



26th Annual Report 2012-2013

IOI Chemicals and Pharmaceuticals Limited

Awarded with prestigious “**National Energy Conservation Award 2012**”
Second prize of National Energy Conservation Award 2012, in Chemical Sector
by the Ministry of Power, Government of India



Mr Vijay Singla, Director (Works), received “National Energy Conservation Award” from Sh Pranab Mukherjee, Hon’ble President of India, at a special felicitation ceremony held on 14 December 2012, National Energy Conservation Day at New Delhi

Board of Directors

Dr M A Zahir - *Chairman*
 Mr Varinder Gupta - *Managing Director*
 Mr Chandra Mohan
 Mr Yogesh Goel
 Mr Ravi Pratap Singh
 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
 Allahabad Bank
 Oriental Bank of Commerce
 Export-Import Bank of India
 State Bank of India

Registrar and Share Transfer Agents

Alankit Assignments Limited
 (Unit: IOL Chemicals and Pharmaceuticals Limited)
 2E/21, Jhandewalan Extension,
 New Delhi-110055
 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 Committee

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

Remuneration Committee

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

Contents	
Notice	2
Directors' Report	7
Management Discussion and Analysis Report	11
Corporate Governance Report	17
Auditors' Report	26
Balance Sheet	28
Profit & Loss Account	29
Cash Flow Statement	30
Notes to Financial Statements.....	31

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 - 148 101
 Phone : +91-1679 - 285285-86
 Fax : +91-1679 - 285292
 E-mail : contact@iolcp.com

Please visit our website: www.iolcp.com



NOTICE

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the members of IOL Chemicals and Pharmaceuticals Limited will be held on Saturday, 28 September 2013 at 11:30 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 2013 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 a director in place of Mr Yogesh Goel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr Ravi Pratap Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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:

7. 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 Mr Vijay Kumar Garg, 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 upto 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."

8. Appointment of Vijay Kumar Garg as Joint Managing Director of the Company

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 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 the Central Government and /or any other authority, if required, Mr Vijay Kumar Garg be and is hereby appointed as Whole Time Director of the Company, for a period of three years and retire by rotation at every Annual General Meeting with effect from 02 March 2013, at a gross remuneration of ₹ 2,50,000/- per month as per following details :

- 1 a) Basic Salary: ₹ 1,00,000/- (Rupees one lacs only) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

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

- | | |
|---------------------------------|------------------|
| f) Children Education Allowance | 5% of salary |
| g) Provident Fund Contribution | 12% of salary |
| h) Bonus | 10% of salary |
| i) Gratuity | 4.17% of salary |
| j) Uniform Allowance | 8% of salary |
| k) Self Development Allowance | 13.33% of salary |
| l) Medical CL/GIS | 4.17% of salary |

"RESOLVED FURTHER that approval of the Company be and is hereby accorded to the Board of Directors to designate him as Joint Managing Director and the variation in his terms of appointment in respect of revision of his remuneration to ₹ 3,50,000/- per month consisting of basic salary of ₹ 1,40,000/- and aforesaid perquisites and allowances with effect from 01 April 2013 for the remaining period of his tenure."

2. Other Terms:

The Joint Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company in accordance with the Company's practice, 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 Joint Managing Director 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 increase the remuneration and perquisites of Mr Vijay Kumar Garg, Joint 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 appointment of Mr Vijay Kumar Garg as Joint Managing Director."

9. Revision of remuneration of Mr Vijay Singla, Director (Works)

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 310, 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 or any other authority, if required, following variation in the terms of appointment of Mr Vijay Singla, Director (Works) in respect of his remuneration with effect from 01 April 2013 for the remaining period of his tenure, not exceeding three years be and is hereby approved."

- 1 a) Basic Salary: ₹ 1,20,000/- (Rupees one lacs twenty thousand only) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

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

f)	Children Education Allowance	5% of salary
g)	Provident Fund Contribution	12% of salary
h)	Bonus	10% of salary
i)	Gratuity	4.17% of salary
j)	Uniform Allowance	8% of salary
k)	Self Development Allowance	13.33% of salary
l)	Medical CL/GIS	4.17% of salary

2. Other Terms

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

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Director (Works) 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 increase the remuneration and perquisites of Mr Vijay Singla, Director (Works) 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 revision in remuneration of Mr Vijay Singla Director (Works)."

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Registered Office:

Trident Complex,
Raikot Road,
Barnala-148 101 (Punjab)
Dated : 12 August 2013

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

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 Extension, New Delhi-110 055

- iv) The Register of Members and Share Transfer Books will remain closed from Tuesday, 24 September 2013 to Saturday, 28 September 2013 (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. 7 & 8

Mr Vijay Kumar Garg was appointed as Additional Director on the Board of the Company w.e.f. 02 March 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr Vijay Kumar Garg holds office upto the date of forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956, proposing his name for the appointment as Director of the Company.

The Board on the recommendations of Remuneration Committee has approved the appointment of Mr Vijay Kumar Garg as Whole Time Director of the Company for a period of three years with effect from 02 March 2013 and payment of gross remuneration of ₹ 2,50,000/- consisting of basic salary of ₹ 1,00,000/- and following perquisites and allowances:

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

He was further designated as Joint Managing Director of the Company w.e.f. 27 May 2013. Earlier he was working as President (Commercial) w.e.f. 01 August 2012 at the aforesaid remuneration. However, his remuneration is less in comparison to the officers in his cadre in the industry. His specialized knowledge and experience is very much useful for the Company. The Board on the recommendations of Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 3,50,000/- consisting of basic salary of ₹ 1,40,000/- and aforesaid perquisites and allowances w.e.f. 01 April 2013 for remaining period of his tenure.



The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 is given hereunder.

I. GENERAL INFORMATION

- Nature of Industry:* Manufactures Chemicals and Drugs
- Date or expected date of commencement of commercial production:* The Company has commencement of commercial production during the year 1991.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:* NA
- Financial performance based on given indicators:*

Particulars	Amount(in crore)		
	2012-13	2011-12	2010-2011
Net sales and other income	484.04	473.02	391.36
Profit before tax	2.96	3.80	9.04
Profit after tax	1.59	4.75	6.18

- Export performance and net foreign exchange earning:* During the year 2012-2013 export of the Company have been ₹ 90.54 crore.
- Foreign investments or collaborators, if any:* None

II INFORMATION ABOUT THE APPOINTEE

Background details:

Mr Vijay Kumar Garg, aged 43 years, B.Sc. (Chemistry), MBA, EPIB (One year PG Course) from Indian Institute of Management, Kolkata. He has an experience of 20 years in commercial activities of the chemical and pharmaceutical products and has an international exposure in the industry.

Past remuneration:

Mr Vijay Kumar Garg, as President (Commercial) was being paid monthly basic remuneration of ₹1,00,000/- plus aforesaid perquisites and allowances

Job profile and his suitability:

Mr Vijay Kumar Garg shall be responsible for domestic as well as the international markets and day to day management of the Company. He will also be responsible for the overall well being of the employees of the Company.

Remuneration Proposed:

The Board of Director has proposed to pay him monthly basic salary of ₹ 1,00,000/- (Rupees one lacs only) plus aforesaid perquisites and allowances for the period of three years with effect from 02 March 2013. Further the Board of Director revised his monthly basic salary to ₹ 1,40,000/- (Rupees one lacs forty thousand only) plus aforesaid perquisites and allowances with effect from 01 April 2013 for remaining period of his tenure .

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

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of the appointees, the proposed remuneration is

competitive with remuneration paid by other companies to such similar positions.

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

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

III OTHER INFORMATION

Reasons of loss or inadequate profits:

The Company has inadequate profits due to increased price of raw material as compared to the finished goods price and due to slow economic development of the country.

Steps taken or proposed to be taken for improvement:

The Company has strengthened its inventory risk mitigation procedures.

Expected increase in productivity and profits in measurable terms:

Due to the steps taken by the Company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the Company will improve its profitability in times to come.

IV DISCLOSURES

The above may also be treated as an abstract of the terms of appointment agreement entered into between the Company and Mr Vijay Kumar Garg, Joint Managing Director and variation of his terms of appointment pursuant to Section 302 of the Companies Act, 1956.

All the relevant information pertaining to the Whole Time Director and other Directors required to be disclosed in the Directors' Report under the heading "Corporate Governance", are attached to the Annual Report.

As per the provisions of the Companies Act, 1956, read with Schedule XIII, thereof, approval of shareholders is required for this purpose. Hence, the Board recommends the resolutions for your approval.

None of the Directors except Mr Vijay Kumar Garg being the proposed appointee is concerned or interested in the resolution.

Item No. 9

Mr Vijay Singla was appointed as Director (Works) of the Company on 11 July 2011, for a period of five years with the approval of shareholders in their meeting held on 24 September 2011 at the gross remuneration of ₹ 1,50,000/- per month consisting of basic salary of ₹ 60,000/- and following perquisites and allowances, .

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

However, since then his remuneration is same from last two years and is less in comparison to the officers in his cadre in the industry. The Board on the recommendations of Remuneration Committee has approved the revision of his remuneration to monthly gross remuneration of ₹ 3,00,000/- consisting of basic salary of ₹ 1,20,000/- and aforesaid perquisites and allowances, with effect from 01 April 2013 for the remaining period of his tenure, not exceeding three years on the terms and conditions as are set out in the resolution.

The information required under proviso (iv) of Para (B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 is given hereunder.

I. GENERAL INFORMATION

- Nature of Industry:* Manufactures Chemicals and Drugs
- Date or expected date of commencement of commercial production :* The Company has commencement of commercial production during the year 1991.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:* NA
- Financial performance based on given indicators:*

Particulars	Amount (in crore)		
	2012-13	2011-12	2010-2011
Net sales and other income	484.04	473.02	391.36
Profit before tax	2.96	3.80	9.04
Profit after tax	1.59	4.75	6.18

- Export performance and net foreign exchange earning:* During the year 2012- 2013 export of the Company have been ₹ 90.54 crore.
- Foreign investments or collaborators, if any:* None

II INFORMATION ABOUT THE APPOINTEE

Background details:

Mr Vijay Singla aged 38 years is having Degree in Chemical Engineering from Punjab Technical University and Electric Engineering from Institute of Engineers (India) Calcutta. He has an experience of 13 years in Pharmaceuticals and Chemicals Industries. He has joined the Company on 01 March 2000 as Engineer Trainee. He worked in various capacities and also worked as President in Ibuprofen production before his elevation as Director (Works). He was instrumental in setting up the Ibuprofen plant of the Company.

Past remuneration:

Mr Vijay Singla was appointed as Director (Works) of the Company on 11 July 2011 at the basic remuneration of ₹ 60,000 per month plus aforesaid perquisites and allowances, for a period of five years.

Job profile and his suitability:

Mr Vijay Singla is looking after and responsible for efficient & smooth, running and development of works of the Company.

Remuneration Proposed:

The Board of Director has proposed to increase his remuneration with monthly basic salary to ₹ 1,20,000/- (Rupees one lacs twenty thousand only) plus aforesaid perquisites and allowances with effect from 01 April 2013 for the remaining period of his tenure, not exceeding three years.

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

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

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

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

III OTHER INFORMATION

Reasons of loss or inadequate profits:

The Company has inadequate profits due to increased price of raw material as compare to the finished goods price and due to slow economic development of the country.

Steps taken or proposed to be taken for improvement:

The Company has strengthened its inventory risk mitigation procedures.

Expected increase in productivity and profits in measurable terms:

Due to the steps taken by the Company to strengthen its financial position together with overcoming of slow down by the economy, it is expected that the Company will improve its profitability in times to come.

IV DISCLOSURES

The above may also be treated as an abstract of variation of the terms of revision of his remuneration pursuant to Section 302 of the Companies Act, 1956.

All the relevant information pertaining to the Whole Time Director and other Directors required to be disclosed in the Directors' Report under the heading "Corporate Governance", are attached to the Annual Report.

As per the provisions of the Companies Act, 1956, read with Schedule XIII, thereof, approval of shareholders is required for this purpose. Hence, the Board recommends the resolutions for your approval.

None of the Directors except Mr Vijay Singla is concerned or interested in the resolution.



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

Name of the Director	Dr M A Zahir	Mr Chandra Mohan	Mr Ravi Pratap Singh	Mr Yogesh Goyal
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	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	Mergers, Acquisitions, Indian and Global Investments	Identification, Promotion and Implementation of Chemicals and other units on joint/assisted sectors and infrastructure development
Total Experience	47 Years	More than 50 years	29 years	36 years
Present profession	Chairman of Syntetic Business School	Consultant	Partner of Sycamore Ventures	Additional Managing Director in Punjab State Industrial Development Corporation Ltd and Punjab Infrastructure Development Board
Qualification	Ph.D in Management and M.Com	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 7. Trident Ltd	1. Engineering Innovations Ltd 2. Sandhar Technologies Ltd 3. Winsome Yarns Ltd 4. DCM Engineering Ltd 5. Kamla Dials & Devices Ltd 6. Winsome Textiles Industries 7. 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. Nahar Industrial Infrastructure Corporation Ltd 2. Healthcaps India Ltd 3. Punjab Alkalies & Chemicals Ltd 4. Krishna Engg. Works Ltd 5. Cepham Milk Specialities Ltd 6. Globus Industries and Service Ltd 7. Punjab Venture Investors Trust 8. Punjab Infrastructure Development Board 9. Punjab Venture Capital Ltd
Chairmanship of Board Committees	<i>Audit Committee</i> 1. Hero Cycles Ltd 2. IOL Chemicals and Pharmaceuticals Ltd 3. Trident 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. Majestic Auto Ltd <i>Shareholder's / Investors' Grievance Committee</i> 1. Trident Ltd	<i>Audit Committee</i> 1. Winsome Yarns Ltd 2. DCM Engineering Ltd 3. Winsome Textiles Industries Ltd 4. KDDL 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 : 12 August 2013

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-sixth Annual Report of IOL Chemicals and Pharmaceuticals Limited together with Audited Statements of Accounts for the financial year ended 31 March 2013.

1. Financial Results

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

(₹ in crore)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Gross sales and other Income	536.43	507.85
Net sales and other income	484.04	473.02
Profit before interest & depreciation	91.57	70.94
Interest	57.24	43.20
Profit before depreciation	34.33	27.74
Depreciation	31.37	23.94
Profit before tax	2.96	3.80
Provision for tax (including deferred tax)	1.37	(0.96)
Profit after tax	1.59	4.75
Balance carried to the Balance Sheet	46.03	44.45

2. Performance Review

The Company, during FY 2012-13, has clocked a growth of 5.63% in Gross Revenue, which has grown to ₹ 536.43 crore from the gross revenue of ₹507.85 crore in the previous year. Your Company has also improved in operational efficiency this year and profit before depreciation interest and tax (PBDIT) to Net Revenue has increased from 14.99% to 18.92%. The Company has earned profit before tax (PBT) of ₹ 2.96 crore during the year under review against ₹ 3.80 crore during the previous year. Lower PBT is mainly due to increase in interest cost which increased from ₹ 43.20 crore to ₹ 57.24 crore during the year.

Your 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 2012-13 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. 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.

6. Holding & Subsidiary Company

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

7. 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 "2nd prize in National Energy Conservation Award" by the Ministry of Power, Government of India in chemical sector. The Company has been awarded the prize consecutively for seven years by the Ministry of Power, Government of India.

8. Recognitions

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

- ANVISA Certificate (Brazil) Ministry of Health Dated 12 June 2012
- EUGMP certification from "Freie und Hansestadt Hamburg", Germany Dated 21 February 2013

Company has also received "Trading House Certificate" from Joint Director General of foreign trade on 03 May 2013

9. Directors

According to Article 146 of the Articles of Association of the Company and subject to the provisions of Section 255 of the Companies Act, 1956, all the directors other than Managing Director and Whole Time Directors of the Company shall retire from the office. Accordingly, Dr M A Zahir, Mr Chandra Mohan, Mr Yogesh Goel and Mr Ravi Pratap Singh are liable to retire 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 Vijay Kumar Garg was appointed as Additional and Whole Time Director on the Board w.e.f. 02 March 2013 in terms of Article 133 of the Articles of Association of the Company and designated as Joint Managing Director 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 from a member under Section 257 of Companies Act, 1956 for his appointment as Director of the Company.

Mr N K Pundir, 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 him during his tenure as director of the Company.

10. 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.

11. Management Discussion and Analysis Report

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

12. 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.

13. Fixed Deposits

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

14. 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.

15. Listing of equity shares

The equity shares of the Company continued to be listed and traded on National Stock Exchange 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.

16. Statutory Auditors' Report

Auditors' Report draw intention to note no. 36 to the financial statement, relating to remuneration paid/ provided in respect of Managing Director and Whole Time Director of the Company, in excess of the limit prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956, which is subject to the approval of Central Government.

In this regard we wish to inform you that the Company has received approval of the Central Government vide its letter no. B61721627/1/2012-CL,VII dated 29 May 2013 to the appointment of Mr Varinder Gupta as Managing Director of the Company and the approval of the Central Government is awaited to the appointment of Mr Vijay Kumar Garg as Joint Managing Director of the Company .

17. Statutory Auditors

M/s S C Vasudeva and Co., Chartered Accountants, New Delhi (Firm Reg. No. 00235N) Statutory Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

18. Cost Auditors

The Company has appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditor 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 Government thereto. As mandated by Circular No.15/2011 dated 11 April 2011 issued by the Ministry of Corporate Affairs, Govt. of India, full particulars of Cost Auditor 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 2012	
(a) Due date of filing	28 February 2013
(b) Actual date of filing	9 January 2013

19. Industrial Relations

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

20. 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 "2nd prize in National Energy Conservation Award" by Ministry of Power, Government of India in chemical sector. The Company has been awarded the prize consecutively for seven years by the Ministry of Power, Government of India.

21. 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.

22. 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.

23. 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
Dated : 12 August 2013	Chairman
	Varinder Gupta
	Managing Director