



**27th Annual Report
2013-2014**

IOL Chemicals and Pharmaceuticals Limited

Awarded with prestigious "National Energy Conservation Award 2013" First prize in Drugs & Pharmaceuticals Sector and Second prize in Chemicals Sector by the Ministry of Power, Government of India



Mr Vijay Singla, Director (Works), receiving award from Sh Pranab Mukherjee, Hon'ble President of India



Mr Vikas Gupta, Deputy Manager (Strategic), receiving award from Sh Pranab Mukherjee, Hon'ble President of India

Board of Directors

Dr M A Zahir - *Chairman*
 Mr Varinder Gupta - *Managing Director*
 Mr Chandra Mohan
 Mr Yogesh Goel
 Mr Ravi Pratap Singh
 Dr Sandhya Mehta
 (w.e.f. 22 August 2014)
 Mr Vijay Singla - *Director (Works)*
 Mr Vijay Kumar Garg - *Joint Managing Director*

Chief Financial Officer

Mr Rakesh Mahajan

Vice President & Company Secretary

Mr Krishan Singla

Statutory Auditors

M/s S C Vasudeva & Co.
 Chartered Accountants,
 New Delhi

Cost Auditors

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

Bankers

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

Registrar and Share Transfer Agents

Alankit Assignments Limited
 (Unit: IOL Chemicals and Pharmaceuticals Limited)
 2E/21, Jhandewalan Extension,
 New Delhi-110055
 Phone : +91-11-23541234,42541234
 Fax : +91-11-42541967
 E-mail : rta@alankit.com

Registered Office :

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

Board's Committees**Audit and Risk Management Committee**

Dr M A Zahir - *Chairman*
 Mr Yogesh Goel
 Mr Ravi Pratap Singh
 Dr Sandhya Mehta

Stakeholders' Relationship Committee

Dr M A Zahir - *Chairman*
 Mr Varinder Gupta
 Mr Vijay Singla

Nomination and Remuneration Committee

Mr Chandra Mohan - *Chairman*
 Dr M A Zahir
 Mr Ravi Pratap Singh
 Dr Sandhya Mehta

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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 Fatehgarh Chhana,
 Mansa Road, Barnala - 148 101
 Phone : +91-1679 - 285285-86
 Fax : +91-1679 - 285292
 E-mail : contact@iolcp.com

Please visit our website: www.iolcp.com

Members are requested to intimate their e-mail Id for quick correspondence to the Depository Participants / investor@iolcp.com and/or register themselves at Company's website www.iolcp.com

NOTICE

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the members of IOL Chemicals and Pharmaceuticals Limited (CIN: L24116PB1986PLC007030) will be held on **Tuesday, 30 September 2014 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 receive, consider and adopt the audited Balance Sheet of the Company as at 31 March 2014 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a director in place of Mr Vijay Singla (holding DIN 03577178) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Vijay Kumar Garg (holding DIN 06510248) who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Auditors

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

"RESOLVED that pursuant to provisions of Section 139, 141, 144 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S C Vasudeva & Co., Chartered Accountants, New Delhi be and are hereby appointed as the Statutory Auditors of the Company for four consecutive years till the conclusion of thirty first Annual General Meeting of the Company, subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting, 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. Appointment of Dr M A Zahir as an Independent Director

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and Clause 49 of the Listing Agreement, Dr M A Zahir (holding DIN 00002973) who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto the conclusion of thirty second Annual General Meeting of the Company."

6. Appointment of Mr Chandra Mohan as an Independent Director

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and Clause 49 of the Listing Agreement, Mr Chandra Mohan (holding DIN 00017621), who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto the conclusion of thirty second Annual General Meeting of the Company."

7. Appointment of Mr Yogesh Goel as an Independent Director

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and Clause 49 of the Listing Agreement, Mr Yogesh Goel (holding DIN 00015387), who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto the conclusion of thirty second Annual General Meeting of the Company."

8. Appointment of Mr Ravi Pratap Singh as an Independent Director

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and Clause 49 of the Listing Agreement, Mr Ravi Pratap Singh (holding DIN 02248382), who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto the conclusion of thirty second Annual General Meeting of the Company."

9. Appointment of Dr Sandhya Mehta as an Independent Director

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules framed there under and Clause 49 of the Listing Agreement, Dr Sandhya Mehta (holding DIN 06954964) who was appointed as Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company w.e.f. 22 August 2014 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years upto 21 August 2019."

10. Approval of Remuneration to the Cost Auditor for the financial year ending 31 March 2015

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 framed there under, and such other permissions as may be necessary, the members hereby approve the remuneration of ₹1,00,000/- plus service tax and out-of-pocket expenses payable to M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, who are appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the Cost Accounting records maintained by the Company in respect of chemicals and bulk drugs for the financial year ending 31 March 2015."

"RESOLVED FURTHER that the Board of Directors of the Company 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."

11. Borrowing powers of the Company

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

"RESOLVED that pursuant to the provisions of Section 180 (1)

(c) and all other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of monies in any manner from time to time as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that, the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 700 crore. (Rupees seven hundred crore)."

"**RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to take such steps and do such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to the above resolution."

12. Creation of charges on the immovable/movable assets of the Company

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

"**RESOLVED** that pursuant to the provisions of Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its consent to the Board of Directors to mortgage and/or charge in addition to the mortgages/charges created /to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) (in foreign currency and/or in rupee currency) working capital limits and securities (comprising of fully/partly convertible debentures and/ or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, in one or more tranches, upto an aggregate limit of ₹ 700 crore (Rupees seven hundred crore only) as approved under Section 180(1)(c) of the Companies Act, 2013 together with interest at the respective agreed rates, additional interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the respective loan agreement(s), heads of agreement(s), debenture trust deed(s) or loan agreements or any other document entered into/ to be entered into between the Company and the lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that and agreed to between the Board of Directors or any Committees thereof and the lender(s), agent(s), and/ or trustee(s)."

"**RESOLVED FURTHER** that the Board of Directors of the

Company be and is hereby authorized to finalize the documents and such other agreements for creation of charge as aforesaid and to do all such acts, deeds, matters and things as may be deemed necessary and expedient for giving effect to the above resolution."

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Registered Office:

Trident Complex,
Raikot Road,
Barnala-148 101 (Punjab)
Dated : 22 August 2014

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 **Tuesday, 23 September 2014 to Tuesday, 30 September 2014 (both days inclusive)**.
4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of **Permanent Account Number (PAN)** by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose **e-mail IDs are registered with the Company or the Depository Participant(s)** unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Members may also note that the Annual Report will also be available on the Company's website **www.iolcp.com** for their download. The physical copies of the aforesaid documents will

also be available at the Company's Registered Office in Barnala (Punjab) for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor@iolcp.com.

8. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The process and instructions for e-voting are as under:

- The voting period begins on **24 September 2014 from 09:00 A.M. and ends on 26 September 2014 at 6:00 P.M.**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **29 August 2014** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- Click on "**Shareholders**" tab.
- 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.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then **your existing password** is to be used.
- If you are a first time user follow the steps given below:**

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/ Depository Participant are requested to use the "first two letters of their name and the 8 digits of their Client ID / Folio Number in the PAN field". - In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or company please enter the "number of shares held" in the Dividend Bank details field.

- After entering these details appropriately, click on "**SUBMIT**" tab.
- 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the **EVSNI i.e. 140825012 of the IOL Chemicals and Pharmaceuticals Limited** to vote.
- 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.
- Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- 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.
- Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "**Click here to print**" option on the Voting page.
- If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on **Forgot Password & enter the details as prompted by the system.**
- Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to 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 they have to create 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.
- 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Company has appointed Mr Vinay Kohli partner, M/s. K.K. Kapoor & Associates, Chartered Accountants as scrutinizer for conducting the e-voting process in fair and transparent manner and he will submit his report to the chairman within 3 days of conclusion of voting.

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
2E/21, 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. 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) **Intimate their e-mail Id for quick correspondence to the Depository Participants / investor@iolcp.com and/or register themselves at Company's website www.iolcp.com**

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

Item No. 5 to 8

Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh, are Independent Directors of the Company and have held the positions as such for more than five years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia providing that a person who has already served as an Independent Director for more than five years, will serve for one term of maximum of five years and shall not be liable to retire by rotation at every Annual General Meeting of the Company.

It is proposed to appoint Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh, who will retire by rotation at the ensuing Annual General Meeting of the Company, as Independent Directors in terms of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement for a term of five consecutive years upto the conclusion of thirty second Annual General Meeting of the Company, who are not disqualified in terms of Sections 164 of the Act and have given their consent to act as Directors.

Notices have been received from members proposing the candidature of the above persons for the office of Directors of the Company. The Company has also received declarations from Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh that they meet the criteria of independence as prescribed both under the Act and Rules made there under.

In the opinion of the Board, Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh fulfill the conditions

specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company.

A brief profile of proposed Independent Directors, including nature of their expertise, is provided at the end of the Notice.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

The Board commends the Ordinary Resolutions as set out at item no. 5 to 8 for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions.

Item No. 9

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Dr Sandhya Mehta, was appointed as an Additional Director designated as an Independent Director w.e.f. 22 August 2014 on the recommendation of Nomination and Remuneration Committee and she shall hold office up to the date of the ensuing Annual General Meeting. She has vast 22 experience to her credit. She has published seven books in addition to numerous papers published in reputed National & International Journals. She holds master degree in Business Management and Ph.D in Management Studies.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr Sandhya Mehta for the office of Independent Director of the Company.

She is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director.

Section 149 of the Act inter alia stipulates the criteria of a person for appointment as independence director. As per the said Section 149, an independent director can hold office for a term maximum up to 5 (five) consecutive years on the Board of a company and he shall not retire by rotation.

The Company has received a declaration from Dr Sandhya Mehta that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, she fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement.

Brief profile of her including nature of her expertise as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided at end of the notice.

Keeping in view her expertise and knowledge, it will be in the interest of the Company that she is appointed as an Independent Director.

A copy of the draft Letter of Appointment as an Independent Director, setting out terms and conditions of her appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

The Board commends the Ordinary Resolution set out in for approval by the members.

Save and except her none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

Item No. 10

The Board had on 30 May 2014 on the recommendation of the Audit 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 2015 and remuneration of ₹ 1,00,000/- plus service tax and out-of-pocket expenses have been fixed for this purpose subject to the approval of the members.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, approval for the remuneration payable to the Cost Auditors for the financial year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.10 of the Notice.

The Board commends the Ordinary 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 is, in any way, concerned or interested, in the resolution set out at Item No.10 of the Notice.

Item No. 11

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot except with the consent of the Company in General Meeting, borrow monies, apart from temporary loans obtained from Company's bankers in the ordinary course of business, in excess of aggregate of the paid-up capital and its free reserves that is to say reserves not set for any specific purpose.

Presently, the Company has power to borrow the monies upto ₹ 500/- (Rupees five hundred) crore apart from the temporary loans. Keeping in view of the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing powers to ₹ 700/- (Rupees seven hundred) crore.

The Board commends the Special Resolution set out at Item No. 11 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 set out at Item No.11 of the Notice.

Item No. 12

The Company is required to create charges over its assets, movable and immovable properties by way of hypothecation, mortgage, assignment, lien, pledge etc in favour of its lenders for the purpose of securing the loan facilities and /or working capital limits extended/ to be extended by the lenders to the Company. Further, upon occurrence of default under the relevant loan/facility agreements and other documents as may be executed by the Company with the lenders, the lenders would have certain rights in respect of the Company's assets, movable and immovable properties including the power to take over the management of business and concern of the Company in certain events of default.

Section 180(1)(a) of the Companies Act, 2013 provides inter alia, that the Board of Directors shall not, without the consent of the Company in the general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking.

Since the mortgage by the Company of its assets as aforesaid in favour of the lender(s) may be regarded as disposal of the Company's properties/undertakings, the approval of the members is being sought under Section 180 (1)(a) of the Companies Act, 1956 for creating of the said charge.

The Board commends the Special 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 set out at Item No.12 of the Notice.

Information pursuant to Clause 49 of the Listing Agreement regarding the directors seeking appointment/re-appointment at the Annual General Meeting.

Name of the Director	Mr Vijay Singla	Mr Vijay Kumar Garg	Dr Sandhya Mehta
Date of Birth	1 January 1975	17 January 1970	25 March 1968
Date of Appointment	11 July 2011	02 March 2013	22 August 2014
Expertise in specific functional area	Pharmaceuticals and Chemicals Industries	Commercial activities of the Chemicals and Pharmaceuticals Products	Management, Marketing, Administration, Research & HRM
Total Experience	14 years	21 years	22 years
Present profession	Director (Works) in IOL Chemicals and Pharmaceuticals Ltd	Joint Managing Director in IOL Chemicals and Pharmaceuticals Ltd	Deputy Director in Guru Nanak Institute of Management & Technology, Ludhiana
Qualification	Degree in Chemicals Engineering and Electric Engineering	B.Sc (Chemistry), EPIB (IIM Kolkata), MBA Marketing	MBA and Ph.D in Management Studies
Directorship in other companies	IOL Lifesciences Limited	Nil	Nil
Chairmanship of Board Committees	Nil	Nil	Nil
Membership of Board Committees	Shareholder's / Investors' Grievance Committee/ Stakeholders' Relationship Committee 1. IOL Chemicals and Pharmaceuticals Limited	Nil Nil	Audit Committee 1. IOL Chemicals and Pharmaceuticals Limited
No of Shares held	Nil	Nil	Nil
Relationship with other directors	Not related to any other director	Not related to any other director	Not related to any other director

Information pursuant to Clause 49 of the Listing Agreement regarding the directors seeking appointment/re-appointment at the Annual General Meeting.

Name of the Director	Dr M A Zahir	Mr Chandra Mohan	Mr Ravi Pratap Singh	Mr Yogesh Goel
Date of Birth	18 December 1942	30 December 1932	18 October 1958	9 May 1955
Date of Appointment	30 July 1998	27 October 2005	31 July 2008	31 October 2008
Expertise in specific functional area	Management and Finance	Management, Administration, Operation, Finance and Marketing	Finance	Management and Administration
Total Experience	48 Years	More than 50 years	30 years	37 years
Present profession	Chairman of Syntec Business School	Consultant	Partner of Sycamore Ventures	Additional Managing Director in Punjab State Industrial Development Corporation Ltd and Punjab Infrastructure Development Board
Qualification	M.Com and Ph.D in Management	BA (Hons), B.Sc. in Mechanical Engineering	BS in Mechanical Engineering & MBA From Columbia University	Graduate in Chemical Engineering
Directorship in other companies	1. Hero Cycles Ltd 2. Ralson (India) Ltd 3. Sohrab Spinning Mills Ltd 4. Rockman Industries Ltd 5. Lotus Integrated Texpark Ltd 6. Majestic Autos Ltd	1. Engineering Innovations Ltd 2. Sandhar Technologies Ltd 3. DCM Engineering Ltd 4. Kamla Dials & Devices Ltd 5. Winsome Textiles Industries 6. Nextgen Telesolutions Private Ltd	1. VNR Powertech Private Ltd 2. VNR Infrastructure Ltd 3. VNR Rail Infrastructure Private Ltd 4. IFCI Sycamore Capital Advisors (P) Ltd 5. S&S Thrill Rides Private Ltd 6. VNR Logistics Private Ltd	1. Punjab State Industrial Development Corporation Ltd 2. Punjab Alkalies & Chemicals Ltd 3. Nahar Industrial Infrastructure Corporation Ltd 4. Healthcaps India Ltd 5. Indian Acrylics Ltd 6. Globus Industries and Service Ltd 7. Krishna Engg. Works Ltd 8. Punjab Venture Capital Ltd
Chairmanship of Board Committees	<i>Audit Committee</i> 1. Hero Cycles Ltd 2. IOL Chemicals and Pharmaceuticals Ltd <i>Investors' Grievance/ Stakeholders' Relationship Committee</i> 1. IOL Chemicals and Pharmaceuticals Ltd	Nil	Nil	Nil
Membership of Board Committees	<i>Audit Committee</i> 1. Rockman Industries Ltd 2. Lotus Integrated Texpark Ltd 3. Majestic Auto Ltd	<i>Audit Committee</i> 1. DCM Engineering Ltd 2. Winsome Textiles Industries Ltd 3. Kamla Dials & Devices Ltd <i>Shareholder's / Investors' Grievance Committee</i> 1. Winsome Textiles Industries Ltd	<i>Audit Committee</i> 1. IOL Chemicals and Pharmaceuticals Ltd	<i>Audit Committee</i> 1. Healthcaps India Ltd 2. Krishna Engg. Works Ltd 3. IOL Chemicals and Pharmaceuticals Ltd
No of Shares held	300	Nil	Nil	Nil
Relationship with other directors	Not related to any other director	Not related to any other director	Not related to any other director	Not related to any other director

Registered Office:

Trident Complex, Raikot Road,
Barnala-148 101 (Punjab)
Dated : 22 August 2014

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

DIRECTORS' REPORT

Dear Members

The Board of Directors of the Company has the pleasure of presenting the Twenty-seventh Annual Report of IOL Chemicals and Pharmaceuticals Limited together with Audited Statements of Accounts for the financial year ended 31 March 2014.

1. Financial Results

Financial results of the Company for the financial year under report vis-a-vis previous year are as under:

Particulars	(₹ in crore)	
	Year ended 31 March 2014	Year ended 31 March 2013
Gross sales and other Income	626.04	536.43
Net sales and other income	564.81	484.04
Profit before interest & depreciation	97.06	91.57
Interest	60.34	57.23
Profit before depreciation	36.72	34.33
Depreciation	31.63	31.37
Profit before tax	5.08	2.96
Provision for tax (including deferred tax)	1.78	1.37
Profit after tax	3.30	1.59
Balance carried to the Balance Sheet	49.33	46.03

2. Performance Review

The Company, during financial year 2013-14, has clocked a growth of 16.70% in gross revenue, which has grown to ₹ 626.04 crore from the gross revenue of ₹ 536.43 crore in the previous year. The profit before depreciation interest and tax (PBDIT) to net revenue has decreased from 18.92% to 17.18%. The Company has earned profit before tax (PBT) of ₹ 5.08 crore during the year under review against ₹ 2.96 crore during the previous year. Higher PBT is mainly due to increase in sale of the Company and improved in operation efficiency during the year.

The Company continues to maintain strategic focus on grabbing more share in market, improvement in the product mix, capitalizing product level opportunities for which regulatory approvals have been received, product rationalization, cost effectiveness throughout the organization.

3. Cash Flow Statement

A Cash Flow Statement for the financial year 2013-14 is included in the annexed Statement of Accounts.

4. Dividend

The Board of Directors has not recommended any dividend keeping in view the ongoing expansion, modification and other future investment possibilities and decided to plough back profit.

5. Capital Structure

Authorised Capital

The Company has enhanced the authorized share capital from ₹ 54 crore to ₹ 80 crore divided into 2,20,00,000 Preference Share of ₹ 10/- each and 5,80,00,000 Equity Shares of ₹ 10/- each on 20 June 2014

Paid-up Share Capital

The paid up equity share capital of the Company has been

increased from ₹ 28,81,51,640/- to ₹ 39,31,15,910/- due to allotment of 1,04,96,427 equity share on the conversion of preference share and allotment on preferential basis in following trenches:

71,46,427 Equity Share of face value of ₹ 10/- each at a premium of ₹ 18/- per share on 21 June 2014 against redemption of 1,50,10,000 1% Non Cumulative Redeemable Preference Shares of ₹ 10/- each to promoter group Companies and 50,00,000 7% Non Cumulative Redeemable Preference Shares of ₹ 10/- each to a non-promoter;

22,00,000 equity share of face value of ₹ 10/- each at premium of ₹ 18/- each on preferential basis on 21 June 2014 to non-promoters;

11,50,000 equity share of face value of ₹ 10/- each at premium of ₹ 18/- each on preferential basis on 4 July 2014 to non promoters;

In addition of above, the Company has allotted 1,10,00,000 warrants with option to subscribe to a equity share of face value of ₹ 10/- at the premium of ₹ 18/- for each warrant, within period of 18 month from the date of allotment on preferential basis to non-promoters on 04 July 2014.

6. Adjustment of Conversion Price of FCCBs

On the issue of aforesaid equity shares and warrants, the pursuant to para 6.3.12 of the Terms and Conditions relating to adjustment of conversion price in connection with the Zero Coupon Unsecured Foreign Currency Convertible Bonds (FCCB) issued by the Company in May 2010, the conversion price of said Bonds stands adjusted from date of allotment that is from 04 July 2014 from ₹ 78/- to ₹ 77/- per equity share.

7. Credit Rating

The Credit Analysis & Research Ltd (CARE) has rated Company as "CARE BB-" (pronounced "Double B Minus") for Long Term Facilities and "CARE A4" (pronounced "A Four") for Short Term Facilities.

8. Holding & Subsidiary Company

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

9. Awards

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

The Company has been awarded with "1st prize in National Energy Conservation Award" in Drugs and Pharmaceuticals sector and with "2nd prize in National Energy Conservation Award" in Chemicals sector by the Ministry of Power, Government of India. The Company has been awarded the prize consecutively for eight years by the Government of India.

10. Recognitions

Following recognitions were received by the Company during the year under review:

- Certificate of Good Manufacturing Practices Compliance of Manufacturer" from Authority for Health and Consumer Protection, Hamburg, Germany

11. Directors

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Dr Sandhya Mehta, was appointed as an Additional Director designated as an

Independent Director w.e.f. 22 August 2014 on the recommendation of Nomination and Remuneration Committee and she shall hold office up to the date of the ensuing Annual General Meeting. She has vast 22 experience to her credit. She has published seven books in addition to numerous papers published in reputed National & International Journals. She holds master degree in Business Management and Ph.D in Management Studies. The Company has received requisite notice in writing from a member proposing her name for appointment as an Independent Director. The Board recommends her appointment as Independent Directors for a term up to five consecutive five years.

As per the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Vijay Singla and Mr Vijay Garg will retire in the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment.

As per the provisions of the Companies Act, 2013, Independent Director are eligible to hold office for a term maximum up to consecutive five years and are eligible for re-appointment for the second term on passing a special resolution by the company. During their tenure, they shall not be retire by rotation.

In terms of the Articles of Association of the Company, Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh, non-executive (independent) directors so appointed, will retire in the ensuing Annual General Meeting.

The Company has received from all the Independent Directors consents for their appointment and declarations confirming that they meet the criteria of independence as envisaged under the Companies Act, 2013 and the Listing Agreement. The Company has received requisite notices in writing from members proposing their names for appointment as Independent Directors. The Board recommends their appointment as Independent Directors for a term up to five consecutive years.

12. Corporate Governance

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance alongwith Auditors' Certificate regarding compliance with Clause 49 of the Listing Agreement is annexed to this Annual Report.

13. Management Discussion and Analysis Report

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

14. 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 programmers are being conducted to bring in awareness about the importance of safety at work place. Bi-monthly medical camps are also being organized for welfare of the members in addition to regular medical facilities provided to them.

15. Fixed Deposits

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

16. Investor Services

The Company is committed to provide the best services to the shareholders/ investors. M/s Alankit Assignments Limited, New Delhi are 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 are pending with the Company for reply.

17. Listing of equity 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 Listing Agreements including payment of annual listing fee.

18. Statutory Auditors' Report

Auditors' Report on the accounts is self-explanatory and no comments are required.

19. Statutory Auditors

In terms of the provisions of the Companies Act, 2013, M/s S C Vasudeva and Co., Chartered Accountants, New Delhi (Firm Reg. No. 00235N) Statutory Auditors of the Company, will complete six consecutive years at the conclusion of the ensuing Annual General Meeting. They can be further appointed as Statutory Auditors for another term of four consecutive years i.e, till the conclusion of Annual General Meeting to be held in the year 2018. The Company has obtained necessary certificate under Section 141 of the Companies Act, 2013 from the auditors conveying their eligibility for the above appointment. The Audit & Risk Management Committee and the Board reviewed their eligibility criteria, as laid down under Section 141 of the Companies Act, 2013 and recommended their appointment as auditors for the above said period.

20. Cost Auditors

The Company has appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors to conduct the audit of Cost Accounts of chemicals and bulk drugs maintained by the Company, for the financial year 2013-14, subject to the approval of Central Govt. thereto. As mandated by Circular No.15/2011 dated 11th April, 2011 issued by the Ministry of Corporate Affairs, Govt. of India, full particulars of Cost Auditors are given herein below:-

Name	M/s Ramanath Iyer & Co., Cost Accountants
ICWA Membership No.	13848
Address	No. 808, Pearls Business Park, Netaji Subhash Place, Delhi – 110 034
Details of Cost Audit Report for the financial year ended 31 March 2013	
(a) Due date of filing	30 September 2013
(b) Actual date of filing	06 September 2013

21. Industrial Relations

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

22. 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 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms part of the report.

The Company has been awarded with "1st prize in National Energy Conservation Award" in Drugs and Pharmaceuticals sector and with "2nd prize in National Energy Conservation Award" in Chemicals sector by the Ministry of Power, Government of India. The Company has been awarded the prize consecutively for eight years by the Government of India.

23. Information on personnel

Statement showing particulars of the employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 is not given as no employee was in receipt of remuneration equal to or exceeding ₹ 60 lacs per annum or ₹ 5 lacs per month if employed for the part of the year.

24. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

1. in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. the directors had 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;
4. the directors had prepared the annual accounts on a going concern basis.

25. 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, Company's Bankers, Members, Customers and Business Constituents.

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

For and on behalf of the Board

	Sd/-	Sd/-
Place : Ludhiana	Dr M A Zahir	Varinder Gupta
Dated : 22 August 2014	Chairman	Managing Director
	DIN: 00002973	DIN: 00044068

ANNEXURE I TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2014.

I CONSERVATION OF ENERGY

1.1 Energy conservation measures taken:

- a) Installation of semi continuous automated system for caustic lye dilution & dispensing for the saving of thermal & Electrical energy besides increase in productivity.
- b) Re-engineering in Ibuprofen Stage-1 with installation of

Graphite condensing systems & using the quenching step exothermic heat for solvent recovery instead of cooling with brine, resulting in reduction in brine load and less steam requirement.

- c) Installation of water circulation and cooling system with water ring vacuum pumps to save water and less power consumption with improved vacuum.
- d) Installation of plate type heat exchangers by replacing conventional shell and tube type heat exchangers on Acetone & IPA recovery for saving of thermal and electrical energy.
- e) Process Optimization & Equipment re-configuration at Ibuprofen stage, to eliminate utility changeover during processing, resulting in less thermal energy consumption.
- f) Installation of additional heat exchangers along with Esterification reactors to shift the exothermic heat load from brine to chilled water hence reducing the energy norms.
- g) Installation of Booster pumps in series at intermediate area for brine & cooling water to meet the pressure requirement instead of running high rating pumps from utility to save the electrical energy.
- h) Installation of spent acid recovery dump kettle in the IPCA section for saving the IPCA & IPA Traces.
- i) Two Potassium carbonate batches prepared with single batch timing by providing two containers of potassium carbonate hence power and thermal energy saved.
- j) Reduction of steam consumption by simulating column pressure and vacuum with reflux ratio in IBB plant.
- k) Increasing the potassium carbonate recovery by applying vacuum on crystallizers in IBB plant.
- l) DM water saving by using the recovery plant condensate in neutralizer for washing the crude.
- m) Low pressure steam applied in acetic anhydride ketene furnace for atomization of fuel for better burning and hence saved fuel energy.
- n) Installation of steam jet ejector in acetic anhydride plant for reducing the electrical energy
- o) Installation of coil co- current in place of counter current in acetic anhydride ketene furnace for increasing the productivity and increasing life time of coil.
- p) DM water circulation started in acetic anhydride absorption section in place of dilute acetic acid for reducing the load on ETP.
- q) Installation of grating in place of chequered plate in chemical plant for better lighting
- r) Circulation of CT water started from IPCA reactor's which was drained earlier
- s) Installation of PIT for collection of condensate of IPCA reactors, vaporizers for using in soda reactor which was drained earlier.
- t) Installation of extractor column in place of decanter for reducing the water consumption.
- u) At cogen cooling tower 100 HP motor operated cooling water pump is replaced with small pump of 50 HP capacity, resulting in power saving.

- v) In DM Plant return condensate received from the process plants which earlier could not be used due to quality issue, have been utilized in two ways. One its heat is recovered for heating DM water and second after condensate is cooled, it is polished in the DM plant to make it usable in boiler. In this way return condensate quantity against steam generated is increased and also raw water is saved which is case of sustainable development also.
- w) Centralization of brine & chilled water plant for chemical & ibuprofen section for minimize the energy losses & running load optimization.

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

- a) Automation to be made in ibuprofen plant like dispensing system for all liquid raw material or solvents etc. to reduce the time cycle i.e. to increase the productivity in same facility, so reducing the energy norms.
- b) To install the semi-continuous & automated sulfuric acid dilution system to reduce the energy norms.
- c) To Install the distillation columns & evaporators for solvent recovery instead of doing recovery in reactors.
- d) To install the air to air enthalpy recovery wheel in air handling units to reduce the energy norms.

- e) To Install the azeotropic distillation setup for IPA water separation to reduce the water content in IPA to 1%, for its subsequent use in Ibuprofen Stage-2 for saving of thermal & electrical energy.
- f) Acetyl scrubbers 2 & 3 will be shifted to on height to use the single pump for both scrubbers scrubbing operation for the saving of power.
- g) Heat exchanger will be planned in flash tank vapor line to scrubber-3 to save the acetic acid contents.
- h) Scrubber to be installed to increase number of batches by using same power.
- i) New ketene fired heater will be installed in the acetic anhydride section of the saving of furnace oil.
- j) Installation of VFD at 80 TPH boiler PA fan to reduce energy consumption at boiler

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

Consumption per unit of production is lower from that of previous year due to better capacity utilization and measures taken to conserve the energy.

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

Particulars	Unit	Year ended 31 March 2014	Year ended 31 March 2013
A. Power and Fuel Consumption			
1. Electricity			
a) Purchased Units	KWH in lacs	12.36	28.70
Total Amount	₹ in lacs	85.16	182.13
Rate/Unit	₹/KWH	6.89	6.35
b) Own Generation			
i) Through Diesel Generator			
Units	KWH in lacs	0.49	0.29
Units per liter of HSD	KWH	3.55	3.53
Cost/Unit	₹/KWH	14.25	12.15
ii) Through Turbine Generator			
Units	KWH in lacs	383.81	371.74
Units per MT of Steam	KWH	114	111
Cost/Unit	₹/KWH	4.07	4.03
2. Coal	MT	36,622	44,361
3. Furnace Oil	KL	NIL	NIL
4. Others/Internal Generation		NIL	NIL
B. Consumption per unit of production			
Chemicals	KWH/MT	173	240
Drug Intermediates	KWH/MT	362	469
Bulk Drugs	KWH/MT	3403	3104

II TECHNOLOGY ABSORPTION

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

FORM-B

Disclosure of particulars with respect to technology absorption

1. Research & Development (R & D):

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

- a) Process parameters study of ibuprofen intermediate i.e IBAP to reduce time cycle. Benefit from new process is

reduction in time cycle, less requirement of utility & extra benefit is the increase in concentration of byproduct Poly aluminum chloride (PAC), which has a high demand & high value in market comparative to earlier material.

- b) Development of new API's like Fenofibrate, Clopidogrel, Fluconazole, Metformin & Dex-Ibuprofen in R&D for commercial development.
- c) Development of new chemical derivatives like synthesis of sodium mono chloroacetate (SMCA), Carboxy Methyl Cellulose (CMC) & Methyl Mono Chloro Acetate (MMCA) in R&D for commercial development.

- d) Trial run of checking corrosion rate of different materials with different chemicals.
- e) For commercial purchase of raw materials, all raw materials of Losartan & Clopidogrel taken in performance batches for vendor qualification
- f) Working on parameters of existing products to improve quality and product norms.
- g) Implementation of continuous processes instead of conventional processes in ibuprofen plant.
- h) Find out impurities in new products like Lamotrigine, Clopidogrel and develop same in R&D.
- i) Installing more instruments in R&D lab for better efficiency of analysis.

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

- a) Successful development of Metformin (Anti Diabetic) process, validation at R&D followed by scale-up at commercial scale & Pilot Plant validation completed, DMF filed.
- b) Process for synthesis of Metformin has been modified w.r.t latest European pharmaceutical monograph requirement.
- c) In Lamotrigine to reply EDQM Regulatory authority, an Impurity of Stage-01 intermediate isolated, characterizes & identified. On the basis of that specification of intermediate update & reply submitted to authorities.
- d) Preparation of Ibuprofen Dex and validation completed.
- e) After successful synthesis of Lamotrigine in R&D, process Validation completed, scale up at pilot level along with validation completed and DMF filed.
- f) After successful synthesis of Fenofibrate in R&D, process Validation completed, scale up at pilot level along with validation completed and DMF ready for filing.
- g) Successful synthesis of Sodium mono chloroacetate (SMCA) & Methyl mono chloroacetate (MMCA) from mono chloroacetic acid (MCA) from R&D to commercial scale, this will increase the captive consumption of MCA.

SMCA is widely used in agrochemicals & synthesis of other intermediates.

- h) Fluconazole R&D validation completed and Pilot plant validation batches to be taken soon.
- i) Key starting material of Fluconazole i.e DFTA (di fluoro triazole acetophenone) in house synthesis developed at R&D & process validation done.
- j) Clopidogrel R&D validation under progress, process scale-up batches parallel conducted in Kilo Lab.
- k) Carboxy methyl cellulose (CMC), CMC has widely used over different industries like Paint, paper, adhesive, Pharma, food, Oil drilling, ceramics, textile etc. One of raw material used in CMC is MCA, so its commercialization will lead to increase in production capacities of MCA. Process to synthesize different grades has been developed & R&D is providing sample to marketing team to develop customers according to applications.

c) Future plan of action:

R&D is doing literature survey & planning to start the Synthesis of new products like Meloxicam, Olmesartan, Telmisartan, ropinirole, Quetiapine & Paracetamol in R&D and transfer technology into pilot plant and then in commercial scale.

2. Technology Absorption, Adaptation & Innovation: Nil

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

Used	6.94
Earned	126.28

For and on behalf of the Board

Place : Ludhiana
Dated : 22 August 2014

Sd/-
Dr M A Zahir
Chairman
DIN: 00002973

Sd/-
Varinder Gupta
Managing Director
DIN: 00044068

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

World Economy

Global activity strengthened during the second half of 2013, as anticipated in the October 2013 World Economic Outlook (WEO). Activity is expected to improve further in 2014–15, largely on account of recovery in the advanced economies. Global growth is now projected to be slightly higher in 2014, at around 3.7 percent, rising to 3.9 percent in 2015, a broadly unchanged outlook from the October 2013 WEO. But downward revisions to growth forecasts in some economies highlight continued fragilities, and downside risks remain. In advanced economies, output gaps generally remain large and, given the risks, the monetary policy stance should stay accommodative while fiscal consolidation continues. In many emerging market and developing economies, stronger external demand from advanced economies will lift growth, although domestic weaknesses remain a concern. Some economies may have room for monetary policy support. In many others, output is close to potential, suggesting that growth declines partly reflect structural factors or a cyclical cooling and that the main policy approach for raising growth must be to push ahead with structural reform. In some economies, there is a need to manage vulnerabilities associated with weakening credit quality and larger capital outflows. (Source:IMF)

Indian Economy

In 2014-15, the Indian economy is poised to overcome the sub-5 per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industry sector. Inflation too declined during this period, but continued to be above the comfort zone, owing primarily to the elevated level of food inflation. Yet, the developments on the macro stabilization front, particularly the dramatic improvement in the external economic situation with the current account deficit (CAD) declining to manageable levels after two years of worryingly high levels was the redeeming feature of 2013-14. The fiscal deficit of the Centre as a proportion of GDP also declined for the second year in a row as per the announced medium term policy stance. Reflecting the above and the expectations of a change for the better, financial markets have surged. Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, particularly on account of performance in some advanced economies, the economy can look forward to better growth prospects in 2014-15 and beyond. (<http://indiabudget.nic.in/es2013-14/echap-01.pdf>)

Indian Industrial Sector and Chemical Industry

The chemical industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy. Rapid growth is expected in India as well, with predicted annual growth above 9 per cent per year in the period 2012 to 2014, and above 8 per cent per year in the period 2015 to 2021.

With current initiatives of industry & government, the Indian chemical industry could grow at 11% p.a. to reach size of \$224 billion by 2017. However, the industry could aspire to grow much more and its growth potential is limited only by its aspirations. In an optimistic scenario, high end-use demand based on increasing per capita consumption, improved export competitiveness and resultant growth impact for each sub-sector of the chemical industry could lead to an overall growth rate greater than 15% p.a. and a size of \$ 290 billion by 2017.

Pharmaceutical Industry

India is among the most significant emerging markets for the global pharma industry, given that it will feature among the world's top 10 sales markets by 2020. Currently, it is regarded as one of the fastest-growing pharma industries globally, primarily driven by a large population,

evolving patient demographics, increasing health care expenditure, growing urbanisation, rising life expectancy, and active private-sector participation.

(Source: Sanofi and Kantar health presentation at EphMRA)

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to "A Brief Report Pharmaceutical Industry in India," published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. (including 5 Central Public Sector Units)

Globally, India ranks third in terms of manufacturing pharma products by volume. According to McKinsey, the Pharmaceutical Market is ranked 14th in the world. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of US\$ 14 billion over the next decade is likely to be the third largest among all markets.

Generics

India tops the world in exporting generic medicines worth US\$ 12 billion. The Indian generic drug market is to grow at a CAGR of around 16 per cent between 2010 and 2020.

Over the next few years, it is expected that the patent laws will provide impetus to the launch of patent-protected products. Such products have the potential to capture upto a 10% share of the market by 2015, implying the market size of US \$2 billion.

Government Initiatives

The Government of India has aggressively adopted prudent strategies to boost the country's healthcare industry. From granting 100 per cent Foreign Direct Investment (FDI) in the drugs and pharma sector to establishing various pharma SEZs across the country, a range of initiatives have further strengthened the Indian pharma industry.

The Department of Pharmaceuticals has prepared "Pharma Vision 2020," document for making India one of the leading destinations for end-to-end drug discovery and innovation and for that purpose the department provides requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma research and development (R & D) venture fund for research in the public and private domain and such other measures.

(<http://www.cci.in/pdfs/surveys-reports/Pharmaceutical-Industry-in-India.pdf>)

According to the Union Budget 2014-15, to encourage new investment and capacity addition in the chemicals and petrochemicals sector, basic customs duty reduced on certain items.

Source: (<http://www.cci.in/pdfs/surveys-reports/Pharmaceutical-Industry-in-India.pdf>)

(<http://www.ibef.org/industry/pharmaceutical-india.aspx>)

2. Opportunities and Threats

Opportunities

1. Major raw material for pharma division in house.
2. Large domestic market, with good potential for growth.
3. Technically and qualified trained manpower.
4. Backward & forward integration of products.

Threats:

1. Cost of power & cost of finance in India is very high as compared to prevailing in developed countries.

2. Infrastructure facilities are not of world class. Transport and Communications are complex resulting in delays and slow movement of goods.

3. Our Business Strategy

All the International and Indian Financial and Non Financial Institutions are estimating recovery of global economy in financial year 2013-14 particularly in second half. Growth prospects for India as whole in general are positive as compare to previous year growth and Pharmaceutical and Chemical Segment in particular. Moreover Government of India is also taking initiatives to achieve the high growth rate and stimulate exports. In the Union Budget 2014-15, to encourage new investment and capacity addition in the chemicals and petrochemicals sector, basic customs duty reduced on certain items.

Our Strategic focus is continuing to maintain and establishing leading market position in key business segments with profitability and growth. As we have implemented the following core business strategies:-

Global Leadership in Chosen products and increasing market share by continuing to grow our product portfolio - Our success story is our ability and acumen to select attractive products in niche markets and increasing our production capacity with cost optimization. We are continuing our legacy with selection of attractive products in pharma and chemical segments.

More Penetration into Foreign Markets - Government of India is providing lot of incentives for pharma companies to stimulate exports. We are also exploring more foreign countries to penetrate. We have vision of putting global footprints in every continent.

Capitalise on our strong customer base and customer relationship management for pursuing growth opportunities - We are presently having customer base in about 50 countries and we are increasing our customer base with referrals from existing customer and brand value that we have created in the last 12 years. We also market our new products through this network.

Optimization of our margins - For the optimization of our margins we undertook following steps:-

- Consolidation of operations of Chemical Segment
- Streamlining of the existing processes for de bottlenecking and optimal utilization of resources.
- Improvement incapacity utilization and production parameters with help of in house R&D

4. Business Segment Performance and Future Prospects

Our operations are broadly comprises of product and services across Bulk drug and Specialty industrial organic chemicals. Our Bulk Drug segment includes operations of manufacturing of Bulk Drug which are as under:-

1. Anti Inflammatory
2. Anti Ulcer Drugs
3. Anti Diabetic
4. Anti Hypertension

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

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

Bulk Drug

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

We are increasing our APIs product portfolio by first entering into markets, improving our cost competitiveness through efficient manufacturing processes and systems, accelerating Drug Master File (DMF) filings, entering into and expanding relationships with Major Indian and foreign generic companies for sale of our APIs, and continuing to build on our previous track record. Our APIs are exported worldwide, into emerging as well as developed markets. Our key markets are Africa, Latin America, South America, Europe, Korea, Commonwealth of Independent States (CIS) countries, the Middle East and Australia. Our API customers are leading global generic companies. As of March 31, 2014, we have 7 APIs available through commercial scale plants, of which Ibuprofen, Metformin, Lansoprazole and Lamotrigine, are the most significant.

India is among the most significant emerging markets for the global pharmaceuticals industry, given that it will feature among the world's top 10 sales markets by 2020. Currently, it is regarded as one of the fastest-growing pharmaceuticals industries globally, primarily driven by a large population, evolving patient demographics, increasing health care expenditure, growing urbanisation, rising life expectancy, and active private-sector participation.

(Source: Sanofi and Kantar health presentation at EphMrA)

We are constantly working to ensure that all plant lines provide the desired turnover, with least downtime and optimal product mix. Our APIs business witnessed 11.71 % increase in revenue to ₹ 275.03 crore in the financial year ended 31 March 2014, from ₹ 246.19 crore in the financial year ended 31 March 2013, largely due to an increase in demand for our existing products. To tap the opportunity of increased demand, we are aggressively optimizing and de-bottlenecking our operations by using existing infrastructure to maximize our output. Our future development will be driven by our strategic objective of focusing and specializing in niche areas and backward integration to existing chemical segment, wherein lies our strength of APIs

Specialty Industrial Organic Chemicals

Specialty Industrial Organic Chemicals are having distinct uses in different industries like Pharmaceuticals, flexible packaging, Paints, Adhesives, Food Packing and Photography etc to be precise. Since Inception, we have been enhancing our capacities in general and chemical segment in particular. Moreover, Major of the chemicals produced by your company is used in its forward integrated plants, like Mono Chloro Acetic Acid (MCA) and Acetyl Chloride are the key raw material to manufacture Ibuprofen.

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

India emerges as one of the focus destinations for chemical companies worldwide. With the current size of approximately \$108 billion, the Indian chemical industry accounts for 3% of the global chemical industry and approximately 7% of Indian GDP. Two distinct scenarios for the future emerge, based on how effectively

the industry leverages its strengths and manages challenges. In the base case scenario, with current initiatives of industry & government, the Indian chemical industry could grow at 11% p.a. to reach size of \$224 billion by 2017. However, the industry could aspire to grow much more and its growth potential is limited only by its aspirations. In such an optimistic scenario, high end-use demand based on increasing per capita consumption, improved export competitiveness and resultant growth impact for each sub-sector of the chemical industry could lead to an overall growth rate of over 15% p.a. and a size of \$290 billion by 2017 (~6% of global industry). This has a potential for further upside in the future considering India's increasing competitiveness in manufacturing. (Source: INDIAN CHEMICAL INDUSTRY Five Year Plan – 2012-2017)

We are continuously monitoring the operations of the plant for optimal utilization of resources and achieve the desired production levels with minimal breakdown. In financial year 2013-14, Revenue from external sales of Chemical Segment witnessed increase of 22.23% to ₹ 286.65 crore in financial year 2013-14 from ₹ 234.52 crore in financial year 2012-13. The utilization of chemicals also increase in In-house consumption (Inter Segment Transfer) which increased from ₹ 70.17 crore to ₹ 80.64 crore in year under review

5. Internal Control and Risk Management

It is a myth, an enterprise with immunity from risk. It is general principle that there is no growth without risk or opportunity cost. It does not mean an organization should take more risk to get high growth. However, risk should be calculated and managed, if risks are not properly managed, an organization will not be able to attain its targets. Internal control and Risk Management is backbone of any organization. It plays a key role in directing and guiding the company's various activities within the desired parameters.

IOLCP's visualization on Risk Management

To establish and maintain enterprise wide risk management capabilities for rigorous monitoring and mitigation of Macro as well as Micro risks on continuous and sustainable basis.

IOLCP's Risk Management Strategy

IOLCP is having a strong risk management framework, which actively monitors organization's activities to identify, assessing and mitigating potential internal or external risks at the preliminary stage. We also compare the standards vis a vis actual levels and reports the variance above threshold level to Board of Directors. As an organization, we promote strong ethical values with high level of integrity in all our activities, where by itself significantly mitigates the risk.

IOLCP's Risk Management System

Our Risk Management System is bifurcated into two levels, First Apex Level, comprises of Board of Directors and Company's Audit and Risk Management Committee and second is supporting level comprising of Business Heads, Functional Heads, and Unit's Heads, Divisional Heads of Accounts & Finance and Works Head. Supporting level team entrusted with responsibility of identification and monitoring of risks. Identified risks are then discussed with Board of Directors at various intervals and consensus is obtained on methods to mitigate the risk. Moreover, supporting team further supported by internal audit conducted by independent firm of chartered accountants and it also makes the assessment and advises us in further improvements. Company's Audit and Risk Management Committee reviews report submitted by Internal Auditors and monitors follow-up & corrective action taken by the Company.

IOLCP's Risk Mitigation Methodology

We are equipped with comprehensive system to identify the risk from internal and external factors at early stage and take appropriate actions for its mitigation. We have already established detailed structure and action plan in all level of organizations. In IOLCP, we believe to curtail the risk with pro active approach, so that risk can be mitigated at early stage.

We have already identified entry level controls for the organization, covering integrity and ethical values. Thereby, we are strengthening the control system with continues training and standardized documentation.

Management's Forecasting for Risk

The Company believes that there is no activity without risk but at the same time one has to tread very cautiously and with care. Company encourages the members to take appropriate measures to manage risk in their sphere to maximize value addition in their every activity which will result in wealth maximization of every stakeholder. It enables to protect margins in adverse business conditions and maximize them in favorable markets.

A description of main risks to which Company is exposed as well as approach taken by the management to control and mitigate those risks is shown below:

Competition risk

Founder of Ford Motor Company and famous American Industrialist said "Competition is the lifeblood of Industry". Marketing Scholar Porter has also taken "competition from the rivals" as force in its famous Porter's five forces model. We at IOLCP, take the completion in positive manner and learn from it to compete in the market to become best in the industry.

The Company is exposed to competition from indigenous as well as foreign players. Over the years Company has de- bottlenecked and enhanced its capacities in drug as well as chemical segments.

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 broadly in major of the states of country. Company has also expanded its customer base in about 50 countries to mitigate geographical risk.

Technological risk

Technological advancement could result in asset obsolescence warranting a high cost of replacement. Company is using the latest technology in the manufacturing, processing and quality control measures and keeps itself in touch with the latest advancement in technology and adopting the same to remain efficient in productivity and cost minimization.

Environmental Health and Safety Risk

Today Governments of all the countries in 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,

qualified Doctors and monthly health check-up at all levels of the organization. Moreover the Company has obtained BS OHSAS 18001:2007.

Credit risk

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

Liquidity risk

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

Foreign exchange risk

The 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.

Human Capital Risk

Acquisition and retention of right talent is critical to maintain desired operational standards. Insufficient focus on human resource processes (e.g. recruiting, talent management, labour management, development and training) may result in an organisation's inability to recruit and/ or hold the required personnel. In IOLCP, a dedicated team of professionals is established which looks after the recruitment, training, remuneration and human capital issues. On one hand the Company continues to hire new, highly-skilled professional and technical personnel staff and on another hand it also introduced rewards and recognition policies for effective employee engagement.

Insurance

In order to reduce and mitigate identifiable risks, the Company is prompt to take insurance cover on this. 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.

6. Financial Performance

Revenue from operations

The Company has witnessed growth of 16.70% in gross revenue from operations which is increased to ₹ 626.04 crore during the period of review as compared to ₹ 536.43 crore during the previous year. Export sales of the Company has also increased from ₹ 117.69 crore to ₹ 155.82 crore with 32% growth.

Other Income

Other income for the year ended 31 March 2014 was ₹ 1.31 crore as against ₹ 2.53 crore in the previous year. Interest received during the year was ₹ 1.26 crore as against ₹ 1.20 crore during the previous year.

Cost of Material Consumed

During the year, the percentage of material consumption to net sales was 70.61% as against 69.37% for the previous year, representing a minor increase of 1.24%.

Employee Benefit Expenses

During the year, employee benefit expenses has been increased from ₹ 22.08 crore to ₹ 27.08 crore. It is in consonance with increase in operation of the company and inflation.

Financial Cost

During the year, the percentage of financial expenses to net sales was 10.71% against 11.89% in the previous year, showing decrease of 1.18%.

Depreciation

Depreciation charged to the profit and loss account marginally increased during the year to ₹ 31.63 crore as compared to ₹ 31.37 crore during the previous year.

Other Expenses

During the year, the percentage of other expenses to net sales was 12.55% against 14.62% in the previous year, showing decrease of 2.07%.

Profit before Depreciation, Interest and Tax

PBDITA of the company has spurred by 6 % during year of review from ₹ 91.57 crore to ₹97.05 crore as compared to previous year.

Profit before Tax

PBT of the Company has increased from ₹ 2.96 crore to ₹ 5.08 crore during the year under review. This increase is mainly due to increase in turnover of chemicals and drugs of the Company and improvement in operational efficiency.

Provision for tax

Tax expenses for the year under review was ₹ 1.78 crore in comparison to ₹ 1.37 crore during the previous year. However, the Company has contributed ₹ 61.23 crore to national exchequer by way of excise duty as compared to ₹ 52.39 crore in previous year.

Profit after Tax

The Company has registered growth of 108% in bottom line with profit after tax increased from ₹ 1.59 crore to ₹ 3.30 crore in period under review.

Share Capital

Authorized share capital of the Company is ₹ 54 crore divided into 3,20,00,000 equity shares of ₹ 10 each and 2,20,00,000 preference shares of ₹ 10 each as on 31 March 2014.

Reserves and Surplus

The Company in accordance with AS-21 has utilised ₹ 2.83 crore from the securities premium reserve for providing for the premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds. The said utilised amount has been shown in securities premium reserve under the head reserve and surplus.

Deferred Tax Liability

The Company had a deferred tax liability (net of deferred tax assets) of ₹ 12.14 crore as on 31 March 2014 as against ₹ 10.36 crore at the end of previous year.

Long Term Borrowing

Long term secured borrowing at the end of financial year 2014 were ₹ 163.91 crore, against ₹ 202.96 crore at the end of previous year. Unsecured long term borrowings at the end of financial year 2014 stood at ₹ 52.10 crore against ₹ 83.89 crore at the end of previous year.

Other Long Term Liabilities

Other Long term Liabilities at the end of financial year 2014 were ₹ 34.01 crore, against ₹ 28.41 crore at the end of previous year.

Long Term Provisions

Long term provisions increased to ₹ 0.30 crore at 31 March 2014 compared to ₹ 0.13 crore as at 31 March 2013.

Short Term Borrowings

Short term secured borrowing at the end of financial year 2014 were ₹ 96.96 crore, against ₹ 97.16 crore at the end of previous year.

Trade Payable

The trade payables as at 31 March 2014 was ₹ 113.37 crore compared to ₹ 95.38 crore as at 31 March 2013.

Other Current Liabilities

Other current liabilities at the end of financial year 2014 were ₹ 58.57 crore, against ₹ 35.46 crore at the end of previous year.

Short Term Provisions

Short term provisions increased to ₹ 0.49 crore at 31 March 2014 compared to ₹ 0.21 crore as at 31 March 2013 due to full advance tax deposit during the year.

Fixed Assets

Gross block of tangible assets as on 31 March 2014 stood at ₹ 568.90 crore as against ₹ 557.45 crore as on 31 March 2013. Addition in intangible assets ₹ 0.17 crore during the year and stood at ₹ 0.57 crore as on 31 March 2014 against ₹ 0.39 crore as at end of the previous year.

Long-term Loans and Advances

Long term loan and advances as on 31 March 2014 were ₹ 13.11 crore as compared to ₹ 11.93 crore as on 31 March 2013.

Other Non-current Assets

Other non-current assets include the bank balance as on 31 March 2014 were ₹ 3.61 crore as compared to ₹ 2.06 crore as on 31 March 2013.

Inventories

The Company had inventories of ₹ 192.23 crore as on 31 March 2014 against ₹ 163.47 crore as on 31 March 2013.

Trade Receivable

Trade Receivable amounted to ₹ 49.26 crore as on 31 March 2014 as compared with ₹ 35.82 crore as on 31 March 2013.

Cash and Bank balance

As on 31 March 2014, The Company had cash and bank balances of ₹ 11.45 crore as compared to ₹ 12.39 crore as on 31 March 2013.

Short-term Loans and Advances

Short term loans and advances as on 31 March 2014 were ₹ 27.79 crore as compared to ₹ 39.33 crore as on 31 March 2013.

Cash Flows

The Company's net cash flow from operating activities for the year ended 31 March 2014 increased to ₹ 78.05 crore against ₹ 53.19 crore during the previous year.

The Company's net cash used in investing activities amounted to ₹ 12.12 crore during the year ended 31 March 2014 against ₹ 17.97 crore during the previous year.

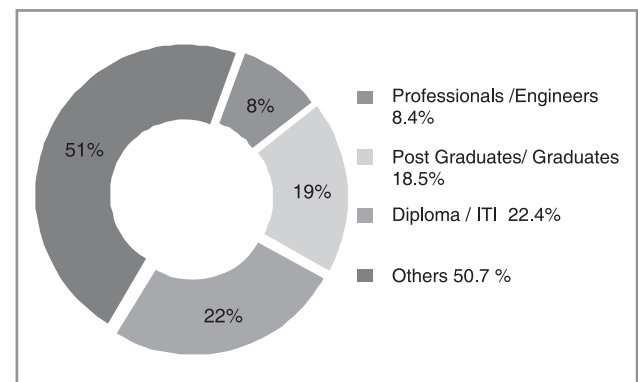
During the year, net cash used from financing activities amounted to ₹ 65.32 crore as against ₹ 31.80 crore during the previous year.

7. Contribution to National Exchequer

The Company has contributed a sum of ₹ 61.23 crore as compared to ₹ 52.39 crore during the previous year to National Exchequer by way of central excise duty in addition to contribution through other direct and indirect taxes.

8. Human Assets

The Company has a team of about 1,075 strong members as on 31 March 2014 consisting of 8.4% Professionals /Engineers, 18.5% Post Graduates/ Graduates, 22.4 % Diploma /ITI and 50.7% others.



The Company stresses on all around development of the human resources. Company's HR policies entail injecting Company with a high degree of expertise, professional depth, dynamism and power of the youth. 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. To continuously enhance competencies of the employees, Company organizes a series of in-house as well as external training programs.

9. Cautionary Statement

Statements 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 statutes, as also other incidental factors

For and on behalf of the Board

Place : Ludhiana
Dated : 22 August 2014
Sd/-
Dr M A Zahir
Chairman
DIN: 00002973

Sd/-
Varinder Gupta
Managing Director
DIN: 00044068

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

Sound Corporate Governance principles are the foundation upon which the trust of investors is built. It has been continuous endeavour of the Company to exceed and excel through better corporate governance and fair & transparent governance practices, many of which were in place before they were mandated by SEBI. For creation and maximization of wealth of shareholders on a sustainable and long-term basis, it is imperative for the Management to institutionalize a "Framework of Corporate Governance and Code of Practices" as an enabling methodology to further strengthen management and decision-making process. We believe in leveraging the resources to translate dreams into opportunities and opportunities into reality; to infuse people with a vision which sparks dynamism and entrepreneurship; to create a system of succession which combines stability with flexibility and continuity with change.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, details of which are given below:

2. Board of Directors:

2.1 Appointment of Directors :

The Directors of the Company are appointed by the members at General Meetings. All Directors except Managing Director and Whole Time Directors are subject to Company's Articles of Association, liable to retire by rotation at every Annual General Meeting, if eligible, generally offers themselves for reappointment. The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

2.2 Composition of the Board:

The Board comprises three executive and four independent directors as on 31 March 2014. The Company is having majority of independent directors on the Board. Detail of 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
			Chairman-ships	Memberships	
Dr M A Zahir (Chairman)	Independent	7	4	3	300
Mr Varinder Gupta	Managing Director	4	—	1	11,59,265
Mr Chandra Mohan	Independent	6	—	4	—
Mr Yogesh Goel	Independent	9	—	3	—
Mr Ravi Pratap Singh	Independent	2	—	1	—
Mr Vijay Singla	Director (Works)	2	—	2	—
Mr Vijay Kumar Garg	Joint Managing Director	1	—	—	—

Including the Company and does not include unlimited company, private limited company, foreign company and company registered under Section 25 of Companies Act, 1956

@ Board Committees for this purpose includes Audit Committee and Investors'/Shareholders' Grievance Committee/ Stakeholders' Relationship Committee only

Notes:

1. None of directors is a chairman of more than 5 (five) committees and member of more than 10 (ten) committees.
2. There is no inter-se relationship between the directors

2.3 Change in directorship during the year:

There is no changes in the directorship of the company during the year.

2.4 Attendance of Directors at the Board Meetings and last Annual General Meeting:

During the financial year 2013-14, the Board of Directors met 4 (four) times on 27 May 2013, 12 August 2013, 09 November 2013 and 08 February 2014. 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 2013 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	No
Mr Chandra Mohan	3	No
Mr Yogesh Goel	3	No
Mr Ravi Pratap Singh	0	No
Mr Vijay Singla	4	Yes
Mr Vijay Kumar Garg	4	No

2.5 Meetings Procedure:

The Company holds Board Meetings regularly. The Board is informed venue and date of meeting in advance in writing at their usual address and also through e-mail. Detailed agenda papers alongwith explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49 is regularly provided to the Board as a part of agenda papers. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Decision is taken after proper and through discussion.

2.6 Remuneration of Directors:

- i) Executive Directors: The Company pays remuneration to its Managing Director and Executive Directors as approved by Remuneration Committee, Board of Directors and Members of the Company. Detail of remuneration paid to the Managing Director and the Executive Directors during the financial year 2013-2014 is given below:

(Amount in ₹)

Name	Position	Salary	Commission	Contribution to Provident & other Funds	Other perquisites & allowances	Total
Mr Varinder Gupta	Managing Director	19,20,000	—	2,30,400	26,49,600	48,00,000
Mr Vijay Singla	Director (Works)	14,40,000	—	1,72,800	19,87,200	36,00,000
Mr Vijay Kumar Garg	Joint Managing Director	16,80,000	—	2,01,600	23,18,400	42,00,000

- ii) Independent Directors: Independent Directors have not paid any remuneration except sitting fees @ ₹ 7500/- for attending each Board Meeting and ₹ 5000/- for attending each Committee Meeting. Details of sitting fees paid during the year 2013- 2014 is given below:

(Amount in ₹)

Name of Directors	Fee paid for Board Meetings	Fee paid for Committee Meetings	Total Fee Paid
Dr M A Zahir	30,000	55,000	85,000
Mr Chandra Mohan	22,500	5,000	27,500
Mr Yogesh Goel	22,500	15,000	37,500
Mr Ravi Pratap Singh	0	0	0
TOTAL	75,000	75,000	1,50,000

*The fees paid for Committees includes Audit & Risk Management Committee, Banking & Finance Committee, Remuneration Committee, Investors' Grievance Committee/ Stakeholders' Relationship Committee and Allotment Committee.

During the year 2013-14, The Company did not advance any loans to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business. There is no provision of any severance fee payable to any director on cessation of directorship of the Company.

3. Committees of the Board:

3.1 Audit and Risk Management Committee

Audit and Risk Management Committee consists of four directors, three being independent directors viz. Dr M A Zahir (Chairman), Mr Ravi Pratap Singh, Mr Yogesh Goel and one being executive viz. Mr Vijay Singla. Statutory Auditors, Internal Auditors and Finance head are invitees on the Committee. Company Secretary acts as Secretary to the Committee.

Terms of reference of Audit and Risk Management Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the Clause 49 of the Listing Agreement. 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 2013-2014, Audit and Risk Management Committee met four times on 27 May 2013, 12 August 2013, 09 November 2013 and 08 February 2014. 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	Category	No. of Meetings	
		Held	Attended
Dr M A Zahir (Chairman)	Independent	4	4
Mr Yogesh Goel	Independent	4	3
Mr Ravi Pratap Singh	Independent	4	--
Mr Vijay Singla	Executive	4	4

The Chairman of Audit and Risk Management Committee was present at last Annual General Meeting to give answer to the queries of shareholders.

The Board of Directors in its meeting held on 22 August 2014 reconstituted the Committee consisting of Dr M.A. Zahir as

Chairman and Mr Yogesh Goel, Mr Ravi Pratap Singh and Dr Sandhya Mehta as its members.

The terms of reference of Audit and Risk Management Committee are as per provisions of the Companies Act, 2013 and as contained in the Clause 49 of Listing Agreement.

3.2 Remuneration Committee / Nomination and Remuneration Committee

Remuneration Committee consists of three directors, all being Independent Directors viz. Dr M A Zahir (Chairman), Mr Chandra Mohan and Mr Ravi Pratap Singh as on 31 March 2014. Terms of reference of Remuneration Committee include determination of remuneration packages of the executive directors including remuneration policy, pension rights etc. During the year, one meeting was held on 02 July 2013.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Dr M A Zahir (Chairman)	Independent	1	1
Mr Chandra Mohan	Independent	1	1
Mr Ravi Pratap Singh	Independent	1	--

The Board of Directors in its meeting held on 22 August 2014 reconstituted the Committee consisting of Mr Chandra Mohan as Chairman and Dr M A Zahir, Mr Ravi Pratap Singh and Dr Sandhya Mehta as its members and renamed as Nomination and Remuneration Committee. The terms of reference are as per the provision of the Companies Act, 2013.

3.3 Investors' Grievance Committee/ Stakeholders' Relationship Committee

Investors' Grievance Committee consists of three Directors viz., Dr M A Zahir (Chairman), Mr Varinder Gupta and Mr Vijay Singla to specifically look into the redressal of Investors' complaints as on 31 March 2014. During the year, one meeting was held on 27 May 2013.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Dr M A Zahir (Chairman)	Independent	1	1
Mr Varinder Gupta	Executive	1	1
Mr Vijay Singla	Executive	1	1

The Board of Directors in its meeting held on 30 May 2014 renamed the committee as Stakeholders' Relationship Committee as required under the Companies Act, 2013.

Stakeholders' Relationship Committee Report for the year ended 31 March 2014

The Committee expresses satisfaction with Company's performance in dealing with investors' grievances and its share transfer system. During the year, all complaints received by the Company has been resolved and no complaint/ query is pending as on 31 March 2014.

Sd/-
(Dr M A Zahir)
DIN - 00002973
Chairman
Stakeholders' Relationship Committee

Place: Ludhiana
Dated: 14 August 2014

3.4 Other Committees

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

Committee. Detail of meetings of abovesaid committees held during the financial year 2013-14 is as under:

Name of Committees	No of Meetings held	Date of Meeting
Banking and Finance Committee	3	16 July 2013, 23 January 2014, 25 March 2014
Allotment Committee	2	05 November 2013, 20 March 2014

4. 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 Clause 49 of the Listing Agreement.

5. Corporate Ethics

Company adheres to high standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. Following codes as detailed below has been adopted by the Company:

5.1 Combined Code of Corporate Governance and Conduct

The 'Combined Code of Corporate Governance and Conduct' 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. All Board Members and senior management personnel affirmed the compliance with the said code. A certificate signed by Managing Director as required under Clause 49(I)(D)(ii) affirming compliance of said code is given in this Annual Report.

5.2 Code of Conduct for prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 1992, Code for Prevention of Insider Trading has been formulated and adopted by Board of Directors of the Company. The code lays down guidelines and procedures to be followed and disclosures to be made by designated employees including directors which dealing in the shares of the Company.

5.3 Code of Corporate Disclosures practices for prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 1992, Code for Corporate Disclosures practices for prevention of insider trading has been formulated and adopted by Board of Directors of the Company. Purpose of this code is to ensure timely and adequate disclosure of price sensitive information.

6. Holding and Subsidiary Company

The Company does not have any holding or subsidiary company.

7. Shareholders

7.1 Disclosures regarding appointment or re-appointment of Directors

The Directors of the Company are appointed by the members at General Meetings. All Directors except Managing Director and Whole Time Directors are subject to Company's Articles of Association, liable to retire by rotation at every Annual General Meeting, if eligible, generally offers themselves for re-appointment. The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

7.2 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:

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

Quarterly financial results during the financial year 2013-14 were published as detailed below:

Quarter ended	Date of Board Meeting	Date of Publication	Name of the Newspapers
30 June 2013	12 August 2013	13 August 2013	Economic Times, Punjabi Jagran & Financial Express
30 September 2013	09 November 2013	10 November 2013	Economic Times, Punjabi Jagran & Financial Express
31 December 2013	08 February 2014	09 February 2014	Economic Times, Punjabi Jagran & Financial Express
31 March 2014	30 May 2014	31 May 2014	Economic Times, Punjabi Jagran & Financial Express

- Press Releases:** To provide information to investors, press releases are sent to the Stock Exchanges as well as displayed on Company's website before it is released to the Media.
- Website:** Company's website www.iolcp.com contains a separate dedicated section "Investors" where information for shareholders is available. Quarterly/half yearly /annual results are simultaneously posted on the website. Latest official press releases are also available on the website.
- 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.
- BSE Listing Centre (<http://listing.bseindia.com/>):** BSE Listing Centre is a web based application designed by BSE for corporate. The Shareholding pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on BSE Listing Centre.
- E-mail:** Quarterly/half yearly /annual results are also send to the members & investors on their e-mail ids registered with the Company.
- Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditor's Report and other important information is circulated

to members and others entitled thereto. Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available on Company's website www.iolcp.com.

- ix. **Chairman's Communiqué:** Printed copy of Chairman's Speech is distributed to all shareholders at the Annual General Meeting.

7.3 Compliance Officer

Mr Krishan Singla, Vice President & Company Secretary is Compliance Officer. Any investor/shareholder of the Company can contact him on the matters related with Company at 85, Industrial Area, 'A', Ludhiana, Phone: +91-161-2225531-35, Fax: +91-161-2608784 and e-mail: krishan@iolcp.com and investor@iolcp.com

7.4 Annual General Meetings

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

Meetings	Date	Day	Time	No. of Special Resolutions
26th AGM	28 September 2013	Saturday	11.30 A.M	1. Appointment of Mr Vijay Kumar Garg as Additional Director of the Company. 2. Appointment of Mr Vijay Kumar Garg as Joint Managing Director of the Company 3. Revision of Remuneration of Mr Vijay Singla, Director (Works).
25th AGM	29 September 2012	Saturday	10.00 A.M	1. Appointment of Mr Narender Kumar Pundir as Director (Commercial) of the Company. 2. Re-appointment of Mr Varinder Gupta as Managing Director. 3. Amending the Articles of Association of the Company. 4. Issue of equity share on preferential basis. 5. Issue of Preference Shares.
24th AGM	24 September 2011	Saturday	10:00 A.M	1. Revision of remuneration of Mr Varinder Gupta, Managing Director of the Company. 2. Revision of remuneration of Mr R K Thukral, Executive Director of the Company. 3. Merger of G Drugs and Pharmaceuticals Limited with the Company. 4. Issue and allot equity shares to the members of G Drugs and Pharmaceuticals Limited.

7.5 Postal Ballot

During the year ended 31 March 2014, the Company has passed a resolution through postal ballot for considering the extension of date of redemption of preference shares with an option to convert these shares into equity shares as on 19 March 2014. Accordingly, vide postal ballot notice dated 10 February 2014 issued pursuant to Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by way of Postal Ballot) Rules, 2011, the draft special resolution along with explanatory statement thereto along with postal ballot form was send to equity share members and as well as preference share member entitled to vote under Section 87 of Companies Act, 1956 for their consideration. The Members were requested to return the postal ballot forms duly completed along with the assent (for) or dissent (against), so as to reach the scrutinizer on or before the close of working hours of 18 March 2014.

After due scrutiny of all the postal ballot forms received by the scrutinizer up to the close of working hours of 18 March 2014,

he submitted his report dated 19 March 2014. The special resolution for considering the extension of date of redemption of preference shares with an option to convert these shares into equity shares was approved and passed by the members with requisite majority.

8. Disclosures

8.1 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.

8.2 Compliance made by the Company

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

8.3 Whistle Blower Policy / 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.

8.4 Compliance of Clause 49 pertaining to Mandatory Requirements

The Company has complied all provisions of Clause 49 of the Listing Agreement which are mandatory to comply. Status of compliances made during the year is as follow:

Particulars	Clause of Listing Agreement	Compliance Status Yes/ No
I. Board of Directors	49(I)	—
(A) Composition of Board	49(IA)	Yes
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	—
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49(IIB)	Yes
(C) Powers of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49 (IID)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	Not applicable

Particulars	Clause of Listing Agreement	Compliance Status Yes/ No
IV. Disclosures	49 (IV)	—
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes
(C) Board Disclosures- Risk Management	49 (IV C)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

9. General Shareholders Information

Following information would be useful to the members:

9.1 Annual General Meeting of the Company will be held on **Tuesday, 30 September 2014 at 11:00 AM** at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, Punjab.

9.2 Financial Calendar: Last financial year of the Company was of twelve months from 1 April 2013 to 31 March 2014. Tentative financial calendar of the Company for the year 2014-15 shall be as follow:

Board meetings to take on record	Schedule
Financial Results for the quarter ending 30 June 2014	During August 2014
Financial Results for the quarter/half year ending 30 September 2014	During November 2014
Financial Results for the quarter ending 31 December 2014	During February 2015
Financial Results for the quarter/year ending 31 March 2015	During May 2015

9.3 Date of Book Closure

Tuesday the **23rd day of September, 2014 to Tuesday, 30th day of September, 2014** (both days inclusive).

9.4 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 fee.

9.5 Distribution of Shareholding

The Distribution Schedule of the Company as on 31 March 2014 is as follow:

Range No. of shares	Shareholders		Shares	
	Number	%age of total holders	Number	%age of total capital
Upto 5000	8,502	91.16	11,77,718	4.09
5001 to 10000	408	4.37	3,44,647	1.20
10001 to 20000	204	2.19	3,12,504	1.08
20001 to 30000	56	0.60	1,40,571	0.49
30001 to 40000	43	0.46	1,51,499	0.53
40001 to 50000	20	0.21	94,622	0.33
50001 to 100000	43	0.46	3,21,719	1.12
100001 and Above	50	0.54	2,62,71,884	91.17
Total	9,326	100.000	2,88,15,164	100.00

9.6 Shareholding Pattern:

The shareholding pattern of the Company as on 31 March 2014 is as follow:

Category	As on 31 March 2014			As on 31 March 2013		
	Share-holders	Shares	% age	Share-holders	Shares	% age
Promoter						
Indians	6	1,70,38,553	59.13	6	1,43,74,553	54.97
Foreign	—	—	—	—	—	—
Sub – total	6	1,70,38,553	59.13	6	1,43,74,553	54.97
Non-Promoters						
Financial Institutions/ Mutual Funds	5	3,08,365	1.07	6	3,08,365	1.18
Bodies Corporate	164	43,78,602	15.20	189	43,90,458	16.79
Individuals	9,118	31,87,465	11.07	9,337	31,74,662	12.14
NRI	32	95,515	0.33	34	96,462	0.37
Foreign Companies	1	38,06,664	13.20	1	38,06,664	14.55
Sub -total	9,320	1,17,76,611	40.87	9,567	1,17,76,611	45.03
Total	9,326	2,88,15,164	100	9,573	2,61,51,164	100

9.7 Investors' complaints/ queries received and resolved:

Detail of investors' complaints/queries received and resolved during the year 2013-14 are as under:

Sr. No	Nature of complaints/ queries	No. of complaints/ queries during the year		
		Received	Attended	Pending
1	Transfer/Transmission of shares	10	10	NIL
2	Dividend	2	2	NIL
3	Loss/Issue of duplicate shares certificate	10	10	NIL
4	SEBI/Stock Exchange	--	--	NIL
5	Change of Company Name	14	14	NIL
6	Change of Address	29	29	NIL
7	Split/Consolidation	--	--	NIL
8	Others	13	13	NIL

9.8 Designated e-mail id for investors

In terms of Clause 47(f) of the listing agreement, the designated E-mail address for investor queries is **investor@iolcp.com**

9.9 Legal proceeding related to the Investors

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

9.10 Market Price data

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

(In ₹)

Financial Year 2013-14	NSE			
	Share Price		NIFTY	
	High	Low	High	Low
April 2013	26.85	22.00	5962	5477
May 2013	23.90	19.30	6229	5911
June 2013	21.20	16.10	6011	5566
July 2013	22.90	18.05	6093	5676
August 2013	22.70	20.65	5808	5119
September 2013	21.60	20.55	6142	5319
October 2013	19.55	15.75	6309	5701
November 2013	19.80	17.45	6343	5972
December 2013	24.50	20.30	6415	6130
January 2014	24.00	17.70	6358	6027
February 2014	25.25	15.15	6283	5933
March 2014	24.00	20.50	6730	6212

Source: nseindia.com

(In ₹)

Financial Year 2013-14	BSE			
	Share Price		BSE SENSEX	
	High	Low	High	Low
April 2013	25.80	21.70	19623	18144
May 2013	24.70	19.05	20444	19451
June 2013	21.55	16.45	19860	18467
July 2013	21.25	15.65	20351	19127
August 2013	19.25	14.65	19569	17449
September 2013	18.35	16.50	20740	18166
October 2013	18.90	16.75	21205	19265
November 2013	22.80	18.00	21321	20138
December 2013	23.30	17.55	21484	20569
January 2014	23.00	18.25	21409	20344
February 2014	26.05	16.05	21140	19963
March 2014	24.15	19.30	22467	20921

Source: bseindia.com

9.11 Registrar and Share Transfer Agents

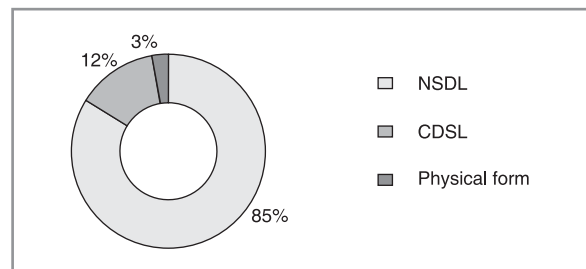
Alankit Assignments Limited,
(Unit: IOL Chemicals and Pharmaceuticals Limited)
"Alankit House", 2E/21, Jhandewalan Extension,
New Delhi - 110055
Phone : +91-11-23541234, 42541234
Fax : +91-11-42541967
E mail : **rta@alankit.com**

9.12 Dematerialisation of Shares and Transfer of Shares:

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

Particulars of shares	Equity shares of ₹ 10/- each		Members	
	Number	% of Total	Number	% of Total
Dematerialised form				
NSDL	2,45,81,432	85.31 %	2,888	30.97 %
CDSL	35,19,211	12.21 %	1,577	16.91 %
Sub Total	2,81,00,643	97.52 %	4,465	47.88 %
Physical Form	7,14,521	2.48 %	4,861	52.12 %
Total	2,88,15,164	100.00 %	9,326	100.00 %

Dematerialisation of shares as on 31 March 2014



No case is pending for transfer as well as dematerialisation of shares as on 31 March 2014. The ISIN No. of the Company is **INE485C01011**.

9.13 Reconciliation of share capital Audit

M/s B. K. Gupta & Associates, Company Secretaries, carried out a reconciliation of share capital audit to reconcile total admitted capital with NSDL & CDSL, total issued and listed capital. Reconciliation of share capital Audit report for quarter ended 31 March 2014 confirms that total admitted capital with both the depositories, NSDL & CDSL, total issued and listed capital are same and no case is pending for dematerialisation for more than 21 days as on that date.

9.14 Outstanding GDR/ADR/Warrants/Convertible Instrument

Company have no outstanding GDR/ADR/ warrants as on 31 March 2014.

9.15 Green Initiative for Paperless Communications:

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the Circulars issued by the MCA, Companies can now send various Notice(s)/ Balance Sheet (Annual Report) / Documents, etc. to their Shareholders through electronic mode to the registered e-mail addresses of the Shareholders after providing advance opportunity to register their e-mail address with the Company or Depository Participant (DP) and changes therein from time to time.

To support the "Green Initiative" taken by the MCA, to contribute towards greener environment and to receive through electronic mode all documents, Notice(s), including



Balance Sheet (Annual Reports) and other communications of the Company, Shareholders should register their e-mail addresses.

Shareholders holding shares in demat mode can register their e-mail address/change their e-mail address with their DP. Shareholders holding shares in physical form register their e-mail address/change their e-mail with our RTA i.e Alankit Assignments Limited, (Unit: IOL Chemicals and Pharmaceuticals Limited) "Alankit House", 2E/21, Jhandewalan Extension, New Delhi - 110055 or register their e-mail ID at investor@iolcp.com and/or register themselves at company's website www.iolcp.com to enable Company to provide Notice(s), Annual Report etc. under Section 219 of the Companies Act, 1956 and other Information through Electronic mode.

9.16 Plant Location

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

9.17 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 House",
2E/21, Jhandewalan Extension, New Delhi - 110055
Phone : +91-11-23541234, 42541234
Fax : +91-11-42541967
E mail : rta@alankit.com

9.18 Address of regulatory authorities/ stock exchange

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

BSE Limited (BSE)

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

Securities and Exchange Board of India

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

9.19 Address of Depositories

National Securities Depository Limited

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

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers,
16th Floor, Dalal Street
Mumbai - 400 001
Phone : +91-22-22723333
Fax : +91-22-22723199 / 22722072
Email : investors@cdslindia.com

10. CEO and CFO certificate

Certificate from the Managing Director (CEO) and Chief Financial Officer (CFO) under Clause 49 (V) of Listing Agreement is given in this Annual Report.

11. Auditor's Certificate on Compliance

Certificate from the Statutory Auditors confirming compliance of Clause 49 (VII) is given in this Annual Report.

Members are requested to intimate their e-mail Id for quick correspondence to the Depository Participants / investor@iolcp.com and/or register themselves at Company's website www.iolcp.com

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

We, Varinder Gupta, Managing Director and Rakesh Mahajan, 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 2014 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 : 30 May 2014

Sd/-
Varinder Gupta
Managing Director
DIN: 00044068

Sd/-
Rakesh Mahajan
Chief Financial Officer (CFO)

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To
The Members
IOL Chemicals and Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by IOL Chemicals and Pharmaceuticals Limited ('The Company') for the year ended on 31 March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and Implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.C. VASUDEVA & CO.
Chartered Accountants
Regn. No. 000235N

Place : Ludhiana
Dated : 22 August 2014

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

Declaration under Clause 49 (1) (D) (II)

I, Varinder Gupta, Managing Director hereby certify that all board members and senior managerial personnel have affirmed compliance with the Combined Code of Corporate Governance and Conduct for the financial year ended 31 March 2014.

For and on behalf of the Board

Place : Ludhiana
Dated : 22 August 2014

Sd/-
Varinder Gupta
Managing Director
DIN: 00044068

Independent Auditor's Report

The Members,
IOL Chemicals and Pharmaceuticals Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of IOL Chemicals and Pharmaceuticals Limited ("the Company"), which comprise the Balance sheet as at 31 March 2014, and the Statement of profit and loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31 March 2014;
 - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India

in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

6. As required by Section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance sheet, Statement of profit and loss, and Cash flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

FOR S. C. VASUDEVA & CO.
Chartered Accountants
Firm Reg. No.000235N

Sd/-
Place : Ludhiana (SANJIV MOHAN)
Dated : 30 May 2014 Partner
M. No. 86066

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 5 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

- (1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification. Further 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 business.
- c) In our opinion, and according to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year.
- (2) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the close of the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of records of inventories, we are of our opinion that the Company is maintaining proper records of inventories. As explained to us, no discrepancies were noticed on physical verification of inventory as compared to the book records.

- (3) a) The Company has not granted secured or unsecured loans to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the Company.
- b) The Company has taken interest free unsecured loans from three companies and two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The amount involved in the transaction is ₹ 3531.27 lacs. The amount payable as at the close of the year is ₹ 1002.77 lacs.
- c) According to the information and explanations given to us and in our opinion, terms and conditions in respect of unsecured loans taken by the Company are not prima-facie prejudicial to the interest of the Company.
- d) According to the information and explanations given to us, these unsecured loans are not repayable during the currency of the credit facilities availed by the Company from various banks.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (5) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding Rupees five lacs or more in respect of party during the year, have been made at prices at the relevant time.
- (6) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (7) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (8) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we 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 the records with a view to determine whether they are accurate or complete.
- (9) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March 2014, for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there are no disputed statutory dues in respect of income tax, sales tax, service tax, custom duty, wealth tax, excise duty and cess.
- (10) The Company does not have accumulated losses as at 31 March 2014. The latter part of the question relating to net worth is thus not applicable to the Company. Further, the Company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (11) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank or financial institutions.
- (12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the above said order are not applicable to the Company.
- (13) The Company is not a chit fund, or a nidhi/mutual benefit fund/ society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the Company.
- (14) According to the information and explanations given to us, the Company is not dealt or traded in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the Company.
- (15) The Company has not given guarantee for loans taken by others from banks and financial institutions. Therefore, the provisions of clause 4(xv) of the above said order are not applicable to the Company.
- (16) In our opinion according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- (17) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term investment.
- (18) According to the information and explanation given to us, the Company has made preferential allotment of equity shares and preference shares to the companies covered in the register maintained under Section 301 of the Companies Act, 1956. The equity shares and preference shares have been issued in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Preference Share are issued at par. In our opinion the price at which such shares have been issued is not prejudicial to the interest of the Company.
- (19) According to the information and explanations given to us, the Company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the above said order are not applicable to the Company.
- (20) According to the information and explanations given to us, the Company has not raised money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the above said order are not applicable to the Company.
- (21) According to the information and explanations given to us, by the management and based upon the audit procedures performed we report that no fraud on or by the Company has been noticed or reported during the year.

FOR S. C. VASUDEVA & CO.
Chartered Accountants
Firm Reg. No.000235N

Place : Ludhiana
Dated : 30 May 2014

Sd/-
(SANJIV MOHAN)
Partner
M. No. 86066

BALANCE SHEET AS AT 31 MARCH 2014

Particulars	Note No.	As at 31 March 2014 ₹	As at 31 March 2013 ₹
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	48,82,51,640	31,15,11,640
(b) Reserves and surplus	4	1,60,42,48,689	1,41,84,33,686
		<u>2,09,25,00,329</u>	<u>1,72,99,45,326</u>
(2) Non current liabilities			
(a) Long term borrowings	5	2,16,01,05,029	2,86,84,14,283
(b) Deferred tax liabilities (Net)	6	12,13,88,196	10,36,43,493
(c) Other long term liabilities	7	34,00,95,136	28,40,15,848
(d) Long term provisions	8	30,23,802	12,60,010
		<u>2,62,46,12,163</u>	<u>3,25,73,33,634</u>
(3) Current Liabilities			
(a) Short term borrowings	9	96,95,67,567	97,15,80,081
(b) Trade payables	10	1,13,37,44,536	95,37,64,191
(c) Other current liabilities	11	58,57,02,593	35,45,69,870
(d) Short term provisions	12	48,97,011	21,49,010
		<u>2,69,39,11,707</u>	<u>2,28,20,63,152</u>
TOTAL		<u>7,41,10,24,199</u>	<u>7,26,93,42,112</u>
II ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	13	4,10,35,09,962	4,30,30,46,772
(ii) Intangible assets		25,29,191	10,98,510
(iii) Capital work in progress		33,05,81,846	31,50,70,871
		<u>4,43,66,20,999</u>	<u>4,61,92,16,153</u>
(b) Non-current investments		—	—
(c) Long-term loans and advances	14	13,10,58,154	11,92,73,295
(d) Other non current assets	15	3,61,02,647	2,06,26,489
		<u>4,60,37,81,800</u>	<u>4,75,91,15,937</u>
(2) Current Assets			
(b) Inventories	16	1,92,22,61,119	1,63,47,42,355
(c) Trade receivables	17	49,25,61,362	35,82,46,769
(d) Cash and bank balances	18	11,44,75,216	12,39,34,913
(e) Short term loans and advances	19	27,79,44,702	39,33,02,138
(f) Other current assets		—	—
		<u>2,80,72,42,399</u>	<u>2,51,02,26,175</u>
TOTAL		<u>7,41,10,24,199</u>	<u>7,26,93,42,112</u>
See accompanying notes forming part of the financial statements	2		

As per our report of even date attached

For S.C. VASUDEVA & CO.

Chartered Accountants
Firm Regn. No.000235N

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

Sd/-
Varinder Gupta
Managing Director
DIN-00044068

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

Sd/-
Vijay Singla
Director (Works)
DIN-03577178

Place : Ludhiana
Date : 30 May 2014

Sd/-
Krishan Singla
Vice President
and Company Secretary

Sd/-
Rakesh Mahajan
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	Note No.	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
I Revenue from operations (Gross)	20	6,24,72,87,792	5,33,89,87,733
Less: excise duty		61,22,74,969	52,38,77,477
Revenue from operations (Net)		5,63,50,12,823	4,81,51,10,256
II Other income	21	1,30,66,792	2,52,89,149
III Total revenue (I+II)		5,64,80,79,615	4,84,03,99,405
IV Expenses:			
(a) Cost of material consumed	22	3,97,91,52,068	3,31,68,33,534
(b) Purchase of stock-in-trade	23	—	2,34,86,263
(c) Changes in inventories of finished goods, work in progress and stock in trade	24	(27,99,02,057)	(34,05,39,846)
(d) Employee benefit expense	25	27,07,69,753	22,07,68,990
(e) Finance cost	26	60,34,39,027	57,23,98,539
(f) Depreciation and amortization expense	13	31,63,02,933	31,37,40,642
(h) Other expenses	27	70,74,94,833	70,41,27,281
Total expenses		5,59,72,56,557	4,81,08,15,403
V Profit before exceptional and extraordinary items and tax (III-IV)		5,08,23,058	2,95,84,002
VI Exceptional items		—	—
VII Profit before extraordinary items and tax (V±VI)		5,08,23,058	2,95,84,002
VIII Extraordinary items		—	—
IX Profit before tax (VII±VIII)		5,08,23,058	2,95,84,002
X Tax expense			
(a) Current tax		1,01,68,550	59,19,093
(b) Tax of earlier year		84,230	29,38,298
(c) MAT credit entitlement		(1,01,68,550)	(59,19,093)
(d) Deferred Tax		1,77,44,703	1,07,60,012
Total tax expense		1,78,28,933	1,36,98,310
XI Profit for the year (IX-X)		3,29,94,125	1,58,85,692
XII Earnings per equity share of ₹10/- each	38		
- Basic		1.21	0.61
- Diluted		1.21	0.61
- Cash		13.11	12.81
See accompanying notes forming part of the financial statements	2		

As per our report of even date attached

For S.C. VASUDEVA & CO.Chartered Accountants
Firm Regn. No.000235NSd/-
(Sanjiv Mohan)
Partner
M.No.86066Sd/-
Varinder Gupta
Managing Director
DIN-00044068Sd/-
Vijay Kumar Garg
Joint Managing Director
DIN-06510248Sd/-
Krishan Singla
Vice President
and Company Secretary**For and on behalf of the board of directors**Sd/-
Vijay Singla
Director (Works)
DIN-03577178Sd/-
Rakesh Mahajan
Chief Financial OfficerPlace : Ludhiana
Date : 30 May 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

Particulars	31 March 2014 ₹	31 March 2013 ₹
Cash flow from operating activities		
Net profit before extraordinary items tax	5,08,23,058	2,95,84,003
Adjustments for:		
Depreciation and amortisation	31,63,02,933	31,37,40,641
Loss /(Profit) on sale of fixed assets	(2,09,372)	1,58,663
Loss on discard of fixed assets	57,764	–
Interest expense	56,02,04,866	53,05,62,586
Interest income	(1,25,71,330)	(1,19,55,823)
Operating profit before working capital changes	91,46,07,919	86,20,90,070
Movement in working capital:		
Increase/(Decrease) in trade payables and other liabilities	18,11,78,127	15,89,18,748
Decrease/(Increase) in trade and other receivables	(2,03,08,516)	(16,43,65,069)
Decrease/(Increase) in inventories	(28,75,18,764)	(31,70,82,182)
Cash generated from/(used in) operations	78,79,58,766	53,95,61,567
Direct taxes paid (net of refunds)	(74,51,265)	(76,39,555)
Net cash flow from/(used in) operating activities (A)	78,05,07,501	53,19,22,012
Cash flow from investing activities		
Purchase of fixed assets including intangible assets	(13,65,67,191)	(18,98,79,950)
Proceeds from sale of fixed assets	11,81,430	2,77,000
Interest received	1,41,35,970	98,81,604
Net cash flow from/(used in) investing activities (B)	(12,12,49,791)	(17,97,21,346)
Cash flow from financing activities		
Proceeds from issuance of share capital	35,78,92,000	–
Proceeds from long term borrowings (net)	(44,61,26,863)	2,35,54,058
Proceeds from short term borrowing	(20,12,514)	20,68,03,213
Interest paid	(56,29,93,872)	(54,83,24,134)
Net cash flow from/(used in) financing activities (C)	(65,32,41,249)	(31,79,66,863)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	60,16,461	3,42,33,803
Cash and cash equivalents at the beginning of the period	14,45,61,402	11,03,27,599
Cash and cash equivalents at the end of the period	15,05,77,863	14,45,61,402
Components of cash and cash equivalents		
Cash on hand	33,96,541	88,92,655
Balances with banks on current accounts	42,86,500	68,70,677
Deposits with maturity for less than 12 months	10,67,92,175	10,81,71,581
Deposits with maturity for more than 12 months	3,61,02,647	2,06,26,489
Total cash and cash equivalents (note 19)	15,05,77,863	14,45,61,402

See accompanying notes forming part of the financial statements

As per our report of even date attached

For S.C. VASUDEVA & CO.

Chartered Accountants
Firm Regn. No.000235N

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

Sd/-
Varinder Gupta
Managing Director
DIN-00044068

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

Sd/-
Vijay Singla
Director (Works)
DIN-03577178

Sd/-
Krishan Singla
Vice President
and Company Secretary

Sd/-
Rakesh Mahajan
Chief Financial Officer

Place : Ludhiana
Date : 30 May 2014

Notes to financial statements for the year ended 31 March 2014**1. Corporate information**

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

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

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in sub section (3C) of section 211 and other relevant provisions of the Companies Act, 1956.

b. Use of estimates

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

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

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

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

ii) Export Incentives

The revenue in respect of the export incentives is recognised on post export basis.

iii) Dividend

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

iv) Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

v) Insurance and other claims

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

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

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

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

Provident Fund: Contributions to provident fund are made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous

Provisions Act, 1952 and are charged to the statement of profit and loss in the period in which such contributions fall due.

ii) Defined Benefit Plans:

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

c) Leave encashment:

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

d) The actuarial gain or loss:

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

e. Tangible fixed assets

- Fixed assets are stated at historical cost less accumulated depreciation.
- The cost of fixed asset comprises of its purchase price and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- The exchange differences arising on reinstatement/settlement of long term foreign currency borrowings related to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of these assets.

f. Intangible assets

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

g. Depreciation on tangible fixed assets

- Depreciation on all fixed assets is provided on the straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum.
- The lease hold land is amortised over the lease period, i.e. 99 years.
- Addition or deduction to the fixed assets arising from exchange rate variation is depreciated over the residual life of the respective fixed assets.

h. Amortisation

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

i. Investments

Long term investments are carried at cost less provisions, if any, for diminution in the value of such investments, which

is other than temporary. Current Investments are carried at lower of cost and fair value.

j. Inventories

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

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

k. Cenvat Credit

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

l. Government Grants and Subsidies

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

m. Borrowing costs

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

n. Segment information

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

o. Operating lease

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

p. Foreign currency transactions

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

in the period in which they arise except in case of long term liabilities which relate to acquisition of fixed assets, these exchange differences are adjusted to the carrying cost of such fixed assets.

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

q. Accounting for taxes on income

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

r. Earning Per Share

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

s. Impairment of fixed assets

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

t. Cash flow statement

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

u. Provisions and Contingent Liabilities

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3 Share Capital

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number of shares	₹	Number of shares	₹
a) Authorised				
Equity shares of ₹ 10/- each (par value)	3,20,00,000	32,00,00,000	3,20,00,000	32,00,00,000
Non cumulative preference shares ₹ 10/- each (par value)	2,20,00,000	22,00,00,000	2,20,00,000	22,00,00,000
	5,40,00,000	54,00,00,000	5,40,00,000	54,00,00,000
b) Issued and subscribed				
Equity shares of ₹ 10/- each	2,88,15,164	28,81,51,640	2,61,51,164	26,15,11,640
7% Non cumulative preference shares ₹ 10/- each	50,00,000	5,00,00,000	50,00,000	5,00,00,000
1% Non cumulative preference shares ₹ 10/- each	1,50,10,000	15,01,00,000	—	—
	4,88,25,164	48,82,51,640	3,11,51,164	31,15,11,640
c) Paid up				
Equity shares of ₹ 10/- each	2,88,15,164	28,81,51,640	2,61,51,164	26,15,11,640
7% Non cumulative preference shares ₹ 10/- each	50,00,000	5,00,00,000	50,00,000	5,00,00,000
1% Non cumulative preference shares ₹ 10/- each	1,50,10,000	15,01,00,000	—	—
	4,88,25,164	48,82,51,640	3,11,51,164	31,15,11,640

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

Equity Shares

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	₹	Number of shares	₹
At the beginning of the reporting period	2,61,51,164	26,15,11,640	2,57,16,664	25,71,66,640
Add: Issued during the year	26,64,000	2,66,40,000	4,34,500	43,45,000
Outstanding at the end of the reporting period	2,88,15,164	28,81,51,640	2,61,51,164	26,15,11,640

Preference Shares

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	₹	Number of shares	₹
At the beginning of the reporting period	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Add: Issued during the year	1,50,10,000	15,01,00,000	—	—
Outstanding at the end of the reporting period	2,00,10,000	20,01,00,000	50,00,000	5,00,00,000

b. Terms/rights attached to equity shares

The Company presently has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the period ended 31 March 2014.

Increase in equity share capital

The Company has issued 26,64,000 equity shares of face value of ₹ 10/- each at a premium of ₹ 68/- per share aggregating to ₹ 20,77,92,000 on 5 November 2013 to Promoter Group entities on conversion of unsecured loan, brought in by them.

Consequent upon the issue of the above 26,64,000 equity shares, the total paid-up capital of the Company stands increased to 2,88,15,164 fully paid equity shares of ₹ 10/- each.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
c. Terms/rights attached to preference shares
7% Non-Cumulative Preference Shares 50,00,000 of ₹ 10/- each

The Company has extended the redemption of 50,00,000, 7% non-cumulative redeemable preference shares of ₹ 10/- each from 20 March 2014 to 30 June 2015 with an option to convert these preference shares into equity shares at the price calculated under SEBI formula. The earlier date of redemption is 30 June 2015 (Previous year 20 March 2014)

The preference shares shall carry a right to a non-cumulative preference dividend of 7% per annum, in case the dividend not declared for any year, it will cease to accrue and lapse and will not be cumulated and carry forward. The preference shareholder shall have preferential right of repayment of amount of capital.

1% Non-Cumulative Preference Shares 1,50,10,000 of ₹ 10/- each

The Company has allotted 1,50,10,000, 1% non cumulative redeemable preference shares of ₹ 10/- each to the promoter/promoter group companies. These preference shares shall be redeemable at par on expiry of 10 years from the date of allotment i.e. 5 November 2013.

The preference shares shall carry a right to a non-cumulative preference dividend of 1% per annum, in case the dividend not declared for any year, it will cease to accrue and lapse and will not be cumulated and carry forward. The preference shareholders shall have preferential right of repayment of amount of capital.

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

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

e. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance date:

	Aggregate number of shares As at 31 March 2014	Aggregate number of shares As at 31 March 2013
Equity Shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	—	—
Equity Shares allotted as fully paid up by way of bonus shares	—	—
Equity Shares bought back by the Company	—	—
	—	—

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

Class of share / Name of the shareholder	As at 31 March 2014		As at 31 March 2013	
	Number of shares held	% shareholding	Number of shares held	% shareholding
a) Equity shares				
i) Mayadevi Polycot Limited	1,00,06,323	34.73%	98,42,323	37.64%
ii) IndiaSTAR (Mauritius) Limited	38,06,664	13.21%	38,06,664	14.56%
iii) NM Merchantiles Limited	33,84,500	11.75%	26,84,500	10.27%
iv) G Consultants and Fabricators Limited	15,00,000	5.21%	15,00,000	5.74%
b) Preference shares				
7% non-cumulative preference shares				
Trident Limited	50,00,000	100.00%	50,00,000	100.00%
1% non-cumulative preference shares				
i) NM Merchantiles Limited	47,35,000	31.55%	—	—
ii) IOL Lifesciences Limited	42,65,000	28.41%	—	—
iii) NCG Enterprises Limited	60,10,000	40.04%	—	—

g. Foreign Currency Convertible Bonds

The Company has issued zero coupon unsecured foreign currency convertible bonds (FCCB) aggregating to US \$ 7 Million.

The Company has option to convert all outstanding bonds into equity shares at the prevailing conversion price i.e. ₹ 78 per share at any time on or after 28 November 2014 but on or before 28 May 2015.

The bond holders have also option to convert into equity shares of the Company at price of ₹ 78 per share (subject to adjustment, if any) with a fixed exchange rate of ₹ 47.57 per US \$ at any time on or after 28 May 2010 but on or before 28 May 2015 subject to satisfaction of certain conditions.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**4 Reserves and surplus**

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
a) Capital reserves		
Balance as per the last financial statements	11,91,00,651	11,91,00,651
b) Securities premium reserve		
Balance as per the last financial statements	83,89,55,759	86,09,23,160
Add: Share premium received during the year	18,11,52,000	—
Less: Utilised for providing for the premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds	2,83,31,122	2,19,67,401
Closing Balance	99,17,76,637	83,89,55,759
c) Surplus i.e. balance in statement of profit and loss		
Balance as per the last financial statements	46,03,77,276	44,44,91,584
Add: Profit for the year transferred from statement of profit and loss	3,29,94,125	1,58,85,692
Net surplus in the statement of profit and loss	49,33,71,401	46,03,77,276
	1,60,42,48,689	1,41,84,33,686

5 Long term borrowings

Particulars	As at 31 March 2014			As at 31 March 2013		
	Total Outstanding ₹	Current Maturities ₹	Net long term borrowings ₹	Total Outstanding ₹	Current Maturities ₹	Net long term borrowings ₹
a) Term Loans (secured)						
i) From banks	1,77,24,18,454	37,03,33,024	1,40,20,85,430	1,92,04,10,162	14,75,80,289	1,77,28,29,873
ii) From financial institutions	25,51,85,713	2,28,57,143	23,23,28,570	26,84,00,000	1,32,14,286	25,51,85,714
iii) From others	74,75,677	27,59,956	47,15,721	22,72,298	7,21,323	15,50,975
Total secured borrowings	2,03,50,79,844	39,59,50,123	1,63,91,29,721	2,19,10,82,460	16,15,15,898	2,02,95,66,562
b) Other loans and advances (unsecured)						
Foreign Currency Convertible Bonds			42,06,98,600			38,07,25,100
c) From related parties			10,02,76,708			35,30,66,921
d) From Others			—			10,50,55,700
Total unsecured borrowings			52,09,75,308			83,88,47,721
Total			2,16,01,05,029	Total		2,86,84,14,283

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.
- Term loan from others are secured by hypothecation of vehicles purchased against these loans.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
b. Terms of repayment of term loans from banks*

Particulars	Principal balance out standing as at 31 March 2014	Principal balance out standing as at 31 March 2013	Repayment Period from origination (years)	Installments out standing as on 31 March 2014	
Term Loans from Banks				No	Periodicity
Punjab National Bank:					
Term Loan - I	—	2,27,47,254	—		
Term Loan - II	—	1,39,99,374	—		
Term Loan - III	1,21,33,024	2,73,30,667	6	2	Quarterly
Term Loan - IV	37,90,00,000	38,90,00,000	6	10	Quarterly
Term Loan - V	3,67,32,965	3,87,32,965	6	10	Quarterly
Term Loan - VI	18,89,86,188	19,89,99,990	6	10	Quarterly
Term Loan - VII	49,44,00,000	49,88,00,000	7	21	Quarterly
Allahabad Bank:					
Term Loan - I	—	69,07,000	—		
Term Loan - II	—	90,00,000	—		
Term Loan - III	—	64,07,001	—		
Term Loan - IV	22,22,90,171	23,22,90,171	6	10	Quarterly
Term Loan - V	13,90,96,413	14,90,96,413	7	21	Quarterly
State Bank of India	11,59,46,360	12,59,46,360	6	10	Quarterly
Oriental Bank of Commerce:					
Term Loan - I	—	23,19,660	—		
Term Loan - II	12,23,33,333	13,23,33,336	6	10	Quarterly
Term Loan - III	6,15,00,000	6,64,99,971	7	21	Quarterly
Term Loans from Financial Institutions					
Export-Import Bank of India:					
Term Loan - I	16,84,00,001	17,84,00,000	7	23	Quarterly
Term Loan - II	8,67,85,713	9,00,00,000	7	24	Quarterly
Term Loans from others					
Kotak Mahindra Prime Limited	5,37,757	7,27,011	4Y–10M	27	Monthly
Tata Capital Limited	—	46,666	—		
Tata Capital Limited	4,06,460	5,85,365	3	24	Monthly
Tata Capital Limited	6,09,477	9,13,256	3	22	Monthly
Tata Capital Limited	8,12,495	—	3	27	Monthly
Tata Capital Limited	10,35,107	—	3	32	Monthly
Tata Capital Limited	40,74,250	—	3	34	Monthly
Total Term Loans	2,03,50,79,714	2,19,10,82,460			

* Figures of term loans stated above in para (b) includes current maturities of long term debt shown separately in note 12.

- c. Varinder Foundation a related party alongwith Company as co-applicant borrowed a sum of ₹ 10 Crore from Corporation Bank on behalf of the Company, to meet the additional working capital requirements of the Company. The said loan is shown under the head unsecured loan, from related party.

Security of such loan to bank is provided by the said party.

- d. Foreign Currency Convertible Bonds at the beginning and at the end of the reporting period

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Balance as per the last financial statements	38,07,25,100	35,80,95,500
Add: Provision for currency exchange rate fluctuation at the end of reporting period	3,99,73,500	2,26,29,600
Outstanding at the end of the reporting period	42,06,98,600	38,07,25,100

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

e. Terms of repayment of Foreign Currency Convertible Bonds

Foreign Currency Convertible Bonds are redeemable on 5 June 2015 at a premium of 41.25% of their principal amount unless previously redeemed, repurchased and cancelled or converted.

6 Deferred tax liabilities (Net)

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period	63,99,91,434	62,84,87,890
Deferred tax assets		
Unabsorbed depreciation (to the extent covered in DTL)	51,86,03,238	52,48,44,397
Net deferred tax liability	<u>12,13,88,196</u>	<u>10,36,43,493</u>

7 Other long term liabilities

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Long term trade deposits	21,28,17,056	20,18,04,025
Other long term liability (Premium on Foreign Currency Convertible Bonds)	12,72,78,080	8,22,11,823
	<u>34,00,95,136</u>	<u>28,40,15,848</u>

8 Long term provisions

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Provision for employee benefits:		
- Leave encashment	19,72,977	8,77,195
- Gratuity	5,20,010	—
- Medical leave	5,30,815	3,82,815
	<u>30,23,802</u>	<u>12,60,010</u>

9 Short term borrowings

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Loan repayable on demand		
- From Banks (secured)	94,45,67,567	97,15,80,081
- From Banks (unsecured)	2,50,00,000	—
	<u>96,95,67,567</u>	<u>97,15,80,081</u>

Details of security

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

Security of unsecured loan from bank is provided by a third party.

Terms:-

- Working capital borrowings from banks are repayable on demand.
- Working capital borrowings from bank carriers interest @ 13.25% to 14.25% (Previous year @ 13.25% to 14.25%)

10 Trade Payable

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Trade payables		
- Acceptances	97,79,45,585	86,92,34,646
- Other than Acceptances	15,57,98,951	8,45,29,545
	<u>1,13,37,44,536</u>	<u>95,37,64,191</u>

11 Other current liabilities

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Current maturities of long term borrowings	39,59,50,123	16,15,15,898
Interest accrued but not due on borrowings	2,42,52,506	2,43,56,169
Interest accrued and due on borrowings	—	26,85,343
Others payables		
- Statutory remittances*	56,70,281	46,06,051
- Dues to Employees	4,09,28,804	2,28,08,337
- Expenses payable	3,98,66,595	3,41,13,074
(a)	<u>50,66,68,309</u>	<u>25,00,84,872</u>
Payable on purchase of capital goods	7,90,34,284	10,44,84,998
Total (a+b)	<u>58,57,02,593</u>	<u>35,45,69,870</u>

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

12 Short term provisions

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Provision for employee benefits:		
- Leave encashment	2,18,640	2,36,258
- Gratuity	4,59,063	4,94,959
Provision for Current tax	42,19,308	14,17,793
Net of advance tax ₹ 45,00,000/- (Previous year ₹ 33,00,000/-)	<u>48,97,011</u>	<u>21,49,010</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
13 FIXED ASSETS

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2013	Additions	Disposals	Other adjustments	Balance as at 31 March 2014	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Other adjustments	Balance as at 31 March 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets									
Freehold Land	9,49,69,953	—	—	—	9,49,69,953	—	—	—	9,49,69,953
Leasehold Land	25,24,273	—	—	—	25,24,273	43,522	—	—	18,93,204
Buildings	53,50,02,223	5,80,650	—	23,48,446	53,32,34,427	1,71,49,754	—	5,18,856	45,18,83,463
Plant and Machinery	4,91,05,17,303	11,45,70,595	—	—	5,02,50,87,898	1,19,35,81,268	—	—	3,83,14,06,630
Office Equipments	79,75,525	5,70,918	1,50,580	—	83,95,863	35,72,926	49,616	—	48,12,53,321
Furniture and Fixtures	79,43,426	8,19,077	—	—	87,62,503	44,93,194	—	—	42,69,31,309
Vehicles	1,55,45,648	27,60,916	22,86,693	—	1,60,19,871	14,94,604	13,57,835	—	1,46,62,036
	5,57,44,78,351	11,93,02,156	24,37,273	23,48,446	5,68,89,94,788	1,27,14,31,579	14,07,451	5,18,856	4,36,56,406
Intangible Assets									
Computer Softwares	39,12,589	17,54,060	—	—	56,66,649	28,14,079	—	—	28,52,570
Total	5,57,83,90,940	12,10,56,216	24,37,273	23,48,446	5,69,46,61,437	1,27,42,45,658	14,07,451	5,18,856	4,36,56,406
Previous year									
Tangible Assets	5,58,66,27,671	3,81,62,762	7,00,898	4,96,11,184	5,57,44,78,351	96,76,26,543	96,44,507	—	4,60,74,14,127
Intangible Assets	32,77,525	6,35,064	—	—	39,12,589	25,22,981	—	—	13,90,60,808
Total previous year	5,58,99,05,196	3,87,97,826	7,00,898	4,96,11,184	5,57,83,90,940	97,01,49,524	96,44,507	—	4,74,64,75,935

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

14 Long term loans and advances

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
(Unsecured considered good)		
Capital advances	1,18,91,133	1,08,50,103
Security deposit		
PSPCL	1,17,050	1,17,050
Others	13,00,824	14,98,074
Prepaid expenses	2,33,087	49,239
Present value of plan assets	—	4,45,500
Balances with Government department	18,63,314	8,29,133
MAT credit entitlement	11,56,52,746	10,54,84,196
	<u>13,10,58,154</u>	<u>11,92,73,295</u>

15 Other non current assets

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Others		
- Bank Balances (non current)	3,61,02,647	2,06,26,489
(refer note no.18)		
	<u>3,61,02,647</u>	<u>2,06,26,489</u>

16 Inventories (At lower of cost and net realisable value)

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Raw Material {includes in transit ₹ 3,12,89,724 (Previous Year ₹ 3,57,07,552)}	10,00,45,941	9,94,03,033
Work in Progress	1,61,23,22,611	1,29,69,12,806
Finished Goods	4,34,12,695	7,89,20,443
Stores and Spares	16,64,79,872	15,95,06,073
	<u>1,92,22,61,119</u>	<u>1,63,47,42,355</u>

17 Trade receivables

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, Considered Good	1,37,05,460	2,03,06,610
- Doubtful	10,19,433	10,19,433
Less: Allowance for doubtful trade receivables	(10,19,433)	(10,19,433)
	<u>1,37,05,460</u>	<u>2,03,06,610</u>
Other trade receivables		
- Unsecured, Considered Good	47,88,55,902	33,79,40,159
	<u>49,25,61,362</u>	<u>35,82,46,769</u>

18 Cash and bank balances

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
i) Cash and cash equivalents		
a) Balances with banks		
- In current accounts	42,86,500	68,70,677
- In deposit accounts with maturity of less than three months	—	—
- In deposit accounts with maturity more than three months but less than twelve months	—	—
b) Cash on hand	33,96,541	88,92,655
ii) Balances with banks to the extent held as margin money		
- In deposit accounts with maturity of less than three months	2,45,10,861	1,65,00,000
- In deposit accounts with maturity more than three months but less than twelve months	8,22,81,314	9,16,71,581
- In deposit accounts with more than twelve months maturity	3,61,02,647	2,06,26,489
	<u>15,05,77,863</u>	<u>14,45,61,402</u>
Amount disclosed under non-current assets (note 15)	<u>(3,61,02,647)</u>	<u>(2,06,26,489)</u>
	<u>11,44,75,216</u>	<u>12,39,34,913</u>

19 Short term loans and advances

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Unsecured, considered good		
Others:		
- Loans and advances to employees	7,25,122	6,69,237
- Prepaid expenses	2,39,09,111	2,03,38,539
- Interest receivables	48,52,896	64,17,536
- Other recoverable :		
- Balance with government department	24,57,62,350	32,98,75,979
- Others	26,95,223	3,60,00,847
	<u>27,79,44,702</u>	<u>39,33,02,138</u>

20 Revenue from operations

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
(a) Sale of products	6,18,60,72,939	5,27,18,54,791
(b) Other operating revenue		
(i) Export incentives	4,10,23,420	6,00,11,219
(ii) Miscellaneous sales	2,01,91,433	71,21,723
Revenue from operations (Gross)	<u>6,24,72,87,792</u>	<u>5,33,89,87,733</u>
Less: Excise Duty related to sales	61,22,74,969	52,38,77,477
Revenue from operations (Net)	<u>5,63,50,12,823</u>	<u>4,81,51,10,256</u>
Detail of products sold		
- Chemicals	2,89,68,52,603	2,26,39,77,950
- Drug Intermediates	27,94,34,283	26,75,32,941
- Bulk Drugs	2,81,53,24,211	2,48,82,62,879
- Others	19,44,61,842	22,85,04,185
- Traded goods	—	2,35,76,836
	<u>6,18,60,72,939</u>	<u>5,27,18,54,791</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
21 Other income

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Interest income (Gross)		
- From bank deposits	1,25,71,330	1,19,55,823
TDS ₹ 12,59,403/- (Previous year ₹ 10,25,913/-)		
Net gain on fixed assets sold	2,09,372	-
Rent received	1,80,000	1,80,000
Net gain on foreign currency transactions	-	1,29,96,509
Miscellaneous	1,06,090	1,56,817
	<u>1,30,66,792</u>	<u>2,52,89,149</u>

22 Cost of material consumed

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Opening Stocks		
Raw Material - Indigenous	5,84,82,557	3,97,52,219
Raw Material - Imported	52,06,674	54,77,648
Total Opening Stocks	<u>6,36,89,231</u>	<u>4,52,29,867</u>
Add : Purchases		
Raw Material - Indigenous	3,91,71,87,780	3,23,96,60,905
Raw Material - Imported	6,70,31,274	9,92,31,156
Total Purchases	<u>3,98,42,19,054</u>	<u>3,33,88,92,061</u>
Cost of raw material lost due to fire	-	35,99,163
Less : Closing Stocks		
Raw Material - Indigenous	6,36,74,215	5,84,82,557
Raw Material - Imported	50,82,002	52,06,674
Total Closing Stocks	<u>6,87,56,217</u>	<u>6,36,89,231</u>
Total Consumption	<u>3,97,91,52,068</u>	<u>3,31,68,33,534</u>

Detail of material consumed	Qty (Kgs)	Value	Qty (Kgs)	Value
Acetic Acid	3,97,96,780	1,34,90,51,351	3,58,28,916	1,06,28,42,633
Specially Denatured Spirit	2,77,31,098	92,62,51,080	2,20,25,665	63,24,50,884
Toluene	43,05,841	33,28,00,189	44,07,306	34,82,05,353
Sodium Di Chromate	26,44,766	28,04,67,517	26,32,983	27,49,03,700
Propylene Gas	29,43,857	22,29,91,592	30,94,184	22,54,86,619
Sodium Metal	9,93,623	15,87,77,062	9,87,395	14,84,27,964
Aluminium Chloride	40,16,657	15,42,12,119	38,44,789	15,00,11,674
Iso-Propyl Alcohol	14,22,422	13,20,12,631	14,32,808	12,45,82,311
Hexane	12,36,860	7,26,15,665	12,27,666	6,55,95,031
Others		34,99,72,862		28,43,27,365
		<u>3,97,91,52,068</u>		<u>3,31,68,33,534</u>

Detail of closing stocks	Qty (Kgs)	Value	Qty (Kgs)	Value
Acetic Acid	1,39,785	59,61,830	1,37,795	43,78,161
Specially Denatured Spirit	1,42,562	49,93,947	1,28,335	40,73,351
Triethyl Phosphohate	14,800	29,16,488	17,465	26,55,029
Propylene Gas	33,113	28,74,208	33,950	24,55,943
Toluene	20,788	15,38,305	12,224	9,42,470
Ethylene Di Chloride	20,559	13,95,956	6,807	1,97,403
Acetone	14,156	12,59,596	12,873	10,27,265
Sodium Di Chromate	9,700	9,97,645	42,516	42,43,905
Others		4,68,18,242		4,37,15,704
		<u>6,87,56,217</u>		<u>6,36,89,231</u>

23 Purchase of stock-in-trade

Particulars	For the year ended 31 March 2014 Qty (Kgs) ₹	For the year ended 31 March 2013 Qty (Kgs) ₹
Acetic Acid	-	9,17,210
Benzene	-	2,34,86,263
	<u>-</u>	<u>2,34,86,263</u>

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

Particulars	For the year ended 31 March 2014 Qty (Kgs) ₹	For the year ended 31 March 2013 Qty (Kgs) ₹
Inventories at the beginning of the year	-	-
Work-in-progress	1,29,69,12,806	97,92,74,196
Finished goods	7,89,20,443	5,60,19,207
Inventories at the end of the year		
Work-in-progress	1,61,23,22,611	1,29,69,12,806
Finished goods	4,34,12,695	1,37,58,33,249
	<u>(27,99,02,057)</u>	<u>(34,05,39,846)</u>
Detail of inventory		
Work in progress	Value	Value
- Chemicals	53,85,34,783	43,00,36,552
- Drug Intermediates	11,74,83,767	11,79,47,222
- Bulk Drugs	95,63,04,061	74,89,29,032
	<u>1,61,23,22,611</u>	<u>1,29,69,12,806</u>
Finished goods	Qty (Kgs)	Value
- Chemicals	1,95,044	1,27,32,252
- Drug Intermediates	1,04,533	74,75,828
- Bulk Drugs	43,459	2,05,00,465
- Others	27,04,150	43,05,790
	<u>4,34,12,695</u>	<u>7,89,20,443</u>

25 Employees benefit expense

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Salaries and Wages	24,81,82,967	20,14,38,988
Contribution to provident and other funds	1,85,20,552	1,52,77,032
Staff welfare expenses	40,66,234	40,52,970
	<u>27,07,69,753</u>	<u>22,07,68,990</u>

26 Finance Cost

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
a) Interest expense on:		
i) Borrowings	41,80,85,627	44,57,54,251
ii) Others	14,21,19,239	8,48,08,335
b) Other borrowing costs	4,32,34,161	4,18,35,953
	<u>60,34,39,027</u>	<u>57,23,98,539</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

27 Other expenses

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Power and Fuel	45,27,17,738	45,12,43,805
Consumption of stores and spares	5,57,25,155	6,74,98,693
Repairs to Plant and Machinery	60,47,537	91,77,372
Rent	15,15,244	15,49,424
Insurance	1,27,88,885	1,02,55,565
Auditor's Remuneration (refer note no.41)	5,41,183	4,46,667
Rates and Taxes	18,71,142	16,52,475
Repairs to Building	27,96,910	27,93,293
Net loss on fixed assets sold/ discarded	57,764	1,58,663
Prior Period Expenses (net)	3,58,795	1,90,254
Allowances for Doubtful Debts	—	10,19,433
Increase/(decrease) In excise duty on inventory	(39,05,976)	25,19,213
Miscellaneous expenses	17,69,80,456	15,56,22,424
	70,74,94,833	70,41,27,281

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

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
I Contingent liabilities		
i Claims not acknowledged as debts	18,37,762	51,31,891
ii Letter of Credit outstanding	1,49,07,494	74,65,423
iii Bills discounted with bankers against irrevocable letter of credit	7,06,31,239	2,76,44,124
iv Bank Guarantee issued in favour of others	13,00,000	—
	8,86,76,495	4,02,41,438

30 Employee Benefits

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

I Gratuity and Leave Encashment (Funded)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
a) Benefit recognised in the statement of profit and loss				
Current service cost	33,05,556	26,52,127	17,08,396	13,76,047
Interest cost on benefit obligation	15,34,913	15,12,577	5,54,697	5,43,991
Expected return on plan assets	(16,74,484)	(17,64,197)	(5,09,272)	(5,20,002)
Net actuarial (gain)/loss recognised in the year	22,55,933	(9,82,558)	7,19,636	46,633
Net benefit expense	54,21,918	14,17,949	24,73,457	14,46,669
b) Amount recognised in the Balance Sheet				
Present value of the defined benefit obligation	2,50,97,562	1,91,86,418	89,18,236	69,33,707
Fair value of plan assets	2,41,18,489	1,91,36,959	67,26,619	58,20,253
Net asset/(liability)	(9,79,073)	(49,459)	(21,91,617)	(11,13,454)

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
II Commitments		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	3,16,16,391	4,61,96,585
ii Export obligations under Advance Authorisation/Duty Free Import Authorisation #	55,28,94,762	68,31,45,969
	58,45,11,153	72,93,42,554

During the year the Company has executed bonds for an aggregate amount of ₹ 3,93,60,300 (Previous Year ₹ 57,46,000) in favour of The President of India under sub section (I) of the section 142 of the Custom Act 1962 for fulfilment of the obligation under the said Act.

29 Prior period items are as follows:-

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
a) Prior period income:		
i) - Export Incentives	—	841
ii) - Interest	51,348	—
iii) - Courier charges	—	2,084
iv) - Cenvat	—	2,270
v) - Rebate & Discount	74,428	—
	1,25,776	5,195
b) Prior period expenses:		
i) - Service tax and CST expense	—	39,140
ii) - Travelling expense	35,278	6,500
iii) - Business promotion	38,480	—
iv) - Staff welfare expense	6,970	22,991
v) - Professional fee	1,000	11,200
vi) - Fee and Taxes	33,850	3,926
vii) - Freight	56,250	1,683
viii) - Repair & Maintenance (P&M)	3,01,009	1,06,785
ix) - Others	11,734	3,224
	4,84,571	1,95,449
Prior period items (Net)	(3,58,795)	(1,90,254)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	Gratuity (Funded)		Leave Encashment (Funded)	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
c) Changes in the present value of the obligation				
Opening defined benefit obligation	1,91,86,418	1,89,07,209	69,33,707	67,99,892
Acquisition adjustment	—	—	—	—
Current service cost	33,05,556	26,52,127	17,08,396	13,76,047
Interest cost	15,34,913	15,12,577	5,54,697	5,43,991
Benefits paid	(13,54,178)	(28,29,324)	(10,20,110)	(17,96,818)
Actuarial (gain)/loss	24,24,853	(10,56,171)	7,41,546	10,595
Closing defined benefit obligation	2,50,97,562	1,91,86,418	89,18,236	69,33,707
d) Changes in the fair value of plan assets				
Opening fair value of plan assets	1,91,36,959	1,90,72,404	58,20,253	56,21,639
Expected return	16,74,484	17,64,197	5,09,272	5,20,002
Contribution by employee	44,97,743	12,03,295	14,01,624	15,11,468
Benefits paid	(13,54,178)	(28,29,324)	(10,20,110)	(17,96,818)
Charges deducted	(5,439)	—	(6,330)	—
Actuarial gain/(loss)	1,68,920	(73,613)	21,910	(36,038)
Closing fair value of plan assets	2,41,18,489	1,91,36,959	67,26,619	58,20,253
e) The major categories of plan assets as a percentage of the fair value of total plan assets				
Investment with the insurer	100%	100%	100%	100%
f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average)				
Discount rate (per annum)	8.75%	8.00%	8.75%	8.00%
Rate of increase in compensation levels (per annum)	6.75%	6.00%	6.75%	6.00%
Rate of return on plan assets (per annum)	8.75%	9.25%	8.75%	9.25%
Expected average remaining working lives of employees (years)	25.79	26.21	25.79	26.21
Method used	Projected Unit Credit		Projected Unit Credit	

g) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

h) The financial assumptions considered for the calculations are as under:-

- Discount Rate: The discount rate has been chosen as 8.75% on long-term basis as desired by the Company.
- Salary Increases: Salary Increase rate has been chosen as 6.75% on long-term basis as desired by the Company.
- Expected Rate of Return: In case of gratuity, the actual return has been taken.

i) 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.

j) Short term employee's benefits includes in the present value of obligation

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
i Short term leave encashment liability	2,18,640	2,36,258
ii Contribution to gratuity liability	4,59,063	4,94,959
II Medical leave liability (unfunded)		
a) Benefit recognised in the statement of profit and loss		
Current service cost	99,517	72,882
Interest cost on benefit obligation	30,625	26,110
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognised in the year	17,858	(42,547)
Net benefit expense	1,48,000	56,445
b) Amount recognised in the Balance Sheet		
Present value of the defined benefit obligation	5,30,815	3,82,815
Fair value of plan assets	—	—
Plant net asset/(liability)	(5,30,815)	(3,82,815)

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
c) Changes in the present value of the obligation		
Opening defined benefit obligation	3,82,815	3,26,370
Current service cost	99,517	72,882
Interest cost	30,625	26,110
Benefits paid	—	—
Actuarial (gain)/loss	17,858	(42,547)
Closing defined benefit obligation	5,30,815	3,82,815
d) Changes in the fair value of plan assets		
Opening fair value of plan assets	—	—
Expected return	—	—
Contribution by employee	—	—
Benefits paid	—	—
Actuarial gain/(loss)	—	—
Closing fair value of plan assets	—	—
e) The major categories of plan assets as a percentage of the fair value of total plan assets:		
Not applicable since unfunded		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average)**

Particulars	31 March 2014 ₹	31 March 2013 ₹
Discount rate (per annum)	8.75%	8%
Rate of increase in compensation levels (per annum)	6.75%	6%
Rate of return on plan assets (per annum)	N.A.	N.A.
Expected average remaining working lives of employees (years)	25.79	26.21
Method used	Projected Unit Credit	Projected Unit Credit

g) The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.**h) The Company has recognized an expense of ₹ 1,47,72,853/- (Previous year ₹ 1,16,18,680/-) in respect of Contribution to Provident Fund.****31 The Company has exercised the option given under notification no. GSR 914E dated 29 December 2011 of Ministry of Corporate Affairs, Govt. of India and in accordance therewith the Company during the year has capitalised ₹ 3,24,11,559/- (Previous year ₹ 1,83,48,667/-) the exchange difference arising on reporting of long term foreign currency borrowings at rates different from those at which these were reported in previous financial statements in so far as they relate to the acquisition of depreciable fixed assets. The said amount is required to be amortised over the remaining life of the assets in accordance with above notification. Out of the above**

₹ 27,80,616/- (Previous year ₹ 9,68,810/-) has been amortized during the year and the unamortized balance as at year end is ₹ 4,70,10,800/- (previous year ₹ 1,73,79,857/-)

32 The Company has charged ₹ 2,83,31,122/- (Previous year ₹ 2,19,67,401/-) (Gross) premium on Foreign Currency Convertible Bonds directly to the Security Premium Account in accordance with the provisions of Section 78 of the Companies Act, 1956. The tax benefit as and when admissible shall be recognised in the Security Premium Account.**33 ₹ 115.38 lacs (previous year ₹ 108.92 lacs) being amount of borrowing cost have been capitalized during the year.****34 Leases:**

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 15,15,244/- (previous year ₹ 15,49,424/-). The future minimum lease payments in respect of the non-cancellable operating leases as at 31 March 2014 are:

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
a) Not later than one year	15,69,360	15,11,760
b) Later than one year but not later than five years	55,23,943	42,33,040
c) later than five years	2,77,91,630	2,89,03,390
	<u>3,48,84,933</u>	<u>3,46,48,190</u>

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

Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control:	NM Mercantiles Limited, Mayadevi Polycot Limited *, NCG Enterprises Limited, Varinder Foundation
Key Management Personnel:	Mr Varinder Gupta, Mr Vijay Singla, Mr Vijay Kumar Garg
Relative of Key Management Personnel:	Mr Vikas Gupta

* Enterprise having significant influence over the Company.

Description of the nature of transactions with the related parties:

(₹ in lacs)

Particulars	Enterprises over which KMP is able to exercise significant influence or control		Key Management Personnel (KMP)		Relatives of KMP	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Managerial Remuneration	—	—	126.00	79.41	—	—
Rent received	—	—	1.80	1.80	—	—
Loan taken (including opening balance)	3,528.50	3,527.90	2.77	2.77	—	—
Loan Repayment	—	—	—	—	—	—
Adjustment	2,528.50	—	—	—	—	—
Closing Balance	1,000.00	3,527.90	2.77	2.77	—	—
Salary	—	—	—	—	4.08	—

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

36 Remuneration paid to whole time directors is the minimum remuneration payable in case of no profit or inadequate profits in accordance with schedule XIII of Companies Act, 1956 and duly approved by shareholders.**37 Segment information**

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

The "Drugs" segment produces and sells various API's viz. Ibuprofen, Lamotrigine, etc.

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

i. Segment assets and liabilities:

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

ii. Segment revenue and expenses:

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

iii. Inter segment sales:

Inter segment sales are eliminated in consolidation.

(₹ in lacs)

Particulars	Chemicals		Drugs		Unallocated		Eliminations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue										
External Sales	28,664.86	23,451.35	27,502.84	24,619.34	182.43	80.41			56,350.13	48,151.10
Inter Segment transfer	8,064.18	7,016.97	—	—	—	—	(8,064.18)	7,016.97	—	—
Other Income	—	(0.46)	—	130.43	130.67	122.93			130.67	252.90
Total Revenue	36,729.04	30,467.86	27,502.84	24,749.77	313.10	203.34	(8,064.18)	7,016.97	56,480.80	48,403.99
Segment Results	71.69	(606.95)	6,246.95	6,719.23	—	—			6,318.64	6,112.28
Unallocated Income (net of unallocated Expenses)	—	—	—	—	—	—			(223.98)	92.45
Profit before tax and interest	—	—	—	—	—	—			6,542.62	6,019.83
Interest	—	—	—	—	—	—			6,034.39	5,723.99
Profit and Loss Before Tax	—	—	—	—	—	—			508.23	295.84
Other Information										
Segment Assets	34,730.09	36,336.27	35,050.07	31,813.77	—	—			69,780.16	68,150.04
Unallocated assets including capital work in progress	—	—	—	—	4,330.08	4,538.93			4,330.08	4,538.93
Total Assets	34,730.09	36,336.27	35,050.07	31,813.77	4,330.08	4,538.93			74,110.24	72,688.97
Segment Liabilities	24,277.83	29,070.18	23,700.58	22,692.28	—	—			47,978.41	51,762.46
Unallocated Liabilities	—	—	—	—	3,992.95	3,627.06			3,992.95	3,627.06
Total Liabilities	24,277.83	29,070.18	23,700.58	22,692.28	3,992.95	3,627.06			51,971.36	55,389.52
Net Capital employed	10,452.26	7,266.09	11,349.49	9,121.49	337.13	911.87			22,138.88	17,299.45

Detail of secondary segment

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Export Turnover	15,581.72	11,769.24
Domestic Turnover	46,891.16	41,804.06
Total	62,472.88	53,573.30

38 Earnings per share

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

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Total operations for the year		
Net profit after tax attributable to equity shareholders	3,29,94,125	1,58,85,692
Weighted average number of basic equity shares	2,72,24,063	2,61,14,261
Weighted average number of dilutive equity shares	2,72,24,063	2,61,14,261
Basic earning per share (₹)	1.21	0.61
Diluted earning per share (₹)	1.21	0.61
Face value per equity share (₹)	10.00	10.00

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

The potential equity shares in case of Foreign Currency Convertible Bonds are anti dilutive on their conversion into equity shares.

Therefore has not been considered for computing the diluted earning per share.

39 Amortisation of intangible assets

Softwares have been amortised @ 16.21% on straight line basis as estimated life is considered to be not more than six years.

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

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

- 41** The Company has received a notice from the income tax department under the provisions of sub section (3) of section 226 of the Income Tax Act, 1961 for recovery of demand of ₹1,49,02,390/- due from NCG Enterprises Limited and ₹ 6,26,73,740/- from NM Merchandises Limited.

The Company has explained to the income tax authorities that the Company does not hold any money for and on account of these companies.

The management has been advised that nothing contained in the above said section requires the Company to pay any sum in this regard therefore the notice is not in accordance with law.

42 Auditor's Remunerations

Particulars	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Audit fee	2,85,000	2,35,000
Tax audit fee	75,000	65,000
Limited review	60,000	45,000
In other capacity:		
Company law and other matters	88,500	71,487
Reimbursement of expenses	32,683	30,180
	<u>5,41,183</u>	<u>4,46,667</u>

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

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	12,45,585	14,04,028
Interest due on above	—	—
	<u>12,45,585</u>	<u>14,04,028</u>

Particulars	As at 31 March 2014 ₹	As at 31 March 2013 ₹
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	—	—

- 44** Excise duty of ₹ (39,05,976) (Previous year ₹ 25,19,213) related to the difference between the closing inventory and opening inventory has been recognised in statement of profit and loss and shown under head Other expenses. (Refer note no. 27)

- 45** Figures in bracket indicate deductions.

- 46** Previous year figures have been regrouped/recasted wherever necessary to confirm to its classification of the current year.

- 47** Figures have been rounded off to the nearest rupee.

- 48** The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts for speculative purposes. The details of the outstanding forward contracts as at 31 March 2014 is as under:

- a) Category wise quantitative data

Particulars	Current year		Previous year	
	No. of Contratcs in Foreign Currency	Amount	No. of Contratcs	Amount in Foreign Currency
Forward contracts against imports (USD)	—	—	—	—

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	USD	EURO	USD	EURO
Against Imports (Creditors)	44,640	—	91,600	—
Against Exports (Debtors)	3,56,472	—	12,49,417	36,330
Against Foreign Currency Convertible	91,17,779	—	85,11,544	—

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

49 The information required by the paragraph 5 of general instructions for preparation of the Statement of Profit and Loss as per Revised Schedule VI of the Companies Act, 1956 :

a) CIF value of imports

Particulars	31 March 2014 ₹	31 March 2013 ₹
Raw Material	6,04,34,316	8,92,34,090
Capital Goods	—	—
	6,04,34,316	8,92,34,090

b) Expenditure in foreign currency

Particulars	31 March 2014 ₹	31 March 2013 ₹
Travelling	1,85,439	2,90,370
Commission	30,77,233	30,29,452
Others	57,12,228	36,57,417
	89,74,900	69,77,239

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

Particulars	31 March 2014		31 March 2013	
	% of total consumption	₹	% of total consumption	₹
Raw material				
Imported	2.08%	8,27,82,877	3.19%	10,64,82,044
Indigenous	97.92%	3,90,38,19,683	96.81%	3,23,30,21,707
Cost of material consumed	100.00%	3,98,66,02,560	100.00%	3,33,95,03,751
Stores and Spares				
Imported	—	—	—	—
Indigenous	100%	5,57,25,155	100%	6,74,98,693
Total stores and spares	100%	5,57,25,155	100%	5,87,44,220

d) Earnings in foreign currency

Particulars	31 March 2014 ₹	31 March 2013 ₹
FOB value of exports	1,26,28,27,492	90,53,60,113

As per our report of even date attached

For S.C. VASUDEVA & CO.

Chartered Accountants

Firm Regn. No.000235N

Sd/-

(Sanjiv Mohan)

Partner

M.No.86066

Sd/-

Varinder Gupta

Managing Director

DIN-00044068

Sd/-

Vijay Kumar Garg

Joint Managing Director

DIN-06510248

Sd/-

Krishan Singla

Vice President

and Company Secretary

Sd/-

Vijay Singla

Director (Works)

DIN-03577178

Sd/-

Rakesh Mahajan

Chief Financial Officer

Place : Ludhiana

Date : 30 May 2014

**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 _____, Shares of IOL Chemicals and Pharmaceuticals Limited, 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 27th Annual General Meeting of the Company to be held on Tuesday 30th day of September 2014 at 11:00 AM at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala-148101 (Punjab) any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1. _____ 2. _____ 3. _____ 4. _____
 5. _____ 6. _____ 7. _____ 8. _____
 9. _____ 10. _____ 11. _____ 12. _____

Affix
Re 1/-
Revenue
Stamp

Signed this _____ day of _____, 2014

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

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

**IOL CHEMICALS AND PHARMACEUTICALS LIMITED**

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

CIN: L24116PB1986PLC007030

ATTENDANCE SLIP

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

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

I hereby record my presence at the 27th Annual General Meeting of the Company to be held on Tuesday 30th day of September 2014 at 11:00 AM at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala- 148101 (Punjab).

Name of the Shareholder : _____

(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.



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

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

CIN: L24116PB1986PLC007030

MEMBERS FEEDBACK FORM 2013-14

Members are requested to send this **FEEDBACK FORM** duly filled to the Corporate Governance and Compliance Department, IOL Chemicals and Pharmaceuticals Limited, 85, Industrial Area 'A', Ludhiana - 141003

Please rate on a 5 point scale of 1 to 5 by marking (✓) in the box

Sr No.	Areas	Excellent	Very Good	Good	Satisfactory	Unsatisfactory
		1	2	3	4	5
1.	Turnaround time for response to shareholder query					
2.	Quality of Response					
3.	Timely receipt of Annual Report					
4.	Presentation of information on Company's Website					
5.	Promptness in confirming demat/remat requests					
6.	Overall Rating					

Suggestion/Question

In case you have any suggestion/question for the betterment of your Company, please do write to us. The Management would be pleased to consider and reply the same

Name Folio/Client ID No. e-mail

Address

Signatures

Members are requested to intimate their e-mail Id for quick correspondence to the Depository Participants / investor@iolcp.com and/or register themselves at Company's website www.iolcp.com



IOL Chemicals and Pharmaceuticals Limited

CIN: L24116PB1986PLC007030

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

www.iolcp.com