

IOLCP/CGC/2020
1st September 2020

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Security Symbol: IOLCP

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai- 400 001
Security Code: 524164

Sub: Annual Report for the Financial Year 2019-20 including the Notice of AGM.

Dear Sir,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2019-20 including the Notice of the Annual General Meeting (AGM).

The Annual Report including the Notice of AGM has been sent on 1st September 2020 to all the shareholders, whose email id's are registered with the Company/ Depositories. The same is also available on the website of the Company at www.iolcp.com.

This is for your information and record please.

Thanking you,

Yours faithfully,
for IOL Chemicals and Pharmaceuticals Limited

Abhay Raj Singh
AVP & Company Secretary



33RD
ANNUAL REPORT
2019-2020

IOL CHEMICALS AND PHARMACEUTICALS LIMITED



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CORPORATE INFORMATION

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*
 Dr (Mrs) Sandhya Mehta - *Independent Director*
 Mr Harpal Singh - *Independent Director*

Chief Financial Officer

Mr Pardeep Kumar Khanna

AVP & Company Secretary

Mr Abhay Raj Singh

Statutory Auditors

M/s Ashwani & Associates,
 Chartered Accountants,
 Ludhiana

Cost Auditors

M/s Ramanath Iyer & Co. Cost Accountants,
 New Delhi

Bankers

Punjab National Bank
 Indian Bank

Registrar and Share Transfer Agents

Alankit Assignments Limited
 (Unit: IOL Chemicals and Pharmaceuticals Limited)
 3E/7, 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*
 Dr (Mrs) Sandhya Mehta
 Mr Vijay Garg

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

Dr (Mrs) Sandhya Mehta - *Chairperson*
 Mr Rajender Mohan Malla
 Mr Harpal Singh

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 OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 33rd Annual General Meeting of the Shareholders of **IOL Chemicals and Pharmaceuticals Limited** will be held on **Saturday, 26th September 2020 at 11:00 AM** (“IST”), through Video Conferencing / Other Audio Visual Means (“VC/OAVM”) facility to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2020 and the reports of the Board of Directors and Auditors thereon and in this regard pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended 31st March 2020 and reports of the Board of Directors and Auditors thereon as laid before this meeting, be and are hereby considered and adopted”.

2. To appoint a Director in place of Mr Vijay Garg, who retires by rotation and being eligible, offers himself for re-appointment 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 and the rules made thereunder Mr Vijay Garg (DIN 06510248), who retires by rotation at this meeting and being eligible offered himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation”.

SPECIAL BUSINESS:

3. **To re-appoint Mr Vikas Gupta as Executive Director of the Company for a period of 5 years with effect from 29th May 2020**

To consider, and, if thought fit, pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197, and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of any authority, if required, Mr Vikas Gupta (DIN: 07198109) be and is hereby re-appointed as Executive Director of the Company, for a period of five years, liable to retire by rotation at every annual general meeting with effect from 29th May 2020 to 28th May 2025, on the terms and conditions including remuneration as given below:

Basic Salary	:	₹ 6,00,000/- (Rupees Six Lakh only) per month.
Perquisites and allowances	:	Not exceeding one and a half times of the Basic Salary
Commission	:	As may be approved by the Board for each Financial Year

RESOLVED FUTURE THAT Mr Vikas Gupta shall also be eligible for contribution to the provident fund, payment of gratuity, encashment

of earned leaves in accordance with the applicable laws and rules applicable to the Company and any other perquisites or benefits under any scheme, privileges, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company’s practice and rules and regulations in force from time to time.

RESOLVED FUTURE THAT the approval of the Company be and is hereby also accorded for paying the above said remuneration to Mr Vikas Gupta with effect from 1st April 2020.

RESOLVED FURTHER THAT the Board of Directors shall be authorized to increase the above remuneration of Mr Vikas Gupta to the extent it may deem appropriate provided that such revision is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time and the said terms and conditions of appointment of Mr Vikas Gupta be suitably amended to give effect to such modification, relaxation or variation without seeking any further approval of the Shareholders of the Company in the general meeting.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the tenure of the appointment of Mr Vikas Gupta, he shall be paid remuneration by way of salary and perquisites as set out above or any increased remuneration as may be approved by the Board in any subsequent year, as minimum remuneration, subject to the fulfillment of the requirements, if any, set out in Schedule V to the Companies Act, 2013, from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolutions”.

4. **To approve revision of the remuneration of Mr Abhiraj Gupta, holding the office or place of profit in the Company**

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder and the recommendation received from the Nomination and Remuneration Committee and Audit and Risk Management Committee the consent of the Shareholders be and is hereby accorded for revision in the remuneration of Mr Abhiraj Gupta at a monthly salary not exceeding to ₹ 4,00,000/- (Rupees Four Lakh Only) with effect from 1st April 2020 and re-designating him as General Manager (Strategic Management) of the Company.

RESOLVED FURTHER THAT Mr Abhiraj Gupta shall also be eligible for any other perquisites and benefits as are granted to other employees of the Company, in accordance with the Company’s practice, rules and regulations from time to time.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and is hereby also authorised to increase the remuneration of Mr Abhiraj Gupta w.e.f. 1st April 2021 and thereafter at the end of every 12 months by a maximum of 100% per annum of the remuneration payable for the financial year preceding to the financial year in respect of which such increment pertains and decide his designation from time to time.

RESOLVED FURTHER THAT any of the Director or the Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds and things and take such steps as may be necessary to give effect to the aforesaid resolution”.

5. To approve revision of the remuneration of Mrs Dimple Gupta, holding the office or place of profit in the Company

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder and the recommendation received from the Nomination and Remuneration Committee and Audit and Risk Management Committee, the consent of the Shareholders be and is hereby accorded for revision in the remuneration of Mrs. Dimple Gupta at a monthly salary not exceeding to ₹ 5,00,000/- (Rupees Five Lakh Only) with effect from 1st April 2020 and re-designating her as General Manager (HRM) of the Company.

RESOLVED FURTHER THAT Mrs. Dimple Gupta shall also be eligible for any other perquisites and benefits as are granted to other employees of the Company, in accordance with the Company's practice, rules and regulations from time to time.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and is hereby also authorised to increase the remuneration of Mrs Dimple Gupta w.e.f. 1st April 2021 and thereafter at the end of every 12 months by a maximum of 100% per annum of the remuneration payable for the financial year preceding to the financial year in respect of which such increment pertains and decide her designation from time to time.

RESOLVED FURTHER THAT any of the Director or the Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds and things and take such steps as may be necessary to give effect to the aforesaid resolution”.

6. To ratify the remuneration of the Cost Auditor for the financial year ending 31st March 2021

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and such other permissions as may be necessary, the remuneration of ₹ 150,000/- plus applicable taxes and out-of-pocket expenses, incurred in connection with the audit, 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 the audit of the cost records maintained by the Company for the financial year ending 31st March 2021, be and is hereby ratified by the Company.

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 the aforesaid resolution”.

7. To approve the related party transactions

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 188, other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and rules made thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time and the Company's policy on Related Party transaction(s), approval of the Shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Vivachem Intermediates Private Limited, a related party within the meaning of Section 2(76) of the Act and Listing Regulations for sale or purchase of goods on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 480 Crore for the financial year 2020-21, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

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”.

8. To approve shifting of the Register Office of the Company outside the local limits

To consider and, if thought fit, pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 12 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 and any other applicable provisions of the Companies Act 2013, if any, the consent of the Shareholders be and is hereby accorded for shifting the Registered Office of the Company from “Trident Complex, Raikot Road, Barnala-148101, Punjab to “IOL Chemicals and Pharmaceuticals Limited, Village & Post Office - Handiaya, Fatehgarh Chhanna Road, Tehsil & District - Barnala - 148107 Punjab, outside the local limits of the town where the Company's registered office is presently situated but within the same District and State and falls under the jurisdiction of the existing Registrar of Companies (ROC), with effect from 1st October 2020.



RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to do all other acts, deeds, matters and things as may be deemed necessary or expedient thereto to give effect to the aforesaid resolution”.

**By Order of the Board
For IOL Chemicals and Pharmaceuticals Limited**

Registered Office:

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

Place : Ludhiana

Date: 11th August 2020

Sd/-

Abhay Raj Singh

AVP and 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. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
- 2) **General instructions for accessing and participating in the 33rd AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting :**
 - (i) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
 - (ii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
 - (iii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit

Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- (iv) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 - (v) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
 - (vi) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.iolcp.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
- 3) **The instructions for shareholders for remote e-voting are as under:**
- (i) The voting period begins on **23rd September 2020 at 9:00 AM** and ends on **25th September 2020 at 05:00 PM**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **19th September 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on "Shareholders" module.
 - (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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (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 e-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 Shareholders 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"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the first 2 letters of their name & 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. The persons entitled to vote on cut-off date, who have acquired shares after dispatch of notice may obtain details of sequence number from the Company/ RTA.
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) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 200822008 for 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login 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) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - 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 linked in the login 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.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz: investor@iolcp.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.



4) Process for those shareholders whose email addresses are not registered with the depositories/RTA/Company for obtaining login credentials for e-voting for the resolutions proposed in this notice:

- (i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- (ii) For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

5) Instructions for shareholders attending the AGM through VC/OAVM are as under:

- (i) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- (ii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (iii) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (v) Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker and send their questions in advance with regard to the financial statements or any other matter to be placed at the 33rd AGM, from their registered email address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's email address investor@iolcp.com atleast 7 days in advance before the meeting. Further, the Shareholders who do not wish to speak during the AGM but have queries may also send their queries in advance 7 days prior to meeting as above. Such questions by the Members shall be replied during the meeting, depending upon the availability of time or may be replied suitably by email.
- (vi) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the 33rd AGM depending upon the availability of time.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr Nitin Kunder (022-23058738) or Mr Mehboob Lakhani (022-23058543) or Mr Rakesh Dalvi (022-23058542).

- 6) Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 33rd AGM and the Annual Report for the year 2019-20 including therein the Audited Financial Statements for year 2019-20, are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 33rd AGM and the Annual Report for the year 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-

- (i) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address investor@iolcp.com or rtal@alankit.com.
- (ii) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

- 7) Notice of AGM is also available on the company's website www.iolcp.com

- 8) The Register of Members and Share Transfer Books will remain closed from **19th September 2020 to 26th September 2020** for the purpose of the Annual General Meeting.

- 9) 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.

- 10) 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.

- 11) In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.

- 12) Members may also note that Annual Report is available on the Company's website www.iolcp.com for their download. For any communication, the members may also send requests to the Company's investor email id: investor@iolcp.com

- 13) 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.

- 14) 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", 3E/7, Jhandewalan Extension, New Delhi-110 055.**
- 15) All the documents referred to in the accompanying Notice of the 33rd AGM and the Explanatory Statement and/or statutory documents will also be available for electronic inspection by the members from the date of circulation of this Notice upto the date of AGM. Members seeking inspection can send an email at investor@iolcp.com.
- 16) 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.
- 17) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.iolcp.com and on the website of CDSL; such Results will also be forwarded to the National Stock Exchange of India Limited and BSE Limited, where the Company's shares are listed.
- b) Annual Appraisal shall be decided by the Board, on the recommendation of the Nomination and Remuneration Committee.
- c) Entitlement to other benefits, schemes, privileges and amenities, amended salary structure etc. as are granted to senior executives of the Company.
- d) In the event of loss or inadequacy of profits in any financial year during the his tenure, the remuneration as set out above or any increased remuneration, as may be approved by the Board in any subsequent year, shall be paid as minimum remuneration, subject to the fulfillment of the requirements, if any, set out in Schedule V to the Companies Act, 2013, from time to time.
- e) Being an executive director he has to devote whole of his time and attention in furthering business of the Company.
- f) Under the guidance of the Board of Directors and Managing Director, he shall have the power of issuing general direction, supervision of business of the Company with powers and responsibilities to do all such acts, deeds, matters and other things deemed necessary, proper or expedient for carrying on business and concern of the Company.
- g) Without approval of the Board, he shall not enter into material, financial and commercial transactions, involving his personal interest that may have a potential of raising a conflict with interest of the Company.
- h) He is not disqualified from being appointed as director in terms of Section 164 of the Act and he satisfies all the conditions set out in Part-I of Schedule V and Section 196(3) of the Act, for being eligible for his re-appointment. He shall be liable to retire by rotation.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 3

As the shareholders are aware Mr Vikas Gupta was appointed by the Company as Executive Director for a term of 5 years from 29th May 2015 to 28th May 2020. The Board of Directors on the recommendations of Nomination and Remuneration Committee has re-appointed Mr Vikas Gupta as Executive Director for another term of 5 years with effect from 29th May 2020 in its meeting held on 12th June 2020 at his existing remuneration. Further, as the Company rewarded its employees with annual appraisals, the Nomination and Remuneration Committee also reviewed and recommended to the Board for the revision of the remuneration of Mr Viaks Gupta along with other Directors, Key Managerial Personnel (KPM) and Senior Management Personnel (SMP) and therefore, on such recommendations, the Board of Directors in its meeting held on 31st July 2020 approved revision of the gross remuneration of Mr Vikas Gupta from Rs 10 Lakh to Rs 15 Lakh per month, with effect from 1st April 2020.

The terms of re-appointment of Mr Vikas Gupta as Executive Director are as follows:

- a) Salary, Perquisites and allowances :
- i) Basic Salary : ₹ 6,00,000/- (Rupees Six Lakh Only) per month.
 - ii) Perquisites and allowances : Not exceeding one and a half times of the Basic Salary.
 - iii) Commission : As may be approved by the Board for each Financial Year
 - iv) He shall also be eligible for contribution to the provident fund, payment of gratuity, encashment of earned leaves in accordance with the applicable laws and rules applicable to the Company and any other perquisites or benefits under any scheme, privileges, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and rules and regulations in force from time to time.

The above statement may be treated as a written memorandum setting out the terms of his re-appointment under Section 190 of the Act.

Details of Mr Vikas Gupta are enclosed with Notice of the meeting.

Except for Mr Vikas Gupta being appointee and Mr Varinder Gupta being related to Mr Vikas Gupta, none of the directors or key managerial personnel of the company or their relatives are concerned or interested in the resolution.

Your Board recommends passing of the Special Resolution set out at Item No. 3 of the Notice.

Item No. 4

Mr Abhiraj Gupta, Bachelor of Science in Management and Engineering in Business Management from University of Warwick, U.K. was appointed as Manager (Strategic Management) by the Board in its meeting held on 13th November 2017 with effect from 25th September 2017 at gross remuneration of ₹ 48,700/- per month. Presently, he is drawing a gross salary of ₹ 2 Lakh per month and looks after the strategic decisions of the Company and is also actively involved in daily activities of the Company.

Considering the performance and initiatives taken by Mr Abhiraj Gupta and his deliberate involvement in the affairs of the Company across all business verticals, the Nomination and Remuneration Committee in its meeting held on 31st July 2020 recommended revision of his gross remuneration from ₹ 2 Lakh per month to ₹ 4 Lakh per month to the Board.



As Mr Abhiraj Gupta is the son of Mr Varinder Gupta, Managing Director and brother of Mr Vikas Gupta, Executive Director of the Company and hence is a related party in terms of Section 2(76) of the Companies Act (the "Act") and the proposed revision in the remuneration is a related party transaction under Section 188 of the Act and his office is considered an "office or place of profit" and therefore, the Audit & Risk Management Committee in its meeting held on 31st July 2020 also reviewed and approved the revision in the remuneration.

Further, the Board of Directors, on the recommendations of the aforesaid committees in its meeting held on 31st July 2020 revised his monthly gross remuneration to ₹ 4 Lakh subject to the approval by the Shareholders by way of ordinary resolution at the ensuing annual general meeting.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the appointment of a related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding to ₹ 2.5 Lakh requires approval of shareholders by way of passing an ordinary resolution.

The proposed remuneration is in accordance with the remuneration being paid to other employees of similar grade and is as per the prevalent industry norms and which is also in sync with his present role and responsibilities associated with his position.

The Proposed remuneration shall be effective from 1st April 2020.

Except for Mr Varinder Gupta and Mr Vikas Gupta being related to Mr Abhiraj Gupta, none of the directors or key managerial personnel of the company or their relatives are concerned or interested in the resolution. In terms of the Listing Regulation no related party shall vote to approve the said resolution.

Your Board recommends the passing of Ordinary Resolution set out at Item No. 4 of the Notice.

Item No. 5

The Board in its meeting held on 29th May 2015 appointed, Mrs. Dimple Gupta, Arts Graduate, as Manager (HRM), with effect from 29th May 2015, to an office of profit in terms of provisions of Section 188 of the Companies Act, 2013 read with rules framed thereunder, at a gross remuneration of ₹ 1 Lakh per month. Presently, she is drawing gross remuneration of ₹ 2.50 Lakh per month and is looking after human resource management activities of the Company. Considering her efforts and experience and remuneration being paid to the other employees of the Company in the similar grade, the Nomination and Remuneration Committee in its meeting held on 31st July 2020 recommended revision of her gross remuneration from ₹ 2.5 Lakh per month to ₹ 5 Lakh per month to the Board.

However, this raise in remuneration of Mrs. Dimple Gupta, being in excess of ₹ 2.5 lakh limit prescribed for related party, require approval of shareholders by way of passing an ordinary resolution, as she being the wife of Mr Varinder Gupta, Managing Director and mother of Mr Vikas Gupta, Executive Director of the Company is a related party in terms of Section 2(76) of the Companies Act (the "Act") and the proposed revision in the remuneration is a related party transaction under Section 188 of the Act and his office is considered an "office or place of profit" and therefore, the Audit & Risk Management Committee in its meeting held on 31st July 2020 also reviewed and approved the revision in the remuneration.

Further, the Board of Directors, on the recommendations of the aforesaid committees in its meeting held on 31st July 2020 revised her monthly gross remuneration to ₹ 5 Lakh subject to the approval by the Shareholders by way of ordinary resolution at the ensuing annual general meeting

Pursuant to the provisions of Section 188(1)(f) of the Companies Act 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the appointment of a related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding to ₹ 2.5 Lakh requires approval of shareholders by way of passing an ordinary resolution.

The proposed remuneration is in accordance with the remuneration being paid to other employees of similar grade and is as per the prevalent industry norms and which is also in sync with her present role and responsibilities associated with her position.

The Proposed remuneration shall be effective from 1st April 2020.

Except for Mr Varinder Gupta and Mr Vikas Gupta being related to Mrs. Dimple Gupta, none of the directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution. In terms of the Listing Regulation no related party shall vote to approve the said resolution.

Your Board recommends the passing of Ordinary Resolution set out at Item No. 5 of the Notice.

Item No. 6

On the recommendation of the Audit and Risk Management Committee, the Board in its meeting held on 12th June 2020, approved the appointment and remuneration of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, to conduct audit of cost accounting records maintained by the Company in respect of chemicals and bulk drugs for the financial year ending 31st March 2021 at a remuneration of ₹ 1,50,000/- plus goods and service tax and out-of-pocket expenses. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for financial year 2020-21 is required to be ratified by the shareholders.

Therefore, shareholders' approval is sought for ratification of the remuneration payable to the Cost Auditors.

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

Your Board recommends the passing of Ordinary Resolution set out at Item No. 6 of the Notice.

Item No. 7

The Company is principally engaged in the business of manufacture and sale of various APIs and speciality chemicals. In the course of its business operations, the Company transact with M/s Vivachem Intermediates Private Limited ("Vivachem") for sale / purchase of goods at arm's length basis, which is a related party within the meaning of Section 2(76) of the Companies Act 2013.

Section 188 of the Companies Act, 2013 ("Act") and the applicable Rules framed thereunder provide that, if the aggregate value of any related party transaction(s) amounts to 10% or more of the annual turnover of the Company, as per last audited financial statements of the Company, it require prior approval of shareholders through ordinary resolution.

As value of proposed aggregate transactions with Vivachem is likely to exceed the said threshold limit, and is expected to be around ₹ 480 Crore during the financial year 2020-21, 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 2020-21.

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

1. Name of the Related Party and relationship: Vivachem Intermediates Private Limited, which is related party in terms of Section 2(76)(iv), wherein a director of the Company is a director and member.
2. Name of the Directors / Key managerial Personnel who is related - Mr Vijay Garg, Joint Managing Director
3. Nature of relationship: He and his relatives are controlling Vivachem Intermediates Private Limited.
4. Nature, material terms and particulars of the arrangement: Contract for sale / purchase of goods in the ordinary course of business and on arm's length basis for aggregate value of amount not exceeding to ₹ 480 crores during financial year 2020-21.
5. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

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

On the recommendation of the Audit and Risk Management Committee, your Board recommends the passing of Ordinary Resolution set out at Item No. 7 of the Notice.

Item No. 8

Presently, the registered office of the Company is situated at Trident Complex, Raikot Road, Barnala, Punjab-148101 whereas the Plant/ Works of the Company is also situated nearby area in the same district. Therefore, in view of operational convenience, the registered office of the Company is proposed to shift to its Works site at IOL Chemicals and Pharmaceuticals Limited, Village & Post Office - Handiaya, Fatehgarh Chhanna Road, Tehsil & District – Barnala– 148107, Punjab, with effect from 1st October 2020. The Board of Director on 11th August 2020 approved the said proposal for shifting of the registered office through circular resolution.

The proposed registered office is outside the local limits of the present registered office, but within the same District and State and falls under the jurisdiction of same Registrar of Companies (ROC).

Since, the proposed registered office is outside the local limits of the town where present registered office is situated and therefore, in terms of the provisions of Section 12 of the Companies Act, 2013 read with rule 27 of Chapter II of The Companies (Incorporation) Rules, 2014, requires shareholders' approval by way of Special Resolution.

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

Your Board recommends the passing of Special Resolution set out at Item No. 8 of the Notice.

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 Vijay Garg	Mr Vikas Gupta
Date of Birth	17 January 1970	13 February 1992
Date of Appointment	02 March 2013	29 May 2015
Expertise in specific functional area	Commercial activities of the Chemicals and Pharmaceuticals Products	Business Management
Total experience	28 year	7 year
Present profession	Joint Managing Director	Executive Director
Qualification	B.Sc (Chemistry), EPIB (IIM Kolkata), MBA Marketing	BSc. (Hons.) in Business Management from Kings College London
Directorships in other listed companies	Nil	Nil
Chairmanship of Board Committees of other listed companies	Nil	Nil
Membership of Board Committees of other listed companies	Nil	Nil
No of shares held	Nil	Nil
Relationship with other directors	Not related to any other director	Son of Mr Varinder Gupta, Managing Director

By Order of the Board
For IOL Chemicals and Pharmaceuticals Limited

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

Place : Ludhiana
Date: 11th August 2020

Sd/-
Abhay Raj Singh
AVP and Company Secretary



DIRECTORS' REPORT

Dear Members

The Board of Directors presents the 33rd Annual Report of the Company on the business operations and performance of the Company along with the audited financial statements for the year ended 31 March 2020.

1. Financial Results:

The brief summary of the financial performance of the Company for the Financial Year ended 31st March 2020 along with the comparative figures for the previous year is summarized herein below:

(₹ in Crore)

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19	% increase / (decrease)
Total income	1910.49	1695.70	12.67
Profit before interest & depreciation	589.90	420.02	40.45
Interest	20.93	51.42	(59.30)
Profit before depreciation	568.97	368.60	54.36
Depreciation	35.73	32.45	10.11
Profit before tax	533.24	336.15	58.63
Provision for tax (including deferred tax)	171.95	99.45	72.90
Profit after tax	361.29	236.70	52.64

2. Covid-19:

In the last month of financial year 2019-20, the spread of COVID-19 virus developed rapidly and forced the governments to enforce lock-downs globally. We at IOLCP ensured the health of all the employees without stopping our business operations by adopting various measures like employees were allowed to work from home. We also taken all the measure to ensure absolute sanitization of work place very frequently and also ensured social distancing to contain the spread of the virus and our offices have been operating with minimal staff.

3. Financial performance

During the year under review, the standalone operating revenue of your Company was ₹ 1910.49 Crore, higher by 12.67% as compared to ₹ 1695.70 Crore in the previous year. The Net Profit for the year is ₹ 361.29 Crore, higher by 52.64 % over the previous year Net profit of ₹ 236.70 Crore. During the year under review your Company also prepaid all its term debts aggregating to ₹ 216.81 Crores alongwith scheduled repayment. As on 31st March, 2020 there is no amount outstanding against any term loan.

4. Dividend

During the year under review, Interim Dividend of 30% i.e. ₹ 3/- per equity share of face value of ₹ 10/- each aggregating to ₹ 20.57 Crore (including tax), for financial year 2019-20 was declared and paid to the Shareholders of the Company. The Board of Directors considers the same as final dividend.

5. Share Capital

The paid up equity share capital of the Company is ₹ 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 as on 31st March 2020.

6. Transfer to reserves

The entire amount of profits is retained in the profit and loss account and therefore no amount is transferred to General Reserves. The closing balance of the retained earnings of the Company as on 31st March 2020 after all appropriation and adjustments was ₹ 550.21 Crore as against ₹ 209.51 Crore as on 31st March 2019.

7. Fixed Deposits

Your Company has not accepted any deposit from the Public in terms of the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 including any amendment thereto and as such there is no amount of principal or interest was outstanding as on 31st March 2020.

8. Holding & Subsidiary Company

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

9. Expansion Schemes

During the year, the Company has successfully set up "Unit VI" to manufacture "Pantoprazole" and has started its trial production. The installed capacity of the "Unit VI" is 240 MT per annum with a capex of ₹ 33.83 Crore, which is met through internal accruals only.

10. Credit Rating

The Credit Analysis & Research Ltd (CARE) has revised the credit rating for Long term Bank Facilities to '**CARE A-**' (Single AMinus; Outlook: Stable) from 'CARE BBB+' (Triple B Plus; Outlook: Stable) and the credit rating for Short term Bank Facilities to '**CARE A2+**' (A Two Plus) from 'CARE A2' (A Two).

11. Directors and Key Managerial Personnel

During the year under review our Independent Director Padmashree Shri Chandra Mohan, expired on 25th December 2019. Shri Chandra Mohan was associated with the Company for 14 years and Company benefitted a lot under his guidance. Your Directors places on record its appreciation for the services rendered by Shri Chandra Mohan during his tenure.

Mr Vijay Garg, Joint Managing Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. The Board has recommended his reappointment.

The Board has re-appointed Mr Vikas Gupta as Executive Director for the period of five years with effect from 29th May 2020 on the recommendation of Nomination and Remuneration Committee and subject to the approval of members of the Company at the ensuing Annual General Meeting.

Further, all the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Companies Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances affecting their status as independent directors of the Company.

The brief details of all the directors seeking appointment/re-appointment at the ensuing Annual General Meeting is furnished in the explanatory statement to the notice calling the Annual General Meeting.

During the year the Board also appointed Mr Abhay Raj Singh as AVP and Company Secretary of the Company in place of Mr Krishan Singla, Vice President & Company Secretary, who retired from the employment of the Company effective from 14th November 2019.

During the year under review Mr Varinder Gupta, Managing Director, Mr Vijay Garg, Joint Managing Director (Whole-time Director), Mr Vikas Gupta, Executive Director (Whole-time Director), Mr Pardeep Kumar Khanna, Chief Financial Officer (CFO) and Mr Abhay Raj Singh, AVP & Company Secretary (since his appointment on 14th November 2019) continues to be the Key Managerial Personnel (KMP) of the Company in accordance with the provisions of Section(s) 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and were also KMP as on 31st March 2020.

12. 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, Dr Sandhya Mehta is serving as Independent Woman Director on the Board of the Company. She is also Chairperson of Shareholders Grievances Committee and Nomination and Remuneration Committee and member of Audit and Risk Management Committee.

13. Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, 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.

14. Board Diversity

The Company believes that a well diverse Board enhances the quality of decisions by utilizing different skills, qualifications and professional experience of the individual Board members. We believe that Board diversification is necessary for effective corporate governance, driving business results with sustainable and balanced development of the Company. In order to achieve the aforesaid objectives, the Board of the Company is well experienced and has good amount of expertise and industry knowledge which is in the best interest of the Company. Pursuant to the Regulation 19(4) & 20(4) and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of the Company has adopted a Policy on diversity of Board of Directors. The said policy is available on the website of the company at www.iolcp.com.

15. Number of Meetings of the Board

During the year five Board Meetings and five 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.

16. Meeting of Independent Directors

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 and in terms of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company has been convened on 10th February, 2020 to review the matters as laid down in the aforesaid Schedule and Regulations.

17. 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 31st March 2020, 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

18. 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 Obligations and Disclosure Requirements) Regulations, 2015.

19. 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.

20. Particulars of managerial remuneration and related disclosures

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report, which forms part of this Report.



In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

21. 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, which forms part of this report.

22. 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 Securities and Exchange Board of India (SEBI) under Listing Regulations is annexed to this Annual Report.

23. Management Discussion and Analysis

In terms of the Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Report on Management Discussion and Analysis forms part of the Annual Report

24. Audit and Risk Management Committee

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

25. 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.

26. 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 could be considered material in accordance with the provisions of Policy on materiality of and dealing with Related Party Transactions. The disclosures of related party transactions are provided in notes to financial statements.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure - 1** in Form No. AOC-2.

The Company has formulated a Policy on materiality of and dealing with Related Party Transactions. The policy is available on the Company's website www.iolcp.com.

27. Corporate Social Responsibility (CSR)

The Board has constituted a CSR Committee comprising of Mr Varinder Gupta as Chairman and Dr Sandhya Mehta, Mr Vijay Garg and Mr Vikas Gupta Directors as its members. The report on the Corporate Social Responsibility (CSR) initiatives undertaken by the Company during the year under review are set out in

Annexure - 2 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is available on Company's website: www.iolcp.com.

28. Investor Services

The Company is committed to provide its best services to the shareholders/ investors. M/s Alankit Assignments Limited, New Delhi is working as Registrars and Share Transfer Agents (RTA) of the Company for transfer, dematerialization of shares and other investor related services. No correspondence /enquiry from any shareholder/ investor is pending with the Company for reply.

29. Listing of Shares

The equity shares of the Company continued to be listed and traded on National Stock Exchange of India Limited (Script Symbol; IOLCP) and BSE Limited (Scrip code; 524164). The Company has made all compliances of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including payment of annual listing fee.

30. 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 infra-structure 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.

31. Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, M/s Ashwani & Associates, Chartered Accountants, Ludhiana, Registration No: 000497N were appointed as statutory auditors of the Company from conclusion of 31st Annual General Meeting of the Company held on 29th September 2018 till the conclusion of the 36th Annual General Meeting to be held in the year 2023.

Statutory Auditors' Report on the accounts is self-explanatory and does not contain any qualifications, reservations or adverse remarks. The Auditors have given unmodified report.

32. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s B. K. Gupta & Associates, practicing Company Secretary for conducting secretarial audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure - 3**.

The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

33. Cost Auditors

Pursuant to the provisions of Section 139 of Companies Act, 2013, the Board has re-appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditor to conduct the audit of cost accounts of bulk drugs and chemicals for the financial year 2020-21, subject to determination of their remuneration by members of the Company thereto.

The Cost Audit Report for the year ended 31st March 2019 has been filed on 28th August 2019 with Ministry of Corporate Affairs, New Delhi.

34. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure – 4** forming part of the report

35. 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.

36. Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year of the Company as on 31st March 2020 and the date of this report.

37. Significant and Material Orders impacting Operations of Company in Future

There are no significant or material orders that have been passed by any Regulators/Court or Tribunals impacting the going concern status and future operations of your Company.

38. Reporting of Frauds

There have been no instances of fraud reported by the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder either to the Company or to the Central Government.

39. Industrial Relations

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

40. Safety, Health and Environment

Safety is Company's top priority with regard to employment and it is encouraging safety measures at all levels of operations especially at the floor level. Regular training programmes are being conducted to bring in awareness of safety at workplace.

41. Prevention of Sexual Harassment Policy

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up Complaints Committees at its workplace. No complaints have been received during the year 2019-20.

42. Vigil Mechanism

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The

Vigil Mechanism Policy can be accessed at company's website: www.iolcp.com.

43. Business Responsibility Report

In terms of Regulation 34(2)f of the Listing Regulations, the Business Responsibility Report (BRR) of your Company detailing initiatives undertaken by the Company on environmental, social and governance front during the year under review, forms part of this Annual Report and is also available on the website of the Company at www.iolcp.com.

44. Energy Conservation / Technology Absorption and Foreign Exchange Earnings and Outgo

Energy conservation continues to be an area of major emphasis in the Company. A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed hereto as **Annexure – 5** and forms part of the Report.

45. General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business of the Company.
3. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. No fraud has been reported by the Auditors to the Audit Committee or the Board.

46. Acknowledgement

The Directors wish to place on record their appreciation of the continuous support received by the Company from the investors, Bankers, Central/State Government Departments, its Customers and Suppliers.

We also place on record our sincere appreciation of the contribution made by the employees at all levels. Our consistent growth is made possible by their devout, sincere and unstinted services.

For and on behalf of the Board

Place: Ludhiana	Sd/- Varinder Gupta	Sd/- Rajender Mohan Malla
Dated : 12 th June, 2020	Managing Director DIN-00044068	Chairman DIN-00136657



ANNEXURE-1 TO THE DIRECTORS' REPORT

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

IOL Chemical and Pharmaceuticals Limited (the Company) has not entered into any contract/arrangement/ transaction with its related parties, which is not in the ordinary course of business or at arm's length during FY 2020. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit and Risk Management Committee.

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	M/s Vivachem Intermediates Private Limited Enterprises which are owned, or controlled by Key Managerial Personnel
(b)	Nature of contracts/arrangements/transactions	Purchase and Sale of goods in the ordinary course of business of the Company
(c)	Duration of the contracts/arrangements/transactions	For the financial Years 2019-20
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Sale or purchase of goods for amount not exceeding to ₹ 500 Crore duly the FY 2019-20 (However actual Sale or Purchase during the FY 2019-20 upto for ₹ 352.59 Crore).
(e)	Date(s) of approval by the Board, if any:	The transection was approved by the Board of Directors on 29 th May, 2019 and by the shareholders in to meeting held on 29 th August, 2019.
(f)	Amount paid as advances, if any:	Advance of ₹ 20 Crore adjusted against supply of goods.

Note: All related party transactions are benchmarked for arm's length, approved by Audit and Risk Management Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10% of turnover of the Company for the purpose of Section 188(1) of the Act.

For and on behalf of the Board

Date: 12th June 2020
Place: Ludhiana

Sd/-
Varinder Gupta
Managing Director
DIN : 00044068

ANNEXURE-2 TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019-20

(Pursuant to Section 135 of the Companies Act, 2013)

1. A brief outline of the Company's CSR policy, including overview of projects or programmes undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The Company strongly believes that sustainable community development is essential for harmony between the community and the industry. The Company endeavours to make a positive contribution especially to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives.

In line with the provisions of the Companies Act, 2013 ("the Act") and on the recommendations of the CORPORATE SOCIAL RESPONSIBILITY (CSR) Committee, the Board of Directors has, in its meeting held on November 14, 2018, approved the CSR Policy of the Company. Detailed CSR Policy of the Company has been uploaded on the website of the Company at https://www.iolcp.com/mycgi/iolcp-com/upload_file/CSR_Policy.pdf.

Projects/programs to be undertaken:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water:
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation for river Ganga;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents; vii. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects;
- Slum area development

2. Composition of the CSR Committee:

The CSR Committee of the Board of Directors oversees the implementation of CSR Policy of the Company. The composition of CSR Committee of the Board of Directors is disclosed in corporate governance report.

3. Average net profit of the Company for last three financial years: ₹ 124.45 Crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 2.49 Crore

5. Details of CSR spend for the financial year:

(a) Total amount spent for the financial year: ₹ 1.74 Crore

(b) Amount unspent, if any: ₹ 0.75 Crore



(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lacs)

Sr. No	CSR Project or Activity	Sector in which the project is covered	Project or Programme (1) Local Area or Other (2) Specify the State and district where project or programme was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs Sub Heads: (1) Direct Expenditure on projects or programmes. (2) Overheads	Cumulative Expenditure upto reporting period	Amount Spent: Direct or through implementing agency*
1.	Education – construction and renovation of school locations, provide technical equipment for smart education	Promoting education among children	Local Area Barnala and Ludhiana (Punjab)	67.85	57.85	57.85	Direct and through implementing agency
			Karnal (Haryana)		10	67.85	
2.	Healthcare-primary and healthcare including sanitation	Preventive health care & sanitation	Local Area Barnala and Ludhiana (Punjab)	83.04	83.04	150.89	
3.	Disaster Relief	Eradicating hunger, poverty and malnutrition	Local Area Barnala and Ludhiana (Punjab)	5.36	5.36	156.25	
5	Community Development	setting up old age homes	Local Area Ludhiana (Punjab)	1.37	1.37	157.62	
6	Plantation in villages for restoration to environment	environmental sustainability	Local Area Barnala and Ludhiana (Punjab)	1.25	1.24	158.86	
7	Trust/Contribution	Various sectors covered by Schedule VII of the Companies Act, 2013	Local Area Barnala and Ludhiana (Punjab)	14.93	14.93	173.79	

* CSR activities have been carried out directly as well as through support to several other Governmental /Non-governmental organisations and medical / Charitable institution.

6. Prescribed In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The CSR provisions became applicable first time on the Company and therefore the Company was required to spend 2% of the average net profit of the last three financial years during the financial year 2019-20. The Company exercises prudence in selecting the projects for fulfilling its CSR objectives and to identify various projects due care was taken to ensure effective contribution to the society through deserving projects directly and indirectly. Due to fact that all the projects were identified by the Company during FY 2019-20 only, your Company could not contribute the entire allocated funds. Your Company will continue its process of exploring various projects & programs for its CSR contribution and strive to deliver the maximum impact to society.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and CSR policy of the Company.

For and on behalf of the Board

Sd/-
Varinder Gupta
Managing Director
& Chairman of
CSR Committee
DIN: 00044068

Place: Ludhiana
Dated: 12th June 2020

ANNEXURE-3 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
IOL Chemicals and Pharmaceuticals Limited
Trident Complex, Raikot Road
Barnala- 148101

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IOL Chemicals and Pharmaceuticals Limited (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed, hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018; Not Applicable during audit period;
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable during the audit period;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not Applicable during the audit period;
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable during the audit period; and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable during the audit period;
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange & National Stock Exchange;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not made any decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.



We, further report that during the audit period the The Board of Directors of the Company has declared 1st Interim Dividend at their meeting held on 11th March 2020, at the rate of ₹ 3 (three rupees only) i.e. @30% per fully paid up equity share of ₹ 10.00 each for the financial year 2019-20.

for B.K. Gupta & Associates

Sd/
(Bhupesh Gupta)
Company Secretaries

Place: Ludhiana
Date: 12th June, 2020

FCS No.:4590
CP No.:5708
UDIN: F004590B000337285

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD

List of Labour Laws

Factories Act, 1948
Industrial Disputes Act, 1947
The Payment of Wages Act, 1936
The Minimum Wages Act, 1948
Employee's State Insurance Act 1948
The Payment of Bonus Act, 1972
The Contract Labour (Regulation and Abolition) Act, 1970
The Apprentices Act, 1961

List of Environmental Laws

Environment (Protection) Act, 1986
The Public Liability Insurance Act, 1991
Water (Prevention and Control of Pollution) Act, 1974
Air (Prevention and Control of Pollution) Act, 1981
Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

Annexure:-A

The Members,
IOL Chemicals and Pharmaceuticals Limited
Trident Complex, Raikot Road,
Barnala- 148101

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ludhiana
Date: 12th June 2020

for B.K. Gupta & Associates
Company Secretaries
Sd/
(Bhupesh Gupta)
FCS No.:4590
C P No.:5708

ANNEXURE-4 TO THE DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31 March 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1	CIN	L24116PB1986PLC007030
2	Registration Date	29 September 1986
3	Name of the Company	IOL Chemicals and Pharmaceuticals Limited
4	Category/Sub-category of the Company	Company limited by shares / Indian – Non Government Company
5	Address of the Registered office & contact details	Trident Complex, Raikot Road, Barnala-148101 Ph. No : +91-1679-244701-07 Fax: +91-1679-244708 Email: contact@iolcp.com
6	Whether listed Company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Alankit Assignments Limited (Unit: IOL Chemicals and Pharmaceuticals Limited) "Alankit Hights", 1E/13, Jhandewalan Extension, New Delhi – 110055 Ph: +91-11-23541234, 42541234 Fax: +91-11-41543474 E mail: rta@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated):

S. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the Company
1	Pharmaceuticals	21001	64%
2	Manufacture of organic and inorganic chemical compounds	20119	36%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	% to total turnover of the Company
	N.A.				

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise share holding

Category of Shareholders	No. of shares held at the beginning of the year [As on 31 March 2019]				No. of shares held at the end of the year [As on 31 March 2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	11,96,965	-	11,96,965	2.10	11,96,965	-	11,96,965	2.10	0.00
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Governments	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	2,26,34,033	-	2,26,34,033	39.79	2,26,34,033	-	2,26,34,033	39.79	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	2,38,30,998	-	2,38,30,998	41.89	2,38,30,998	-	2,38,30,998	41.89	0.00
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoters (A)= (A)(1)+(A)(2)	2,38,30,998	-	2,38,30,998	41.89	2,38,30,998	-	2,38,30,998	41.89	0.00



Category of Shareholders	No. of shares held at the beginning of the year [As on 31 March 2019]				No. of shares held at the end of the year [As on 31 March 2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	10,200	10,200	0.02	-	10,200	10,200	0.02	-
b) Banks / FI	1,38,903	-	1,38,903	0.24	1,34,957	-	1,34,957	0.24	0.00
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Governments	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII/FPs	10,00,178	-	10,00,178	1.76	14,87,026	-	14,87,026	2.61	0.85
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (specify)									
Alternate Investment Funds	500	-	500	0.00	-	-	-	-	0.00
Sub-total (B)(1)	11,39,581	10,200	11,49,781	2.02	16,21,983	10,200	16,32,183	2.87	0.85
2. Non-Institutions									
a) Bodies Corporates									
i) Indian	1,62,40,863	3,200	1,62,44,063	28.56	145,64,583	3,100	145,67,683	25.61	(2.95)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	78,13,236	5,80,736	83,93,972	15.99	92,67,355	5,68,118	98,35,473	17.29	1.30
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	54,24,904	-	54,24,904	9.54	49,57,363	-	49,57,363	8.71	(0.83)
c) Others (specify)									
Non Resident Indians	7,00,423	-	7,00,423	1.23	8,81,960	-	8,81,960	1.55	0.32
NBFCs	6,126	-	6,126	0.01	1,100	-	1,100	0.00	(0.01)
Clearing members	3,64,037	-	3,64,037	0.64	3,17,473	-	3,17,473	0.56	(0.08)
HUF	705,048	-	7,05,048	1.24	8,27,405	-	8,27,405	1.45	0.21
Employee	68,050	100	68,150	0.12	35,864	-	35,864	0.06	(0.06)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	3,13,22,687	5,84,036	3,19,06,723	56.09	3,08,53,103	5,71,218	3,14,24,321	55.24	(0.85)
Total shareholding of public (B)=(B)(1)+(B)(2)	3,24,62,268	5,94,236	3,30,56,504	58.11	3,24,75,086	5,81,418	3,30,56,504	58.11	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	5,62,93,266	5,94,236	5,68,87,502	100	5,63,06,084	5,81,418	5,68,87,502	100	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr Varinder Gupta	11,95,865	2.10	-	11,95,865	2.10	-	-
2	Mr Varinder Gupta(HUF)	1,100	0.00	-	1,100	0.00	-	-
3	Mayadevi Polycot Limited	1,00,06,323	17.59	-	1,00,06,323	17.59	-	-
4	NM Merchants Limited	50,75,571	8.92	-	50,75,571	8.92	-	-
5	NCG Enterprises Limited	32,84,393	5.77	-	32,84,393	5.77	-	-
6	BhudevaLifesciences Limited	28,73,714	5.05	-	28,73,714	5.05	-	-
7	True Value Traders Limited	4,00,000	0.70	-	4,00,000	0.70	-	-
8	NCVI Enterprises Limited	9,94,032	1.75	-	9,94,032	1.75	-	-
	Total	2,38,30,998	41.89	-	2,38,30,998	41.89	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	2,38,30,998	41.89	2,38,30,998	41.89
No Change during the year	-	-	-	-
At the end of the year	2,38,30,998	41.89	2,38,30,998	41.89

(iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	Name of the shareholder	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Vasudeva Commercials Limited				
	At the beginning of the year	1,08,90,000	19.14	1,08,90,000	19.14
	Sold during the year	4,01,354	0.70	1,04,88,646	18.44
	At the end of the year	1,04,88,646	18.44	1,04,88,646	18.44
2	Trident Limited				
	At the beginning of the year	17,85,714	3.14	17,85,714	3.14
	Sold during the year	638967	1.12	11,46,747	2.02
	At the end of the year	11,46,747	2.02	11,46,747	2.02
3	G Consultants and Fabricators Limited				
	At the beginning of the year	14,89,000	2.65	14,89,000	2.62
	No change during the year	-	-	-	-
	At the end of the year	14,89,000	2.65	14,89,000	2.62
4	Acadian Emerging Markets Small Cap Equity Fund Llc				
	At the beginning of the year	1,21,369	0.21	1,21,369	0.21
	Bought during the year	2,73,007	0.48	3,94,376	0.69
	Sold during the year	(42,572)	(0.07)	3,51,804	0.62
	At the end of the year	3,51,804	0.62	3,51,804	0.62
5	Morris Street Advisors Private Limited				
	At the beginning of the year	1,70,000	0.30	2,75,000	0.30
	Bought during the year	55,860	0.10	2,25,860	0.40
	At the end of the year	2,25,860	0.48	2,25,860	0.40
6	Mr Ashwini Jiten Ajmera				
	At the beginning of the year	2,69,000	0.47	2,69,000	0.47
	No change during the year	-	-	-	-
	At the end of the year	2,69,000	0.47	2,69,000	0.47
7	Mr Alpesh Kishor Ajmera				
	At the beginning of the year	2,50,000	0.44	2,50,000	0.44
	No change during the year	-	-	-	-
	At the end of the year	2,50,000	0.44	2,50,000	0.44
8	Sudhir Shivji Bheda				
	At the beginning of the year	3,00,000	0.53	1,93,200	0.53
	Sold during the year	(1,31,889)	(0.23)	1,68,111	0.30
	At the end of the year	1,68,111	0.30	3,00,000	0.30
9	The Board Of Regents Of The University Of Texas System-Acadian Asset Management				
	At the beginning of the year	246,21	0.04	24,621	0.04
	Bought during the year	2,26,722	0.40	2,51,343	0.44
	Sold during the year	(54,604)	(0.10)	1,96,739	0.34
	At the end of the year	1,96,739	0.34	1,96,739	0.34
10	Permodalan Nasional Berhad				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,90,892	0.34	1,90,892	0.34
	At the end of the year	1,90,892	0.34	1,90,892	0.34



(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of Director / Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr Varinder Gupta				
	At the beginning of the year	11,96,965	2.13	11,96,965	2.10
	No change during the year	-	-	-	-
	At the end of the year	11,96,965	2.13	11,96,965	2.10
2	Mr Krishan Singla*				
	At the beginning of the year	110	0.00	110	0.00
	No change during the year	-	-	-	-
	At the end of the year	110	0.00	110	0.00
3	Mr Pardeep Kumar Khanna				
	At the beginning of the year	6,900	0.01	6,900	0.01
	No change during the year	-	-	-	-
	At the end of the year	6,900	0.01	6,900	0.01
4	Mr Abhay Raj Singh*				
	At the beginning of the year	0	0.00	0	0.00
	No change during the year	-	-	-	-
	At the end of the year	0	0.00	0	0.00

* Mr Abhay Raj Singh was appointed as Company Secretary w.e.f 14th November, 2019 in place of Mr Krishan Singla who retired on that date.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Crore)

Particulars	Secured loans excluding deposits	Unsecured loans	Unsecured loans	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	284.00	-	-	284.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.88	-	-	1.88
Total (i+ii+iii)	285.88	0	-	285.88
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	229.73	-	-	229.73
Net Change	(229.73)	0	-	(229.73)
Indebtedness at the end of the financial year				
i) Principal amount	55.99	-	-	55.99
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.16	-	-	0.16
Total (i+ii+iii)	56.15	0	-	56.15

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Crore)

S. No.	Particulars of Remuneration	Name of Managing Director/ Whole time Director/ Manager			Total amount
		Mr Varinder Gupta	Mr Vijay Garg	Mr Vikas Gupta	
		Managing Director	Joint Managing Director	Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4.60	2.88	1.15	8.63
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	4.60	2.88	1.15	8.63
	Ceiling as per the Act				54.04

The above remuneration does not include contribution to provident funds, gratuity and premium paid for insurance coverage.

B. Remuneration to other directors

(₹ in Crore)

S. No.	Particulars of Remuneration	Name of Director				Total amount
		Mr Rajender Mohan Malla	Mr Chandra Mohan	Dr Sandhya Mehta	Mr Harpal Singh	
1	Independent Directors					
	Fee for attending board committee meetings	0.02	0.01 (0.75 Lakhs)	0.04 (3.75 Lakhs)	0.03 (2.75Lakhs)	0.10
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	0.02	0.01	0.04	0.03	0.10
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	0.02	0.01	0.04	0.03	0.10
	Total Managerial Remuneration(A+B)					8.73

C. Remuneration to Key Managerial Personnel other than Managing Director/ Whole time director/Manager

(₹ in Crore)

S. No.	Particulars of remuneration	Name of Key Managerial Personnel			Total amount
		Mr Pardeep Kumar Khanna	Mr Krishan Singla*	Mr Abhay Raj Singh*	
	Designation	Chief Financial Officer	Company Secretary	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.86	0.67	0.23	1.76
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	0.86	0.67	0.23	1.76

* Mr Abhay Raj Singh was appointed as Company Secretary w.e.f 14th November, 2019 in place of Mr Krishan Singla who retired on that date.

The above remuneration does not include contribution to provident funds, gratuity and premium paid for insurance coverage.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no penalty / punishment / compounding of offence for breach of any section of the Companies Act against the Company or its directors or other officers in default, during the year.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company and % increase in remuneration of Directors / KMP of the Company for the Financial Year:

Name of Directors / Key Managerial Personnel	Designation	#Remuneration (Rs in crore)	% increase in remuneration	Ratio of remuneration to median remuneration of employee
Mr Varinder Gupta	Managing Director	4.80	33.33	164.95
Mr Vijay Garg	Joint Managing Director	3.00	31.58	103.09
Mr Vikas Gupta	Executive Director	1.20	42.86	41.24
Mr Pardeep Kumar Khanna	Chief Financial Officer	0.90	36.36	30.93
Mr Krishan Singla*	Vice President and Company Secretary	0.34	-	Not comparable
Mr Abhay Raj Singh*	Assistant Vice President and Company Secretary	0.14	-	Not comparable

*Mr Krishan Singla was retired and Mr Abhay Raj Singh was appointed on 14.11.2020 and hence their remuneration is only for part of the year, the increase in remuneration is not stated. Since remuneration of Mr Abhay Raj Singh & Mr Krishan Singla for FY 2019-20 are only for part of the year, the ratio of their remuneration to the median remuneration to the employees are not comparable.

Remuneration as per contract of employment has been considered.

- (ii) The median remuneration of employees was increased by 12.79% and the median salary of employees for the FY 2019-20 was ₹ 2.91 Lakh
- (iii) The number of permanent employees on the rolls of the Company was 1,751 as on 31 March 2020.
- (iv) The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year was 12.79% and average increase in salary of managerial personnel (Managing Director and Whole-time directors) was 35.92%.
- (v) It is hereby affirmed that the remuneration paid is as per the Nomination & Remuneration Policy of the Company.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Particulars of top ten employees in term of remuneration drawn and the name of every employee, who employed throughout the financial year, was in receipt of remuneration not less than one crore and two lakh rupees during the financial year 2019-20:

Name, Designation, Remuneration received (₹ in crore), Qualifications, Experience (Years), Date of Commencement of employment, Age (Years), Last Employment, %age of equity shares held

Mr Varinder Gupta, Managing Director, 4.80, Higher Secondary, 34, 29/09/1986, 57, First Employment, 2.10%; Mr Vijay Garg, Joint Managing Director, 3.00, M.B.A. (Marketing) PGD. (International Marketing), 28, 01/08/2012, 50, Arch Pharamalabs Limited, 0.00%; Mr Vikas Gupta, Executive Director, 1.20, B.Sc. (Hons.) in Business Management from Kings College London, 7, 20/07/2013, 28, First Employment, 0.00%; Mr Jagdish Goel, President, 1.20, M.Sc., 29, 06/12/2011, 50, Glenmark Generics Ltd, 0.00%; Mr Damandeep Singh, President, 0.90, PHD, 22, 23/10/1997, 46, First Employment, 0.02%; Mr Kamlesh Jayantilal Ranbhan, President, 0.90, PHD, 26, 10/04/2017, 55, Arch Pharamalabs Limited, 0.00%; Mr Pardeep Kumar Khanna, Chief Financial Officer, 0.90, M.COM., 25, 23/12/1995, 51, First Employment, 0.01%; Mr Kushal Kumar Rana, President, 0.87, M.Sc., 31, 11/04/2005, 50, Morepen Laboratories, 0.00%; Mr Gopal Singla, President, 0.84, B.E. (Instrumentation), 22, 01/04/2007, 44, Indian Acrylics Ltd, 0.00%; Mr Lokesh Dhawan, Vice President, 0.63, B.E.(ELECTRONICS & COMM.), 46, 27/10/2014, 24, Shri Lakshmi Cotfin Ltd, 0.00%

- (ii) None of the above employee is a relative of any director, except Mr Vikas Gupta (Son of Mr Varinder Gupta, Managing Director)
- (iii) There was no employee who had received remuneration in excess of that drawn by the managing director or whole director and hold 2% of the equity shares of the company.
- (iv) There was no employee during the year, who was employed for a part of the financial year and was in receipt of remuneration not less than eight lakh and fifty thousand rupees per month

ANNEXURE-5 TO THE DIRECTORS' REPORT

Information as per Section 134(3)(m) of the Companies Act, 2013 ("the Act") read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March 2020.

I CONSERVATION OF ENERGY

1. Step taken or impact on conservation of energy;

- a) By Introducing Shell and tube heat exchanger, the heat of recovery condensate coming from plants has been transferred to DM water which has been utilized in Dearator of the Boiler and thus Steam consumption to maintain the temp has been reduced from 0.085MT/MT of steam generation to 0.075MT/MT. Approx 10 to 12 MT of Steam has been saved daily. Secondly the RO rubber tanks life has been increased due to less recovery condensate temp.
- b) BY Running the 13 MW turbine at low pressure with wet steam we have online cleaned the turbine blades due to this Power generation capacity of the Turbine has been increased from 99 Unit/MT of steam to 122 unit /MT of steam. This process has also improved the wheel case chamber pressure in the turbine.
- c) Started using the well-designed Steam traps and doing modification in all plant o/l condensate lines, we have reduced the flash steam and due to this direct and indirect condensate recovery has been increased from 67 % to 77 % this how reduced the load on our Ro system and finally leads to less raw water consumption approx. 140 KL per day. Steam trap work is in progress.
- d) By utilizing the Ro reject water in spare Ro stream we have saved approx. 135 KL per day of Ground raw water extraction. We are in process of reducing the same.
- e) We have installed well designed IBR approved new 18 " steam line directly from boiler to north block with maintaining Min distance due to this all north block steam equipment's get proper pressure with temp, in this we have saved approx. 14 MTD of steam per day this line will provide steam to our upcoming projects also.
- f) Power factor improved from .92 to .95 Kvar by introducing new capacitor banks, due to this electrical load on cables has been decreased and due to this proper voltage level of motors are maintained.
- g) IPA distillation system was redesigned, solvent vapor are fed to the purification column instead of feeding the distillate of first column. By doing this change condensing cost of first column and steam cost of second column is eliminated.
- h) In ethyl acetate using waste flash steam in stripping column for solvent recovery.
- i) In IBB Steam norms are reduced by changing the operating parameters and internals of distillation column.
- j) New ATFE of bigger capacity have been installed to produce more Ibuprofen intermediate with less energy consumption norms.
- k) Chilled water generation, single effect machines are replaced with double effect machine to reduce the cost of chilled water generation.

2. Step taken by Company for utilizing alternate sources of energy

We have not used any alternative source of energy but we have maintained and increased the consumption of biomass in the form of Rice Husk and paddy husk in our boiler from the previous year i.e 9000 Mt to 16500 MT of paddy husk has been consumed.

3. Capital investment on energy conservation equipment's

No major capital investments have been made during the financial year ended 31st March 2020.

II TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption

The Company has taken various steps in its Research and Development centre, the mains are as follows:

- a) R&D team have developed the innovative process of Gabapentin with different route of synthesis without any dependency on china.
- b) R&D team has done process improvement in pantoprazole sodium, resulting in substantial cost reduction.
- c) Clopidogrel Bisulphate substantial yield improvement and debottlenecking to streamline the capacities at different intermediate stages.
- d) Ibuprofen intermediate yield is improved by 2-3 %.
- e) Two RM materials are produced in-house to overcome the dependency.
- f) IOLCP is working on processes to generate minimum waste and converting waste into value added products.
- g) IOLCP is working on projects to overcome china dependency.
- i) Fenofibrate yield is improved significantly.

2. Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Three products are under advanced stage of development in R&D / Pilot plant. These products will be commercialized in current year/next year.

3. Imported technology (imported during the last three years reckoned from the beginning of the financial year)- N.A.

4. Expenditure incurred on Research and Development during the financial year ended 31st March 2020:

(₹ in crore)	
Capital	0.80
Revenue	6.64
Total	7.44

III Foreign Exchange Earnings & Outgo during the financial year ended 31st March 2020:

(₹ in crore)	
Used	403.54
Earned	589.50



BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L24116PB1986PLC007030
2.	Name of the Company	IOL Chemicals and Pharmaceuticals Limited
3.	Registered address	Trident Complex, Raikot Road, Barnala
4.	Website	www.iolcp.com
5.	E-mail id	investor@iolcp.com
6.	Financial Year reported	31 March 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals (code: 21001) Manufacturing of organic chemicals compounds (code: 20119)
8.	List three key products/ services that the Company manufactures/provides (as in balance sheet)	1. Ibuprofen (API) 2. Ethyl Acetate 3. Iso Butyl Benzene
9.	Total number of locations where business activity is undertaken by the Company	3
	a) Number of International Locations (Provide details of major 5)	N.A.
	b) Number of National Locations	3
10.	Markets served by the Company—Local/State/ National/ International	IOLCP's serves Indian and international markets covering about 65 countries including UK, Austria, Belgium, Hungary, Spain, Germany, Italy, Netherlands, Switzerland, Portugal, Poland, Ireland, USA, Australia, Chile, Peru, Brazil, Argentina, Colombia, Mexico, Indonesia, South Korea, Thailand etc. Products are sold primarily to Branded Generic formulators both in India & Overseas.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	57.59 Crore
2.	Total Turnover (INR)	1894.47 Crore
3.	Total profit after taxes (INR)	361.28 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.40% of average net profit for previous three years. The unspent amount of 0.60% (₹ 0.75 Crore) shall be spent during FY 2020-21
5.	List of activities in which expenditure in 4 above has been incurred:	The Report on the CSR activities undertaken by the Company during the financial year 2019-20 is annexed as Annexed to Directors' Report.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N.A.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

1.	DIN Number	:	00044068
2.	Name	:	Mr Varinder Gupta
3.	Designation	:	Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00044068
2	Name	Mr Varinder Gupta
3	Designation	Managing Director
4	Telephone number	+91 161-2225531-35
5	mail id	varindergupta@iolcp.com

2. Principle-wise (as per NVGs) BR Policy/policies

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the wellbeing of all employees
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights
Principle 6	Business should respect, protect, and make efforts to restore the environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.iolcp.com/mycgi/iolcp-com/corporate_governance.pl								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally and updated / amended as per the changed business scenario								

(a) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1	The company has not understood the Principles	Not applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

This BR Report is being presented first time. However from FY 2020-21 frequencies to assess the performance of the BR shall be reported annually next year.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report is being published first time in the Annual Report 2019-20. The weblink is https://www.iolcp.com/mycgi/iolcp-com/investor_desc.pl#1.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?

We have an established Code of Conduct and Whistle-Blower Policy. The Code, policies and standards communicate our zero tolerance approach to ethical violations, and communicate our commitment and requirement for legal compliance and ethical good practice.

Our Code of Conduct describes our approach how we conduct ourselves with each other - our customers, our shareholders, our competitors, our employees, our neighbouring communities, government and our suppliers and contractors.

The Code applies to all Directors and senior management of the Company. The Code provides guidelines for our business to be consistent with the highest standards of business ethics and is intended to assist all employees in meeting the high standards of personal and professional integrity that the Company requires of them.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company did not receive any complaint from any stakeholder in the past financial year.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Ibuprofen
- Ethyl Acetate
- Mono Chloro Acetic Acid and Acetyl Chloride

Ibuprofen Plant is well designed for 100% recycling of solvents with increased recovery percentage by using high efficiency heat exchangers. In Ethyl Acetate product we have reduced effluent discharge by recycling of process water in cooling Towers and the products Mono Chloro Acetic acid and Acetyl Chloride manufactured using dual technology for the production of Mono Chloro Acetic Acid and Acetyl Chloride in a single Plant. **The unit is awarded with National Level Green Chemistry Award for Innovation to use dual technology for the production of Mono Chloro Acetic Acid and Acetyl Chloride in a single Plant by the Govt of India.**

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has developed a technical, experienced & dedicated Energy cell for Energy conservation. Our main motto is 'Save Energy Save Environment'. Energy Conservation has always been an important management objective. We are aware that conserving energy is desirable not only to reduce costs but also for conserving precious & fast depleting fossil fuel reserves and protecting the environment.

Modernization, Technology, Energy & solvent conservation, Process automation and waste elimination are some of the drivers adopted to drive this journey for continuous improvement, to reach excellence in the field of energy conservation. The Company is committed to produce good quality of product with a mission to reduce the specific energy consumption 5 % every year. The action plans for achieving the target are as follows:

- Adopting best energy management practices.
- Regularly monitoring energy use.
- Reporting quarterly on energy use to staff and at Management Board meetings.
- Ensuring that new appliances, equipment, and building projects are energy efficient.
- Identifying all areas of opportunity for improved energy performance via detailed consultation with staff.
- Facilitate developing and implementing an action plan.
- Checking the effectiveness of the energy saving measures, periodically document any changes in procedures resulting from process improvement, and make comparisons with objectives and targets.
- Continual interaction with the technology suppliers and visits and interaction with best pharma based plants in world and benchmarking various parameters is an on-going exercise.
- Everyday energy consumption is reviewed in daily coordination meeting and corrective actions are taken best achieved consumption is taken as target.

The unit is awarded with the National Energy Conservation Award Consecutively 10 years for 2005 to 2014 and also for the year 2016 by the Ministry of Power, Government of India

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company does sustainable procurement of its raw materials and mechanism is in place to procure raw materials from different sources considering availability, transportation, requirement of factories etc. This also includes transportation from suppliers to our factories.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company is situated at rural area and over the years the Company has promoted local contractors and service providers, to the best possible extent, by patronizing them to supply / provide different services required by the Company for its day to day administration /operation.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products

and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes. >10 percent. The Company has been proactively engaged into converting waste/residuals from its manufacturing processes into valuable and useful products thereby not only minimizing the waste generated but also creating a source of revenue to the Company. We recovered HHC from product Iso Butyl Benzene and reuse HHC in furnaces in place of Diesel (HSD), Recovering spent gas from product Iso Butyl Benzene which is used as heating media for thermic fluid. In all units, plants are equipped with solvent recovery systems to recycle all the solvents in same process.

Principle 3

1. **Please indicate the Total number of employees:** 1751 (as on 31st March 2020)
2. **Please indicate the Total number of employees hired on temporary/contractual/ casual basis:** 334
3. **Please indicate the Number of permanent women employees:** 46
4. **Please indicate the Number of permanent employees with disabilities:** Nil
5. **Do you have an employee association that is recognized by management:** Nil
6. **What percentage of your permanent employees is members of this recognized employee association?:** Nil
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour/ involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees : 100%
- (b) Permanent Women Employees: 100%
- (c) Casual/Temporary/Contractual Employees: 100%
- (d) Employees with Disabilities: N.A.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process. However, we have emphasis on promoting education among children and preventive health care in our nearby communities. We have initiated several programmes for education, health and environment for the benefits of disadvantaged & marginalized stakeholders in the communities.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has supported various programs broadly in the field of education, health care and humanitarian relief. Details of such initiatives supported by the Company are listed at Annual Report on Corporate Social Responsibility (CSR) Activities annexed to the Directors' Report.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has adopted various policies to protect rights of not only its employees but all other stakeholders. The Company discourages its business associates from doing violation of Human Rights.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company did not receive any complaint from shareholder in the past financial year regarding violation of human right.

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Policy related to principle -6 covers the company and extends to the contractor and customers.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

No

3. **Does the company identify and assess potential environmental risks? Y/N**

Yes

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. Please refer Energy Conservation/Technology Absorption section provided/annexed to the Directors' Report given in Annual Report 2019-20. The hyperlink for webpage is <https://www.iolcp.com/>

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No, show cause/ legal notices received

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company has applied for the membership of PHD Chamber of Commerce.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development**

Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Not applicable. The Company awaits membership of the above chamber / association.

Principle 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company focuses on ethical and transparent business practices, with inclusive community development lying at the core of its social initiatives. The focus of our community investment initiatives is on education, health and environment.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organization?**

Most of our programmes are implemented in-house through our Corporate Social Responsibility team. We also encourage other employees to contribute towards these social initiatives.

3. **Have you done any impact assessment of your initiative?**

Yes

4. **What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken.**

The total amount spent on all CSR activities during the FY2020 was ₹ 1.74 crore. The major thrust areas for our programmes are –

- a) Children's Education
- b) Health Programmes for the Community
- c) Sanitation Material – Covid-19

For more details, please refer to Report on CSR activities Annexed to the Directors' Report provided in Annual Report 2020.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. The activities undertaken by the Company under its CSR program are tracked and followed by our internal team to ensure whether the desired outcomes has been achieved and the benefits to the community is served.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

None. Customer Complaints, if any are settled immediately on priority basis.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)**

Yes, product label in compliance of prevailing regulatory guidelines. Our products meet all necessary and benchmark national and global regulations, standards and guidelines. This re-emphasizes our capability and commitment to meet world-class standards.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No, there is no such case.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes. We carry out consumer satisfaction survey every year. We take customer feedback and customers responses on different aspects of service are quantified into measurable terms to improve and compare satisfaction level on a YoY basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economy Overview

None of us would have imagined while welcoming dawn of the year 2020 that it will bring us face to face with a catastrophic event of such a magnitude. The raging COVID-19 pandemic is wreaking havoc worldwide bringing economy after economy down to its knees. The pandemic has exposed the vulnerabilities of economies of the world, irrespective of level of their development. The world is staring down the barrel of an uncertain future.

Foremost requirement of the present times is to protect lives and to build infrastructure to enable health care systems to discharge their responsibilities ethically and efficiently. Mammoth isolation facilities are required for isolating patients with due sensitivity to their age, gender, comorbidities etc. strict lockdowns, bringing economic activities to grinding halt, were imposed by the Governments worldwide to contain the virus. The health crisis, therefore, is having a severe impact on economic activities and as a result the global economy is projected to contract sharply by 5.2% in 2020-21, much worse than 2008–09 financial crises.

Need of the hour is to devise effective policies to prevent further economy slump and to undertake necessary measures to contain and reduce contagion. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically.

Strong multilateral cooperation is essential at international level to overcome the effects of the pandemic, including financial aid to constrained countries facing health and funding shocks to enable these countries to ramp up their weak health care systems. (Source: IMF, World Bank)

Indian Economy Overview

The Indian economy grew 4.2 per cent in 2019-20, which is slowest in last 11 years, made worse further by Covid-19. The unprecedented lockdown imposed by the Government of India brought the economy down to its knees and causing unfathomable human suffering. The economic downturn resulted in “World Bank” sharply scaling down its growth projections for India’s economy for the fiscal year 2020-21. However, the management is optimistic that the economy may revive by the end of current financial year owing to its resilient nature.

The Asian Development Bank (ADB) in the Asian Development Outlook (ADO) 2020 released on 03 April 2020 has projected India’ growth to slow down to 4% in the current fiscal year, citing weak global demand and the government’s Covid-19 containment efforts. The outlook for India remains subdued, with growth slowing from 5.0% last fiscal year to 4.0% this year. (Source: ADB, World Bank)

In order to mitigate the effects of lockdown and to manage the economic situation the Government of India announced a variety of measures, from food security and releasing extra funds to States for healthcare upgradation to sector related incentives and tax deadline extensions. During last week of March 2020, a number

of economic relief measures for the weaker section of the society were announced totalling over ₹ 1,70,000 Crore. The Reserve Bank of India also announced a number of measures which would help to maintain the liquidity in the country’s financial system. The World Bank and Asian Development Bank approved support to India to tackle the Coronavirus pandemic.

The Indian government has also increased its spending on healthcare to bolster the Covid-19 response, wage support, in-kind and cash transfers to lower-income households, and deferral of tax payments, as well as, loan and liquidity support for small businesses and financial institutions.

Indian Pharmaceutical Industry

Indian pharmaceutical industry supplies over 50 per cent of global demand for various vaccines and it caters to 40 per cent of generic demand in the US and 25 per cent of all medicine in UK. India contributes the second largest share of pharmaceutical and biotech workforce in the world. India’s domestic pharmaceutical market turnover reached ₹ 1.4 lakh crore (US\$ 20.03 billion) in 2019, growing 9.8 per cent from ₹ 1.29 lakh crore (US\$ 18.12 billion) in 2018. Further, affordable medicines under the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) have led to savings of ₹ 1,000 crore (US\$ 143.08 million) for Indian citizens in FY19.

With 71 per cent market share, generic drugs form the largest segment of the Indian pharmaceutical sector. Based on moving annual turnover, Anti-Infective (13.6 per cent), Cardiac (12.4 per cent), Gastro Intestinal (11.5 per cent) had the biggest market share in the Indian pharma market in 2018. During December 2019, on moving annual total (MAT) basis, industry growth was at 9.8 per cent, with price growth at 5.3 per cent, new product growth at 2.7 per cent while volume growth at two per cent year on year.

Indian drugs are exported to more than 200 countries of the world, with the US being the key market. Generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally and it is expected to expand even further in coming years. Pharmaceutical exports from India, which include bulk drugs, intermediates, drug formulations, biological, surgical, Ayush & herbal products reached US\$ 19.14 billion in FY19 and US\$ 13.69 billion in FY20 (up to January 2020). The exports are expected to reach US\$ 20 billion by 2020. In FY18, 31 per cent of these exports from India went to the US. Healthcare sector witnessed private equity investment of US\$ 1.1 billion with 27 deals in first half of 2019.

Medical devices industry in India is growing 15.2 per cent annually and is expected to reach US\$ 8.16 billion by 2020 and touch US\$ 25 billion mark by 2025.

The ‘Pharma Vision 2020’ by the government’s Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The sector has received cumulative FDI worth US\$ 16.39 billion between April 2000 and December 2019. Under Budget 2020-21, allocation to the Ministry of Health and Family Welfare is ₹ 65,012 crore (US\$ 9.30 billion). ₹ 6,429 crore (US\$ 919 million) has been allocated to health insurance scheme Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). In November

2019, Cabinet approved the extension/renewal of the extant Pharmaceuticals Purchase Policy (PPP) with the same terms and conditions while adding one additional product namely, Alcoholic Hand Disinfectant (AHD) to the existing list of 103 medicines till the final closure/strategic disinvestment of the Pharma CPSUs.

As per Economic Survey 2018-19, government expenditure (as a percentage of GDP) increased to 1.5 per cent in 2018-19 from 1.2 per cent in 2014-15 for health. Indian pharmaceutical sector is expected to grow at a CAGR of 22.4 per cent and medical devices market is expected to grow to US\$ 55 billion by 2020. FDI increased to 74 per cent in existing pharmaceutical companies and 100 per cent for new projects. (*Source: ibef.org*)

The COVID-19 aftermath has plunged the industry into crisis mode, but it could just be the rude wake-up call it needed to set it on course correction. The coronavirus outbreak has started to hit India's pharmaceutical sector leading to rise in the prices of key ingredients. Now the prices for vitamins and penicillin are double or triple their original price. Similarly, cost of paracetamol has gone up. Another major impact is that pharmaceutical companies face is disruptions due to extended factory closures in China. If the pandemic continues then stockpiles of pharmaceuticals, APIs and other chemicals may decrease, resulting in shortages. The government should take appropriate measures to keep the situation under control.

The Indian pharmaceutical industry is the third largest in the World in terms of volume and tenth largest in terms of value. The total size of the industry (including drugs & medical devices) is around US\$43 billion (₹ 3,01,000 crore) and is currently having a growth rate of 7-8% in drug sector and 1516% in medical device sector. Total exports (drugs and medical devices) are to the tune of US\$20 billion (Rs.1,47,420 crore) of which drugs form around 90% of the total exports. The imports amount to around Rs. 72,800 crore of which medical devices form around 52%. India is the largest provider of generic drugs globally. Access to affordable HIV treatment from India is one of the greatest success stories in medicine. India is one of the biggest suppliers of low-cost vaccines in the world. Because of low price and high quality, Indian medicines are preferred worldwide, thereby rightly earning sobriquet "the pharmacy of the world". The Pharmaceutical sector currently contributes around 1.72% to the country's GDP.

Indian pharmaceuticals exports are destined to more than 200 countries including highly regulated markets of US, West Europe, Japan and Australia. India exported pharmaceuticals to the tune of ₹ 1,33,910 crore with a recorded growth of 10.72% in 2018-19. Drug formulations & Biologicals was the third largest among the principal commodities exported by India during 2018-19. India exports largely to USA, UK, South Africa and Russia. Imports of drugs during 2018-19 was of Rs. 35,000 crore with bulk drugs and intermediates comprising 63% of the total pharmaceutical imports followed by Drug Formulations and Biologicals (36%). India imports largely from China, USA, Italy and Germany.

The Annual Turnover of the Indian Pharmaceutical Industry was estimated to be about ₹ 2,58,5341 crore during the year 2018-19. The share of export of Bulk Drugs, Drug Intermediates and Drug Formulations, Biologicals was ₹ 1,28,0282 Crore for the year 2018-19. Indian pharmaceutical industry supplies a significant percentage of global supply of medicines including vaccines, APIs and finished products. India accounts for 20% of global exports in generics.

India's Pharma exports mainly consist of Drug Formulations and Biologicals up to 77% followed by Bulk drugs and intermediates up to 21%. (*Source: Ministry of Chemicals and Pharmaceuticals Industries*)

Indian Chemical Industry

Indian chemical industry is one of oldest industry and is the sixth largest producer of chemicals globally and the third largest producer in Asia in terms of output. It contributes to a lot of other sectors by supplying products and raw materials. Among the most diversified industrial sectors, chemicals cover an array of more than 70,000 commercial products. Basic chemicals and their related products (petrochemicals, fertilisers, paints, varnishes, glass, perfumes, toiletries, pharmaceuticals, etc.) constitute a significant part of the Indian economy.

The country ranks third globally in the production of agro chemicals and contributes around 16 per cent to the global dyestuff and dye intermediates productions.

Total export of chemicals which include dyes and dye intermediates, organic and inorganic chemicals, stood at US\$ 19.09 billion during the year 2018-19 and stood at US\$ 15.67 billion during FY20 (till January 2020 provisional).

The US, the UAE, the UK, Bangladesh and Saudi Arabia are the leading importers of cosmetics, toiletries and essential oils.

During April 2019-January 2020, export of dyes increased 9.12 per cent y-o-y to US\$ 2.27 billion. During the period, export of essential oils increased 22.33 per cent to US\$ 171.79 million, cosmetics and toiletries increased 5.62 per cent to US\$ 1,444.15 million, while castor oil export stood at US\$ 769.05 million. Export of inorganic, organic and agro chemicals stood at US\$ 863.38 million, US\$ 7.14 billion and US\$ 2.83 billion between April 2019-January 2020, respectively.

The chemicals sector is expected to double to US\$ 300 billion by 2025, clocking an annual growth rate of 15-20 per cent. To achieve this, the Government is working on a draft chemical policy that will focus on meeting the rising demand for chemicals and reduce imports. (*Source: Basic Chemicals, Cosmetics & Dyes Export Promotion Council Department for Promotion of Industry and Internal Trade (DPIIT) and www.ibef.org*)

However, the current pandemic has also impacted Chemical Industry adversely in India and facing challenges due to Covid-19. India exports around 34% of its petrochemical production to China, from where the pandemic originated, as a result the exports has taken a hit and, finding new markets would be a challenge. Apart from exports, India is also reliant on China for its critical chemical raw material imports.

2. Opportunities and Threats

Opportunities

1. Growing domestic and international market provides potential for growth.
2. Growth of speciality chemicals especially Ethyl Acetate, a green solvent, is remained robust due to its diverse use in the various industries.



3. Increased visibility of the company resulting in easy penetration in global market.
4. Rising demand for affordable healthcare facilities is driving the market for generic medicine throughout the world.

Threats:

1. Competition in generics in domestic and international market.
2. Disruptions caused by the current pandemic.
3. Increase in cost owing to heightened safety measure undertaken for running the plant with staggered manpower.

3. Business Segment Performance and outlook

Company is one of the leading APIs / bulk drugs Company and is a significant player in the field of specialty chemicals with world class facilities. The Company is a manufacturer and global supplier of APIs such as Ibuprofen, Metformin, Clopidogrel, Pantoprazole and Fenofibrate and other APIs and has significant presence across major therapeutic categories. Demand for APIs is showing continuous increase due to growing incidences of lifestyle diseases, rising demand for affordable healthcare delivery systems.

Specialty Industrial Chemicals segment of the Company includes manufacturing of Ethyl Acetate, Iso Butyl Benzene (IBB), Mono Chloro Acetic Acid (MCA) and Acetyl Chloride. Ethyl acetate have application in diverse important industries like pharmaceuticals, ink industry, flexible packaging, adhesives, surface coatings, flavours, paints & lamination and essences etc. The demand for the product is driven by a wide range of end use industries.

The Company has its manufacturing unit situated at Village: Fatehgarh Chhanna, District: Barnala, Punjab. The Company's R&D Centre approved by Department of Scientific and Industrial Research (DSIR) is equipped with advanced and analytical instruments and having a captive co-generation unit with capacity of 17 MW to meet power requirements is located at works.

The Company have an excellent team of technical and commercial professionals with expertise in pharmaceutical and chemical manufacturing and marketing.

4. Risks and Precautions

Below is a brief analysis of risk and precautionary measures:

Regulatory risk

Risk : The Company operates in a highly regulated pharmaceutical industry. Any lapse to comply regulations may adversely impact its operations.

Precaution : Regular internal and external inspections and audits are being made to ensure compliance of regulations of Indian and global regulatory authorities.

Operational risks

Risk : Increase in raw material prices could impact the performance of the Company.

Precaution : The Company manages it by entering into regular agreements with its suppliers to ensure the continuous supply of raw material at competitive prices and proper utilisation of resources. . Moreover the Company has in house backward integrated manufacturing facilities to ensure continuous supply of major raw material used in bulk drugs, Ibuprofen.

Financial risk

Risk : Possibility of default to meet its obligations because of unavailability of funds to meet debt and operational requirements.

Precaution : During the year under review, the Company has pre-paid all of its term debt and as on date, there is no amount outstanding against any term loan.

Further, in order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and appropriate actions are taken. The company has also planned to meet its future regular capex primarily through internal accruals only.

Credit risk

Risk : Company debtors are unable to meet their obligations on time.

Precaution : Company has established internal policies and controls to determine credit worthiness and reliability of existing and potential customers, which are reviewed on periodical basis. Company is also obtaining credit reports of our customers from external sources.

Geographic risk

Risk : A significant concentration in a particular market could be a risk in the event of downturn in that region.

Precaution : Company has network of customers in most of states of India. The Company has also expanded its customer base in about 80 countries to mitigate geographical risk. Moreover, Company caters different industrial users of the same product.

Technological risk

Risk : Technological advancement could result in asset obsolescence warranting a high cost of replacement.

Precaution : Company is using the latest and state of the art technology in the manufacturing, processing and quality control measures and keeps itself abreast of latest update in technology and adopting the same to remain efficient in productivity and cost minimization. Moreover the Company has DSIR recognized Research and Development cell which is very active in developing and validating new processes for existing products and development of new products.

Environmental Health and Safety Risk

Risk : Non-compliance with environmental regulatory issue might affect operations.

Precaution : Company conducts regular internal checks and audits to ensure compliance with environmental regulations. The Company has obtained all the required environmental consents and permissions.. Moreover, Company has also obtained ISO 14001:2004 Certification.

Health and Safety of the Workforce is priority of the company. IOLCP committed itself to manage it through occupational health and safety management tools, dedicated dispensary at factory and a qualified Doctor. Moreover the Company has obtained OHSAS 18001:2007.

Competition risk

Risk : The Company is exposed to competition from indigenous as well as foreign players.

Precaution : The Company is managing the competition risk by continuously improving the quality and capacity of products and maintaining long term relationship with its customers by providing better services to them. The Company is a global leader with about 33% market share in Ibuprofen. The quality control department of the Company has implemented a range of quality assurance procedures to providing high quality products to its customers.

Foreign exchange risk

Risk : Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US dollars, on revenue and supplies.

Precaution : The Company regular monitors its exposure to foreign exchange risk and takes hedging whenever required, moreover, its foreign currency risk is also hedged naturally as the Company is importing and exporting the goods.

Human Capital Risk

Risk : Acquisition and retention of right talent is critical to maintain desired operational standards.

Precaution : The Company has a dedicated team of professionals who not only look after the recruitment and training of human capital but also provide better working environment and development opportunities to them for their self-progress.

Insurance

All the insurable immovable as well as movable assets of the Company including stocks are adequately insured and all insurance policies are in force as on the date of the report.

5. Internal Control System and its adequacy

The Company has aligned its current systems of internal controls including financial controls with the requirement of Companies Act 2013. The Company's internal controls commensurate with its

size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The Company uses best IT system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information.

The Audit and Risk Management Committee reviews reports submitted by internal auditors regularly and suggest the improvements from time to time which are being implemented by the Company.

6. Financial Performance

A. Profit and Loss Account

Revenue

Total income has increased to ₹ 1910.49 crore during the year under review as compared to ₹ 1695.70 crore during the previous year. Revenue of Ibuprofen, Iso Butyl Benzene and Acetyl Chloride has increased during the current year. Sales revenue of new products in Bulk Drugs segment (i.e. Metformin, Pantoprazole, Ursodeoxycholic Acid (UDCA), Lamotrigine, Fenofibrate and Clopidogrel) has also increased.

Segmental Revenue

Bulk drugs segment contributed about 64% of total revenue for the financial year 2020 against 66% contribution in financial year 2019. The Chemicals Segment contributed about 36% to total revenue in financial year 2020 against 34% in financial year 2019 due to increase in capacity utilization of Ethyl Acetate and increase in sale of Iso Butyl Benzene and Acetyl chloride.

EBITDA

EBITDA of the company has increased to ₹ 589.90 crore during year under review from ₹ 420.02 crore during the previous year on account of optimum utilization of resources and increase in yield resulting to a higher operating profit margins.

Net Profit after tax

The Company has earned a profit after tax of ₹ 361.29 crore in the year under review against profits after tax of ₹ 236.70 crore during the previous year. Optimum level of operations, increase in revenue and margins, decline in financial cost resulted in higher profits during the current year.

B. Balance Sheet

Share Capital

During the year there was no change in the capital structure of the Company. The authorized share capital of the Company as at 31st March 2020 was ₹ 80 crore divided into 8,00,00,000 equity shares of ₹ 10/- each whereas the paid-up share capital of the Company was ₹ 56,88,75,020/- consisting of 5,68,87,502 equity shares of ₹ 10/- each.



Reserves and Surplus

Reserves and surplus at the end of the year under review stood at ₹ 756.65 crore as against ₹ 417.45 crore at the end of previous year. The reserve and surplus increases with the increase in the retained earnings i.e. profits after tax net of dividend to shareholders declared and distributed during the year.

Net Worth

Net worth of the company has improved to ₹ 813.54 crore at the end of the year as against ₹ 474.34 crore at the end of previous year. Net worth also increases with the increase in retained earnings.

Borrowings

Long term secured borrowing at the end of financial year 2020 were NIL against ₹ 189.88 crore at the end of financial year 2019. Unsecured long term borrowings at the end of financial year 2020 also stood at NIL. The Company has prepaid all of its term loans amounting to ₹ 205.32 crore during the year (₹ 20.05 crore in previous FY) in addition to scheduled repayments.

Short term secured borrowing at the end of financial year 2020 were ₹ 55.92 crore against ₹ 67.72 crore at the end of financial year 2019.

Assets

Non- Current Assets

Total non- current assets including property, plant and equipment and capital work in progress increased to ₹ 504.62 crore as on 31st March 2020 from ₹ 457.60 crore as on 31st March 2019.

Investment in property, plant and equipment increased during the year mainly due to installation of new manufacturing facilities for production of Pantoprazole, capital work in progress for installation of new manufacturing facilities of Metformin and purchase of additional land.

Current Assets and Current Liabilities

The Company had inventories of ₹ 187.52 crore as on 31st March 2020 against inventories of Rs.188.86 crore as on 31st March 2019. Trade Receivable amounted to ₹ 278.13 crore as on 31st March 2020 as compared with ₹ 199.16 crore as on 31st March 2019. The cash and bank balance increased to ₹154.65 as on 31st March 2020 as compared to ₹ 29.60 crore as on 31st March 2019. The trade payables increased to ₹ 186.09 crore as on 31st March 2020 as compared with Rs.120.27 crore as on 31st March 2019. The changes are in line with increase in overall operations.

Trade receivable and trade payables increased corresponding to increase in volume and market scenario. Cash and Bank balance increased with retained earnings and increase in liquidity.

Cash flows

The Company's net cash flow from operating activities for the year ended 31st March 2020 amounted to ₹ 471.09 crore against the net cash flow used in operating activities ₹ 273.17 crore during the previous year.

Optimum level of operations, increase in operating margins from Bulk drugs and Chemicals segments resulted in increase in cash flows from operating activities.

The Company's net cash used in investing activities amounted to ₹ 184.52 crore during the year ended 31st March 2020 against ₹ 63.04 crore during the previous year.

Purchase of property, plant and equipment for ₹ 80.28 Crore (Previous year ₹ 60.53 Crore) and increase in bank balances not considered cash & cash equivalent of ₹ 108.81 (Previous year ₹ 4.57 Crore) resulted in increase in net cash used in investing activities.

During the year, net cash used in financing activities amounted to ₹ 271.89 crore as against ₹ 197.46 crore during the previous year.

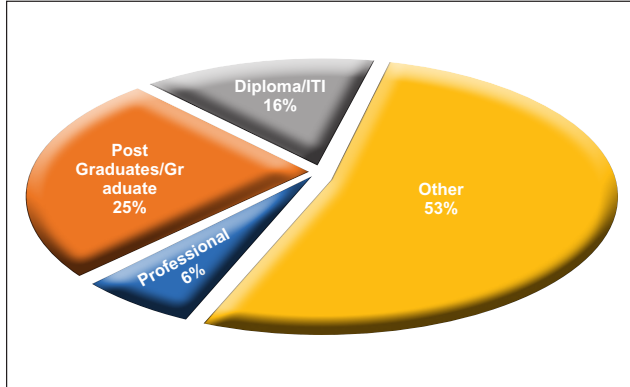
Net cash used in financing activities increased mainly due to pre-payment along with scheduled re-payment of long term borrowings of ₹ 216.81 Crore as against ₹ 53.61 Crore in previous year. The increase in cash accruals have been used for prepayment of long term borrowings.

Analysis of Ratios:

Ratio	Year ended 31 st March 2020	Year ended 31 st March 2019	Remarks
Operating Profit Margin (%)	30.88	24.77	Optimum utilization of resources and improvement in operational efficiencies
Net Profit Margin (%)	18.91	13.96	Improvement on operational efficiencies and enhanced capacity utilization.
Return on Net Worth (%)	56.11	49.90	Optimum utilisation of resources.
Debtors Turnover (Days)	54	43	Increase due to prevalent market scenario.
Inventory Turnover (Days)	10.10	8.51	Improvement in operational efficiencies
Interest Coverage Ratio	28.18	8.17	Repayment of term loans and optimum utilization of working capital limits
Current Ratio	2.38	1.90	Improvement in liquidity position

7 Human Assets

The Company has a team of 1,751 strong members as on 31st March 2020 consisting of 6% Professionals, 25% Post Graduates/ Graduates, 16% Diploma/ITI and 53% others.



The Company emphasizes on all around development of the human resources. The Company's HR policies entail injecting company with a high degree of expertise, professional depth, dynamism and power of the youth. The Company belief in respect of human resources and dignity of labour and consider human resources very valuable and vital assets for the development of the organization.

We provide managerial and leadership development programmes across all levels to improve our business practices. The Company gives due importance to talent acquisition and thus have a blend of both campus and latent hiring. We believe in nurturing of talent and company's practices root for the same by providing them strategic training and development .programs.

8. Cautionary Statement

Statement in Management Discussion and Analysis describing Company's objectives, projections, estimates and expectations may be "Forward Looking Statements" within the meaning of applicable laws & regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to company's operations include but are not restricted to the economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which Company operates, changes in the Government regulations, tax laws, and other statues, as also other incidental factors.

For and on behalf of the Board

Place: Ludhiana	Sd/- Varinder Gupta Managing Director DIN-00044068	Sd/- Rajender Mohan Malla Chairman DIN-00136657
Dated : 12 th June, 2020		

CORPORATE GOVERNANCE REPORT

1. A brief statement on company's philosophy on code of governance

Our corporate governance is a foundation of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key factors to our corporate governance to ensure that we gain and retain the trust of our stakeholders at all times.

The company's philosophy on Corporate Governance is based on following principles:

- (i) Composition of the board to add value
- (ii) Promote ethical and responsible decision-making
- (iii) Safeguard integrity in financial reporting
- (iv) Make timely and balanced disclosures
- (v) Recognise and manage business risks
- (vi) Respect the rights of the shareholders
- (vii) Recognise the legitimate interest of the stakeholders
- (viii) Legal and statutory compliances in letter and spirit

2. Board of Directors:

a) Composition of the Board:

Composition of the board, number of directorship held, chairmanship & membership of the committees and shareholding in company are as given below:

Name of the Director and DIN	Category	No. of Directorship held ⁽¹⁾	No. of Committees ⁽²⁾		Shareholding in Company
			Chairmanship	Memberships	
Mr Rajender Mohan Malla DIN: 00136657	Chairman & Independent Director	8	1	-	-
Mr Varinder Gupta DIN: 00044068	Managing Director	6	--	1	11,96,965
Mr Vijay Garg DIN: 6510248	Joint Managing Director	2	--	1	--
Mr Vikas Gupta DIN: 07198109	Executive Director	6	--	1	--
Mr Harpal Singh DIN: 06658043	Independent Director	2	1	--	--
Dr Sandhya Mehta DIN: 06954964	Independent Director	1	1	1	--
Mr Chandra Mohan ⁽³⁾ DIN: 00017621	Independent Director	5	1	1	--

- (1) including the Company.
- (2) Board Committees for this purpose includes Audit Committee and Stakeholders' Relationship Committee.
- (3) Mr Chandra Mohan, independent director of the Company left for his heavenly abode on 25th December 2019.

Notes: There is no inter-se relationship between the directors except Mr Varinder Gupta is father of Mr Vikas Gupta.

Names of the listed entities where the person is a director and the category of directorship

Name of the Director	Names of the listed entities	Category
Mr Rajender Mohan Malla (Chairman)	1. IOL Chemicals and Pharmaceuticals Limited	Independent Director
	2. Vardhman Textiles Limited	Independent Director
	3. Waaree Technologies Limited	Independent Director
Mr Varinder Gupta	IOL Chemicals and Pharmaceuticals Limited	Managing Director
Mr Vijay Garg	IOL Chemicals and Pharmaceuticals Limited	Joint Managing Director
Mr Vikas Gupta	IOL Chemicals and Pharmaceuticals Limited	Executive Director
Mr Harpal Singh	IOL Chemicals and Pharmaceuticals Limited	Independent Director
Dr Sandhya Mehta	IOL Chemicals and Pharmaceuticals Limited	Independent Director
Mr Chandra Mohan*	1. IOL Chemicals and Pharmaceuticals Limited	Independent Director
	2. Winsome Textile Industries Limited	Independent Director

* Mr Chandra Mohan, independent director of the company left for his heavenly abode on 25 December 2019.

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

During the financial year 2019-20, the Board met 5 (five) times on 29 May 2019, 12 August 2019, 14 November 2019, 10 February 2020 and 11 March 2020. There was no gap of more than four months between any two consecutive meetings. Attendance of the directors at Board Meetings and previous Annual General Meeting (AGM) held on 29 August 2019 is as given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM
Mr Rajender Mohan Malla, Chairman	5	No
Mr Varinder Gupta	5	Yes
Mr Vijay Garg	5	Yes
Mr Vikas Gupta	5	No
Dr Sandhya Mehta	5	Yes
Mr Harpal Singh	5	No
Mr Chandra Mohan* (till 25 December 2019)	1	No

* Mr Chandra Mohan, independent director of the company left for his heavenly abode on 25 December 2019.

3. Audit and Risk Management Committee

Audit and Risk Management Committee consists of three directors, two being independent directors viz. Mr Harpal Singh (Chairman), Dr Sandhya Mehta and one executive director viz. Mr Vijay Garg as on 31 March 2020. Statutory Auditors, Internal Auditors and Finance head are invited on the meetings of the Committee. Company Secretary acts as Secretary to the Committee.

The role of the Audit and Risk Management Committee is in accordance with the SEBI (LODR) Regulations and the terms of reference specified under Section 177 of the Companies Act, 2013. Primary objective of the Committee is to monitor and provide effective supervision of 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 2019-2020, Audit and Risk Management Committee met five times on 29 May 2019, 12 August 2019, 14 November 2019, 10 February 2020 and 11 March 2020. There was no gap of more than four months between any two consecutive meetings. The Committee was reconstituted by Board of Directors on 10 February 2020. Attendance record of Audit and Risk Management Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr Harpal Singh, Chairman	5	5
Dr Sandhya Mehta	5	5
Mr Vijay Garg	5	5
Mr Chandra Mohan, Chairman (till 25 December 2019)	3	1

4. Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of three directors, all being Independent Directors viz. Dr Sandhya Mehta (Chairman), Mr Rajender Mohan Malla and Mr Harpal Singh as on 31 March 2020. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations and as specified under Section 178 of the Companies Act, 2013. Main terms of reference of the Committee includes determination of remuneration packages of the executive directors including remuneration policy. The Committee formulated the criteria and framework for the performance evaluation of each director on the Board, including the executive and independent directors.

During the year, two meetings were held on 29 May 2019 and 14 November 2019. The Committee was reconstituted by Board of Directors on 10 February 2020. Attendance record of Nomination and Remuneration Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Dr Sandhya Mehta, Chairman	2	2
Mr Rajender Mohan Malla	2	2
Mr Harpal Singh (from 10 February 2020)	N.A.	N.A.
Mr Chandra Mohan, Chairman (till 25 December 2019)	2	1

5. Remuneration Policy and details of Remuneration of Directors:

a) Executive Directors: The Company has a policy for the remuneration of Directors and Key Managerial Personnel (KMPs). The Company pays remuneration to its Executive Directors as approved by Nomination and Remuneration Committee, Board of Directors, Members of the Company and approval of Central Government wherever is required. The Company entered into the agreement with executive directors. No severance fees is payable to the Executive Directors. All components of remuneration to the Executive Directors are fixed and inline with the Company's policies. The Company has not granted any stock option to its directors.

Detail of remuneration paid / Payable to the Executive Directors during the financial year 2019-2020 is given below:

(Amount in ₹ in Lakhs)

Name	Position	Salary	Commis- sion	Contribution to Provident Funds	Other bene- fits and allowances	Total
Mr Varinder Gupta	Managing Director	192	-	23	289	504
Mr Vijay Garg	Joint Managing Director	120	-	14	181	315
Mr Vikas Gupta	Executive Director	48	-	6	72	126

b) **Independent Directors:** Independent Directors have not been paid any remuneration except sitting fees for attending each Board Meeting / Committee Meeting. Detail of sitting fees paid during the year 2019-2020 is given below:

(Amount in ₹ in Lakhs)

Name of Directors	Fee paid for Board Meetings	Fees paid for Committee Meetings	Total Fee Paid
Dr Sandhya Mehta	1.25	2.50	3.75
Mr Rajender Mohan Malla	1.25	0.75	2.00
Mr Harpal Singh	1.25	1.50	2.75
Mr Chandra Mohan (till 25 December 2019)	0.25	0.50	0.75
TOTAL	4.00	5.25	9.26

During the year 2019-20, the Company did not advance any loan to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business.

The Company, in compliance with the provisions of Section 197 of the Companies Act, 2013 and Listing Regulations, has not granted stock options to Independent Directors.

The Company is making the payment to its executive / non-executive directors as per nomination and remuneration policy of the Company the same is available on the Company's website at www.iolcp.com.

6. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of three Directors and chaired by the independent director viz., Dr Sandhya Mehta (Chairperson), Mr Varinder Gupta and Mr Vikas Gupta as on 31 March 2020. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations and as specified under Section 178 of the Companies Act, 2013. During the year, one meeting was held on 10 February 2020

Attendance record of Stakeholders' Relationship Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Dr Sandhya Mehta, Chairman	1	1
Mr Varinder Gupta	1	1
Mr Vikas Gupta	1	1

Mr Abhay Raj Singh, Assistant Vice President and Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India. 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: investor@iolcp.com.

Shareholders' complaints received, resolved and pending:

Detail of investors' complaints/queries received and resolved during the year 2019-20 are as under:

Sr. No.	Nature of complaints / queries	No. of complaints / queries during the year		
		Received	Attended	Pending
1	Transfer/Transmission of shares	30	30	0
2	Dividend	0	0	0
3	Loss/Issue of duplicate shares certificate	39	39	0
4	SEBI/Stock Exchange	0	0	0
5	Change of Company Name	17	17	0
6	Change of Address	27	27	0
7	Split/Consolidation	0	0	0
8	Others	91	91	0

7. Corporate Social Responsibility (CSR) Committee

The Board of Directors have constituted a CSR Committee comprising of four directors, three being executive directors viz. Mr Varinder Gupta, Mr Vijay Garg, Mr Vikas Gupta and one independent director viz. Dr Sandhya Mehta as its members. Mr Varinder Gupta is the Chairman of the Committee. The CSR Committee oversees the Company's CSR initiatives under the overall supervision and guidance of the Board of Directors. During the year, one meeting was held on 12 August 2019. Attendance record of Corporate Social Responsibility Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr Varinder Gupta, Chairman	1	1
Mr Vijay Garg	1	1
Mr Vikas Gupta	1	1
Dr Sandhya Mehta	1	1

8. General body Meetings:

a) Annual General Meetings

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

Meeting	Date	Day	Time/ Location	Details of Special Resolutions passed
32 nd AGM	29 August 2019	Thursday	11:00 AM at Registered Office	<ol style="list-style-type: none"> Re-appointment of Mr Chandra Mohan as an Independent Director of the Company. Re-appointment of Dr (Mrs) Sandhya Mehta as an Independent Director of the Company. Approval of related party transactions entered / to be entered with Vivachem Intermediates Private Limited

31 st AGM	29 September 2018	Saturday	11:00 AM at Registered Office	<ol style="list-style-type: none"> Adoption of new set of Articles of Association containing regulations in accordance with Companies Act, 2013 Alteration of Memorandum of Association in accordance with Companies Act, 2013 Increase of remuneration of Mr Varinder Gupta, Managing Director Re-appointment of Mr Varinder Gupta as Managing Director Increase of remuneration of Mr Vijay Garg, Joint Managing Director Increase of remuneration of Mr Vikas Gupta, Executive Director To authorize the Board to revise the remuneration payable to managing director or whole-time directors of the company
30 th AGM	28 September 2017	Thursday	11:00 AM at Registered Office	<ol style="list-style-type: none"> Increase of the remuneration of Mr Varinder Gupta, Managing Director Increase of the remuneration of Mr Vijay Garg, Joint Managing Director

No resolution has been passed through exercise of postal ballot during the year.

9. Means of Communication:

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the following information are being disclosed to the investors:

- Quarterly/Half Yearly/Annual Results:** Quarterly, half yearly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- Publication of Quarterly/Half Yearly/Annual Results:** Quarterly, half yearly and annual results of the Company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board at least in one English newspaper (Business Standard, Economic Times, Financial Express) circulating in the whole or substantially the whole of India and in one vernacular newspaper (Punjabi Jagran etc.) of the State of Punjab where the Registered Office of the Company is situated.

These results and other press releases are sent to the Stock Exchanges as well as displayed on Company's website www.iolcp.com at the time of its release to the media.
- NSE Electronic Application Processing System (NEAPS):** NEAPS is a web based application designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on NEAPS.

- d) **BSE Listing Centre (<http://listing.bseindia.com/>):** BSE Listing Centre is a web based application designed by BSE for corporate. The Shareholding pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on BSE Listing Centre.
- e) **E-mail:** Quarterly/half yearly /annual results/ annual reports are also sent to the members & investors on their e-mail Ids registered with the Company.

10. General Shareholders Information

Following information would be useful to the members:

- a) **Annual General Meeting** of the Company will be held on 26th September 2020 at 11:00 through Video Conferencing / Other Audio Visual Means (OAVM) facility. The venue of meeting shall be deemed at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, Punjab. (The date and time of the meeting was fixed by the Board of Directors in its meeting held on 31st July 2020)
- b) **Financial Calendar:** Last financial year of the Company was of twelve months from 1st April 2019 to 31st March 2020. Tentative financial calendar of the Company for the year 2020-21 shall be as follow:

Board Meetings to take on record	Schedule
Financial Results for the quarter ending 30 June 2020	During August 2020
Financial Results for the quarter/half year ending 30 September 2020	During November 2020
Financial Results for the quarter ending 31 December 2020	During February 2021
Financial Results for the quarter ending 31 March 2021	During May 2021

c) Date of Book Closure

The Register of Members and Share Transfer Books will remain closed from 19th September 2020 to 26th September 2020 for the purpose of the Annual General Meeting.

d) Dividend payment date

The Board of Directors in its meeting held on 11th March, 2020 have declared 1st Interim Dividend of ₹ 3.00 (Rupees three only) i.e. @ 30% per fully paid up equity share of ₹ 10/- each for the financial year 2019-20. The Record Date for determining the eligibility of Shareholders for payment of Interim Dividend was 19th March, 2020.

- e) Shares of the Company are listed on the following Stock Exchange

Name and Address of the Stock Exchange	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051	IOLCP
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	524164

The Company has made all the compliances of Listing Agreement including payment of annual listing fees for the financial year 2019-20.

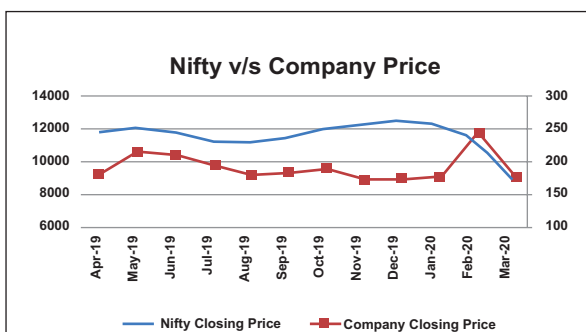
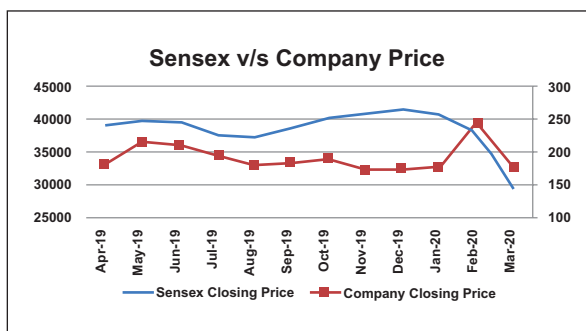
f) Market Price data

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

(in ₹)

Financial Year	NSE				BSE			
	Share Price		NIFTY		Share Price		BSE SENSEX	
	High	Low	High	Low	High	Low	High	Low
Apr-19	204.80	176.00	11856	11549	204.50	176.00	39487	38460
May-19	235.00	163.00	12041	11108	234.90	166.35	40125	36956
Jun-19	231.00	183.30	12103	11625	230.80	184.00	40312	38871
Jul-19	227.80	191.05	11982	10999	227.80	190.50	40032	37128
Aug-19	213.05	171.10	11181	10637	212.95	172.00	37808	36102
Sep-19	198.70	165.20	11695	10670	199.00	165.40	39441	35988
Oct-19	193.50	165.45	11945	11090	194.00	165.50	40392	37416
Nov-19	212.50	173.00	12159	11803	212.25	173.00	41164	40014
Dec-19	179.80	162.10	12294	11832	179.50	162.05	41810	40135
Jan-20	201.30	166.00	12431	11930	201.25	166.45	42274	40477
Feb-20	316.50	165.85	12247	11175	316.80	166.00	41709	38220
Mar-20	266.80	146.30	11433	7511	267.40	147.35	39083	25639

Source: nseindia.com and bseindia.com



g) Registrar and Share Transfer Agents

Alankit Assignments Limited,
(Unit: IOL Chemicals and Pharmaceuticals Limited)
"Alankit Heights", 3E/7,
Jhandewalan Extension, New Delhi-110 055
Phone : +91-11-23541234, 42541234
Fax : +91-11-42541967
E mail : rta@alankit.com



h) Share Transfer System

All share transfers, physical as well as electronic, are handled by M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the Company at Alankit Heights, 3E/7, Jhandewalan Extension, New Delhi – 110 055.

i) Distribution of Shareholding

The Distribution Schedule of the Company as on 31 March 2020 is as follow:

Shareholding of Nominal value in ₹	Shareholders		Shares	
	Number	% age of total holders	Number	% age of total capital
Upto 500	32,443	88.21	36,86,965	6.48
501 to 1000	2,021	5.50	16,27,015	2.86
1001 to 2000	1,057	2.87	15,89,757	2.80
2001 to 3000	376	1.02	9,68,312	1.70
3001 to 4000	199	0.54	7,12,308	1.25
4001 to 5000	155	0.42	7,16,738	1.26
5001 to 10000	275	0.75	19,87,031	3.49
10001 and Above	252	0.69	4,55,99,376	80.16
Total	36,778	100.00	5,68,87,502	100.00

j) Shareholding Pattern:

The shareholding pattern of the Company as on 31 March 2020 is as follow:

Category	As on 31 March 2020			As on 31 March 2019		
	Share-holders	Shares	%age	Share-holders	Shares	%age
Promoter						
Indians	8	2,38,30,998	41.89	8	2,38,30,998	41.89
Foreign	-	-	-	-	-	-
Sub – total	8	2,38,30,998	41.89	8	2,38,30,998	41.89
Non-Promoters						
Financial Institutions/Mutual Funds	6	1,45,157	0.26	7	1,49,603	0.26
Foreign Portfolio Investors	22	14,87,026	2.61	10	10,00,178	1.76
NBFCs registered with RBI	1	1,100	0.01	4	6,126	0.01
Bodies Corporate	292	1,45,67,683	25.61	322	1,62,44,063	28.56
Individuals	34864	1,47,92,836	26.00	25,079	1,38,18,876	24.29
HUF	822	8,27,405	1.45	565	7,05,048	1.24
NRI	554	8,81,960	1.55	364	7,00,423	1.23
Clearing Members	176	3,17,473	0.56	140	3,64,037	0.64
Employees	33	35,864	0.06	43	68,150	0.12
Sub –total	36,770	3,30,56,504	58.11	26,534	3,30,56,504	58.11
Total	36,778	5,68,87,502	100	26,542	5,68,87,502	100

k) Dematerialisation of Shares and Transfer of Shares:

The Company's shares are compulsorily traded in dematerialised form. The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility.

Shares held in demat and physical mode as on 31 March 2020 are as follow:

Particulars of shares	Equity shares of ₹ 10/- each		Members	
	Number	% of Total	Number	% of Total
Demat mode	5,63,12,266	98.99 %	32,780	89.13
Physical mode	5,75,236	1.01 %	3,998	10.87
Total	5,68,87,502	100 %	36,778	100.00

The Company has appointed Alankit Assignment Limited as Registrar and Share Transfer Agents. No case is pending for transfer as well as dematerialization of shares as on 31 March 2020. The ISIN No. of the Company is INE485C01011

l) Outstanding GDR/ADR/Warrants/Convertible Instrument

The Company has no outstanding GDR/ADR. The Company has allotted 25,00,000 warrants to a promoters at ₹ 205/- each on 30 March 2019 out of which promoter has exercised the option to convert 6,82,000 warrants to 6,82,000 equity shares of ₹ 10/- each at a premium ₹ 195/- per share on 30 March 2019. Now 18,18,000 warrants are outstanding as on 31 March 2020.

m) Foreign exchange risk and hedging activities

(i) Risk management policy of the listed entity with respect to commodities including through hedging:

Company is exposed to foreign exchange fluctuation risk with respect to foreign currencies, denominated mainly in US Dollars, on exports and imports. Though the risk associated with foreign currency fluctuation is hedged to some extent naturally, as the Company is engaged both in imports and exports, the Company majorly hedges its import transactions to minimize the risk.

(ii) Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year: There is no exposure in commodity derivatives

- a. Total exposure of the listed entity to commodities in ₹: **Nil**
- b. Exposure of the listed entity to various commodities: **Nil**
- c. Commodity risks faced by the listed entity during the year and how they have been managed: **Nil**

n) Credit rating

Credit rating by CARE Ratings Limited vide letter 02 July 2019 for banking facilities availed by the company, as per details given below:

Facilities	Amount (₹ crore)	Rating	Rating Action
Long term Bank Facilities	368.54	CARE A-; Stable(Single A Minus; Outlook: Stable)	Revised from CARE BBB+; Stable' (Triple B Plus; Outlook: Stable)
Short term Bank Facilities	170	CARE A2+ (A Two Plus)	Revised from CARE A2 (A Two)

o) Plant Location

Village Fatehgarh Chhana, Mansa Road, Barnala-148 001.
 Phone : +91-1679-285285-86
 Fax : +91-1679-285292

p) Address for Correspondence

For general correspondence:
 Mr Abhay Raj Singh
 Assistant Vice President and 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,

For share transfer/ dematerialisation/ change of address etc:
 Alankit Assignments Limited,
 (Unit: IOL Chemicals and Pharmaceuticals Limited)
 "Alankit Heights",
 1E/13, Jhandewalan Extension, New Delhi - 110055
 Phone : +91-11-23541234, 42541234
 Fax : +91-11-42541967
 E mail : rta@alankit.com

11. Disclosures**a) Related Party Transactions**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors or promoters of the Company at large except details of transactions annexed to the Balance Sheet. Transactions entered into with related parties during the financial year 2019-20 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. There is no related party transaction that may have potential conflict with the interests of the Company. All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and interested directors neither participate in the discussion nor do they vote on such matters.

The Company has policy on dealing with material related party transactions which is available on the website of the Company at www.iolcp.com.

b) Compliance made by the Company

The Company has continued to comply with the requirements as specified in the SEBI (LODR) Regulations and other statutory authorities on all matters related to capital market and no penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or any other authority on any matter related to capital market during the last three years.

c) Vigil Mechanism

The Company has whistle blower policy which acts as vigil mechanism and provides an opportunity to employees to access in good faith, to 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. The whistle blower policy is available on the website of the Company at www.iolcp.com.

d) Compliance with mandatory requirements

The Company has complied with all the applicable mandatory requirements and other applicable regulations of SEBI (LODR) Regulations.

i) Code of Conduct for Directors and Senior Management

The "Code of Conduct for Directors and Senior Management" has been adopted by the Company for its board members and senior management of the Company. 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 Managing Director as required under Regulation 34 (3) of SEBI (LODR) Regulations affirming compliance of said code is given in this Annual Report.

ii) Management Discussion and Analysis Report

Management Discussion and Analysis Report has been included in this Annual Report and includes discussion on the matters specified in the Regulation 34 (3) of SEBI (LODR) Regulations..

iii) Selection of Independent Directors

The Nomination and Remuneration Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such persons in accordance with the company's Policy for selection of directors and determining directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

None of the directors appointed or continue as alternate director for an independent director of the company.

The terms and conditions of appointment of independent directors is available on the company's website www.iolcp.com.

Every independent director, at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Further, in the opinion of the Board, the Independent Directors of the Company fulfill all the conditions specified in the SEBI Listing Regulations and are independent of the management.

iv) Familiarisation Programme for Independent Directors

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the company's procedures and practices. Periodic presentations are made at the meeting of the board/ committee on business and

performance updates of the company, global business environment, business strategy and risks involved. Detailed presentations on the company's business segments were made at the separate meetings of the independent directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the directors. Site visits to various plant locations are organized for the directors to enable them to understand the operations of the company. The details of such familiarization programs for independent directors are posted on the website of the company at www.iolcp.com.

v) List of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business

The Board has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Skill Area	Description
Strategy and planning	Ability to think strategically, identify and critically assess strategic opportunities and threats.
Governance, Risk and Compliance	Experience in the application of corporate governance principles in a commercial enterprise, ability to identify key risks to the company in a wide range of areas of operation.
Financial Performance	Qualifications and experience in accounting and/or finance and the ability to assess financial viability and performance, contribute to financial planning and efficient use of resources.
Commercial Experience	A broad range of commercial/ business experience including marketing and business systems and improvement.
International	Knowledge and international commercial experience.
Product skills	Knowledge and experience in Chemical and Pharmaceutical Industry

The Nomination & Remuneration Committee / Board identify the eligible persons to be appointed as a Director of the Company based on above referred skill sets. The Directors of the Company are from diverse backgrounds and possess special skills with regard to the industries / fields they come from and are helpful for the business of the company.

vi) Board Evaluation

The evaluation of all the directors was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Directors' Report.

Further the evaluation process was based on affirmation received from Independent Directors that they met the independence criteria as required under Companies Act, 2013 and Listing Regulations.

vii) Holding and Subsidiary Companies

The company does not have any holding or subsidiary company.

viii) Detail of utilization of fund raised through preferential allotment

During the year Company had not raised any amount through preferential allotment.

ix) Total fees paid to statutory auditor

The Company has paid ₹ 19.88 lakh to the statutory auditors for all services. The detail of the same is given in Note no. 46 of Notes forming part of financial statements. The company has no subsidiary company.

x) Sexual Harassment of women at workplace

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year 2019-20 are as under:

Nature of complaints / queries	No. of complaints during the year		
	Filed	disposed	Pending
Sexual Harassment of women at workplace	0	0	0

12. Compliance report on discretionary requirements under Regulation 27(1) of SEBI (LODR) Regulations.

The Company is displaying its quarterly and half-yearly results on its website www.iolcp.com and publishing the same in widely circulated newspapers. The auditors have given unmodified opinion on the financial statements of the Company. The Company has appointed separate person to the post of chairman and managing director. Mr Rajender Mohan Malla is the Chairman of the Company and Mr Varinder Gupta is the Managing Director of the Company. The Internal Auditors reports to the Audit and Risk Management Committee on internal audit findings.

13. CEO and CFO Certificate

Certificate from the Managing Director (CEO) and Chief Financial Officer (CFO) under Regulation 17 (8) of SEBI (LODR) Regulations is given in this Annual Report.

14. Auditor's Certificate on Compliance

Certificate from the Statutory Auditors under Regulation 34 (3) of SEBI (LODR) Regulations confirming compliance of conditions of corporate governance is given in this Annual Report.

15. Certificate from Company Secretary in practice

Certificate from a Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is given in this Annual Report.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S
CODE OF CONDUCT**

I, Varinder Gupta, Managing Director of the Company, pursuant to Regulation 34(3) read with Paragraph D of Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, hereby declare that all the Board members and Senior Management personnel of the Company have affirmed compliance with the Company's Code of Conduct for Board of Directors and Senior Management for the financial year ended 31 March 2020.

Place: Ludhiana
Date: 12th June 2020

Sd/-
Varinder Gupta
Managing Director
DIN:00044068

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Varinder Gupta, Managing Director and Pardeep Kumar Khanna, Chief Financial Officer (CFO) of IOL Chemicals and Pharmaceuticals Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31 March 2020 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 for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting 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 control over financial reporting 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 control system over financial reporting.

Place: Ludhiana
Date: 12th June 2020

Sd/-
Pardeep Kumar Khanna
Chief Financial Officer

Sd/-
VarinderGupta
Managing Director
DIN:00044068



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of IOL Chemicals and Pharmaceuticals Limited,

1. We, Ashwani and Associates, Chartered Accountants, the Statutory Auditors of IOL Chemicals and Pharmaceuticals Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31 March 2020.
8. We 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 Ashwani and Associates
Chartered Accountants
Firm's Registration No.000497N

Sd/-
(Aditya Kumar)
Partner

M. No. 506955

UDIN: 20506955AAAAGO3843

Place : Ludhiana
Date : 12th June 2020

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

In terms of the provisions of Sub Clause (i) of Clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, we B.K. Gupta & Associates, Company Secretaries in practice confirm that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

For B.K. Gupta & Associates
Company Secretaries

Sd/-
(Bhupesh Gupta)

FCS No.: 4590

C P No.: 5708

UDIN: F004590B000337956

Place : Ludhiana
Date : 12th June 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

IOL CHEMICALS AND PHARMACEUTICALS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IOL Chemicals and Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	<p>Allowance for Credit Losses:</p> <p>The Company determines the allowance for credit losses on the following basis: -</p>	<p>Principal Audit Procedures:</p> <p>Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others:</p>

S. No.	Key Audit Matter	Auditor's Response
a)	historical loss experience, which is adjusted to reflect current and estimated future economic conditions.	We tested the effectiveness of controls over the (a) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (b) completeness and accuracy of information used in the estimation of probability of default and (c) computation of the allowance for credit losses.
b)	consideration of Current and anticipated future economic conditions relating to the industries the Company deals with and the countries in which its suppliers and customers are situated.	For a sample of customers: We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information.
c)	consideration of credit reports and other related credit information for its customers to estimate the probability of default in future	We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.
d)	for the current year, estimates of possible effect from the pandemic relating to COVID-19. We identified allowance for credit losses as a key audit matter because of possible effects of Covid-19 pandemic. <i>(Refer Note 2(iii) and Note 9 of the Financial Statements.)</i>	

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit procedures in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial statements, including the disclosures, and whether the Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 36
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, if any, to the Investor Education and Protection Fund by the company.

For and on behalf of
Ashwani & Associates
 Chartered Accountants
 Firm Registration Number: 000497N
 by the hand of

sd/-
Aditya Kumar

Place: Ludhiana
 Dated: 12th June, 2020

Partner
 Membership No.: 506955
 UDIN: 20506955AAAAGN4041



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IOL Chemicals and Pharmaceuticals Limited of even date)

On the basis of such checks, as, we considered appropriate, and, according to the information and explanations given to us during the course of our audit, we report that:

1. In respect of Fixed Assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification of the fixed assets at reasonable intervals. In accordance with this program, certain fixed assets were verified during the year, and, no material discrepancies were noticed on such verification.
 - c) The Company has all the original title deeds of immovable properties in its own name.
2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, and, the discrepancies noticed on physical verification of inventory were not material.
3. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us, the Company has not given any loans, purchased investment, given guarantees and security during the year. Therefore, the provision of clause 3(iv) is not applicable to the Company.
5. The Company has not accepted any deposits from the Public. Therefore, the provisions of Clause 3(v) of the order is not applicable to the Company.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, sales tax, service tax, excise duty, customs duty, value added tax, cess and other material statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, cess, goods and services tax, sales tax, service tax, value added tax, customs duty and excise duty which have not been deposited on account of a dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, government, Bank or dues to debenture holders.
9. In our opinion, and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (Including Debt instruments). The term loans outstanding at the beginning of the year were applied for the purposes for which they were obtained. No new term loans have been raised during the year.
10. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have, neither, come across any instance of fraud by the Company, or, any fraud on the company by its officers or employees, noticed or reported during the year, nor, have we been informed of such case by the management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company. Therefore, the provision of clause 3(xii) is not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 the Act. The details of such related party transactions have been disclosed in the financial statements as required by Ind AS-24 'Related Party Disclosures'.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors, or, persons connected with them.
16. In our opinion, and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
Ashwani & Associates
Chartered Accountants
Firm Registration Number: 000497N
by the hand of

sd/-
Aditya Kumar
Partner

Place: Ludhiana
Dated: 12th June, 2020

Membership No.: 506955
UDIN: 20506955AAAAGN4041

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IOL Chemicals and Pharmaceuticals Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IOL Chemicals and Pharmaceuticals Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
Ashwani & Associates
 Chartered Accountants
 Firm Registration Number: 000497N
 by the hand of

sd/-
Aditya Kumar
 Partner

Place: Ludhiana
 Dated: 12th June, 2020

Membership No.: 506955
 UDIN: 20506955AAAAGN4041

**BALANCE SHEET**

as at 31-March-2020

in ₹ crore

Particulars	Note No.	As at 31-March-2020	As at 31-March-2019
ASSETS			
1 Non-current assets	3.1	465.41	411.14
(a) Property, plant and equipment	3.3	19.19	27.02
(b) Capital work-in-progress	3.2	0.35	0.58
(c) Intangible assets	4 & 38	3.28	-
(d) Right of use assets			
(e) Financial assets			
(i) Other financial assets	5	5.97	7.45
(f) Other non-current assets	6	10.42	11.41
Total non-current assets		504.62	457.60
2 Current assets			
(a) Inventories	7	187.52	188.86
(b) Financial assets			
(i) Investments	8	0.05	0.06
(ii) Trade receivables	9	278.13	199.16
(iii) Cash and cash equivalents	10	28.09	13.41
(iv) Bank balances other than (iii) above	11	126.56	16.19
(v) Other financial assets	12	6.80	2.74
(c) Other current assets	13	43.79	63.86
Total current assets		670.94	484.28
TOTAL ASSETS		1,175.56	941.88
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	56.89	56.89
(b) Other equity	15	756.65	417.45
Total equity		813.54	474.34
Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	189.88
(ii) Lease liabilities	17 & 38	2.73	-
(b) Provisions	18	3.85	4.59
(c) Deferred tax liabilities (net)	33	72.64	15.53
(d) Other non-current liabilities	19	0.51	0.65
Total non-current liabilities		79.73	210.65
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	55.92	67.72
(ii) Trade payables	21		
(A) Total outstanding dues of micro enterprises and small enterprises		6.86	5.85
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		179.23	114.42
(iii) Lease liabilities	17 & 38	0.77	-
(iv) Other financial liabilities	22	29.70	61.34
(b) Other current liabilities	23	4.05	2.54
(c) Provisions	24	4.40	0.55
(d) Current tax liabilities (net)	25	1.36	4.47
Total current liabilities		282.29	256.89
TOTAL EQUITY AND LIABILITIES		1,175.56	941.88
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-

Aditya Kumar

Partner

M.No. 506955

Place : Ludhiana

Date : 12th June 2020

UDIN: 20506955AAAAGN4041

For and on behalf of the Board of Directors

sd/-

Varinder Gupta

Managing Director

DIN-00044068

sd/-

Abhay Raj Singh

AVP & Company Secretary

sd/-

Vijay Garg

Joint Managing Director

DIN-06510248

sd/-

Pardeep Kumar Khanna

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

for the year ended 31-March-2020

in ₹ crore

Particulars	Note No.	For the year ended 31-March-2020	For the year ended 31-March-2019
Income:			
I Revenue from operations	26	1,894.47	1,685.33
II Other income	27	16.02	10.37
III Total income (I+II)		1,910.49	1,695.70
IV Expenses:			
Cost of materials consumed	28	1,044.05	987.00
Purchase of stock-in-trade		-	8.94
Changes in inventories of finished goods and work in progress	29	20.96	51.31
Employee benefits expense	30	97.20	78.43
Finance cost	31	20.93	51.42
Depreciation and amortization expense	3	35.73	32.45
Other expenses	32	158.38	150.00
Total expenses (IV)		1,377.25	1,359.55
V Profit before exceptional items and tax (III-IV)		533.24	336.15
VI Exceptional items		-	-
VII Profit before tax (V-VI)		533.24	336.15
VIII Tax expense:			
Current tax		170.90	71.96
Deferred tax		1.05	27.49
Total tax expense	33	171.95	99.45
IX Profit for the year (VII-VIII)		361.29	236.70
X Other Comprehensive Income / (loss)			
A Items that will not be reclassified to profit or loss			
i) Remeasurement loss of defined benefit obligation		(2.21)	(2.15)
ii) Income tax relating to items that will not be reclassified to profit or loss		0.77	0.75
B Items that will be reclassified to profit or loss			
i) Net movement in effective portion of cash flow hedge reserve		(0.12)	-
ii) Income tax relating to items that will be reclassified to profit or loss		0.04	-
Total other comprehensive income/(loss) for the year, net of tax		(1.52)	(1.40)
XI Total Comprehensive Income for the year (IX+X)		359.77	235.30
XII Earnings per equity share of ₹10/- each	34		
- Basic ₹		63.51	42.11
- Diluted ₹		63.38	42.11
Weighted average equity shares used in computing earnings per equity share			
- Basic		56,887,502	56,209,239
- Diluted		57,008,145	56,209,239
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-

Aditya Kumar

Partner

M.No. 506955

Place : Ludhiana

Date : 12th June 2020

UDIN: 20506955AAAAGN4041

For and on behalf of the Board of Directors

sd/-

Varinder Gupta

Managing Director

DIN-00044068

sd/-

Abhay Raj Singh

AVP & Company Secretary

sd/-

Vijay Garg

Joint Managing Director

DIN-06510248

sd/-

Pardeep Kumar Khanna

Chief Financial Officer



CASH FLOW STATEMENT

for the year ended 31-March-2020

in ₹ crore

Particulars	For the year ended 31-March-2020	For the year ended 31-March-2019
Cash flow from operating activities		
Profit before tax	533.24	336.15
Adjustments for:		
Depreciation and amortisation expense	35.73	32.45
Unrealised foreign exchange (Gain)/Loss on foreign currency rate fluctuation	0.87	0.16
Net (Gain)/Loss on fair valuation of investments measured at fair value through profit or loss	0.01	-
Subsidy Income amortized	(0.07)	(0.07)
Interest income on financial assets carried at amortized cost net of rent amortized during the year	(0.06)	(0.02)
Premium on Foreign exchange forward contracts	(0.16)	-
Liabilities no longer required written back	(0.45)	(0.07)
Net (Gain)/Loss on Property, plant and equipment sold	-	0.02
Excess depreciation pertaining to earlier years	-	(0.16)
Interest expense	20.93	51.42
Interest income	(5.19)	(1.38)
	<u>51.61</u>	<u>82.35</u>
Operating profit before working capital changes	<u>584.85</u>	<u>418.50</u>
Changes in working capital:		
Increase/(Decrease) in trade payables and other liabilities	58.03	(18.33)
Decrease/(Increase) in trade and other receivables	(55.98)	(77.90)
Decrease/(Increase) in inventories	1.34	18.59
	<u>3.39</u>	<u>(77.64)</u>
Cash generated from operations	<u>588.24</u>	<u>340.86</u>
Income tax paid (net)	(117.15)	(67.69)
Net cash flow from/(used in) operating activities (A)	<u>471.09</u>	<u>273.17</u>
Cash flow from investing activities		
Purchase of property, plant and equipment including intangible assets and Capital work in progress	(80.28)	(60.53)
Proceeds from sale of property, plant and equipment	0.60	0.76
Interest received	3.97	1.30
Bank balances not considered as cash and cash equivalents:		
Fixed deposits with original maturity more than 12 months but remaining maturity less than 12 months	(100.69)	-
Fixed deposits with original maturity of more than three months but less than twelve months	(1.98)	-
Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments	(5.85)	(4.57)
Balances with banks in earmarked accounts to the extent of unpaid dividend for the FY 2019-20	(0.29)	-
Net cash flow from/(used in) investing activities (B)	<u>(184.52)</u>	<u>(63.04)</u>
Cash flow from financing activities		
Proceeds from issuance of share capital and warrants	-	6.00
Proceeds from non current borrowings	-	0.35
Repayment of non current borrowings	(216.81)	(53.61)
Repayment of other non current liabilities	-	(30.77)
Proceeds from other non current liabilities	-	-
Repayment of current borrowing	(11.79)	(67.56)
Interest paid	(21.72)	(51.87)
Lease rent payments	(1.00)	-
Dividend paid on Equity shares including Dividend distribution tax	(20.57)	-
Net cash flow from/(used in) financing activities (C)	<u>(271.89)</u>	<u>(197.46)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>14.68</u>	<u>12.67</u>
Cash and cash equivalents at the beginning of the year	13.41	0.74
Cash and cash equivalents at the end of the year *	<u>28.09</u>	<u>13.41</u>
* Comprises		
Balances with banks in current account	25.19	12.74
Cash on hand	2.90	0.67
	<u>28.09</u>	<u>13.41</u>

See accompanying notes to the financial statements

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-

Aditya Kumar

Partner

M.No. 506955

Place : Ludhiana

Date : 12th June 2020

UDIN: 20506955AAAAGN4041

For and on behalf of the Board of Directors

sd/-

Varinder Gupta

Managing Director

DIN-00044068

sd/-

Abhay Raj Singh

AVP & Company Secretary

sd/-

Vijay Garg

Joint Managing Director

DIN-06510248

sd/-

Pardeep Kumar Khanna

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

for the year ended 31-March-2020

in ₹ crore

Particulars	Equity share capital	Other equity					Total	
		Reserves and Surplus			Other comprehensive income			Monies received against Share warrants
		Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve		
Balance as at beginning of the current year 01/04/2019	56.89	10.76	190.27	209.51	(2.41)	-	9.32	474.34
Profit for the year transferred from statement of profit and loss				361.29				361.29
Dividend paid on equity shares including Dividend distribution tax				(20.57)				(20.57)
Other Comprehensive Income for the year (net of income tax)					(1.44)	(0.08)		(1.52)
Balance as at the end of the current year 31/03/2020	56.89	10.76	190.27	550.23	(3.85)	(0.08)	9.32	813.54

STATEMENT OF CHANGES IN EQUITY

for the year ended 31-March-2019

Particulars	Equity share capital	Other equity					Total	
		Reserves and Surplus			Other comprehensive income			Monies received against Share warrants
		Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve		
Balance as at beginning of the previous year 01/04/2018	56.21	10.76	176.97	(27.20)	(1.01)	-		215.73
Profit for the year transferred from statement of profit and loss				236.71				236.71
Other Comprehensive Income for the year (net of income tax)					(1.40)			(1.40)
Issuance of equity share capital during the year	0.68		13.30					13.98
Received during the year							23.30	23.30
Converted into equity share capital							(13.98)	(13.98)
Balance as at the end of the previous year 31/03/2019	56.89	10.76	190.27	209.51	(2.41)	-	9.32	474.34

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-
Aditya Kumar
 Partner
 M.No. 506955

Place : Ludhiana
 Date : 12th June 2020
 UDIN: 20506955AAAAGN4041

sd/-
Varinder Gupta
 Managing Director
 DIN-00044068

sd/-
Abhay Raj Singh
 AVP & Company Secretary

For and on behalf of the Board of Directors

sd/-
Vijay Garg
 Joint Managing Director
 DIN-06510248

sd/-
Pardeep Kumar Khanna
 Chief Financial Officer



NOTES FORMING PART OF FINANCIAL STATEMENTS

for the year ended 31-March-2020

Note 1: Corporate information

IOL Chemicals and Pharmaceuticals Limited (“the Company”) (CIN: L24116PB1986PLC007030) is a public company domiciled in India and incorporated on 29th September, 1986 under the provisions of the Companies Act, 1956. The shares of the company are listed on two stock exchanges in India i.e. at National Stock Exchange of India Limited (NSE) and at Bombay Stock Exchange Limited (BSE). The company is engaged in the manufacturing and selling of API's / bulk drugs and speciality chemicals. The company caters to both domestic and international market.

The registered office of the company is situated at Trident Complex, Raikot Road, Barnala- 148101, Punjab.

The financial statements are approved for issue by the Company's Board of Directors on 12th June 2020.

Note 2 (i): Significant accounting policies / critical accounting estimates and judgements

I. Statement of compliance

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (IND AS) specified under section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time. The financial statements have been prepared on going concern basis and all the applicable Ind AS effective as on the reporting date have been complied with.

II. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

III. Functional and presentation currency

The functional currency of the company is Indian rupee (INR). The financial statements are presented in Indian rupees (INR) and all values are rounded to nearest crore up to two decimals, unless otherwise stated.

IV. Use of estimates and judgements

The preparation of financial statements, in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and use of assumptions in these financial statements have been disclosed in notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management become aware of changes in circumstances surrounding the estimates. Changes in

estimates are reflected in the financial statements in the period in which changes are made, and if material, their effects are disclosed in the notes to the financial statements.

V. Revenue recognition from operations

i) Revenue from sale of goods and services

Revenue from contracts with customer is recognized when control of goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services, and excludes taxes and levies collected on behalf of the Government. In accordance with Ind AS 115 on revenue and schedule III of Companies Act 2013, duties levies like GST are not part of revenue.

Generally, control is transfer upon shipment of goods to the customer or when the goods are made available to the customer, provided the transfer of the title to the customer occurs and the company has not retained any significant title of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognized overtime by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally the credit period varies between 0-90 days from the shipment or delivery of goods or services as the case may be.

In case of discounts, rebates, credits, price incentives or similar terms, considerations are determined based on its most likely amount, which is assessed at each reporting period.

ii) Export incentives

The revenue in respect of export benefits is recognised on post export basis at the rate at which the entitlements accrue.

VI. Other income

i) Dividend

Dividend income from investment is recognised when the right to receive the payment is established.

ii) Interest

Interest from customer

Revenue from interest is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

Other interest

Interest income is recognised using effective interest rate (EIR).

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

iii) Insurance and other claims

Insurance and other claims are recognized when there exist no significant uncertainty with regard to the amount to be realized and the ultimate collection thereof.

VII. Retirement and other employee benefits

➤ Defined contribution plans

(i) Provident fund:

Employees receive benefit in the form of Provident fund which is a defined contribution plan. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

➤ Defined benefit plans

(i) Gratuity:

The Company provides for gratuity a defined benefit retirement plan "The gratuity plan" covering eligible employees. The gratuity plan provides for lump sum payment to vested employee at retirement, death, incapacitation or termination of employee of an amount based on the respective employees' salary and the tenure of employment with the company.

Liability with regard to Gratuity Plan is determined by actuarial valuation, performed by an independent actuary at each Balance sheet date using the project unit credit method.

The company fully contributes all ascertained liabilities to the IOL Chemicals and Pharmaceuticals Ltd Group Gratuity Trust. Contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law

The Company recognises the net obligation of a defined benefit plan in its Balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations is recognized in Other Comprehensive Income.

(ii) Compensated absences

The employees of the company are entitled to compensated absences. The employee can carry forward a portion of unutilised accumulated compensated absences and utilise it in future period or encash the leaves on retirement or on termination. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the Balance Sheet date, the cost of providing benefit is determined based on actuarial valuation using projected unit credit method. Actuarial gain /loss are recognised in the statement of profit or loss in the period in which they occur. Non accumulating compensated absences are recognised in the period, in which the absences occur.

VIII. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment if any. Freehold land is stated at cost and not depreciated. The Cost of an item of Property, Plant and Equipment comprises:

- Its purchase price net of recoverable taxes wherever applicable and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if any, the obligation for which an entity incurs either where the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation on property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of asset, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement and maintenance support, etc.:

	As per management estimate
General plant & equipment on triple shift basis	15 years
General plant & equipment on continuous process	15 Years

Depreciation is calculated on pro-rata basis from the date of installation till the date the asset sold or discarded.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress. The depreciation method, useful lives and residual value are reviewed periodically and at the end of each reporting period.

IX. Intangible assets

Intangible assets are stated at cost less accumulated amount of amortisation and impairment if any. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc. The amortization method, estimated useful lives are reviewed periodically and at end of each reporting period.

The estimated useful life of intangible assets is as follows:

Intangible assets	Estimated useful life
Software	6 years
Technical know	5 Years

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
X. Inventories

Inventories are valued at cost or net realisable value whichever is lower. The cost in respect of various items of inventories is computed as under:

a) Raw Material and Components	First in first out method plus direct expenses
b) Stores and Spares	Weighted average method plus direct expenses
c) Work-in-progress	Cost of material plus appropriate share of overheads thereon at different stage of completion.
d) Finished Goods	Cost of material plus conversion cost, packing cost, and other overheads incurred to bring the goods to their present conditions and location.
e) Material in Transit	Actual cost plus direct expenses to the extent incurred.

XI. Dividend to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India a distribution is authorised when it is approved by the shareholders, However, Board of Directors of a Company may declare interim dividend during any financial year out of the surplus in statement of profit and loss and out of the profits of the financial year in which such interim dividend is sought to be declared. A corresponding amount is recognised directly in equity.

XII. Government grants

The government grants are recognised only when there is a reasonable assurance of compliance that conditions attached to such grants shall be complied with and it is reasonably certain that the ultimate collection will be made.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

Government grant in relation to fixed asset is treated as deferred income and is recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

XIII. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of cost of such asset. Qualifying asset is one that takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenditure in the period in which these are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange difference, if any, to the extent regarded as an adjustment to the borrowing cost.

XIV. Segment information

Segment information is prepared in conformity with Ind AS 108 "Operating Segments" and the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

XV. Leases
➤ The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease.

Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

➤ The company as a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

➤ Transition

Effective 01 April 2019, the company has adopted Ind-AS 116 "Leases" and applied Lease contracts on all leases except for short term and low value leases existing on 01 April 2019 using the modified retrospective approach. The application of Ind-AS 116 did not have any material impact on recognition and measurement principles.

XVI. Foreign currency transactions

Transactions in foreign currency are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary items denominated in foreign currency are restated using the prevailing exchange rate as on balance sheet date.

Exchange differences arising on the settlement of monetary items or on reinstatement of monetary items at rates different from rates at which these were translated on initial recognition during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

Non-monetary items are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction.

In case of an asset, expenses or income where a non-monetary advance is paid/ received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

XVII. Accounting for taxes on income

Income tax expense comprises current income tax and deferred tax.

Current tax expense for the period is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax is recognised using the balance sheet approach on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax

in the future years and future economic benefit associated with it will flow to the Company

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Deferred tax assets and deferred tax liabilities are off-set if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relates to the same taxable entity and the same taxation authority.

XVIII. Earnings per share

Basic earnings per share are computed by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholder and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

XIX. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Initial recognition and measurement

All financial assets and liabilities are recognized at fair value on initial recognition.

Transaction cost in relation to financial assets and financial liabilities other than those carried at fair value through profit or loss (FVTPL) are added to the fair value on initial recognition.

Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are carried at fair value through profit or loss are immediately recognized in the statement of profit or loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
ii. Subsequent measurement
➤ Non-derivative financial instruments
1. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company has made an irrevocable election for its investment which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the company has made an irrevocable election based on its business model, for its investment which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

3. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

4. Financial liabilities

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

➤ Financial assets or financial liability at fair value through profit or loss

This category has financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss

when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

➤ Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign. The instruments are confined principally to forward foreign exchange contracts. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/ firm contractual commitments. These derivatives contracts do not generally extend beyond six months.

Derivatives are initially accounted for and measured at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward foreign exchange contracts wherever possible. At inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item and transaction and nature of the risk being hedged. At inception, each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives.
- For cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in other comprehensive income and the ineffective portion is recognised in the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

➤ **Equity share capital**

Equity shares

Equity shares issued by the company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

De-recognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for De-recognition under Ind AS 109.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

XX. Impairment of assets

i) Financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime

ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

ii) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU (Cash Generating unit) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

XXI. Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) – 7 “Statement of Cash flows” using the indirect method for operating activities.

XXII. Cash and cash equivalent

Cash and cash equivalent for the purpose of statement of cash flows include bank balances, where the original maturity is three months or less. Other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

XXIII. Provisions and contingent liabilities

A provision is recognized if, as a result of past event, the company has a present obligation (legal or constructive) and on management judgement that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;



NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

XXIV. Current and non –current classification

The company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities. This is based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents. Current Assets and current liabilities includes current portion of non-current financial assets and non-current financial liabilities respectively.

Note 2 (ii): Critical accounting estimates

Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

Recoverable amount of property, plant and equipment

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may

have a material impact on the measurement of the recoverable amount and could result in impairment.

Post-retirement benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions including any changes in these assumptions that may have a material impact on the resulting calculations.

Recognition of deferred tax assets

Recognition of deferred tax assets depends upon the availability of future profits against which tax losses carried forward can be used.

Note 2 (iii): Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Note 2 (iv) Recent accounting pronouncements:

The Ministry of Corporate Affairs ("MCA") usually notifies new standard or amendments to the existing standards from time to time. There is no such notification which would have been applicable from April 1, 2020.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

Note 3.1 : Property, Plant and Equipment

in ₹ crore

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 01 April 2019	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	For the year *	Eliminated on disposal of assets	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold Land	11.60	15.95	-	27.55	-	-	-	-	27.55	11.60
Buildings	62.42	12.40	-	74.82	6.41	2.70	-	9.11	65.71	56.01
Plant and Machinery	420.23	58.71	(0.79)	478.15	82.55	30.70	(0.31)	112.94	365.21	337.68
Furniture and Fixtures	1.67	0.36	-	2.03	0.47	0.17	-	0.64	1.39	1.20
Vehicles	5.72	1.56	(0.14)	7.14	1.53	0.82	(0.03)	2.32	4.82	4.19
Office Equipments	0.97	0.57	(0.04)	1.50	0.51	0.29	(0.03)	0.77	0.73	0.46
Total	502.61	89.55	(0.97)	591.19	91.47	34.68	(0.37)	125.78	465.41	411.14

Note 3.2 : Intangible assets

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 01 April 2019	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	For the year *	Eliminated on disposal of assets	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Computer Softwares	0.75	0.01	-	0.76	0.36	0.12	-	0.48	0.28	0.39
Technical Knowhow	0.55	-	-	0.55	0.36	0.12	-	0.48	0.07	0.19
Total	1.30	0.01	-	1.31	0.72	0.24	-	0.96	0.35	0.58

Note 3.3 : Capital work in progress

Particulars	Gross Block			
	As at 01 April 2019	Additions	Capitalised	As at 31 March 2020
Capital work in progress	27.02	53.66	61.49	19.19

* Depreciation for the current year 2019-20 34.92
Less: Amount transferred from deferred revenue (0.07)
Add: Depreciation on Right of use Assets 0.88
Depreciation charged to statement of profit or loss 35.73

Note 3.1 : Property, Plant and Equipment

in ₹ crore

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 01 April 2018	Additions	Disposals	As at 31 March 2019	As at 01 April 2018	For the year *	Eliminated on disposal of assets	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold Land	11.60	-	-	11.60	-	-	-	-	11.60	11.60
Buildings	54.58	7.84	-	62.42	4.05	2.36	-	6.41	56.01	50.53
Plant and Machinery	390.90	29.88	(0.55)	420.23	53.84	28.79	(0.08)	82.55	337.68	337.06
Furniture and Fixtures	1.45	0.22	-	1.67	0.30	0.17	-	0.47	1.20	1.15
Vehicles	4.87	1.07	(0.22)	5.72	0.94	0.68	(0.09)	1.53	4.19	3.93
Office Equipments	0.83	0.20	(0.06)	0.97	0.29	0.27	(0.05)	0.51	0.46	0.54
Total	464.23	39.21	(0.83)	502.61	59.42	32.27	(0.22)	91.47	411.14	404.81

Note 3.2 : Intangible assets

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 01 April 2018	Additions	Disposals	As at 31 March 2019	As at 01 April 2018	For the year *	Eliminated on disposal of assets	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
B. Intangible assets										
Computer Softwares	0.75	-	-	0.75	0.23	0.13	-	0.36	0.39	0.52
Technical Knowhow	0.55	-	-	0.55	0.24	0.12	-	0.36	0.19	0.31
Total	1.30	-	-	1.30	0.47	0.25	-	0.72	0.58	0.83

Note 3.3 : Capital work in progress

Particulars	Gross Block			
	As at 01 April 2018	Additions	Capitalised	As at 31 March 2019
Capital work in progress	6.95	54.48	34.41	27.02

* Depreciation for the year 2018-19 32.52
Less amount transferred from deferred revenue (0.07)
Depreciation charged to statement of profit or loss 32.45

Notes:

- Property, Plant and Equipment are hypothecated /mortgaged to secure borrowings of the company (refer note 16)
- No borrowing cost has been capitalized during the current and previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
4 Right of use assets

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Right of use assets (refer note no. 38)	4.16	-
Less: Depreciation on right of use asset	(0.88)	-
	3.28	-

5 Other financial assets - Non Current

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Security deposit (to related party)	0.67	0.60
Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments		
Fixed deposits account with original and remaining maturity of more than twelve months	5.30	6.85
	5.97	7.45

6 Other Non current assets

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
(Unsecured considered good)		
Advances for Property, plant and equipment	5.63	6.49
Balance and deposits with government department or others	3.78	3.78
Advances other than Property, plant and equipment		
- Security deposit	0.50	0.69
- Lease hold land prepayments	0.16	0.16
- Prepaid expenses	0.35	0.29
	10.42	11.41

7 Inventories *

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Raw materials and components (including ₹ 57.48 crore as at 31-March-2020 and ₹ 35.81 crore as at 31-March-2019 in transit and at port)	100.19	84.01
Work-in-progress	36.02	29.35
Finished Goods (including ₹ 25.83 crore as at 31-March-2020 and ₹ 32.28 crore as at 31-March-2019 in transit)	44.29	65.21
Stores and Spares	7.02	10.29
	187.52	188.86

* At cost or net realisable value, whichever is lower

Inventories includes ₹ 3.82 crore as at 31-March-2020 and ₹ 12.97 crore as at 31-March-2019 valued at net realisable value.

Cost of inventory recognised as expense during the current period ₹ 1125.35 crore (Previous year ₹1065.63 crore)

8 Investments - Current

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Investment carried at fair value through Profit or loss (FVTPL)		
Investment in mutual funds (quoted)		
8264.176 (8264.176 as at 31-March-2019) units of ₹ 10/- each of PNB Principal balanced fund- Regular plan growth	0.05	0.06
Total	0.05	0.06
Investment at cost		
8264.176 (8264.176 as at 31-March-2019) units of ₹ 10/- each of PNB Principal balanced fund- Regular plan growth	0.05	0.05
Total	0.05	0.05
Aggregate amount of quoted investments	0.05	0.06
Market value of quoted investments	0.05	0.06
Aggregate amount of impairment in value of investment	-	-

9 Trade receivables

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
(Unsecured considered good)		
From related parties (refer note 41)	19.00	1.63
Trade receivables considered good - Unsecured *	254.15	197.46
Trade receivables which have significant increase in Credit Risk	4.98	0.07
Trade receivables- credit impaired	0.12	0.20
Less: Allowances for expected credit loss and doubtful receivables	(0.12)	(0.20)
	278.13	199.16

* Net of bill discounted from banks Nil (Previous year ₹ 36.59 crore)

Expected credit loss allowance for trade receivable is based on historical credit loss experience and adjustment for forward looking information.

No trade or other receivables are due by directors or other officers of the Group or any of them either severally or jointly with any other persons or by firms or private limited companies respectively in which any director is a partner or a director or a member except M/s. Vivachem Intermediates Pvt. Ltd. amounting to ₹ 19.00 crore (Previous year ₹ 1.63 crore)

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

10 Cash and cash equivalents

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	25.19	12.74
Cash on hand	2.90	0.67
	28.09	13.41

11 Other Bank Balances

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Balances with banks		
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	100.69	-
Fixed deposits with original maturity of more than three months but less than twelve months	1.98	-
Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments		
Fixed deposits with original maturity of more than three months but less than twelve months	1.05	13.60
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	22.55	2.59
Balances with banks in earmarked accounts to the extent of unpaid dividend for the FY 2019-20	0.29	-
	126.56	16.19

12 Other Financial Assets - Current

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
(Unsecured considered good)		
Interest receivable	1.92	0.71
Other recoverable	3.06	0.28
Receivable against capital goods		
- From related parties (refer note 41)	-	1.75
Derivative instruments at fair value through OCI		
Foreign exchange forward contracts		
- Cash flow hedges	1.82	-
	6.80	2.74

No receivable against capital goods are due by directors or other officers of the Group or any of them either severally or jointly with any other persons or by firms or private limited companies respectively in which any director is a partner or a director or a member except M/s. Vivachem Intermediates Pvt. Ltd. amounting to Nil (Previous year ₹ 1.75 crore)

13 Other Current Assets

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
(Unsecured considered good unless otherwise stated)		
Advances to vendors		
- to related party (refer note 41)	11.67	23.77
- to others	10.41	17.16
Prepaid expenses	3.34	4.87
Loans and advances to employees	0.42	0.28
Balance and deposits with government department or others	17.53	17.73
Security deposit	0.41	0.04
Lease hold land prepayments	0.01	0.01
	43.79	63.86

14 Equity share capital

Particulars	in ₹ crore			
	As at 31 March 2020		As at 31 March 2019	
	Number	₹ crore	Number	₹ crore
Authorised				
Equity shares of ₹ 10/- each (par value)	80,000,000	80.00	80,000,000	80.00
Preference shares ₹10/- each (par value)	-	-	-	-
Total	80,000,000	80.00	80,000,000	80.00
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10/- each (par value)	56,887,502	56.89	56,887,502	56.89
Total	56,887,502	56.89	56,887,502	56.89

a. Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	in ₹ crore			
	Equity share capital		Equity share capital	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Number	₹ crore	Number	₹ crore
Issued, subscribed and paid-up equity shares				
Shares and share capital outstanding at the beginning of the period	56,887,502	56.89	56,205,502	56.21
Shares and share capital issued during the period	-	-	682,000	0.68
Shares and share capital outstanding at the end of the period	56,887,502	56.89	56,887,502	56.89

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
b. Rights, preferences and restrictions attached to equity shares

The company presently has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The company has declared 30% (₹ 3 per equity share of ₹ 10/- each) interim dividend during the current year ended 31-March-2020.

The amount of per share dividend recognized as distribution to equity shareholders is as follows:

in ₹ crore

Particulars	For the year ended	For the year ended
	31 March 2020	31 March 2019
Interim dividend for fiscal year 2019-20	3.00	-

During the year ended 31-March-2020, on account of the interim dividend for fiscal year 2019-20 the Company has incurred a net cash outflow of ₹ 20.57 crore inclusive of dividend distribution tax.

Rights attached to preference shares

The company has not issued preference shares during the current and previous year.

c. The details of equity shareholders holding more than 5% of the aggregate equity shares

Particulars	Equity share capital			
	31 March 2020		31 March 2019	
	Number of shares held	% share-holding	Number of shares held	% share-holding
Vasudeva Commercials Limited	10,488,646	18.44%	10,890,000	19.14%
Mayadevi Polycot Limited	10,006,323	17.59%	10,006,323	17.59%
NM Merchantiles Limited	5,075,571	8.92%	5,075,571	8.92%
NCG Enterprises Limited	3,284,393	5.77%	3,284,393	5.77%
Bhudeva Lifesciences Limited	2,873,714	5.05%	2,873,714	5.05%

- d. There are no shares issued without payment being received in cash during the last five years.
- e. There are no buy back of equity shares during the last five years.
- f. There are no bonus shares issued during the last five years.
- g. There is no holding / ultimate holding company of the company.

15 Other Equity

in ₹ crore

Particulars	As at 31 March 2020	As at 31 March 2019
a. Capital reserve (Balance at the beginning and end of the year)	10.76	10.76
b. Securities premium account		
Opening balance	190.27	176.97
Add: Securities premium on allotment of equity shares	-	13.30
Closing balance	190.27	190.27
c. General reserve		
Opening balance	-	-
Add: Transferred from surplus in statement of profit and loss	-	-
Closing balance	-	-
d. Retained earnings		
Opening balance	209.51	(27.19)
Add: Profit for the year	361.29	236.70
Less: Interim Dividend	(17.07)	-
Less: Dividend distribution tax	(3.50)	-
Closing balance	550.23	209.51
e. Items of other comprehensive income:		
(i) Remeasurements of defined benefit obligation		
Opening balance	(2.41)	(1.01)
Add: Other comprehensive income/ (expense) net of tax impact	(1.44)	(1.40)
Closing balance	(3.85)	(2.41)
(ii) Net movement in effective portion of cash flow hedge reserve		
Opening balance	-	-
Add: Other comprehensive income/ (expense) net of tax impact	(0.08)	-
Closing balance	(0.08)	-
f. Monies received against Share warrants		
Opening balance	9.32	-
Add: Received during the year	-	23.30
Less: Converted into equity shares	-	(13.98)
Closing balance	9.32	9.32
Total	756.65	417.45

Nature and purpose of reserve

Capital reserve: The excess of net assets taken, over the cost of consideration paid, were treated as capital reserve in accordance with previous GAAP.

Securities premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. It can be utilized in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

Retained earnings: Retained earnings if any represents the net profits after all distributions and transfers to other reserves.

Other comprehensive income:

- Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

- Cash flow hedge reserve

The cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss. The Company has designated certain foreign currency forward contracts as cash flow hedges in respect of foreign exchange risks.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

Monies received against Share warrants

in ₹ crore

Particulars	As at 31 March 2020	As at 31 March 2019
18,18,000 (Previous Year 18,18,000) equity warrants, allotted on preferential basis, carrying an option to the holder of such warrants to subscribe to one equity share of ₹ 10/- each at a premium of ₹195/- per share for every warrant held, within 18 months from the date of allotment, i.e. from 30-March-2019 (25% of price fixed has been received by conversion of unsecured loan)	9.32	9.32

During the last year company has issued 25,00,000 warrants at a price on ₹ 205/- per warrant on preferential basis to M/s. NCVI Enterprises Limited (formerly Towels Enterprises Limited), promoter company with an option to subscribe to an equity share of face value of ₹ 10/- at a price of ₹ 205/- per equity share including premium of ₹ 195/- per share for each warrant with in the period of eighteen months from the date of allotment of warrant i.e. from 30-March-2019

Out of 25,00,000 warrants, the company on 30-Mar-2019 has converted 6,82,000 warrants into equity share of face value of ₹10/- at a price of ₹ 205/- per equity share including premium of ₹195/- per share for each warrant.

16 Borrowings (Non current)

in ₹ crore

Particulars	As at 31 March 2020	As at 31 March 2019
Term Loans - secured		
From Banks	-	193.66
{net of unamortized processing charges as at 31-March-2020: Nil and as at 31-March-2019: ₹ 0.47 crore}		
Less: Current maturities	-	23.12
Subtotal	-	170.54
From financial institutions	-	21.85
{net of unamortized processing charges as at 31-March-2020: Nil and as at 31-Mar-2019: ₹ 0.12 crore}		
Less: Current maturities	-	2.65
Subtotal	-	19.20
Other loans - secured	0.07	0.77
Less: Current maturities	0.07	0.63
Subtotal	-	0.14
Total term loans - secured	0.07	216.28
Less: Current maturities	0.07	26.40
Total borrowings (non current)	-	189.88

A Details of security for term loans

- Term loans from banks and financial institutions were secured by way of equitable mortgage of all present and future immovable properties of the company ranking pari-passu charge by way of hypothecation of all the Company's movable properties, save and except Book Debts but including movable machinery, spares, tools and accessories both present and future subject to prior charges created / to be created in favour of the Company's Bankers on specified movable properties for securing borrowings for working capital requirements.

- Further, the term loans from banks and financial institutions were secured by second pari-passu charge on all current assets present and future and the personal guarantee of the Managing Director of the company and his family members and corporate guarantee by a promoter company.
- Term loan from others are secured by hypothecation of vehicles purchased against these loans.

B Terms of repayment of secured term loans from banks/ Financial Institutions *

Particulars	Principal balance outstanding as at 31 March 2020	Principal balance outstanding as at 31 March 2019	Total repayment period (years)		No. of installments outstanding and Periodicity of repayment	
			Current year	Previous year	Current year	Previous year
Term Loans from Banks						
Punjab National Bank	-	121.28	-	8 to 9.5	-	20 Quarterly installments
Indian Bank (formerly Allahabad Bank)	-	46.10	-	8 to 9.5	-	20 Quarterly installments
State Bank of India	-	8.50	-	8 to 9.5	-	20 Quarterly installments
Punjab National Bank (formerly Oriental Bank of Commerce)	-	18.27	-	8 to 9.5	-	20 Quarterly installments
Term Loans from Financial Institutions						
Export-Import Bank of India	-	21.96	-	8 to 9.5	-	20 Quarterly installments
Vehicle loans from banks	0.07	0.76	3	3 to 5	5	4 to 21 Monthly installments
Total secured borrowings	0.07	216.87				

* Principal balance outstanding as stated above is inclusive of current maturities of long term debt and processing fee charged by the lenders.

17 Lease liabilities

in ₹ crore

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities (refer note 38)	3.84	-
Interest expense on Lease Liabilities	(0.34)	-
	3.50	-
The break-up of current and non-current lease liabilities as at 31-March-2020 is as follows		
Current Lease liabilities	0.77	-
Non Current Lease liabilities	2.73	-

18 Provisions - Non current

in ₹ crore

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits:		
- Gratuity	2.05	3.39
- Compensated absences	1.80	1.20
	3.85	4.59

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
19 Other non current liabilities

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Deferred capital grants related to Property, plant and equipment (refer note 49)	0.51	0.65
	0.51	0.65

20 Borrowings - Current

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Loan repayable on demand		
- From Banks (secured)	55.92	67.72
	55.92	67.72

Details of security for Loan repayable on demand

Loans repayable on demand from banks are secured by way of first pari-passu charge on all present and future by way of hypothecation of finished goods, work-in-progress, raw materials, stores and spares, book debts, other current assets and pari-passu charge on fixed assets as collateral security and further secured by personal guarantee of the Managing Director of the company and his family members and corporate guarantee by a promoter company.

Terms:-

Working capital borrowings from banks are repayable on demand.

21 Trade Payable

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
i) Outstanding dues of micro enterprises and small enterprises (refer note 47)	6.86	5.85
ii) Outstanding dues of creditors other than micro enterprises and small enterprises		
- to related parties (refer note 41)	5.71	2.70
- to others	173.52	111.72
	186.09	120.27

22 Other financial liabilities - Current

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Current maturities of long term borrowings (secured) (refer note 16)	0.07	26.40
Interest accrued but not due on borrowings	0.16	1.88
Unpaid dividend: FY 2019-20	0.29	-
Advances from customers	10.21	17.65
Others payables		
Payable to employees		
- to related parties (refer note 41)	0.09	0.32
- to others	6.31	7.05
Expenses payable		
- to related parties (refer note 41)	-	0.01
- to others	10.25	7.15
	27.38	60.46
Payable on purchase of Property, plant and equipment	2.32	0.88
Total (a+b)	29.70	61.34

23 Other current liabilities

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Statutory remittances*	3.51	1.98
Deferred capital grants related to Property, plant and equipment	0.13	0.13
Other payable	0.06	0.36
Security deposit	0.35	0.07
	4.05	2.54

* Statutory remittance includes contribution to provident fund, ESI, punjab labour welfare fund and tax deducted at source, etc.

24 Current provisions

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits:		
- Gratuity	3.71	0.43
- Compensated absences	0.69	0.12
	4.40	0.55

25 Current tax liabilities

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Provision for Current tax (net of advance tax)	1.36	4.47
	1.36	4.47

Gross movement in current tax liabilities/(assets)

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
Net current tax liabilities/(assets) at the beginning of the year	4.47	0.41
Tax adjustments related to earlier years	1.10	-
Income tax payment of earlier years	(5.57)	(0.41)
Provision for current tax	172.90	71.96
Opening balance of MAT credit utilised	(56.87)	-
MAT credit of earlier years written back and utilised	(3.10)	-
Advance tax paid	(111.57)	(67.49)
Current tax liabilities/(assets)	1.36	4.47

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

26 Revenue from operations

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products	1,863.51	1,645.59
Other operating revenue		
(i) Export incentives	23.14	23.58
(ii) Miscellaneous sales	7.82	6.73
	1,894.47	1,675.90
Sale of traded goods	-	9.43
	1,894.47	1,685.33

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by sale of products for the years ended 31-March-2020 and 31-March-2019 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Details of sale of products		
- Chemicals	664.63	537.40
- Bulk Drugs	1,170.38	1,068.92
- Others	28.50	39.27
	1,863.51	1,645.59

27 Other income

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income (Gross)		
- From bank deposits	5.19	1.38
TDS ₹ 0.52 crore (Previous year ₹ 0.14 crore)		
- On financial assets carried at amortized cost	0.06	0.06
Other non operating income		
Liabilities no longer required written back	0.45	0.07
Rent received	0.02	0.02
Net gain on foreign currency transaction and translation	9.22	8.12
Gain on fair value changes of financial assets measured at FVTPL	-	-
Amortisation of capital subsidy	0.07	0.07
Miscellaneous income	1.01	0.65
	16.02	10.37

28 Cost of material consumed

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material consumed		
Opening Stocks	84.01	49.80
Add: Purchases	1,060.23	1,021.21
Total	1,144.24	1,071.01
Less: Closing stocks	100.19	84.01
Consumption (refer detail below)	1,044.05	987.00
Detail of material consumed		
Acetic Acid	211.56	266.90
Iso Butyl Aceto Phenone	207.39	-
Specially Denatured Spirit	203.70	165.82
Sodium Di Chromate	57.54	68.92
Acetic Anhydride	43.85	60.77
Toluene	42.67	53.40
Propylene Gas	33.68	36.45
Sodium Metal	48.98	54.07
Others	194.68	280.67
	1,044.05	987.00

29 Changes in inventories of finished goods and work-in-progress

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
Work-in-progress	29.35	128.95
Finished goods	65.21	16.92
	94.56	145.87
Changes in inventory during trial run		
Work-in-progress	6.30	-
Finished goods	0.41	-
	6.71	-
Inventories at the end of the year		
Work-in-progress	36.02	29.35
Finished goods	44.29	65.21
	80.31	94.56
	20.96	51.31

30 Employee benefits expense

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and Wages	87.31	70.68
Contribution to provident and other funds	6.32	5.00
Staff welfare expenses	3.57	2.75
	97.20	78.43

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
31 Finance Cost

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on:		
- Term loans and working capital	13.97	40.42
- other borrowings	1.70	6.23
Other borrowing costs	4.33	4.54
Processing charges amortized	0.59	0.23
Interest expense on Lease Liability	0.34	-
	20.93	51.42

32 Other expenses

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and Fuel	65.12	63.94
Consumption of stores and spares	19.64	19.70
Repairs and maintenance		
- Plant and Machinery	6.03	2.88
- Building	2.34	2.69
- Others	0.36	0.41
Rent	0.15	0.94
Insurance charges	2.24	1.27
Auditor's Remuneration (refer note 46)	0.20	0.19
Rates and Taxes	0.27	0.23
Loss on Property, plant and equipment sold (net)	-	0.02
Loss on fair value changes of financial assets measured at FVTPL	0.01	-
Allowance for expected credit loss and doubtful receivables	0.01	0.02
Freight outward	37.94	37.25
Other Selling and distribution expenses	10.51	9.47
Expenditure on corporate social responsibility	1.74	-
Miscellaneous expenses	11.82	10.99
	158.38	150.00

33 Current tax and deferred tax
(a) Income tax recognised in statement of profit and loss

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
In respect of current period	172.90	71.96
Tax adjustments related to earlier years	(2.00)	-
Total (A)	170.90	71.96
Deferred tax		
In respect of current period	1.05	70.07
MAT Credit entitlement for the current period	-	(42.58)
Total (B)	1.05	27.49
Total Income tax expense (A+B)	171.95	99.45

(b) Income tax recognised in other Comprehensive income

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax assets/ (liability)		
On remeasurement loss of defined benefit obligation	0.77	0.75
Net movement in effective portion of cash flow hedge reserve	0.04	-
Total	0.81	0.75

(c) Reconciliation of tax expense and the profit before tax multiplied by statutory tax rate

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	533.25	336.14
Income tax expense calculated at 34.9440% (Previous year 34.9440%)	186.34	117.46
Income tax for earlier years recognised in statement of profit and loss	(2.00)	-
Income tax impact of expenses not considered for tax purpose	0.13	0.13
Income tax impact of Income not considered for tax purposes	(0.02)	(0.02)
Income tax impact of allowances of permanent nature	(1.45)	(3.24)
Income tax impact of expenses availed on payment basis	-	(9.92)
Income tax impact of unabsorbed depreciation and carried forward loss of earlier years	(6.68)	(0.67)
Income tax savings on deductions under section 80 IA, 80JJAA and 80G	(4.37)	(4.29)
Tax expense charged to statement of profit and loss at effective rate of 32.2466% (Previous Year 29.5816%)	171.95	99.45

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

(d) Movement in deferred tax balances

in ₹ crore

Particulars	As at 01 April 2019	Recognised in statement of Profit and loss	Recognised in OCI	As at 31 March 2020
Deferred tax liabilities				
Property, Plant and Equipment	75.27	2.13		77.40
Intangible assets	0.13	(0.06)		0.07
Fair valuation gain on investments	0.01	-		0.01
Gross deferred tax liabilities (A)	75.41	2.07	-	77.48
Deferred tax assets				
Gratuity	1.34	0.68		2.02
Leave encashment	0.39	0.34		0.73
Remeasurement loss of defined benefit obligations	1.28		0.77	2.05
Net movement in effective portion of cash flow hedge reserve	-		0.04	0.04
Gross deferred tax assets (B)	3.01	1.02	0.81	4.84
Net Deferred tax (Asset)/Liabilities (A-B)	72.40	1.05	(0.81)	72.64

MAT credit entitlement

in ₹ crore

Particulars	As at 01 April 2019	MAT credit of earlier years written back *	MAT credit availed	As at 31 March 2020
MAT credit entitlement (C)	56.87	3.10	(59.97)	-
Deferred tax (Asset)/Liabilities net of MAT Credit entitlement (A-B-C)	15.53			72.64

* MAT Credit entitlement of ₹ 3.10 Crore relating to earlier years previously written off has now been written back on account of adequate profits.

in ₹ crore

Particulars	As at 01 April 2018	Recognised in Profit and loss	Recognised in OCI	As at 31 March 2019
Deferred tax liabilities				
Property, Plant and Equipment	72.71	2.56		75.27
Intangible assets	0.19	(0.06)		0.13
Fair valuation gain on investments	0.01	-		0.01
Gross deferred tax liabilities (A)	72.91	2.50	-	75.41
Deferred tax assets				
On unabsorbed depreciation as per IT	69.30	(69.30)		-
Gratuity		1.34		1.34
Leave encashment		0.39		0.39
Remeasurement of defined benefit obligations	0.53		0.75	1.28
Gross deferred tax assets (B)	69.83	(67.57)	0.75	3.01
Net Deferred tax (Asset)/Liabilities (A-B)	3.08	70.07	(0.75)	72.40

MAT credit entitlement

in ₹ crore

Particulars	As at 01 April 2018	Recognised in Profit and loss	MAT credit entitlement of previous year	As at 31 March 2019
MAT credit entitlement (C)	14.50	42.58	(0.21)	56.87
Deferred tax (Asset)/Liabilities net of MAT Credit entitlement (A-B-C)	(11.42)			15.53

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
34 Earning per share

The earning Per Share (EPS) as disclosed in the statement of profit and loss has been calculated as under:

Particulars		in ₹ crore	
		For the year ended 31 March 2020	For the year ended 31 March 2019
Total operations for the year			
Profit after tax attributable to equity shareholders (₹ crore)	A	361.29	236.70
Weighted average number of equity shares (number)	B	56,887,502	56,209,239
Weighted average number of equity shares in computing diluted earning per share (number)	C	57,008,145	56,209,239
Basic earnings per share (₹)	A/B	63.51	42.11
Diluted earnings per share (₹)	A/C	63.38	42.11
Face value per equity share (₹)		10.00	10.00

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share :

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic earnings per equity share – weighted average number of equity shares outstanding	56,887,502	56,209,239
Effect of dilutive common equivalent shares against share warrants outstanding	120,643	-
Diluted earnings per equity share – weighted average number of equity shares and common equivalent shares outstanding	57,008,145	56,209,239

35 Research and Development expenses

Particulars	in ₹ crore	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Research and Development: Revenue expenses		
Raw material consumption	0.14	0.58
Salaries & wages	4.67	3.31
Depreciation	0.87	0.77
Stores and spares	0.64	0.84
Cost of utilities	0.32	0.25
	6.64	5.75
Research and Development: Capital expenses		
Additions to fixed assets	0.80	1.56

The revenue expenses related to research and development is clubbed under respective account heads in profit and loss

36 Contingent liabilities and commitments (to the extent not provided for)

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
A Contingent liabilities		
i Claims not acknowledged as debts	0.48	0.70
ii Bank Guarantee issued in favour of others	0.04	0.04
	0.52	0.74

Particulars	in ₹ crore	
	As at 31 March 2020	As at 31 March 2019
B Commitments		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	11.70	11.45
ii Export obligations under Advance Authorisation/ Duty Free Import Authorisation #	37.73	84.49
	49.43	95.94

Export obligations relates to duty saved on import of raw materials under the Advance Authorization Scheme. Under the scheme, the Company is committed to export prescribed times of the value of import of raw materials over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

During the year, the company has executed bonds for an aggregate amount of ₹ 6.12 crore (Previous Year ₹ 20.81 crore) in favour of The President of India under sub section (I) of the section 142 of the Custom Act 1962 for fulfillment of the obligation under the said Act.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

37 Employee benefits

A Defined benefit plan: Gratuity

The following table set out the funded status of the gratuity plan and the amount recognised in the company's financial statement as at 31-March-2020 and 31-March-2019.

Particulars		Gratuity (Funded)	
		31 March 2020	31 March 2019
		in ₹ crore	
i) Changes in the present value of the obligation			
		in ₹ crore	
		Gratuity (Funded)	
		31 March 2020	
		31 March 2019	
Present value of obligation as at the beginning of the year		10.42	7.25
Interest cost		0.80	0.56
Current service cost		1.32	1.03
Benefits paid		(1.51)	(0.60)
Remeasurement - actuarial (gain) / loss		2.21	2.18
Present value of obligation as at the end of the year		13.24	10.42
		A	
ii) Changes in the fair value of plan assets			
Fair value of plan assets as at the beginning of the year		6.59	5.53
Actual return on plan assets		0.51	0.46
Contributions		2.03	1.31
Charges deducted		(0.15)	(0.10)
Benefits paid		(1.50)	(0.60)
Fair value of plan assets as at the end of the year		7.48	6.60
Funded Status		(A-B)	3.82
iii) Amount recognised in the Balance Sheet			
Present value of the defined benefit obligation as at the end of the year		13.24	10.42
Fair value of plan assets as at the end of the year		7.48	6.60
Net asset/(liability) recognised in the Balance Sheet		(5.76)	(3.82)
iv) Expense recognised in the statement of profit and loss			
Current service cost		1.32	1.03
Net interest cost		0.29	0.13
Expense recognised in the statement of profit and loss		1.61	1.16
v) Re-measurement of the net defined benefit liability / (asset)			
Actuarial (gain)/loss for the year on projected benefit obligation (BPO)		2.21	2.18
Actuarial (gain)/loss for the year on plan assets		-	(0.03)
Total Actuarial (gain)/loss at the end of the year		2.21	2.15
vi) Bifurcation of actuarial (gain) / loss			
Actuarial (Gain) / loss on arising from change in demographic assumption		-	-
Actuarial (Gain) / loss on arising from change in financial assumption		0.44	0.49
Actuarial (Gain) / loss on arising from change in experience assumption		1.78	1.69
		2.22	2.18
vii) The major categories of plan assets as a percentage of the fair value of total plan assets			
Investment with the insurer		100%	100%
The plan assets are maintained with Life Insurance Corporation of India (LIC). The detail of investments maintained by LIC have not been furnished to the Company. The same have therefore not been disclosed.			
viii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average):			
Discount rate (per annum)		6.80%	7.65%
Rate of increase in compensation levels (per annum)		5.50%	6.00%
Average remaining working lives of employees (years)		27.15	26.88
Method used		Projected unit credit	
The assumptions and methodology used in actuarial valuation are consistent with the requirements of Ind AS-19.			
ix) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.			

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)
x) Sensitivity analysis of the defined benefit obligation:

in ₹ crore

Particulars	Gratuity (Funded)	
	31 March 2020	31 March 2019
a) Impact of change in discount rate		
Present value of obligation at the end of the period	13.24	10.42
1. Impact due to increase of 0.50%	(0.81)	(0.64)
2. Impact due to decrease of 0.50%	0.73	0.58
b) Impact of change in salary increase		
Present value of obligation at the end of the period	13.24	10.42
1. Impact due to increase of 0.50%	0.75	0.59
2. Impact due to decrease of 0.50%	(0.84)	(0.66)

As per Actuarial certificate, sensitivities due to mortality and withdrawals are insignificant and hence impact of change has not been calculated.

xi) Maturity profile of defined benefit obligation:

in ₹ crore

Year ending	Gratuity (Funded) 31 March 2020
a) Mar-2020 to Mar-2021	3.57
b) Mar-2021 to Mar-2022	0.19
c) Mar-2022 to Mar-2023	0.24
d) Mar-2023 to Mar-2024	0.32
e) Mar-2024 to Mar-2025	0.19
f) Mar-2025 to Mar-2026	0.21
g) Mar-2026 onwards	10.84

xii) Actuarial risks exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- Salary increases - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment risk - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality and disability - Actual death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact Plan's liability.

xiii) The company expects to contribute ₹ 1.86 crore to the gratuity trust during the year 2020-21.
xiv) Bifurcation of Projected Benefit Obligation (PBO) at the end of the year in current and non-current

in ₹ crore

Particulars	Gratuity (Funded)	
	31 March 2020	31 March 2019
Current liability (amount due within one year)	3.71	0.43
Non-current liability (amount due over one year)	9.53	9.99
Total PBO at the end of year	13.24	10.42

B Contribution to Provident Fund

The company has recognized an expense of ₹ 4.71 crore (Previous year ₹ 3.49 crore) in respect of contribution to Provident Fund.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

38 Disclosures as required by Indian Accounting Standard (Ind AS) 116 Leases

Company as a Lessee

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, etc.). These leasing arrangements, which are non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company has adopted Ind AS 116 'Leases' effective 01-April-2019 (transition date), and applied the standard to its Leases using the modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. This has resulted in recognizing a Right-of-use assets and corresponding Lease Liability of ₹ 4.16 crore and its application did not have any material impact on the financial results of the Company. Consequently, there has been no adjustment to the opening balance of retained earnings as on 01-April-2019. In the statement of profit and loss for the year ended 31-March-2020, the nature of expenses in respect of operating leases has changed from rent to depreciation cost for the right-of-use assets and finance cost for interest on lease liability.

The changes in the carrying value of ROU assets for the year ended 31-March-2020 are as follows :

in ₹ crore	
Particulars	Category of ROU Assets Buildings
Opening balance as at 01-April-2019	-
Reclassified on account of adoption of Ind AS 116	4.16
Additions	-
Deletions	-
Depreciation	(0.88)
Balance as at 31-March-2020	3.28

The aggregate depreciation expense on Right of use assets (ROU) is included under depreciation and amortization expense in the Statement of Profit and Loss.

The movement in lease liabilities during the year ended 31-March-2020 is as follows :

in ₹ crore	
	As at 31 March 2020
Balance at the beginning	-
Additions	4.16
Finance cost accrued during the year	0.34
Deletions	-
Payment of lease liabilities	(1.00)
Balance at the end	3.50

The details of the contractual maturities of lease liabilities on an undiscounted basis are as follows :

in ₹ crore		
Particulars	As at	
	31 March 2020	31 March 2019
Less than one year	1.06	1.07
One to five years	2.63	3.60
More than five years	0.91	1.01
Total	4.60	5.68

Lease payments on account of short term and low value leases are recognized as rental expense on a straight line basis in the statement of profit and loss over the lease term.

Rental expense recorded under other expenses :

in ₹ crore		
Particulars	Year ended	
	31 March 2020	31 March 2019
Rent	0.08	0.90

Company as a Lessor

The rental income on assets given on operating lease to the Managing Director of the company was ₹ 0.02 crore for the year ended 31-March-2020 (Previous year ₹ 0.02 crore).



NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

39. Disclosures of Financial instruments

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is pending at the end as follows:

As at 31-March-2020

in ₹ crore

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial Assets:							
Other financial non-current assets	5.97					5.97	5.97
Current Investments			0.05			0.05	0.05
Trade receivables	278.13					278.13	278.13
Cash and cash equivalents	28.09					28.09	28.09
Other Bank Balances	126.56					126.56	126.56
Foreign exchange forward contracts					1.82	1.82	1.82
Other financial current assets	6.80					6.80	6.80
Total	445.55	-	0.05	-	1.82	447.42	447.42
Financial Liabilities:							
Short term borrowings	55.92					55.92	55.92
Trade Payables	186.09					186.09	186.09
Lease liabilities Current	0.77					0.77	0.77
Lease liabilities non current	2.73					2.73	2.73
Other financial current liabilities	29.70		-			29.70	29.70
Total	275.21	-	-	-	-	275.21	275.21

As at 31-March-2019

in ₹ crore

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial Assets:							
Other financial non-current assets	7.45					7.45	7.45
Current Investments			0.06			0.06	0.06
Trade receivables	199.16					199.16	199.16
Cash and cash equivalents	13.41					13.41	13.41
Other Bank Balances	16.19					16.19	16.19
Other financial current assets	2.74					2.74	2.74
Total	238.95	-	0.06	-	-	239.01	239.01
Financial Liabilities:							
Long term borrowings	189.88					189.88	189.88
Short term borrowings	67.72					67.72	67.72
Trade Payables	120.27					120.27	120.27
Other financial current liabilities	61.34		-			61.34	61.34
Total	439.21	-	-	-	-	439.21	439.21

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

- (ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31-March-2020 in ₹ crore

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Financial assets				
Current investments in Mutual funds	0.05	0.05		
Security deposit	0.67		0.67	
Other non-current financial assets	5.30			5.30
Trade receivables	278.13			278.13
Cash and cash equivalents	28.09			28.09
Other Bank Balances	126.56			126.56
Foreign exchange forward contracts	1.82		1.82	
Other financial current assets	4.98			4.98
Total	445.60	0.05	2.49	443.06
Financial liabilities				
Short term borrowings	55.92			55.92
Trade Payables	186.09			186.09
Lease liabilities Current	0.77			0.77
Lease liabilities Non current	2.73			2.73
Other financial current liabilities	29.70			29.70
Total	275.21	-	-	275.21

As at 31-March-2019 in ₹ crore

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Financial assets				
Current investments in Mutual funds	0.06	0.06		
Security deposit	0.60		0.60	
Other non-current financial assets	6.85			6.85
Trade receivables	199.16			199.16
Cash and cash equivalents	13.41			13.41
Other Bank Balances	16.19			16.19
Other financial current assets	2.74			2.74
Total	239.01	0.06	0.60	238.35
Financial liabilities				
Long term borrowings	189.88			189.88
Short term borrowings	67.72			67.72
Trade Payables	120.27			120.27
Other financial current liabilities	61.34			61.34
Total	439.21	-	-	439.21

40 Segment information

I Segment Accounting Policies:

- a. Products and services from which reportable segment derive their revenues.

Based on the nature and class of product and services, their customers and assessment of differential risk and returns and financial reporting results reviewed by Chief Operating Decision Maker (CODM), the company has identified the primary business segments which comprised:

The "Chemicals" segment produces and sells Ethyl Acetate, Iso Butyl Benzene, Acetyl Chloride and Mono Chloro Acetic Acid.

The "Drugs" segment produces and sells various API's viz. Ibuprofen, Metformin, Fenofibrate, Lemotrigine, Clopidogrel Bisulphate, Pantoprazole, Ursodeoxycholic Acid (UDCA), etc.

The operating businesses are organized and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

- b. Geographical segments - Secondary segments

The geographical segments considered for disclosure are based on markets, as under:

- India
- Rest of the world

- c. Segment accounting policies:

In addition to the significant accounting policies applicable to the business, the accounting policies in relation to segment accounting are as under:

- i. Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consists principally of cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct off set in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

- ii. Segment revenue and expenses:

Joint revenue and expenses of segment are allocated amongst them on reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

- iii. Inter segment sales:

Inter segment sales are eliminated in consolidation.

- iv. Segment results:

Segment results represents the profit before tax earned by each segment without allocation of other income and unallocable expenses as well as finance costs.



NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

II Detail of primary business segment

Products and services

in ₹ crore

	Chemicals		Drugs		Unallocated		Eliminations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue										
External Sales	678.99	551.90	1,212.96	1,117.26	2.52	16.17			1,894.47	1,685.33
Inter Segment transfer	32.47	208.86	-	-	-	-	(32.47)	(208.86)	-	-
Other Income	0.50	4.58	8.68	3.52	6.84	2.27			16.02	10.37
Total Revenue	711.96	765.34	1,221.64	1,120.78	9.36	18.44	(32.47)	(208.86)	1,910.49	1,695.70
Segment Results	28.31	26.51	521.57	357.92					549.88	384.43
Unallocated Income (net of unallocated Expenses)					4.29	3.14			4.29	3.14
Profit before tax and interest									554.17	387.57
Interest									20.93	51.42
Profit and Loss Before Tax									533.24	336.15
Other Information										
Segment Assets	340.91	304.64	595.08	550.65	-	-			935.99	855.29
Unallocated assets	-	-	-	-	239.57	86.59			239.57	86.59
Total Assets	340.91	304.64	595.08	550.65	239.57	86.59			1,175.56	941.88
Segment Liabilities	127.65	74.83	86.64	75.53	-	-			214.29	150.36
Unallocated Liabilities	-	-	-	-	91.58	31.30			91.58	31.30
Long term borrowings (including current maturities and interest accrued but not due)					0.23	218.16			0.23	218.16
Short term borrowings					55.92	67.72			55.92	67.72
Total Liabilities	127.65	74.83	86.64	75.53	147.73	317.18			362.02	467.54
Capital Expenditure	7.08	4.99	51.98	50.37	22.66	3.92			81.72	59.28
Depreciation and Amortisation	13.43	12.52	18.84	17.78	3.46	2.15			35.73	32.45

Detail of secondary business segment

Geographical information

in ₹ crore

	Year ended	Domestic sale		Export sale		Total
		India	Rest of the world	Rest of the world	Rest of the world	
Net revenue from sale of products	31-March-2020	1,249.68	644.79	644.79	644.79	1,894.47
	31-March-2019	1,038.37	646.96	646.96	646.96	1,685.33

Information about major customers

Refer note no. 42 (iii) (Credit Risk)

Notes:

- Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before finance income/cost and tax expense. Segment results reviewed by the CODM also exclude income or expenses which are non-recurring in nature and are classified as an exceptional item. Information about segment assets and liabilities provided to the CODM, excludes the related assets and liabilities arising on account of items excluded in measurement of segment results. Such amount therefore, form part of the unallocated assets and liabilities.
- There is no customer contributing more than 10% of the total revenue of the company.
- The company does not have manufacturing facilities outside India therefore all non current assets are located in India.

41 Related party disclosures

In accordance with the requirements of IND AS 24, on Related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods, are:

A. Related party and their relationship:-

Key Management Personnel:

i	Whole time directors	Mr Varinder Gupta Mr Vijay Garg Mr Vikas Gupta	Managing Director Joint Managing Director Executive Director
ii	Non executive directors	Mr Rajendra Mohan Malla Mr Harpal Singh Mr Chandra Mohan Dr. Sandhya Mehta	Chairman and Independent Director Independent Director Independent Director (upto 25-December-2019) Independent Director
iii	Chief Financial Officer	Mr Pardeep Kumar Khanna	
iv	Vice President and Company Secretary	Mr Krishan Singla (upto 14-November-2019)	
v	Assistant Vice President and Company Secretary	Mr Abhay Raj Singh (w.e.f. 14-November-2019)	

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

Related parties

	Nature of relationship	Name of related party
i.	Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control:	NM Merchantiles Limited Mayadevi Polycot Limited NCG Enterprises Limited True Value Traders Limited NCVI Enterprises Limited (Formerly Towels Enterprises Limited) Vivachem Intermediates Pvt Ltd. Bhudeva Lifesciences Limited Reliex Mercantiles Limited (upto 08-February-2020)
ii.	Relative of Key Management Personnel:	Mrs. Dimple Gupta Manager Mr Abhiraj Gupta Manager
iii.	Post employment benefit plan	IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust

B Details of transactions entered into with related parties during the year as required by Ind AS 24 on “Related Party Disclosures” of Companies (Indian Accounting Standards) Rules 2015.

in ₹ crore

Sr. No.	Particulars	Enterprises over which KMP is able to exercise significant influence or control		Key Management Personnel (KMP)		Non executive directors		Relatives of KMP		Post Employment Benefit Plans		Total	
		Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
1	Sale of goods												
	- To Vivachem Intermediates Pvt. Ltd.	142.01	1.63	-	-	-	-	-	-	-	-	142.01	1.63
2	Sale of Capital goods												
	- To Vivachem Intermediates Pvt. Ltd.	0.58	2.32	-	-	-	-	-	-	-	-	0.58	2.32
3	Purchase of goods												
	- From NCVI Enterprises Limited	84.44	116.03	-	-	-	-	-	-	-	-	84.44	116.03
	- From Vivachem Intermediates Pvt. Ltd.	210.00	-	-	-	-	-	-	-	-	-	210.00	-
	- From others	5.59	11.47	-	-	-	-	-	-	-	-	5.59	11.47
4	Purchase of services												
	- From NCVI Enterprises Limited	-	3.27	-	-	-	-	-	-	-	-	-	3.27
5	* Managerial remuneration (including incentives)	-	-	10.94	8.12	-	-	0.56	0.43	-	-	11.50	8.55
6	Sitting fees to non-executive directors of the company	-	-	-	-	0.06	0.06	-	-	-	-	0.06	0.06
7	Rent received	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
8	Rent paid	0.07	0.02	0.47	0.38	-	-	0.47	0.37	-	-	1.01	0.77
9	Security deposit	-	-	-	0.45	-	-	-	0.45	-	-	-	0.90
10	Contribution to IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	2.03	1.31	2.03	1.31
11	Loan taken	-	0.35	-	-	-	-	-	-	-	-	-	0.35
12	Repayment of Loans												
a	Issue of Preferential share warrants against loan taken												
	- NCVI Enterprises Limited	-	12.81	-	-	-	-	-	-	-	-	-	12.81
b	Part payment for conversion of share warrants into equity share capital												
	- NCVI Enterprises Limited	-	4.49	-	-	-	-	-	-	-	-	-	4.49
c	Repayment of other loans	-	-	-	0.03	-	-	-	-	-	-	-	0.03
13	Advances against supplies	-	20.00	-	-	-	-	-	-	-	-	-	20.00



NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

C Details of balances outstanding as at year end

in ₹ crore

Sr. No.	Particulars	Enterprises over which KMP is able to exercise significant influence or control		Key Management Personnel (KMP)		Non executive directors		Relatives of KMP		Post Employment Benefit Plans		Total	
		As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Amount receivable on the last day of financial year													
1	Security deposit receivable	-	-	0.45	0.45	-	-	0.45	0.45	-	-	0.90	0.90
2	Trade Receivable against sale of goods - From Vivachem Intermediates Pvt. Ltd.	19.00	1.63	-	-	-	-	-	-	-	-	19.00	1.63
3	Trade Receivable against sale of capital goods	-	1.75	-	-	-	-	-	-	-	-	-	1.75
4	Advances against purchases of goods	-	-	-	-	-	-	-	-	-	-	-	-
	- To Vivachem Intermediates Pvt. Ltd.	-	20.00	-	-	-	-	-	-	-	-	-	20.00
	- To NCVI Enterprises Limited	11.67	3.77	-	-	-	-	-	-	-	-	11.67	3.77
Amount payable on the last day of financial year													
1	Payable against purchases of goods	-	-	-	-	-	-	-	-	-	-	-	-
	- To Vivachem Intermediates Pvt. Ltd.	5.71	-	-	-	-	-	-	-	-	-	5.71	-
	- To Others	-	2.70	-	-	-	-	-	-	-	-	-	2.70
2	* Managerial remuneration	-	-	0.08	0.30	-	-	0.01	0.02	-	-	0.09	0.32
3	Sitting fees to non-executive directors of the company	-	-	-	-	-	0.01	-	-	-	-	-	0.01
4	Closing Balance of Loans	-	-	-	-	-	-	-	-	-	-	-	-

(i) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

*(ii) Long-term employee benefits for Key Managerial Personnel:

The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

42 Financial Risk Management

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The financial liabilities of the company, other than derivatives, include loans and borrowings, trade payables, lease liabilities and other payables, and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The company is mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

(i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk.

(a) Foreign currency risk

The company imports certain Property, Plant and Equipment and material from outside India and export finished goods. The exchange rate between the Indian rupee and foreign currencies has fluctuated in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The company manages its foreign currency risk through the process of adjusting inward remittances in foreign currency for its payment of outward remittances (i.e. considering it as natural hedge).

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

Financial Assets

Particulars	As at 31 March 2020		As at 31 March 2019	
	Foreign currency	in ₹ crore	Foreign currency	in ₹ crore
Trade receivable				
-In USD	10,369,608	77.97	10,435,453	71.89
-In EURO	653,896	5.39	516,758	3.98
Trade Payables				
-In USD	9,102,726	69.08	2,918,130	20.29
In EURO	-	-	-	-
Net exposure				
-In USD	1,266,882	8.89	7,517,323	51.60
-In EURO	653,896	5.39	516,758	3.98

Of the above foreign currency exposures, the following exposures are not hedged by a derivative.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Foreign currency	in ₹ crore	Foreign currency	in ₹ crore
Trade receivable				
-In USD	10,369,608	77.97	10,435,453	71.89
-In EURO	653,896	5.39	516,758	3.98
Trade Payables				
-In USD	3,278,132	24.88	2,918,130	20.29
In EURO	-	-	-	-
Net exposure				
-In USD	7,091,476	53.09	7,517,323	51.60
-In EURO	653,896	5.39	516,758	3.98

Foreign currency sensitivity analysis

Any changes in the exchange rate of USD and EURO against INR is not expected to have significant impact on the Company's profit due to the less exposure of these currencies. Accordingly, a 2% appreciation/depreciation of the INR as indicated below, against the USD and EURO would have reduced/increased profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Strengthening	Weakening	Strengthening	Weakening
2% Strengthening / weakening of USD against INR	1.06	(1.06)	1.03	(1.03)
2% Strengthening / weakening of EURO against INR	0.11	(0.11)	0.08	(0.08)

Foreign currency forward contracts held by the company as on reporting date:

Particulars	As at	
	31-March-2020	31-March-2019
In USD	5,824,594	-
in ₹ crore	1.82	-

Derivatives designated as hedging instruments

The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Company. The Company has decided to apply hedge accounting for derivative contracts that meets the qualifying criteria of hedging relationship entered.

During the year ended 31-March-2020, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure.

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Financial Year	
	2019-20	2018-19
Opening balance of cash flow hedge reserve	-	-
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(0.12)	-
Amount reclassified to profit or loss	-	-
Tax effect	0.04	-
Closing balance of cash flow hedge reserve	(0.08)	-

The following table includes the maturity profile of the foreign exchange forward contracts:

Particulars	As at 31 March 2020		As at 31 March 2019	
	USD	in ₹ crore	USD	in ₹ crore
Not later than one month	473,790	0.18	-	-
Later than one month and not later than three months	3,048,297	0.81	-	-
Later than three months and not later than one year	2,302,507	0.83	-	-
	5,824,594	1.82	-	-

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements if any. All the company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

in ₹ crore		
Particulars	Carrying amount	
	Financial Year	Financial Year
Variable rate instruments	2019-20	2018-19
Long term borrowings	-	189.88
Current maturities of long term debt	0.07	26.40
Short term borrowings	55.92	67.72

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ crore		
Particulars	Financial Year	
	2019-20	2018-19
Increase/ (decrease) in 100 basis point	0.56	2.74

(ii) Liquidity Risk

The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash to meet the obligations as and when falls due.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

in ₹ crore		
Particulars	Financial Year	
	2019-20	2018-19
Borrowings including current maturities	0.07	216.28
Less than 1 year	0.07	26.40
1-2 year	-	33.64
2-5 year	-	156.24
5-10 year	-	-
Later	-	-

Particulars	Financial Year	
	2019-20	2018-19
Short term borrowings	55.92	67.72
Less than 1 year	55.92	67.72
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
Trade Payables	186.09	120.27
Less than 1 year	186.09	120.27
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
Other Financial liabilities	29.63	34.94
Less than 1 year	29.63	34.94
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-

(iii) Credit Risk

Credit risk refers to the risk of default on its contractual terms or obligations by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss:

in ₹ crore		
Particulars	Financial Year	
	2019-20	2018-19
(a) Revenue from top five customers		
-% of total sales of top 1 customer	7.53%	5.17%
-% of total sales of top 5 customers	24.02%	17.15%
(b) Allowances for expected credit loss and doubtful receivables		
-Balance at the beginning of the period	0.20	0.27
-Impairment loss recognized	-	0.07
-Expected credit loss	0.01	(0.05)
-Amount written off	(0.09)	(0.09)
-Balance at the end of the period	0.12	0.20

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

Write off policy

The financial assets are written off in case there is no reasonable expectation of recovering from the financial asset.

43 Capital Management

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

Particulars	Financial Year	
	2019-20	2018-19
Borrowings including current maturities and interest accrued but not due	56.15	285.88
Less: Cash & cash equivalent and other bank balances	154.64	29.60
Net debt (A)	(98.49)	256.28
Total equity (B)	813.54	474.34
Gearing ratio (A/B)	N.A.	0.54

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31-March-2020 and 31-March-2019.

44 In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account

45 Reconciliation of Cash flow from financing Activities

In pursuant to amendment in the companies (Indian Accounting Standards) Rules, 2017 via MCA notification G.S.R 258(E) dated 17-Mar-2017 Para 44A to Para 44E has been inserted after Para 44 in Indian accounting Standard-7 "Statement of Cash Flows" for the period beginning on 01-April-2017

Particulars	in ₹ crore	
	Current borrowing	Non-current borrowing including current maturities
Opening balance of Financial liabilities as on 01-April-2019 coming under the financing activities of Cash Flow Statement	67.72	216.28
Changes during the year		
a) Changes from financing cash flow	(11.80)	(216.80)
b) Changes arising from obtaining or losing control of subsidiaries or other business		
c) The effect of changes in foreign exchanges rates- (Gain)/Loss		
d) Changes in fair value		
e) Other changes Processing fee amortized	-	0.59
Closing balance of Financial liabilities as on 31-March-2020 coming under the financing activities of Cash Flow Statement	55.92	0.07

Particulars	in ₹ crore	
	Current borrowing	Non-current borrowing including current maturities
Opening balance of Financial liabilities as on 01-April-2018 coming under the financing activities of Cash Flow Statement	135.27	286.61
Changes during the year		
a) Changes from financing cash flow	(67.55)	(53.61)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes Processing fee amortized	-	0.23
Loan taken	-	0.35
Unsecured loans converted into Equity share warrants	-	(17.30)
Closing balance of Financial liabilities as on 31-March-2019 coming under the financing activities of Cash Flow Statement	67.72	216.28

46 Auditor's Remunerations

Particulars	in ₹ crore	
	For the year ended 31-March-2020	31-March-2019
Audit fee	0.05	0.05
Tax audit fee	0.02	0.02
Limited review	0.05	0.02
In other capacity:		
Company law and other matters	-	0.02
Taxation matters	0.08	0.08
	0.20	0.19

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

47 The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Particulars	in ₹ crore	
	As at	
	31-March-2020	31-March-2019
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	6.86	5.85
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	0.02
iii. The amount of interest paid by the buyer in terms of section 16 of the MSME Act, along with the amount of payment made to the suppliers beyond the appointed day during each accounting year	-	-
iv. The amount of interest paid along with the amount of payment made to the suppliers beyond the appointed day	-	-
v. The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSME act	-	-
vi. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	0.02
vii. The amount of further interest due and payable even in succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of dis-allowance as a deductible expenditure under section 23	-	-

48 Expenditure on Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

in ₹ crore

Particulars	Year ended	
	31-March-2020	31-March-2019
Gross amount required to be spent during the year	2.49	-

Amount spent during the FY 2019-20 on CSR activities

in ₹ crore

Particulars	Paid in cash	Yet to be paid in cash	Total
(ii) Purpose other than (i) above	1.64	0.10	1.74

The CSR provisions became applicable for the first time on the Company and therefore the Company was required to spend 2% of the average net profits of the last three financial years during the financial year 2019-20. The Company exercises prudence in selecting the projects for fulfilling its CSR objectives and to identify various projects, due care was taken to ensure effective contribution to the society through deserving projects, directly and indirectly. Due to fact that all the projects were identified by the Company during FY 2019-20 only, the Company could not contribute the entire allocated funds. The Company will continue its process of exploring various projects & programs for its CSR contribution and strive to deliver the maximum impact to society.

NOTES FORMING PART OF FINANCIAL STATEMENTS ...(Contd.)

49 The Companies (Indian Accounting Standards) second amendment rules 2018 has amended IND-AS 20 Accounting for Government Grants and Disclosure of Government Grant Assistance”, which gives the option of presentation of amount of Government Grants related to asset, including non-monetary grants at fair value in the balance sheet either by setting up the amount of grant as deferred income or deducting the amount of grant in arriving at the carrying amount of the assets. The Company made the accounting policy choice of presentation of amount of Government Grant related to asset in the balance sheet by setting up the amount of grant as deferred income. There is no impact on the profit before tax/after tax for the year ended 31-March-2019 and 31-March-2020.

50 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. In developing the assumptions relating to the

possible future uncertainties in the global economic conditions, the Company has, as at the date of approval of these standalone financial results, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Company. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

51 Figures in bracket indicate deductions.

52 Previous year figures have been regrouped/recasted/rearranged wherever necessary to conform to its classification of the current year.

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-

Aditya Kumar

Partner

M.No. 506955

Place : Ludhiana

Date : 12th June 2020

UDIN: 20506955AAAAGN4041

For and on behalf of the Board of Directors

sd/-

Varinder Gupta

Managing Director

DIN-00044068

sd/-

Abhay Raj Singh

AVP & Company Secretary

sd/-

Vijay Garg

Joint Managing Director

DIN-06510248

sd/-

Pardeep Kumar Khanna

Chief Financial Officer

Notes

A series of horizontal dotted lines for writing notes.





IOL CHEMICALS AND PHARMACEUTICALS LIMITED

CIN : L24116PB1986PLC007030

Corporate Office : 85, Industrial Area 'A', Ludhiana-141003 (Punjab)

Website : www.iolcp.com