,011)      |
| Closing defined benefit obligation | <u>8,80,312</u> | <u>4,99,532</u> |

**d) Changes in the fair value of plan assets**

| Particulars                       | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|-----------------------------------|-----------------------------|-----------------------------|
| Opening fair value of plan assets | -                           | -                           |
| Expected return                   | -                           | -                           |
| Contribution by employee          | -                           | -                           |
| Benefits paid                     | -                           | -                           |
| Actuarial gain/(loss)             | -                           | -                           |
| Closing fair value of plan assets | <u>-</u>                    | <u>-</u>                    |

**e) The major categories of plan assets as a percentage of the fair value of total plan assets:**

Not applicable since unfunded

**f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average)**

| Particulars   | 31 March 2016<br>₹    | 31 March 2015<br>₹    |
|---|-----------------------|-----------------------|
| Discount rate (per annum)                                     | 7.50%                 | 7.75%                 |
| Rate of increase in compensation levels (per annum)           | 5.50%                 | 5.75%                 |
| Rate of return on plan assets (per annum)                     | N.A.                  | N.A.                  |
| Expected average remaining working lives of employees (years) | 25.30                 | 24.93                 |
| Method used   | Projected Unit Credit | Projected Unit Credit |

**g) The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.**
**h) The Company has recognized an expense of ₹ 1,71,20,235/- (Previous year ₹ 1,42,21,508/-) in respect of Contribution to Provident Fund.**

34 ₹ 115.14 lacs (previous year ₹ 79.94 lacs) being amount of borrowing cost have been capitalized during the year.

**35 The related party disclosures as per Accounting Standard - 18 prescribed by the Companies (Accounting Standard) Rules, 2006.**

- a) Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control:
- |                            |  |
|----------------------------|--|
| NM Merchantiles Limited    |  |
| Mayadevi Polycot Limited * |  |
| NCG Enterprises Limited    |  |
| Varinder Foundation        |  |
| Towels India               |  |
| True Value Traders Limited |  |
| Towels Enterprises Ltd.    |  |
- b) Key Management Personnel:
- |                         |   |
|-------------------------|---|
| Mr Varinder Gupta       | Managing Director                               |
| Mr Vijay Singla         | Director (Works)                                |
| Mr Vijay Kumar Garg     | Joint Managing Director                         |
| Mr Vikas Gupta          | Executive Director (w.e.f. 29 May 2015)         |
| Mr Rakesh Mahajan       | Chief Financial Officer (upto 13 August 2015)   |
| Mr Krishan Singla       | Vice President and Company Secretary            |
| Mr Pardeep Kumar Khanna | Chief Financial Officer (w.e.f. 13 August 2015) |
- c) Relative of Key Management Personnel:
- |                  |   |
|------------------|---|
| Mrs Dimple Gupta | Appointed as Manager w.e.f. 01 June 2015  |
| Mr Vikas Gupta   | Worked as Deputy Manager upto 28 May 2015 |

\* Enterprise having significant influence over the Company.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016****Description of the nature of transactions with the related parties:**

(₹ in lacs)

| Particulars                            | Enterprises over which KMP is able to exercise significant influence or control |                     | Key Management Personnel (KMP) |                     | Relatives of KMP    |                     |
|--|---|---------------------|--------------------------------|---------------------|---------------------|---------------------|
|  | Year ended March 16   | Year ended March 15 | Year ended March 16            | Year ended March 15 | Year ended March 16 | Year ended March 15 |
| Sales and services                     | –   | 10.85               |                                |                     | –                   | –                   |
| Purchase and receiving of services     | 1,743.47  | 459.71              | –                              | –                   | –                   | –                   |
| Managerial Remuneration                | –   | –                   | 325.42                         | 182.40              | –                   | –                   |
| Rent received                          | –   | –                   | 1.80                           | 1.80                | –                   | –                   |
| Loan taken (including opening balance) | 2,293.95  | 2,295.00            | 2.77                           | 2.77                | –                   | –                   |
| Loan Repayment                         | 1,298.95  | 1.05                | –                              | –                   | –                   | –                   |
| Adjustment                             | –   | –                   |                                |                     |                     |                     |
| Closing Balance                        | 995.00  | 2,293.95            | 2.77                           | 2.77                | –                   | –                   |
| Salary                                 | –   | –                   | –                              | –                   | 12.93               | 5.78                |

Mr Varinder Gupta, Mrs Dimple Gupta and Mr Vikas Gupta are related to each other.

The related party relationship is as identified by the Company and relied upon by the auditors.

- 36** Remuneration paid to whole time directors is the minimum remuneration payable in case of no profit or inadequate profits as approved by the Central Government and by the shareholders.

Mr Vijay Kumar Garg has been re-appointed as Joint Managing Director with effect from 02 March 2016 by the Board of Directors at a remuneration of ₹ 7,50,000 per month subject to approval of shareholders and Central Government under Sections 196, 197 and Schedule V of the Companies Act, 2013. The approval of the shareholders shall be obtained in the ensuing Annual General Meeting. The Company has already applied to the Central Government for its approval which is awaited.

**37 Segment information**

Segment information as required by Accounting Standard (AS)-17 on “Segment Reporting” issued by Companies (Accounting Standards) Rules 2006, has been compiled on the basis of the financial statements and is disclosed in the notes to accounts forming part of the financial statements in accordance with the above standard.

The business segments have been identified based on the nature and class of the product and services, their customers and assessment of differential risks and returns and financial reporting system within the Company. Secondary information is reported geographically.

The operating businesses are organized and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

The “Chemicals” segment produces and sells Ethyl Acetate, Acetic Anhydride, Acetyl Chloride, Mono Chloro Acetic Acid and Iso Butyl benzene.

The “Drugs” segment produces and sells various API’s viz. Ibuprofen, Metformin, etc.

Segment accounting policies: In addition to the significant accounting policies, applicable to the business the accounting policies in relation to segment accounting are as under:

i. Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consists principally of cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct off set in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

ii. Segment revenue and expenses:

Joint revenue and expenses of segment are allocated amongst them on reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

iii. Inter segment sales:

Inter segment sales are eliminated in consolidation.

| Particulars   | Chemicals    |               | Drugs        |               | Unallocated  |               | Eliminations |               | Total        |               |
|---|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|   | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| <b>Segment Revenue</b>                                |              |               |              |               |              |               |              |               |              |               |
| External Sales  | 27,096.76    | 17,252.95     | 30,798.96    | 21,092.56     | 145.81       | 127.03        |              |               | 58,041.53    | 38,472.54     |
| Inter Segment transfer                                | 8,499.62     | 7,395.64      | –            | –             | –            | –             | (8,499.62)   | (8,064.18)    | –            | –             |
| Other Income  | –            | –             | –            | –             | 122.76       | 131.66        |              |               | 122.76       | 131.66        |
| Total Revenue   | 35,596.38    | 24,648.59     | 30,798.96    | 21,092.56     | 268.57       | 258.69        | (8,499.62)   | (8,064.18)    | 58,164.29    | 38,604.20     |
| Segment Results                                       | (4,150.06)   | (5,045.33)    | 6,210.95     | 3,182.53      | –            | –             |              |               | 2,060.89     | (1,862.80)    |
| Unallocated Income (net of unallocated Expenses)      | –            | –             | –            | –             | –            | –             |              |               | (230.67)     | (229.52)      |
| Profit before tax and interest                        | –            | –             | –            | –             | –            | –             |              |               | 2,291.56     | (1,633.28)    |
| Interest  | –            | –             | –            | –             | –            | –             |              |               | 6,146.60     | 5,910.54      |
| Profit and Loss Before Tax                            | –            | –             | –            | –             | –            | –             |              |               | (3,855.04)   | (7,543.82)    |
| <b>Other Information</b>                              |              |               |              |               |              |               |              |               |              |               |
| Segment Assets  | 31,942.37    | 29,959.60     | 41,510.55    | 36,324.78     | –            | –             |              |               | 73,452.92    | 66,284.38     |
| Unallocated assets including capital work in progress | –            | –             | –            | –             | 4,134.03     | 3,876.32      |              |               | 4,134.03     | 3,876.32      |
| <b>Total Assets</b>                                   | 31,942.37    | 29,959.60     | 41,510.55    | 36,324.78     | 4,134.03     | 3,876.32      |              |               | 77,586.95    | 70,160.70     |
| Segment Liabilities                                   | 29,496.87    | 21,209.05     | 26,750.77    | 25,284.05     | –            | –             |              |               | 56,247.64    | 46,493.10     |
| Unallocated Liabilities                               | –            | –             | –            | –             | 2,826.39     | 2,909.25      |              |               | 2,826.39     | 2,909.25      |
| <b>Total Liabilities</b>                              | 29,496.87    | 21,209.05     | 26,750.77    | 25,284.05     | 2,826.39     | 2,909.25      |              |               | 59,074.03    | 49,402.35     |
| Capital Expenditure                                   | 189.91       | 1.54          | 2,042.99     | 130.32        | 434.26       | 190.04        |              |               | 2,667.16     | 321.90        |
| Depreciation & Amortisation                           | 1,679.35     | 1,750.51      | 1,169.91     | 1,004.98      | 119.37       | 135.56        |              |               | 2,968.63     | 2,891.05      |

**Detail of secondary segment**

| Particulars       | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|-------------------|-----------------------------|-----------------------------|
| Export Turnover   | 17,045.04                   | 9,216.69                    |
| Domestic Turnover | 47,375.75                   | 33,353.80                   |
| Total             | 64,420.79                   | 42,570.49                   |

**38 Leases:**

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 11,37,904/- (previous year ₹ 10,04,360/-). The future minimum lease payments in respect of the non-cancellable operating leases as at 31 March 2016 are:

| Particulars  | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|--|-----------------------------|-----------------------------|
| a) Not later than one year                           | 8,17,463                    | 9,06,960                    |
| b) Later than one year but not later than five years | 4,15,040                    | 14,48,743                   |
| c) later than five years                             | 16,96,994                   | 18,49,454                   |
|  | <u>29,29,497</u>            | <u>42,05,157</u>            |

**39 Earnings per share**

The following reflects the profit and share data used in the basic and diluted EPS computations:

| Particulars | As at<br>31 March 2016<br>₹ | As at<br>31 March 2015<br>₹ |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

**Total operations for the year**

|  |                |                |
|--|----------------|----------------|
| Net profit after tax attributable to equity shareholders | (40,02,58,205) | (66,65,07,062) |
| Weighted average number of basic equity shares           | 5,26,74,423    | 3,98,63,603    |
| Weighted average number of dilutive equity shares        | 5,26,74,423    | 4,00,72,140    |
| Basic earning per share                                  | (7.60)         | (16.72)        |
| Diluted earning per share                                | (7.60)         | (16.63)        |
| Face value per equity share                              | 10.00          | 10.00          |

**40 Amortisation of intangible assets**

Softwares have been amortised on estimated life of six years.

41 In accordance with the Accounting Standard 28 "On Impairment of Assets" the Company has assessed on the balance sheet date whether there are any indications (as listed in paragraph 8 to 10 of the Standard) with regard to the impairment of any of the assets.

Based on such assessment, it has been ascertained that no potential loss is present and therefore formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 42 Auditors' Remunerations

| Particulars                   | For the year ended 31 March 2016<br>₹ | For the year ended 31 March 2015<br>₹ |
|-------------------------------|---------------------------------------|---------------------------------------|
| Audit fee                     | 3,50,000                              | 3,50,000                              |
| Tax audit fee                 | 1,00,000                              | 80,000                                |
| Limited review                | 1,20,000                              | 90,000                                |
| <b>In other capacity:</b>     |                                       |                                       |
| Company law and other matters | 90,500                                | 1,44,000                              |
| Reimbursement of expenses     | 28,761                                | 30,717                                |
|                               | <b>6,89,261</b>                       | <b>6,94,717</b>                       |

- 43 The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

| Particulars  | As at 31 March 2016<br>₹ | As at 31 March 2015<br>₹ |
|--|--------------------------|--------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year |                          |                          |
| Principal amount due to micro and small enterprises  | 12,68,546                | 12,13,915                |
| Interest due on above  | 30,856                   | 24,713                   |
|  | <b>12,99,402</b>         | <b>12,38,628</b>         |

The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006

The amount of interest accrued and remaining unpaid at the end of accounting year

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006

- 44 Excise duty of ₹ 2,58,84,644 (Previous year ₹ 11,85,382) related to the difference between the closing inventory and opening inventory has been recognised in statement of profit and loss and shown under head Other expenses. (Refer note no. 28)

## 45 Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act 2013 regarding Corporate Social Responsibility activity is not applicable to the Company.

- 46 The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities. The use of the aforesaid financial instruments is governed by the Company's overall strategy. The Company does not use forward contracts for speculative purposes. The details of the outstanding forward contracts as at 31 March, 2016 is as under:

## a) Category wise quantitative data

| Particulars                             | Current year     |                            | Previous year    |                            |
|---|------------------|----------------------------|------------------|----------------------------|
|   | No. of Contracts | Amount in Foreign Currency | No. of Contracts | Amount in Foreign Currency |
| Forward contracts against exports (USD) | –                | –                          | 1                | 2,37,420                   |

- b) Detail of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below.

| Particulars                 | As at 31 March 2016 |           |          | As at 31 March 2015 |      |
|-----------------------------|---------------------|-----------|----------|---------------------|------|
|                             | EURO                | USD       | AED      | USD                 | EURO |
| Against Imports (Creditors) |                     | 3,41,400  | –        | –                   | –    |
| Against Exports (Debtors)   | 3,800               | 40,44,968 | 4,00,920 | 7,96,400            | –    |

- 47 The information required by the paragraph 5 of general instructions for preparation of the Statement of Profit and Loss as per Revised Schedule II of the Companies Act, 2013 :

## a) CIF value of imports

| Particulars   | 31 March 2016<br>₹  | 31 March 2015<br>₹ |
|---------------|---------------------|--------------------|
| Raw Material  | 9,95,47,297         | 26,51,617          |
| Capital Goods | 68,62,095           | –                  |
|               | <b>10,64,09,392</b> | <b>26,51,617</b>   |

## b) Expenditure in foreign currency

| Particulars | 31 March 2016<br>₹ | 31 March 2015<br>₹ |
|-------------|--------------------|--------------------|
| Travelling  | 5,95,028           | 2,18,659           |
| Commission  | 1,22,68,651        | 23,81,901          |
| Others      | 1,76,26,526        | 1,48,32,911        |
|             | <b>3,04,90,205</b> | <b>1,74,33,471</b> |



**c) Imported and indigenous raw material, components and spare parts consumed**

| Particulars                      | 31 March 2016          |                       | 31 March 2015          |                       |
|----------------------------------|------------------------|-----------------------|------------------------|-----------------------|
|                                  | % of total consumption | ₹                     | % of total consumption | ₹                     |
| <b>Raw material</b>              |                        |                       |                        |                       |
| Imported                         | 2.32%                  | 10,07,12,137          | 0.17%                  | 51,12,337             |
| Indigenous                       | 97.68%                 | 4,24,73,85,848        | 99.83%                 | 3,00,34,09,569        |
| <b>Cost of material consumed</b> | <b>100.00%</b>         | <b>4,34,80,97,985</b> | <b>100.00%</b>         | <b>3,00,85,21,906</b> |
| <b>Stores and Spares</b>         |                        |                       |                        |                       |
| Imported                         | —                      | —                     | —                      | —                     |
| Indigenous                       | 100%                   | 6,75,44,693           | 100%                   | 3,79,16,338           |
| <b>Total stores and spares</b>   | <b>100%</b>            | <b>6,75,44,693</b>    | <b>100%</b>            | <b>3,79,16,338</b>    |

**d) Earnings in foreign currency**

| Particulars          | 31 March 2016<br>₹    | 31 March 2015<br>₹ |
|----------------------|-----------------------|--------------------|
| FOB value of exports | <b>1,31,66,80,982</b> | 65,72,89,917       |

48 Figures in bracket indicate deductions.

49 Previous year figures have been regrouped/recasted/rearranged wherever necessary to confirm to its classification of the current year.

50 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

**For S.C. VASUDEVA & CO.**

Chartered Accountants  
Firm Regn. No.000235N

Sd/-

**(Sanjiv Mohan)**

Partner

M.No.86066

Place : Ludhiana

Date : 02 May 2016

**For and on behalf of the board of directors**

Sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

Sd/-

**Krishan Singla**

Vice President

and Company Secretary

Sd/-

**Vijay Kumar Garg**

Joint Managing Director

DIN-06510248

Sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer



# IOL CHEMICALS AND PHARMACEUTICALS LIMITED

Regd. Office : Trident Complex, Raikot Road, Barnala - 148 101 (Punjab)

CIN: L24116PB1986PLC007030

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

Name of the Company: IOL Chemicals and Pharmaceuticals Limited

Registered Office: Trident Complex, Raikot Road, Barnala- 148101 (Punjab)

|                     |        |
|---------------------|--------|
| Name of member (s): |        |
| Registered Address: |        |
| E-mail id:          |        |
| Folio No/Client ID: | DP ID: |

I/We, being the member(s) of IOL Chemicals and Pharmaceuticals Limited, holding \_\_\_\_\_ shares, hereby appoint.

|    |            |                                  |
|----|------------|----------------------------------|
| 1. | Name:      |                                  |
|    | Address:   |                                  |
|    | E-mail Id: | Signature: _____, or failing him |

|    |            |                                  |
|----|------------|----------------------------------|
| 2. | Name:      |                                  |
|    | Address:   |                                  |
|    | E-mail Id: | Signature: _____, or failing him |

|    |            |                  |
|----|------------|------------------|
| 3. | Name:      |                  |
|    | Address:   |                  |
|    | E-mail Id: | Signature: _____ |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 29<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday 28<sup>th</sup> day of September 2016 at 11:00 AM at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala-148101 (Punjab) any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_ 4. \_\_\_\_\_  
5. \_\_\_\_\_ 6. \_\_\_\_\_ 7. \_\_\_\_\_ 8. \_\_\_\_\_  
9. \_\_\_\_\_ 10. \_\_\_\_\_

Affix  
Re 1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

Signature of Shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



# IOL CHEMICALS AND PHARMACEUTICALS LIMITED

Regd. Office : Trident Complex, Raikot Road, Barnala - 148 101 (Punjab)

CIN: L24116PB1986PLC007030

## ATTENDANCE SLIP

Only Shareholders or the proxies will be allowed to attend the meeting

|            |  |                     |  |
|------------|--|---------------------|--|
| DP ID:     |  | L.F. No.:           |  |
| Client ID: |  | No. of shares held: |  |

I hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday 28<sup>th</sup> day of September 2016 at 11:00 AM at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala- 148101 (Punjab).

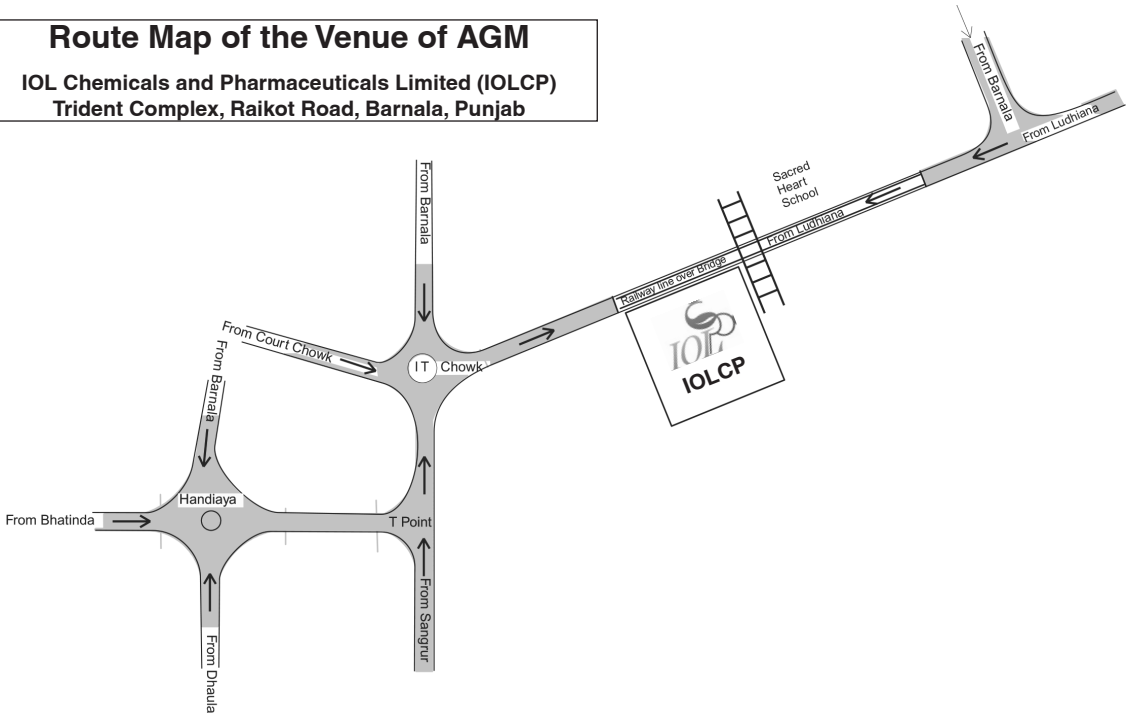
Name of the Shareholder/Proxy holder : \_\_\_\_\_

(in capital letters)

Signature

NOTE: Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

**Route Map of the Venue of AGM**  
IOL Chemicals and Pharmaceuticals Limited (IOLCP)  
Trident Complex, Raikot Road, Barnala, Punjab







**IOL Chemicals and Pharmaceuticals Limited**

*CIN: L24116PB1986PLC007030*

85, Industrial Area 'A', Ludhiana-141003 (Punjab)

[www.iolcp.com](http://www.iolcp.com)