



25th Annual Report 2011-2012

IOL Chemicals and Pharmaceuticals Limited

Awarded with prestigious **“National Energy Conservation Award 2011”**
Second prize of National Energy Conservation Award 2011, in Chemical Sector by
the Ministry of Power, Government of India



Mr Vijay Singla, Director (Works), IOLCP received “National Energy Conservation Award” from Sh Sushil Kumar Shinde, Hon’ble Minister of Power, Government of India at a special felicitation ceremony held on 14 December 2011, National Energy Conservation Day at New Delhi

Board of DirectorsMr Varinder Gupta - *Chairman & Managing Director*

Dr M A Zahir

Mr Chandra Mohan

Mr Yogesh Goel

Mr Ravi Pratap Singh

Mr Vijay Singla - *Director (Works)*Mr N K Pundir - *Director (Commercial)*
(upto 14 August 2012)**Vice President & Company Secretary**

Mr Krishan Singla

Statutory AuditorsM/s S. C. Vasudeva & Co.
Chartered Accountants,
New Delhi**Cost Auditors**M/s Ramanath Iyer & Co.
Cost Accountants,
New Delhi**Bankers**Punjab National Bank
Allahabad Bank
Oriental Bank of Commerce
State Bank of India
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- 110 055.
Phone : +91-11-23541234, 42541234
Fax : +91-11-42541967
E-mail : rta@alankit.com**Board's Committees****Audit and Risk Management Committee**Dr M A Zahir - *Chairman*

Mr Ravi Pratap Singh

Mr Vijay Singla

Mr Yogesh Goel

Investors' Grievance CommitteeDr M A Zahir - *Chairman*

Mr Varinder Gupta

Mr Vijay Singla

Remuneration CommitteeDr M A Zahir - *Chairman*

Mr Chandra Mohan

Mr Ravi Pratap Singh

Contents	
Notice	2
Directors' Report	8
Management Discussion and Analysis Report	12
Corporate Governance Report	16
Auditors' Report	24
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Notes to Financial Statements	29

Registered Office :Trident Complex, Raikot Road,
Barnala – 148 101 (Punjab)
Phone : +91-1679 - 244701-07
Fax : +91-1679 - 244708
E-mail : contact@iolcp.com**Corporate Office :**85, Industrial Area, 'A'
Ludhiana – 141 003
Phone : +91-161 - 2225531-35
Fax : +91-161 - 2608784
E-mail : contact@iolcp.com**Works :**Village Fatehgarh Chhana,
Mansa Road, Barnala - 148101
Phone : +91-1679 - 285285-86
Fax : +91-1679 - 285292
E-mail : contact@iolcp.com**Please visit Company's website : www.iolcp.com**

NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the members of IOL Chemicals and Pharmaceuticals Limited will be held on Saturday, 29 September 2012 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 31 March 2012 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 Dr M A Zahir, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Chandra Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

M/s. S. C. Vasudeva & Co., Chartered Accountants, New Delhi, the retiring Statutory Auditors, being eligible, offer themselves for re-appointment.

Special Business:

5. Appointment of Mr Narender Kumar Pundir as Director (Commercial) 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 in accordance with the provisions of Section 269, 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 Central Government and other authorities, if required, Mr Narender Kumar Pundir be and is hereby appointed as a Director (Commercial) of the Company w.e.f. 31 March 2012 to 14 August 2012, on the terms and conditions including remuneration as given below:

- 1 a) Basic Salary: ₹ 98,000/- (Rupees ninety eight thousand only) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

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

2. Other Terms

The Director (Commercial) 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, 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 Director (Commercial) as per the provisions of Schedule XIII of the Companies Act 1956 ."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things which may be considered necessary to give effect to the appointment of Mr Narender Kumar Pundir as Director (Commercial)."

6. Re-appointment of Mr Varinder Gupta as Managing Director

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

"RESOLVED that in accordance with the provisions of Section 269 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 Central Government and other authorities, if required, Mr Varinder Gupta be and is hereby re-appointed as Managing Director of the Company, for a period of three years with effect from 01 September 2012 to 31 August 2015, on the terms and conditions including remuneration as given below:

- 1 a) Basic Salary: ₹ 1,60,000/- (Rupees one lac sixty thousand only) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows

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

2. Other Terms:

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

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Managing Director within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to increase the remuneration and perquisites of Mr Varinder Gupta, Managing Director from time to time within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time."

"RESOLVED FURTHER that Board of Directors be and is hereby authorised to do all acts, matters, things and deeds to give effect to the re-appointment of Mr Varinder Gupta as Managing Director."

7. Amending the Memorandum of Association of the Company

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

"RESOLVED that in accordance with the provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of the Company i.e ₹ 54,00,00,000/- (Rupees fifty four crore only) divided into 4,90,00,000 equity shares of ₹ 10/- each and 50,00,000 preference shares of ₹10/- each be and is hereby re-classified into 3,20,00,000 (Three crore twenty lacs) equity shares of ₹ 10/- each and 2,20,00,000 (Two crore twenty lacs) preference shares of ₹ 10/- each and consequently, Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause V:

V. The Authorised Share Capital of the Company is ₹ 54,00,00,000/- (Rupees fifty four crores only) divided into 3,20,00,000 (Three crore twenty lacs) equity shares of ₹10/- each and 2,20,00,000 (Two crore twenty lacs) preference shares of ₹ 10/- each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to comply all the formalities relating re-classification of the authorised share capital of the Company and to do all other acts, deeds, matters and things as may be deemed necessary, expedient and/or incidental for attainment of the above objects."

8. Amending the Articles of Association of the Company

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

"RESOLVED that in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the existing Article 5 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Article 5:

5. The Authorised Share Capital of the Company is ₹ 54,00,00,000/- (Rupees fifty four crores only) divided into 3,20,00,000 (Three crore twenty lacs) equity shares of ₹10/- each and 2,20,00,000 (Two crore twenty lacs) preference shares of ₹ 10/- each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and also to acquire, purchase, hold, re-sell, any of its own fully/partly paid shares and /or preference shares whether redeemable or not and to make any payment out of capital or out of the funds at its disposal, for and in respect of such purchase, subject to the provisions of the Act in force from time to time".

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all other acts, deeds, matters and things as may be deemed necessary, expedient and/or incidental for attainment of the above objects."

9. Issue of equity share on preferential basis

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, if any, 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 the prevailing statutory guidelines/regulations 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 (hereafter 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 and/or sanctions (hereafter 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:

upto 26,64,000 equity shares of face value of ₹ 10/- each at a premium of ₹ 68/- per share aggregating to ₹ 20,77,92,000 (Rupees twenty crore seventy seven lacs ninety two thousand only) to following, Promoter/ Promoter Group Companies, being the price as determined in accordance with the SEBI Regulations.

Category/ Name of allottee	No. of Shares
NM Merchantiles Ltd	7,00,000
Mayadevi Polycot Ltd	1,64,000
IOL Lifesciences Ltd	8,00,000
NCG Enterprises Ltd	10,00,000

"RESOLVED FURTHER that such allotment shall be made in accordance with the extant SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred as "SEBI Regulations"). The relevant date for the purpose of determining the price for the issue of the equity shares in accordance with the SEBI Regulations is 30 August 2012."

"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 is authorized to issue, offer and allot the requisite number of equity shares at such time or times and in one or more tranches, as the Board may in its absolute discretion decide, subject however to the SEBI Regulations 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 direction as it may in its absolute discretion, deem necessary or desirable and also to settle any question or difficulty that may arise with regard to the proposed issue, offer and allotment of the equity shares."

"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."

10. Issue of Preference Shares

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

"RESOLVED that pursuant to Section 80, 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, other applicable statutes and subject to such sanctions and approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company and/or a duly authorised Committee thereof (hereinafter referred to as the "Board") to issue and allot upto 1,70,00,000 preference shares of ₹ 10/- each for cash at par, aggregating to ₹ 17,00,00,000/- (Rupees seventeen crores only) in one or more tranches, on private placement basis to Companies/Individuals/Body Corporates/ Trusts and/or any other entities whether or not they are members of the Company at such time or times and/or at such additional terms as the Board in its absolute discretion thinks fit."

"RESOLVED FURTHER that the issue of aforesaid preference shares shall be within the following terms and conditions:

- a) The said preference shares shall carry a fixed non-cumulative dividend at the rate not exceeding of 1% per annum on the paid up value of shares payable annually and shall be redeemable at par on or before expiry of twenty years from the date of its allotment.
- b) The said shares rank for dividend in priority to the equity shares for the time being of the Company
- c) The said shares shall in winding up entitled to rank in priority, as regards repayment of capital, up to the commencement of the winding up, in priority to equity shares but shall not be entitled to any further participation in profits or assets.
- d) The voting rights of the persons holding the said shares shall be in accordance with Section 87 of the Companies Act, 1956.
- e) The Company shall not create and/or issue in future preference shares ranking in priority to the said shares and in the event of the Company creating and/or issuing preference shares in future ranking parri-passu with the said shares, it would do so only with the consent in writing of the holders of not less than three - fourths of the said shares then outstanding.
- f) The dividend on any such shares becoming liable to redemption shall cease to accrue from the due date for redemption thereof."

"RESOLVED FURTHER that the Preference Shares so issued and to be allotted shall be subject to the provisions of the Companies Act, 1956, Memorandum of Association and Articles of Association of the Company."

"RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and to settle any or all matters with

respect to the issue, allotment and utilization of the proceeds of the issue of preference shares and further to do all such acts, deeds, matters and things and to finalise and execute for the purpose aforesaid, deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution."

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Sd/-
[Krishan Singla]
Place : Barnala
Dated: 01 September 2012 Vice President and Company Secretary

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

NOTES:

- i) The explanatory statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
- ii) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/ herself and the 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.**
- iii) 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 Extention, New Delhi-110 055
- iv) The Register of Members and Share Transfer Books will remain closed from Tuesday, 25 September 2012 to Saturday, 29 September 2012 (both days inclusive).
- v) 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.
- vi) 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.
- vii) 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.
- viii) Members are requested to:
 - a) Intimate their Permanent Account Number (PAN).
 - b) Send nomination form (format available on Company's website), if not sent earlier.
 - c) 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.

- d) Bring their copies of Annual Report at the meeting.
- e) Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
- f) Intimate their e-mail Id for quick correspondence with them at investor@iolcp.com and/ or register themselves at Company's website www.iolcp.com

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

Item No. 5

Mr N K Pundir was appointed as Additional Director and Director (Commercial) on the Board for a period of three years w.e.f. 31 March 2012 to 30 March 2015 on the term and conditions approved by the Board of Directors, subject to the approval of the members, Central Government, and other authorities if required. The Remuneration Committee in its meeting held on 31 March 2012 has also approved the appointment and remuneration payable to him.

Mr N K Pundir has 26 years experience in commercial activities of the chemical and pharmaceutical products and has international exposure in the industry. He heads the commercial department and is responsible for domestic as well as the international market. He holds masters degree in Science and Post Graduate Diploma in Business Management.

There has been a substantial increase in the operation of the Company. The Company is also implementing a major expansion and diversification projects in pharmaceuticals. Considering his role, responsibilities and experience, it is proposed to appoint him as Director (Commercial) at a remuneration and other terms and conditions as set out in the resolution of the Agenda of this meeting. The Board feels that remuneration is reasonable having regard to the prevailing industry trends.

However he has resigned from the directorship of the Company w.e.f. 14 August 2012. As per Section 269 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, the proposal to appoint him and payment of the remuneration given in the notice is placed for approval of the members. The Board recommends the resolution for your approval.

None of the Directors except Mr N K Pundir being the proposed appointee, is concerned or interested in the resolution.

Item No. 6

Mr Varinder Gupta was re-appointed as Managing Director of the Company for a period of three years w.e.f. 01 September 2012 to 31 August 2015, on the terms and conditions approved by the Board of Directors in the meeting held on 14 August 2012 subject to the approval of the members, Central Government and other authorities, if required, as approved by Remuneration Committee in its meeting held on 14 August 2012.

There has been a substantial increase in the operation of the Company. The Company is also implementing a major expansion and diversification projects in pharmaceuticals. At this crucial juncture, considering valuable contribution made by him and his role, responsibilities and experience, it is proposed to re-appoint him at a remuneration and other terms and conditions as set out in the resolution of the Agenda of this meeting.

Term & Conditions of appointment:

1. Tenure : 3 years from the date of appointment i.e. 01 September 2012
2. Remuneration: The remuneration will be paid as follow:
 - a) Basic Salary: ₹ 1,60,000 /- (Rupees one lac sixty thousand only) per month
 - b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

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

3. Other Terms

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

The Board feels that remuneration is reasonable having regard to the prevailing industry trends and is within the ceiling limit on remuneration laid down under the Companies Act, 1956 read with schedule XIII to the Act. All the conditions of the schedule XIII are being complied with, except that the Company could not make the repayment of debts and interest payable thereon in time. The Board recommends the resolution for your approval.

The above may be treated as an abstract of the term and conditions of the appointment of Mr Varinder Gupta pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Mr Varinder Gupta being the proposed appointee, is concerned or interested in the resolution.

Item No. 7 & 8

At present the authorised share capital of the Company is ₹ 54,00,00,000/- (Rupees fifty four crore) divided into 4,90,00,000 (Four crore ninety lac) equity shares of ₹ 10/- (Ten) each and 50,00,000 (Fifty lac) preference shares of ₹ 10/- (Ten) each. For issuing the further equity shares and preference shares, the Memorandum and Articles of Association is required to be altered by re-classifying the existing authorised capital by dividing into 3,20,00,000 (Three crore twenty lacs) equity shares of ₹ 10/- each and 2,20,00,000 (Two crore twenty lacs) preference shares of ₹ 10/- each. For amending the Memorandum of Association and Articles of Association approval of members is required. Hence the Board recommends the resolutions for your approval.

None of the Directors is interested in the resolution.

Item No. 9

The Company requires funds in near future to achieve economic growth in the business and for meeting present and future capital expenditure for expansion/ modernization of activities, working capital requirements arising out of increased volume of business and for other corporate purposes as may be required from time to time.

The promoters/ promoters group companies of the Company have contributed unsecured loan to part finance the expansion projects undertaken by the Company. They have shown their interest/ willingness to convert their part of unsecured loan into equity shares.

The Board proposes to issue equity shares on preferential basis for cash consideration, in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred as "SEBI Regulations") and other applicable laws in the following manners:

upto 26,64,000 equity shares of face value of ₹ 10/- each at a premium of ₹ 68/- per share aggregating to ₹ 20,77,92,000 (Rupees twenty crore seventy seven lacs ninety two thousand only) to NM Merchantiles Limited, NCG Enterprises Limited, Mayedavi Polycot Limited and IOL Lifesciences Limited, Promoter/ Promoter Group Companies, being the price not less than as determined in accordance with the SEBI Regulations.

Objective of the Issue:

To convert the unsecured loan, brought in by the Promoters/ Promoter Group Companies to part finance the expansion projects, into equity shares and for meeting present and future capital expenditure for expansion /modernization of activities, working capital requirements arising out of increased volume of business and for other corporate purposes as may be required from time to time.

Pricing of the issue:

The minimum price for the issue of equity shares shall be determined in accordance with SEBI Regulations. The relevant date for the purpose of determining the price is 30 August 2012, The equity shares proposed to be allotted on preferential basis would be issued at a price determined by the SEBI pricing formula or ₹ 78/- per share, which ever is higher.

Intention of subscribers:

The letters of intent from NM Merchantiles Limited, NCG Enterprises Limited, Mayedavi Polycot Limited and IOL Lifesciences Limited, Promoters/ Promoters Group Companies to convert their a part unsecured loan into the equity shares has been received. In the event any of the equity share remaining unsubscribed by the aforesaid promoters/ promoters group companies for any reason whatsoever, the same will be offered and allotted by the Board at its absolute discretion to any other entity owned and controlled by Promoters.

Proposed time for completion of allotment:

The allotment of equity shares shall be completed within a period of 15 days from the date of the passing of this resolution, provided where the allotment is pending on account of any statutory approval or approval from any regulatory authority or the Central Government, the allotment shall be completed within 15 days of such approval.

Lock-in-period:

These equity shares shall be subject to lock-in for a period as prescribed under SEBI Regulations.

Identity of proposed allottee & percentage of holding

Category/ Name of allottee	Pre-issue shareholding		Post-issue shareholding after issue of equity shares	
	Shares	%age	Shares	%age
NM Merchantiles Ltd	26,84,500	10.27	33,84,500	11.75
Mayadevi Polycot Ltd	98,42,323	37.64	1,00,06,323	34.73
IOL Lifesciences Ltd	5,50,500	2.11	13,50,500	4.69
NCG Enterprises Ltd	1,37,965	0.53	11,37,965	3.95

Shareholding Pattern before and after the proposed preferential allotment

Category/ Name of allottee	Pre-issue shareholding		Post-issue shareholding after issue of equity shares	
	Shares	%age	Shares	%age
Promoters				
Indian Promoters	1,43,74,553	54.97	1,70,38,553	59.13
Sub Total	1,43,74,553	54.97	1,70,38,553	59.13
Non-promoters				
Mutual Fund	10,400	0.04	10,400	0.04
NRIs/ OBCs	42,25,566	16.16	42,25,566	14.66
Bodies Corporate	44,80,103	17.13	44,80,103	15.55
Indian Public	30,60,542	11.70	30,60,542	10.62
Sub Total	1,17,76,611	45.03	1,17,76,611	40.87
Total	2,61,51,164	100	2,88,15,164	100

Auditors' certificate

The Statutory Auditors' certificate as per SEBI Regulations shall be placed before the members.

Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of securities in a Company to any person other than the holders of the equity shares of a Company or to such holders otherwise than in proportion to the capital paid-up, requires prior approval of the members in general meeting by a Special Resolution.

The Board, accordingly recommend the resolution for approval of the members.

Mr Varinder Gupta being the promoter Director, may be deemed concerned or interested in this Resolution to the extent of equity shares that may be subscribed by the Promoters/ Promoters Group Companies. None of other Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 10

It is proposed to issue 1,70,00,000 preference shares of ₹ 10/- per share to increase the network and augment working capital requirements in one or more tranches.

The approval of shareholders is required for issuing the preference shares on private placement basis under Section 80 and 81(1A) of the Companies Act, 1956. So, the Board of Directors recommends the resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent of shares that may be subscribed to by them or their relatives or by the Company in which they or their relatives are directors/members.

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

Name of the Director	Dr M A Zahir	Mr Chandra Mohan	Mr N K Pundir	Mr Varinder Gupta
Date of Birth	18 December 1942	30 December 1932	01 January 1963	06 December 1962
Date of Appointment	30 July 1998	27 October 2005	31 March 2012	01 September 2007
Expertise in specific functional area	Business management education and executive training at senior levels of different institutions	An inventor-engineer, pioneering R&D scientist, gutsy entrepreneur, business leader, educationist & community builder	Domestic and International trade	Industrialist
Total experience	46 years	More than 50 years	26 years	27 years
Present profession	Chairman of Syntec Business School	Consultant	Director (Commercial) in IOL Chemicals and Pharmaceuticals Limited	Chairman & Managing Director in IOL Chemicals and Pharmaceuticals Ltd
Qualification	Ph.D. in Management and M. Com.	BA (Hons), B.Sc. in Mechanical Engineering	M.Sc., PGDBM	Under graduate
Directorships in other companies	1. Hero Cycles Ltd 2. Ralson (India) Ltd 3. Sohrab Spinning Mills Ltd 4. Rockman Industries Ltd 5. Hero FinCrop Ltd 6. Lotus Integrated Texpark Ltd 7. Majestic Autos Ltd 8. Trident Ltd	1. Rico Auto Industries Ltd 2. Engineering Innovations Ltd 3. Sandhar Technologies Ltd 4. Winsome Yarns Ltd 5. DCM Engineering Ltd 6. Kamla Dials & Devices Ltd 7. Winsome Textiles Industries Ltd	Nil	1. Mayadevi Polycot Ltd 2. Trident Towels Ltd 3. IOL Lifesciences Ltd 4. NM Merchandises Ltd 5. NCG Enterprises Ltd
Chairmanship of Board Committees	<i>Audit Committee</i> 1. Hero Cycles Ltd 2. IOL Chemicals and Pharmaceuticals Ltd <i>Investors' Grievance 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. Trident Ltd 4. Majestic Auto Ltd <i>Investors' Grievance Committee</i> 1. Trident Ltd	<i>Audit Committee</i> 1. Winsome Yarns Ltd 2. DCM Engineering Ltd 3. Winsome Textiles Industries Ltd <i>Investors' Grievance Committee</i> 1. Winsome Textiles Industries Ltd	Nil	<i>Investors' Grievance Committee</i> 1. IOL Chemicals and Pharmaceuticals Ltd
No of shares held	300	Nil	Nil	11,59,265
Relationship with other directors	Not related to any other directors	Not related to any other directors	Not related to any other directors	Not related to any other directors

Registered Office:

Trident Complex, Raikot Road,
Barnala-148101 (Punjab)
Place : Barnala
Dated : 01 September 2012

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

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the Twenty-fifth Annual Report and Audited Accounts for the financial year ended 31 March 2012.

1. Financial Results

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

(₹ in crore)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net sales and other income	473.02	391.30
Profit before interest & depreciation	70.94	69.60
Interest	43.20	36.80
Profit before depreciation	27.74	32.80
Depreciation	23.94	23.76
Profit before tax	3.80	9.04
Provision for tax (including deferred tax)	(0.96)	2.86
Profit after tax	4.75	6.18
Balance carried to the Balance Sheet	44.45	52.37

2. Presentation of Financial Results

Notification dated 28 February 2011 issued by the Ministry of Corporate Affairs has stipulated a revised format for disclosure of financial statements under Schedule VI to the Companies Act, 1956. The financial results of the Company for the year ended 31 March 2012 are, therefore, disclosed as per the revised Schedule VI and the previous years' figures have been restated to align with the current year's presentation.

3. Performance Review

There was a healthy improvement in the overall performance of the Company in comparison to the previous year's performance. Net sales and other income of the Company has increased by 20.88% to ₹ 473.02 crore from ₹ 391.30 crore during the previous year. Profit before interest & depreciation has increased by 1.91% to ₹ 70.94 crore during the year under review against ₹ 69.60 crore during the previous year. The Company has earned net profit after tax ₹ 4.75 crore during the year under review against ₹ 6.18 crore during the previous year.

4. Cash Flow Statement

A Cash Flow Statement for the financial year 2011-12 is included in the annexed Statement of Accounts.

5. 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.

6. Merger

The Board for Industrial and Financial Reconstruction (BIFR) the competent authority under the Sick Industrial Companies (Special Provisions) Act, 1985 vide its order dated 15 March 2012 sanctioned merger of G Drugs and Pharmaceuticals Limited (GDPL) with the Company with appointed date of 1 April 2010. The merger become effective on 20 April 2012 with the filing of order with the Registrar of Companies. Consequently GDPL ceased to exit from that date.

Pursuant to the aforesaid scheme, 4,34,500 equity shares of the Company were issued to the shareholders of GDPL on 2 May 2012 in swap ratio of 1:20 i.e. one fully paid equity share of ₹ 10/- each of the Company for every 20 equity shares of ₹ 10/- each of GDPL. With this issue, the paid-up equity share capital of the Company has increased from ₹ 25.72 crore consisting of 2,57,16,664 equity shares of face value of ₹ 10/- each to ₹ 26.15 crore consisting of 2,61,51,164 equity shares of face value of ₹ 10/- each. These shares are listed on BSE Limited (BSE) and the National Stock

Exchange of India Limited (NSE).

7. Change in Authorised share capital

Pursuant to merger of G Drugs and Pharmaceuticals Limited with the Company vide BIFR's order dated 15 March 2012 the Authorised share capital of the Company stands increased from ₹ 45 crore consisting of 4,00,00,000 equity shares of face value of ₹ 10/- each and 50,00,000 preference shares of ₹ 10/- each to ₹ 54 crore consisting of 4,90,00,000 equity shares of ₹ 10/- each and 50,00,000 preference shares of ₹ 10/- each.

8. Multi Product Plant and upgrading of R&D facilities

The project of capacity enhancement and multi product PPIs plant and other pharmaceutical intermediate products with a CAPEX of ₹ 130 crore has been completed and in process of stabilization.

The Company has undertaken another project of multi product plant for manufacture active pharmaceutical ingredients and upgrading of R&D facilities involving a CAPEX of ₹ 58.41 crore. The aforesaid project is on schedule and likely to be completed during the current year.

9. Credit Rating

The Credit Analysis & Research Ltd (CARE) has rated Company as "CARE BBB" for Long Term Facilities which indicates moderate safety for timely servicing of debt obligations and as "CARE A2" for Short Term Facilities which indicates adequate capacity for timely payment of short term debt obligations.

10. Awards

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

Awarded with "2nd prize in National Energy Conservation Award" consecutively for the years 2005, 2006, 2007, 2008, 2009 & 2011 by Ministry of Power, Government of India in Chemical Sector and awarded with "1st prize in National Energy Conservation Award" 2010 in Drugs and Pharmaceutical Sector by Ministry of Power, Government of India.

11. Recognitions

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

- OHSAS 18001:2007 for Occupational Health & Safety Management System
- Recognition for In house R & D unit by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India.

12. Directors

According to Article 146 of the Articles of Association of the Company, one third of the directors for time being liable to retire by rotation, shall retire from the office. Accordingly, Dr M A Zahir and Mr Chandra Mohan, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Board has recommended the re-election of these directors to the members.

Mr N K Pundir was appointed as Additional Director and Director (Commercial) on the Board w.e.f. 31 March 2012 in terms of Article 133 of the Articles of Association of the Company.

Mrs Dimple Gupta and Mr Kanwal Pushkarnath Pandita, Directors resigned from the directorship of the Company w.e.f. 31 March 2012. Mr N K Pundir, Director (Commercial) resigned from the directorship of the Company w.e.f. 14 August 2012. The Board has placed on record their appreciation for the valuable services rendered by them during their tenure as Director of the Company

13. Corporate Governance

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance alongwith Auditors'