



**33RD ANNUAL GENERAL MEETING OF
IOL CHEMICALS AND PHARMACEUTICALS LIMITED
26TH SEPTEMBER 2020**

Speech of Chairman, Mr Rajender Mohan Malla

Dear Members,

It gives me an immense pleasure to welcome you all at this 33rd Annual General Meeting of your Company which is being held via video conferencing owing to the current circumstances due to COVID-19 virus, making it imperative to maintain social distance amongst other precautions. I hope and pray that you, your family and all your near & dear ones are keeping well and taking due precautions in this unprecedented pandemic situation.

I would like to express my sincere Thanks to my fellow Directors, our management Team and Auditors who have joined us on the video conference.

The Directors' Report and financial statements for the year ended 31st March 2020 have already been circulated to all Members and with your permission; we are considering these as read.

Your Company is leading Active Pharmaceuticals Ingredients (APIs) / bulk drugs manufacturing Company and a significant player in the field of specialty chemicals with world class manufacturing facilities. Your Company has a deep presence across major therapeutic categories of Pain Management, Anti-Convulsants, Anti-Diabetes, Anti- Cholesterol and Anti-Platelets.

Your Company's product portfolio include Active Pharmaceuticals Ingredients (APIs), such as, Ibuprofen, Metformin, Fenofibrate, Clopidogrel, Lamotrigine, Pantoprazole and specialty chemicals, such as, Ethyl Acetate, Iso Butyl Benzene, Mono Chloro Acetic Acid and Acetyl Chloride.

With the total humility at our command, I am happy to inform that your company is World's largest producer of Ibuprofen with an installed capacity of 12,000 TPA and having backward integrated manufacturing facility. Your Company's R&D facility, which is approved by Department of Scientific and Industrial Research, is fully equipped to validate existing processes.

Your Company has Central and State Government approved Effluent Treatment Plant (ETP) with zero effluent discharge system along with 17 MW captive Co-Generation Plant for self-reliance.

Performance Review

In this unprecedented time, your Company's management is taking all possible measures to deal with situation by taking care of all employees, stakeholders and continuously focusing on its customers. We have partnered with all relevant Authorities to fight the pandemic

and have also reached out to communities to provide with whatever assistance, we can.

Due to the nationwide lockdown announced on 24th March 2020 to contain the spread of Covid-19 pandemic, the operations of the Company were also affected during the last week of March, 2020.

Your Company's activities / products are categorized under the essential activities, therefore the Company maintained its operations with the permission of the appropriate authority. Further, for non-production activities, the Company has implemented 'Work from Home' policy to the maximum possible extent.

Currently, all manufacturing activities of your Company are operating normally and are in full compliance of the central as well as State Government's guidelines relating to Covid-19.

Considering the present situation, we are moving towards reducing dependency on the import of Active Pharmaceutical Ingredients (APIs) and drug intermediates. There are multiple factors that warrant indigenous production of raw materials. The unexpected challenges, such as Covid-19 and the geopolitical realities also work in favour of domestic production.

Accordingly, your Company has realised the need for local production and have been adopting different strategies to achieve the desired results by increasing our backward integration of APIs and also started sourcing materials from domestic players.

Now I would like to share financial highlights of the Company for FY 2019-20.

Your Company has achieved total revenue of Rs. 1910 Crore during the year under review as compared to Rs. 1696 Crore during the previous year, registering an increase of 13%. EBIDTA increased by 40% to Rs. 590 Crore during the year from Rs. 420 Crore during the previous year. Your Company earned net profit of Rs 361 Crore (almost Rs 1 Crore per day) as against Rs 237 Crore during the previous year, registering an increase of 53%, mainly due to increased sales and improved operational efficiencies during the year.

I am happy to inform our dear shareholders that during the year, Your Company has become Term Debt Free by pre-paying the entire outstanding Term Loans. There is no Term Loan outstanding as on 31st March 2020. I am also pleased to inform that in March 2020, your Company has also paid Interim Dividend @ 30% i.e. Rs 3 per Share for the “Financial Year 2019-20”.

Current Performance

We are delighted with our continued strong operational performance during the first quarter of the FY 2021 even in trying times hoisted by COVID-19 pandemic.

Though our revenues have fallen a bit but they are still encouraging and income from operations during the quarter ended 30th June 2020 was Rs 466 Crore, a shade lower from Rs 496 crore that the company earned, during the corresponding quarter of the previous year.

However, EBIDTA for the quarter ended 30th June 2020 went up to Rs. 158 crore as against Rs 148 crore reported in the corresponding quarter of the previous year.

The net profit increased by 49% at Rs.127.54 Crore during the quarter ended 30th June 2020 as against Rs 85.32 Ccrore during the corresponding quarter of the previous year.

I would also like to inform that CARE Ratings Limited during July 2020 has upgraded the Credit Ratings of your Company by one notch to 'CARE A' with Stable Outlook from CARE 'A (*minus*)' with Stable Outlook.

Expansion Schemes

Ministry of Environment, Forest & Climate Change, Government of India, New Delhi in the month of September 2019 accorded the Environment Clearance for expansion of Chemicals and Active Pharmaceuticals Ingredients (APIs) manufacturing unit of the Company at its present Work's site at Barnala.

During the year, the Company has successfully set up "Unit VI" to manufacture "Pantoprazole" with installed capacity of 240 MT per annum. The total required capex Rs.33.83 Crore was met by Company from internal accruals only. The commercial production of Pantoprazole was also commenced during FY 2019-20.

Your Company also expanded and almost tripled the capacity of manufacturing of Metformin, an anti-diabetic product from 4,000 MT per annum to 11,200 MT per annum at Capital expenditure of Rs 28 Crore fully financed from internal sources only.

Renewal of Various Accreditations:

As you are aware that your Company's manufacturing facility for Ibuprofen at Barnala is already an USFDA approved unit and it

successfully completed the inspection conducted by USFDA during the year 2019-20 as well.

Further, I am also pleased to inform that in March 2020, the National Institute of Pharmacy and Nutrition, Hungary has also renewed its EUGMP Certification for Company's various products namely - **Ibuprofen, Lamotrigine, Metformin** and also approved recently launched products under this certification and therefore Company's 6 products now have EUGMP Certification. These products are:

1. Ibuprofen
2. Lamotrigine
3. Metformin Hydrochloride
4. Fenofibrate
5. Clopidogrel Hydrogen Sulfate
6. Pantoprazole Sodium Sesquihydrate

With EUGMP certification, the Company will have more penetration in the European Market for its products.

Human Resource Development

We believe that our TEAM-IOL is the greatest asset of the Company. Our people have immense performance potential and during the year the overall HR organization was significantly strengthened and Members were provided with opportunities to attend training programs being conducted by the external agencies and in-house

offices to make them more effective and prepare them for handling bigger challenges and higher responsibilities.

Your Company has ensured complete adherence to all safety guidelines to contain the spread of Covid-19. All the safety measures related to COVID-19, as advised by the Government are implemented by the Company to ensure safe workplace for its employees with appropriate social distancing and high standards of hygiene. The Company has also taken various steps, such as, thermal screening of all employees and visitors, sanitising the office and plants on daily basis, mandatory wearing of masks, asking all employees to have Aarogya Setu App on their mobiles and continuously follow guidelines as prescribed by the Central or State Government from time to time. Work from Home option is also continued for certain category(s) of employees.

Acknowledgements

Before concluding, I, on behalf of the Board, would like to express our sincere regards to various ministries of the Government of India, the Financial Institutions, Company's Bankers, Members, Customers, Suppliers and Business Constituents for their co-operation and continued support through these challenging times. I also express appreciation and gratitude to our loyal staff and to each and every

member of our Management team for their efforts to sustain high service levels and to support the Company with their hard work, dedication and loyalty. Last but not the least, I thank all of you for sparing your valuable time to attend the meeting and showing interest in affairs of the Company.

Thank you all once again for gracing this occasion of the AGM.

Rajender Mohan Malla

Chairman