

# 31<sup>st</sup> Annual Report 2017-2018



**IOI Chemicals and Pharmaceuticals Limited**



# Contents

Notice .....	2
Directors' Report .....	9
Management Discussion and Analysis Report .....	20
Corporate Governance Report .....	23
Auditors' Report .....	30
Balance Sheet .....	34
Profit & Loss Account .....	35
Cash Flow Statement .....	36
Statement of changes in equity.....	37
Notes to Financial Statements.....	38

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 Garg – Joint Managing Director  
 Mr Vikas Gupta – Executive Director  
 Mr Chandra Mohan – Independent Director  
 Dr ( Mrs) Sandhya Mehta – Independent Director

**Chief Financial Officer**

Mr Pardeep Kumar Khanna

**Vice President & Company Secretary**

Mr Krishan Singla

**Statutory Auditors**

M/s SCV & Co. LLP  
 Chartered Accountants,  
 New Delhi

**Cost Auditors**

M/s Ramanath Iyer & Co.  
 Cost Accountants,  
 New Delhi

**Bankers**

Punjab National Bank  
 Allahabad Bank  
 Oriental Bank of Commerce  
 Export-Import Bank of India  
 State Bank of India

**Registrar and Share Transfer Agents**

Alankit Assignments Limited  
 (Unit: IOL Chemicals and Pharmaceuticals Limited)  
 “Alankit Heights”  
 1E/13 , Jhandewalan Extension,  
 New Delhi-110055  
 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 ( Mrs) Sandhya Mehta

**Stakeholders' Relationship Committee**

Dr M A Zahir – Chairman  
 Mr Vijay Garg  
 Mr Vikas Gupta

**Nomination and Remuneration Committee**

Mr Chandra Mohan – Chairman  
 Dr M A Zahir  
 Dr (Mrs) Sandhya Mehta

**Corporate Social Responsibility Committee**

Mr Varinder Gupta – Chairman  
 Dr ( Mrs) Sandhya Mehta  
 Mr Vijay Garg  
 Mr Vikas Gupta

**Registered Office :**

Trident Complex, Raikot Road,  
 Barnala – 148 101 (Punjab)  
 Phone :+91-1679 - 244701-07  
 Fax :+91-1679 - 244708  
 E-mail : 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

**Works :**

Village Fatehagarh Chhana,  
 Mansa Road, Barnala - 148101  
 Phone :+91-1679 - 285285-86  
 Fax :+91-1679 - 285292  
 E-mail : contact@iolcp.com

Members are requested to intimate their e-mail id for quick correspondence to the **Depository Participants / rta@alankit.com** or **register at <http://www.iolcp.com/registration.html>**



## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the members of IOL Chemicals and Pharmaceuticals Limited (CIN: L24116PB1986PLC007030) will be held on Saturday, 29 September 2018 at 11:00 AM at the Registered Office of the company; Trident Complex, Raikot Road, Barnala, Punjab to transact the following business:

### Ordinary Business:

1. To consider and adopt the audited financial statements of the company for the financial year ended 31 March 2018 and the reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolution as **Ordinary Resolutions**:

“RESOLVED that the audited financial statements of the company for the financial year ended 31 March 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To appoint Mr Vijay Garg, who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr Vijay Garg (DIN 06510248), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the company, liable to retire by rotation.”

3. To appoint Mr Vikas Gupta, who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr Vikas Gupta (DIN 07198109), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the company, liable to retire by rotation.”

### 4. Appointment of Auditors

To appoint 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 provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification and re-enactment thereof for the time being in force) and the Rules made thereunder, as amended from time to time, M/s. Ashwani & Associates (Firm Registration No. 000497N), Chartered Accountants, Ludhiana be and are hereby appointed as the Statutory Auditors of the company for five consecutive years till the conclusion of thirty sixth Annual General Meeting of the company 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:

#### 5. Adoption of new set of Articles of Association containing regulations in accordance with Companies Act, 2013

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

“RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014, including any statutory modification or re-enactment thereof, for the time being

in force), the approval of the company be and is hereby given for adoption of new set of Articles of Association in substitution for and to the entire exclusion of the extant Articles of Association of the company.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and expedient to give effect to the aforesaid resolution.”

#### 6. Alteration of Memorandum of Association in accordance with Companies Act, 2013

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

“RESOLVED that pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, including any statutory modification or re-enactment thereof, for the time being in force, and subject to the necessary approval of the Central Government or any other statutory authority(ies), if any required in this behalf, the approval of the company be and is hereby given for effecting the following amendments in Clause III of the existing Memorandum of Association, dealing with the objects of the company:-

1. Sub-heading III(B) “OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS” be substituted by the new sub-heading “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”, with existing objects appearing under sub clauses 1 to 33 thereof.
2. Under sub-clause 10 of new sub-heading “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”, the words “Section 58A of the Act” be substituted with the words “the Companies Act, 2013 (“Act”).
3. Under sub-clause 14 of new sub-heading “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”, the words “Section 176(4) of the Companies Act, 1956” be substituted with the words “provisions of the Act”.
4. Under sub-clause 23 of new sub-heading “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”, the words “ the proviso to Section 77(2) of the Companies Act, 1956” be substituted with the words “the Act”
5. Sub-clauses (i) to (iv) as appearing under the sub-heading III(C) i.e. “OTHER OBJECTS”, be shifted under the new sub-heading III(B) i.e. “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”, vide creation of new sub clauses no. 34 to 37, and the sub-heading III(C) i.e. “OTHER OBJECTS”, be deleted.

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and expedient to give effect to the aforesaid resolution.”

#### 7. Increase of remuneration of Mr Varinder Gupta, Managing Director

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 any 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 any other authority, if required, variation in the terms of appointment of Mr Varinder Gupta, Managing Director in respect of revision of his remuneration with effect from 01 April 2018 for his remaining tenure that is upto 31 August 2018 be and is hereby approved as per details given below:

Basic Salary: ₹ 12,00,000/- (Rupees twelve lakh only) per month.

Perquisites and allowances: Not exceeding one and a half times the basic salary.

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, where it is not able to comply with such provisions, subject to the approval of the Central Government or as otherwise permitted under then applicable law and regulations.”

“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 appointment of the Managing Director.”

#### 8. Re-appointment of Mr Varinder Gupta as Managing Director

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 any 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 any other authority, if required, Mr Varinder Gupta (DIN: 00044068) be and is hereby re-appointed as Managing Director, for a period of five years with effect from 01 September 2018 to 31 August 2023, at a remuneration as per details given below:

Basic Salary: ₹ 12,00,000/- (Rupees twelve lakh only) per month.

Perquisites and allowances: Not exceeding one and a half times the basic salary.

Annual increment: Annual increment shall fall due on 1st of April of each year and as may be decided by the Board of Directors.

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, 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 the aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013, where it is not able to comply with such provisions, subject to the approval of the Central Government or as otherwise permitted under the then applicable law and regulations.”

“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 Managing Director.”

#### 9. Increase of remuneration of Mr Vijay Garg, Joint Managing Director

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 any 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 any other authority, if required, variation in the terms of appointment of Mr Vijay Garg, Joint Managing Director in respect of revision of his remuneration with effect from 01 April 2018 for his remaining tenure that is upto 01 March 2019 be and is hereby approved as per details given below.”

Basic Salary: ₹ 7,60,000/- (Rupees seven lakh sixty thousand only) per month.

Perquisites and allowances: Not exceeding one and a half times the basic salary.

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 the aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013, where it is not able to comply with such provisions, subject to the approval of the Central Government or as otherwise permitted under the then applicable law and regulations.”

“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 Joint Managing Director.”

#### 10. Increase of remuneration of Mr Vikas Gupta, Executive Director

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 any 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 any other authority, if required, variation in the terms of appointment of Mr Vikas Gupta, Executive Director in respect of revision of his remuneration with effect from 01 April 2018 for his remaining tenure that is upto 28 May 2020 be and is hereby approved as per details given below:

Basic Salary: ₹ 2,80,000/- (Rupees two lakh eighty thousand only) per month.

Perquisites and allowances: Not exceeding one and a half times the basic salary.

Annual increment: Annual increment shall fall due on 1st of April of each year and as may be decided by the Board of Directors .

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 the aforesaid remuneration as minimum remuneration to him as per the provisions of Schedule V of the Companies Act, 2013, where it is not able to comply with such provisions, subject to the approval of the Central Government or as otherwise permitted under the then applicable law and regulations."

"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 Executive Director."

#### 11. To revise the remuneration payable to managing director or whole-time directors 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 pursuant to provision of Section 197 of the Companies Act, 2013 read with Schedule V and all other applicable provisions of the Companies Act, 2013, if any and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) ("the Act"), and in accordance with the provisions of the Articles of Association of the company, the company may pay to any one of its managing director or whole-time directors remuneration individually exceeding 5% of the net profits and collectively pay to all the managing director or whole-time directors remuneration in aggregate exceeding 10% but not exceeding 11% of the net profits of the company to all directors for that financial year."

"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 the remuneration to any one of its managing director or whole-time directors as not exceeding the limits as permitted under then applicable law and regulations or as may be approved by the Central Government, if required."

"RESOLVED FURTHER that approval of the company be accorded to the Board of Directors (hereinafter referred to as 'Board' which term shall be deemed to include any duly authorised Committee thereof, exercising the powers conferred on the Board by this Resolution) to fix/ revise the remuneration payable to managing director or whole-time directors of the company".

#### 12. Approval of remuneration to the Cost Auditor for the financial year ending 31 March 2019

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 ₹ 1,32,000/- plus goods and 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 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 2019."

"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 : 11 August 2018

Sd/-  
[Krishan Singla]  
Vice President & 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 from **23 September 2018 to 29 September 2018** for the 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) and to other members at their registered address through permitted mode. Members are requested to 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 company's website [www.iolcp.com](http://www.iolcp.com) for their download. **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 members 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 **25 September 2018 from 9:00 AM and ends on 28 September 2018 at 5:00 PM.** During this period members' of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **22 September 2018** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The members should log on to the e-voting **website [www.evotingindia.com](http://www.evotingindia.com).**
- (iv) Click on "**Shareholders**" tab
- (v) Now Enter your **User ID**
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - 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](http://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 RA0000001 in the PAN field</b></li> </ul>

Dividend Bank Details OR 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. 180824015** 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 changed 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) Members 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 Members and Custodians
- Non-Individual members (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.
  - 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 should be mailed to **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. 22 September 2018 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)
- 9) 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.
- 10) 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.
- 11) 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**
- 12) 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 AM to 1:00 PM**.
- 13) 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.
- 14) **SEBI, vide its notification No.SEBI/LAD-NRO/GN/2018/24 dated 08 June 2018 has provided that no transfer of physical shares shall be effective after 180 days of the notification unless these are in dematerialized form.**
- 15) Members are requested to:
- a) 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) **Members are requested to intimate their e-mail id for quick correspondence to the Depository Participants / rta@alankit.com or register on company's website at the link <http://www.iolcp.com/registration.html>**

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

##### **Item No. 5**

The existing Articles of Association ("AOA") of the company is as per Companies Act, 1956. With the enforcement of Companies Act, 2013 and rules framed thereunder, the Articles of Association needs alteration since the clauses of existing Articles of Association refer to Companies Act, 1956 and also some of the existing clauses are not in conformity with Companies Act, 2013.

In order to have Articles of Association in accordance with the Companies Act, 2013 it is prudent to adopt a new Articles of Association since number of alterations required in existing Articles of Association are voluminous.

The new Articles of Association to be adopted has been placed on the website of the company [www.iolcp.com](http://www.iolcp.com) and is also available for inspection at the Registered office of the company.

In order to adopt this new set of Articles of Association, the approval of members is required by way of Special Resolution. The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

None of the directors & key managerial personnel of the company and their relative is concerned or interested in the said resolution

##### **Item No. 6**

In the light of the relevant provisions of the Companies Act, 2013, the object clause of a company is required to state the objects for which the company is incorporated and any matter considered necessary in furtherance thereof.

Accordingly, the Board of Directors at their meeting held on 11 August 2018, subject to necessary approval of the members of the company, decided to amend the object clause of Memorandum of Association of the company to the extent relevant, so as to align the same with the requirement of the Companies Act, 2013. Accordingly, under the proposed amendment, it is, inter-alia, proposed to rename the sub heading III(B) from "objects incidental or ancillary to the attainment of the main objects", to 'matters which are necessary for furtherance of the main objects', shift the objects as appearing under the sub heading 'other objects' to the said new sub heading 'matters which are necessary for furtherance of the main objects' etc. Accordingly the approval of members of the company is required by way of a special resolution for the aforesaid proposed amendment in the Memorandum of Association of the company.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

None of the directors & key managerial personnel of the company and their relatives is concerned or interested in the said resolution.

##### **Item No. 7 & 8**

The appointment of Mr Varinder Gupta as Managing Director would expire on 31 August 2018. At present he is drawing remuneration of ₹ 20,00,000/- (Rupees twenty lakh) per month. The Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 30,00,000/- (Rupees thirty lakh) with effect from 01 April 2018 for his remaining tenure and re-appointed him as



Managing Director for five years with effect from 01 September 2018 to 31 August 2023, subject to the approval of the members.

It is proposed to seek members' approval for revision in his remuneration and re-appointment as Managing Director on the following broad terms of his re-appointment :

- a) Salary, Perquisites and allowances :  
Basic Salary: ₹ 12,00,000/- (Rupees twelve lakh only) per month.  
Perquisites and allowances: Not exceeding one and a half times the basic salary.
- b) He 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.
- c) Annual increment shall fall due on 1st of April of each year and as may be decided by the Board of Directors on recommendation of Nomination and Remuneration Committee.
- d) He shall be a whole-time director and as such shall devote whole of his time and attention to the business of the company.
- e) Subject to superintendence, control and direction of the Board of Directors, he shall have power of general direction, superintendence of the business of the company with the powers and responsibilities to do all such acts, deeds, matters and things deemed necessary, proper or expedient for carrying on the business and concern of the company.
- f) He shall not enter into material, financial and commercial transactions, where he has personal interest that may have a potential conflict with the interest of company, without the approval of the Board.
- g) He shall not be liable to retire by rotation.

He satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the his terms of re-appointment under Section 190 of the Act.

Details of Mr Varinder Gupta are enclosed with Notice of the meeting .

The Board commends the Special Resolutions set out at Item No. 7 & 8 of the Notice for approval by the members.

None of the directors or key managerial personnel of the company or their relatives except Mr Varinder Gupta being appointee and Mr Vikas Gupta, Executive Director being related to Mr Varinder Gupta is concerned or interested in the resolution.

#### Item No. 9

The company has re-appointed Mr Vijay Garg as Joint Managing Director for a period of three years with effect from 02 March 2016 and at present drawing gross salary of ₹14,50,000/- per month. The Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 19,00,000/- with effect from 01 April 2018 for his remaining tenure subject to the approval of the members.

Details of Mr Vijay Garg are enclosed with Notice of the meeting.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

None of the directors or key managerial personnel of the company or their relatives except Mr Vijay Garg being appointee is concerned or interested in the resolution.

#### Item No. 10

The company has appointed Mr Vikas Gupta as Executive Director for a period of five years with effect from 29 May 2015 and at present drawing gross salary of ₹ 5,00,000/- per month. The Board on the recommendations of Nomination and Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 7,00,000/- with effect from 01 April 2018 for his remaining tenure subject to the approval of the members.

Details of Mr Vikas Gupta are enclosed with Notice of meeting.

The Board commends the Special Resolution set out at Item No. 10 of the Notice for approval by the members.

None of the directors or key managerial personnel of the company or their relatives except Mr Vikas Gupta being appointee and Mr Varinder Gupta being related to Mr Vikas Gupta is concerned or interested in the resolution.

#### Item No. 11

As per the provisions of Section 197 of the Companies Act, 2013, a company may pay to any one of its managing director or whole-time directors remuneration individually exceeding 5% of the net profits and collectively pay to all the managing director and whole-time directors remuneration in aggregate exceeding 10% with the approval of members by way of special resolution but not exceeding 11% of the net profits of the company to all the directors for that financial year.

Accordingly it is proposed to seek approval of members to allow the Board to pay the remuneration individually to any one of the managing director or whole-time directors exceeding 5% of the net profits and aggregate remuneration payable to the managing director and whole-time directors exceeding 10% but not exceeding 11% of the net profits of the company to all the directors for that financial year.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval by the members.

Except for the remuneration received, none of the directors or key managerial personnel of the company or their relatives is concerned or interested in the resolution.

#### Item No. 12

The Board in its meeting held on 16 May 2018 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 2019 and remuneration of ₹ 1,32,000/- plus goods and 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 2018-19 is being sought from the members.

The Board commends the Ordinary Resolution set out at Item No. 12 of the Notice 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 at the Annual General Meeting:

Name of the Director	Mr Varinder Gupta	Mr Vijay Garg	Mr Vikas Gupta
<b>Date of Birth</b>	06 December 1962	17 January 1970	13 February 1992
<b>Date of Appointment</b>	01 September 2015	02 March 2013	29 May 2015
<b>Expertise in specific functional area</b>	Industrialist	Commercial activities of the Chemicals and Pharmaceuticals Products	Business Management
<b>Total experience</b>	32 years	26 years	5 year
<b>Present profession</b>	Managing Director	Joint Managing Director	Executive Director
<b>Qualification</b>	Under graduate	B.Sc (Chemistry), EPIB (IIM Kolkata), MBA Marketing	BSc. (Hons.) in Business Management from Kings College, London
<b>Directorships in other listed companies</b>	Nil	Nil	Nil
<b>Chairmanship of Board Committees of other listed companies</b>	Nil	Nil	Nil
<b>Membership of Board Committees of other listed companies</b>	Nil	Nil	Nil
<b>No of shares held</b>	11,96,965	Nil	Nil
<b>Relationship with other directors</b>	Father of Mr Vikas Gupta, Executive Director	Not related to any other director	Son of Mr Varinder Gupta, Managing Director

By order of the Board  
For IOL Chemicals & Pharmaceuticals Limited

**Registered Office:**

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

Place : Barnala

Dated : 11 August 2018

Sd/-  
[Krishan Singla]  
Vice President and Company Secretary

**DIRECTORS' REPORT****Dear Members**

The Board of Directors hereby submits the report of the business and operations of your company for the financial year ended 31 March 2018.

**Financial Results**

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

(₹ in crore)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Total revenue	<b>1002.86</b>	774.44
Profit before interest & depreciation	<b>125.86</b>	103.45
Interest	<b>64.35</b>	67.68
Profit before depreciation	<b>61.51</b>	35.77
Depreciation	<b>30.21</b>	29.84
Profit before tax	<b>31.30</b>	5.93
Provision for tax (including deferred tax)	<b>3.60</b>	1.26
Profit after tax	<b>27.70</b>	4.67
Other comprehensive income	<b>(0.65)</b>	(0.36)
Total comprehensive income for the year 2017-18	<b>27.05</b>	4.31

**Performance Review**

Your company has shown excellent results in the year under review and crossed landmark of ₹ 1000 crore. The company has achieved total revenue ₹ 1002.86 crore during the year under review in comparison to ₹ 774.44 crore during the previous year, registering an increase of 29.49 %. The profit after tax is ₹ 27.70 crore during the year against ₹ 4.67 crore during the previous year, mainly due to increase in sales of the company and improved operational efficiencies during the year. The EBITDA during financial year ended 31 March 2018 went up to ₹ 125.86 crore as against ₹ 103.45 crore during previous financial year ended 31 March 2017.

The company continues to give more focus to increase the pharma share in its total business and is able to increase pharma share to 63% during the year under review against 56% during the previous year.

**Cash Flow Statement**

A Cash Flow Statement for the financial year 2017-18 is included in the annexed statement of accounts.

**Dividend**

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

**Share Capital**

The paid up equity share capital of the company is ₹ 56,20,55,020/- consisting of 5,62,05,502 equity shares of ₹ 10/- each as on 31 March 2018.

**Holding & Subsidiary Company**

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

**Internal financial control systems and their adequacy**

The details in respect of internal financial controls and their 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 provided in the notes of the financial statements.

**Expansion Schemes**

During the year 2017-18, your company has setup Unit III to manufacture Fenofibrate, Clopidogrel and Lamotrigine with project cost of ₹ 16.48 crore met through internal accruals. The company has also setup Unit IV for manufacturing Metformin an anti-diabetic drug with a capacity of 3000 MT per annum with project cost of ₹ 10.02 crore which was financed through internal accruals.

The company has also enhanced installed capacity of Ibuprofen from 7200 TPA to 10000 TPA by debottlenecking and re-engineering the plant in the month of August 2018.

**Research and Development**

Research and Development (R&D) capabilities have enabled your company to produce technology-intensive products, enhancing its presence in local & international markets. The company's R&D strength is in developing processes for APIs and intermediates with substantial backward integration to minimize its dependency on external forces and to be a leader in highly competitive world of generic APIs. Currently, the company has five APIs and three intermediates in its pipeline, which are either on the verge of development or are ready for commercialization. Going forward, the company's R&D is targeting to develop at-least 4-5 APIs every year. The company employs about 50 research scientists working in R&D centre equipped with cutting-edge technologies for research.

**Credit Rating**

The CARE Ratings Limited has revised the credit rating for long term bank facilities to 'CARE BBB-; Stable' (Triple B Minus; Outlook: Stable) from 'CARE BB; Stable' (Double B; Outlook: Stable) and the credit rating for short term bank facilities to 'CARE A3'(A Three) from 'CARE A4 Stable' (A Four).

**Composition and Number of Meetings of the Board**

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

During the financial year 2017-18, the Board met 4 (four) times on 27 May 2017, 18 August 2017, 13 November 2017 and 12 February 2018.

**Directors /Key Managerial Personnel**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the company, Mr Vijay Garg and Mr Vikas Gupta will retire in the ensuing Annual General Meeting and being eligible has offered themselves for re-appointment. The Board has recommended their re-election to the members.

During the current year, Mr Vijay Singla, Director (Works) has resigned from directorship with effect from 27 May 2017, however remains in the company as President (Chemicals).The Board places on record their appreciation for the services rendered by him during his tenure as director of the company.

**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 under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as SEBI Listing Regulations). 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 fulfilment of fiduciary and other duties assigned by the 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 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 properly; 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 of independent director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations, 2015.

#### **Corporate Governance**

The company has in place a system of Corporate Governance. A separate report on Corporate Governance along with auditors' certificate regarding compliance of conditions of corporate governance set out by the SEBI Listing Regulations is annexed to this Report.

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

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

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

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

Your 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.

#### **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 I** and forms part of this report.

#### **Auditors**

M/s SCV & Co. LLP, Chartered Accountants, New Delhi (formerly known as M/s S C Vasudeva & Co.) Statutory Auditors of the company have submitted Auditors' Report on the financial statements of the company for the financial year ended on 31 March 2018. The Auditors' Report for the year is self-explanatory & does not contain any modified opinion, hence no comment is required.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, M/s SCV & Co. LLP, Chartered Accountants, New Delhi (formerly known as M/s S C Vasudeva & Co.) will mandatorily retire at the conclusion of the ensuing Annual General Meeting.

The Board of Directors based on the recommendations of the Audit and Risk Management Committee has recommended the appointment of M/s Ashwani & Associates (Firm Registration No: 000497N) Chartered Accountants, Ludhiana as Statutory Auditors of the company in place of M/s SCV & Co LLP., Chartered Accountants, New Delhi for a term of five consecutive years, from the conclusion of ensuing 31st Annual General Meeting until the conclusion of the 36th Annual General Meeting of the company for the approval of shareholders of the company in the ensuing 31st Annual General Meeting of the company.

M/s Ashwani & Associates has confirmed its willingness and eligibility, to act as statutory auditors to conduct audit of the company's financial statements from the financial year 2018-19.

#### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 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 secretary for conducting secretarial audit of the company for the financial year 2017-18. The Secretarial Audit Report is annexed hereto as **Annexure II** 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 Board of Directors 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 2018-19, subject to determination of their remuneration by members of the company thereto.

The Cost Audit Report for the year ended 31 March 2017 has been filed on 02 September 2017 with Ministry of Corporate Affairs, New Delhi.

#### 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 this 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 2017-2018, 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).

#### Particulars of managerial remuneration and related disclosures

Disclosures relating 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 Annual Report, which forms part of this report.

In terms of the provisions of 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, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this report.

Having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 the Annual Report excluding the aforesaid information is being sent to the members of the company. The said information is available for inspection at the registered office of the company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

#### Corporate Social Responsibility Committee (CSR Committee)

The Board of Directors have constituted a CSR Committee comprising of Mr Varinder Gupta as Chairman and Dr ( Mrs) Sandhya Mehta, Mr Vijay Garg and Mr Vikas Gupta, Directors as its members. The CSR Committee is to oversee the company's CSR initiatives under the overall supervision and guidance of the Board of Directors.

The provisions of Section 135 of Companies Act, 2013 and the Rules made thereunder for CSR are applicable to the company for financial year commenced on 01 April 2018.

#### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Change in the nature of business of the company.
4. The company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
5. Neither the Managing Director nor the Whole-time Directors of the company receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and company's operations in future.
7. No fraud has been reported by the Auditors to the Audit Committee or the Board.

#### 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 of the 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

	Sd/-	Sd/-
	Varinder Gupta	Dr M A Zahir
	Managing Director	Chairman
Place : Ludhiana	DIN -00044068	DIN-00002973
Dated : 11 August 2018		



**ANNEXURE I TO THE DIRECTORS' REPORT**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31 March 2018.

**I CONSERVATION OF ENERGY**
**1. Step taken or impact on conservation of energy;**

- a) Started using digital electronic relays instead of thermal relays up to 30 HP motors, as thermal relays are depend upon heating of the element and digital relays are depend upon current , so due to this we are saving motor burning and immediate tripping of the motor in case any fault in the pump or in the cable side.
- b) Electronic light sensors has been installed on the total boundary walls and all terrace lights, so that it will be off and on with the light and it save human work and extra power which has been consumed in delaying on off the lights by electricians
- c) Current transmitters has been installed on critical reactors of unit - III to keep eye on the reactions of the process. This helps out in avoiding the jamming of the reactor at the critical time .
- d) Started taking Ro reject and UF reject in the cooling tower to save approximate 250 KLD raw water.
- e) We have changed the stream of direct and indirect condensate in unit-II and unit-IV to avoid mixing of the two and this has been increased the direct condensate to the boiler and indirect condensate also.
- f) Replacement of jacket reactors with limpnet reactors which are having higher heat transfer co-efficient so reducing the time of reaction to increase the productivity and reduction of fixed losses resulting reduction in energy norms.
- g) Replacement of old FBD's with new FBD's having advanced technology with automation and high drying efficiency resulting higher output by consuming same energy, so resulting reduction in energy norms.
- h) Installation of heat recovery wheel in IBU facility HVAC system to reduce the chilled water by 50TR resulting reduction in energy norms.
- i) Installation of ATFE for the distillation of crude instead of high vacuum distillation reactor which is having improved thermal and process efficiency.
- j) Installation of distillation setup for the recovery of intermediate product from byproduct, so increasing the yield of intermediate product, so reduction in energy norms.
- k) Installation of new furnace for heating thermic fluid having dual burner to use the waste spent gas from IBB as fuel and having high thermal efficiency to reduce the energy cost.
- l) Installation of separate column for the distillation of dilute ester (byproduct).
- m) Installation of additional PHE at propyl column to reduce the load on its chiller in summer season.
- n) Installation of additional heat exchanger at propyl column for heat recovery, thus reducing its steam consumption.
- o) Increase in the size of crude cooler to decrease the load on chilled water in summer season.
- p) Installation of valve in the vent line of separator of heat recovery system, to increase the heat recovery.

**2. Step taken by company for utilizing alternate sources of energy**

- a) Your company has further increased the consumption of agro based fuel by optimizing the boiler operation and

hence reduce the percentage consumption of natural fuel like coal.

- b) Your company has improved the direct condensate recovery resulted less ground water consumption and reduction in fuel consumption.

**3. Capital investment on energy conservation equipment's**

No major capital investments have been made during the financial year ended 31 March 2018.

**II TECHNOLOGY ABSORPTION**
**1. Efforts made towards technology absorption**

Your company has taken various steps in its Research and Development (R&D) centre, the mains are as follows:

- a) R&D team works on development of new molecules (API/chemical intermediate/bulk chemicals/specialty chemicals/CRAMS molecules) while keeping in mind its impact on environment.
- b) R&D team is also working on chemical routes whereby it will have minimum dependency on Chinese market for its raw materials.
- c) Work on development of APIs with idea of filing dossier with US & European regulatory agencies with view to explore US and Europe market for all new APIs.
- d) Trouble shooting & further cost cutting in existing commercialized products for improved profitability.
- e) Conversion of byproducts to value added products.

**2. Benefits derived like product improvement, cost reduction, product development or import substitution**

- a) R&D has developed single step unique process for Metformin HCl, anti-diabetic drug, which has advantage of minimum processing and zero aqueous effluent. Process is commissioned in dedicated multi MT capacity plant.
- b) In its main product, R&D has developed a process which will help company to market its product in US market.
- c) R&D has also developed one product for its Korean customer which will help customer to shift its sourcing to the company from Chinese market.
- d) R&D has developed a process for key starting material of a product used in perfumery chemicals in its chemical plant for customer based in Japan. Production for the same in MT quantity has been initiated in current year.
- e) Development of anti-ulcer API at R&D and pilot plant has been completed & its commercialization in multipurpose plant is expected in current year.
- f) Your company to launch new molecules in APIs and intermediates in next fiscal year for which R&D has completed initial development work.

**3. Imported technology (imported during the last three years reckoned from the beginning of the financial year)- N.A.**
**4. Expenditure incurred on Research and Development during the financial year ended 31 March 2018:**

(₹ in crore)	
Capital	1.14
Revenue	3.90
<b>Total</b>	<b>5.04</b>

**III Foreign Exchange Earnings & Outgo during the financial year ended 31 March 2018:**

(₹ in crore)	
Used	127.33
Earned	309.72

**ANNEXURE II TO THE DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial 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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable during the audit period;
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable during the audit period;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not Applicable during the audit period;
  - g) 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;

- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable during the audit period; and
  - i) 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 not made any decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

For B.K. Gupta & Associates  
Company Secretaries

Sd/-  
(Bhupesh Gupta)

FCS No.:4590

C P No.: 5708

Place: Ludhiana

Date: 06 August 2018

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: 06 August 2018

## ANNEXURE III TO THE DIRECTORS' REPORT

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended 31 March 2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and 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 Ph. No : +91-1679-244701-07 Fax: +91-1679-244708 Email: contact@iolcp.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Alankit Assignments Limited (Unit: IOL Chemicals and Pharmaceuticals Limited) "Alankit Hights", 1E/13, Jhandewalan Extension, New Delhi – 110055 Phone: +91-11-23541234, 42541234 Fax: +91-11-41543474 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	63.15 %
2	Manufacture of organic and inorganic chemical compounds	20119	35.92 %

**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 [As on 31 March 2017]				No. of shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	11,96,965	-	11,96,965	2.13	11,96,965	-	11,96,965	2.13	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Governments	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	2,19,52,033	-	2,19,52,033	39.06	2,19,52,033	-	2,19,52,033	39.06	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>2,31,48,998</b>	<b>-</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>2,31,48,998</b>	<b>-</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
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 shareholding of promoters (A)= (A)(1)+(A)(2)</b>	<b>2,31,48,998</b>	<b>-</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>2,31,48,998</b>	<b>-</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>-</b>
<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	57,790	-	57,790	0.10	50,349	-	50,349	0.09	(0.01)
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Governments	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of shares held at the beginning of the year [As on 31 March 2017]				No. of shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>57,790</b>	<b>10,200</b>	<b>67,990</b>	<b>0.12</b>	<b>50,349</b>	<b>10,200</b>	<b>60,549</b>	<b>0.11</b>	<b>(0.01)</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corporates</b>									
i) Indian	1,56,30,314	3,200	1,56,33,514	27.82	1,72,28,246	3,200	1,72,31,446	30.65	2.83
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	30,33,147	6,49,636	36,82,783	6.55	85,21,991	6,29,136	91,51,127	16.28	9.73
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	46,70,693	-	46,70,693	8.31	61,50,089	-	61,50,089	10.94	2.63
<b>c) Others (specify)</b>									
Non Resident Indians	1,42,936	-	1,42,936	0.25	4,63,293	-	4,63,293	0.82	0.57
Overseas Corporate Bodies	88,58,588	-	88,58,588	15.76	-	-	-	-	(15.76)
<b>Sub-total (B)(2)-</b>	<b>3,23,35,678</b>	<b>6,52,836</b>	<b>3,29,88,514</b>	<b>58.69</b>	<b>3,23,63,619</b>	<b>6,32,336</b>	<b>3,29,95,955</b>	<b>58.69</b>	<b>(0.00)</b>
<b>Total shareholding of public (B)=(B)(1)+(B)(2)</b>	<b>3,23,93,468</b>	<b>6,63,036</b>	<b>3,30,56,504</b>	<b>58.81</b>	<b>3,24,13,968</b>	<b>6,42,536</b>	<b>3,30,56,504</b>	<b>58.81</b>	<b>(0.01)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5,55,42,466</b>	<b>6,63,036</b>	<b>5,62,05,502</b>	<b>100</b>	<b>5,55,62,966</b>	<b>6,42,536</b>	<b>5,62,05,502</b>	<b>100</b>	<b>-</b>

(ii) Shareholding of Promoters

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	Mr Varinder Gupta	11,95,865	2.13	-	11,95,865	2.13	-	-
2	Mr Varinder Gupta(HUF)	1,100	0.00	-	1,100	0.00	-	-
3	Mayadevi Polycot Limited	1,00,06,323	17.80	-	1,00,06,323	17.80	-	-
4	NM Merchantils Limited	50,75,571	9.03	-	50,75,571	9.03	-	-
5	NCG Enterprises Limited	32,84,393	5.85	-	32,84,393	5.85	-	-
6	Bhudeva Lifesciences Limited	28,73,714	5.11	-	28,73,714	5.11	-	-
7	True Value Traders Limited	4,00,000	0.71	-	4,00,000	0.71	-	-
8	Towels Enterprises Limited	3,12,032	0.56	-	3,12,032	0.56	-	-
	<b>Total</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>-</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>-</b>	<b>-</b>

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

Particulars	Shareholding		Cumulative shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	2,31,48,998	41.19	2,31,48,998	41.19
Change during the year	-	-	-	-
At the end of the year	2,31,48,998	41.19	2,31,48,998	41.19

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

S. No.	Name of the shareholder	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Vasudeva Commercials Limited				
	At the beginning of the year	1,08,90,000	19.38	1,08,90,000	19.38
	No change during the year	-	-	-	-
	At the end of the year	1,08,90,000	19.38	1,08,90,000	19.38



S. No.	Name of the shareholder	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	Trident Limited				
	At the beginning of the year	17,85,714	3.18	17,85,714	3.18
	No change during the year	-	-	-	-
	At the end of the year	17,85,714	3.18	17,85,714	3.18
3	G Consultants and Fabricators Limited				
	At the beginning of the year	14,89,000	2.65	14,89,000	2.65
	No change during the year	-	-	-	-
	At the end of the year	14,89,000	2.65	14,89,000	2.65
4	Joynet Developers LLP				
	At the beginning of the year	-	-	-	-
	Bought during the year	3,05,357	0.54	3,05,357	0.54
	Sold during the year	(5,280)	(0.01)	3,00,077	0.53
	At the end of the year	3,00,077	0.53	3,00,077	0.53
5	Ms Nishita Alpesh Ajmera				
	At the beginning of the year	2,75,000	0.49	2,75,000	0.49
	No change during the year	-	-	-	-
	At the end of the year	2,75,000	0.49	2,75,000	0.49
6	Ms Reena Ashish Ajmera				
	At the beginning of the year	3,25,000	0.58	3,25,000	0.58
	Sold during the year	(3,25,000)	0.58	0	0.00
	Bought during the year	2,75,000	0.49	2,75,000	0.49
	At the end of the year	2,75,000	0.49	2,75,000	0.49
7	Mr Ashwini Jiten Ajmera				
	At the beginning of the year	2,63,000	0.47	2,63,000	0.47
	No change during the year	-	-	-	-
	At the end of the year	2,63,000	0.47	2,63,000	0.47
8	Mr Alpesh Kishor Ajmera				
	At the beginning of the year	2,50,000	0.44	2,50,000	0.44
	No change during the year	-	-	-	-
	At the end of the year	2,50,000	0.44	2,50,000	0.44
9	Mr Sudhir Shivji Bheda				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,93,200	0.34	1,93,200	0.34
	At the end of the year	1,93,200	0.34	1,93,200	0.34
10	Morris Street Advisors Private Limited				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,70,000	-	-	-
	At the end of the year	1,70,000	0.30	1,70,000	0.49

## (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of Director / Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr Varinder Gupta				
	At the beginning of the year	11,96,965	2.13	11,96,965	2.13
	No change during the year	-	-	-	-
	At the end of the year	11,96,965	2.13	11,96,965	2.13
2	Mr Krishan Singla				
	At the beginning of the year	110	0.00	110	0.00
	No change during the year	-	-	-	-
	At the end of the year	110	0.00	110	0.00
3	Mr Pardeep Kumar Khanna				
	At the beginning of the year	4,800	0.01	4,800	0.01
	Bought during the year	2,100	0.00	6,900	0.01
	At the end of the year	6,900	0.01	6,900	0.01

**V. INDEBTEDNESS**

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

(₹ in lakh)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	28,341.35	2325.99	-	30,667.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.25	-	-	0.25
<b>Total (i+ii+iii)</b>	<b>28,341.60</b>	<b>2325.99</b>	<b>-</b>	<b>30,667.59</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	8.37	-	8.37
* Reduction	1,675.78	-	-	1,675.78
Net Change	(1,675.78)	8.37	-	(1667.41)
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	26,409.22	2334.36	-	28,743.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	256.60	-	-	256.60
<b>Total (i+ii+iii)</b>	<b>26,665.82</b>	<b>2334.36</b>	<b>-</b>	<b>29,000.18</b>

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

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

(₹ in lakh)

S. No.	Particulars of Remuneration	Name of Managing Director/ Whole time Director/ Manager				Total amount
		Mr Varinder Gupta	Mr Vijay Garg	Mr Vijay Singla	Mr Vikas Gupta	
	Designation	Managing Director	Joint Managing Director	Director (Works)	Executive Director	
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	221.57	157.73	11.36	53.92	444.58
	(b) Value of perquisites under Section 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>221.57</b>	<b>157.73</b>	<b>11.36</b>	<b>53.92</b>	<b>444.58</b>
	Ceiling as per the Act	Due to inadequate profit, managerial remuneration is being paid under limits of Schedule-V and with central government approval whenever it is required .				

Note : Mr Vijay Singla resigned from directorship w.e.f 27.05.2017

## B. Remuneration to other directors

(₹ in lakh)

S. No.	Particulars of Remuneration	Name of Director			Total amount
		Dr M A Zahir	Mr Chandra Mohan	Dr Sandhya Mehta	
1	Independent Directors				
	Fee for attending board committee meetings	2.25	1.50	1.50	5.25
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>2.25</b>	<b>1.50</b>	<b>1.50</b>	<b>5.25</b>
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>2.25</b>	<b>1.50</b>	<b>1.50</b>	<b>5.25</b>
	<b>Total Managerial Remuneration(A+B)</b>				<b>449.83</b>

## C. Remuneration to Key Managerial Personnel other than Managing Director/ Whole time director/Manager

(₹ in lakh)

S. No.	Particulars of remuneration	Name of Key Managerial Personnel		Total amount
		Mr Pardeep Kumar Khanna	Mr Krishan Singla	
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	44.50	36.31	80.81
	(b) Value of perquisites under Section 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</b>	<b>44.50</b>	<b>36.31</b>	<b>80.81</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no penalty / punishment / compounding of offence for breach of any section of the Companies Act against the company or its directors or other officers in default, during the year.

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

According to the report, in 2017, world economic growth has reached 3 per cent—the highest growth since 2011—as crisis-related fragilities and the adverse effects of other recent shocks subside. The improvement is widespread, with roughly two-thirds of countries worldwide experiencing stronger growth in 2017 than in the previous year. Global growth is expected to remain steady at 3.0 per cent in 2018 and 2019. Despite the improved short-term outlook, the global economy continues to face risks—including changes in trade policy, a sudden deterioration in global financial conditions and rising geopolitical tensions. The world economy also faces longer-term challenges. The report highlights four areas where the improved macroeconomic situation opens the way for policy to address these challenges: increasing economic diversification, reducing inequality, supporting long-term investment and tackling institutional deficiencies. The report notes that reorienting policy to address these challenges can generate stronger investment and productivity, higher job creation and more sustainable medium-term economic growth.

([https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018\\_Global\\_PR\\_E.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Global_PR_E.pdf))

**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) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP increased 7.1 per cent in 2016-17 and is expected to reach a growth rate of 7 per cent by September 2018. Indian companies raised Rs 1.6 trillion (US\$ 24.96 billion) through primary market in 2017. India received the highest ever inflow of equity in the form of foreign direct investments (FDI) worth US\$ 43.4 billion in 2016-17 and has become one of the most open global economies by ushering in liberalisation measures, as per the mid-year economic survey of India.

(source :- [www.ibef.org](http://www.ibef.org))

**Chemical Industry**

Indian chemical industry is the 3rd largest producer in Asia and 7th by output in the world. By 2025, the Indian chemical industry is projected to reach USD403 billion. The chemical industry in India is a key constituent of Indian economy, accounting for about 2.11 per cent of the GDP. More than 70,000 commercial products such as petrochemicals & basic chemicals are covered under chemical sector 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/download/Chemicals-April-2017.pdf>)

**Pharmaceutical Industry**

Indian pharmaceutical sector is estimated to account for 3.1 – 3.6 per cent of the global pharmaceutical industry in value terms and 10 per cent in volume terms. It is expected to grow to US\$100 billion by 2025. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. The sector is expected to generate 58,000 additional job opportunities by the year 2025. India's pharmaceutical exports stood at US\$ 16.8 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market. Private equity and venture capital (PE-VC) investments in the pharmaceutical sector have grown at 38 per cent year-on-year between January-June 2017, due to major deals in this sector.

(Source :- [www.ibef.org](http://www.ibef.org))

**Government Initiatives**

The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.

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.

(Source :- [www.ibef.com](http://www.ibef.com))

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

1. Basic intermediates for drug division are produced in house.
2. Large domestic market, with good potential for growth.
3. Forward Integration of products.
4. Increased visibility resulting in easy penetration in global market.

**Threats:**

1. Cost of finance in India is very high .
2. Cut throat competition in generic market.

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

Our operations are broadly comprises of Bulk Drugs; APIs and specialty industrial chemicals.

Our APIs segment includes manufacturing of mainly Ibuprofen. Our Specialty Industrial Chemicals segment includes manufacturing of Ethyl Acetate, Iso Butyl Benzene (IBB), Mono Chloro Acetic Acid (MCA) and Acetyl Chloride.

**Bulk Drugs**

Bulk Drugs are commonly known as Active Pharmaceutical Ingredients (API's). APIs are mixed with other components to produce tablets, capsules or liquids.

We are increasing our APIs product portfolio and improving our cost competitiveness through efficient manufacturing processes and systems and expanding relationships with major Indian and foreign generic companies for sale of our APIs. Our APIs are exported worldwide. Our key markets are Europe, Latin America, Africa, 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 . We have been accredited from various regulatory authorities across the World like, USFDA, CEP certification, EUGMP & WHO GMP

**Specialty Industrial Chemicals**

The company's chemical business is in three segments: -

1. Solvents -Ethyl Acetate
2. Chlorinated compounds - Mono-Chloro Acetic Acid, Isopropyl Chloro-acetate & Acetyl Chloride.
3. Petrochemicals - Iso-butyl Benzene & Meta Isobutyl toluene.

**Solvents:** - The company is among the leading manufacturers of Ethyl Acetate in India. The ethyl acetate is regarded green solvent among organic solvents due to its environment friendly nature. It is

easily broken down in air and water. Ethyl Acetate is manufactured through esterification reaction of ethanol with acetic acid. Ethyl Acetate is used as solvent for high resolution printing inks and laminated adhesives in all kind of flexible packaging and plastic films, owing to its fast evaporating properties. The global ethyl acetate market is estimated to witness a CAGR of 5.8 % because of increase in the preference for flexible packing over rigid packaging in industries like food & beverages, pharmaceuticals, paints & coatings, packaging etc. Asia pacific is expected to dominate the market as it has become attractive destination for the foreign investment in aforementioned industries.

**Chlorinated compounds:** - The company manufacture chlorinated compounds like Mono-Chloro Acetic Acid, Isopropyl Chloro-acetate & Acetyl Chloride as part of backward integration for the manufacturing of Ibuprofen. Mono-Chloro Acetic Acid and Acetyl Chloride plant are manufactured in same plant. The state of art facility is based on green chemistry as by-product of one is used as raw material for other, hence generating zero waste. This helps in complying with nowadays stringent environmental norms, thus increasing the sustainability of our main product Ibuprofen. The Government of India has accredited this effort by your company by giving it an award for technology innovation .

**Petrochemicals:** - Under petrochemicals, IOLCP manufactures Iso-butyl Benzene (IBB). IBB is key starting material for the Ibuprofen, and manufactured for both in-house use and direct sale. IOLCP is second largest producer of IBB in world, capturing 30 % of global market and is exporting to countries like USA and China.

#### 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 and regular lifting of its finished products. The company manages to enter into long term agreements to ensure the continuous supply of raw material and lifting of its finished products 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 to bulk drugs .

##### Competition risk

The company is exposed to competition from indigenous as well as foreign players. We are controlling the competition risk by continuously improving the quality of products and maintaining long term relationship with our customers by providing better services to them. The quality control department implemented a range of quality assurance procedures to providing high quality products to our customers.

##### 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 in most of states the 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 and validating 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 Doctor. 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 and controls 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 the operational 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 unauthorized 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

### A. Statement of Profit and Loss

#### Revenue

Total revenue from operations has increased to ₹ 1002.86 crore during the year of review as compared to ₹ 774.44 crore during the previous year. FOB value of Export sales of the company has also increased from ₹ 195.99 crore to ₹ 309.72 crore.

#### Segmental Revenue

Bulk drugs segment contributed about 63% of total revenue for the financial year 2018 against 56% contribution in financial year 2017. Chemicals segment contributed 36% to total revenue in financial year 2018 against 44% in financial year 2017.

#### EBITDA

EBITDA of the company has increased to ₹ 125.86 crore during year under review from ₹ 103.45 crore during the previous year due to increase in the operation efficiencies.

#### Net Profit after tax

The company has turnaround during the year under review and earned profits after tax of ₹ 27.70 crore in the year under review against profits after tax of ₹ 4.67 crore during the previous year.

### B. Balance Sheet

#### 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 2018. Paid-up share capital of the company is ₹ 56,20,55,020/- consisting of 5,62,05,502 equity shares of ₹ 10/- each.

#### Reserves and Surplus

Reserves and surplus at the end of the year under review stood at ₹ 160.54 crore against ₹ 132.84 crore at the end of previous year. The increase is due to net profit of ₹ 27.70 crore earned during the year under review.

#### Borrowings

Non-current secured borrowing at the end of financial year 2018 were ₹ 236.16 crore against ₹ 262.37 crore at the end of financial year 2017. Unsecured non-current borrowings at the end of financial year 2018 stood at ₹ 21.96 crore against ₹ 22.61 crore at the end of financial year 2017.

Current secured borrowing at the end of financial year 2018 were ₹ 135.27 crore, against ₹ 140.77 crore at the end of financial year 2017.

#### Assets

##### Non- Current Assets

Total Fixed assets including Capital work in process increase to ₹ 412.59 crore as on 31 March 2018 from ₹ 395.14 crore as on 31 March 2017, net of depreciation and additions.

##### Current Assets and Current Liabilities

The company had inventories of ₹ 207.45 crore as on 31 March 2018 against ₹ 262.63 crore as on 31 March 2017. Trade Receivable amounted to ₹ 140.71 crore as on 31 March 2018 as compared with ₹ 112.77 crore as on 31 March 2017. The trade payables decreased to ₹ 132.60 crore as on 31 March 2018 as compared with ₹ 149.84 crore as on 31 March 2017. The changes are in line with increase in overall operations.

### Cash flows

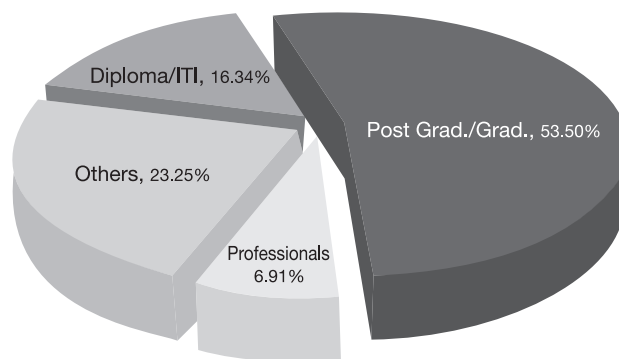
The company's net cash flow from operating activities for the year ended 31 March 2018 amounted to ₹ 119.72 crore against net cash flow used in operating activities ₹ 83.34 crore during the previous year.

The company's net cash used in investing activities amounted to ₹ 50.38 crore during the year ended 31 March 2018 against ₹ 22.78 crore during the previous year.

During the year under review net cash used in financing activities amounted to ₹ 70.36 crore as against net cash flow from financing activities ₹ 59.78 crore during the previous year.

### 7. Human Assets

The company has a team of 1346 strong members as on 31 March 2018 consisting of 6.91% Professionals, 23.25 % Post Graduates/ Graduates, 16.34 % Diploma/ITI and 53.50 % others.



The company emphasizes on all around development of the human resources. The company's HR policies entail injecting company with a high degree of expertise, professional depth, dynamism and power of the youth. The company belief 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 programmers across all levels to improve our business practices. The company gives due importance to talent acquisition and thus have a blend of both campus and latent hiring. We believe in nurturing of talent and company's practices root for the same by providing them strategic training and development programs.

### 8. 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

	Sd/-	Sd/-
	Varinder Gupta	Dr M A Zahir
	Managing Director	Chairman
Place : Ludhiana	DIN -00044068	DIN-00002973
Dated : 11 August 2017		

**CORPORATE GOVERNANCE REPORT**

Your company confirms the compliance of Corporate Governance as contained in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as SEBI (LODR) Regulations) details of which are given below:

**1. A brief statement on company's philosophy on code of governance**

Our corporate governance is a foundation of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key factors to our corporate governance to ensure that we gain and retain the trust of our stakeholders at all times.

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:**

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	6	3	2	--
Mr Varinder Gupta	Managing Director	4	--	--	11,96,965
Mr Vijay Garg	Joint Managing Director	2	--	1	--
Mr Vikas Gupta	Executive Director	1	--	1	--
Mr Chandra Mohan	Independent	5	--	2	--
Dr ( Mrs) Sandhya Mehta	Independent	1	--	1	--

# including the company

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

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:**

Mr Vijay Singla, Director (Works) has resigned from the directorship of the company with effect from 27 May 2017 and remained with the company as President (Chemicals).

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

During financial year 2017-18, the Board met 4 (four) times

on 27 May 2017, 18 August 2017, 13 November 2017 and 12 February 2018. 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 28 September 2017 is as given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM
Dr M A Zahir	4	Yes
Mr Varinder Gupta	4	Yes
Mr Vijay Garg	4	Yes
Mr Vikas Gupta	4	Yes
Mr Chandra Mohan	4	No
Dr (Mrs) Sandhya Mehta	4	No
Mr Vijay Singla*	-	-

\* Mr Vijay Singla has resigned from the directorship of the Company with effect from 27 May 2017.

**3. Audit and Risk Management Committee**

Audit and Risk Management Committee consists of three directors, all being independent directors viz. Dr M A Zahir (Chairman), Mr Chandra Mohan and Dr ( Mrs) Sandhya Mehta as on 31 March 2018. Statutory Auditors, Internal Auditors and Finance head are invites on the Committee. Company Secretary acts as Secretary to the Committee.

The role of the Audit and Risk Management Committee is in accordance with the SEBI (LODR) Regulations 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 2017-2018, Audit and Risk Management Committee met four times on 27 May 2017, 18 August 2017, 13 November 2017 and 12 February 2018. 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
Dr (Mrs) Sandhya Mehta	4	4
Mr Chandra Mohan	4	4

**4. Nomination and Remuneration Committee**

Nomination and Remuneration Committee consists of three directors, all being Independent Directors viz. Mr Chandra Mohan (Chairman), Dr M A Zahir and Dr ( Mrs) Sandhya Mehta as on 31 March 2018. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations 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 of each director on the Board, including the executive and independent directors.

During the year, one meeting was held on 27 May 2017. Attendance record of Nomination and Remuneration Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr Chandra Mohan (Chairman)	1	1
Dr M A Zahir	1	1
Dr ( Mrs) Sandhya Mehta	1	1

##### 5. Remuneration Policy and details of Remuneration of Directors:

1) **Executive Directors:** The company has a policy for the remuneration of Directors and 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 2017-2018 is given below:

(Amount in ₹ in lakh)

Name	Position	Salary	Commission	Contribution to Provident & other Funds	Other perquisites & allowances	Total
Mr Varinder Gupta	Managing Director	96.00	0	11.52	132.48	240.00
Mr Vijay Garg	Joint Managing Director	69.60	0	8.35	96.05	174.00
Mr Vikas Gupta	Executive Director	24.00	0	2.88	33.12	60.00
Mr Vijay Singla*	Director (Work)	4.86	0	0.58	6.71	12.15

\* Mr Vijay Singla has resigned from the directorship of the Company with effect from 27 May 2017.

2) **Independent Directors:** Independent Directors have not paid any remuneration except sitting fees @ ₹ 15,000/- for attending each Board Meeting /Committee Meeting. Detail of sitting fees paid during the year 2017-2018 is given below:

(Amount in ₹ in lakh)

Name of Directors	Fee paid for Board Meetings	Fees paid for Committee Meetings*	Total Fee Paid
Dr M A Zahir	0.60	1.65	2.25
Mr Chandra Mohan	0.60	0.90	1.50
Dr ( Mrs) Sandhya Mehta	0.60	0.90	1.50
<b>TOTAL</b>	<b>1.80</b>	<b>3.45</b>	<b>5.25</b>

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

During the year 2017-18, 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 executive /non-executive directors as per nomination and remuneration policy of the company, the same is available on the company's website at www.iolcp.com.

##### 6. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of three Directors and chaired by the independent director viz., Dr M A Zahir (Chairman), Mr Vijay Garg and Mr Vikas Gupta as on 31 March 2018. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations and as specified under Section 178 of the Companies Act, 2013. During the year, one meeting was held on 12 February 2018. Attendance record of Stakeholders' Relationship Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Dr M A Zahir (Chairman)	1	1
Mr Vijay Garg	1	1
Mr Vikas Gupta	1	1

Mr Krishan Singla, Vice President and Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements 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: investor@iolcp.com.

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

Detail of investors' complaints/queries received and resolved during the year 2017-18 are as under:

Sr. No.	Nature of complaints / queries	No. of complaints / queries during the year		
		Received	Attended	Pending
1.	Transfer/Transmission of shares	8	8	0
2.	Dividend	0	0	0
3.	Loss/Issue of duplicate shares certificate	43	43	0
4.	SEBI/Stock Exchange	0	0	0
5.	Change of company name	25	25	0
6.	Change of address	24	24	0
7.	Split/Consolidation	0	0	0
8.	Others	31	31	0

##### 7. Corporate Social Responsibility (CSR) Committee

The Board of Directors have constituted a CSR Committee comprising of Mr Varinder Gupta as Chairman and Dr ( Mrs) Sandhya Mehta, Mr Vijay Garg and Mr Vikas Gupta, Directors as its members. The CSR Committee is to oversee the company's CSR initiatives under the overall supervision and guidance of the Board of Directors.

The provisions of Section 135 of Companies Act, 2013 and the Rules made thereunder for CSR are applicable to the company for financial year commenced on 01 April 2018.

**8. General Body Meetings:**

**a) Annual General Meetings**

The details of last three Annual General Meetings held at the Registered Office of the company at Trident Complex, Raikot Road, Barnala are given below:

Meeting	Date	Day	Time/ Location	Details of Special Resolutions passed
30 <sup>th</sup> AGM	28 September 2017	Thursday	11:00 AM at Registered Office	1. Increase of the remuneration of Mr Varinder Gupta, Managing Director 2. Increase of the remuneration of Mr Vijay Garg, Joint Managing Director
29 <sup>th</sup> AGM	28 September 2016	Wednesday	11:00 AM at Registered Office	1. Re- appointment of Mr Vijay Garg, Joint Managing Director 2. Re- appointment of Mr Vijay Singla, Director (Works) 3. Increase of the remuneration of Mr Varinder Gupta, Managing Director
28 <sup>th</sup> AGM	29 September 2015	Tuesday	11:00 AM at Registered Office	1. Increase of the remuneration of Mr Vijay Singla, Director (Works) 2. Increase of the remuneration of Mr Vijay Garg, Joint Managing Director 3. Increase of the remuneration of Mr Varinder Gupta, Managing Director 4. Re-appointment of Mr Varinder Gupta, Managing Director

**b) Extra-ordinary General Meetings**

During the year under review, no Extra-ordinary General Meetings was held and no resolution has been passed through the exercise of postal ballot.

**9. 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, the following information are being disclosed to the investors :

**1) 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.

**2) Publication of Quarterly/Half Yearly/Annual Results:** Quarterly, half yearly and annual results of the company are published in the prescribed perma within 48 hours of the conclusion of the meeting of the Board at least 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 financial year 2017-18 were published as detailed below:

Quarter ended	Date of Board Meeting	Date of Publication	Name of the Newspapers
30 June 2017	18 August 2017	19 & 20 August 2017	Financial Express, Business Standard and Punjabi Jagran
30 September 2017	13 November 2017	14 & 15 November 2017	Financial Express, Business Standard and Punjabi Jagran

31 December 2017	12 February 2018	13 & 14 February 2018	Financial Express, Business Standard, Economic Times and Punjabi Jagran
31 March 2018	16 May 2018	17 & 18 May 2018	Financial Express, Business Standard, Economic Times 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 at the time of its release to the media.

**3) 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.

**4) 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.

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

**10. General Shareholders Information**

Following information would be useful to the members:

**a) Annual General Meeting** of the company will be held on Saturday, 29 September 2018 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 2017 to 31 March 2018. Tentative financial calendar of the company for the year 2018-19 shall be as follow:

Board Meetings to take on record	Schedule
Financial Results for the quarter ending 30 June 2018	During August 2018
Financial Results for the quarter/half year ending 30 September 2018	During November 2018
Financial Results for the quarter ending 31 December 2018	During February 2019
Financial Results for the quarter ending 31 March 2019	During May 2019

**c) Date of Book Closure**

The Register of Members and Share Transfer Books will remain closed from 23 September 2018 to 29 September 2018 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) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051	IOLCP





BSE Limited (BSE) 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 2017-18	NSE			
	Share Price		NIFTY	
	High	Low	High	Low
April 2017	77.95	59.00	9367	9075
May 2017	71.35	54.00	9650	9270
June 2017	61.95	47.20	9709	9449
July 2017	71.40	53.35	10115	9544
August 2017	71.90	52.55	10138	9686
September 2017	66.40	47.55	10179	9688
October 2017	74.40	46.00	10385	9831
November 2017	88.65	63.50	10490	10094
December 2017	82.00	68.60	10552	10333
January 2018	93.70	73.00	11172	10405
February 2018	93.45	69.95	11117	10276
March 2018	87.00	70.15	10526	9952

Source: nseindia.com

(in ₹)

Financial Year 2017-18	BSE			
	Share Price		SENSEX	
	High	Low	High	Low
April 2017	78.40	58.95	30184	29241
May 2017	71.00	54.00	31255	29804
June 2017	62.10	48.35	31523	30681
July 2017	71.55	53.35	32673	31017
August 2017	72.00	50.15	32686	31128
September 2017	66.55	47.80	32524	31082
October 2017	74.10	42.00	33340	31441
November 2017	88.40	64.00	33866	32684
December 2017	82.65	68.45	34138	32565
January 2018	93.00	73.10	36444	33703
February 2018	93.45	70.05	36257	33483
March 2018	86.20	70.45	34279	32484

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 : +91-11-42541967  
E mail : rta@alankit.com

**h) Share Transfer System**

All share transfers, physical as well as electronic, are handled by M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the company at Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi – 110 055.

**i) Distribution of Shareholding**

The Distribution Schedule of the company as on 31 March 2018 is as follow:

Range No. of Shares	Shareholders		Shares	
	Number	% age of total holders	Number	% age of total capital
Upto 500	19,463	83.73	29,73,065	5.29
501 to 1000	1,795	7.72	15,20,061	2.70
1001 to 2000	891	3.83	13,91,197	2.48
2001 to 3000	347	1.49	8,94,636	1.59
3001 to 4000	140	0.60	5,05,742	0.90
4001 to 5000	136	0.59	6,44,391	1.15
5001 to 10000	222	0.96	16,98,196	3.02
10001 and Above	251	1.08	4,65,78,214	82.87
<b>Total</b>	<b>23,245</b>	<b>100.00</b>	<b>5,62,05,502</b>	<b>100.00</b>

**j) Shareholding Pattern:**

The shareholding pattern of the company as on 31 March 2018 is as follow:

Category	As on 31 March 2018			As on 31 March 2017		
	Share-holders	Shares	% age	Share-holders	Shares	% age
<b>Promoter</b>						
Indians	8	2,31,48,998	41.19	8	2,31,48,998	41.19
Foreign	-	-	-	-	-	-
<b>Sub – total</b>	<b>8</b>	<b>2,31,48,998</b>	<b>41.19</b>	<b>8</b>	<b>2,31,48,998</b>	<b>41.19</b>
<b>Non-Promoters</b>						
Financial Institutions/ Mutual Funds	6	60,549	0.11	6	67,990	0.12
Bodies Corporate	355	1,72,31,446	30.66	253	1,56,33,514	27.82
Individuals	22,664	1,53,01,216	27.22	12,361	83,53,476	14.86
NRI	212	4,63,293	0.82	76	1,42,936	0.25
Foreign Companies	-	-	-	1	88,58,588	15.76
<b>Sub –total</b>	<b>23,237</b>	<b>3,30,56,504</b>	<b>58.81</b>	<b>12,697</b>	<b>3,30,56,504</b>	<b>58.81</b>
<b>Total</b>	<b>23,245</b>	<b>5,62,05,502</b>	<b>100</b>	<b>12,705</b>	<b>5,62,05,502</b>	<b>100</b>

**k) 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. Shares held in demat and physical mode as on 31 March 2018 are as follow:

Particulars of shares	Equity shares of ₹ 10/- each		Members	
	Number	% age of total	Number	% age of total
Demat mode	5,55,62,966	98.86 %	18,800	80.88
Physical mode	6,42,536	1.14 %	4,445	19.12
<b>Total</b>	<b>5,62,05,502</b>	<b>100 %</b>	<b>23,245</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 2018. The ISIN No. of the company is **INE485C01011**.

**SEBI, vide its notification no.SEBI/LAD-NRO/GN/2018/24 dated 08 June 2018 has provided that no transfer of physical shares shall be effective after 180 days of the notification unless these are in dematerialized form.**



**l) Outstanding GDR/ADR/Warrants/Convertible Instrument**  
Company has no outstanding GDR/ADR/ warrants as on 31 March 2018.

**m) 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.

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

**o) 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,

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 - 110055  
Phone : +91-11-23541234, 42541234  
Fax : +91-11-42541967  
E mail : rta@alankit.com

**11. 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 as specified in the SEBI (LODR) Regulations and other statutory authorities on all matters related to capital market and no penalties or strictures have been imposed on the company by the stock exchanges, SEBI or any other authority on any matter related to capital market during the last three years.

**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. The whistle blower policy is available on the website of the company at [www.iolcp.com](http://www.iolcp.com).

**d) Compliance with mandatory requirements**

The company has complied with all the applicable mandatory requirements and other applicable regulations of SEBI (LODR) Regulations.

**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 [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 SEBI (LODR) Regulations 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 SEBI (LODR) Regulations.

**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 in more than three listed entities.

The terms and conditions of appointment of independent directors is available on the company's website [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 evaluation of all the directors was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Directors' Report.

**6) Holding and Subsidiary Companies**

The company does not have any holding or subsidiary company.

**12. Compliance report on discretionary requirements under Regulation 27(1) of SEBI (LODR) Regulations.**

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 SEBI (LODR) Regulations is given in this Annual Report.

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

Certificate from the Statutory Auditors under Regulation 34 (3) of SEBI (LODR) Regulations confirming compliance of conditions of corporate governance is given in this Annual Report.

---

**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 2018.

For and on behalf of the Board  
Sd/-

Varinder Gupta  
Managing Director  
DIN: 00044068

Place : Ludhiana  
Dated : 11 August 2018

**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 2018 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 are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company 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 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.

Place : Ludhiana  
Date : 16 May 2018

Sd/-  
Varinder Gupta  
Managing Director  
DIN:00044068

Sd/-  
Pardeep Kumar Khanna  
Chief Financial Officer

**INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE**

To  
The Members of  
IOL Chemicals and Pharmaceuticals Limited,

1. We, S C V & Co. LLP Chartered Accountants, the Statutory Auditors of IOL Chemicals and Pharmaceuticals Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
8. We 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 SCV & Co. LLP  
Chartered Accountants  
Firm's Registration No.000235N/N500089

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

Place : Ludhiana  
Date : 11 August 2018

## INDEPENDENT AUDITOR'S REPORT

To the Members of IOL Chemicals and Pharmaceuticals Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of IOL Chemicals and Pharmaceuticals Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company, as at 31 March 2018, and its profit, total comprehensive income, the changes in equity and the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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 a part of this report, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, based on our audit, we report, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a Director in terms of Section 164(2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note 31 to the Ind AS financial statements.

- ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were to be transferred, to the Investor Education and Protection Fund by the Company.

31,2017 and March 31, 2016 dated 27 May, 2017 and 2nd May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Other Matter**

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these standalone Ind AS financial statements, are based on previously issued statutory financial statements prepared in accordance with the Companies (Accounts) Rules, 2014 (as amended) whose report for the year ended March

Place: Ludhiana  
Date: 16th May, 2018

For SCV & Co. LLP;  
Chartered Accountants  
Reg. No.000235N/N500089

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



**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IOL Chemicals and Pharmaceuticals Limited of even date)

- i) In respect of the Company's fixed assets:-
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) According to 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) According to the information and explanations given to us, the inventories have been physically verified by the management at the reasonable intervals during the year. In our opinion the frequency of verification is reasonable.
- According to the information and explanations given to us, no discrepancies were noticed on physical verification.
- (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 3(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, goods and service tax 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 as at 31st March, 2018.

- (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.
- (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 or 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 not made preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year under audit. Thus the provisions of paragraph 3 (xiv) of the Order are not applicable.
- (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 SCV & Co. LLP;  
Chartered Accountants  
Reg. No.000235N/N500089

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

Place: Ludhiana  
Date: 16th May, 2018

**ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of IOL Chemicals and Pharmaceuticals Limited of even date)

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

We have audited the internal financial control over financial reporting of IOL Chemicals and Pharmaceuticals Limited ("the Company") as of 31st March 2018 in conjunction with our audit of Ind AS financial statements of company for the year ended on that date.

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

The Company management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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, 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**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 SCV & Co. LLP  
Chartered Accountants  
Reg. No.000235N/N500089

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

Place: Ludhiana  
Date: 16th May, 2018

**BALANCE SHEET AS AT 31 MARCH 2018**

₹ Crore

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	3	<b>404.81</b>	372.94	397.56
(b) Capital work in progress		<b>6.95</b>	21.26	4.31
(c) Intangible assets	3	<b>0.83</b>	0.94	0.98
(d) Financial assets				
Investments	4	-	0.05	0.04
(e) Other non current assets	5	<b>1.53</b>	0.75	0.85
(f) Deferred tax assets (net)	34	<b>11.42</b>	7.96	7.91
<b>Total non-current assets</b>		<b>425.54</b>	403.90	411.65
<b>2 Current Assets</b>				
(a) Inventories	6	<b>207.45</b>	262.63	227.94
(b) Financial assets				
(i) Investments	7	<b>0.06</b>	0.05	0.05
(ii) Trade receivables	8	<b>140.71</b>	112.77	87.26
(iii) Cash and cash equivalents	9	<b>0.74</b>	1.76	0.98
(iv) Other bank balances [other than (iii) above]	10	<b>18.48</b>	15.05	13.71
(v) Other financial assets	11	<b>0.64</b>	0.80	0.57
(c) Current tax assets (net)	23	-	0.08	0.50
(d) Other current assets	12	<b>28.06</b>	20.45	29.05
<b>Total current assets</b>		<b>396.14</b>	413.59	360.06
<b>TOTAL ASSETS</b>		<b>821.68</b>	817.49	771.71
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	13	<b>56.21</b>	56.21	56.21
(b) Other equity	14	<b>159.53</b>	132.49	128.17
<b>Total equity</b>		<b>215.74</b>	188.70	184.38
<b>Liabilities</b>				
<b>1 Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	15	<b>258.12</b>	284.98	300.68
(ii) Other financial liabilities				
(b) Provisions	16	<b>2.04</b>	1.50	1.18
(c) Other non current liabilities	17	<b>31.63</b>	15.71	2.50
<b>Total non-current liabilities</b>		<b>291.79</b>	302.19	304.36
<b>2 Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	18	<b>135.27</b>	140.77	137.09
(ii) Trade payables	19	<b>132.60</b>	149.84	115.68
(iii) Other financial liabilities	20	<b>44.09</b>	33.37	26.09
(b) Other current liabilities	21	<b>1.38</b>	2.47	3.98
(c) Provisions	22	<b>0.40</b>	0.15	0.13
(d) Current tax liabilities (net)	23	<b>0.41</b>	-	-
<b>Total current liabilities</b>		<b>314.15</b>	326.60	282.97
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>821.68</b>	817.49	771.71

See accompanying notes forming part of financial statements

As per our report of even date attached

For and on behalf of the board of directors

**For SCV & Co. LLP**

 Chartered Accountants  
 Regn. No. 000235N / N500089

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

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

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

 Place : Ludhiana  
 Date : 16 May 2018

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

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

₹ Crore

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
I Revenue from operations	24	1,000.96	773.19
II Other income	25	1.90	1.25
III Total revenue (I+II)		1,002.86	774.44
IV Expenses:			
Cost of materials consumed	26	617.01	496.35
Changes in inventories of finished goods and work -in- progress	27	78.27	(18.95)
Employee benefits expense	28	56.10	43.18
Finance costs	29	64.35	67.68
Depreciation and amortization expense	3	30.21	29.84
Excise duty on sale of goods (refer note no. 48)		17.66	62.54
Other expenses	30	107.96	87.87
Total expenses (IV)		971.56	768.51
V Profit before exceptional items and tax (III-IV)		31.30	5.93
VI Exceptional items		-	-
VII Profit before tax (V-VI)		31.30	5.93
VIII Tax expense:			
Current tax	34	6.72	1.12
Deferred tax	34	(3.12)	0.14
Total tax expense		3.60	1.26
IX Profit for the year (VII-VIII)		27.70	4.67
X Other comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		(0.99)	(0.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.34	0.19
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XI Total comprehensive income for the year		27.05	4.31
XII Earnings per equity share of ₹10/- each	35		
- Basic		4.93	0.83
- Diluted		4.93	0.83
- Cash		9.75	6.17
See accompanying notes forming part of financial statements			

As per our report of even date attached

For and on behalf of the board of directors

## For SCV &amp; Co. LLP

Chartered Accountants  
Regn. No. 000235N / N500089Sd/-  
(Sanjiv Mohan)  
Partner  
M.No. 086066Sd/-  
Varinder Gupta  
Managing Director  
DIN-00044068Place : Ludhiana  
Date : 16 May 2018Sd/-  
Krishan Singla  
Vice President  
and Company SecretarySd/-  
Vijay Garg  
Joint Managing Director  
DIN-06510248Sd/-  
Pardeep Kumar Khanna  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>31.30</b>	5.93
<b>Adjustments for:</b>		
Depreciation and amortisation expense	30.21	29.84
Loss /(Profit) on sale of current investment	-	(0.01)
Loss /(Profit) on sale of non-current investment	(0.01)	-
Loss /(Profit) on foreign currency rate fluctuation	(4.43)	(0.70)
Loss/(Gain) on fair valuation of investments measured through profit or loss	(0.01)	(0.01)
Subsidy Income amortized	(0.07)	(0.07)
Liabilities no longer required written back	(0.59)	-
Sundry balance written off	-	0.12
Loss/(Profit) on property, plant and equipment sold (net)	0.04	(0.04)
Loss on property, plant and equipment discarded	0.52	0.20
Interest expense	64.35	67.68
Interest income	(1.18)	(1.09)
	<b>88.83</b>	95.92
<b>Operating profit before working capital changes</b>	<b>120.13</b>	101.85
Changes in working capital:		
Increase/(Decrease) in trade payables and other liabilities	(17.52)	33.02
Decrease/(Increase) in trade and other receivables	(31.70)	(15.79)
Decrease/(Increase) in inventories	55.17	(34.68)
	5.95	(17.45)
<b>Cash generated from operations</b>	<b>126.08</b>	84.40
Income tax paid (net)	(6.36)	(1.06)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>119.72</b>	83.34
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment including intangible assets	(48.36)	(22.42)
Proceeds from sale of property, plant and equipment	0.07	0.07
Proceeds from sale of non current investments	0.06	-
Proceeds from sale of current investments	-	0.11
Purchase of current investments	-	(0.10)
Interest received	1.27	0.90
Increase in bank balances not considered as cash and cash equivalents	(3.42)	(1.34)
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(50.38)</b>	(22.78)
Cash flow from financing activities (also refer note no. 44)		
Proceeds from non current borrowings	3.03	5.40
Repayment of non current borrowings	(22.34)	(14.26)
Increase in other non current liabilities	16.05	13.34
(Decrease)/Increase in current borrowing	(5.50)	3.69
Interest paid	(61.60)	(67.95)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(70.36)</b>	(59.78)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1.02)	0.78
Cash and cash equivalents at the beginning of the year	1.76	0.98
Cash and cash equivalents at the end of the year *	0.74	1.76
* Comprises		
Balances with banks in current account	0.36	1.42
Cash on hand	0.38	0.34
	0.74	1.76

See accompanying notes to the financial statements

As per our report of even date attached

For and on behalf of the board of directors

**For SCV & Co. LLP**

 Chartered Accountants  
 Regn. No. 000235N / N500089

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

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

 Place : Ludhiana  
 Date : 16 May 2018

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

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

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



## STATEMENT OF CHANGES IN EQUITY

₹ Crore

Particulars	Equity share capital	Other equity				Total	
		Reserves and surplus			Other comprehensive income		
		Capital reserve	Securities premium reserve	General reserve	Retained earnings		Remeasurement of defined benefit obligation
Balance as at beginning of the previous reporting period 1-Apr-2016	56.21	10.76	176.97	-	(59.56)	-	184.38
Profit for the period transferred from statement of profit and loss		-	-	-	4.67	-	4.67
Other comprehensive Income for the period (net of income tax)		-	-	-	-	(0.35)	(0.35)
Balance as at the end of the previous reporting period 31 March 2017	56.21	10.76	176.97	-	(54.89)	(0.35)	188.70

Particulars	Equity share capital	Other equity				Total	
		Reserves and surplus			Other comprehensive income		
		Capital reserve	Securities premium reserve	General reserve	Retained earnings		Remeasurement of defined benefit obligation
Balance as at beginning of the reporting period 01 April 2017	56.21	10.76	176.97	-	(54.89)	(0.35)	188.70
Profit for the period transferred from statement of profit and loss					27.70		27.70
Other comprehensive income for the period (net of income tax)						(0.66)	(0.66)
Balance as at the end of the reporting period 31 March 2018	56.21	10.76	176.97	-	(27.19)	(1.01)	215.74

As per our report of even date attached

For and on behalf of the board of directors

**For SCV & Co. LLP**Chartered Accountants  
Regn. No. 000235N / N500089Sd/-  
**(Sanjiv Mohan)**  
Partner  
M.No. 086066Sd/-  
**Varinder Gupta**  
Managing Director  
DIN-00044068Sd/-  
**Krishan Singla**  
Vice President  
and Company SecretaryPlace : Ludhiana  
Date : 16 May 2018Sd/-  
**Vijay Garg**  
Joint Managing Director  
DIN-06510248Sd/-  
**Pardeep Kumar Khanna**  
Chief Financial Officer

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note:**
**1 Corporate information**

IOL Chemicals and Pharmaceuticals Limited (“the Company”) is a public company domiciled in India and incorporated on 29th September, 1986 under the provisions of the Companies Act, 1956. The shares of the company are listed on two stock exchanges in India i.e. at National Stock Exchange of India Limited (NSE) and at Bombay Stock Exchange Limited (BSE). The company is engaged in the manufacturing and selling of API’s / bulk drugs and speciality chemicals. The company caters to both domestic and international market.

The registered office of the company is situated at Trident Complex, Raikot Road, Barnala- 148101, Punjab.

The financial statements are approved for issue by the Company’s Board of Directors on 16<sup>th</sup> May, 2018.

**Note:**
**2 (i) Significant accounting policies**
**a. Statement of Compliance**

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015.

The company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting standards. Up to the year ended 31 March, 2017, the company prepared its financial statements in accordance with the requirements of Previous GAAP which includes accounting standards notified under the Companies (Accounting Standard) Rules, 2006. These are company’s first Ind AS financial statement. The date of transition to Ind AS is April 1, 2016. The detail of optional exemption and certain exemption availed on first time adoption are mentioned in Note 39.

**b. Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value, the provisions of the Companies Act, 2013( ‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**c. Functional and presentation currency**

The functional currency of the company is Indian rupee (INR). These financial statements are presented in Indian rupee.

**d. Use of estimates and judgements**

The preparation of financial statements, in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgement and use of assumption

in these financial statements have been disclosed in notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made, and if material their effects are disclosed in the notes to the financial statements.

**e. Revenue Recognition**
**i) Sale of goods:**

Revenue from sale of goods is recognised at the time of transfer of all significant risks and rewards of ownership to the buyer and when the company does not retain effective control on the goods transferred to a degree usually associated with ownership; and cost has been incurred and it is probable that the economic benefit will flow to the company and the amount of revenue can be measured reliably.

In accordance with Ind AS 18 on “Revenue” and Schedule III to the Companies Act, 2013, sales for the previous year ended 31 March 2017 and for the period 1 April to 30 June 2017 were reported gross of Excise Duty and net of VAT/ CST. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/CST, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sale of goods.

**ii) Export incentives**

The revenue in respect of export benefits is recognised on post export basis at the rate at which the entitlements accrue.

**iii) Dividend**

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

**iv) Interest**
**Interest from customer**

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

**Other Interest**

Interest income is recognised using effective interest rate (EIR).

**v) Insurance and other claims**

Insurance and other claims are recognized when there exist no significant uncertainty with regard to the amount to be realized and the ultimate collection thereof.

**f. Employee benefits**
**i) Provident Fund:**

Employees receive benefit in the form of provident fund which is a defined contribution plan. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

**ii) Gratuity:**

The Company provides for gratuity a defined benefit retirement plan “The gratuity plan” covering eligible employees. The gratuity plan provides for lump sum payment to vested employee at retirement, death, incapacitation or termination of employee of an amount based on the respective employees’ salary and the tenure of employment with the company.

---

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Liability with regard to gratuity plan is determined by actuarial valuation, performed by an independent actuary at each Balance sheet date using the project unit credit method.

The company fully contributes all ascertained liabilities to the IOL Chemicals and Pharmaceuticals Limited Group Gratuity Trust. Contributions are invested in a scheme with Life Corporation of India as permitted by Indian Law.

The company recognises the net obligation of a defined plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations is recognized in other comprehensive income.

**iii) Compensated absences**

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 balance sheet date, the cost of providing benefit is determined based on actuarial valuation using projected unit credit method. Actuarial gain /loss are recognised in the statement of profit or loss in the period in which they occur.

**g. Property, plant and equipment**

As transition to Ind AS, the company has elected to continue with the carrying value of all items of its property, plant and equipment measured as per previous GAAP as at 1 April, 2016 as the deemed cost on the date of transition.

Freehold land is stated at cost and not depreciated. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment if any. The cost of an item of property, plant and equipment comprises:

- its purchase price net of recoverable taxes where applicable and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if any, the obligation for which an entity incurs either where the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation on property plant and equipment is provided on straight line method on the basis of useful lives of such assets specified in Part C of Schedule II to the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'. The depreciation method, useful lives and residual value are reviewed periodically and at the end of each reporting period.

**h. Intangible assets**

Intangible assets are stated at cost less accumulated amount of amortisation and impairment if any. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc. The amortization method, estimated useful lives are reviewed periodically and at end of each reporting period.

**i. Inventories**

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

a)	Raw Material and Components	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, 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.

**j. Government Grants**

The government grants are recognised only when there is a reasonable assurance of compliance that conditions attached to such grants shall be complied with and it is reasonably certain that the ultimate collection will be made.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

Government grant in relation to fixed asset is treated as deferred income and is recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

**k. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange difference to the extent regarded as an adjustment to the borrowing cost.

**l. 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.

**m. Leases**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating lease.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the term of lease.

**n. Foreign currency transactions**

Transactions in foreign currency are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rate as on balance sheet date.

Exchange differences arising on the settlement of monetary items or on reporting of monetary items at rates different from rates at which these were translated on initial recognition during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

Non-monetary items are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction.

**o. Accounting for taxes on income**

Income tax expense comprises of current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, or items is recognized in other comprehensive income. In such cases, the income tax expense is also recognised in the other comprehensive income or directly in the equity as applicable.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which such assets can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to

settle on a net basis, or to realize the asset and settle the liability simultaneously.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period for which the MAT credit can be carried forward for set off against the normal tax liability. The said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement grouped with deferred tax assets (net) in the financial statement.

**p. Earnings per share**

Basic earnings per share are 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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholder and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**q. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Initial recognition and measurement**

All financial assets and liabilities are recognized at fair value on initial recognition.

Transaction cost in relation to financial assets and financial liabilities other than those carried at fair value through profit or loss (FVTPL) are added to the fair value on initial recognition.

Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are carried at fair value through profit or loss are immediately recognized in the statement of profit or loss.

**ii. Subsequent measurement**
**➤ Non-derivative financial instruments**
**1. Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**2. Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

---



---

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The company has made an irrevocable election for its investment which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investment which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**3. Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

**4. Financial liabilities**

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

➤ **Financial assets or financial liability at fair value through profit or loss**

This category has financial assets or liabilities which are not designated as hedges.

Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, "Financial Instruments". Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS-109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

➤ **Cash flow hedge**

The Company has not designated derivative financial instruments as cash flow hedges.

➤ **Equity share capital**

**Equity Shares**

Equity shares issued by the company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**De-recognition of financial instruments**

A financial asset is derecognized when the contractual rights to the cash flows from

the financial asset expire or it transfers the financial asset and the transfer qualifies for De-recognition under Ind AS 109.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**Fair value of financial instruments**

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

**r. Impairment of assets**

**i) Financial assets**

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

**ii) Impairment of property, plant and equipment and intangible assets**

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU (Cash Generating unit) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**s. Cash flow statement**

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 “Statement of Cash flows” using the indirect method for operating activities.

**t. Cash and cash equivalent**

Cash and cash equivalent for the purpose of statement of cash flows include bank balances, where the original maturity is three months or less. Other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

**u. Provisions and contingent liabilities**

A provision is recognized if, as a result of past event, the company has a present obligation (legal or constructive) and on management judgement that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

**Contingent liability is disclosed in the case of:**

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**v. Current and non –current classification**

The company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities. This is based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents.

**2 (ii) Critical accounting estimates**
**Useful lives of property, plant and equipment**

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

**Recoverable amount of property, plant and equipment**

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

**Post-retirement benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions including any changes in these assumptions that may have a material impact on the resulting calculations.

**Recognition of deferred tax assets**

Recognition of deferred tax assets depends upon the availability of future profits against which tax losses carried forward can be used.

**2 (iii) Recent accounting pronouncements:**
**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On 28 March 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, “Foreign Currency Transactions and Advance Consideration” which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment is applicable for annual reporting periods beginning on or after 1 April 2018. The company is evaluating the impact of this amendment on its financial statements.

**2 (iv) Ind AS 115- “Revenue from Contract with Customers”:**

On 28 March 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS- 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS- 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The effective date for adoption of Ind AS-115 is financial periods beginning on or after 1 April 2018.

The company is evaluating the impact of this amendment on its financial statements.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE 3: PROPERTY, PLANT AND EQUIPMENT

₹ Crore

Particulars	Gross block				Depreciation and amortisation				Net value	
	As at 01 April 2017	Additions	Disposals	As at 31 March 2018	As at 01 April 2017	For the year *	Eliminated on disposal of assets	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>A. Tangible assets</b>										
Freehold land	10.30	1.30	-	11.60	-	-	-	-	11.60	10.30
Buildings	43.85	10.74	(0.01)	54.58	2.07	1.98	-	4.05	50.53	41.78
Plant and machinery	343.53	47.99	(0.62)	390.90	26.88	27.07	(0.11)	53.84	337.06	316.65
Office equipments	0.59	0.39	(0.15)	0.83	0.19	0.23	(0.13)	0.29	0.54	0.40
Furniture and fixtures	1.21	0.24	-	1.45	0.14	0.16	-	0.30	1.15	1.07
Vehicles	3.13	1.87	(0.13)	4.87	0.39	0.59	(0.04)	0.94	3.93	2.74
<b>Subtotal</b>	<b>402.61</b>	<b>62.53</b>	<b>(0.91)</b>	<b>464.23</b>	<b>29.67</b>	<b>30.03</b>	<b>(0.28)</b>	<b>59.42</b>	<b>404.81</b>	<b>372.94</b>
<b>B. Intangible assets</b>										
Computer softwares	0.61	0.14	-	0.75	0.10	0.13	-	0.23	0.52	0.51
Technical know how	0.55	-	-	0.55	0.12	0.12	-	0.24	0.31	0.43
<b>Subtotal</b>	<b>1.16</b>	<b>0.14</b>	<b>-</b>	<b>1.30</b>	<b>0.22</b>	<b>0.25</b>	<b>-</b>	<b>0.47</b>	<b>0.83</b>	<b>0.94</b>
<b>Grand total</b>	<b>403.77</b>	<b>62.67</b>	<b>(0.91)</b>	<b>465.53</b>	<b>29.89</b>	<b>30.28</b>	<b>(0.28)</b>	<b>59.89</b>	<b>405.64</b>	<b>373.88</b>

* Depreciation for the year 2017-18	30.28
Less amount transferred from deferred revenue related to Government grants on property, plant and equipment	(0.07)
Depreciation charged to statement of profit or loss	30.21

₹ Crore

Particulars	Gross block				Depreciation and amortisation				Net value	
	As at 01 April 2016	Additions	Disposals	As at 31 March 2017	As at 01 April 2016	For the year *	Eliminated on disposal of assets	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
<b>A. Tangible assets</b>										
Freehold land	9.50	0.80	-	10.30	-	-	-	-	10.30	9.50
Buildings	43.85	-	-	43.85	-	2.07	-	2.07	41.78	43.85
Plant and machinery	340.37	3.36	(0.20)	343.53	-	26.88	-	26.88	316.65	340.37
Office equipment's	0.32	0.28	(0.01)	0.59	-	0.19	-	0.19	0.40	0.32
Furniture and fixtures	0.95	0.26	-	1.21	-	0.14	-	0.14	1.07	0.95
Vehicles	2.57	0.59	(0.03)	3.13	-	0.41	(0.02)	0.39	2.74	2.57
<b>Subtotal</b>	<b>397.56</b>	<b>5.29</b>	<b>(0.24)</b>	<b>402.61</b>	<b>-</b>	<b>29.69</b>	<b>(0.02)</b>	<b>29.67</b>	<b>372.94</b>	<b>397.56</b>
<b>B. Intangible assets</b>										
Computer software's	0.43	0.18	-	0.61	-	0.10	-	0.10	0.51	0.43
Technical knowhow	0.55	-	-	0.55	-	0.12	-	0.12	0.43	0.55
<b>Subtotal</b>	<b>0.98</b>	<b>0.18</b>	<b>-</b>	<b>1.16</b>	<b>-</b>	<b>0.22</b>	<b>-</b>	<b>0.22</b>	<b>0.94</b>	<b>0.98</b>
<b>Grand total</b>	<b>398.54</b>	<b>5.47</b>	<b>(0.24)</b>	<b>403.77</b>	<b>-</b>	<b>29.91</b>	<b>(0.02)</b>	<b>29.89</b>	<b>373.88</b>	<b>398.54</b>

* Depreciation for the year 2016-17	29.91
Less amount transferred from deferred revenue related to Government grants on property, plant and equipment	(0.07)
Depreciation charged to statement of profit or loss	29.84

## Notes:

- The tangible assets are hypothecated /mortgaged to secure borrowings of the company (refer note 15)
- All property, plant and equipment and intangible assets carried in balance sheet as at 1 April 2016 are in accordance with previous GAAP. The company has elected to regard such carrying value as deemed cost at the date of transition.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The company has availed the exemption available under Ind AS 101, whereas the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP netting of Ind AS adjustment such as government grants and processing fee etc. Considering the FAQ issued by the ICAI, regarding application of deemed cost, the company has disclosed the cost as at 1st April 2016 net of accumulated depreciation. However, information regarding gross block of assets, accumulated depreciation has been disclosed by the company separately as follows:

₹ Crore			
Particulars	Gross block as at 01 April 2016	Accumulated depreciation 01 April 2016	Net block as at 01 April 2016
<b>A. Tangible assets</b>			
Freehold land	9.50	-	9.50
Buildings	57.38	13.53	43.85
Plant and machinery	544.41	204.04	340.37
Office equipment's	1.06	0.74	0.32
Furniture and fixtures	1.53	0.58	0.95
Vehicles	3.37	0.80	2.57
<b>Subtotal</b>	<b>617.25</b>	<b>219.69</b>	<b>397.56</b>
<b>B. Intangible assets</b>			
Computer software's	0.87	0.44	0.43
Technical knowhow	0.64	0.09	0.55
<b>Subtotal</b>	<b>1.51</b>	<b>0.53</b>	<b>0.98</b>
<b>Grand total</b>	<b>618.76</b>	<b>220.22</b>	<b>398.54</b>

Had the company not prepared financial statements as per Indian Accounting Standards (Ind AS), the status of the gross block, accumulated depreciation and net block would have been as under as on the reported date of financial statement (carrying value as on 1 April 2016 taken as deemed cost at the date of transition):

₹ Crore			
Particulars	Gross block as at 31 March 2018	Accumulated depreciation 31 March 2018	Net block as at 31 March 2018
<b>A. Tangible assets</b>			
Freehold land	11.59	-	11.59
Buildings	67.81	17.29	50.52
Plant and machinery	584.99	247.92	337.07
Office equipment's	1.39	0.83	0.56
Furniture and fixtures	1.94	0.80	1.14
Vehicles	5.49	1.56	3.93
<b>Subtotal</b>	<b>673.21</b>	<b>268.40</b>	<b>404.81</b>
<b>B. Intangible assets</b>			
Computer software's	1.05	0.53	0.52
Technical know how	0.64	0.33	0.31
<b>Subtotal</b>	<b>1.69</b>	<b>0.86</b>	<b>0.83</b>
<b>Grand total</b>	<b>674.90</b>	<b>269.26</b>	<b>405.64</b>

**4 Financial assets: Non-current investments**

₹ Crore			
Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Investment carried at fair value through profit or loss (FVTPL)</b>			
<b>Investment in mutual funds (quoted)</b>			
Nil (20,000 as at 31 March 2017 and 20,000 as at 1 April 2016) units of ₹10/- each of principal PNB fixed maturity plan- series B16-1094 days Regular plan	-	0.03	0.02
Nil (1448.551 as at 31 March 2017 and 1448.551 as at 1 April 2016) units of ₹10/- each of PNB Principal tax savings fund-Regular plan growth	-	0.02	0.02
<b>Total (FVTPL)</b>	<b>-</b>	<b>0.05</b>	<b>0.04</b>
Aggregate amount of quoted investments	-	0.05	0.04
Market value of quoted investments	-	0.05	0.04
Aggregate amount of impairment in value of investment	-	-	-

**5 Other Non current assets**

₹ Crore			
Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
(Unsecured considered good)			
Advances for property, plant and equipment	1.19	0.26	0.52
Balances with government authorities	0.04	0.10	0.10
Security deposit			
PSPCL	-	-	0.02
Others	0.03	0.02	0.02
Lease hold land prepayments	0.17	0.17	0.18
Prepaid expenses	0.10	0.20	0.01
	<b>1.53</b>	<b>0.75</b>	<b>0.85</b>

**6 Inventories**

₹ Crore			
Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
(At cost or net realisable value, whichever is lower)			
Raw materials and components {includes in transit ₹ 7.80 Crore as at 31 March 2018, ₹ 3.01 Crore as at 31 March 2017 and ₹ 3.08 Crore as at 1 April 2016}	49.80	25.70	12.22
Work-in-progress	128.95	214.47	179.63
Finished goods	16.92	10.89	28.76
Stores and spares	11.78	11.57	7.33
	<b>207.45</b>	<b>262.63</b>	<b>227.94</b>

Cost of inventory recognised as expense during the year was ₹ 676.67 Crore (Previous year ₹ 542.79 Crore)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 7 Investments - Current

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Investment carried at fair value through profit or loss (FVTPL)</b>			
<b>Investment in mutual funds (quoted)</b>			
Nil (Nil as at 31 March 2017 and 5104.667 as at 1 April 2016) units of ₹ 10/- each of Principal growth fund- Regular plan growth	-	-	0.05
8264.176 (8264.176 as at 31 March 2017 and Nil as at 1 April 2016) units of ₹ 10/- each of PNB Principal balanced fund- Regular plan growth	0.06	0.05	-
<b>Total</b>	<b>0.06</b>	<b>0.05</b>	<b>0.05</b>
Aggregate amount of quoted investments	0.06	0.05	0.05
Market value of quoted investments	0.06	0.05	0.05
Aggregate amount of impairment in value of investment	-	-	-

## 8 Trade receivables

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured considered good, unless otherwise stated			
Considered good	140.85	112.77	87.26
Considered doubtful	0.13	0.22	0.32
Less: Allowances for expected credit loss and doubtful receivables	(0.27)	(0.22)	(0.32)
	<b>140.71</b>	<b>112.77</b>	<b>87.26</b>

Expected credit loss allowance for trade receivable is based on historical credit loss experience and adjustment for forward looking information.

## 9 Cash and cash equivalents

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balances with banks			
- In current accounts	0.36	1.42	0.53
Cash on hand	0.38	0.34	0.45
	<b>0.74</b>	<b>1.76</b>	<b>0.98</b>

## 10 Other bank balances

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
In earmarked accounts			
Balances with banks in fixed deposits to the extent held as margin money against borrowings and other commitments	18.48	15.05	13.71
	<b>18.48</b>	<b>15.05</b>	<b>13.71</b>

## 11 Other financial assets - current

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured considered good			
Interest receivables	0.63	0.71	0.52
Other recoverable	0.01	0.09	0.05
	<b>0.64</b>	<b>0.80</b>	<b>0.57</b>

## 12 Other current assets

Particulars	₹ Crore		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured considered good unless otherwise stated			
Prepaid expenses	2.57	2.65	2.37
Balance and deposits with government department or others	25.20	17.64	26.54
Other assets	0.28	0.15	0.13
Lease hold land prepayments	0.01	0.01	0.01
	<b>28.06</b>	<b>20.45</b>	<b>29.05</b>

## 13 Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	₹ Crore	Number	₹ Crore	Number	₹ Crore
<b>Authorised</b>						
Equity shares of ₹ 10/- each (par value)	5,80,00,000	58.00	5,80,00,000	58.00	5,80,00,000	58.00
Preference shares ₹ 10/- each (par value)	2,20,00,000	22.00	2,20,00,000	22.00	2,20,00,000	22.00
<b>Total</b>	<b>8,00,00,000</b>	<b>80.00</b>	<b>8,00,00,000</b>	<b>80.00</b>	<b>8,00,00,000</b>	<b>80.00</b>
<b>Issued, subscribed and fully paid-up</b>						
Equity shares of ₹ 10/- each (par value)	5,62,05,502	56.21	5,62,05,502	56.21	5,62,05,502	56.21
<b>Total</b>	<b>5,62,05,502</b>	<b>56.21</b>	<b>5,62,05,502</b>	<b>56.21</b>	<b>5,62,05,502</b>	<b>56.21</b>

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

Particulars	Equity shares capital			
	31 March 2018		31 March 2017	
	Number	₹ Crore	Number	₹ Crore
<b>Issued, subscribed and paid-up equity shares</b>				
Shares and share capital outstanding at the beginning of the period	5,62,05,502	56.21	5,62,05,502	56.21
Shares and share capital issued during the period	-	-	-	-
Shares and share capital outstanding at the end of the period	<b>5,62,05,502</b>	<b>56.21</b>	<b>5,62,05,502</b>	<b>56.21</b>

## b. Rights, preferences and restrictions 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



NOTES FORMING PART OF FINANCIAL STATEMENTS

to one vote per share. The dividend if 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 2018.

**Rights attached to preference shares**

The company has not issued preference shares during the current and previous year.

**c. The details of equity shareholders holding more than 5% of the aggregate equity shares**

Particulars	Equity shares capital					
	31 March 2018		31 March 2017		01 April 2016	
	Number of shares held	% share-holding	Number of shares held	% share-holding	Number of shares held	% share-holding
Vasudeva Commercials Limited	1,08,90,000	19.38%	1,08,90,000	19.38%	-	-
Mayadevi Polycot Limited	1,00,06,323	17.80%	1,00,06,323	17.80%	1,00,06,323	17.80%
IndiaSTAR (Mauritius) Limited	-	-	88,58,588	15.76%	88,58,588	15.76%
NM Merchantiles Limited	50,75,571	9.03%	5,075,571	9.03%	50,75,571	9.03%
NCG Enterprises Limited	32,84,393	5.84%	32,84,393	5.84%	32,84,393	5.84%
Bhudeva Lifesciences Limited	28,73,714	5.11%	28,73,714	5.11%	28,73,714	5.11%
Innova Merchantiles Limited	-	-	-	-	1,10,00,000	19.57%

- d. There is no shares issued without payment being received in cash during the last five year.
- e. There is no buy back of equity shares during the last five year.
- f. There is no bonus shares issued during the last five year.
- g. There is no holding / ultimate holding company of the company.

**14 Other Equity**

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017
a. Capital reserve (Balance at the beginning and end of the year)	10.76	10.76
b. Securities premium account (Balance at the beginning and end of the year)	176.97	176.97
c. Retained earnings		
Opening balance	(54.89)	(59.56)
Add: Profit for the year	27.70	4.67
Closing balance	(27.19)	(54.89)
d. Other comprehensive income:		
Remeasurements of defined benefit plan		
Opening balance	(0.35)	-
Add: Remeasurements of defined benefit plan	(0.66)	(0.35)
Closing balance	(1.01)	(0.35)
<b>Total</b>	<b>159.53</b>	<b>132.49</b>

**Nature and purpose of reserve**

**Capital reserve:** The excess of net assets taken, over the cost of consideration paid, were treated as capital reserve in accordance with previous GAAP.

**Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. It can be utilized in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

**Retained earnings:** Retained earnings if any represents the net profits after all distributions and transfers to other reserves.

**Other comprehensive income:** Remeasurements of defined benefit plan comprises actuarial gains and losses and return on plan assets (excluding interest income).

**15 Borrowings (Non- current)**

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Term loans - secured</b>			
<b>From banks</b>	<b>235.08</b>	252.51	263.78
{net of unamortized processing charges as at 31 March 2018: ₹ 0.61 Crore, as at 31 March 2017: ₹ 0.75 Crore and as at 1 April 2016: ₹ 0.88 Crore)}			
Less: Current maturities	23.68	17.55	11.20
<b>Subtotal</b>	<b>211.40</b>	234.96	252.58
<b>From financial institutions</b>	<b>26.70</b>	28.66	29.91
{net of unamortized processing charges as at 31 March 2018: ₹ 0.15 Crore, as at 31 March 2017: ₹ 0.18 Crore and as at 1 April 2016: ₹ 0.22 Crore)}			
Less: Current maturities	2.70	2.00	1.28
<b>Subtotal</b>	<b>24.00</b>	26.66	28.63
Other loans - secured	1.55	1.30	1.48
Less: Current maturities	0.79	0.55	0.53
<b>Subtotal</b>	<b>0.76</b>	0.75	0.95
<b>Total term loans - secured</b>	<b>263.33</b>	282.47	295.17
Less: Current maturities	27.17	20.10	13.01
<b>Total (A)</b>	<b>236.16</b>	262.37	282.16
<b>From related parties</b>	<b>16.98</b>	14.98	9.98
Less: Current maturities	-	-	-
<b>Total (B)</b>	<b>16.98</b>	14.98	9.98
<b>Other loans and advances (unsecured)</b>			
From NBFC / Bank	6.30	8.20	8.89
{net of unamortized processing charges as at 31 March 2018: ₹ 0.05 Crore, as at 31 March 2017: Nil and as at 1 April 2016: ₹ 0.10 Crore)}			
Less: Current maturities	1.32	0.57	0.44
<b>Subtotal</b>	<b>4.98</b>	7.63	8.45
From others	-	0.09	0.29
Less: Current maturities	-	0.09	0.20
<b>Subtotal</b>	<b>-</b>	-	0.09
<b>Total Other loans and advances (unsecured)</b>	<b>6.30</b>	8.29	9.18
Less: Current maturities	1.32	0.66	0.64
<b>Total (C)</b>	<b>4.98</b>	7.63	8.54
Total borrowings	286.61	305.74	314.33
Less: Current maturities	28.49	20.76	13.65
<b>Total borrowings (non current) (A+B+C)</b>	<b>258.12</b>	284.98	300.68



## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 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 term loans from Banks/Financial Institutions/NBFC\*

Particulars	Principal balance outstanding as at 31.03.2018	Principal balance outstanding as at 31.03.2017	Repayment period (years)		No. of instalments outstanding		Periodicity of repayment	
	₹ Crore	₹ Crore	Current year	Previous year	Current year	Previous year	Current year	Previous year
<b>Term loans from banks (secured)</b>								
Punjab National Bank	147.02	157.98	6.5 to 9.5	6.5 to 9.5	12 to 24	16 to 28	Quarterly	Quarterly
Allahabad Bank	56.11	60.31	6.5 to 9.5	6.5 to 9.5	12 to 24	16 to 28	Quarterly	Quarterly
State Bank of India	10.34	11.10	6.5 to 9.5	6.5 to 9.5	12 to 24	16 to 28	Quarterly	Quarterly
Oriental Bank of Commerce	22.22	23.88	6.5 to 9.5	6.5 to 9.5	12 to 24	16 to 28	Quarterly	Quarterly
<b>Term loans from financial institutions (secured)</b>								
Export-Import Bank of India	26.85	28.84	6.5 to 9.5	6.5 to 9.5	12 to 24	16 to 28	Monthly	Monthly
<b>Vehicle loans from banks and non banking financial companies</b>	<b>1.55</b>	<b>1.30</b>	<b>3 to 5</b>	<b>3 to 5</b>	<b>2 to 33</b>	<b>3 to 45</b>	<b>Monthly</b>	<b>Monthly</b>
<b>Total secured borrowings</b>	<b>264.09</b>	<b>283.41</b>						
<b>Other loans from NBFC/Bank (unsecured)</b>								
Corporation Bank	-	8.19	-	10	-	108	-	Monthly
India Infoline Housing Finance Limited	6.37	-	5	-	49	-	Monthly	-

\* Principal balance outstanding as stated above is inclusive of current maturities of long term debt and processing fee charged by the lenders.  
Secured term loans from banks / financial institutions carries interest @ 11.50% P.A.

- Unsecured loans from related party has been brought in pursuance to the stipulation imposed by lending banks and are repayable after the repayment of loans so obtained from banks.
- Unsecured loan granted by NBFC/Bank against the collateral security provided by related party under the head other loans and advances.

## 16 Provisions - Non-current

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
	<b>Provision for employee benefits:</b>		
- Gratuity	1.42	0.92	0.59
- Compensated absences	0.62	0.58	0.59
	<b>2.04</b>	<b>1.50</b>	<b>1.18</b>

## 17 Other non-current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
	Long term trade deposits	30.85	14.80
Deferred capital grants related to Property, plant and equipment	0.78	0.91	1.05
	<b>31.63</b>	<b>15.71</b>	<b>2.50</b>

## 18 Borrowings - Current

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
	Loan repayable on demand		
- From banks (secured)	135.27	140.77	137.09
	<b>135.27</b>	<b>140.77</b>	<b>137.09</b>

## 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.

## 19 Trade Payable - Current

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
	Outstanding dues of micro enterprises and small enterprises (Refer note no.47)	0.03	-
Other outstanding dues	132.57	149.84	115.55
	<b>132.60</b>	<b>149.84</b>	<b>115.68</b>

## 20 Other financial liabilities - Current

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
	Current maturities of long term borrowings (secured) (refer note no.15)	28.49	20.76
Interest accrued but not due on borrowings	2.57	-	0.54
Others payables			
- Dues to employees	5.26	4.10	3.43
- Expenses payable	5.64	3.75	3.07
(a)	<b>41.96</b>	<b>28.61</b>	<b>20.69</b>
Payable on purchase of property, plant and equipment	(b) 2.13	4.76	5.40
<b>Total</b>	<b>(a+b) 44.09</b>	<b>33.37</b>	<b>26.09</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**21 Other current liabilities**

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Statutory remittances*	1.22	2.19	3.61
Deferred capital grants related to Property, plant and equipment	0.13	0.13	0.13
Other payable	0.03	0.15	0.24
	<b>1.38</b>	<b>2.47</b>	<b>3.98</b>

\* Statutory remittance includes contribution to provident fund, ESI, Punjab labour welfare fund and tax deducted at source

**22 Current provisions**

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for employee benefits:			
- Gratuity	0.31	0.10	0.10
- Compensated absences	0.09	0.05	0.03
	<b>0.40</b>	<b>0.15</b>	<b>0.13</b>

**23 Current tax liabilities/(assets)**

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current tax	6.72	1.12	
Less: Advance tax	6.31	1.07	
Current tax (net)	0.41	0.05	-
Less: Other current tax assets	-	0.13	0.50
Net current tax liabilities/(assets)	0.41	(0.08)	(0.50)

**24 Revenue from operations**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products	979.80	764.35
Other operating revenue		
(i) Export incentives	12.00	7.32
(ii) Miscellaneous sales	9.16	1.52
<b>Revenue from operations</b>	<b>1,000.96</b>	<b>773.19</b>
<b>Detail of products sold</b>		
- Chemicals	351.11	334.15
- Bulk Drugs	604.59	410.82
- Others	24.10	19.38
	<b>979.80</b>	<b>764.35</b>

**25 Other income**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income (Gross)		
- From bank deposits at amortised cost TDS ₹ 0.12 Crore	1.18	1.09
(Previous year ₹ 0.11 Crore)		
Liabilities no longer required written back	0.59	-
Gain on sale of items of property, plant and equipment (net)	-	0.04
Rent received	0.02	0.02
Gain on sale of current investment measured at FVTPL	-	0.01
Gain on sale of non current investment measured at FVTPL	0.01	-
Miscellaneous income	0.02	0.01
Gain on fair value changes of financial assets measured at FVTPL	0.01	0.01
Other non operating income	0.07	0.07
	<b>1.90</b>	<b>1.25</b>

**26 Cost of material consumed**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Raw material consumed</b>		
Opening Stocks	25.70	12.22
Add: Purchases	641.11	509.83
Total	666.81	522.05
Less: Closing stocks	49.80	25.70
Consumption (refer detail below)	617.01	496.35
<b>Detail of material consumed</b>		
Acetic Acid	141.64	122.93
Specially Denatured Spirit	131.67	151.33
Sodium Di Chromate	49.09	33.43
Acetic Anhydride	43.37	25.56
Sodium Metal	42.34	22.92
Others	208.90	140.18
	<b>617.01</b>	<b>496.35</b>

**27 Changes in inventories of finished goods and work-in-progress**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the beginning of the year		
Work-in-progress	214.47	179.63
Finished goods	10.89	28.76
	<b>225.36</b>	<b>208.39</b>
Inventories at the end of the year		
Work-in-progress	128.95	214.47
Finished goods	16.92	10.89
	<b>145.87</b>	<b>225.36</b>
Net (increase) / decrease in opening and closing stock	79.49	(16.97)
Net movement in excise duty on finished goods	(1.22)	(1.98)
(Refer note no 48)		
	<b>78.27</b>	<b>(18.95)</b>

**28 Employee benefits expense**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	50.12	38.66
Contribution to provident and other funds	3.91	3.03
Staff welfare expense	2.07	1.49
	<b>56.10</b>	<b>43.18</b>

**29 Finance costs**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Interest expense on:		
i) borrowings	49.75	50.36
ii) others	9.25	11.78
b) Other borrowing costs	5.16	5.25
c) Processing charges amortized	0.19	0.29
	<b>64.35</b>	<b>67.68</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 30 Other expenses

Particulars	₹ Crore	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Power and fuel	45.66	37.45
Consumption of stores and spares	16.24	11.45
Repairs and maintenance		
- Plant and machinery	2.65	2.80
- Building	3.20	2.16
- Others	0.48	0.36
Rent	0.11	0.12
Insurance charges	0.94	0.86
Auditor's remuneration (Refer note no.46)	0.07	0.07
Rates and taxes	0.27	0.14
Loss on property, plant and equipment sold (net)	0.04	-
Loss on property, plant and equipment discarded	0.53	0.20
Allowance for expected credit loss and doubtful receivables	0.27	-
Sundry balances written off	-	0.12
Freight outward	25.81	20.81
Miscellaneous	11.69	11.33
	<u>107.96</u>	<u>87.87</u>

## 32 Employee benefits

## A Defined benefit plan: Gratuity

The following table set out the funded status of the gratuity plan and the amount recognised in the company's financial statement as at 31 March 2018 and 31 March 2017.

₹ Crore

## 1) Changes in the present value of the obligation

		Gratuity 31 March 2018	Gratuity 31 March 2017
Present value of obligation as at the beginning of the year		5.28	3.98
Interest cost		0.40	0.30
Current service cost		0.67	0.56
Benefits paid		(0.14)	(0.16)
Remeasurement - actuarial (gain) / loss		1.04	0.60
Present value of obligation as at the end of the year	A	<u>7.25</u>	<u>5.28</u>
<b>ii) Changes in the fair value of plan assets</b>			
Fair value of plan assets as at the beginning of the year		4.26	3.30
Actual return on plan assets		0.37	0.30
Contribution		1.11	0.85
Charges deducted		(0.08)	(0.03)
Benefits paid		(0.14)	(0.16)
Fair value of plan assets as at the end of the year	B	<u>5.52</u>	<u>4.26</u>
Unfunded status	(A-B)	1.73	1.02
<b>iii) Amount recognised in the balance sheet</b>			
Present value of the defined benefit obligation		7.25	5.28
Fair value of plan assets		5.53	4.26
Net asset/(liability)		<u>(1.72)</u>	<u>(1.02)</u>

31 Contingent liabilities and commitments  
(to the extent not provided for)

Particulars	₹ Crore	
	As at 31 March 2018	As at 31 March 2017
<b>A Contingent liabilities</b>		
i Claims * not acknowledged as debts	0.17	0.21
ii Letter of credit outstanding	18.32	8.40
iii Bank guarantee issued in favour of others	0.04	0.04
	<u>18.53</u>	<u>8.65</u>
<b>B Commitments</b>		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	1.14	0.53
ii Export obligations under advance authorisation/duty free import authorisation #	39.78	31.73
	<u>40.92</u>	<u>32.26</u>

\* These matters are subject to legal proceedings in ordinary course of business. In the opinion of the management, legal proceedings when ultimately conclude will not have a material effect on the results of operations or financial position of the company.

# During the year, the company has executed bonds for an aggregate amount of ₹8.76 Crore (Previous Year ₹7.88 Crore) 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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	Gratuity 31 March 2018	Gratuity 31 March 2017
<b>iv) Expense recognised in the statement of profit and loss</b>		
Current service cost	0.67	0.56
Net interest cost	0.08	0.05
Expense recognised in the income statement	<u>0.75</u>	<u>0.61</u>
<b>v) Recognised in other comprehensive income</b>		
Actuarial (gain) / loss	1.04	0.60
Return on plan assets greater/lower than discount rate	<u>(0.05)</u>	<u>(0.05)</u>
	<u>0.99</u>	<u>0.55</u>
<b>vi) Bifurcation of actuarial (gain) / loss</b>		
Actuarial (gain) / loss on arising from change in demographic assumption	-	-
Actuarial (gain) / loss on arising from change in financial assumption	(0.15)	-
Actuarial (gain) / loss on arising from change in experience assumption	1.19	0.60
	<u>1.04</u>	<u>0.60</u>
<b>vii) The major categories of plan assets as a percentage of the fair value of total plan assets</b>		₹ Crore
	Gratuity 31 March 2018	Gratuity 31 March 2017
Investment with the insurer	<u>100%</u>	<u>100%</u>
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.		
<b>viii) Principal actuarial assumptions at the balance Sheet date (expressed as weighted average):</b>		
Discount rate (per annum)	7.75%	7.50%
Rate of increase in compensation levels (per annum)	5.50%	5.50%
Average remaining working lives of employees (years)	26.18	25.28
Method used	Projected unit credit	
The assumptions and methodology used in actuarial valuation are consistent with the requirements of Ind AS-19		
<b>ix)</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>x) Sensitivity analysis of the defined benefit obligation:</b>		₹ Crore
	Gratuity 31 March 2018	Gratuity 31 March 2017
a) Impact of change in discount rate		
Present value of obligation at the end of the period	7.25	5.28
1. Impact due to increase of 0.50%	(0.45)	(0.37)
2. Impact due to decrease of 0.50%	0.41	0.33
b) Impact of change in salary increase		
Present value of obligation at the end of the period	7.25	5.28
1. Impact due to increase of 0.50%	0.42	0.34
2. Impact due to decrease of 0.50%	(0.46)	(0.38)
As per actuarial certificate, sensitivities due to mortality and withdrawals are insignificant and hence impact of change has not been calculated.		
<b>xi) Maturity profile of defined benefit obligation:</b>		₹ Crore
	Gratuity 31 March 2018	Gratuity 31 March 2017
Year ending		
a) March 31, 2019	0.21	0.03
b) March 31, 2020	0.02	0.14
c) March 31, 2021	1.68	0.02
d) March 31, 2022	0.23	1.00
e) March 31, 2023	0.17	0.18
f) March 31, 2024	0.50	0.14
g) March 31, 2024 onwards	6.73	5.44

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## xii) Actuarial risks exposures:

valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- Salary increases - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment risk - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality and disability - Actual death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact plan's liability.

xiii) The company expects to contribute ₹ 0.88 Crore to the gratuity trust during the fiscal 2019.

## xiv) Bifurcation of projected benefit obligation (PBO) at the end of the year in current and non-current

	Gratuity 2018-19	Gratuity 2017-18
Current liability (amount due within one year)	0.31	0.10
Non-current liability (amount due over one year)	6.94	5.18
Total PBO at the end of year	7.25	5.28

## B Contribution to provident fund

The company has recognized an expense of ₹ 2.66 Crore (Previous year ₹ 2.05 Crore) in respect of contribution to Provident Fund.

## 33 Disclosures as required by Indian Accounting Standard (Ind AS) 17 Lease

## Operating lease commitments:

The company's significant leasing arrangements are in respect of operating leases for premises (residential, godown etc.). These leasing arrangements, which are non-cancellable with range from 11 months to 99 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under 'Other Expenses'.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	₹ Crore	
	As at 31 March 2018	As at 31 March 2017
a) Not later than one year	0.08	0.10
b) Later than one year but not later than five years	0.08	0.18
c) later than five years	0.18	0.18
	0.34	0.46

## 34 Current tax and deferred tax

## (a) Income tax recognised in statement of profit and loss

Particulars	₹ Crore	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax</b>		
In respect of current period	6.72	1.12
In respect of prior years	-	-
<b>Total (A)</b>	6.72	1.12
<b>Deferred tax</b>		
In respect of current period	3.60	-
MAT credit entitlement for the current period	(6.72)	(1.12)
MAT credit entitlement no longer available	-	1.26
<b>Total (B)</b>	(3.12)	0.14
<b>Total Income tax expense (A+B)</b>	3.60	1.26

## Income tax recognised in other comprehensive income

Particulars	₹ Crore	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Deferred tax asset	0.34	0.19
<b>Total</b>	0.34	0.19

## (b) Reconciliation of tax expense and the profit before tax multiplied by statutory tax rate

Particulars	₹ Crore	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	31.30	5.93
1/5 of Ind-AS transition amount	(0.07)	-
Add: Provision for doubtful debts	0.27	-
Ind AS transition effect for the year	-	0.09
Re-measurement of the defined benefit plan recognised in OCI	-	(0.55)
Book profits	31.50	5.47
Tax rate applicable to the company	21.3416%	20.3889%
MAT	6.72	1.12
Income tax expense recognised in statement of profit and loss	6.72	1.12



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**(c) Movement in deferred tax balances**

Particulars		As at 31 March 2017	Recognised in Profit and loss 2017-18	Recognised in OCI	As at 31 March 2018
<b>Deferred tax liabilities</b>					
Property, plant and equipment		69.85	2.86		72.71
Intangible assets		0.23	(0.04)		0.19
Fair valuation gain on investments		0.01	-		0.01
<b>Gross deferred tax liabilities</b>	<b>A</b>	<b>70.09</b>	<b>2.82</b>	<b>-</b>	<b>72.91</b>
<b>Deferred tax assets</b>					
On unabsorbed depreciation as per IT		70.08	(0.78)		69.30
Remeasurement of defined benefit obligations		0.19	-	0.34	0.53
<b>Gross deferred tax assets</b>	<b>B</b>	<b>70.27</b>	<b>(0.78)</b>	<b>0.34</b>	<b>69.83</b>
<b>Deferred tax (assets)/liabilities</b>	<b>(A-B)</b>	<b>(0.18)</b>	<b>3.60</b>	<b>(0.34)</b>	<b>3.08</b>
<b>MAT credit entitlement</b>	<b>C</b>	<b>7.78</b>	<b>6.72</b>	<b>-</b>	<b>14.50</b>
<b>Net tax (assets)/Liabilities</b>	<b>(A-B-C)</b>	<b>(7.96)</b>	<b>(3.12)</b>	<b>(0.34)</b>	<b>(11.42)</b>

Particulars		As at 01 April 2016	Recognised in Profit and loss 2016-17	Recognised in OCI	Recognised in 31 March 2017
<b>Deferred tax liabilities</b>					
Property, plant and equipment		69.97	(0.12)	-	69.85
Intangible assets		0.17	0.06	-	0.23
Fair valuation gain on investments		-	0.01	-	0.01
<b>Gross deferred tax liabilities</b>	<b>A</b>	<b>70.14</b>	<b>(0.05)</b>	<b>-</b>	<b>70.09</b>
<b>Deferred tax assets</b>					
On unabsorbed depreciation as per IT		70.14	(0.06)	-	70.08
Remeasurement of defined benefit obligations		-	-	0.19	0.19
<b>Gross deferred tax assets</b>	<b>B</b>	<b>70.14</b>	<b>(0.06)</b>	<b>0.19</b>	<b>70.27</b>
<b>Deferred tax (assets)/liabilities</b>	<b>(A-B)</b>	<b>-</b>	<b>0.01</b>	<b>(0.19)</b>	<b>(0.18)</b>
<b>MAT credit entitlement</b>	<b>C</b>	<b>7.91</b>	<b>(0.13)</b>	<b>-</b>	<b>7.78</b>
<b>Net tax (assets)/liabilities</b>	<b>(A-B-C)</b>	<b>(7.91)</b>	<b>0.14</b>	<b>(0.19)</b>	<b>(7.96)</b>

**35 Earning per share**

The earning per share (EPS) as disclosed in the statement of profit and loss has been calculated as under:

Particulars		For the year ended 31 March 2018	For the year ended 31 March 2017
₹ Crore			
<b>Total operations for the year</b>			
Profit after tax attributable to equity shareholders (₹)	(a)	27.70	4.67
Weighted average number of equity shares (number)	(b)	56,205,502	56,205,502
Weighted average number of equity shares in computing diluted earning per share (number)	(c)	56,205,502	56,205,502
Basic earnings per share (₹)	(a/b)	4.93	0.83
Diluted earnings per share (₹)	(a/c)	4.93	0.83
Face value per equity share (₹)		10.00	10.00

**36 Research and Development expenses**

₹ Crore

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Research and Development:</b>		
<b>Revenue expenses</b>		
Raw material consumption	0.14	0.84
Less: Net sales revenue	-	(1.33)
Salaries & wages	2.23	2.24
Depreciation	0.61	0.54
Stores and spares	0.70	0.83
Cost of utilities	0.22	0.36
Freight outward	-	0.02
	<b>3.90</b>	<b>3.50</b>
<b>Research and Development:</b>		
<b>Capital expenses</b>		
Additions to fixed assets	1.14	0.33
The revenue expenses related to research and development is clubbed under respective account heads in profit and loss		

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 37. Disclosures of Financial instruments

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is pending at the end as follows:

As at 31 March 2018

₹ Crore

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Long term investments	-					-	-
Other financial non-current assets	1.53					1.53	1.53
Current Investments			0.06			0.06	0.06
Trade receivables	140.71					140.71	140.71
Cash and bank balances	0.74					0.74	0.74
Other bank Balances	18.48					18.48	18.48
Other financial current assets	0.64					0.64	0.64
<b>Total</b>	<b>162.10</b>	<b>-</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>162.16</b>	<b>162.16</b>
<b>Liabilities:</b>							
Long term borrowings	258.12					258.12	258.12
Short term borrowings	135.27					135.27	135.27
Trade payables	132.60					132.60	132.60
Other financial current liabilities	44.09					44.09	44.09
<b>Total</b>	<b>570.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570.08</b>	<b>570.08</b>

As at 31 March 2017

₹ Crore

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Long term investments						0.05	0.05
Other financial non-current assets	0.75					0.75	0.75
Current Investments			0.05			0.05	0.05
Trade receivables	112.77					112.77	112.77
Cash and bank balances	1.76					1.76	1.76
Other bank Balances	15.05					15.05	15.05
Other financial current assets	0.80					0.80	0.80
<b>Total</b>	<b>131.13</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>131.23</b>	<b>131.23</b>
<b>Liabilities:</b>							
Long term borrowings	284.98					284.98	284.98
Short term borrowings	140.77					140.77	140.77
Trade payables	149.84					149.84	149.84
Other financial current liabilities	33.37					33.37	33.37
<b>Total</b>	<b>608.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>608.96</b>	<b>608.96</b>

As at 01 April 2016

₹ Crore

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Long term investments						0.04	0.04
Other financial non-current assets	0.85					0.85	0.85
Current Investments			0.05			0.05	0.05
Trade receivables	87.26					87.26	87.26
Cash and bank balances	0.98					0.98	0.98
Other bank balances	13.71					13.71	13.71
Other financial current assets	0.57					0.57	0.57
<b>Total</b>	<b>103.37</b>	<b>-</b>	<b>0.09</b>	<b>-</b>	<b>-</b>	<b>103.46</b>	<b>103.46</b>
<b>Liabilities:</b>							
Long term borrowings	300.68					300.68	300.68
Short term borrowings	137.09					137.09	137.09
Trade payables	115.68					115.68	115.68
Other financial current liabilities	26.09					26.09	26.09
<b>Total</b>	<b>579.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>579.54</b>	<b>579.54</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**(b) Basis of fair value of financial assets and liabilities**
**(i) Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:**
**As at 31 March 2018**

₹ Crore

Particulars	Fair value As at 31 March 2018	Fair Value measurement using		
		Level 1	Level 2	Level 3
Fair value through profit and loss				
Current investments in mutual funds	0.06	0.06	-	-

**As at 31 March 2017**

₹ Crore

Particulars	Fair value As at 31 March 2017	Fair Value measurement using		
		Level 1	Level 2	Level 3
Fair value through profit and loss				
Long term investments in mutual funds	0.05	0.05	-	-
Current investments in mutual funds	0.05	0.05	-	-

**As at 01 April 2016**

₹ Crore

Particulars	Fair value As at 01 April 2016	Fair Value measurement using		
		Level 1	Level 2	Level 3
Fair value through profit and loss				
Long term investments in mutual funds	0.04	0.04	-	-
Current investments in mutual funds	0.05	0.05	-	-

**38 Segment information**
**I Segment Accounting Policies:**
**a. Products and services from which reportable segment derive their revenues.**

Based on the nature and class of product and services, their customers and assessment of differential risk and returns and financial reporting results reviewed by chief operating decision maker, the company has identified the business segments which comprised:

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

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

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.

**b. Geographical segments**

The geographical segments considered for disclosure are based on markets, as under:

- i. India
- ii. Rest of the world

**c. 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.

**iii. Inter segment sales:**

Inter segment sales are eliminated in consolidation.

**iv. Segment results:**

Segment results represents the profit before tax earned by each segment without allocation of other income and unallocable expenses as well as finance costs.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## II Detail of primary business segments

₹ Crore

	Chemicals		Drugs		Unallocable		Elimination		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	353.19	311.32	620.98	397.96	9.13	1.37			983.30	710.65
Inter segment transfer	135.28	104.78	-	-	-	-	(135.28)	(104.78)	-	-
Other income	-	-	-	-	1.90	1.25			1.90	1.25
<b>Total revenue</b>	<b>488.47</b>	<b>416.10</b>	<b>620.98</b>	<b>397.96</b>	<b>11.03</b>	<b>2.62</b>	<b>(135.28)</b>	<b>(104.78)</b>	<b>985.20</b>	<b>711.90</b>
Segment results	4.23	(3.20)	88.96	75.04	-	-			93.19	71.84
Unallocated income (net of unallocated Expenses)					2.46	1.77			2.46	1.77
Profit before interest and tax									95.65	73.61
Interest									64.35	67.68
Profit before tax									31.30	5.93
Provision for tax									3.60	1.26
Profit after tax									27.70	4.67
<b>Other information</b>										
Segment assets	309.82	312.31	443.53	453.70	-	-			753.35	766.01
Unallocated assets	-	-	-	-	68.33	51.48			68.33	51.48
<b>Total assets</b>	<b>309.82</b>	<b>312.31</b>	<b>443.53</b>	<b>453.70</b>	<b>68.33</b>	<b>51.48</b>			<b>821.68</b>	<b>817.49</b>
Segment liabilities	254.20	294.72	298.46	300.16	-	-			552.66	594.88
Unallocated liabilities	-	-	-	-	53.28	33.91			53.28	33.91
<b>Total liabilities</b>	<b>254.20</b>	<b>294.72</b>	<b>298.46</b>	<b>300.16</b>	<b>53.28</b>	<b>33.91</b>			<b>605.94</b>	<b>628.79</b>
Capital expenditure	2.92	0.94	40.02	18.87	5.42	2.61			48.36	22.42
Depreciation and amortization	12.71	13.12	15.59	14.99	1.91	1.73			30.21	29.84
Material non cash items other than depreciation and amortization	-	-	-	-	-	-			-	-

## III Secondary segment: Geographical

₹ Crore

Particulars	Year ended	Domestic sale	Rest of the world							Total
		INDIA	SPAIN	HUNGARY	INDONESIA	BRAZIL	BANGLADESH	CHINA	Other countries	
Revenue from sale of products	31 March 2018	632.98	30.44	27.48	24.40	24.00	23.04	17.39	203.57	983.30
	31 March 2017	483.81	6.68	30.15	16.35	11.38	18.66	12.16	131.46	710.65

The company does not have manufacturing facilities outside India therefore all non current assets are located in India.

**Information about major customers**

Refer note no. 41 (iii) (Credit Risk)

There is no customer contributing more than 10% of the total revenue of the company.

**39 First time adoption of Ind AS**

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31<sup>st</sup> March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards" with 1<sup>st</sup> April 2016 as transition date.

This note explains the exemptions availed by the company on first time adoption of Ind AS and principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1<sup>st</sup> April 2016 and financial statements as at and for the year ended 31<sup>st</sup> March 2017 in accordance with Ind AS 101.

**Exemptions applied**

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has, accordingly, applied following exemptions:

- The company has elected to continue with the carrying value of all items of its property, plant and equipment and intangible assets measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant and Equipment.
- The company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 1<sup>st</sup> April 2016.

- c) The estimates as at 1<sup>st</sup> April 2016 and at 31<sup>st</sup> March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:

- Fair values of Financials Assets and Financial Liabilities
- Impairment of financial assets based on expected credit loss modal
- Discount rates

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions as at 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017.

Notes to the reconciliation of equity as at 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 and total comprehensive income for the year ended.

**1. Leasehold land**

Under previous GAAP, leasehold land was recorded and classified as fixed assets. Under Ind AS, leasehold land is recognised as operating lease. Therefore, net block of leasehold land (31<sup>st</sup> March, 2017 ₹ 0.17 Crore, 1<sup>st</sup> April 2016 ₹ 0.18 Crore has been re-classified under the head "Other non-current assets" (31<sup>st</sup> March, 2017 ₹ 0.17 Crore , 1<sup>st</sup> April 2016 ₹ 0.18 Crore and "Other current assets" (31<sup>st</sup> March, 2017 ₹ 43,522/-, 1<sup>st</sup> April 2016 ₹ 43,522/-) as 'Prepayment of leasehold land'. Further, the amortization of leasehold payment for the year ended 31<sup>st</sup> March 2017 amounting to ₹ 43,522/- has been reclassified from 'Depreciation and amortization expenses' to Other expenses'. However, the same has no impact on the total equity as at 31<sup>st</sup> March, 2017.

**2. Fair valuation of Investments**

Under previous GAAP, investments in mutual funds were classified as long term investments or current investments based on the intended holding period and reliability. Long term investments were classified at cost less provision for temporary diminution in the value of investments. Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investment in subsidiaries, associates and joint venture for which exemptions has been availed.

Accordingly, the company has designated such investments as investments measured at FVTPL/FVTOCI/amortized cost in accordance with Ind AS. The difference between the instrument's fair value and carrying amount as per Indian GAAP has been recognized in retained earnings. This has resulted in increase in retained earnings of ₹ 28,517/- as at 1<sup>st</sup> April 2016 and ₹ 1,26,479/- as at 31<sup>st</sup> March 2017.

**3. Borrowings**

- (i) Under previous GAAP, processing fees related to term loans borrowed for acquiring Property, Plant and Equipment were capitalised to Property, Plant and Equipment. Under Ind AS, such loans are accounted at amortized cost using effective interest rate method. The net effect of change is decrease in Property, Plant and Equipment by ₹ 1.46 Crore as at 1<sup>st</sup> April 2016 and ₹ 1.36 Crore as at 31<sup>st</sup> March 2017 and decrease in non current borrowings on account of unamortized amount of processing charges by ₹ 1.10 Crore as at 1<sup>st</sup> April 2016 and ₹ 0.94 Crore as at 31<sup>st</sup> March 2017. There had been decrease in retained earning by ₹ 0.36 Crore as at 1<sup>st</sup> April 2016 and ₹ 0.43 Crore as at 31<sup>st</sup> March 2017.
- (ii) Under previous GAAP, transaction costs incurred in connection with borrowings are amortized and charged to the statement of profit and loss for the period. Under Ind

AS, transaction costs are included in the initial recognition amount of financial liability and charged to the statement of profit and loss using effective interest method. This has resulted in decrease in non current borrowings on account of unamortized amount of processing charges with a corresponding adjustment in retained earnings of ₹ 0.10 Crore as at 1<sup>st</sup> April 2016 and nil as at 31<sup>st</sup> March 2017.

**4 Capital grant**

- (i) Under the previous GAAP, certain capital grant received from Government as 'Promoter Contribution' is shown under the head 'Capital reserve'. Under Ind AS, such grants are treated as deferred income and are recognized as income over the useful life of assets for which such grants are received. This has resulted in decrease in Capital Reserve by ₹ 1.15 Crore as at 01 April 2016 and 31<sup>st</sup> March 2017 with a corresponding adjustment in retained earnings ₹ 0.61 Crore as at 01 April 2016 and ₹ 0.67 Crore as at 31<sup>st</sup> March 2017 and deferred income for capital subsidy ₹ 0.54 Crore as at 01 April 2016 and ₹ 0.48 Crore as at 31<sup>st</sup> March 2017. Profit for the year ended 31<sup>st</sup> March 2017 has been increased with ₹ 0.07 Crore on account of income of capital grants pertaining to financial year 2016-17.
- (ii) Under previous GAAP, Government grant related to Property, plant and equipment is reduced from the cost of respective asset. Under Ind AS, Government grant related to Property, plant and equipment is treated as deferred income and recognized in the statement of profit and loss on a systematic basis over the useful life of the asset. This has resulted in increase in Property, plant and equipment as at 01 April 2016 ₹ 0.68 Crore and as at 31<sup>st</sup> March 2017 ₹ 0.62 Crore with a corresponding increase in non current liability (Deferred Government grants related to Property, Plant and Equipment) by ₹ 0.64 Crore as at 01 April 2016 and ₹ 0.57 Crore as at 31<sup>st</sup> March 2017 with corresponding increase in retained earnings by ₹ 0.04 Crore as at 01 April 2016 and ₹ 0.05 Crore as at 31<sup>st</sup> March 2017.

**5. Defined benefit obligation**

Under Ind AS, re-measurements i.e. actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to ₹ 0.55 Crore for the financial year 2016-17 has been recognized in OCI which was earlier recognized as Employee Benefit Expense/Income. However, the same has no impact on the total equity as at 31<sup>st</sup> March 2017

**6. Sale of goods**

Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods included excise duty. Thus, sale of goods under Ind AS has increased by ₹ 0.62 Crore with a corresponding increase in expenses during the financial year 2016-17.

**7 MAT Credit entitlement**

Under the previous GAAP MAT credit entitlement was shown under the head Non current loans and advances. In accordance with the Guidance Note on Division II of Ind AS Schedule III to the Companies Act, 2013 the MAT credit entitlement is grouped as part of Deferred tax Assets (net). The effecting this change is decrease in non current assets and increase in deferred tax assets by ₹ 7.91 Crore as at 1<sup>st</sup> April 2016 and ₹ 7.78 Crore as at 31<sup>st</sup> March 2017.

**8 Deferred tax**

Under the previous GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting profits for the period. Ind AS



## NOTES FORMING PART OF FINANCIAL STATEMENTS

requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an assets or liability in the balance sheet and its tax base. Further, the application of Ind AS has resulted in recognition of certain temporary differences which was not required under Indian GAAP. Accordingly, deferred tax adjustments have been recognized in correlation to the underlying transactions in retained earnings/OCI in accordance with Ind AS. This has resulted decrease in retained earnings on 1<sup>st</sup> April 2016 by ₹ 9869 and increase in retained earnings on 31<sup>st</sup> March 2017 by ₹ 18,47,054/- with corresponding adjustment in Deferred Tax Liability/(Asset)

## 9 Statement of cash flows

The transition from Indian GAAP to Ind AS has had no material impact on statement of cash flows.

## FIRST TIME IND AS ADOPTION RECONCILIATIONS

Effect of Ind As adoption on the Balance Sheet as at 31-March-2017 and 1<sup>st</sup> April 2016

₹ Crore

Particulars	Reconciliation Note No.	As at 31 March 2017 (End of last period presented under previous GAAP)			As at 01 April 2016 (Date of transition)		
		As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS
<b>I ASSETS</b>							
<b>1 Non-current assets</b>							
(a) Property, plant and equipment	1, 3, 4	373.86	(0.92)	372.94	398.52	(0.96)	397.56
(b) Capital work in progress		21.26	-	21.26	4.31	-	4.31
(c) Intangible assets		0.94	-	0.94	0.98	-	0.98
(d) Financial assets Investments	2	0.04	0.01	0.05	0.04	-	0.04
(e) Other non current assets	1	0.58	0.17	0.75	0.67	0.18	0.85
(f) Deferred tax assets	7, 8	7.78	0.18	7.96	7.91	-	7.91
<b>Total non-current assets</b>		<b>404.46</b>	<b>(0.56)</b>	<b>403.90</b>	<b>412.43</b>	<b>(0.78)</b>	<b>411.65</b>
<b>2 Current Assets</b>							
(a) Inventories		262.63	-	262.63	227.94	-	227.94
(b) Financial assets							
(i) investments	2	0.05	-	0.05	0.05	-	0.05
(ii) Trade receivables		112.77	-	112.77	87.26	-	87.26
(iii) Cash and cash equivalents		1.76	-	1.76	0.98	-	0.98
(iv) Bank Balances [other than (iii) above]		15.05	-	15.05	13.71	-	13.71
(v) Other financial assets		0.80	-	0.80	0.57	-	0.57
(c) Current tax assets (net)		0.08	-	0.08	0.50	-	0.50
(d) Other current assets	1	20.45	-	20.45	29.05	-	29.05
<b>Total current assets</b>		<b>413.59</b>	<b>-</b>	<b>413.59</b>	<b>360.06</b>	<b>-</b>	<b>360.06</b>
<b>TOTAL ASSETS</b>		<b>818.05</b>	<b>(0.56)</b>	<b>817.49</b>	<b>772.49</b>	<b>(0.78)</b>	<b>771.71</b>
<b>II EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity Share capital		56.21	-	56.21	56.21	-	56.21
(b) Other equity	1 to 8	133.15	(0.66)	132.49	128.92	(0.75)	128.17
<b>Total equity</b>		<b>189.36</b>	<b>(0.66)</b>	<b>188.70</b>	<b>185.13</b>	<b>(0.75)</b>	<b>184.38</b>
<b>Liabilities</b>							
<b>1 Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	3	285.92	(0.94)	284.98	301.88	(1.20)	300.68
(ii) Other financial liabilities		-	-	-	-	-	-
(b) Provisions		1.50	-	1.50	1.18	-	1.18
(c) Deferred tax liabilities		-	-	-	-	-	-
(d) Other non current liabilities	4	14.80	0.91	15.71	1.46	1.04	2.50
<b>Total non-current liabilities</b>		<b>302.22</b>	<b>(0.03)</b>	<b>302.19</b>	<b>304.52</b>	<b>(0.16)</b>	<b>304.36</b>
<b>2 Current Liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		140.77	-	140.77	137.09	-	137.09
(ii) Trade payables		149.84	-	149.84	115.68	-	115.68
(iii) Other financial liabilities		33.37	-	33.37	26.09	-	26.09
(b) Other current liabilities	4	2.34	0.13	2.47	3.85	0.13	3.98
(c) Provisions		0.15	-	0.15	0.13	-	0.13
(d) Current tax liabilities (net)		-	-	-	-	-	-
<b>Total current liabilities</b>		<b>326.47</b>	<b>0.13</b>	<b>326.60</b>	<b>282.84</b>	<b>0.13</b>	<b>282.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>818.05</b>	<b>(0.56)</b>	<b>817.49</b>	<b>772.49</b>	<b>(0.78)</b>	<b>771.71</b>

Note: The figures of previous GAAP have been reclassified to confirm to presentation requirements of Division II of Ind AS Schedule III of Companies Act, 2013 as applicable to a company whose financial statements are required to be drawn up in compliance of the companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Effect of Ind As adoption on the statement of Profit and Loss for the year ended 31-March-2017

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹ Crore

Particulars	Reconciliation Note No.	Year ended as at 31 March 2017		Ind AS
		Previous GAAP	Effect of transition to Ind AS	
I Revenue from operations	6	710.65	62.54	773.19
II Other income	2, 4	1.17	0.08	1.25
<b>III Total revenue (I+II)</b>		<b>711.82</b>	<b>62.62</b>	<b>774.44</b>
<b>IV Expenses:</b>				
Cost of materials consumed		496.35	-	496.35
Changes in inventories of finished goods and work in progress		(18.95)	-	(18.95)
Employee benefit expense	5	43.73	(0.55)	43.18
Finance costs	3	67.39	0.29	67.68
Depreciation and amortization expense	1, 3	29.94	(0.10)	29.84
Excise duty on sale of goods	6	-	62.54	62.54
Other expense	1	87.87	-	87.87
<b>Total expenses (IV)</b>		<b>706.33</b>	<b>62.18</b>	<b>768.51</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		5.49	0.44	5.93
<b>VI Exceptional items</b>		-	-	-
<b>VII Profit before tax (V-VI)</b>		5.49	0.44	5.93
<b>VIII Tax expenses:</b>				
Current tax		1.12	-	1.12
Deferred tax		0.14	-	0.14
<b>Total tax expense</b>		<b>1.26</b>	<b>-</b>	<b>1.26</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>4.23</b>	<b>0.44</b>	<b>4.67</b>
<b>X Other Comprehensive Income</b>				
(i) Items that will not be reclassified to profit or loss				
Remeasurement of Defined benefit obligation	5	-	(0.55)	(0.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	0.19	0.19
<b>XI Total Comprehensive Income for the year</b>		<b>4.23</b>	<b>0.08</b>	<b>4.31</b>

**Reconciliation of total equity as reported in previous GAAP and Ind AS**

₹ Crore

Particulars	As at 31 March 2017
Total equity under previous GAAP	189.36
Ind AS adjustments in equity:	
Capital grants related to property, plant and equipment classified as part of liabilities	(0.43)
Impact of loan processing fee	(0.43)
Gain on reinstatement of Investments	0.01
Deferred tax on Ind AS adjustments	0.19
Total adjustment in equity	(0.66)
Total equity under Ind AS	188.70

**40 Related party disclosures**

In accordance with the requirements of IND AS 24, on Related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

Related party and their relationship:-

**A. Key Management Personnel:**

i Whole time directors	Mr. Varinder Gupta	Managing Director
	Mr. Vijay Garg	Joint Managing Director
	Mr. Vikas Gupta	Executive Director
	Mr. Vijay Singla	Director (Works) up to 27.05.2017
ii Non executive directors	Dr. M.A.Zahir	Chairman Non executive
	Mr. Chandra Mohan	Independent Director
	Dr. Sandhya Mehta	Independent Director
iii Chief Financial Officer	Mr. Pardeep Kumar Khanna	
iv Vice President and Company Secretary	Mr. Krishan Singla	

**B Related parties**

Nature of relationship	Name of related party
i. 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
	True Value Traders Limited
	Towels Enterprises Limited
ii. Enterprise of which the company is Associated	Vasudeva Commercials Limited (up to 30.03.2017)
iii Relative of Key Management Personnel:	Mrs. Dimple Gupta, Manager
	Mr. Abhiraj Gupta, Management Trainee
iv Post employment benefit plan	IOL Chemicals and Pharmaceuticals Limited Employees Group Gatuity Trust

## NOTES FORMING PART OF FINANCIAL STATEMENTS

- C Details of transactions entered into with related parties during the year as required by Ind AS 24 on "Related Party Disclosures" of Companies (Indian Accounting Standards) Rules 2015.

₹ Crore

Sr. No.	Particulars	Enterprises over which KMP is able to exercise significant influence or control		Enterprises of which the company is associate		Key Management Personnel (KMP)		Non executive directors		Relatives of KMP		Total	
		Current year	Previous year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous year
1	Purchase of goods	44.75	41.08	-	11.20	-	-	-	-	-	-	44.75	52.28
2	***Contractual remuneration	-	-	-	-	5.73	4.24	-	-	0.33	0.24	6.06	4.48
2a	***Contractual remuneration outstanding as on last day of financial year	-	-	-	-	0.09	0.15	-	-	-	-	0.09	0.15
3	Sitting fee	-	-	-	-	-	-	0.05	0.05	-	-	0.05	0.05
4	Rent received (excluding service tax)	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
5	Loan taken (including opening balance)	16.95	14.95	-	-	0.03	0.03	-	-	-	-	16.98	14.98
6	Closing Balance of Loans	16.95	14.95	-	-	0.03	0.03	-	-	-	-	16.98	14.98

\*\*\* As the liabilities for gratuity, compensated absences are provided on an actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel has not been included.

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

The company has contributed ₹1.11 Crore (Previous year ₹0.85 Crore) towards Post Employment Benefit Plan to IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust

## 41. Financial Risk Management

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations.

The financial liabilities of the company, other than derivatives, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The company is mainly exposed to the following risks that arise from financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

## (i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk.

## (a) Foreign currency risk

The company imports certain Property, Plant and Equipment and material from outside India and export finished goods. The exchange rate between the Indian rupee and foreign currencies has fluctuated in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/

depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The company manages its foreign currency risk through the process of adjusting inward remittances in foreign currency for its payment of outward remittances (i.e. considering it as natural hedge). The company may use foreign exchange forward contracts to mitigate the risk whenever it is required.

The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

## Financial Assets

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Trade receivable</b>		
-In USD	79,85,977	55,34,723
-In EURO	14,20,800	5,52,584
-In AED	-	2,59,000
<b>Trade Payables</b>		
-In USD	52,76,680	12,76,430
-In EURO		
-In AED		
<b>Net exposure</b>		
-In USD	27,09,297	42,58,293
-In EURO	14,20,800	5,52,584
-In AED	-	2,59,000

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The following significant exchange rates applied during the year:

Particulars	2017-18 (Average exchange rate)	2016-17 (Average exchange rate)	2017-18 (Year- end rates)	2016-17 (Year- end rates)
INR/USD	<b>64.98</b>	65.54	65.04	64.84
INR/EURO	<b>74.95</b>	72.30	80.62	69.25

**Foreign currency sensitivity analysis**

Any changes in the exchange rate of USD and EURO against INR is not expected to have significant impact on the Company's profit due to the less exposure of these currencies. Accordingly, a 2% appreciation/depreciation of the INR as indicated below, against the USD and EURO would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

₹ Crore

Particulars	As at 31 March 2018		As at 31 March 2017	
	Streng- thening	Weaken- ing	Streng- thening	Weak- ing
2% Strengthening/ weakening of USD against INR	<b>0.35</b>	<b>(0.35)</b>	0.55	(0.55)
2% Strengthening/ weakening of EURO against INR	<b>0.23</b>	<b>(0.23)</b>	0.08	(0.08)

There is no foreign currency forward contract held by the company as on reporting date.

**(b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements if any. All the company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

₹ Crore

Particulars	Carrying amount	
	Financial Year 2017-18	Financial Year 2016-17
Variable rate instruments		
Long term borrowings	<b>258.12</b>	284.98
Current maturities of long term debt	<b>28.49</b>	20.76
Short term borrowings	<b>135.27</b>	140.77

**Cash flow sensitivity analysis for variable rate instruments**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ Crore

Particulars	Financial Year 2017-18	Financial Year 2016-17
Increase/ (decrease) in 100 basis point	<b>4.11</b>	4.39

**(ii) Liquidity Risk**

The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash to meet the obligations as and when falls due.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

₹ Crore

Particulars	Financial Year 2017-18	Financial Year 2016-17
Borrowings including current maturities	<b>286.61</b>	305.74
Less than 1 year	<b>28.49</b>	20.76
1-2 year	<b>38.07</b>	26.37
2-5 year	<b>203.07</b>	243.63
5-10 year	<b>16.98</b>	14.98
Later	-	-
Total	<b>286.61</b>	305.74
Trade Payables	<b>132.60</b>	149.84
Less than 1 year	<b>132.60</b>	149.84
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
Total	<b>132.60</b>	149.84
Other Financial liabilities	<b>16.85</b>	12.61
Less than 1 year	<b>16.85</b>	12.61
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
Total	<b>16.85</b>	12.61

**(iii) Credit Risk**

Credit risk refers to the risk of default on its contractual terms or obligations by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss:

Particulars	₹ Crore	
	Financial Year 2017-18	Financial Year 2016-17
(a) Revenue from top five customers		
-% of total sales of top 1 customer	5.79%	6.17%
-% of total sales of top 5 customers	19.27%	23.42%
(b) Allowance for doubtful debt		
-Balance at the beginning of the period	0.22	0.32
-Impairment loss recognized	0.13	-
-Expected credit loss	0.14	-
-Amount written off	(0.22)	(0.10)
-Balance at the end of the period	0.27	0.22

**Write off policy**

The financials assets are written off in case there is no reasonable expectation of recovering from the financial asset.

**42. Capital Management**

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

Particulars	₹ Crore	
	Financial Year 2017-18	Financial Year 2016-17
Borrowings	286.61	305.74
Less: Cash and cash equivalent	0.74	1.76
Net debt (A)	285.87	303.97
Total equity (B)	215.74	188.70
Gearing ratio (A/B)	1.33	1.61

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017.

43. In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications 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

**44. Reconciliation of Cash flow from financing Activities**

In pursuant to amendment in the companies (Indian Accounting Standards) Rules, 2017 via MCA notification G.S.R 258(E) dated 17th March, 2017 Para 44A to Para 44E has been inserted after Para 44 in Indian accounting Standard-7 "Statement of Cash Flows" for the period beginning on 1<sup>st</sup> April, 2017

Particulars	₹ Crore	
	Current borrowing	Non-current borrowing including current maturities
Opening balance of financial liabilities as on 1 April-2017 coming under the financing activities of cash flow statement	140.77	305.74
Changes during the year	-	-
a) Changes from financing cash flow	(5.50)	(19.31)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates-(Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes	-	-
Processing fee amortized	-	0.18
Closing balance of financial liabilities as on 31 March-2018 coming under the financing activities of cash flow statement	135.27	286.61

**45 Amortisation of intangible assets**

- a Software's have been amortised on estimated useful life of five years.
- b Technical know how have been amortised on estimated useful life of five years.

**46 Auditor's Remunerations**

Particulars	₹ Crore	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Audit fee	0.04	0.04
Tax audit fee	0.01	0.01
Limited review	0.01	0.01
In other capacity:		
Company law and other matters	-	0.01
Reimbursement of expenses	0.01	-
	<b>0.07</b>	<b>0.07</b>





47 Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ Crore

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.03	-	0.13
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-	-
iii. The amount of interest paid along with the amount of payment made to the suppliers beyond the appointed day	-	-	-
iv. The amount of interest due and payable for 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 MSME act	-	-	-
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
vi. The amount of further interest due and payable even in succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of dis-allowance as a deductible expenditure under section 23	-	-	-

Due to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. this has been relied upon by the auditors

48 In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended 31 March 2017 and for the period 1 April to 30 June 2017 were reported gross of Excise Duty and net of VAT/ CST. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/CST, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. With the change in structure of indirect taxes, certain expenses where credit of GST is available are also being reported net of taxes.

49 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.

50 Figures in bracket indicate deductions.

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

As per our report of even date attached

For and on behalf of the board of directors

For SCV & Co. LLP

Chartered Accountants

Regn. No. 000235N / N500089

Sd/-

(Sanjiv Mohan)

Partner

M.No. 086066

Sd/-

Varinder Gupta

Managing Director

DIN-00044068

Sd/-

Krishan Singla

Vice President

and Company Secretary

Sd/-

Vijay Garg

Joint Managing Director

DIN-06510248

Sd/-

Pardeep Kumar Khanna

Chief Financial Officer

Place : Ludhiana

Date : 16 May 2018

---



---

**THE FOLLOWING INFORMATION IS THE PART OF DIRECTOR REPORT AND BE PROVIDED TO THE MEMBERS ON REQUEST**

**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(KMP) against the performance of the company.

**Name of Director/ Key Managerial Personnel, Designation, Remuneration of Director / KMP for financial year 2017-18 (Rs. in lakh), % increase in remuneration in the Financial Year 2017-18, Ratio of remuneration of each Director/ Key Managerial Personnel to median remuneration of employee**

Mr Varinder Gupta, Managing Director, 240.00, 66.67%, 100.00, Mr Vijay Garg, Joint Managing Director, 174.00, 45.00%, 72.50, Mr Vikas Gupta, Executive Director, 60.00, 100.00%, 25.00, Mr Pardeep Kumar Khanna, Chief Financial Officer, 48.00, 42.86%, 20.00, Mr Krishan Singla, Vice President and Company Secretary, 39.00, 30.00%, 16.25

**Notes:** The ratio of remuneration to median remuneration is based on remuneration paid during the period 1 April 2017 to 31 March 2018.

- (ii) The maiden remuneration of employees was increased by 11.11% from ₹ 2.16 lakh in during the year ended 31 March 2017 to ₹ 2.40 lakh during the year ended 31 March 2018.
- (iii) The number of permanent employees on the rolls of the Company was 1,346 as on 31 March 2018 and was 1,129 as on 31 March 2017.
- (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 61.22%. For employees, the median increase was 11.11% in the financial year 2017-18.

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.

**Statement containing the particulars of top ten employees and other employees drawn remuneration equal to or exceeding ₹1.02 crore per annum or ₹8.50 lac per month, if employed for part of the year as per 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 and forming part of Directors' Report for the financial year ended 31 March 2018.**

**Full Name, Designation, Remuneration received (per annum), Experience (Years), Qualifications, Age (Years), Last Employment, %age of equity shares held, Date of Commencement of employment**

Mr Varinder Gupta, Managing Director, 240.00, 32, Higher Secondary, 55, First Employment, 2.13%, 29/09/1986, Mr Vijay Garg, Joint Managing Director, 174.00, 26, M.B.A. (Marketing), PGD. (International Management), 48, Arch Pharmalabs Limited, 0.00%, 01/08/2012, Mr Vijay Kumar Singla, President, 78.00, 18, B.E. Chemical Engineering & Electric Engineering, 43, First Employment, 0.00%, 01/03/2000, Mr Rakesh Mahajan, Director (Finance) Designated, 78.00, 30, Chartered Accountant, 53, Diamond Agro India Ltd., 0.00%, 19/11/1996, Mr Jagdish Goel, President, 63.00, 27, M. Sc, 48, Glenmark Generics Ltd., 0.00%, 06/12/2011, Mr Vikas Gupta, Executive Director, 60.00, 5, BSc. (Hons.) in Business Management from Kings College London, 26, First Employment, 0.00%, 20/07/2013, Dr Damandeep Singh, President, 58.20, 20, PHD, 44, First Employment, 0.04%, 23/10/1997, Dr Kamlesh Jayantilal Ranbhan, President, 50.00, 24, PHD, 53, Arch Pharmalabs Limited, 0.00%, 10/04/2017, Mr Pardeep Kumar Khanna, Chief Financial Officer, 48.00, 23, M.COM., 48, First Employment, 0.01%, 3/12/1995, Mr Kushal Kumar Rana, Senior Vice President, 42.00, 29, M.SC., 48, Morepen Laboratories, 0.00%, 11/04/2005.



# 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 31<sup>st</sup> Annual General Meeting of the Company to be held on Saturday 29<sup>th</sup> day of September 2018 at 11:00 A.M. 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. _____ | 10. _____ |
| 4. _____ | 5. _____ | 6. _____ | 11. _____ |
| 7. _____ | 8. _____ | 9. _____ | 12. _____ |

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

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.

Affix  
Re 1/-  
Revenue  
Stamp



# 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:	

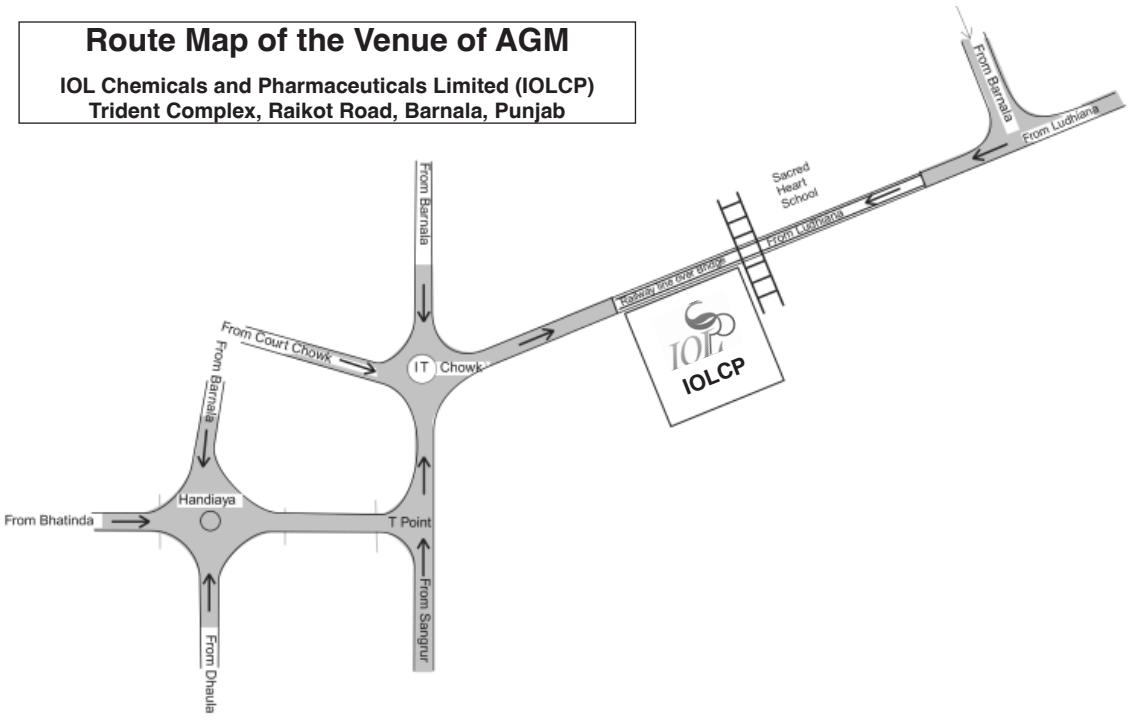
I hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the Company to be held on Saturday 29<sup>th</sup> day of September 2018 at 11:00 A.M. at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala- 148101 (Punjab).

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)