

CORPORATE GOVERNANCE REPORT
Company's Philosophy on Corporate Governance

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

1. Board of Directors:
a) Composition of the Board:

The Board comprises two executive, one non-executive and six independent directors as on March 31, 2009. The Company is having majority of independent directors on the Board. The detail of the composition of the Board, number of directorship held, chairmanship & membership of the committee and shareholding in the Company are as given below:

| Name of the Director | Category | No. of Directorship held [#] | No. of Committees [@] | | Shareholding in the Company |
|---|-----------------------------------|---------------------------------------|--------------------------------|-------------|-----------------------------|
| | | | Chairmanships | Memberships | |
| Mr Varinder Gupta (Chairman & Managing Director) | Executive | 7 | — | — | 1156630 |
| Dr M A Zahir | Independent | 12 | 2 | 5 | 300 |
| Mr Chandra Mohan | Independent | 8 | — | 4 | — |
| Dr (Mrs) H K Bal | Independent | 8 | 3 | 4 | — |
| Mr Parminder Singh Cheema * (Nominee of IDBI) | Independent | 1 | — | 1 | — |
| Mr Yogesh Goel | Independent | 3 | — | 1 | — |
| Mr Ravi Pratap Singh | Independent | 1 | — | — | — |
| Mrs Dimple Gupta | Non-Executive, non-independent | 5 | — | 1 | — |
| Mr R K Thukral (Executive Director) | Executive | 4 | 1 | — | — |

* Mr Parminder Singh Cheema was nominated on the Board of the Company w.e.f. March 2, 2009 by IDBI in place of Mrs Lalita Kapur.

Including IOL Chemicals and Pharmaceuticals Limited and does not include Unlimited Company, Private Limited Company, Foreign Company and Company registered under section 25 of Companies Act, 1956

@ Board Committees for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee only (including Board Committees of IOL Chemicals and Pharmaceuticals Limited)

Notes:

- None of the directors is a chairman of more than 5 (five) committees and member of more than 10 (ten) committees.
- There is no inter-se relationship between the directors except Mrs Dimple Gupta, being a wife of Mr Varinder Gupta.

b) Change in directorship during the year:

| Name of Director | Position | Nature of change | Date of event |
|---------------------------|------------------------|--------------------------|------------------|
| Mr Ravi Pratap Singh | Director | Appointment | July 31, 2008 |
| Mr R K Thukral | Executive Director | Appointment | July 31, 2008 |
| Mr Yogesh Goel | Additional Director | Appointment | October 31, 2008 |
| Mr Parminder Singh Cheema | Nominee Director, IDBI | Appointment | March 2, 2009 |
| Mrs Lalita Kapur | Nominee Director, IDBI | Withdrawal of Nomination | March 2, 2009 |

The Company has appointed Mr Yogesh Goel as Additional Director w.e.f. October 31, 2008. He hold office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of Companies Act, 1956 for his appointment as Director of the Company.

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

During the financial year 2008-09, the Board of Directors met 4 (four) times on May 5, 2008, July 31, 2008, October 31, 2008 and January 23, 2009. There was no gap of more than four months between any two consecutive meetings. The attendance

of the directors at the Board Meetings and last Annual General Meeting (AGM) held on September 20, 2008 are as given below:

| Directors | Meetings Attended | Last AGM Attended |
|-----------------------------------|-------------------|-------------------|
| Mr Varinder Gupta | 4 | Yes |
| Mr M A Zahir | 4 | Yes |
| Mr Chandra Mohan | 2 | No |
| Dr (Mrs) H K Bal | 4 | No |
| Mrs Lalita Kapur (Nominee, IDBI)* | 3 | No |
| Mr Yogesh Goel | 1 | NA |
| Mr Ravi Pratap Singh | 2 | No |
| Mrs Dimple Gupta | 4 | No |
| Mr R K Thukral | 2 | Yes |

*Ceased to be director with effect from March 2, 2009.

d) Meetings Procedure:

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

e) Remuneration of Directors:

- i) Executive Director: The Company pays remuneration to its Managing Director and Executive Director as approved by the Remuneration Committee, the Board of Directors and the Members of the Company. Detail of the remuneration given to the Managing Director and the Executive Director during the financial year 2008-2009 is given below:

(Amount in Rs)

| Name | Position | Salary | Commission | Contribution to Provident & other Funds | Other perquisites & allowances | Total |
|-------------------|--------------------|----------|------------|---|--------------------------------|-----------|
| Mr Varinder Gupta | Managing Director | 9,60,000 | — | 1,15,200 | 12,35,824 | 23,11,024 |
| Mr R K Thukral | Executive Director | 4,76,800 | — | 57,216 | 6,10,304 | 11,44,320 |

- ii) Non-Executive Directors: Non-Executive Directors have not paid any remuneration except sitting fees @ Rs 2500/- for attending each Board and Committee meeting upto 20.09.2008 but the sitting fee was increased to Rs 7500/- for attending each Board meeting and Rs 5000/- for attending each Committee meeting from that date. The sitting fee has been paid to the nominating institution for attending the meeting by its nominee. The details of sitting fees paid during the year 2008-2009 is as follow:

(Amount in Rs)

| Name of Directors | Fee paid for Board Meetings | Fee paid for Committee Meetings* | Total Fee Paid |
|---------------------------------|-----------------------------|----------------------------------|-----------------|
| Mr M A Zahir | 20,000 | 72,500 | 92,500 |
| Mr Chandra Mohan | 10,000 | — | 10,000 |
| Dr (Mrs) H K Bal | 20,000 | 72,500 | 92,500 |
| Mrs Lalita Kapur (IDBI Nominee) | 12,500 | 12,500 | 25,000 |
| Mr Yogesh Goel | 7,500 | — | 7,500 |
| Mr Ravi Pratap Singh | 15,000 | — | 15,000 |
| Mrs Dimple Gupta | 20,000 | 5,000 | 25,000 |
| TOTAL | 1,05,000 | 1,62,500 | 2,67,500 |

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

During the year 2008-09, the Company did not advance any loans to any of its directors except advance for travel or other purposes to discharge the official duties in the normal course of business. There is no provision of any severance fee payable to any director on the cessation of directorship of the Company.



f) Profile of Directors

The brief profile of the Directors of the Company is furnished hereunder:

1. Mr Varinder Gupta

Mr Varinder Gupta, Promoter Director, aged 46 years is presently Chairman and Managing Director of the Company. He is an industrialist with more than 25 years experience in the chemical and fertilizer industry. He has also been associated as Joint Managing Director with Varinder Agro Chemicals Limited, now merged with Abhishek Industries Limited from 1989 to 1991. He holds 11,56,630 equity shares of the Company.

2. Dr M A Zahir

Dr M A Zahir, aged 66 years, has been a Director of the Company since 1998. He has more than 42 years of experience in business management education and has been involved in imparting training to executives at senior levels of different institutions in the public as well as the private sector. He has remained Dean, College of Basic Science and Humanities, PAU, Ludhiana. He holds a Masters' Degree in Commerce and a Ph.D. Presently, he is Chairman of Synetic Business School (SBS), Ludhiana. He holds 300 equity shares of the Company.

3. Mr Chandra Mohan

Mr Chandra Mohan, aged 76 years, has been a Director of the Company since 2005. He has more than five decades of experience in Indian industry. He was Vice Chairman and Managing Director of Punjab Tractors Limited for 28 years, the longest serving Chief Executive Officer in the Indian corporate world. He was instrumental in designing and developing the Indian tractor named Swaraj with completely indigenous technology that not only competed successfully with foreign technology but exceeded it. He has received numerous awards including Padmashree in 1985 for his contribution to both industry and society. Since Punjab Tractors Limited, Mr. Mohan has been involved in further developing Indian engineering capabilities. He holds a BA (Hons) and BSc in Mechanical Engineering.

4. Dr (Mrs) H K Bal

Dr (Mrs) H K Bal, aged 70 years, has been a Director of the Company since 2002. She has served in many colleges and was head of the Department of Business Management of Punjab Agriculture University, Ludhiana. She holds a Doctorate in Statistics and holds a Diploma in Management.

5. Mr Parminder Singh Cheema

Mr Parminder Singh Cheema, aged 33 years, is a nominee Director of IDBI Bank Limited on the Board of the Company. He is the Branch Head-Mid Corporate Branch at Ludhiana. He is a Commerce graduate from Panjab University and MBA from Newport University, California.

6. Mr Yogesh Goel

Mr Yogesh Goel, aged 54 years, has been an additional Director of the Company since October 31, 2008. He is currently working with the Punjab State Industrial Development Corporation Limited (PSIDC) and has 31 years of experience in the identification, promotion and implementation of chemical units in joint/assisted sectors. He is also Chairman of Punjab Pollution Control Board. He has a graduate degree in chemical engineering from Panjab University, Chandigarh.

7. Mr Ravi Pratap Singh

Mr Ravi Pratap Singh, aged 50 years, has been a Director of the Company since July 31, 2008. He is a Partner of Sycamore Ventures, where he focuses on India related investments. Over the course of his 25 year career, Mr. Singh has structured and led numerous public and private financings, mergers and acquisitions and global investments. He has a BS in Mechanical Engineering from University of Delhi and an MBA from Columbia University. Currently, he is Managing Director of indiaSTAR (Mauritius) Limited.

8. Mrs Dimple Gupta

Mrs Dimple Gupta, aged 42 years, has been a Director of the Company since 2006. She is an industrialist and has extensive experience in this field.

9. Mr R K Thukral

Mr R K Thukral, aged 58 years, has been an Executive Director of the Company since July 31, 2008. He has more than 35 years experience in the chemical industry. He was President (Works) at Varinder Agro Chemicals Limited, which has now merged with Abhishek Industries Limited. He is a graduate in Science.

g) Detail of other Directorship:

| Name of the Director | Name of the company |
|---------------------------|--|
| Mr Varinder Gupta | 1. G Drugs and Pharmaceuticals Limited 2. Mayadevi Polycot Limited 3. Trident Towel Limited 4. IOL Lifesciences Limited 5. NM Merchantiles Limited 6. NCG Enterprises Limited |
| Mr M A Zahir | 1. Hero Cycles Limited 2. Highway Industries Limited 3. Ralson (India) Limited 4. Sohrab Spinning Mills Limited 5. Rockman Industries Limited 6. Hero Honda Finlease Limited 7. Sunshine Corporation Limited 8. Lotus Integrated Texpark Limited 9. Trident Cottons Limited 10. Majestic Autos Limited 11. Praneel Innovations Limited |
| Mr Chandra Mohan | 1. Rico Auto Industries Limited 2. Engineering Innovations Limited 3. Sandhar Technologies Limited 4. Winsome Yarns Limited 5. DCM Engineering Limited 6. Kamla Dials & Devices Limited 7. Winsome Textiles Industries Limited |
| Dr (Mrs) H K Bal | 1. Nahar Spinning Mills Limited 2. Nahar Poly Films Limited 3. Nahar Industrial Enterprises Limited 4. Shreyans Industries Limited 5. Oswal Woolen Mills Limited 6. Sportking India Limited 7. Nahar Capital and Financial Services Limited |
| Mr Parminder Singh Cheema | NIL |
| Mr Yogesh Goel | 1. Nahar Industrial Infrastructure Corporation Limited 2. Healthcaps India Limited |
| Mr Ravi Pratap Singh | NIL |
| Mrs Dimple Gupta | 1. Mayadevi Polycot Limited 2. IOL Lifesciences Limited 3. NM Merchantiles Limited 4. NCG Enterprises Limited |
| Mr R K Thukral | 1. G Drugs and Pharmaceuticals Limited 2. Sunshine Corporation Limited 3. Abhishek Corporate Services Limited |

h) Detail of Chairmanship and Membership of the Committees:

| Director | Audit Committee | Shareholders' Grievances Committee |
|------------------|---|--|
| Mr M A Zahir | Chairman - Rockman Industries Limited - IOL Chemicals and Pharmaceuticals Limited Member - Hero Cycles Limited - Lotus Integrated Texpark Limited - Praneel Innovations Limited | Member - Praneel Innovations Limited - IOL Chemicals and Pharmaceuticals Limited |
| Mr Chandra Mohan | Member - Winsome Yarns Limited - DCM Engineering Limited - Winsome Textiles Industries Limited | Member - Winsome Textiles Industries Limited |



| | | |
|---------------------------|---|---|
| Dr (Mrs) H K Bal | Member - Shreyans Industries Limited - Sportking India Limited - IOL Chemicals and Pharmaceuticals Limited - Nahar Industrial Enterprises Limited | Chairman - Nahar Spinning Mills Limited - Nahar Poly Films Limited - IOL Chemicals and Pharmaceuticals Limited |
| Mr Parminder Singh Cheema | Member - IOL Chemicals and Pharmaceuticals Limited | NIL |
| Mr Yogesh Goel | Member - Healthcaps India Limited | NIL |
| Mrs Dimple Gupta | NIL | Member - IOL Chemicals and Pharmaceuticals Limited |
| Mr R K Thukral | Chairman - G Drugs and Pharmaceuticals Limited | NIL |

2. Committees of the Board:

a) Audit and Risk Management Committee

The Board has reconstituted Audit and Risk Management Committee on April 30, 2009 consisting of three directors, all being independent Directors viz. Dr M A Zahir (Chairman), Dr (Mrs) H K Bal and Mr Parminder Singh Cheema. The Statutory Auditors, Internal Auditors and Finance head are invitees on the Committee. The Company Secretary acts as Secretary to the Committee.

The terms of reference of the Audit and Risk Management Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the Clause 49 of the Listing Agreement. The primary objective of Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity & quality of financial reporting and minimisation of risk.

During the year 2008-2009, the Audit and Risk Management Committee met four times on May 05, 2008, July 31, 2008, October 31, 2008 and January 23, 2009. There was no gap of more than four months between any two consecutive meetings. The attendance record of Audit and Risk Management Committee members is give below:

| Name of the Members | Category | No. of Meetings | |
|-------------------------|----------------------|-----------------|----------|
| | | Held | Attended |
| Dr M A Zahir (Chairman) | Independent Director | 4 | 4 |
| Dr (Mrs) H K Bal | Independent Director | 4 | 4 |
| Mrs Lalita Kapur * | Independent Director | 4 | 3 |

* Ceased to be director w.e.f March 2, 2009

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

b) Remuneration Committee

The Board has reconstituted Remuneration Committee on April 30, 2009 consisting of three directors, all being independent Directors viz. Dr M A Zahir (Chairman), Dr (Mrs) H K Bal and Mr Parminder Singh Cheema. The terms of reference of Remuneration Committee include the determination of remuneration packages of the executive directors including remuneration policy, pension rights etc. During the year one meeting was held on July 31, 2008.

| Name of the Members | Category | No. of Meetings | |
|-------------------------|----------------------|-----------------|----------|
| | | Held | Attended |
| Dr M A Zahir (Chairman) | Independent Director | 1 | 1 |
| Dr (Mrs) H K Bal | Independent Director | 1 | 1 |
| Mrs Lalita Kapur * | Independent Director | 1 | 1 |

* Ceased to be director w.e.f March 2, 2009

c) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of three Directors viz. Dr (Mrs) H K Bal (Chairman), Dr M A Zahir and Mrs Dimple Gupta to specifically look into the redressal of the Shareholders' / Investors' complaints. During the year, one meeting was held on February 24, 2009.

| Name of the Members | Category | No. of Meetings | |
|-----------------------------|---|-----------------|----------|
| | | Held | Attended |
| Dr (Mrs) H K Bal (Chairman) | Independent Director | 1 | 1 |
| Dr M A Zahir | Independent Director | 1 | 1 |
| Mrs Dimple Gupta | Non-executive, Non independent Director | 1 | 1 |

Investors' Grievance Committee Report for the year ended March 31, 2009

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share

transfer system. During the year, all complaints received by the company has been resolved and no complaint/ query is pending as on March 31, 2009.

Place: Ludhiana
Dated: June 30, 2009

Sd/-
(H K Bal)
Chairman, Investors' Grievances Committee

d) Other Committees

Besides, the above three Committees, the Board of Directors has delegated banking and finance matters to the Banking and Finance Committee; allotment of warrants/shares/debentures/other securities to Allotment Committee and Transfer of securities to Shares Transfer Committees. Detail of meetings of abovesaid Committees held during the financial year 2008-09 is as under:

| Name of Committees | No. of Meetings held | Date of Meeting |
|-------------------------------|----------------------|---|
| Banking and Finance Committee | 6 | April 18, 2008, July 23, 2008, September 17, 2008, September 23, 2008, December 30, 2008, February 24, 2009 |
| Allotment Committee | 3 | September 6, 2008, October 30, 2008, February 20, 2009 |
| Share Transfer Committee | 3 | December 30, 2008, January 31, 2009, February 10, 2009 |

3. Management Discussion and Analysis Report

The Management Discussion and Analysis Report has been included in this Annual Report and includes discussion on the matters specified in the Clause 49 of the Listing Agreement.

4. Code of Conduct

The 'Combined Code of Corporate Governance and Conduct' has been adopted by the Company for its Board members and senior management of the Company. The said Code of Conduct is available on the website of the Company – www.iolcp.com. All Board Members and senior management personnel affirmed the compliance with the said code. A certificate signed by the Chairman and Managing Director as required under Clause 49(l)(D)(iii) affirming compliance of said code is given in this Annual Report.

5. Subsidiary Company

The Company does not have any subsidiary company.

6. Shareholders

a) Disclosures regarding appointment or re-appointment of Directors

According to Article 146 of the Articles of Association of the Company, one third of the directors for the time being are liable to retire by rotation, shall retire from the office. Accordingly Dr M A Zahir and Dr (Mrs) H K Bal, are liable to retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board has recommended the re-election of these directors to the members.

During the year, the Company has appointed Mr Ravi Pratap Singh as Director and Mr R K Thukral as Executive Director w.e.f. July 31, 2008. Mr Yogesh Goel was appointed as additional Director w.e.f. October 31, 2008 and hold office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of Companies Act, 1956 for the appointment of Mr Yogesh Goel as Director of the Company.

The nomination of Mrs Lalita Kapur was withdrawn by IDBI Bank Ltd and appointed Mr Parminder Singh Cheema in place of Mrs Lalita Kapur w.e.f. March 2, 2009. The Board accepted the withdrawal of her nomination from the Board and places on record the appreciation for the services rendered by her during her tenure as director of the Company.

b) Communication to the Members

The quarterly, half yearly, annual results and notice of the meetings are generally published in 'Economic Times' (English), and the 'Desh Sewak' (Punjabi). As per the requirements of the Listing Agreement, the Company is also providing regular information to the Stock Exchange. The Company is also providing the Quarterly Results, Segment Reports, Shareholding Pattern and Corporate Governance Report on the corporate filing website as per Clause 52 of the Listing Agreement. The said information is also available at the Company's website i.e. www.iolcp.com.

The abovesaid information is also send to the member & investor on his e-mail Id registered with the Company. The member/ investor for getting the latest information may register his e-mail Id with the Company through registering on the Company's website www.iolcp.com or sending the same by e-mail on investor@iolcp.com.

c) Compliance Officer

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

d) Annual General Meetings

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



| Meetings | Date | Day | Time | Detail of Special Resolutions passed |
|----------------------|--------------------|----------|-----------|---|
| 21 st AGM | September 20, 2008 | Saturday | 10:00 A.M | 1. Alteration in the Articles of Association. 2. Issue of shares to QIBs. 3. Raising of sources through issue of securities in the international market. 4. Increase in the sitting fees of Directors. |
| 20 th AGM | September 22, 2007 | Saturday | 10:00 A.M | NIL |
| 19 th AGM | June 24, 2006 | Saturday | 10.00 A.M | 1. Issue of shares to QIBs. 2. Raising of sources through issue of securities in the International market. 3. Increase in the limits for FII Investment. 4. Alternative use of funds. |

e) Postal Ballot

During the year ended March 31, 2009, the Company has not passed any resolution through postal ballot.

7. Disclosures

a) Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors, promoters that may have potential conflict with the interests of the Company at large except the details of transactions annexed to the Balance Sheet. All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and the interested directors neither participate in the discussion, nor do they vote on such matters.

b) Compliance made by the Company

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

c) Whistle Blower Policy

The Company have whistle blower policy which provide opportunity to employees to access in good faith, to the Audit and Risk Management Committee in case they observe unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees. It is affirmed that no personnel has been denied access to Audit and Risk Management Committee during the year.

d) Compliance of Clause 49 pertaining to Mandatory requirements

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

| Particulars | Clause of Listing Agreement | Compliance Status Yes/No |
|--|-----------------------------|--------------------------|
| I. Board of Directors | 49 (I) | -- |
| (A) Composition of Board | 49(IA) | Yes |
| (B) Non-executive Directors' compensation & disclosures | 49 (IB) | Yes |
| (C) Other provisions as to Board and Committees | 49 (IC) | Yes |
| (D) Code of Conduct | 49 (ID) | Yes |
| II. Audit Committee | 49 (II) | -- |
| (A) Qualified & Independent Audit Committee | 49 (IIA) | Yes |
| (B) Meeting of Audit Committee | 49(II B) | Yes |
| (C) Powers of Audit Committee | 49(II C) | Yes |
| (D) Role of Audit Committee | 49 (II D) | Yes |
| (E) Review of Information by Audit Committee | 49 (II E) | Yes |
| III. Subsidiary Companies | 49 (III) | Not applicable |
| IV. Disclosures | 49 (IV) | -- |
| (A) Basis of related party transactions | 49 (IV A) | Yes |
| (B) Disclosure of Accounting Treatment | 49 (IV B) | Yes |
| (C) Board Disclosures- Risk Management | 49 (IV C) | Yes |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 (IV D) | Yes |
| (E) Remuneration of Directors | 49 (IV E) | Yes |
| (F) Management | 49 (IV F) | Yes |
| (G) Shareholders | 49 (IV G) | Yes |
| V. CEO/CFO Certification | 49 (V) | Yes |
| VI. Report on Corporate Governance | 49 (VI) | Yes |
| VII. Compliance | 49 (VII) | Yes |

8. General Shareholders Information

The following information would be useful to the members:

- a) The Annual General Meeting of the Company will be held on Saturday, September 12, 2009 at 10.00 AM at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, Punjab.
- b) Financial Calendar :The last financial year of the Company was of twelve months from April 2008 to March 2009.The tentative financial calendar of the Company for the year 2009-10 shall be as follow:

| Board meetings to take on record | Schedule |
|---|---------------------|
| Financial Results for the quarter ending June 30, 2009 | During July 2009 |
| Financial Results for the quarter/half year ending September 30, 2009 | During October 2009 |
| Financial Results for the quarter/ nine months ending December 31, 2009 | During January 2010 |
| Financial Results for the quarter/year ending March 31, 2010 | During June 2010 |

c) Date of Book Closure

Tuesday, the September 8, 2009 to Saturday, September 12, 2009 (both days inclusive).

d) The Shares of the Company are listed on the following Stock Exchange

| Name and Address of the Stock Exchange | Stock Code |
|--|------------|
| Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai | 524164 |

The Company has made all the compliances of the Listing Agreement including payment of annual listing fee.

e) Distribution of Shareholding

The Distribution Schedule of the Company as on March 31, 2009 is as follow:

| Range No. of shares | Shareholders | | Shares | |
|------------------------|--------------|-----------------------|--------------------|-----------------------|
| | Number | %age to total holders | Number | %age to total capital |
| Upto 5000 | 7,178 | 95.52 | 9,02,829 | 4.97 |
| 5001 to 10000 | 172 | 2.29 | 1,43,303 | 0.79 |
| 10001 to 20000 | 60 | 0.80 | 32,362 | 0.51 |
| 20001 to 30000 | 25 | 0.33 | 1,43,995 | 0.79 |
| 30001 to 40000 | 13 | 0.17 | 81,838 | 0.45 |
| 40001 to 50000 | 14 | 0.19 | 1,58,400 | 0.87 |
| 50001 to 100000 | 15 | 0.20 | 1,21,673 | 0.67 |
| 100001 and Above | 38 | 0.51 | 1,65,05,600 | 90.94 |
| Total | 7,515 | 100.00 | 1,81,50,000 | 100.00 |

f) Shareholding Pattern:

The Shareholding Pattern of the Company as on March 31, 2009 is as follow:

| Category | As on March 31, 2009 | | | | As on March 31, 2008 | | | |
|---|----------------------|--------------------|--------------|-----------------|----------------------|--------------------|--------------|-----------------|
| | Share-holders | Shares | % age | Shares pledged | Share-holders | Shares | % age | Shares pledged |
| Promoter | | | | | | | | |
| Indians | 2 | 97,37,953 | 53.65 | 4,00,000 | 2 | 65,37,953 | 48.86 | 4,00,000 |
| Foreign | — | — | — | — | — | — | — | — |
| Sub – total | 2 | 97,37,953 | 53.65 | 4,00,000 | 2 | 65,37,953 | 48.86 | 4,00,000 |
| Non-Promoters | | | | | | | | |
| Financial Institutions/ Mutual Funds | 4 | 10,800 | 0.05 | — | 4 | 11,000 | 0.08 | — |
| Bodies Corporate | 144 | 34,62,634 | 19.08 | — | 157 | 34,68,743 | 25.93 | — |
| Individuals | 7,350 | 24,33,512 | 13.41 | — | 7591 | 20,27,481 | 15.15 | — |
| NRI | 11 | 75,101 | 0.41 | — | 10 | 4,823 | 0.04 | — |
| Foreign Companies | 1 | 24,30,000 | 13.39 | — | 1 | 13,30,000 | 9.94 | — |
| Sub -total | 7,510 | 84,12,047 | 46.35 | — | 7763 | 68,42,047 | 51.14 | — |
| Total | 7,512 | 1,81,50,000 | 100 | 4,00,000 | 7765 | 1,33,80,000 | 100 | 4,00,000 |

g) Investors complaints/ queries received and resolved:

Detail of investors complaints/queries received and resolved during the year 2008-09 is as under:

| Sr. No | Nature of complaints/ queries | No. of complaints/ queries during the year | | |
|--------|--|--|----------|---------|
| | | Received | Attended | Pending |
| 1 | Transfer of shares | 1 | 1 | NIL |
| 2 | Dividend | 1 | 1 | NIL |
| 3 | Loss/Issue of duplicate shares certificate | 14 | 14 | NIL |
| 4 | SEBI/Stock Exchange | 1 | 1 | NIL |
| 5 | Change of Address | - | - | NIL |
| 6 | Split/Consolidation | - | - | NIL |
| 7 | Others | 65 | 65 | NIL |

h) Designated e-mail id for investors

In terms of Clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is investor@iolcp.com

i) Legal proceeding related to the Investors

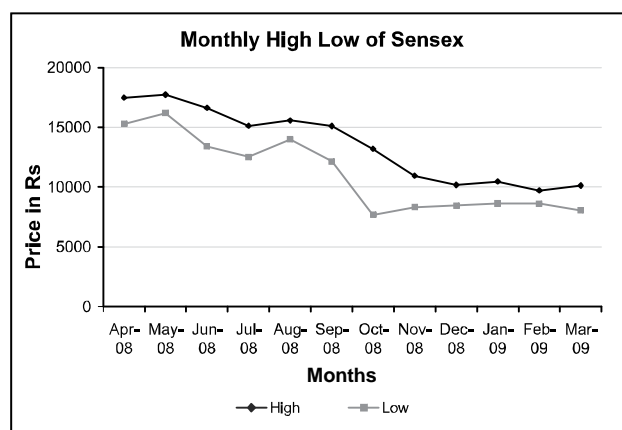
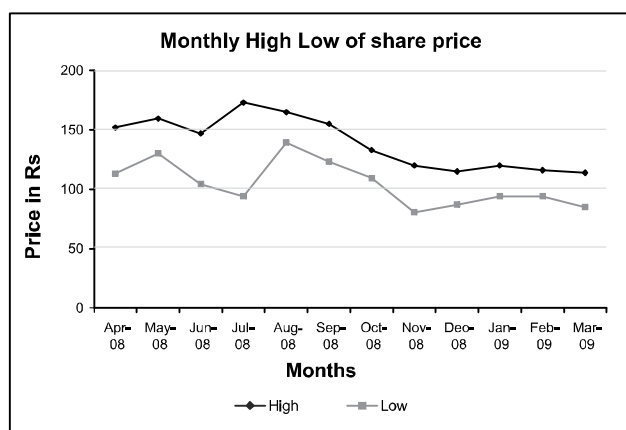
There is no legal proceeding against / by the Company from investors.

j) Market Price data

Monthly high and low prices of equity shares of the Company at the Bombay Stock Exchange Limited (BSE) are as follow:

| Financial Year 2008-09 | Share Price of the Company | | | BSE SENSEX | |
|------------------------|----------------------------|--------|-----------|------------|--------|
| | High | Low | Volume | High | Low |
| April, 2008 | 151.95 | 113.20 | 12,20,922 | 17,481 | 15,298 |
| May, 2008 | 159.50 | 130.00 | 11,43,080 | 17,736 | 16,196 |
| June, 2008 | 147.00 | 104.25 | 3,95,442 | 16,633 | 13,406 |
| July, 2008 | 173.00 | 94.00 | 15,09,082 | 15,130 | 12,514 |
| August, 2008 | 164.95 | 139.35 | 10,01,343 | 15,580 | 14,002 |
| September, 2008 | 155.00 | 123.00 | 4,55,839 | 15,107 | 12,154 |
| October, 2008 | 132.90 | 109.40 | 3,66,501 | 13,204 | 7,697 |
| November, 2008 | 120.00 | 80.55 | 2,47,159 | 10,945 | 8,316 |
| December, 2008 | 115.00 | 87.05 | 4,69,716 | 10,189 | 8,467 |
| January, 2009 | 120.00 | 94.15 | 3,37,697 | 10,470 | 8,632 |
| February, 2009 | 116.00 | 94.00 | 3,61,100 | 9,725 | 8,619 |
| March, 2009 | 113.90 | 84.95 | 9,40,611 | 10,127 | 8,047 |

Source: bseindia.com


k) Registrar and Share Transfer Agents

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

l) Dematerialisation and Transfer of shares

The equity shares of the Company are under rolling settlement and are compulsory traded and settled only in the dematerialised form. During the financial year 2008-2009, 43,45,099 (23.94%) equity shares of the Company have been dematerialised and in total 1,69,22,329 (93.23%) shares of the Company have been dematerialised as on March 31, 2009.

No case is pending for transfer as well as dematerialisation of shares. The ISIN No. of the Company is INE485C01011.

m) Secretarial Audit

M/s B. K. Gupta & Associates, Company Secretaries, carried out a secretarial audit to reconcile the total admitted capital with NSDL & CDSL, total issued and listed capital. The secretarial audit report for the quarters of the financial year ended March 31, 2009 confirm that total admitted capital with both the depositories, NSDL & CDSL, the total issued and listed capital are same and no case is pending for dematerialisation for more than 21 days.

n) Outstanding GDR/ADR/Warrants/Convertible Instrument

The Company have not outstanding GDR/ADR/ warrants as on March 31, 2009 except 13,99,998 fully convertible debentures of Rs 100 each convertible in equity shares of Rs 10 each at a premium of Rs 65 within a period of 18 months from the date of allotment i.e. October 22, 2007, which have been converted on April 21, 2009.

o) Plant Location

Village Fatehgarh Chhana, Dhaula Complex, Mansa Road,
Barnala-148 001.

Phone : +91-1679-285285-86

Fax : +91-1679-285292

p) Address for Correspondence

For General correspondence:

The Company Secretary
IOL Chemicals and Pharmaceuticals Limited
85, Industrial Area 'A', Ludhiana – 141 003.

Phone : +91-161-2225531-35

Fax : +91-161-2608784

E-mail : investor@iolcp.com, krishan@iolcp.com

For share transfer/ dematerialisation/ change of address etc:

Mr Mahesh Jairath

Alankit Assignments Limited,

(Unit: IOL Chemicals and Pharmaceuticals Limited)

"Alankit House", 2E/21, Jhandewalan Extension, New Delhi - 110055

Phone : +91-11-23541234, 42541234

Fax : +91-11-42541967

E mail : rta@alankit.com

q) Address of regulatory authorities/ stock exchange

Securities and Exchange Board of India

Head Office : Plot No.C4-A,

'G' Block, Bandra Kurla Complex,

Bandra(East), Mumbai-400051

Tel : +91-22-26449000 / 40459000

Fax : +91-22-26449016-20 / 40459016-20

E-mail : sebi@sebi.gov.in

Bombay Stock Exchange

Phiroze Jeejeebhoy Tower,

Dalal Street,

Mumbai- 400001

Phone : +91-22-22721233/4

Fax : +91-22-22721919

r) Address of Depositories

National Securities Depository Limited

Trade World, A wing, 4th & 5th Floors,

Kamala Mills Compound,

Lower Parel, Mumbai - 400 013

Tel : +91-22-2499 4200 (60 lines)

Fax : +91-22-2497 2993/ 2497 6351

Email : info@nsdl.co.in

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers,

16th Floor, Dalal Street

Mumbai - 400 001

Phone : +91-22-22723333

Fax : +91-22-22723199 / 22722072

Email : investors@cdslindia.com

9. CEO and CFO certificate

The certificate from the Chairman and Managing Director (CEO) and President (Finance) (CFO) under Clause 49 (V) of Listing Agreement is given in this Annual Report.

10. Auditor's Certificate on Compliance

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

11. Compliance of clause 49 pertaining Non-Mandatory requirements

So far as Non-Mandatory requirements are concerned, the Company has constituted the Remuneration Committee of the Board

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

To
The Members
IOL Chemicals and Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by IOL Chemicals and Pharmaceuticals Limited for the year ended on March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange in India. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievance is pending for a period of exceeding one month against the Company as per the records maintained by the Company and presented to the Shareholders'/Investors' Grievance Committee.

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

For S. C. VASUDEVA & CO.
Chartered Accountants

Place : Ludhiana
Dated : June 30, 2009

Sd/-
Sanjiv Mohan
Partner
M. No. 86066

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

We, Varinder Gupta , Chief Executive Officer and Chairman and Managing Director and Rakesh Mahajan, Chief Financial Officer and President (Finance) of IOL Chemicals and Pharmaceuticals Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2009 and that to the best of our knowledge and belief :
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit & Risk Management Committee
 - a) significant changes in internal controls during the year;
 - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees who have a significant role in the Company's internal controls system.
- 5 We further declare that all board members and senior managerial personnel have affirmed compliance with the Combined Code of Corporate Governance and Conduct for the financial year ended March 31, 2009 .

Place : Ludhiana
Dated : June 30, 2009

Sd/-
Varinder Gupta
Chief Executive Officer, and
Chairman and Managing Director

Sd/-
Rakesh Mahajan
Chief Financial Officer and
President (Finance)