

32nd Annual Report 2018-2019



IOL Chemicals and Pharmaceuticals Limited

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Please visit our website: www.iolcp.com

Board of Directors

Mr Rajender Mohan Malla - *Chairman & Independent Director*
 Mr Varinder Gupta - *Managing Director*
 Mr Vijay Garg - *Joint Managing Director*
 Mr Vikas Gupta - *Executive Director*
 Mr Chandra Mohan - *Independent Director*
 Dr (Mrs) Sandhya Mehta - *Independent Director*
 Mr Harpal Singh - *Independent Director*

Chief Financial Officer

Mr Pardeep Kumar Khanna

Vice President & Company Secretary

Mr Krishan Singla

Statutory Auditors

M/s Ashwani & Associates,
 Chartered Accountants,
 Ludhiana

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)
 1E/13, Jhandewalan Extension,
 New Delhi-110055
 Phone : +91-11-23541234,42541234
 Fax : +91-11-41543474
 E-mail : rta@alankit.com

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

Mr Harpal Singh - *Chairman*
 Mr Chandra Mohan
 Dr (Mrs) Sandhya Mehta
 Mr Vijay Garg

Stakeholders' Relationship Committee

Dr (Mrs) Sandhya Mehta - *Chairman*
 Mr Varinder Gupta
 Mr Vikas Gupta

Nomination and Remuneration Committee

Mr Chandra Mohan - *Chairman*
 Mr Rajender Mohan Malla
 Dr (Mrs) Sandhya Mehta

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

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

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the members of IOL Chemicals and Pharmaceuticals Limited (CIN: L24116PB1986PLC007030) will be held on **Thursday, 29 August 2019 at 11:00AM** at the Registered Office of the Company; Trident Complex, Raikot Road, Barnala, Punjab to transact the following business:

Ordinary Business:

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31 March 2019 and the reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:

“RESOLVED that the audited financial statements of the Company for the financial year ended 31 March 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

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

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

SPECIAL BUSINESS:

3. **Re-appointment of Mr Chandra Mohan as an Independent Director of the Company**

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

“RESOLVED that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Mr Chandra Mohan (DIN: 00017621), who was appointed as an Independent Director of the Company for a term of five years up to 32nd Annual General Meeting, by the members at the 27th Annual General Meeting held on 30 September 2014, in terms of Section 149 of the Companies Act, 2013, who has attained the age of seventy five years, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years from conclusion of this Annual General Meeting till the conclusion of 37th Annual General Meeting not liable to retire by rotation.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. **Re-appointment of Dr (Mrs) Sandhya Mehta as an Independent Director of the Company**

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

“RESOLVED that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in

force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Dr (Mrs) Sandhya Mehta (DIN: 06954964), who was appointed as an Independent Director of the Company for a term of five years up to 21 August 2019, by the members at the 27th Annual General Meeting held on 30 September 2014, in terms of Section 149 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 22 August 2019 up to 21 August 2024, not liable to retire by rotation.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. **Approval of Remuneration to the Cost Auditor for the financial year ending 31 March 2020**

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

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, and such other permissions as may be necessary, the members hereby approve the remuneration of ₹ 1,32,000/- plus goods and service tax and out-of- pocket expenses payable to M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, who are appointed by the Board of Directors of the Company as Cost Auditors to conduct audit of the Cost Accounting records maintained by the Company in respect of bulk drugs and chemicals for the financial year ending 31 March 2020.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. **Approval of related party transactions entered with Towel Enterprises Limited**

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 Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, consent of the Members be and is hereby accorded for ratification of material related party arrangements/ transactions for purchase of goods and services, entered between the Company and Towels Enterprises Limited, related party under SEBI Listing Regulations, for an amount of ₹ 119.30 crore during the period 2018-19 at arm's length basis and in the ordinary course of business .”

“RESOLVED FURTHER that the Board of Directors (the “Board”) and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, matters and things as may be deemed necessary, proper and desirable for the aforesaid purpose.”

7. **Approval of related party transactions entered / to be entered with Vivachem Intermediates Private Limited**

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 Sections 185, 188 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and Regulation 23 of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, approval of the Members of the Company be and is hereby given to material related party arrangements/ transactions for giving advance of ₹ 20 crore against purchase of raw material and sale/purchase of goods with Vivachem Intermediates Private Limited, a related party within the meaning of Section 2(76) of the Act, upto maximum aggregate value of ₹ 500 crore during the financial year 2019-20 at arm's length basis and in the ordinary course of business."

"RESOLVED FURTHER that the Board of Directors (the "Board") and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, matters and things as may be deemed necessary, proper and desirable for aforesaid purpose."

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Registered Office:

Trident Complex, Raikot Road,
Barnala-148 101 (Punjab)
Dated : 29 May 2019

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

IMPORTANT NOTES:

- 1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at Annual General Meeting (AGM) is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- 3) The Register of Members and Share Transfer Books will remain closed from **23 August 2019 to 29 August 2019** for the purpose of the Annual General Meeting.
- 4) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- 5) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 6) The Notice of AGM and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) and to other members at their registered address through permitted mode. Members are requested to submit a duly filled in Attendance Slip at the registration counter to attend the AGM. Notice of AGM is also available on the Company's website www.iolcp.com
- 7) Members may also note that Annual Report is available on the Company's website www.iolcp.com for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company's investor email id: investor@iolcp.com
- 8) **Voting through electronic means**
 - (i) The voting period begins on **25 August 2019 from 9:00 AM and ends on 28 August 2019 at 5:00 PM**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **22 August 2019** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Members who have already e-voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The members should log on to e-voting website **www.evotingindia.com**.
 - (iv) Click on "**Shareholders**" tab
 - (v) Now Enter your **User ID**
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter **Folio Number** registered with the Company.
 - (vi) Next enter the **Image Verification** as displayed and click on Login.
 - (vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
 - (viii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. <p>Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</p>

	For Members holding shares in Demat Form and Physical Form
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on **“SUBMIT”** tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the **EVSN i.e. 190710007** for the IOL Chemicals and Pharmaceuticals Limited on which you choose to vote.
- (xiii) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option **YES or NO** as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xvi) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the voting page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- (xix) Members can also cast their vote using CDSL’s mobile app **m-Voting** available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Members and Custodians
 - Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on

to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as on cut-off date i.e. 22 August 2019 may follow the same instructions as mentioned above for e-voting.
 - (xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- The Company has appointed **Mr Vinay Kohli partner, M/s. K.K. Kapoor & Associates, Chartered Accountants** as scrutinizer for conducting the e-voting process in fair and transparent manner and he will submit his report to the Chairman within 3 days of conclusion of voting.
 - 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.
 - All activities for transfer of shares, dematerialization of shares, change of address etc. are carried out by the Company through its Registrar and Share Transfer Agents (RTA). Members are requested to make their requests to RTA at the following address: **Alankit Assignments Limited “Alankit Heights”, 1E/13, Jhandewalan Extension, New Delhi-110 055**
 - 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.
 - Members desiring any information on items of Agenda are requested to write to the Company at its Registered Office at least ten days before the date of the AGM so as enable the Management to keep the information ready.
 - Members are requested to:
 - 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.
 - Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
 - Members are requested to intimate their e-mail id for quick correspondence to the Depository Participants / rta@alankit.com or register on Company’s website at the link <http://www.iolcp.com/registration.html>**

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**Item No. 3 & 4**

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the tenure of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta as independent directors will expire on the conclusion of ensuing Annual General Meeting and 21 August 2019 respectively.

As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment for another term of upto five years, on passing of a special resolution by shareholders.

As per Regulation 17(1A) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as SEBI Listing Regulations), no listed company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless it is approved by the members by passing a special resolution. Mr Chandra Mohan has attained the age of seventy five years and hence his re-appointment will require the approval of members by way of a special resolution also under above regulation.

The Company has received intimation in Form DIR-8 from them that they are not disqualified from being re-appointed as Independent Directors under Section 164 of the Act and declaration that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1)(b) of SEBI Listing Regulations and their consent to continue as Independent Directors.

The Company has received notice in writing from the members proposing their candidature for office of Director pursuant to Section 160 of the Companies Act, 2013.

The Board, based on the evaluation of Independent Directors and as per the recommendation of the Nomination & Remuneration Committee, considers that, given their background and experience and contribution made by them during their tenure, the continued association of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors.

The details of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta, Directors, being re-appointed as Independent Directors, pursuant to Regulation 36 of the SEBI Listing Regulations are enclosed with the notice of the meeting.

Copy of the letters for re-appointment of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta, to whom the resolutions relates, is, in any way, concerned or interested, financially or otherwise, in the resolutions.

The Board recommends the Special Resolutions set out at item no 3 and 4 of the notice for approval of the members.

Item No. 5

The Board in its meeting held on 29 May 2019 on the recommendation of the Audit and Risk Management Committee, approved the appointment and remuneration of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi to conduct the audit of the cost accounting records maintained by the Company in respect of chemicals and bulk drugs for the financial year ending 31 March 2020 at remuneration of ₹ 1,32,000/- plus goods and service tax and out-of-pocket expenses subject to the approval of the members.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, approval for the remuneration payable to the Cost Auditors for the financial year 2019-20 is being sought from the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution.

On the recommendation of the Audit and Risk Management Committee, the Board recommends the passing of resolution set out at Item No. 5 of this Notice as an Ordinary Resolution.

Item No. 6

Your Company is principally engaged in the manufacture and sale of various APIs and speciality chemicals. In the course of its business operations, your Company engages in transactions with related party, Towel Enterprises Limited for purchase of goods and services at arm's length basis. As per Regulation 23 of the SEBI Listing Regulations, all material related party transactions, that is to say, transactions by a listed entity with a related party if entered individually or taken together with previous transactions during a financial year, exceeding 10 per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, shall require approval of the members by an ordinary resolution.

The particulars of the transactions entered into with Towel Enterprises Limited are as follows:

1. Name of the Related Party and relationship: Towel Enterprises Limited
2. Name of the Directors / Key managerial Personnel who is related: Mr Varinder Gupta, Managing Director and Mr Vikas Gupta, Executive Director
3. Nature of relationship: Their relatives are controlling Towel Enterprises Limited
4. Nature, material terms and particulars of the arrangement: Contract for the purchase of goods and services on continue basis. Monetary value of transactions done during financial year 2018-19 was ₹ 119.30 crore.
5. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

Member's approval is sought for the aforesaid material related party transactions entered in the financial year 2018-2019.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mr Varinder Gupta, Managing Director and Mr Vikas Gupta, Executive Director is concerned or interested, financially or otherwise, in the resolution.

On the recommendation of the Audit and Risk Management Committee, the Board recommends the passing of resolution set out at Item No. 6 of this Notice as an Ordinary Resolution.

Item No. 7

The Company is principally engaged in the manufacture and sale of various APIs and speciality chemicals. In the course of its business operations, your Company engages in transactions with related party, Vivachem Intermediates Private Limited ("Vivachem") for sale / purchase of goods at arms lengths basis.

Section 188 of the Companies Act, 2013 ("Act") and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company. Section 185 of the Act provides for approval of Company by special resolution for giving of any loan to any person in whom any of the director of the Company is interested.

The value of proposed aggregate transactions with Vivachem is likely to exceed the said threshold limit, and is expected to be around ₹ 500 crore during the financial year 2019-20. Accordingly, transaction(s) entered into with Vivachem comes within the meaning of related party transaction(s) in terms of provisions of the Act, applicable Rules framed thereunder read with the SEBI Listing Regulations.

Hence, approval of the shareholders is being sought for the said related party transaction(s) entered / proposed to be entered into by your Company with Vivachem in the financial year 2019-20.

Particulars required under Section 188 of the Companies Act, 2013 and Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 is given below:

1. Name of the Related Party and relationship : Vivachem Intermediates Private Limited
2. Name of the Directors / Key managerial Personnel who is related: Mr Vijay Garg, Joint Managing Director
3. Nature of relationship: Mr Vijay Garg and his relatives are controlling Vivachem Intermediates Private Limited.
4. Nature, material terms and particulars of the arrangement : Contract for the sale / purchase of goods on continue basis. Monetary value of proposed transactions during financial year 2019-20 is expected to ₹ 500 crore and contract includes providing of advance of ₹ 20 crore against purchases which will be adjusted with in one year of its disbursement.
5. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mr Vijay Garg, Joint Managing Director is, in any way, concerned or interested, financially or otherwise, in the resolution.

On the recommendation of the Audit and Risk Management Committee, the Board recommends the passing of resolution set out at Item No. 7 of this Notice as Special Resolution.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the directors seeking re-appointment at the Annual General Meeting.

Name of the Director	Mr Vikas Gupta	Mr Chandra Mohan	Dr (Mrs) Sandhya Mehta
Date of Birth	13 February 1992	30 December 1932	25 March 1968
Date of Appointment	29 May 2015	30 September 2014	22 August 2014
Expertise in specific functional area	Business Management	Management, Administration, Operation, Finance and Marketing	Management
Total experience	6 year	More than 50 years	27 years
Present profession	Executive Director	Consultant	Deputy Director in Guru Nanak Institute of Management and Technology, Ludhiana
Qualification	BSc. (Hons.) in Business Management from Kings College London	BA (Hons), B.Sc. in Mechanical Engineering	MBA and Ph.D in Management Studies
Directorships in other listed companies	Nil	Winsome Textile Industries Ltd	Nil
Chairmanship of Board Committees of other listed companies	Nil	Audit Committee Winsome Textile Industries Ltd	Nil
Membership of Board Committees of other listed companies	Nil	Nil	Nil
No of shares held	Nil	Nil	Nil
Relationship with other directors	Son of Mr Varinder Gupta, Managing Director	Not related to any other director	Not related to any other director

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

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

Place : Barnala
Dated : 29 May 2019

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

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

DIRECTORS' REPORT**Dear Members**

The Board of Directors hereby submits the report of the business and operations of the Company for the financial year ended 31 March 2019.

1 Financial Results:

Financial results of the Company for the financial year under report are summarised hereunder:

(₹ crore)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	% increase /(decrease)
Total income	1695.70	1007.29	68
Profit before interest & depreciation	420.02	125.86	234
Interest	51.42	64.35	(20)
Profit before depreciation	368.60	61.51	499
Depreciation	32.45	30.21	7
Profit before tax	336.15	31.30	974
Provision for tax (including deferred tax)	99.45	3.60	2663
Profit after tax	236.70	27.70	754

Further details of operations are given in the Management Discussion and Analysis Report, which forms part of this report.

2 Share Capital and Issue of warrants

The authorised Capital has been reclassified from ₹ 80,00,00,000/- (Rupees eighty crore) divided into 2,20,00,000 (Two crore twenty lakh) Preference Shares of ₹ 10/- (Rupees ten) each and 5,80,00,000 (Five crore eighty lakh) Equity Shares of ₹ 10/- (Rupees ten) each to ₹ 80,00,00,000/- (Rupees eighty crore) divided into 8,00,00,000 (Eight crore) Equity Shares of ₹ 10/- (Rupees ten) each

During the year the Company has issued 25,00,000 (Twenty five lakh) warrants at a price on ₹205/- (Rupees two hundred five) per warrant on preferential basis to Towels Enterprises Limited, a promoter company on partially conversion of unsecured loan into warrants with an option to subscribe to an equity share of face value of ₹10/- (Rupees ten) at a price of ₹ 205/- (Rupees two hundred five) per equity share including premium of ₹195/- (Rupees one hundred ninety five) per share for each warrant within the period of eighteen months from the date of allotment of warrant i.e. from 30 March 2019. Out of these warrants, the Company on 30 March 2019 has converted 6,82,000 (Six lakh eighty two thousand) warrants into equity shares.

The paid up equity share capital of the Company has been increased to ₹ 56,88,75,020/- (Rupees fifty six crore eighty eight lakh seventy five thousand and twenty) consisting of 5,68,87,502 (Five crore sixty eight lakh eighty seven thousand five hundred two) equity shares of ₹ 10/- each on allotment of aforesaid 6,82,000 (Six lakh eighty two thousand) equity shares. The amount raised through the issue of preferential issue of warrants /equity shares has been utilised in expansion of projects and to meet working capital requirements.

3 Holding & Subsidiary Company

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

4 Internal financial control systems and their adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this report.

5 Loan, guarantees or investment under Section 186 of the Companies Act, 2013

The particulars of loans, guarantees and investments have been provided in the notes of the financial statements.

6 Expansion schemes

During the year the Company has enhanced installed capacity of Metformin from 3,000 TPA to 4,000 TPA with a capex of ₹ 2.71 crore. The Company has also successfully set up unit V to manufacture Clopidogrel Bisulphate & Fenofibrate with a capacity of 180 MT per annum with capex of ₹19.26 crore. The Company has further enhanced existing manufacturing facilities of Ibuprofen from 10,000 TPA to 12,000 TPA and Iso Butyl Benzene from 9,000 TPA to 12,000 TPA in May 2019 with capex of ₹ 12.10 crore. All capex was funded through internal accruals.

7 Research and Development

R&D has enabled your company to produce technology-intensive APIs and intermediates with expanding product portfolio. The company's R&D strength is in developing processes for APIs and intermediates with substantial backward integration to minimize its dependency on external forces and to be a leader in highly competitive world of generic APIs. Currently, company has six APIs in its pipeline wherein R&D work has been completed and processes are ready for scale up/commercial trials. Going forward, the company's R&D is targeting to develop at-least 5-6 APIs every year including developing its KSMs. The Company is planning to step up its R&D resources in terms of man power and infrastructure which will enable Company to give high throughput in terms of processes developed. R&D strictly works on principles of Green Chemistry for all its endeavours to develop processes for APIs, Intermediates & KSMs. Our approach is towards non-classical Chemistry and chemical reactions which gives upper edge in terms of product profitability & zero environment impact.

8 Dividend

The Board of Directors has not recommended any dividend so as to conserve the resources to use in new projects and prepayment of dues to the Banks.

9 Credit Rating

The CARE Ratings Limited (CARE) has upgraded the credit rating for Long term Bank Facilities to 'CARE BBB+' (Triple B Plus; Outlook: Stable) from 'CARE BBB-' (Triple B minus; Outlook: Stable) and the credit rating for Short term Bank Facilities to 'CARE A2'(A Two) from 'CARE A3' (A Three).

10 Directors and Key Managerial Personnel

The Board has appointed Mr Rajender Mohan Malla and Mr Harpal Singh as Independent Directors of the Company for the period of three years with effect from 06 February 2019 on the recommendation of Nomination and Remuneration Committee. The members of the Company in its Extra-Ordinary General Meeting held on 13 March 2019 have approved their appointment

as Independent Directors of the Company. Mr Rajender Mohan Malla was also appointed Chairman of the Board of Directors and member of Nomination and Remuneration Committee. Mr Harpal Singh was also appointed Chairman of Audit and Risk Management Committee.

The Board has re-appointed Mr Varinder Gupta as Managing Director for the period of five years with effect from 01 September 2018 on the recommendation of Nomination and Remuneration Committee. Members of the Company in its Annual General Meeting held on 29 September 2018 have approved his re-appointment as Managing Director.

The Board has re-appointed Mr Vijay Garg as Joint Managing Director for the period of three years with effect from 02 March 2019, liable to retire by rotation, on the recommendation of Nomination and Remuneration Committee. Members of the Company in its Extra-Ordinary General Meeting held on 13 March 2019 have approved his re-appointment as Joint Managing Director.

Mr Vikas Gupta, Executive Director retires by rotation at the Annual General Meeting and, being eligible, has offered himself for re-appointment. The Board has recommend his re-appointment.

The first term of office of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta as Independent Directors expires at the ensuing Annual General Meeting and on 21 August 2019 respectively.

The Board has recommended re-appointment of Mr Chandra Mohan and Dr (Mrs) Sandhya Mehta as Independent Director for a second term of five consecutive years.

During the year, the Board noted the sad demise of Dr M A Zahir, Chairman and independent director of the company on 8 November 2018 and places on record its appreciation for the services rendered by him during his tenure.

11 Woman director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Dr (Mrs) Sandhya Mehta has been serving as independent woman director on the Board of the Company. She is also Chairman of Stakeholders Relationship Committee, member of Audit and Risk Management Committee and Nomination and Remuneration Committee.

12 Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations, the annual evaluation has been carried out by the Board of its own performance and that of its Committees and individual Directors by way of individual and collective feedback from Directors. The Directors expressed their satisfaction with the evaluation process.

13 Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and fixation of their remuneration. The Remuneration Policy can be viewed on the company's website www.iolcp.com.

14 Meetings

During the year five Board Meetings and four Audit and Risk Management Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

15 Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual financial statements for the year ended 31 March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit of the Company for that year;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

16 Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations.

17 Corporate Governance

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance alongwith Auditors' Certificate regarding compliance of conditions of corporate governance set out by the SEBI Listing Regulations is annexed to this Annual Report.

18 Audit and Risk Management Committee

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

19 Risk management

The Board has formed Audit and Risk Management Committee inter alia to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. It has been covered in the Management Discussion and Analysis Report, which forms part of this report.

20 Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. During the year, the Company had entered into contract / arrangement / transaction with related parties which