

21st
Annual Report
2007-2008




IOL CHEMICALS AND PHARMACEUTICALS LIMITED

www.reportjunction.com




Sh. Varinder Gupta Chairman and Managing Director receiving the 'National Energy Conservation Award 2007' from Honorable President Smt. Pratibha Patil in New Delhi


Awarded with
“National Energy Conservation Award”
 Consecutively For the Year 2005, 2006 & 2007
 By Ministry of Power, Government of India



राष्ट्रीय ऊर्जा संवर्धन पुरस्कार
NATIONAL ENERGY CONSERVATION AWARD

आई एन ई सी आर
 In appreciation of the achievements
 एन एन ई सी आर
 in Energy Conservation in the
 एन ई सी आर
CHEMICALS Sector
 एन ई सी आर एन एन ई सी आर से सम्बंधित है
 एन ई सी आर 2007 से लिए
 for the year 2007
 एन एन ई सी आर, एन एन ई सी आर
 Government of India, Ministry of Power, is pleased
 द्वितीय पुरस्कार से
 to award the **SECOND** prize to
 एन एन ई सी आर एन एन ई सी आर
 एन एन ई सी आर (एन एन ई सी आर) एन
 M/s. **INDUSTRIAL ORGANICS LTD.**
MANSA ROAD, BARNALA (PUNJAB)
 एन एन ई सी आर एन एन ई सी आर

एन एन ई सी आर, एन एन ई सी आर,
 Ministry of Power
 New Delhi, 14 December, 2007



 एन एन ई सी आर
 Secretary to the Government of India





NATIONAL ENERGY CONSERVATION AWARD

In appreciation of the achievements
 in Energy Conservation in the
CHEMICALS Sector
 for the year **2007**
 Government of India, Ministry of Power, is pleased
 to award the **SECOND** prize to
 M/s. **ISL CHEMICALS AND PHARMACEUTICALS LIMITED**
BARNALA (PUNJAB)


Ministry of Power
 New Delhi
 14 December, 2007



 Secretary to the
 Government of India


राष्ट्रीय ऊर्जा संवर्धन पुरस्कार
NATIONAL ENERGY CONSERVATION AWARD

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MANSA ROAD, BARNALA (PUNJAB)
 एन एन ई सी आर एन एन ई सी आर

एन एन ई सी आर, एन एन ई सी आर,
 Ministry of Power
 New Delhi, 14 December, 2007


 एन एन ई सी आर
 Secretary to the Government of India



Board of Directors

Sh Varinder Gupta - Chairman & Managing Director
 Dr M A Zahir
 Sh Chandra Mohan
 Dr (Mrs) H K Bal
 Mrs Dimple Gupta
 Mrs Lalita Kapur - IDBI Nominee
 Sh Ravi Pratap Singh
 Sh R K Thukral - Executive Director

Senior Company Secretary

Sh Krishan Singla

Statutory Auditors

M/s K K Kapoor & Associates
 Chartered Accountants,
 Ludhiana

Cost Auditors

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

Bankers

Punjab National Bank
 Oriental Bank of Commerce
 Allahabad Bank
 IDBI Bank Limited

Registrar and Share Transfer Agents

Alankit Assignments Limited
 2E/21, Jhandewalan Extension,
 New Delhi- 110055.
 Phone : +91-11-23541234, 42541234
 Fax : +91-11-42541967
 E-mail : alankit@alankit.com

Board's Committees

Audit Committee

Dr M A Zahir - *Chairman*
 Dr (Mrs) H K Bal
 Mrs Lalita Kapur

Investors' Grievance Committee

Dr (Mrs) H K Bal - *Chairman*
 Dr M A Zahir
 Mrs Dimple Gupta

Remuneration Committee

Dr M A Zahir - *Chairman*
 Dr (Mrs) H K Bal
 Mrs Lalita Kapur

Registered Office :

Trident Complex, Raikot Road,
 Barnala - 148101 (Punjab)
 Phone : +91-1679 - 244701-07
 Fax : +91-1679 - 244708
 E-mail : contact@iolcp.com

Head Office :

85, Industrial Area 'A'
 Ludhiana - 141003
 Phone : +91-161 - 2225531-35
 Fax : +91-161 - 2608784
 E-mail : contact@iolcp.com

Works :

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

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Please visit our website : www.iolcp.com



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

NOTICE

NOTICE is hereby given that the Twenty-first Annual General Meeting of the Members of **IOL Chemicals and Pharmaceuticals Limited** will be held on Saturday, the 20th day of September, 2008 at 10.00 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 31st March, 2008 and the Profit & Loss Account for the year ended on that date alongwith the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Sh Varinder Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr M A Zahir, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh Chandra Mohan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr (Mrs) H K Bal, who retires by rotation and being eligible offers herself for re-appointment.
6. To appoint a Director in place of Mrs Dimple Gupta, who retires by rotation and being eligible offers herself for re-appointment.
7. 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 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s S C Vasudeva & Co., Chartered Accountants, New Delhi be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company in the place of M/s K K Kapoor & Associates, Chartered Accountants, the retiring Auditors of the Company, who expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company.”

Special Business:

8. Appointment of Director

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

“RESOLVED that Sh Ravi Pratap Singh, who was

appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company.”

9. Appointment of Director

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

“RESOLVED that Sh R K Thukral, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company.”

10. Appointment of Sh R K Thukral as Executive Director of the Company.

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

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of any authority, if required, Sh R K Thukral be and is hereby appointed as Executive Director of the Company, for a period of five years with effect from 31st July, 2008 on the terms and conditions including remuneration as given below:

- 1 a) Basic Salary: Rs 59,600/- (Rupees Fiftynine thousand six hundred) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to basic salary as follows:
 - i) House Rent Allowance 50% of basic salary
 - ii) Conveyance Allowance 20% of basic salary
 - iii) Communication Allowance 10% of basic salary
 - iv) Medical Allowance 8.33% of basic salary
 - v) Newspaper and Periodicals Allowance 5% of basic salary
 - vi) Children Education Allowance 5% of basic salary
 - vii) Provident Fund Contribution 12% of basic salary
 - viii) Bonus 10% of basic salary
 - ix) Gratuity 4.17% of basic salary
 - x) Uniform Allowance 8% of basic salary
 - xi) Self Development Allowance 13.33% of basic salary
 - xii) Medical CL/GIS 4.17% of basic salary

2 Other Terms

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

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Executive Director."

"RESOLVED FURTHER that the Board of Directors may increase the remuneration and perquisites of Sh R K Thukral Executive Director within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time without requiring any further resolution or consent of or reference to the members."

"RESOLVED FURTHER that Sh Varinder Gupta, Chairman and Managing Director and Sh Krishan Singla, Senior Company Secretary be and are hereby authorised to do all acts, deeds, matters and things to give effect to the appointment of Sh R K Thukral as Executive Director of the Company."

11. Borrowing powers of the Company

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

"RESOLVED that pursuant to the provisions of Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and all other applicable provisions, if any, and supplemental to the Ordinary resolution passed at the Annual General Meeting of the Company held on 24th June, 2006, 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 Rs 500 crores. (Rupees five hundred crores)."

"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 a Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof) 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 Rs 500 crores (Rupees five hundred crores only) as approved under Section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, additional interest in case of default, accumulated interest, liquidated damages, commitment charges, premia 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 finalise 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.”

13. Alteration in Articles of Association

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

“**RESOLVED** that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby amended as follows:

Article 2

To delete the interpretation of Collaboration Agreement, Collaborator and PSIDC.

Article 6

To delete the line beginning from “ The Board.....” to the end “.....Collaborator shall be permitted” from Article 6.

Article 19 (a)

To substitute the words “ in compliance with the Act and/or rules” in place of “not exceeding rupee two per certificate” in the seventh and twelfth line of Article 19(a).

Article 62A

To delete the Article 62A.

Article 111

To substitute the words “such fee as may be prescribed under the Act and/or rules” in place of “thirty seven paise for every one hundred words or fractional part thereof required to be copied.” in the last line of Article 111.

Article 128

To substitute the word ‘twelve’ in place of ‘seven’ in the last line of the Article 128.

Article 129 (a)

To delete the Article 129 (a).

Article 139 (4)

To substitute the words “the amount as prescribed under the Act and/or rules” in place of “one thousand rupees in the aggregate in any year” in fourth line of Article 139(4).

Article 146

To replace the existing Article 146 with the following Articles:

Article 146(a) Rotation and retirement

Subject to the provisions of Section 256 of the Act and of these Articles at every Annual General Meeting of the Company, one third of such of the Directors for the time being are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one third shall retire from office.

Article 146(b) Which Director retires

Subject to the provisions of these Articles, the Directors to

retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

Article 159

To replace the existing Article 159 with the following Article:

Appointment of Chairman and Vice Chairman

The Directors may elect a Chairman of their meetings. The Directors may also appoint a Vice-Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office.

Article 160

To replace the existing Article 160 with the following Article:

Who to preside at meetings of the Board

All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice-Chairman, if present, shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Article 162 (ii)

To delete the Article 162 (ii).

Article 172 (a)

To replace the existing Article 172 (a) and (b) with the following Article 172 (a).

Power to appoint Managing Director

Subject to the provisions of the Act and of these Articles, the Board of Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director) or Wholetime Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit, and upon such terms and conditions as the Board may think fit and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Article 172 (c)

To substitute the number of Article 172 (c) with Article 172 (b).

Article 172 (d)

To delete the Article 172 (d).

Article 173

Add the words “ Notwithstanding anything contained in

the Article 146" at the beginning of Article 173.

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all ancillary and consequential matters as may be required to give effect to the above resolution."

14. Issue of Shares to QIBs

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

"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and as per the provisions of Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 ("SEBI Guidelines") and other prevailing statutory guidelines in that behalf and subject to all necessary consents, permissions and approvals and/or sanctions from all the appropriate authorities, including the Securities and Exchange Board of India (SEBI), Government of India, Reserve Bank of India, Financial Institutions, Banks, Agents and Trustees, Stock Exchanges and all other bodies and institutions as may be relevant (hereinafter singly or collectively referred to as "the Appropriate Authorities") and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals, sanctions (hereinafter singly or collectively referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (herein referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and/or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise the powers of the Board) the consent, permission and approval of the Company be and is hereby accorded to the Board to issue, offer and allot equity shares, securities convertible into equity shares of face value of Rs 10 each not less than at the price calculated in accordance with the provisions of Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 ("SEBI Guidelines") to the Qualified Institutional Buyers and Mutual funds and such other investors as allowed under the guidelines for an amount not exceed Rs 50 crores (Rupees fifty crores) and the relevant date for the purpose of calculating minimum price for the issue of equity shares is 21st August, 2008."

"RESOLVED FURTHER that the equity shares to be issued by the Company shall rank pari-passu with existing shares of the Company in all respects."

"RESOLVED FURTHER that the Board be and is hereby authorized to issue, offer and allot the requisite number of equity shares to the proposed allottee(s) at such time or times and in one or more tranches, at a price or prices as the Board may in its absolute discretion decide, subject however to the SEBI Guidelines and the other applicable laws and on such terms and conditions including the terms of payment as may be mutually agreed between the Board and the proposed allottee(s) and shall also be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as may be deemed expedient by the Board and the proposed allottee(s)."

"RESOLVED FURTHER that for giving effect to this resolution, the Board be and is hereby specifically authorized to take all such steps and actions, to give such directions as it may in its absolute discretion, deem necessary or desirable for issue and allotment of equity shares also to settle any question or difficulty that may arise with regard to the proposed issue, offer and allotment of equity shares and utilization of proceeds."

"RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Board or the Chairman and Managing Director or any other officer or authorized representative of the Company to give effect to the aforesaid resolution."

15. Raising of resources through issue of securities in the international market

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

"RESOLVED that pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any modification or re-enactment thereof, for the time being in force) and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to any necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance and/or any other appropriate authority, wherever required, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or duly authorised persons thereof for the time being exercising the powers conferred by the Board by this resolution, consent of the Company be and is hereby accorded to the Board to issue, offer and allot, in the course of an international offering to eligible foreign investors (whether

or not such investors are members of the Company), by way of circulation of an offering circular or prospectus or by way of private placement, Foreign Currency Convertible Bonds (FCCBs)/ Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs) in the aggregate of principal amount not exceeding United States Dollars 10 (Ten) Millions in one or more markets, one or more tranches (hereinafter referred to as "Securities"), to be subscribed in foreign currency, which at the option of the holders of the Securities may be converted into equity shares of the Company, such issue and allotment to be made on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment."

"RESOLVED FURTHER that without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such terms as are provided in issue of Securities of this nature internationally including terms for issue of equity shares upon conversion of the Securities or variation of the conversion price of the Securities during the term of the Securities and the Company is also entitled to enter into and execute all such arrangements/agreements/deeds/documents as the case may be with any lead managers, underwriters, solicitors, advisors, bankers, depositories, custodians, principal paying/transfer/conversion agent, listing agent, intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of any or all of such securities representing the same in one or more Stock Exchanges outside India."

"RESOLVED FURTHER that the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and may be governed by foreign laws, as applicable."

"RESOLVED FURTHER that the Board may enter into any arrangement with any agency or body for the issue of the Securities, in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradeability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets."

"RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of equity shares

as may be required to be issued and allotted upon conversion of any Securities referred herein above or as may be necessary in accordance with the terms of the offering, all such equity shares being pari passu with the then existing equity shares of the Company in all respects and also to seek the listing of any or all of such shares on the Stock Exchanges in India where the existing shares of the Company are listed."

"RESOLVED FURTHER that the Board be and is hereby authorised to dispose of such Securities as are to be issued and are not subscribed on such terms and conditions as it may in its absolute discretion deem fit."

"RESOLVED FURTHER that for the purpose of giving effect to any issue or allotment of Securities representing the same or equity shares, as described herein above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the utilization of issue proceeds, entering into of underwriting and marketing arrangements, and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

"RESOLVED FURTHER that the Board may at its absolute discretion do all such acts, deeds, matter and things as it may at its absolute discretion may deem fit for issue of securities or in connection with or incidental to issue of securities including the post issue formalities and without being required to seek any further consent or approval of the Members or otherwise to the end/and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or the Chairman and Managing Director or any other officer or authorized representative of the Company to give effect to the aforesaid resolution."

16. Increase in sitting fees of Directors for attending Board and Committee Meetings

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

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956, the listing agreement with the Stock Exchanges and Article 135 of the Articles of Association of the Company, the consent of members of the Company be and is hereby accorded for the payment of sitting fees to the Non-Executive Directors of the Company of Rs 7,500 (Rupees Seven thousand five hundred only) for attending meetings of the Board of

Directors of the Company and of Rs 5,000 (Rupees Five thousand only) for attending the meetings of the Committees of the Board of Directors of the Company.”

“**RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to do all ancillary and consequential matters as may be required to give effect to the above resolution.”

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Place : Barnala

[Krishan Singla]

Dated: July 31, 2008

Sr Company Secretary

NOTES:

- i) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and proxy need not be a member. Proxy form in order to be effective must be received by the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.**
- ii) 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**
- iii) The Register of Members and Share Transfer Books will remain closed from **Tuesday, 16th day of September, 2008 to Saturday, 20th day of September, 2008** (both days inclusive).
- iv) 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.
- v) 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.
- vi) 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 to enable the Management to keep the information ready.
- vii) Members are requested to:
 - a) Intimate their Permanent Account Number (PAN).
 - b) Notify the change of address with pin code, to ensure quick delivery of letters.
 - c) Bring their copies of Annual Report at the meeting.
 - d) Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
 - e) **Provide their e-mail Id for quick correspondence with them at investor@iolcp.com**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 2 to 6

The details of the retiring Directors is given in the Corporate Governance Report under heading 'Retiring Directors'.

Item No 7

M/s K K Kapoor and Associates, Chartered Accountants, Ludhiana, the present auditors who retire at this Annual General Meeting have shown their unwillingness to be re-appointed as Statutory Auditors of the Company.

The Company has received a special notice from a member of the Company, in terms of the provisions of the Act, proposing the appointment of M/s S C Vasudeva and Co., Chartered Accountants, New Delhi as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s S C Vasudeva and Co., Chartered Accountants, New Delhi expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act. In view of the above and based on the recommendations of the Audit & Risk Management Committee, the Board of Directors, proposed the appointment of M/s S C Vasudeva and Co., Chartered Accountants, New Delhi as the Statutory Auditors in the place of M/s K K Kapoor and Associates, Chartered Accountants, Ludhiana.

The Board recommends this resolution for your approval. No director is concerned or interested in the passing of this resolution.

Item No. 8

Sh Ravi Partap Singh was appointed as an Additional Director on the Board w.e.f. July 31, 2008 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with deposit of Rs 500/- under Section 257 of the Companies Act, 1956 proposing his name for the appointment as Director of the Company.

Sh Ravi Partap Singh has a BS in Mechanical Engineering from University of Delhi and an MBA from Columbia University. He is a Partner of Sycamore Ventures, where he focuses on India related investments. Over the course of his 25 year career, he has structured and led numerous public and private financings, mergers and acquisitions and global investments. He is working as Managing Director in indiaSTAR (Mauritius) Limited.

The Board has considered that the Company would be immensely benefited by his mature advice and recommends the resolution for your approval.

None of the Directors except Sh Ravi Partap Singh, being the proposed appointee, is interested or concerned in the resolution.

Item No. 9

Sh R K Thukral was appointed as an Additional Director on the Board w.e.f. July 31, 2008 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with deposit of Rs 500/- under Section 257 of the Companies Act, 1956 proposing his name for the appointment as Director of the Company.

Sh R K Thukral is a Science Graduate having a vast experience in the field of chemical industry and he is also director of number of other companies. The Board has considered that the Company would be immensely benefited by his mature advice and recommends the resolution for your approval.

None of the Directors except Sh R K Thukral being the proposed appointee, is interested or concerned in the resolution.

Item No. 10

Sh R K Thukral was appointed as an Executive Director on the Board w.e.f. 31.07.2008 for the period of five year on the term and conditions approved by the Board of Directors, subject to the approval of the members and the Central Government. The Remuneration Committee in its meeting held on 31.07.2008 has also approved the appointment and remuneration payable to him. The Board recommends the resolution for your approval.

None of the Directors except Sh R K Thukral being the proposed appointee, is interested or concerned in the resolution.

Item No. 11

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, 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 Rs 250 (Rupees two hundred fifty) crores 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 Rs 500 (Rupees five hundred) crores. The Board accordingly recommends the resolution for the approval of the members.

None of the Directors is concerned or interested in the resolution.

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 293(1)(a) of the Companies Act, 1956 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 293 (1)(a) of the Companies Act, 1956 for creating of the said charge. Hence, the Board recommends the resolution for your approval.

None of the Directors is concerned or interested in this resolution.

Item No. 13

The amendments in the Articles of Association have become necessitated due to buy back of shares from PSIDC and for best Corporate Governance in the Company.

For amending the Articles of Association, approval of the members is required. Hence, the Board recommends the resolution for your approval.

None of the Directors, except to the extent relating to the articles dealing with the terms of appointment of Directors, is concerned or interested in the resolution.

Item No. 14

According to guidelines of Chapter XIII A of SEBI (DIP) Guidelines, a listed Company may issue equity shares or other securities convertible into shares to the Qualified Institutional Buyers which are not related to the promoters at a price not less than as to be determined as per the provisions of this chapter. Your Directors thought it prudent to raise the long term resources through the issue of securities to the QIBs to pay the highly costly debts and / or to part finance the future expansions to be under taken by the Company.

Section 81 of the Companies Act, 1956 provides inter-alia that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing members of the Company unless the members decide otherwise by passing the special resolution, hence the approval of the members is required. The Board, accordingly, recommends the resolution for the approval of the members.

None of the Directors is concerned or interested in the resolution.

Item No. 15

The Company, in order to part finance its proposed expansion