



**24th Annual Report
2010-2011**

IOL Chemicals and Pharmaceuticals Limited

Awarded with prestigious “**National Energy Conservation Award 2010**” First prize of National Energy Conservation Award 2010, in Drugs & Pharmaceuticals Sector by the Ministry of Power, Government of India



Mr R K Thukral, Executive Director, IOLCP received “National Energy Conservation Award” from Sh Sushil Kumar Shinde, Hon’ble Minister of Power, Government of India at a special felicitation ceremony held on 14 December, 2010, National Energy Conservation Day, at New Delhi

Board of Directors

Mr Varinder Gupta - *Chairman & Managing Director*
 Dr M A Zahir
 Mr Chandra Mohan
 Mr Yogesh Goel
 Mr Ravi Pratap Singh
 Mrs Dimple Gupta
 Mr Kanwal Pushkarnath Pandita
 Mr R K Thukral - *Executive Director upto 11 July 2011*
 Mr Vijay Singla - *Director (Works) w.e.f. 11 July 2011*

President (Finance)

Mr Rakesh Mahajan

Vice President and Company Secretary

Mr Krishan Singla

Statutory Auditors

M/s S C Vasudeva & Co.
 Chartered Accountants,
 New Delhi

Cost Auditors

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

Bankers

Punjab National Bank
 State Bank of India
 Allahabad Bank
 Oriental Bank of Commerce
 Export-Import Bank of India

Registrar and Share Transfer Agents

Alankit Assignments Limited
 (Unit: IOL Chemicals and Pharmaceuticals Limited)
 2E/21, Jhandewalan Extention,
 New Delhi- 110 055.
 Phone : +91-11-23541234, 42541234
 Fax : +91-11-42541967
 E-mail : rta@alankit.com

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

Dr M A Zahir - *Chairman*
 Mr Ravi Pratap Singh
 Mr Vijay Singla

Investors' Grievance Committee

Mrs Dimple Gupta -*Chairman*
 Dr M A Zahir
 Mr Vijay Singla

Remuneration Committee

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

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Registered Office :

Trident Complex, Raikot Road,
 Barnala – 148 101 (Punjab)
 Phone : +91-1679 - 244701-07
 Fax : +91-1679 - 244708
 E-mail : contact@iolcp.com

Head 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

Please visit our website : www.iolcp.com



NOTICE

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the members of **IOL Chemicals and Pharmaceuticals Limited** will be held on Saturday, 24 September 2011 at 10:00 AM at the Registered Office of the Company; Trident Complex, Raikot Road, Barnala, Punjab to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31 March 2011 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a director in place of Mr Ravi Pratap Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Yogesh Goel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
M/s. S C Vasudeva & Co., Chartered Accountants, New Delhi, the retiring Statutory Auditors, being eligible, offer themselves for re-appointment.

Special Business:

5. Appointment of Director

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

“**RESOLVED** that Mr Kanwal Pushkarnath Pandita, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a director of the Company liable to retire by rotation under the Articles of Association of the Company.”

6. Appointment of Director

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

“**RESOLVED** that Mr Vijay Singla, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a director of the Company liable to retire by rotation under the Articles of Association of the Company.”

7. Revise the remuneration of Mr Varinder Gupta, Managing Director of the Company

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

“**RESOLVED** that in accordance with the provisions of Sections 198, 269, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the variation in the terms of appointment of Mr Varinder Gupta, Managing Director in respect of his remuneration with effect from 11 August 2010 for his remaining tenure i.e. upto 31 August 2012 given as under:

- 1 a) Basic Salary: ₹1,60,000/- (Rupees one lac sixty thousand only) per month
- b) Perquisites and allowances: Perquisites and allowances shall be in addition to salary as follows:

a) House Rent Allowance	50% of salary
b) Conveyance Allowance	20% of salary
c) Communication Allowance	10% of salary
d) Medical Allowance	8.33% of salary
e) Newspaper and Periodicals Allowance	5% of salary
f) Children Education Allowance	5% of salary
g) Provident Fund Contribution	12% of salary
h) Bonus	10% of salary
i) Gratuity	4.17% of salary
j) Uniform Allowance	8% of salary
k) Self Development Allowance	13.33% of salary
l) Medical CL/GIS	4.17% of salary
2. Other Terms

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

“**RESOLVED FURTHER** that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Managing Director.”

“**RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to increase the remuneration and perquisites of Mr Varinder Gupta, Managing Director from time to time within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time.”

“**RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things to give effect to the increase in remuneration of the Managing Director.”

8. Revise the remuneration of Mr R K Thukral, Executive Director of the Company

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

“**RESOLVED** that in accordance with the provisions of Sections 198, 269, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded to the variation in the terms of appointment of Mr R K Thukral, Executive Director in respect of his remuneration with effect from 11 August 2010 upto 11 July 2011 given as under:

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

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

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

2. Other Terms:

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

"RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay aforesaid remuneration as minimum remuneration to the Executive Director."

"RESOLVED FURTHER that the Board of Directors be and are hereby authorised to do all acts, matters and things to give effect to the increase in remuneration of the Executive Director."

9. Appointment of Mr Vijay Singla as a Director (Works) of the Company

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Central Government and /or any other authority, if required, Mr Vijay Singla be and is hereby appointed as a Director (works) of the Company, for a period of five years with effect from 11 July 2011, on the terms and conditions including remuneration as given below:

- 1 a) Basic Salary: ₹ 60,000 (Rupees sixty thousands only) per month
- b) Perquisites and allowances : Perquisites and allowances shall be in addition to salary as follows:
 - a House Rent Allowance 50% of salary
 - b Conveyance Allowance 20% of salary
 - c Communication Allowance 10% of salary
 - d Medical Allowance 8.33% of salary
 - e Newspaper and Periodicals Allowance 5% of salary
 - f Children Education Allowance 5% of salary
 - g Provident Fund Contribution 12% of salary
 - h Bonus 10% of salary
 - i Gratuity 4.17% of salary
 - j Uniform Allowance 8% of salary
 - k Self Development Allowance 13.33% of salary
 - l Medical CL/GIS 4.17% of salary

2 Other Terms:

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

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

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to increase the remuneration and perquisites of Mr Vijay Singla, Director (Works) from time to time within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things which may be considered necessary to give effect to the appointment of Mr Vijay Singla as a Director (Works)."

10. To consider the merger of G Drugs and Pharmaceuticals Limited with the Company.

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

"RESOLVED that pursuant to the provisions of Section 18 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and subject to the approval of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under the provision of SICA, the draft Scheme providing for Merger of G Drugs and Pharmaceuticals Limited (GDPL) with the Company, i.e IOL Chemicals and Pharmaceuticals Limited (IOLCP), including the share exchange ratio of 1 (one) equity share of ₹10 each fully paid up of IOLCP for every 20 (twenty) equity shares of ₹ 10 each fully paid up of GDPL, as laid before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved with the appointed date 1 April 2010 and the Board of Directors of IOLCP be and is hereby authorized to accept such alterations and modifications in the said Scheme as may be stipulated or required by BIFR or any such concerned authority, Operating Agency, State or Central Government authorities, or other concerned persons, if any, while sanctioning or participating in the said Scheme of Merger and/or granting such approvals, if any, required in connection therewith, which the Board of Directors of IOLCP may deem fit and in the interest of IOLCP and to do such acts, deeds, matters and things as may be considered necessary to give effect to the said Scheme of Merger".

11. To consider to issue and allot equity shares to persons who are members of G Drugs and Pharmaceuticals Limited

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

"RESOLVED that pursuant to the sanction of the Rehabilitation-cum-Merger Scheme and pursuant to the provision of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 read with the provisions of the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue and allot upto an aggregate of 4,34,500 equity shares of the face value of ₹ 10 each of the Company credited as fully paid up in the ratio of 1 (one) equity share of the face value of ₹ 10 each of the Company for every 20 (twenty) equity



shares of ₹ 10/- each fully paid up held in G Drugs and Pharmaceuticals Limited (GDPL) by persons who are members of GDPL on such date as may be fixed by the Board of Directors of the Company (hereinafter referred to as the record date) or such number of equity shares and in such proportion as may be sanctioned by the BIFR/ authorities while giving effect to the scheme, on such terms and conditions including entitlement to dividend as the Board may in its absolute discretion deem fit.”

“**RESOLVED FURTHER** that in the event of any member of GDPL becoming entitled to any fraction of equity shares in the Company as a result of the issue, the Company shall, on behalf of such members who are entitled to such fractional shareholding, issue consolidated equity shares to a trustee nominated by the Board in that behalf, who shall transfer/ sell such shares and distribute the net sales proceeds (after deduction of taxes and expenses incurred) to the members respectively in the same proportion to their fractional entitlement.”

“**RESOLVED FURTHER** that for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters and things may be necessary for the issuance and allotment of the said equity shares and to take such action or give such directions as may be considered necessary or desirable, as considered necessary by the or as may be prescribed in granting approvals which may be acceptable to the Board and settle any question or difficulty that may arise in regard to the issue and allotment of the said equity shares.”

“**RESOLVED FURTHER** that the equity shares to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respect with the existing equity shares of the Company.”

“**RESOLVED FURTHER** that the Board be and is hereby authorized to do all such acts, deeds, matters and things necessary under applicable provisions of laws, rules and regulations for the listing of equity shares on the Stock Exchanges, and to enter into agreements, deeds, documents and/or incur costs in connection with the said listing, and to enter into depository arrangements to enable the new members of the Company to trade in equity shares in a dematerialized form and all such other acts necessary for such listing without being required to seek any further consent or approval of the members.”

“**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds, matters and things and sign and execute such documents and writing and give such directions, as may be necessary or desirable to give effect to this resolution.”

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited

Sd/-

Place : Barnala [Krishan Singla]
Dated: 12 August 2011 Vice President and Company Secretary

Registered Office:

Trident Complex, Raikot Road,
Barnala-148101 (Punjab)

NOTES:

- i) The explanatory statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
- ii) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/ herself and the proxy need not be a member. Proxy form in order to be effective must be received by the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.**
- iii) All activities for transfer of shares, dematerialization of shares, change of address etc. are carried out by the Company through its Registrar and Share Transfer Agents (RTA). Members are requested to make their requests to RTA at the following address:
Alankit Assignments Limited
2E/21, Jhandewalan Extension, New Delhi-110 055
- iv) The Register of Members and Share Transfer Books will remain closed from **Tuesday, 20 September 2011 to Saturday, 24 September 2011** (both days inclusive).
- v) Members who are holding shares in identical order of names under more than one folio are requested to send the relative share certificates to the RTA for consolidation of the entire holding under one folio.
- vi) Documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 AM to 1.00 PM.
- vii) Members desiring any information on Accounts or other items of Agenda are requested to write to the Company at its Registered Office at least ten days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
- viii) Members are requested to:
 - a) Intimate their Permanent Account Number (PAN).
 - b) Send nomination form (format available on Company's website), if not sent earlier.
 - c) Notify the change of address with pin code and email address to ensure quick delivery of letters and quote their folio/ client ID & DP ID in all correspondence.
 - d) Bring their copies of Annual Report at the meeting.
 - e) Complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr Kanwal Pushkarnath Pandita, aged 53 years, was appointed as an Additional Director on the Board w.e.f. 16 August 2010 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit under Section 257 of the Companies Act, 1956 proposing his name for the appointment as a director of the Company.

Mr Kanwal Pushkarnath Pandita is a consultant having 25 years of rich experience in Pharmaceutical Business. He holds PhD in Medicinal / Synthetic Chemistry, MPhil and MSc. The Board has

considered that the Company would be immensely benefited by his mature advice and recommends the resolution for your approval.

None of the directors except Mr Kanwal Pushkarnath Pandita, being the proposed appointee, is concerned or interested in the resolution.

Item No. 6

Mr Vijay Singla, aged 36 years, was appointed as an Additional Director on the Board w.e.f. 11 July 2011 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit under Section 257 of the Companies Act, 1956 proposing his name for the appointment as a director of the Company.

Mr Vijay Singla has been working as President (Drugs) for the last 11 years with the Company. He holds the degree of Chemical Engineering from Punjab Technical University, Jalandhar and degree in Electrical Engineering from the Institute of Engineers (India) Calcutta. He has a rich and varied knowledge and experience in the field of Chemical & Pharmaceutical Industries. The Board has considered that the Company would be immensely benefited by his mature advice and recommends the resolution for your approval.

None of the directors except Mr Vijay Singla, being the proposed appointee, is concerned or interested in the resolution.

Item No. 7

Mr Varinder Gupta was re-appointed as Managing Director of the Company on 1 September 2007 at the same gross remuneration of ₹ 2,00,000 per month for a period of five years with the approval of shareholders in their meeting dated 22 September 2007. There has been a substantial increase in the operations and activities of the Company especially after successful expansion and commissioning of Company's new projects. Considering the valuable contribution made by him and his role, responsibilities and experience, it is proposed to revise his remuneration as set out in the resolution which is in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956 and the same has been approved by the Remuneration Committee and the Board of Directors. The Board feels that the increase in remuneration is reasonable having regard to the prevailing industry trends and is within the ceiling limit on remuneration laid down under the Companies Act, 1956. As required under Section 310 of the Companies Act, 1956 read with Schedule XIII to the said Act, the proposal is placed for the approval of Members. The Board recommends the resolution for your approval.

None of the directors except Mr Varinder Gupta, being the proposed appointee, and Mrs Dimple Gupta, being his spouse, is concerned or interested in the resolution.

Item No. 8

Mr R K Thukral was appointed as Executive Director of the Company on 31 July 2008 at the gross remuneration of ₹ 1,49,000 per month for a period of five years with the approval of shareholders in their meeting held on 20 September 2008. There has been a substantial increase in the operations and activities of the Company especially after successful commissioning of Company's expansion / new projects. Considering the valuable contribution made by him and his role, responsibilities and experience, it is proposed to revise his remuneration as set out

in the resolution which is in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956 and the same has been approved by the Remuneration Committee and the Board of Directors for his remaining tenure. However Mr R K Thukral resigned from the Directorship of the Company w.e.f. 11 July 2011. The Board feels that the increase in remuneration is reasonable having regard to the prevailing industry trends and is within the ceiling limit on remuneration laid down under the Companies Act, 1956. As required under Section 310 of the Companies Act, 1956 read with Schedule XIII to the said Act, the proposal to revise the salary as given in the notice till his resignation is placed for the approval of Member. The Board recommends the resolution for your approval.

None of the directors except Mr R K Thukral, being the proposed appointee, is concerned or interested in the resolution

Item No. 9

Mr Vijay Singla was appointed as Director (Works) on the Board w.e.f. 11 July 2011 for the period of five year on the term and conditions approved by the Board of Directors, subject to the approval of the members and the Central Government, if required. The Remuneration Committee in its meeting held on 11 July 2011 has also approved the appointment and remuneration payable to him. The Board recommends the resolution for your approval.

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

Item No. 10

G Drugs and Pharmaceuticals Limited (GDPL) was incorporated on 25 October 1997, as an associate of IOL Chemicals and Pharmaceuticals Limited (IOLCP), having facilities to manufacture 'CMIC Chloride', a bulk drug intermediate, and having plant at village Fatehgarh Chhana, District Barnala. Due to operational as well as marketing difficulties, GDPL stopped the production of CMIC Chloride and engaged in the production of IBAP and IPCA, Ibuprofen intermediates, on job work basis for IOL Chemicals and Pharmaceuticals Limited vide agreement dated 17 September 2007.

The net worth of GDPL was fully eroded based on its audited Balance Sheet (ABS) as on 31 March 2003. Hence, pursuant to Section 15 (1) Sick Industrial Companies (Special provisions) Act, 1985 (for short, SICA), it made a reference to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) for determination of measures for its rehabilitation. The Hon'ble BIFR had vide its order dated 4 April 2006 declared GDPL as Sick Industrial Company in terms of Section 3 (1)(O) of the SICA and Canara Bank has been appointed as the Operating Agency to prepare its viability report of GDPL and formulate a scheme for rehabilitation of the Company.

The Operating Agency vide its letter dated 27 January 2011 submitted a Draft Rehabilitation Scheme to the Hon'ble BIFR proposing the merger of GDPL with IOLCP. The Hon'ble BIFR vide its letter dated 14 July 2011 has asked the approval by the members of the Company to the said scheme.

Rationale for the merger

- Both the companies are engaged in manufacturing of pharmaceuticals products. IOLCP is engaged in manufacturing of Ibuprofen and GDPL is engaged in manufacturing IBAP and IPCA, which are Ibuprofen intermediates and the same are used by IOLCP for manufacturing Ibuprofen. GDPL is presently manufacturing

- IBAP and IPCA for IOLCP on job work basis.
2. IOLCP proposes to use GDPL as a backward integration unit, which will result in cost reduction and better efficiency. Due to synergy of activities, the proposed merger will yield substantial savings for both the companies and thus will help in revival of GDPL. The worth of the combined undertaking would be greater than the sum of the worth of the two separate undertakings.
 3. IOLCP is a professionally managed company with sound financial base. Therefore, after merger GDPL will also have same professionals at management level which will strengthen its managerial capacity.
 4. IOLCP, which is a profit making company, is in better position to invest / arrange the funds required to revive GDPL.
 5. The merger will enable the combined business and activities of GDPL and IOLCP to be carried on more conveniently and advantageously with greater economies of scale, pooling and more efficient utilisation of their resources, reduction in overheads and other expenses and improvement in various other operating parameters of the said business. The merger will result in the formation of a larger and stronger Company with a larger asset base having greater capacity for conducting its operations more efficiently and competitively. The merger is proposed accordingly as the same will have beneficial results for the said Companies, their shareholders, employees and all concerned.

Salient features of the Scheme

1. The appointed date for the merger of two companies, i.e. G. Drugs & Pharmaceuticals Ltd. (Transferor company, for short, GDPL) with IOL Chemicals Pharmaceuticals Limited (Transferee company, for short, IOLCP), shall be 1 April 2010, i.e. the immediately after the cut off date of 31 March 2010.
2. The effective date of merger will be the date on which scheme is sanctioned by the Hon'ble BIFR.
3. All assets and liabilities of GDPL shall vest in IOLCP with effect from the merger appointed date but will be operative from the effective date.
4. All shareholders of GDPL shall be issued one fully paid equity shares of IOLCP for every twenty shares held by them in GDPL, which is based on share exchange ratio of 1:20 as worked out by M/s K K Kapoor and Associates, an independent Chartered Accountants firm.
5. The existing employees of GDPL shall be treated as employees of IOLCP on the same terms and conditions on which they were the employees of GDPL, as if there has been no break in the employment.
6. All assets and existing liabilities of GDPL shall be taken over by IOLCP as a part of revival scheme based on the merger of the former with the later.
7. The scheme envisages IOLCP's entitlement to tax benefit u/s 72A of IT Act, 1971 so that the full amount of the accumulated losses and unabsorbed depreciation of GDPL as on the merger appointed date shall be deemed to be the accumulated loss and unabsorbed depreciation of IOLCP. The net worth of GDPL will be positive consequent to and upon its merger with IOLCP.
Shareholding pattern of IOLCP before and after the merger of GDPL with the Company :

Sr. No.	Category of Shareholder	Before proposed merger		After proposed merger	
		Shares	% age	Shares	% age
1	Promoters/ Associates	1,39,40,053	54.21	1,43,74,553	54.97
	Subtotal	1,39,40,053	54.21	1,43,74,523	54.97
2	Mutual Fund	10,700	0.04	10,700	0.04
3	Foreign Investors	41,91,337	16.30	41,91,337	16.03
4	Body Corporate	45,21,722	17.58	45,21,722	17.29
5	Individuals	30,52,852	11.87	30,52,852	11.67
	Subtotal	1,17,76,611	45.79	1,17,76,641	45.03
	TOTAL	2,57,16,664	100	2,61,51,164	100

The Members may note that the Scheme may undergo minor/major modification if the same are suggested by the concerned authorities/parties, agreed by IOLCP and accepted by the Hon'ble BIFR while granting its final approval. And therefore the Board of Directors have taken power in the resolution to accept such alterations and modifications and also to do such acts, deeds, matters and things as may be necessary in the interest of IOLCP to give effect to the said Scheme of merger.

Pursuant to the terms of the Scheme, the approval of the Scheme is required by way of a special resolution from the Members of IOLCP in accordance with the provisions of Section 18 of the SICA.

A copy of the draft Scheme of merger of GDPL with IOLCP with enclosures as submitted by GDPL to Hon'ble BIFR under Section 18 of SICA are available for inspection at the Registered Office of IOLCP on any working day between 11.00 AM to 1.00 PM upto the date of the meeting, at the meeting and also during the meeting hours.

Your Directors recommend the approval of proposed resolution by the Members by way of a Special Resolution.

None of the Directors except Mr Varinder Gupta and Mrs Dimple Gupta, being members in IOLCP and GDPL, is treated as concerned or interested in the resolution.

Item No. 11

G Drugs and Pharmaceuticals Limited ("GDPL") has become a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") and referred to the Hon'ble Board for Industrial & Financial Reconstruction ("BIFR"). Accordingly under the said Act. merger of GDPL with IOLCP has been proposed under Section 18 of the SICA, under Rehabilitation-cum-Merger Scheme and provision of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 read with the provisions of the Memorandum of Association and Articles of Association of the Company, all shareholders of GDPL shall be issued one fully paid equity share of IOLCP for every twenty shares held by them, which is based on share exchange ratio of 1:20 as worked out by M/s K K Kapoor and Associates, an independent Chartered Accountants firm.

Your Directors recommend the approval of proposed resolution by the Members by way of a Special Resolution.

None of the Directors except Mr Varinder Gupta and Mrs Dimple Gupta, being members in IOLCP and GDPL, may be treated as concerned or interested in the resolution.

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

Name of the Director	Mr Ravi Pratap Singh	Mr Yogesh Goel	Mr Kanwal Pushkarnath Pandita	Mr Vijay Singla
Date of Birth	18 October 1958	9 May 1955	4 April 1958	1 January 1975
Date of Appointment	31 July 2008	31 October 2008	16 August 2010	11 July 2011
Expertise in specific functional area	Mergers, Acquisitions, Indian and Global Investments	Identification, Promotion and Implementation of Chemicals and other units on joint/assisted sectors	Development of Pharmaceutical business	Pharmaceuticals and Chemical Industries
Total experience	27 years	33 years	25 year	11 years
Present profession	Partner of Sycamore Vetnures	Executive Director in Punjab State Industrial Development Corporation Ltd	President in OSB Pharmaceuticals LLC, USA	Director (Works) in IOL Chemicals and Pharmaceuticals Ltd
Qualification	BS in Mechanical Engineering & MBA From Columbia University	Graduate in Chemical Engineering	PhD in Medicinal / Synthetic Chemistry, M.Phil and M.Sc	Degree in Chemical Engineering and Electrical Engineering
Directorships in other companies	Surana Power Limited	1. Nahar Industrial Infrastructure Corporation Limited 2. Healthcaps India Ltd. 3. Punjab Alkalies & Chemicals Limited 4. Krishna Engg. Works Limited	Nil	Nil
Chairmanship of Board Committees	Nil	Nil	Nil	Nil
Membership of Board Committees	Audit Committee 1. IOL Chemicals and Pharmaceuticals Limited	Audit Committee 1. Healthcaps India Limited	Nil	Audit Committee 1. IOL Chemicals and Pharmaceuticals Ltd. Shareholders' / Investors' Grievance Committee 1. IOL Chemicals and Pharmaceuticals Ltd.
No of shares held	Nil	Nil	Nil	Nil
Relationship with other directors	Not related to any other directors	Not related to any other directors	Not related to any other directors	Not related to any other directors

Registered Office:
Trident Complex, Raikot Road,
Barnala-148101 (Punjab)
Place : Barnala
Dated : 12 August 2011

By order of the Board
For IOL Chemicals and Pharmaceuticals Limited
Sd/-
[Krishan Singla]
Vice President and Company Secretary

Important Message to Members / Investors

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their concerned depository participants. Members who hold the shares in physical form are requested to Register their email id, by sending under their Registered signature a letter to RTA / the Company at below mentioned address:

**Alankit Assignments Limited,
Unit: IOL Chemicals and Pharmaceuticals Limited,
2E/21, Jhandewalan Extention,
New Delhi-110 055**

**Vice President and Company Secretary,
IOL Chemicals and Pharmaceuticals Limited,
85, Industrial Area 'A',
Ludhiana-141 003**

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the Twenty-fourth Annual Report and Audited Accounts for the financial year ended 31 March 2011.

1. Financial Results

Financial results of the Company for the financial year under report are given below:

(Rs in crore)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Net sales and other income	391.36	350.42
Profit before interest & depreciation	69.60	39.54
Interest	36.80	14.87
Profit before depreciation	32.80	24.67
Depreciation	23.76	10.01
Profit before tax	9.04	14.66
Provision for tax (including deferred tax)	2.86	4.64
Profit after tax	6.18	10.02
Balance carried to the Balance Sheet	52.37	46.20

2. Performance Review

There was a healthy improvement in the overall performance of the Company in comparison to the previous year's performance. Net sales and other income of the Company has increased by 11.68% to ₹ 391.36 crore from ₹ 350.42 crore. Profit before interest & depreciation has increased by 76.02 % to ₹ 69.60 crore during the year under review against from ₹ 39.54 crore. The Company has earned net profit after tax ₹ 6.18 crore during the year under review against ₹ 10.02 crore due to the higher Interest and Depreciation.

3. Dividend

The Board of Directors have not recommended any dividend keeping in view the ongoing expansion, modification and other future investment possibilities and have decided to plough back profit.

4. Allotment of Equity Share and Warrants

During the year under review, paid up equity share capital of the Company has been increased from ₹ 22,71,66,640 to ₹ 25,71,66,640 due to allotment of 30,00,000 equity shares of ₹ 10 each on the exercise of option attached with the warrants in following trenches:

- 15,00,000 equity shares at a premium of ₹ 68 per share on 25 August 2010 against exercise of option attached with warrants which were issued to non-promoters on preferential basis.
- 15,00,000 equity shares at a premium of ₹ 46 per share on 25 August 2010 against exercise of option attached with warrants out of 30,00,000 warrants issued to promoters and their associates on preferential basis.

5. Issue of Foreign Currency Convertible Bonds (FCCBs)

The Company has issued 70 Zero Coupon Unsecured Foreign Currency Convertible Bonds on 28 May 2010 due June 2015 (ISIN XS 0505067461) aggregating to USD 7 million to international investors to part finance capital expenditure programme of the Company. Each bond is convertible into equity shares of face value of ₹ 10 each of the Company at a conversion price of ₹ 78 per share

subject to adjustment, if any, at any time on or after 28 May 2010 until the close of business on 28 May 2015, unless previously redeemed, converted or purchased and cancelled. The Company also has option to convert the bonds at any time from 28 November 2014 to 28 May 2015 at prevailing conversion price. Bonds which are not redeemed, converted or purchased and cancelled, are redeemable on 5 June 2015 at an amount equal to principal amount of the Bonds multiplied by 1.4124872.

These bonds have been listed on the Luxembourg Stock Exchange, Luxembourg.

6. Expansion project

The Company has undertaken capacity enhancement and diversification into more value-added pharmaceutical products involving a CAPEX of ₹ 130 crore.

Sr No.	Product	Unit	Present capacities	Proposed capacities
1.	Proton Pumps Inhibitors (PPI's)	TPA	—	150
2.	Multi Purpose Plant	TPA	—	2,400
3.	Ethyl Acetate	TPA	36,000	42,000
4.	Acetic Anhydride	TPA	18,000	30,000
5.	Iso Butyl Benzene	TPA	6,600	9,000

The aforesaid project is on schedule and are likely to be completed during the current year.

7. Credit Rating

The Credit Analysis & Research Ltd (CARE) has rated Company as "CARE BBB" for Long Term Facilities which indicates moderate safety for timely servicing of debt obligations and as "PR2" for Short Term Facilities which indicates adequate capacity for timely payment of short term debt obligations.

8. Awards

Members would be happy to note the receipt of following Awards by their Company during the year under review:

- First Prize in National Energy Conservation Award 2010 in Drugs & Pharmaceuticals Sector by the Ministry of Power, Government of India (IOLCP awarded with this award in Chemical Sector consecutively for the Year 2005, 2006, 2007, 2008 and 2009).
- First Prize in State Level Energy Conservation Award in Drugs and Pharmaceuticals Sector for the year 2010.

9. Recognitions

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

- Certificate of Registration from Department of Scientific & Industrial Research (DSIR) for In-house R&D unit(s) of the Company.
- Certificate of suitability for ibuprofen from the European Directorate for Quality of Medicine & Healthcare (EDQM).

10. Directors

Dr (Mrs) H K Bal and Mr R K Thukral have resigned from the Board with effect from 21 May 2011 and 11 July 2011 respectively due to personal reasons. The Board places on record their appreciation for the valuable services rendered by them during their tenure as Director/ Executive Director of the Company.

Mr Kanwal Pushkarnath Pandita was appointed as Additional Director on the Board w.e.f. 16 August 2010 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of

ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of Companies Act, 1956 for his appointment as Director of the Company.

Mr Vijay Singla was appointed as Additional Director and Director (Works) on the Board w.e.f. 11 July 2011 in terms of Article 133 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of Companies Act, 1956 for his appointment as Director of the Company.

According to Article 146 of the Articles of Association of the Company, one third of the directors for time being liable to retire by rotation, shall retire from the office. Accordingly, Mr Ravi Pratap Singh and Mr Yogesh Goel, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

A brief resume containing nature of expertise, details of directorship held in other companies, of the directors proposing appointment / re-appointment along with their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement with the stock exchanges is given in the notice of ensuing Annual General Meeting.

11. Re-constitution of Committees

a. Audit and Risk Management Committee

The Board has re-constituted the committee consisting of Dr M A Zahir as a Chairman, Mr Ravi Pratap Singh and Mr Vijay Singla as members on 11 July 2011.

b. Investors' Grievance Committee

The Board has re-constituted the committee consisting of Mrs Dimple Gupta as a Chairman, Dr M A Zahir and Mr Vijay Singla as members on 11 July 2011.

12. Corporate Governance

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance along with Auditors' Certificate regarding compliance with Clause 49 of the Listing Agreement is annexed to this Annual Report.

13. Management Discussion and Analysis Report

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

14. Safety, Health and Environment

Safety is the Company's top priority 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 about the importance of safety at work place. Bi-monthly medical camps are also being organized for welfare of the members in addition to regular medical facilities provided to them.

15. No Default

The Company has not made default in the payment of any statutory dues to government, interest and/or repayment of loans to any of the financial institutions / banks during the year under review.

16. Fixed Deposits

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

17. Investor Services

The Company is committed to provide the best services to the shareholders/ investors. M/s Alankit Assignments Limited, New Delhi are working as Registrars and Share Transfer Agents (RTA) of the

Company for transfer, dematerialization of shares and other investor related services. No correspondence /enquiry from any shareholder/ investor is pending with the Company for reply.

18. Listing of Shares

During the year the Company got its equity shares listed on National Stock Exchange Limited (NSE) w.e.f. 8 November 2010. The equity shares of the Company continued to be listed and traded on National Stock Exchange Limited (Script code; IOLCP) and BSE Limited (Script code; 524164). The Company has made all compliances of the Listing Agreements including payment of annual listing fee.

19. Statutory Auditors' Report

Auditors' Report on the accounts is self-explanatory and no comments are required.

20. Statutory Auditors

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

21. Cost Auditors

The Central Government had directed that audit be carried out of the cost accounts maintained by the Company in respect of chemicals and bulk drugs by a qualified cost accountant. The Board subject to the approval of the Central Government has re-appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors, for financial year 2011-12 and application is being submitted to the Central Government for its approval.

22. Industrial Relations

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

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

Energy conservation continues to be an area of major emphasis in the Company. A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms part of the report.

The Company has received the National Award for Energy Conservation "National Energy Conservation Award 2010", First prize in Drugs & Pharmaceuticals Sector from the Ministry of Power, Government of India. The Company has received the said award in chemical sector consecutively for the year 2005, 2006, 2007, 2008 and 2009. The Company has also received First Prize in State Level Energy Conservation Award for the year 2010.

24. Information on Personnel

Statement showing particulars of the employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 is not given as no employee was in receipt of remuneration equal to or exceeding ₹ 60 lac per annum or ₹ 5 lac per month if employed for the part of the year.

25. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

1. in preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
2. the directors have selected such accounting policies and applied them consistently and made judgment and estimate

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the directors have prepared the annual accounts on a going concern basis.

26. Acknowledgement

We are pleased to place on record our sincere gratitude and

appreciation for assistance and co-operation received from the Union Government, Punjab Government, Company's Bankers, Members, Customers and Business Constituents.

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

For and on behalf of the Board

Sd/-

Place : Ludhiana
Dated : 11 July 2011

Varinder Gupta
Chairman and Managing Director

ANNEXURE I TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2011.

I CONSERVATION OF ENERGY

1.1 Energy conservation measures taken:

- a) Installation of impurities separation system in ethyl acetate section for improving the reaction kinetics hence saving in thermal energy.
- b) Process stream flow replaced from counter-current to co-current in the radiant section of fired heater of acetic anhydride section for improving the process & thermal efficiency.
- c) Installation of High Hydro Carbon Firing System at ketene fired heater in acetic anhydride section to use byproduct high hydro carbon from iso butyl benzene plant as fuel.
- d) In iso butyl benzene plant we have installed Steam Heaters instead of thermic fluid heaters to save upto 5 KLPD of furnace oil.
- e) Installation of VFD's at drag chain feeders in cogeneration section to save the power.
- f) Installation of high efficient heat exchangers like corrugated tubes, floating head, plate type heat exchangers instead of conventional shell and tube type heat exchangers.

1.4 Total energy consumption and consumption per unit of production as per Form-A of the annexure in respect of industries specified in the schedule thereto.

Particulars	Unit	Year ended 31 March 2011	Year ended 31 March 2010
A. Power and Fuel Consumption			
1. Electricity			
a) Purchased Units	KWH in lac	63.51	89.78
Total Amount	Rs in lac	346.15	474.62
Rate/Unit	Rs/KWH	5.45	5.29
b) Own Generation			
i) Through Diesel Generator			
Units	KWH in lac	1.54	4.38
Units per liter of HSD	KWH	3.52	3.51
Cost/Unit	Rs/KWH	9.18	8.14
ii) Through Turbine Generator			
Units	KWH in lac	336.98	293.88
Units per MT of Steam	KWH	110	113
Cost/Unit	Rs/KWH	3.70	3.16
2. Coal	MT	29,360	48,222
3. Furnace Oil	KL	1,920	2,195
4. Others/Internal Generation		NIL	NIL

- g) Reducing the head requirement of utilities, which results in the saving of electrical energy.

1.2 Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- a) Acetic acid recovery in acetic anhydride section will be done with Extraction Process in place of azeotropic distillation process for the saving of thermal energy.
- b) New Ketene Fired Heater will be installed in the acetic anhydride section of the saving of furnace oil.
- c) Old bucket type steam traps will be replaced with new Float Type Steam Traps for the saving of thermal energy in the chemical section.
- d) In mono chloro acetic plant Cooling Tower Heat Exchangers Cascading System will be implemented to save power.
- e) Utility Integration system and automation of IPCA Plant will be done to save steam and power.
- f) VFD's to be installed at feed pumps and FD fans to save power.

1.3 Impact of measures taken at (1.1) and (1.2) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Consumption per unit of production is lower from that of previous year due to better capacity utilization and measures taken to conserve the energy.

Particulars	Unit	Year ended 31 March 2011	Year ended 31 March 2010
B. Consumption per unit of production			
Acetic Acid	KWH/MT	352	322
Ethyl Acetate	KWH/MT	60	62
Acetic Anhydride	KWH/MT	257	282
Ibuprofen	KWH/MT	3,048	3001
Mono Chloro Acetic Acid	KWH/MT	432	—
Acetyl Chloride	KWH/MT	975	—
Iso Butyl Benzene	KWH/MT	799	—

II TECHNOLOGY ABSORPTION

Efforts made in technology absorption are as per Form B of the annexure

FORM-B

Disclosure of particulars with respect to technology absorption

1. Research & Development (R & D):

- a) Specific areas in which R & D is carried out by the Company:**
- a) Process parameters study of acetophenone, chloro acetyl chloride tri chloro acetyl chloride in R&D Lab.
 - b) Development of new API's in R&D for commercial development.
 - c) Trial run of checking corrosion rate of different materials with different chemicals.
 - d) Working on parameters of existing products to improve quality and product norms.
 - e) Implementation of continuous processes instead of conventional processes in ibuprofen plant.
 - f) Study of process parameters for acetic acid, ethyl acetate, acetic anhydride, mono chloro acetic acid and iso butyl benzene plant distillation columns for improvement in product quality and minimize losses using software.
 - g) Find out impurities in new products and develop same in R&D.
 - h) Installing more instruments in R&D lab for better efficiency of analysis.
- b) Benefits derived as a result of the above R & D:**
- a) Successful development of different particle size of

ibuprofen by direct crystallization technique at commercial scale.

- b) Preparation of rabeprazole sodium and validation completed.
- c) Successful synthesis of omeprazole in R&D, process validation completed, scale up at pilot level for filing of DMF.
- d) Successful synthesis of lansoprazole in R&D, process validation completed, scale up at pilot level for filing of DMF
- e) Preparation of pantoprazole sodium.
- f) Process development of tramadol
- g) Reduction in solvents and catalysts in drugs section by providing new processes like distillation in column instead of reactor.

c) Future plan of action:

Synthesis of new products like ibuprofen sodium, sertraline & losartan, lamotrigine, valsartan, ropinirole in R&D and transfer technology into pilot plant and then in commercial scale.

2. Technology Absorption, Adaptation & Innovation: Nil

3. Foreign Exchange Earnings and Outgo: (Rs in crore)

Used	11.66
Earned	80.63

For and on behalf of the Board

Place : Ludhiana
Dated : 11 July 2011

Sd/-
Varinder Gupta
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
1. Industry Structure and Developments
World Economy

The recovery is gaining strength, but unemployment remains high in advanced economies, and new macroeconomic risks are building in emerging market economies. Oil price increases since January 2011 and information on supply, including on spare capacity, suggest that the disruptions so far would have only mild effects on economic activity. An earthquake in Japan has exacted a terrible human toll. Its macroeconomic impact is projected to be limited, although uncertainty remains elevated. Overall, with the recovery stronger on the one hand but oil supply growth lower on the other, projections for World real GDP growth is forecast to be about 4½ percent in 2011 and 2012, down modestly from 5 percent in 2010. Real GDP in advanced economies and emerging and developing economies is expected to expand by about 2½ percent and 6½ percent, respectively. (Source: IMF)

Indian Economy

The Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crises of 2007-09. With growth in 2009-10 is estimated at 8 per cent by quick estimates released on 31 January 2011 and 8.6 per cent in 2010-11

as per Advanced Estimates of Central Statistical Office released on 7 February 2011, the turnaround has been fast and strong.

Indian Industrial Sector and Chemical Industry

The chemical industry which includes basic chemicals and its products, petrochemicals fertilizers, paints and varnishes gases soaps, perfumes and toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It forms the backbone of the industrial and agriculture development of India and provide building blocks for downstream industries. It contributes about 3% in the GDP of the country. The chemicals and petrochemicals sector in India presently constitutes 14% of the domestic industrial activity. The growth of petrochemicals and chemicals is projected at 12.6% and 8% respectively in 11th Five Year Plan.

Major chemicals undergo several stages of processing to be converted into downstream chemicals. These processed chemicals are used in agriculture and industry as auxiliary materials such as adhesives, unprocessed plastics, dyes, and fertilizers. Chemicals are also directly used by consumers in the form of pharmaceuticals, cosmetics, household products, paints, etc. The trend in production of chemicals in the current year vis-à-vis the preceding three years as under:

(in 000'MT)

Years	Alkali Chemicals	Other Inorganic Chemical	Organic Chemicals (Tech.)	Pesticides	Dyes & Dyestuffs	Total Major Chemicals
2007-08	5,443	609	1,552	83	44	7,731
2008-09	5,442	513	1,254	85	32	7,326
2009-10	5,602	518	1,280	82	42	7,524
April-Nov 2009	3,659	341	846	60	27	4,933
April-Nov. 2010	3,876	365	867	56	32	5,196
Growth rate	5.93	7.04	2.48	-6.67	18.52	5.33

The Index of Industrial Production (IIP) with base 1993-94 for the month of March 2010 released by the Central Statistical Organisation shows that General Index stands at 350.4 which is 14.55% higher as compared to level in the month of March, 2009. The cumulative growth of the year 2009-10 stands at 10.44% over the previous year in respect of general IIP as against the growth of 10.36% in respect of chemicals and Chemical products and 10.92% in case of manufacturing.

International Trade

The Share of chemicals and petrochemicals in total national exports diminished from 11.47% to 9.27%, during 2004-05 to 2008-09, however increased to 9.98 % during the year 2009-10 (upto December 2009) whereas the share of imports in total national imports declined from 8.55% to 7.19% during the corresponding period but increased to 8.26 % during the year 2009-10(upto December 2009).

Exports and imports—Chemicals and Petrochemicals

(Figures in crore)

Items	2006-07	2007-08	2008-09	2009-10 (Dec.10)
Exports:				
(a) Chemicals	39,351	43,482	53,738	39,202
(b) Petrochemicals	21,801	22,199	24,226	20,575
(c) Sub-Total (a+b)	61,152	65,681	77,964	59,777
Imports:				
(a) Chemicals	47,914	54,422	74,857	56,644
(b) Petrochemicals	16,339	18,677	24,020	22,274
(c) Sub-Total (a+b)	64,253	73,099	98,877	78,918

Source: Annual Report 2010-11, Department of Chemicals and Petrochemicals, Government of India

Pharmaceutical Industry

India is one of the fastest-growing pharmaceutical markets in the world, and its market size has nearly doubled since 2005, has grown at a compounded annual growth rate of 13% to 14% in past 5 years. India is also the third-largest market in the world in terms of volume and tenth in terms of value. India accounts for 8 per cent of global pharmaceutical production.

Indian firms produce about 60,000 generic brands across 60 therapeutic categories. In addition, Indian firms manufacture approximately 500 different Active Pharmaceutical ingredients (APIs). Manufacturing costs in India are approximately 35 to 40 per cent of those in the US due to low installation and manufacturing costs.

Generics

According to McKinsey report 'India Pharma 2020- Unlocking the potential of Indian Pharmaceuticals market' –The Indian pharmaceutical will grow to USD 55 Billion by 2020, with potential to reach USD 70 billion in an aggressive growth scenario and will sustain a CAGR of 14.5% similar to the growth witnessed in past 4 years.

Moreover, as per a press release by research firm RNCOS, the report titled 'Booming Generics Drug Market in India' projects the Indian generic drug market to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13.

The Union Minister of Commerce and Industry and Minister of Trade and Industry, Singapore, have signed a 'Special Scheme for Registration of Generic Medicinal Products from India', which seeks to fast-track the registration process for Indian Generic medicines in Singapore.

Government Initiatives

The Central Government has allowed 100 per cent foreign direct investment (FDI) under the automatic route in the drugs and pharmaceuticals sector including those involving use of recombinant technology.

The Government had also issued an expression of interest (EOI) for technical and financial bids for the selection of a global level consultant (GLC) for the preparation of a detailed project report (DPR) in order to develop India as a drug discovery and pharma innovation hub by 2020.

The Drugs and Pharmaceuticals Manufacturers Association has received an in-principle approval for its proposed Special Economic Zone (SEZ) for pharmaceuticals, bulk drugs, Active Pharmaceutical Ingredients (APIs) and formulations to be located at Nakkapallimandal in Visakhapatnam district, according to a government press release.

The Department of Pharmaceuticals has prepared "Pharma Vision 2020" for making India one of the leading destinations for end-to-end drug discovery and innovation.

The government plans to open 3,000 Jan Aushadhi stores, which sell unbranded generic drugs at heavy discounts to branded drugs, in the next two years.

2. Opportunities and Threats

Opportunities

1. Major raw material for pharma division in house.
2. Large domestic market, with good potential for growth.
3. Technically and qualified trained manpower.
4. Backward and Forward Integration of Products.

Threats:

1. Cost of power & cost of finance in India is very high as compared to developed countries.
2. Infrastructure facilities are not of world class. Transport and Communications are complex resulting in delays and slow movement of goods.

3. Business Segment Performance

The Company deals in two main segments i.e. chemicals and pharmaceuticals. While under chemical division, Company manufactures bulk chemicals i.e. acetic acid and specialty chemicals i.e. ethyl acetate, acetic anhydride, acetyl chloride, mono chloro acetic acid, iso butyl benzene and under pharmaceuticals division, it manufactures active pharmaceutical ingredient i.e. ibuprofen. The segment wise performance is given below:

Acetic Acid

Production of acetic acid has decreased to 10,420 MT from 33,538 MT during the previous year and its sale has decreased to 414 MT from 5,252 MT during the previous year.

Ethyl Acetate

Production of ethyl acetate has increased to 36,050 MT from 30,864 MT showing an increase of 16.80% and its sale increased to 36,053 MT from 30,947 MT during the previous year.

Acetic Anhydride

Production of acetic anhydride has increased to 15,956 MT from 14,962 MT during the previous year showing an increase of 6.64% and its sale has decreased to 12,583 MT from 13,397 MT during the previous year.

Ibuprofen

Production of the ibuprofen has increased to 2,997 MT from 2,854 MT showing an increase of 5.01% and its sale has increased to 3,100 MT from 2,730 MT during the previous year.

Acetyl Chloride

Production of the acetyl chloride has increased to 2,035 MT from 709 MT showing an increase of 187.02% and its sale has increased to 247 MT from 23 MT during the previous year.

Mono Chloro Acetic Acid

Production of the mono chloro acetic acid has increased to 2,848 MT from 1,245 MT showing an increase of 128.75% and its sale has 167 MT during the year.

Iso Butyl Benzene

Production of the iso butyl benzene has increased to 4,150 MT from 1,925 MT showing an increase of 115.58% and its sale has increased to 1,551 MT from 758 MT during the previous year.

4. Future prospectus

Chemical Industry

Currently, the chemical industry is in the midst of restructuring and consolidation phase. With the shift in the emphasis on product innovation, brand building, and environmental friendliness, this industry is increasingly moving towards greater customer orientation. Even, though India enjoys the abundant supply of basic raw materials. It will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

The planning commission approved a budgetary support of ₹ 1960 crore for various plan schemes of Department of Chemicals and Petrochemicals during the 11th plan period, of which ₹ 563.83 crore is for the schemes of chemicals and petrochemical sectors and the remaining ₹ 1396.17 crore is for the scheme of pharmaceutical sector.



Pharmaceutical Industry

The future perspective of this industry seems to be immensely bright and encouraging in terms of the expected surge in global demand and upsurge in investments. Several trends such as globalization, continuous investments in research and development, newer techniques of drug development and discovery, product proliferation, mergers and acquisitions are the key drivers of this industry.

The Indian pharmaceutical market is expected to reach US\$ 20 billion by 2015, growing at a compound annual growth rate (CAGR) of 11.7 per cent during 2005–2015 and further, it will establish its presence among the world's leading 10 global pharmaceuticals markets and will reach US\$ 31.59 billion by 2020.

Sources: IMS Health India

Moreover, according to Ernst & Young, the increasing population of the higher-income group in the country will open a potential US\$ 8 billion market for multinational companies selling costly drugs by 2015.

Key Growth Drivers of This Industry

There are various factors, which govern the growth of this industry. Some of the key factors are:

- Continuous investments in research & development has resulted in increased productivity and better quality of drugs, medicines, medical instruments, hospital equipment, and other medical supplies used in the industry.
- Provides employment to large chunk of human population. United States of America has the largest workforce i.e. one in every 11 US residents is employed in the health care business.
- Increased costs in the medical treatment in the developed nations have driven patients to Asian countries.
- Rise in ailments among the ageing population especially in developed nations has led to the increase in demand for variety of drugs and medicines.
- Innovative techniques of drug discovery and drug development, new cures and treatments, gene testing for insurance, genetic predictions of disease and related issue, human cloning and reproductive technologies are the other key drivers of the medical industry.

5. Risk Management

The Company believes that there is no activity without risk but at the same time one has to tread very cautiously and with care. Company encourages the members to take appropriate measures to manage risk in their sphere to maximize value addition in their every activity which will result in wealth maximization of every stake holder. It enables to protect margins in adverse business conditions and maximize them in favorable markets.

Main risk factors facing the Company and approach taken by the management to control and mitigate those risks is shown below:

Competition risk

The Company may face competition from indigenous as well as foreign suppliers. Over the years the Company has debottlenecked and expanded installed capacities of its chemicals and pharmaceuticals divisions. The Company has further increased the installed capacities of its chemicals & pharmaceuticals divisions with appropriate investment and set up the manufacturing facilities of other value added products i.e acetyl chloride, mono chloroacetic acid and iso butyl benzene, towards backward and forward

integration to strengthen its position. Further, the Company is diversifying other value added pharmaceutical products such as Proton Pumps Inhibitors (PPI's), anti ulcer drugs.

Geographic risk

A significant dependence on a particular market could be a risk in the event of a selective downturn in that region. The Company's sales are spread throughout the country and has also expanded export to about 50 countries to mitigate this kind of risk.

Technological risk

Technological advances could result in asset obsolescence warranting a high cost of replacement. The Company is using the latest technology in the manufacturing, processing and quality control measures and keeps itself in touch with the latest advancement in technology and tries to adopt the same to remain efficient in productivity and cost minimization.

Environmental risk

Non compliance with environmental regulatory issue might effect operations. The Company conducts periodic checks to compare effluents and stack emissions and comply with all applicable rules and regulations to protect the environment. Moreover, the Company has obtained ISO 14001:2004 certification.

Credit risk

Credit risk is associated with losses that occur when debtors are unable to meet their repayment obligations on time. The Company has established internal policies to determine credit worthiness and reliability of potential customers.

Liquidity risk

This refers to the possibility of default of a company to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions are taken appropriately.

Foreign exchange risk

The Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US dollars, on revenue and supplies. However, risk is hedged as the Company is engaged both in imports and exports and is used to take future cover as the situation so warrants.

Personnel risk

Personnel risk deals with risks that affect safety or stability of personnel within an organization. These are managed by thorough occupational health and safety management and maintaining good industrial relations which minimize these risks and provides an organization with a competitive edge, by maintaining highly moral and experienced staff.

Insurance

In order to reduce and mitigate identifiable risks all the insurable immovable as well as movable assets of the Company including stocks continued to be properly insured and all insurance policies are in force as on the date of the report.

6. Internal Control Systems

Well established and well defined internal controls, checks and systems are in place at all levels and in all departments of the Company, supported by an internal audit conducted by independent firm of Chartered Accountants. The Company's Audit and Risk Management Committee comprises three independent Directors. The Committee reviews report submitted by Internal Auditors and monitors follow-up and takes corrective action.

7. Financial Performance

Overview

There is improvement in the overall performance and profitability of the Company in comparison to previous year's performance. Net sales and other income of the Company were to the tune of ₹ 391.36 crore against ₹ 350.42 crore achieved during the previous year. Profit before interest and depreciation increased by 76% to ₹ 69.60 crore during the year under review against ₹ 39.53 crore during the previous year. Profit after tax has decreased to ₹ 6.18 crore during the year under review against ₹ 10.01 crore during the previous year due to higher Interest and depreciation.

Share Capital

Authorized share capital of the Company is ₹ 4,500 lac divided into 4,00,00,000 equity shares of ₹ 10 each and 50,00,000 preference shares of ₹ 10 each.

During the year, paid up equity share capital of the Company has increased from ₹ 22,71,66,640 to ₹ 25,71,66,640 due to allotment of 30,00,000 equity shares on 25 August 2010 against exercise of warrants which were issued to non-promoters/promoters on preferential basis.

Reserves and Surplus

The addition to share premium account of ₹ 17.10 crore during the year is due to premium received on allotment of 15,00,000 equity shares of ₹ 10 at a premium of ₹ 68 per share and 15,00,000 equity shares of ₹ 10 at a premium of ₹ 46 per share against exercise of warrants.

Loan Funds

Secured loans at the end of financial year 2011 were ₹ 284.36 crore, against ₹ 251.56 crore at the end of previous year. Unsecured loans at the end of financial year 2011 stood at ₹ 59.74 crore against ₹ 17.56 crore at the end of previous year, mainly due to the issue of FCCB's.

Deferred Tax Liability

The Company had a deferred tax liability (net of deferred tax assets) of ₹ 10.06 crore as on 31 March 2011 as against ₹ 7.19 crore at the end of previous year.

Fixed Assets

During the year, the Company added ₹ 1.87 crore to its gross block of assets. Gross block of fixed assets as on 31 March 2011 stood at ₹ 420.63 crore as against ₹ 418.76 crore as on 31 March 2010. The increase in gross block was due to major additions in freehold land of ₹ 1.68 crore during the year. Capital work in progress stood at ₹ 61.77 crore as on 31 March 2011 against ₹ 0.59 crore as at the end of previous year.

Current Assets, Loans and Advances

a) Inventories

The Company had inventories of ₹ 99.56 crore as on 31 March 2011 against ₹ 66.87 crore as on 31 March 2010.

b) Sundry Debtors

Sundry debtors amounted to ₹ 38.13 crore as on 31 March 2011 as compared with ₹ 30.11 crore as on 31 March 2010.

c) Cash and Bank balance

As on 31 March 2011, the Company had cash and bank balances of ₹ 19.94 crore as compared to ₹ 6.60 crore as on 31 March 2010.

d) Loans and Advances

Loans and advances as on 31 March 2011 were ₹ 39.51 crore as compared to ₹ 31.25 crore as on 31 March 2010.

Current Liabilities

Current liabilities went up to ₹ 82.56 crore as on 31 March 2011 as compared to ₹ 82.48 crore as on 31 March 2010.

Provisions made towards taxes aggregated to ₹ 0.43 crore during the year as against ₹ 1.07 crore during the previous year. Provision of ₹ 0.38 crore was made towards employee benefits as per Indian GAAP-15 as against ₹ 0.20 crore in the previous year.

Net Sales

Net sales of the Company increased by 11.44% to ₹ 389.41 crore during the year ended 31 March 2011 as against ₹ 349.42 crore during the previous year.

Exports

During the year under review, export turnover of the Company as a percentage to net sales, has increased to 23.39% from 19% during the year.

Other Income

Other income for the year ended 31 March 2011 was ₹ 1.95 crore as against ₹ 1 crore in the previous year. Interest received during the year was ₹ 1.22 crore as against ₹ 0.85 Crore during the previous year.

Raw Material Consumed

During the year, the percentage of raw material consumption to net sales was 61.97% as against 68.59% for the previous year, representing a decrease of 6.62%.

Manufacturing Expenses

During the year, the percentage of manufacturing expenses to net sales decreased by 1.23% from 12.02% to 10.79%.

Personnel Expenses

Percentage of personnel expenses to net sales during the year was 4.22% against 3.22% for the previous year.

Administrative Expenses

During the year, the percentage of administrative expenses to net sales increased by 0.06% from 1.11% to 1.17%.

Selling and Distribution Expenses

Selling and distribution expenses stood at 4.48% of net sales during the year under review against 4.03% in the previous year.

Financial Expenses

During the year, the percentage of financial expenses to net sales was 9.45% against 4.25% in the previous year.

Depreciation

Depreciation charged to the profit and loss account marginally increased during the year to ₹ 23.76 crore as compared to ₹ 10.01 crore in the previous year.

Profit after tax

During the year, profit after tax was ₹ 6.18 crore against ₹ 10.02 crore during the previous year.

The Company has provided provision for current tax, and deferred tax computed in accordance with provision of Income Tax, 1961. Net provision of tax for the year under review was ₹ 2.86 crore in comparison to ₹ 4.64 crore during the previous year.

Cash flows

The Company's net cash flow from operating activities for the year ended 31 March 2011 decreased to ₹ 23.64 crore against ₹ 31.42 crore during the previous year.

The Company's net cash used in investing activities amounted to ₹ 69.33 crore during the year ended 31 March 2011 against ₹ 66.94 crore during the previous year.

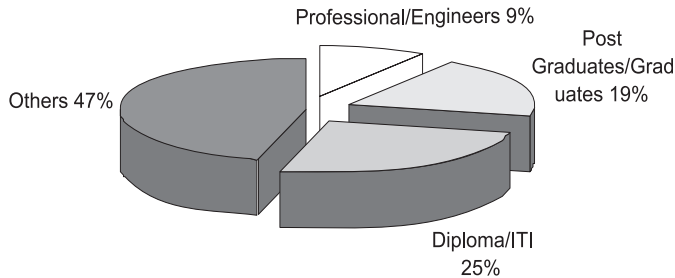
During the year, net cash flow from financing activities increased to ₹ 59.02 crore as against ₹ 35.43 crore during the previous year.

8. Contribution to National Exchequer

The Company has contributed a sum of ₹ 33.00 crore as compared to ₹ 22.77 crore during the previous year to National Exchequer by way of central excise duty in addition to contribution through other direct and indirect taxes.

9. Human Resources and Industrial Relations

The Company has a team of about 905 strong members as on 31 March 2011 consisting of 9% Professionals /Engineers, 19% Post Graduates/ Graduates, 25% Diploma/ITI and 47% others.



The Company stresses 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 believes in respect of human

resources and dignity of labour and consider human resources very valuable and vital assets for the development of the organization. To continuously enhance competencies of the employees, the Company organizes a series of in-house as well as external training programs. Industrial relations remained cordial and harmonious throughout the year under review.

10. Cautionary Statement

Statement in Management Discussion and Analysis describing company’s objectives, projections, estimates and expectations may be “Forward Looking Statements” with in the meaning of applicable laws and 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 : New Delhi
Dated : 21 May 2011

Sd/-
Varinder Gupta
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT**Company's Philosophy on Corporate Governance**

It has been continuous endeavor of the Company to exceed and excel through better corporate governance and fair & transparent governance practices, many of which were in place before they were mandated by SEBI. For creation and maximization of wealth of shareholders on a sustainable and long-term basis, it is imperative for the Management to institutionalize a "Framework of Corporate Governance and Code of Practices" as an enabling methodology to further strengthen management and decision-making process. We believe in leveraging the resources to translate dreams into opportunities and opportunities into reality;

to infuse people with a vision which sparks dynamism and entrepreneurship; to create a system of succession which combines stability with flexibility and continuity with change.

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

The Board comprises two executive, one non-executive and six independent directors as on 31 March 2011. The Company is having majority of independent directors on the Board. Detail of composition of the Board, number of directorship held, chairmanship & membership of the committees and shareholding in the Company are as given below:

Name of the Director	Category	No. of Directorship held #	No. of Committees ®		Shareholding in Company
			Chairmanships	Memberships	
Mr Varinder Gupta (Chairman and Managing Director)	Executive	7	—	—	11,58,730
Dr M A Zahir	Independent	10	2	7	300
Mr Chandra Mohan	Independent	8	—	4	—
Dr (Mrs) H K Bal	Independent	8	3	4	—
Mr Yogesh Goel	Independent	5	—	1	—
Mr Ravi Pratap Singh	Independent	2	—	1	—
Mr Kanwal Pushkarnath Pandita	Independent	—	—	—	—
Mrs Dimple Gupta	Non-executive	5	—	1	—
Mr R K Thukral (Executive Director)	Executive	3	—	—	—

Including the Company and does not include unlimited company, private limited company, foreign company and company registered under Section 25 of Companies Act, 1956

@ Board Committees for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee only (including Board Committees of the Company)

Notes:

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

b) Change in directorship during the year:

Name of Director	Position	Nature of Change	Date of event
Mr Parminder Singh Cheema	Nominee Director, IDBI	Withdrawal of Nomination	29 July 2010
Mr Kanwal Pushkarnath Pandita	Director	Appointment	16 August 2010

Mr Parminder Singh Cheema ceased to be director with effect from 29 July 2010 on withdrawal of nomination by IDBI. The Board places on record their appreciation for the valuable services rendered by him during his tenure as Director of the Company.

The Company has appointed Mr Kanwal Pushkarnath Pandita as Additional Director w.e.f. 16 August 2010. He hold office upto the date of ensuring Annual General Meeting. The Company has received a notice under Section 257 of Companies Act, 1956 proposing his name for appointment as Director of the Company.

Dr (Mrs) H K Bal has resigned from the Board with effect from 21 May 2011. The Board places on record its

appreciation for the valuable services rendered by her during her tenure as Director of the Company.

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

During the financial year 2010-11, Board of Directors met 6 (six) times on 15 May 2010, 29 May 2010, 17 July 2010, 11 August 2010, 13 November 2010 and 08 February 2011. 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 14 August 2010 is as given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM
Mr Varinder Gupta	6	Yes
Dr M A Zahir	6	Yes
Mr Chandra Mohan	3	No
Dr (Mrs) H K Bal**	6	No
Mr Parminder Singh Cheema*	2	No
Mr Yogesh Goel	6	No
Mr Ravi Pratap Singh	1	No
Mr Kanwal Pushkarnath Pandita	0	N.A
Mrs Dimple Gupta	6	No
Mr R K Thukral	6	Yes

* Ceased to be director with effect from 29 July 2010

** Ceased to be director with effect from 21 May 2011

d) Meetings Procedure:

The Company holds Board Meetings regularly. The Board is informed of the venue and date of meeting in advance in writing at their usual address and also through e-mail. Detailed agenda papers along with explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49 is regularly provided to the Board as a part of agenda papers. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Decision is taken after proper and thorough discussion.

e) Remuneration of Directors:

i) Executive Directors: The Company pays remuneration to its Managing Director and Executive Director as approved by Remuneration Committee, Board of Directors and Members of the Company. Detail of remuneration paid to Managing Director and Executive Director during the financial year 2010-2011 is given below:

(Amount in Rs)

Name	Position	Salary	Commission	Contribution to Provident & other Funds	Other perquisites & allowances	Total
Mr Varinder Gupta	Managing Director	15,74,193	—	1,88,903	21,78,513	39,41,609
Mr R K Thukral	Executive Director	10,25,368	—	1,23,044	14,15,008	25,63,420

ii) Non-Executive Directors: Non-Executive Directors have not paid any remuneration except sitting fees @ ₹ 7500/- for attending each Board Meeting and ₹ 5000/- for attending each Committee Meeting. Sitting

fee has been paid to the nominating institution for attending the meeting by its nominee. Details of sitting fees paid during the year 2010- 2011 is as follows:

(Amount in Rs)

Name of Director	Fee paid for Board Meetings	Fee paid for Committee* Meetings	Total Fee Paid
Dr M A Zahir	45,000	65,000	1,10,000
Mr Chandra Mohan	22,500	—	22,500
Dr (Mrs) H K Bal	45,000	65,000	1,10,000
Mr Parminder Singh Cheema (IDBI Nominee)	15,000	—	15,000
Mr Yogesh Goel	45,000	—	45,000
Mr Ravi Pratap Singh	7,500	5,000	12,500
Mrs Dimple Gupta	45,000	5,000	50,000
TOTAL	2,25,000	1,40,000	3,65,000

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

During the year 2010-11, the Company did not advance any loans to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business. There is no provision of any severance fee payable to any director on cessation of directorship of the Company.

f) Profile of Directors

Brief profile of the Directors of the Company is furnished hereunder:

1. Mr Varinder Gupta

Mr Varinder Gupta, Promoter Director, aged 48 years is presently Chairman and Managing Director of the

Company. He is an industrialist with more than 24 years experience in the Chemical and Fertilizer industry. He was also associated with Varinder Agro Chemicals Ltd. (now merged with Trident Ltd.) from 1989 to 1991 in the capacity of Joint Managing Director. He holds 11,58,730 equity shares of the Company.

2. Dr M A Zahir

Dr M A Zahir, aged 68 years, has been a Director of the Company from 1998. He has more than 45 years of experience in business management education and has been involved in imparting training to senior level executives of different institutions in the public as well as private sector. He has remained Dean, College of Basic Science and Humanities, Punjab Agricultural University, Ludhiana. He holds a Masters' Degree in Commerce and a Ph.D. Presently, he is Chairman of Syntec Business School (SBS), Ludhiana. He holds 300 equity shares of the Company.

3. Mr Chandra Mohan

Mr Chandra Mohan, aged 78 years, has been a Director of the Company since 2005. He has more than five decades of experience in Indian industry. He was Vice Chairman and Managing Director of Punjab Tractors Limited for 30 years, the longest serving Chief Executive Officer in the Indian corporate world. He was instrumental in designing and developing the Indian tractor named Swaraj with completely indigenous technology that not only competed successfully with foreign technology but exceeded it. He has received numerous awards including Padmashree in 1985 for his contribution towards society at large and industry in particular. He has been further involved in developing Indian engineering capabilities. He holds a BA (Hons) and BSc in Mechanical Engineering.

4. Mr Kanwal Pandita

Mr Kanwal Pushkarnath Pandita, aged 53 years, has been a Director of the Company from September 2010. He is president of OSB Pharmaceuticals LLC, USA and has 25 years of experience in development of pharmaceutical business. He has M.sc in organic chemistry and M.Phil in Medicina/ synthetic Chemistry.

5. Mr Yogesh Goel

Mr Yogesh Goel, aged 56 years, has been a Director of the Company since 2008. He is currently working with the Punjab State Industrial Development Corporation Limited (PSIDC) and has 33 years of experience in the identification, promotion and implementation of chemical and other units in joint / assisted sectors. He has also served as Chairman of Punjab Pollution Control Board. He has a graduate degree in chemical engineering from Panjab University, Chandigarh.

6. Mr Ravi Pratap Singh

Mr Ravi Pratap Singh, aged 52 years, has been a Director of the Company since 2008. He is a Partner of Sycamore Ventures, where he focuses on India related investments. Over the course of his 27 year career, Mr. Singh has structured and led numerous public and private financings, mergers and acquisitions and global investments. He holds a BS in Mechanical Engineering from University of Delhi and MBA from Columbia University. Currently, he is Managing Director of indiaSTAR (Mauritius) Limited.

7. Mrs Dimple Gupta

Mrs Dimple Gupta, aged 44 years, has been a Director of the Company since 2006. She is an industrialist and has extensive experience in this field.

8. Mr R K Thukral

Mr R K Thukral, aged 59 years, has been Executive Director of the Company since 2008. He has more than 36 years experience in the chemical industry. He was President (Works) at Varinder Agro Chemicals Limited, which has now merged with Abhishek Industries Limited. He is graduate in Science :

g) Detail of other Directorship:

Name of the Director	Name of the Company
Mr Varinder Gupta	1. G Drugs and Pharmaceuticals Ltd. 2. Mayadevi Polycot Ltd. 3. Trident Towels Ltd. 4. IOL Lifesciences Ltd. 5. NM Merchantiles Ltd. 6. NCG Enterprises Ltd.
Dr M A Zahir	1. Hero Cycles Ltd. 2. Ralson (India) Ltd. 3. Sohrab Spinning Ltd. 4. Rockman Industries Ltd. 5. Hero Honda Finlease Ltd. 6. Lotus Integrated Texpark Ltd. 7. Majestic Autos Ltd. 8. Trident Infotech Ltd. 9. Abhishek Industries Ltd. 10. Saber Papers Ltd.
Mr Chandra Mohan	1. Rico Auto Industries Ltd. 2. Engineering Innovations Ltd. 3. Sandhar Technologies Ltd. 4. Winsome Yarns Ltd. 5. DCM Engineering Ltd. 6. KDDL Ltd. 7. Winsome Textiles Industries Ltd.
Mr Yogesh Goel	1. Nahar Industrial Infrastructure Corporation Ltd. 2. Capsugel India Ltd. 3. Punjab Alkalies & Chemicals Ltd. 4. Krishna Engg. Works Ltd.
Mr Ravi Pratap Singh	1. Surana Power Ltd.
Mr Kanwal Pushkarnath Pandita	NIL
Mrs Dimple Gupta	1. Mayadevi Polycot Ltd. 2. IOL Lifesciences Ltd. 3. NM Merchantiles Ltd. 4. NCG Enterprises Ltd.
Mr R K Thukral	1. G Drugs and Pharmaceuticals Ltd. 2. Abhishek Corporate Services Ltd.

h) Detail of Chairmanship and Membership of the Committees:

Director	Audit Committee	Shareholders' Grievances Committee
Dr M A Zahir	Chairman - Rockman Industries Limited - IOL Chemicals and Pharmaceuticals Limited Member - Hero Cycles Limited - Lotus Integrated Texpark Limited - Trident Infotech Limited - Abhishek Industries Limited	Member - Trident Infotech Limited - IOL Chemicals and Pharmaceuticals Limited - Abhishek Industries Limited
Mr Chandra Mohan	Member - Winsome Yarns Limited - DCM Engineering Limited - Winsome Textiles Industries Limited	Member - Winsome Textiles Industries Limited
Mr Yogesh Goel	Member - Healthcaps India Limited	NIL
Mr Ravi Pratap Singh	Member - IOL Chemicals and Pharmaceuticals Limited	NIL
Mrs Dimple Gupta	NIL	Chairman - IOL Chemicals and Pharmaceuticals Limited

2. Committees of the Board:
a) Audit and Risk Management Committee

Audit and Risk Management Committee consists of three directors, all being independent directors viz. Dr M A Zahir (Chairman), Dr (Mrs) H K Bal and Mr Ravi Pratap Singh. Statutory Auditors, Internal Auditors and Finance head are invitees on the Committee. Company Secretary acts as Secretary to the Committee.

Terms of reference of Audit and Risk Management Committee are as contained in the Section 292A of the Companies Act, 1956 and also as contained in the Clause 49 of the Listing Agreement. 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 2010-2011, Audit and Risk Management Committee met four times on 29 May 2010, 11 August 2010, 13 November 2010 and 08 February 2011. There was no gap of more than four months between any two consecutive meetings. Attendance record of Audit and Risk Management Committee members is give below:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Dr M A Zahir (Chairman)	Independent Director	4	4
Dr (Mrs) H K Bal*	Independent Director	4	4
Mr Ravi Pratap Singh	Independent Director	4	1

* Dr (Mrs) H K Bal has resigned from the Board with effect from 21 May 2011. The Company has appointed Mr R K Thukral as a member of Audit Committee w.e.f. 21 May 2011. The Chairman of Audit and Risk Management Committee was present at last Annual General Meeting to give answer to the queries of shareholders.

b) Remuneration Committee

Remuneration Committee consists of three directors, all being independent Directors viz. Dr M A Zahir (Chairman), Dr (Mrs) H K Bal and Mr Ravi Pratap Singh. Terms of reference of Remuneration Committee

include determination of remuneration packages of the executive directors including remuneration policy, pension rights etc. During the year, one meeting was held on 11 August 2010.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Dr M A Zahir (Chairman)	Independent Director	1	1
Dr (Mrs) H K Bal*	Independent Director	1	1
Mr Ravi Pratap Singh	Independent Director	1	—

* Dr (Mrs) H K Bal has resigned from the Board with effect from 21 May 2011. The Company has appointed Mr Chandra Mohan, Independent Director as member of Remuneration Committee w.e.f 21 May 2011.

c) Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee consists of three Directors viz. Dr (Mrs) H K Bal (Chairman), Dr M A Zahir and Mrs Dimple Gupta to specifically look

into the redressal of Shareholders' / Investors' complaints. During the year, one meeting was held on 29 May 2010.

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

* Dr (Mrs) H K Bal has resigned from the Board with effect from 21 May 2011. The Board has re-constituted the committee consisting of Mrs Dimple Gupta as Chairman, Dr M A Zahir and Mr R K Thukral as members on 21 May 2011. The Committee is authorized inter alia to redress the shareholders/investors grievances like transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc., to consider transfer / transmission of securities, issue of duplicate share certificates, issue share certificate on rematerialisation of shares.

Investors' Grievance Committee Report for the year ended 31 March 2011

The Committee expresses satisfaction with Company's performance in dealing with investors' grievances and its share transfer system. During the year, all complaints received by the Company has been resolved and no complaint/ query is pending as on 31 March 2011.

Place : New Delhi
Dated : 21 May 2011

Sd/-
(Dimple Gupta)
Chairman, Investors' Grievances Committee

d) Other Committees

Besides the above three Committees, the Board of Directors has delegated banking and finance matters to Banking and Finance Committee; allotment of warrants/shares/debentures/other securities to Allotment Committee and Transfer of securities to Shares Transfer Committees. Detail of meetings of abovesaid committees held during the financial year 2010-11 is as under:

Name of Committees	No of Meetings held	Date of Meeting
Banking and Finance Committee	2	23 June 2010, 07 October 2010
Allotment Committee	5	17 May 2010, 28 May 2010, 23 August 2010, 25 August 2010, 27 August 2010
Share Transfer Committee	—	—

3. Management Discussion and Analysis Report

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

4. Corporate Ethics

Company adheres to high standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. Following codes as detailed below has been adopted by the Company:

a) Combined Code of Corporate Governance and Conduct

The 'Combined Code of Corporate Governance and Conduct' has been adopted by the Company for its Board Members and senior management of the

Company. 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 Chairman and Managing Director as required under Clause 49(I)(D)(iii) affirming compliance of said code is given in this Annual Report.

b) Code of Conduct for prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 1992, Code for Prevention of Insider Trading has been formulated and adopted by Board of Directors of the Company. The code lay down guidelines and procedures to be followed and disclosures to be made by designated employees including directors whilst dealing in the shares of the Company.

c) Code of Corporate Disclosures practices for prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 1992, Code for Corporate Disclosures practices for prevention of Insider Trading has been formulated and adopted by Board of Directors of the Company. Purpose of this code is to ensure timely and adequate disclosure of price sensitive information.

5. Subsidiary Company

The Company does not have any subsidiary company.

6. Shareholders

a) Disclosures regarding appointment or re-appointment of Directors

According to Article 146 of the Articles of Association of the Company, one third of directors for the time being liable to retire by rotation, shall retire from the office. Accordingly Mr Ravi Pratap Singh and Mr Yogesh Goel are liable to retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr Kanwal Pushkarnath Pandita, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act,

1956 holds office upto the date of this Annual General Meeting. The Company has received a notice under Section 256 of Companies act, 1956 proposing his name for appointed as a director of the Company.

b) 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:

i) 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.

ii) Publication of Quarterly/Half Yearly/Annual Results: Quarterly, half yearly and annual results of the Company are published in the prescribed Performa within 48 hours of the conclusion of the meeting of Board atleast in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of the State of Punjab where the Registered Office of the Company is situated. Quarterly financial results during the financial year 2010-11 were published as detailed below:

Quarter ended	Date of Board Meeting	Date of Publication	Name of the Newspapers
30 June 2010	11 August 2010	12 August 2010 & 13 August 2010	Economic Times, Desh Sewak & Business Standard
30 September 2010	13 November 2010	14 November 2010 & 15 November 2010	Economic Times, Desh Sewak & Business Standard
31 December 2010	8 February 2011	9 February 2011 & 10 February 2011	Economic Times, Desh Sewak & Business Standard

iii) Press Releases: To provide information to Investors, press releases are sent to the Stock Exchange as well as displayed on Company's website before it is released to the Media.

iv) Website: The Company's website www.iolcp.com contains a separate dedicated section "Investors" where information for shareholders is available. Quarterly/half yearly /annual results are simultaneously posted on the website. Latest official press releases are also available on the website.

v) E-mail: Quarterly/half yearly /annual results are also send to the members & investors on their **e-mail ids** registered with the Company.

vi) Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Director's Report, Auditor's Report and other important information is circulated to members and others entitled

thereto. Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available on Company's website www.iolcp.com.

vii) Chairman's Communique: Printed copy of Chairman's Speech is distributed to all shareholders at the Annual General Meeting.

c) Compliance Officer

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

d) Annual General Meetings

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

Meetings	Date	Day	Time	No. of Special Resolutions
23 rd AGM	14 August 2010	Saturday	10:00 A.M	1. Issue of warrants/equity shares on preferential basis. NIL
22 nd AGM	12 September 2009	Saturday	10:00 A.M	1. Alteration in the Articles of Associeation.
21 st AGM	20 September 2008	Saturday	10:00 A.M	2. Issue of shares to QIBs. 3. Raising of sources through issue of securities in the international market. 4. Increase in the sitting fees of Directors.

e) Postal Ballot

During the year ended 31 March 2011, the Company has not passed any resolution through postal ballot.

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

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

b) Compliance made by the Company

The Company has continued to comply with the requirements of the Stock Exchange, SEBI and other Statutory Authorities on all matters related to capital

markets and no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any other Statutory Authority relating to the above.

c) Whistle Blower Policy

The Company has whistle blower policy which provides 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.

d) Compliance of Clause 49 pertaining to Mandatory Requirements

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

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

8. General Shareholders Information

Following information would be useful to the members:

- a)** Annual General Meeting of the Company will be held on Saturday, 24 September 2011 at 10.00 AM at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, Punjab.

- b)** Financial Calendar: Last financial year of the Company was of twelve months from 1 April 2010 to 31 March 2011. Tentative financial calendar of the Company for the year 2011-12 shall be as follow:

Board meetings to take on record	Schedule
Financial Results for the quarter ending 30 June 2011	During August 2011
Financial Results for the quarter/half year ending 30 September 2011	During November 2011
Financial Results for the quarter ending 31 December 2012	During February 2012
Financial Results for the quarter/year ending 31 March 2012	During May 2012

c) Date of Book Closure

Tuesday, the 20th day of September, 2011 to Saturday, 24th day of September, 2011 (both days inclusive).

d) 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
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai	524164

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

e) Distribution of Shareholding

The Distribution Schedule of the Company as on 31 March 2011 is as follow:

Range No. of shares	Shareholders		Shares	
	Number	%age of total holders	Number	%age of total capital
Upto 5000	9,392	90.87	13,18,884	5.13
5001 to 10000	470	4.55	3,95,138	1.54
10001 to 20000	228	2.21	3,48,253	1.35
20001 to 30000	74	0.71	1,86,617	0.73
30001 to 40000	43	0.42	1,50,996	0.59
40001 to 50000	23	0.22	1,08,655	0.42
50001 to 100000	58	0.56	4,14,450	1.61
100001 and Above	47	0.46	2,27,93,671	88.63
Total	10,335	100.00	2,57,16,664	100.00

f) Shareholding Pattern:

The shareholding pattern of the Company as on 31 March 2011 is as follow:

Category	As on 31 March 2011				As on 31 March 2010			
	Shareholders	Shares	% age	Shares pledged	Shareholders	Shares	% age	Shares pledged
Promoter								
Indians	4	1,39,40,053	54.21	—	3	1,24,40,053	54.76	4,00,000
Foreign	—	—	—	—	—	—	—	—
Sub – total	4	1,39,40,053	54.21	—	3	1,24,40,053	54.76	4,00,000
Non-Promoters								
Financial Institutions/Mutual Funds	6	2,31,190	0.9	—	4	10,700	0.05	—
Bodies Corporate	240	45,33,999	17.63	—	298	39,82,986	17.53	—
Individuals	10038	30,81,669	11.98	—	9,745	29,51,629	12.99	—
NRI	46	1,23,089	0.48	—	43	1,44,632	0.64	—
Foreign Companies	1	38,06,664	14.8	—	2	31,86,664	14.03	—
Sub -total	10,331	1,17,76,611	45.79	—	10,092	1,02,76,611	45.24	—
Total	10,335	2,57,16,664	100.00	—	10,095	2,27,16,664	100.00	—

g) Investors' complaints/ queries received and resolved:

Detail of investors' complaints/queries received and resolved during the year 2010-11 are as under:

Sr. No	Nature of complaints/ queries	No. of complaints/ queries during the year		
		Received	Attended	Pending
1	Transfer of shares	14	14	NIL
2	Dividend	—	—	NIL
3	Loss/Issue of duplicate shares certificate	19	19	NIL
4	SEBI/Stock Exchange	—	—	NIL
5	Change of Address	72	72	NIL
6	Split/Consolidation	—	—	NIL
7	Others	104	104	NIL

h) Designated e-mail id for investors

In terms of Clause 47(f) of the listing agreement, the designated E-mail address for investor queries is ***investor@iolcp.com***

i) Legal proceeding related to the Investors

There are no legal proceedings against the Company or by the Company.

j) Market Price data

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

Month	Bombay Stock Exchange (In Rs per share)		BSE SENSEX		National Stock Exchange (In Rs per share)		NSE NIFTY	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2010	75.00	57.10	18,048	17,277	-	-	-	-
May 2010	72.00	42.10	17,537	15,960	-	-	-	-
June 2010	51.80	38.00	17,920	16,318	-	-	-	-
July 2010	56.00	46.00	18,237	17,396	-	-	-	-
August 2010	51.50	45.00	18,475	17,820	-	-	-	-
September 2010	52.00	43.40	20,268	18,027	-	-	-	-
October 2010	46.20	42.20	20,854	19,769	-	-	-	-
November 2010	64.30	40.30	21,109	18,955	65.00	40.00	6,338	5,755
December 2010	45.70	38.25	20,552	19,075	45.70	37.50	6,147	5,721
January 2011	49.20	39.05	20,664	18,038	46.50	39.90	6,181	5,417
February 2011	45.65	34.50	18,691	17,296	45.10	35.00	5,599	5,178
March 2011	42.75	35.00	19,575	17,792	41.40	35.10	5,872	5,348

Source: bseindia.com, nseindia.com

k) Registrar and Share Transfer Agents

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

l) Dematerialisation and Transfer of shares

Equity shares of Company are under rolling settlement and are compulsory traded and settled only in the dematerialised form. During the financial year 2010-11 41,58,100 (16.17%) equity shares of the Company have been dematerialised and in total 2,49,83,143 (97.15%) shares of the Company have been dematerialised as on 31 March 2011.

No case is pending for transfer as well as for dematerialisation of shares as on 31 March 2011. The ISIN No. of the Company is ***INE485C01011***.

m) Secretarial Audit

M/s B. K. Gupta & Associates, Company Secretaries, carried out a secretarial audit to reconcile total admitted capital with NSDL & CDSL, total issued and listed capital. Secretarial audit report for quarter ended 31 March 2011 confirms that total admitted capital with both the depositories, NSDL & CDSL, total issued and listed capital are same and no case is pending for dematerialisation for more than 21 days as on that date.

n) Outstanding GDR/ADR/Warrants/Convertible Instrument

Company have no outstanding GDR/ADR/ warrants as on 31 March 2011.

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:
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 House", 2E/21, Jhandewalan Extension,
New Delhi - 110 055
Phone : +91-11-23541234, 42541234
Fax : +91-11-42541967
E mail : ***rta@alankit.com***

q) Address of stock exchanges / regulatory authorities

National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla
Complex, Bandra (E)
Mumbai - 400 051
Phone : +91-22- 26598100 - 8114
Fax : +91-22- 26598120



Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai- 400001
Phone : +91-22-22721233/4
Fax : +91-22-22721919
Securities and Exchange Board of India
Head Office : Plot No.C4-A,
'G' Block,Bandra Kurla Complex,
Bandra(East), Mumbai 400051
Tel : +91-22-26449000 / 40459000
Fax : +91-22-26449016-20 / 40459016-20
E-mail : sebi@sebi.gov.in

r) Address of Depositories

National Securities Depository Limited
Trade World, A wing, 4th & 5th Floors,
Kamala Mills Compound,
Lower Parel, Mumbai - 400 013
Tel : +91-22-2499 4200 (60 lines)
Fax : +91-22-2497 2993/ 2497 6351
Email : info@nsdl.co.in
Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
16th Floor, Dalal Street
Mumbai - 400 001
Phone : +91-22-22723333
Fax : +91-22-22723199 / 22722072

s) Online address for Information through Electronic mode.

All shareholders/members are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their concerned depository participants. Members who hold the shares in physical form are requested to Register their email id, by sending under your Registered signature a letter to RTA / the Company or register themselves at company's website **www.iolcp.com** to enable Company to provide Notice, Balance Sheet, Profit & loss, annual return, audit report etc. under section 219 of the companies act 1956 and other Information through Electronic mode.

9. CEO and CFO certificate

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

10. Auditor's Certificate on Compliance

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

11. Compliance of Clause 49 pertaining Non-Mandatory requirements

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

Declaration under Clause 49 (1) (D) (II)

I, Varinder Gupta, Chairman and Managing Director hereby certify that all board members and senior managerial personnel have affirmed compliance with the Combined Code of Corporate Governance and Conduct for the financial year ended 31 March 2011.

Place : New Delhi
Dated : 21 May 2011

For and on behalf of the Board
Sd/-
Varinder Gupta
Chairman and Managing Director

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

To
The Members
IOL Chemicals and Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by IOL Chemicals and Pharmaceuticals Limited for the year ended on 31 March 2011 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange in India. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For S.C. VASUDEVA & CO.
Chartered Accountants
Sd/-
(Sanjiv Mohan)
Partner

Place : New Delhi
Dated : 21 May 2011

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

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

1. We have reviewed the financial statements and the cash flow statement for the year ended 31 March 2011 and that to the best of our knowledge and belief :
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit & Risk Management Committee
 - a) significant changes in internal controls during the year;
 - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees who have a significant role in the Company's internal controls system.

Place : New Delhi
Date : 21 May 2011

Sd/-
Varinder Gupta
Chairman and Managing Director

Sd/-
Rakesh Mahajan
President (Finance)



AUDITORS' REPORT

The Members,
IOL Chemicals and Pharmaceuticals Limited

1. We have audited the attached Balance sheet of M/s IOL Chemicals and Pharmaceuticals Ltd. as at 31 March 2011 and also the Profit and Loss account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
 - a) We have 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 appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31 March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of balance sheet, of the state of affairs of the company as at 31 March, 2011;
 - ii) in the case of profit and loss account, of the profit for the year ended on that date; and

- iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

for S. C. VASUDEVA & CO.
Chartered Accountants
Firm Reg. No.00235N
Sd/-
(Sanjiv Mohan)
Partner
M. No. 86066

Place : New Delhi
Dated : 21 May 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3)

- (1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
 - c) According to information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.
- (2) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the close of the year. In our opinion the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion, the company is maintaining proper records of inventory. As explained to us, no discrepancies were noticed on physical verification of inventory as compared to the book records.
- (3) a) According to the information and explanations given to us, the company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.
 - b) According to the information and explanations given to us, the company has taken interest free unsecured loans from four companies and one party covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is ₹ 1497.77 lac. There is ₹ 1497.77 lac payable as at the close of the year.
 - c) According to the information and explanations given to us and in our opinion, terms and conditions in respect of unsecured loans taken by the company are not prima-facie prejudicial to the interest of the company.
 - d) In our opinion and according to the information and explanations given to us, the schedule for payment of principal amount is not yet decided.

- (4) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (5) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding rupees five lac or more in respect of each party during the year, have been made at prices at the relevant time.
- (6) According to the information and explanations given to us, the company has not accepted any deposits from public. Therefore, the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (8) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (9) (a) According to the information and explanations given to us and on an examination of the records of the company, we are of the opinion that the company has been regular in depositing statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other applicable statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2011, for a period of more than six months from the date of they becoming payable.
(b) According to the information and explanations given to us, there is no disputed statutory dues in respect of income tax, sale tax, service tax, custom duty, wealth tax, excise duty and cess.
- (10) The company does not have accumulated losses as at 31 March 2011. The latter part of the question regarding net worth is not applicable. Further, the company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions.
- (12) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the above said order are not applicable to the company.
- (13) According to the information and explanations given to us, the company is not a chit fund, or a nidhi/mutual benefit fund/ society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the company.
- (14) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.
- (15) According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks and financial institutions. Therefore, the provisions of clause 4(xv) of the above said order are not applicable to the company.
- (16) According to the information and explanations given to us, the company has applied the term loans for the purpose for which the loans were taken.
- (17) In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short term basis have not been used for long term investment.
- (18) According to the information and explanation given to us, the company has made preferential allotment to the companies covered in the register maintained under section 301 of the Companies Act, 1956. The preferential allotments of shares were in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009. The price at which preferential allotments of shares has been made by company is not prejudicial to the interest of the company.
- (19) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the above said order are not applicable to the company.
- (20) According to the information and explanations given to us, the company has not raised money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the above said order are not applicable to the company.
- (21) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period covered by our audit.

for S. C. VASUDEVA & CO.
Chartered Accountants
Firm Reg. No.00235N

Sd/-
(Sanjiv Mohan)
Partner
M. No. 86066

Place : New Delhi
Dated : 21 May 2011

BALANCE SHEET AS AT 31 MARCH 2011

Particulars	Schedule No.	As at 31 March 2011 Rs	As at 31 March 2010 Rs
1. SOURES OF FUNDS			
I. Shareholders Funds			
a) Share Capital	1	30,71,66,640	27,71,66,640
b) Reserves and Surplus	2	1,39,52,14,559	1,16,24,22,541
c) Equity Warrants	3	2,10,00,000	4,20,00,000
2. Loan Funds			
a) Secured Loans	4	2,84,36,03,606	2,51,56,39,916
b) Unsecured Loans	5	59,74,14,914	17,55,68,004
3. Deferred Tax Liabilities (Net)			
		10,05,57,062	7,19,17,805
TOTAL		<u>5,26,49,56,781</u>	<u>4,24,47,14,906</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	6	4,20,62,69,704	4,18,76,20,118
b) Less: Depreciation		69,67,06,781	45,95,70,111
c) Net Block		3,50,95,62,923	3,72,80,50,007
d) Capital Work in Progress	7	61,76,82,251	58,93,441
		<u>4,12,72,45,174</u>	<u>3,73,39,43,448</u>
2. Current Assets, Loans and Advances			
a) Inventories	8	99,55,62,487	66,86,54,232
b) Sundry Debtors		38,13,12,567	30,10,69,499
c) Cash and Bank Balances		19,93,93,422	6,60,21,770
d) Loans & Advances		39,51,18,786	31,24,77,722
	(A)	<u>1,97,13,87,262</u>	<u>1,34,82,23,223</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities	9	82,55,88,075	82,47,54,274
b) Provisions		80,87,580	1,26,97,491
	(B)	<u>83,36,75,655</u>	<u>83,74,51,765</u>
Net Current Assets	(A-B)	<u>1,13,77,11,607</u>	51,07,71,458
TOTAL		<u>5,26,49,56,781</u>	<u>4,24,47,14,906</u>
Notes on Accounts	18		

As per our report of even date
for S.C.VASUDEVA & CO.
Chartered Accountants
Firm Regn. No. 000235N

For and on behalf of the Board

Sd/-
Sanjiv Mohan
Partner
M.No. 86066

Sd/-
Varinder Gupta
Chairman and Managing Director

Sd/-
Raj Kumar Thukral
Executive Director

Place : New Delhi
Dated : 21 May, 2011

Sd/-
Krishan Singla
Vice President and
Company Secretary

Sd/-
Rakesh Mahajan
President (Finance)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

Particulars	Schedule No.	Year ended 31 March 2011 Rs	Year ended 31 March 2010 Rs
I. INCOME			
Gross turnover		4,22,40,46,752	3,72,18,67,822
Less: Excise duty		32,99,73,024	22,76,64,715
Net turnover		3,89,40,73,728	3,49,42,03,107
Other income	10	1,95,45,282	99,64,358
		3,91,36,19,010	3,50,41,67,465
EXPENDITURE			
Raw material consumed	11	2,71,07,42,912	2,47,61,78,019
Manufacturing expenses	12	42,02,81,699	41,99,43,592
Personnel expenses	13	16,41,57,786	11,25,07,462
Administrative and other expenses	14	4,54,00,942	3,87,98,095
Financial expenses	15	36,79,65,348	14,86,73,783
Selling and Distribution expenses	16	17,45,22,017	14,09,09,105
(Increase)/Decrease in work in process and finished goods	17	(29,46,18,895)	(8,59,36,144)
Increase/(Decrease) in excise duty on finished goods		(28,92,533)	64,42,145
Depreciation	6	23,76,28,459	10,01,11,855
		3,82,31,87,735	3,35,76,27,912
Profit for the year before tax		9,04,31,275	14,65,39,553
Less : Provision for taxation			
a) Current tax		1,80,23,405	24,904,397
b) MAT credit entitlement		(1,80,23,405)	(24,904,397)
c) Deferred Tax		2,86,39,257	46,379,833
		6,17,92,018	10,01,59,720
Profit after Tax		6,17,92,018	10,01,59,720
Balance brought forward		46,19,53,730	36,17,94,010
Balance carried to Balance Sheet		52,37,45,748	46,19,53,730
Earning Per Share (Equity shares, nominal value ₹10/- each)			
Basic		2.52	4.69
Diluted		2.52	4.68
Cash		12.69	10.38
Notes on Accounts	18		

As per our report of even date
for S.C.VASUDEVA & CO.
Chartered Accountants
Firm Regn. No. 000235N

For and on behalf of the Board

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Raj Kumar Thukral
Executive Director

Place : New Delhi
Dated : 21 May, 2011

Sd/-
Krishan Singla
Vice President and
Company Secretary

Sd/-
Rakesh Mahajan
President (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

Particulars	Year ended 31 March 2011 Rs	Year ended 31 March 2010 Rs
A. CASH FLOW FROM/(USED) IN OPERATING ACTIVITIES :		
Net Profit Before Tax and Extraordinary items	9,04,31,275	14,65,39,553
Adjustments for :		
Depreciation	23,76,28,459	10,01,11,855
Loss /(Profit) on Sale of Assets	(19,752)	9,18,277
Interest and Dividend Income	(1,27,30,471)	(84,64,932)
Interest Expense	34,53,10,074	12,86,24,912
Operating Profit before working capital changes	<u>66,06,19,585</u>	<u>22,11,90,112</u>
Adjustments for :		
(Increase)/Decrease In Trade and other Receivables	(14,59,63,666)	(8,72,40,789)
(Increase)/Decrease in Inventories	(32,69,08,255)	(14,52,99,077)
Increase/(Decrease) in Trade payables and other Liabilities	7,31,33,739	19,81,63,726
Cash Generated from Operations	<u>26,08,81,403</u>	<u>33,33,53,525</u>
Extraordinary Items:		
Net cash from operating activities before income tax	26,08,81,403	33,33,53,525
Income Tax paid	(2,44,41,913)	(1,91,10,566)
Net cash From/(Used) in operating activities	<u>23,64,39,490</u>	<u>31,42,42,959</u>
B. CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES		
Purchase of Fixed Assets	(70,74,55,627)	(67,95,67,087)
Sale of Fixed Assets	3,20,000	16,63,000
Interest and Dividend received	1,38,33,410	84,64,932
Net cash from/(used) in operating activities	<u>(69,33,02,217)</u>	<u>(66,94,39,155)</u>
C. CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	18,00,00,000	12,60,00,000
Proceeds from Long Term Borrowing (Net)	51,21,61,504	22,27,36,954
Proceeds from Short Term Borrowing (Net)	23,76,49,096	13,82,22,157
Interest paid	(33,95,76,221)	(13,26,92,349)
Net cash from/(used) In financing activities	<u>59,02,34,379</u>	<u>35,42,66,762</u>
Net increase/ (decrease) in cash and cash equivalents (a+b+c)	13,33,71,652	(9,29,434)
Cash and Cash Equivalents as at 01.04.2010 (Opening Balance)	6,60,21,770	6,69,51,204
Cash and Cash Equivalents as at 31.03.2011 (Closing Balance)	19,93,93,422	6,60,21,770

As per our report of even date
for S.C.VASUDEVA & CO.
Chartered Accountants
Firm Regn. No. 000235N

For and on behalf of the Board

Sd/-
Sanjiv Mohan
Partner
M.No. 86066

Sd/-
Varinder Gupta
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Raj Kumar Thukral
Executive Director

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Krishan Singla
Vice President and
Company Secretary

Sd/-
Rakesh Mahajan
President (Finance)

Place : New Delhi
Dated : 21 May, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Particulars	As at 31 March 2011 Rs	As at 31 March 2010 Rs
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
4,00,00,000 (Previous Year 3,00,00,000) Equity shares of ₹ 10/- each	40,00,00,000	30,00,00,000
50,00,000 (Previous Year - 50,00,000) Preference shares of ₹ 10/- each	5,00,00,000	5,00,00,000
	<u>45,00,00,000</u>	<u>35,00,00,000</u>
Issued, Subscribed and Paid-up		
2,57,16,664 (Previous Year 2,27,16,664) Equity shares of ₹ 10/- each	25,71,66,640	22,71,66,640
7%; 50,00,000 (Previous year - 50,00,000) Non Cumulative Preference shares of ₹ 10/- each	5,00,00,000	5,00,00,000
	<u>30,71,66,640</u>	<u>27,71,66,640</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserves	1,05,45,651	1,05,45,651
Share Premium Account		
- As per last account	68,99,23,160	42,15,90,000
- Addition during the year	<u>17,10,00,000</u>	<u>26,83,33,160</u>
	<u>86,09,23,160</u>	<u>68,99,23,160</u>
Surplus i.e. balance in profit and loss account annexed	<u>52,37,45,748</u>	<u>46,19,53,730</u>
	<u>1,39,52,14,559</u>	<u>1,16,24,22,541</u>
SCHEDULE 3 : EQUITY WARRANTS		
15,00,000 (Previous Year 30,00,000) 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 ₹ 46/- per share for every warrant held, within 18 months from the date of allotment, i.e. from 16 January 2010. (25% of the price of warrants received as per terms of allotment)	2,10,00,000	4,20,00,000
	<u>2,10,00,000</u>	<u>4,20,00,000</u>

Particulars	As at	
	31 March 2011 Rs	31 March 2010 Rs
SCHEDULE 4 : SECURED LOANS		
Loans and advances from banks		
Working Capital Loans	*	63,14,73,369
Term Loans	**	2,21,10,69,086
Vehicle Loans	***	10,61,151
		<u>2,84,36,03,606</u>
		<u>39,38,24,273</u>
		<u>2,11,88,67,742</u>
		<u>29,47,901</u>
		<u>2,51,56,39,916</u>

Notes:

- * Working Capital Limits from the banks are secured by way of first charge on all present and future finished goods, work-in-process, raw materials, stores & spares and book debts and further secured by personal guarantee of the two Promoter Directors.
- ** Term loans from Banks are secured by way of equitable mortgage of all the present and future immovable properties of the company rank 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. The term loans are further secured by the personal guarantee of the two Promoter Directors.
- *** The vehicle loans are secured by hypothecation of vehicles purchased against such loans.
Amount due for repayment of term loans within one year ₹ 4,148.58 lac, (Previous Year ₹ 3,097.35 lac)

SCHEDULE 5 : UNSECURED LOANS
Other loans and advances from:

Directors	2,76,708	2,76,708
Others	26,59,54,913	17,52,91,296
Zero Coupon Foreign Currency Convertible Bonds	33,11,83,293	-
	<u>59,74,14,914</u>	<u>17,55,68,004</u>

SCHEDULE 6 : FIXED ASSETS

(Amount in Rs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2010	Additions during the year	Sale/ Adjustments	As at 31 March 2011	As at 1 April 2010	For the year	Adjustments	Up to 31 March 2011	As at 31 March 2011	As at 31 March 2010
Land										
- Freehold Land	6,59,37,890	1,68,21,203	-	8,27,59,093	-	-	-	-	82,759,093	6,59,37,890
- Leasehold Land	25,24,273	-	-	25,24,273	4,56,981	43,522	-	5,00,503	2,023,770	20,67,292
Buildings	38,11,94,560	4,25,92	-	38,12,37,152	1,91,17,781	1,21,91,632	-	3,13,09,413	34,99,27,739	36,20,76,779
Plant and Machinery	3,72,19,69,541	1,18,13,216	1,00,00,000	3,72,37,82,757	43,41,25,961	22,41,99,996	-	65,83,25,957	3,06,54,56,800	3,28,78,43,580
Furniture and Fixtures	62,96,544	2,28,971	-	65,25,515	32,40,099	3,27,480	-	3,567,579	29,57,936	30,56,445
Vehicles	96,97,310	5,35,641	7,92,037	94,40,914	26,29,289	8,65,829	4,91,789	30,03,329	64,37,585	70,68,021
Total	4,18,76,20,118	2,94,41,623	1,07,92,037	4,20,62,69,704	45,95,70,111	23,76,28,459	4,91,789	69,67,06,781	3,50,95,62,923	3,72,80,50,007
Previous year	1,59,15,30,271	2,59,97,52,702	36,62,855	4,18,76,20,118	36,05,39,834	10,01,11,855	10,81,578	45,95,70,111	3,72,80,50,007	

Particulars	As at 31 March 2011 Rs	As at 31 March 2010 Rs
SCHEDULE 7 : CAPITAL WORK IN PROGRESS		
Building under construction	7,48,99,559	–
Machinery under erection	44,94,52,383	55,26,534
Capital advances	4,96,51,140	–
Project and pre-operative expenses (Pending allocation)	4,36,79,169	3,66,907
	<u>61,76,82,251</u>	<u>58,93,441</u>
SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES		
1. CURRENT ASSETS		
A. INVENTORIES		
Stores & Spares	14,94,15,371	9,22,30,641
Raw Material	4,72,57,076	6,99,85,741
Work in Process	69,74,76,089	37,18,81,793
Finished Goods	8,53,22,967	11,62,98,368
Material in Transit	1,60,90,984	1,82,57,689
	<u>99,55,62,487</u>	<u>66,86,54,232</u>
B. SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months		
Considered Good	1,28,21,146	1,03,50,786
Considered Doubtful	14,50,889	14,37,289
	<u>1,42,72,035</u>	1,17,88,075
Less: Allowances for doubtful debts	14,50,889	14,37,289
b) Other debt : considered good	1,28,21,146	1,03,50,786
	<u>36,84,91,421</u>	<u>29,07,18,713</u>
	<u>38,13,12,567</u>	<u>30,10,69,499</u>
C. CASH AND BANK BALANCES		
Cash in hand	47,18,566	34,03,380
Balances with scheduled Banks	77,68,138	10,90,236
Fixed Deposit with banks	18,69,06,718	6,15,28,154
(₹ 719.44 lac held as margin money, previous year ₹ 615.28 lac)	<u>19,93,93,422</u>	<u>6,60,21,770</u>
2. LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	2,66,33,109	1,97,86,427
Balances with Govt. Authorities on current account	27,65,18,836	21,87,47,859
MAT credit entitlement	9,19,66,841	7,39,43,436
	<u>39,51,18,786</u>	<u>31,24,77,722</u>
	<u>1,97,13,87,262</u>	<u>1,34,82,23,223</u>
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS		
A CURRENT LIABILITIES		
1 Sundry Creditors - Trade		
a) total outstanding dues of micro enterprises and small enterprises	–	1,10,386
b) total outstanding dues of creditors other than micro enterprises and small enterprises	68,00,40,535	60,31,61,153
2 Sundry Creditors - Capital		
a) total outstanding dues of micro enterprises and small enterprises	2,47,043	82,804
b) total outstanding dues of creditors other than micro enterprises and small enterprises	9,31,19,420	16,95,08,853
3 Other Liabilities	5,18,04,381	5,18,91,078
4 Interest accrued but not due on loans	3,76,696	–
	<u>82,55,88,075</u>	<u>82,47,54,274</u>
B PROVISIONS		
1 Current Tax	42,84,062	1,07,02,570
2 Employee Benefits	38,03,518	19,94,921
	<u>80,87,580</u>	<u>1,26,97,491</u>
	<u>83,36,75,655</u>	<u>83,74,51,765</u>

Particulars	Year ended 31 March 2011 Rs	Year ended 31 March 2010 Rs
SCHEDULE 10 : OTHER INCOME		
Income received on current investment		
- Dividend	5,49,040	-
Miscellaneous	9,49,069	4,54,066
Rent received	1,80,000	1,80,000
Exchange rate fluctuation	56,85,742	8,65,360
Interest received on Fixed Deposits (TDS ₹ 12.16 lac, Previous Year ₹ 10.60 lac)	1,21,81,431	84,64,932
	<u>1,95,45,282</u>	<u>99,64,358</u>
SCHEDULE 11 : RAW MATERIAL CONSUMED		
Opening Stocks		
Raw Material - Indigenous	4,28,63,393	1,66,44,769
Raw Material - Imported/Highseas	2,50,75,778	1,03,70,818
Total Opening Stocks	<u>6,79,39,171</u>	<u>2,70,15,587</u>
Add : Purchases		
Raw Material - Indigenous	1,68,35,97,548	1,06,92,07,664
Raw Material - Imported/Highseas	1,00,44,16,699	1,53,29,72,713
Total Purchases	<u>2,68,80,14,247</u>	<u>2,60,21,80,377</u>
Less: Consumption during trial run	-	8,50,78,774
Less : Closing Stocks		
Raw Material - Indigenous	3,20,75,513	4,28,63,393
Raw Material - Imported/Highseas	1,31,34,993	2,50,75,778
Total Closing Stocks	<u>4,52,10,506</u>	<u>6,79,39,171</u>
Total Consumption	<u>2,71,07,42,912</u>	<u>2,47,61,78,019</u>
SCHEDULE 12 : MANUFACTURING EXPENSES		
Power & Fuel	34,90,09,178	35,76,04,322
Stores & Spares Consumed	5,87,44,220	4,82,49,844
Repairs to Plant & Machinery	26,26,111	48,28,138
Job Charges	99,02,190	92,61,288
	<u>42,02,81,699</u>	<u>41,99,43,592</u>
SCHEDULE 13 : PERSONNEL EXPENSES		
Salaries and Wages	14,48,38,086	9,83,56,935
Bonus	59,24,548	44,90,053
Contribution to Provident and other funds	1,09,91,348	72,93,025
Staff and Labour Welfare	17,27,062	20,44,388
Punjab Labour Welfare Fund	20,506	20,026
Staff Recruitment Expenses	6,50,436	2,36,532
Training Expenses	5,800	66,503
	<u>16,41,57,786</u>	<u>11,25,07,462</u>

Particulars	Year ended 31 March 2011 Rs	Year ended 31 March 2010 Rs
SCHEDULE 14 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent	10,02,696	15,74,295
Insurance	80,34,135	60,12,775
Printing and Stationery	25,76,207	20,79,310
Postage, Telegram and Telephone	29,39,644	25,35,687
Travelling and Conveyance	42,83,777	29,50,936
Directors' Travelling	13,42,432	21,46,882
Director's Remuneration	65,05,029	40,25,227
Directors' Sitting Fee	3,65,000	3,30,000
Auditor's Remuneration	4,29,705	2,60,688
Cost Auditor's Remuneration	41,813	50,581
Internal Auditor's Remuneration	1,38,602	1,34,976
Fees and Taxes	22,67,208	19,62,104
Legal and professional charges	15,49,525	12,02,590
Repairs to Building	12,07,993	11,94,015
Other Repairs	18,91,518	15,27,041
Vehicle Maintenance	23,79,688	17,72,496
Charity and Donation	1,01,200	43,100
Electricity Expenses	14,24,910	13,33,256
R&D Expenses	15,31,203	4,13,862
Loss on Sale of Fixed Assets	-	9,18,277
Prior Period Expenses (net)	6,31,302	68,740
Allowances for Doubtful Debts	13,600	9,01,943
Miscellaneous expenses	47,43,755	53,59,314
	<u>4,54,00,942</u>	<u>3,87,98,095</u>
SCHEDULE 15 : FINANCIAL EXPENSES		
Interest on term loans	23,95,02,558	5,50,45,539
Interest on others	10,58,07,516	7,35,79,373
Bank and other charges	2,26,55,274	2,00,48,871
	<u>36,79,65,348</u>	<u>14,86,73,783</u>
SCHEDULE 16 : SELLING & DISTRIBUTION EXPENSES		
Rebate and discount	2,80,57,212	2,08,45,132
Freight and octroi	11,74,02,125	8,89,85,665
Business promotion	24,79,472	13,19,798
Export expenses	16,83,077	10,11,159
Commission	2,38,00,501	2,83,23,867
Other selling expenses	10,99,630	4,23,484
	<u>17,45,22,017</u>	<u>14,09,09,105</u>
SCHEDULE 17 : (INCREASE)/DECREASE IN WORK IN PROCESS AND FINISHED GOODS		
Opening Stocks		
Work-in-process	37,18,81,793	31,81,77,643
Finished goods	11,62,98,368	5,76,46,822
	<u>48,81,80,161</u>	<u>37,58,24,465</u>
Transfer from trial run	-	2,64,19,552
Less : Closing Stocks		
Work-in-process	69,74,76,089	37,18,81,793
Finished goods	8,53,22,967	11,62,98,368
	<u>78,27,99,056</u>	<u>48,81,80,161</u>
(Increase)/Decrease in work in process and finished goods	<u>(29,46,18,895)</u>	<u>(8,59,36,144)</u>

SCHEDULE 18 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
1. SIGNIFICANT ACCOUNTING POLICIES
A. Basis for preparation of Financial Statements

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in sub section (3C) of section 211 and other relevant provisions of the Companies Act, 1956.

B. Use of Estimates

The preparation of financial statement conforming to generally accepted accounting principals require estimates and assumptions to be made that affect the reported amount of asset and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results materialise.

C. Revenue Recognition
i. Sales

Sales comprise sale of goods and export incentives. Revenue from sale of goods is recognised:

- a) when all significant risks and rewards of ownership is transferred to the buyer and the company retains no effective control of goods transferred to a degree usually associated with ownership and
- b) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.

ii. Export Incentives

The revenue in respect of export incentives is recognised on post export basis.

iii. Dividend

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

iv. Interest:

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

v. Insurance and other claims

Revenue in respect of the claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

D. Employee Benefits
i. Short Term Employee Benefits:

Short Term Employee Benefits are recognised as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

ii. Post Employment Benefits:
a) Defined Contribution Plans:
Provident Fund:

Contributions to provident fund are made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to profit and loss account in the period in which such contributions fall due.

b) Defined Benefit Plans:
Gratuity:

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at close of the year.

Leave encashment

Provision for leave encashment with wages and long term compensated absences is made on the basis of actuarial valuation as at close of the year.

c) The actuarial gain or loss:

The actuarial gain or loss is recognised in statement of profit and loss account.

E. Fixed Assets

- i) Fixed assets are stated at historical cost less accumulated depreciation.
- ii) The cost of fixed asset comprises of its purchase price and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- iii) The exchange difference arising on reporting of long term foreign currency monetary items at rate different from those at which they were initially recorded during the period or reported in previous financial statements attributable to the acquisition of fixed assets are capitalised.

F. Depreciation

- i) Depreciation on all fixed assets is provided on the straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum.
- iii) The lease hold land is amortised over the lease period.
- iv) Addition or deduction to the fixed assets arising from exchange rate variation is depreciated over the residual life of the respective fixed assets.

G. Investments

Long term investments are carried at cost less provisions, if any, for diminution in value which is other than temporary. Current Investments are carried at lower of cost and fair value.

H. Inventories:

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

- | | |
|------------------------|--|
| a) Raw Material | First in First out method plus direct expenses |
| b) Stores and Spares | Weighted Average method plus direct expenses |
| c) Work-in-process | 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, excise duty 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. |

I. Cenvat Credit:

Cenvat credit on excise duty paid on inputs, capital assets and input services is taken in accordance with the Cenvat Credit Rules, 2004.

J. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

K. Subsidy:

Government grants available to the company are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy received for a specific asset is reduced from the cost of the said asset.

L. Foreign Exchange Transactions

- Foreign currency transactions are recorded on initial recognition in reporting currency by applying foreign currency amount, the exchange rate, between the reporting currency and the foreign currency, at the date of transaction.
- Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at rate different from those at which these were initially recorded during the period or reported in previous financial statement are recognised as income or expense in the period in which they arise except in case of long term liabilities which relate to acquisition of fixed assets, these exchange differences are adjusted to the carrying cost of such assets.

M. Accounting for Taxes on Income

Tax expense comprises of Current tax and Deferred tax. Current tax is the aggregate amount of income tax determined to be payable in respect of taxable income for the period. Deferred Tax is the tax effect of timing differences between taxable income and accounting income for the period that originate in one period and are capable of reversal in one or more subsequent periods.

N. Impairment of Assets

At each Balance Sheet date an assessment is made whether any indication exists that an asset has been impaired, if any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

O. Earning Per Share

Basic Earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

P. Operating Lease

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

Q. Provisions and Contingent Liabilities

- Provisions are recognised for liabilities that can be measured by using a substantial degree of estimation, if:
 - the company has present obligation as a result of a past event;
 - a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - the amount of the obligation can be reliably estimated.
- Contingent liability is disclosed in the case of:
 - Possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
 - a present obligation arising from a past event but is not recognised
 - when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - a reliable estimate of the amount of the obligation cannot be made.

2. NOTES ON ACCOUNTS**1. Contingent liabilities not provided for:**

No outflow is expected in view of the past history relating to these items.

(Rs in lac)

Particulars	As at 31 March 2011	As at 31 March 2010
Claims against the company not acknowledged as debt	37.72	38.26
Letter of Credit outs tanding	155.68	253.47
Bills discounted with bankers against irrevocable letter of credit	603.58	599.46
2. Estimated amount of contracts remaining to be executed on capital account (net of Advances)	938.22	185.85

3. Auditors' Remuneration

(Amount in Rs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Statutory Audit Fee	1,85,000	1,35,000
Tax Audit Fee	65,000	50,000
Certification / Company Law / Other Matters	1,54,000	60,000
Reimbursement of expenses	25,705	15,688
Total	4,29,705	2,60,688

4. Managerial Remuneration paid/payable
(Amount in Rs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Chairman cum Managing Director		
Salary	15,74,193	9,60,000
Contribution to Provident Fund	1,88,903	1,15,200
Other allowances	21,78,513	12,33,547
Executive Director		
Salary	10,25,368	7,15,200
Contribution to Provident Fund	1,23,044	85,824
Other allowances	14,15,008	9,15,456
Total Remuneration	65,05,029	40,25,227

Provisions for gratuity liability and leave encashment have not been considered, since these are actuarially determined on overall basis.

5. Statement showing computation of net profit in accordance with section 349 read with Section 198 of the Companies Act, 1956. (Amount in Rs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Profit before tax	9,04,31,275	14,65,39,553
Add: Managerial remuneration	65,05,029	40,25,227
Add: (Profit) / Loss on Sale of fixed Assets	(19,752)	9,18,227
Profit under Section 349 of the Companies Act, 1956	9,69,16,552	15,14,83,007
Maximum permissible limit @ 10%	96,91,655	1,51,48,301
Remuneration paid / payable	65,05,029	40,25,227

6. In the opinion of the Board of Directors and to the best of their knowledge and belief, the value on realisation of Current Assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

7. Deferred Tax liability as on 31 March, 2011 is as under: (Rs in lac)

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax liability account of on timing difference due to depreciation	5,090.74	4,094.20
Less: Deferred tax assets arising on		
(i) Unabsorbed depreciation	4,085.17	3,369.63
(ii) Expenses allowable on payment basis.	-	5.39
Net Deferred Tax Liability	1,005.57	719.18

8. In accordance with the Accounting Standard (AS) -28 on "Impairment of Assets", the company has assessed as on the balance sheet date, whether there are any indications (listed in paragraph 8 to 10 of the Standard) with regard to the impairment 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.

9. Increase in Share Capital

The issued and paid up equity share capital of the company has been increased from ₹ 22,71,66,640 to ₹ 25,71,66,640. The detail of such increase is as under:

- The Company has allotted 15,00,000 equity shares of ₹ 10/- each at a premium of ₹ 46/- per share. on conversion of equivalent number of equity warrants.
- The Company has also allotted 15,00,000 equity shares of ₹ 10/- each at a premium of ₹ 68/- per share on the conversion of equivalent number of equity warrants.

The above said allotment were made in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009.

10. Equity Warrants

The company had issued 30,00,000 equity warrants during the previous 2009-10 carrying an option to convert each warrant into one equity shares of ₹ 10/- each at a premium of ₹ 46/- per share, within a period of 18 months from the date of allotment i.e. 16th January 2010 in accordance with the SEBI guidelines and out of which 15,00,000 equity warrants have been converted into equity shares during the year.

11. Foreign Currency Convertible Bonds (FCCB)

The company has issued zero coupon unsecured foreign currency convertible bonds (FCCB) aggregating to US \$ 7 Million. The bond holders have option to convert into equity shares of the company at price of ₹ 78 per share (subject to adjustment, if any) with a fixed exchange rate of ₹ 47.57 per US \$ at any time on or after 28 May, 2010 but on or before 28 May, 2015 subject to satisfaction of certain conditions.

The company has also option to convert all outstanding bonds into equity shares at the prevailing conversion price at any time on or after 28 November, 2014 but on or before 28 May, 2015.

These FCCB are redeemable on 5 June, 2015 at a premium of 41.25% of their principal amount unless previously redeemed, repurchased and cancelled or converted.

12. The company has received financial assistance of ₹100 lac during the year for installation of 13 MW co-generation power plant for captive use from Ministry of New and Renewable Energy (MNRE) and the same has been reduced from the cost of the said asset.

13. The company has identified Micro, Small and Medium Enterprises on the basis of information made available. Accordingly Sundry creditors amounting to ₹ 2.47 lac (Previous Year ₹ 1.93 lac) being principal amount outstanding to Micro, Small and Medium Enterprises that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.

The details of amount outstanding to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sr. No.	Particulars	As at 31 March 2011	As at 31 March 2010
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

14. Project and Pre-operative expenses: (Rs In lac)

Particulars	As at 31 March 2011	As at 31 March 2010
Opening Balance pending for allocation	3.67	1,462.30
Expenses during the year		
Power and Fuel	5.36	5.08
Personnel Expenses	54.71	176.18
Insurance	14.13	11.03
Travelling and Conveyance	11.37	17.81
Legal & Professional Charges	9.48	27.28
Financial Expenses {includes ₹ 2 Lac (previous year nil) paid to statutory auditor for certification}	500.94	1,958.95
Consultancy Charges	34.65	-
Business Promotion	3.73	9.26
Freight	3.00	4.99
R & D Expenses	-	3.42
Miscellaneous	12.34	24.80
Total (A)	653.38	3,701.10
Trial Run Expenses		
Raw material consumed	-	850.79
Power and Fuel	-	426.72
Selling and Distribution	-	53.93
Total (B)	-	1,331.44
Total (C) = (A+B)	653.38	5,032.54
Sales (Net of Excise duty)	-	(759.48)
Stock transferred to Profit and Loss account.	-	(264.20)
Exchange rate differences	(216.59)	-
Total		4,008.86
Less: Allocated to Building and Plant and Machinery	-	4,005.19
Pending Allocation	436.79	3.67

15. Borrowing cost capitalised during the year is ₹ 500.94 lac (Previous year ₹ 1958.95 lac) included under the head capital work in progress.
16. The preference shares shall be redeemable at par on expiry of 10 years from the date of allotment i.e. 20th March 2004. The earliest date of redemption is 20 March 2014.
17. The proceeds received from issuance of equity shares and warrants during the year have been used for the purpose for which they have been raised.
18. The foreign currency exposure of the Company remaining un-hedged is as under:

Particulars	As at 31 March 2011		As at 31 March 2010	
	USD	EURO	USD	EURO
Against Imports (Creditors)	1,76,880	-	12,04,555	6,26,728
Against Exports (Debtors)	12,28,097	3,00,538	12,61,888	31,050
Against Foreign Currency Convertible Bonds	74,17,319	-	-	-

19. Excise Duty attributable to finished goods sold during the year is reduced from Gross Turnover in the Profit and Loss Account. Increase/ (Decrease) in excise duty on differential between opening and closing stock of finished goods is also disclosed separately in the Profit and Loss Account.

20. Related Party Disclosure:

a) Name of related parties and description of relationship:

1. Enterprises over which Key Management Personnel (KMP) is able to exercise significant influence:	G. Drugs and Pharmaceuticals Limited NM Mercantiles Limited IOL Lifesciences Limited Mayadevi Polycot Limited NCG Enterprises Limited
2. Key Management Personnel:	Mr Varinder Gupta Mr Raj Kumar Thukral
3. Relatives of Key Management Personnel:	Mrs. Dimple Gupta

b) Description of the nature of transactions with the related parties: (Rs in lac)

Particulars	Enterprises over which KMP is able to exercise significant influence		Key Management Personnel		Relatives of KMP	
	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2011	Year ended 31 March 2010
Sales and services	-	-	-	-	-	-
Purchase and receiving of services	99.02	92.61	-	-	-	-
Managerial Remuneration	-	-	65.05	40.25	-	-
Rent received	-	-	1.80	1.80	-	-
Loan taken (including opening balance)	1,505.00	1,078.50	2.77	2.77	-	-
Loan Repayment	10.00	306.50	-	-	-	-
Closing Balance	1,495.00	772.00	2.77	2.77	-	-
Amount received during the year against equity warrants (including opening balance)	1,050.00	1,260.00	-	-	-	-
Equity shares allotted	840.00	840.00	-	-	-	-
Director Sitting Fee	-	-	-	-	0.50	0.50

21. Earning Per Share

The earning per share (EPS) disclosed in the profit and loss account have been calculated as under:

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Profit attributable to equity shareholders (Rs lac)	617.92	1001.60
Weighted average number of equity shares	2,45,16,664	2,13,56,847
Weighted average number of equity shares after adjustment for dilutive potential equity shares	2,45,16,664	2,14,09,479
Basic earning per share Nominal value ₹ 10/- per share	2.52	4.69
Diluted earning per share Nominal value ₹ 10/- per share	2.52	4.68

The conversion price of Zero Coupon Foreign Currency Convertible Bonds is higher than the fair value of equity shares as at the close of the year and is accordingly anti dilutive. Therefore the same has not been considered for computing the diluted earning per share.

The conversion price of convertible equity warrant is higher than the fair value of equity shares as at the close of the year and is accordingly anti dilutive. Therefore the same has not been considered for computing the diluted earning per share

22. Employee Benefits

The summarised position of post-employment benefits and long term employee benefits recognised in the Profit and Loss Account and Balance Sheet as required in accordance with Accounting Standard (AS) 15 is as under:

A. Gratuity and Leave Encashment

(Rs In lac)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
		Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2011	Year ended 31 March 2010
a	Change in the present value of the obligation				
1.	Present value of obligation as at beginning of the year	101.14	67.64	42.89	30.83
2.	Current service cost	18.82	15.45	11.37	9.55
3.	Interest cost	8.09	5.41	3.43	2.47
4.	Benefits paid	(6.94)	(2.10)	(8.85)	(5.72)
5.	Actuarial (gain)/loss	18.69	14.73	9.54	5.77
6.	Present value of obligation as at close of the year	139.80	101.14	58.39	42.89
b	Change in Fair value of plan assets				
1.	Fair value of plan assets as at beginning of the year	90.38	51.53	36.47	25.02
2.	Expected return in plan assets	8.36	4.71	3.37	2.29
3.	Contribution	34.12	34.38	7.46	14.64
4.	Benefits paid	(6.94)	(2.10)	(8.85)	(5.72)
5.	Actuarial gain/(loss)	1.39	1.87	(0.14)	0.25
6.	Fair value of plan assets as at close of the year	127.32	90.38	38.33	36.47
c	Net Asset/(Liability) recognised in the Balance Sheet				
1.	Present value of the defined benefit obligation	139.80	101.14	58.39	42.89
2.	Fair value of plan assets	127.32	90.38	38.33	36.47
3.	Net Asset/(Liability) recognised in the balance sheet	(12.48)	(10.75)	(20.06)	(6.42)
d	Expenses recognised in the statement of Profit and Loss Account				
1.	Current service cost	18.82	15.45	11.37	9.55
2.	Interest cost	8.09	5.41	3.43	2.47
3.	Expected return on plan assets	(8.36)	(4.71)	(3.37)	(2.29)
4.	Net actuarial (gain)/ loss recognised during the year	17.30	12.87	9.68	5.52
5.	Total Expense recognised in profit and loss account	35.86	29.02	21.11	15.24
e	Major categories of plan assets as a percentage of total plan assets	The plan assets are maintained with Life Insurance Corporation of India. The details of investment made has not been provided by LIC therefore has not been disclosed.			
1.	Gratuity is administered through duly constituted and approved independent trust. The said trust has taken Group Gratuity Scheme with Life Insurance Corporation of India.				
2.	Leave encashment is administered through Group Leave Encashment scheme with Life Insurance Corporation of India.				
3.	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.				
4.	Basis used to determine expected rate of return on Plan Assets: The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation. The Gratuity contribution is invested in Group Gratuity-cum-Life Assurance cash accumulation policy and the Leave Encashment contribution is invested in a Group Leave Encashment policy offered by Life Insurance Corporation (LIC) of India.				

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
		Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2011	Year ended 31 March 2010
f	Principal Actuarial assumptions at the Balance Sheet Date				
1.	Discount rate (per annum)	8%	8%	8%	8%
2.	Rate of increase in compensation levels (per annum)	7%	7%	7%	7%
3.	Rate of return on plan assets (per annum)	9.25%	9.15%	9.25%	9.15%
4.	Expected average remaining working lives of employee (years)	27.31	27.25	27.31	27.25
5.	Method used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

B. Medical Leave Liability
(Rs In lac)

Sr. No.	Particulars	Medical Leave Liability (unfunded)	
		Year ended 31 March 2011	Year ended 31 March 2010
a	Changes in the present value of the obligation		
1.	Present value of Defined Benefit obligation as at beginning of the year	2.78	3.84
2.	Current service cost	1.17	0.55
3.	Interest cost	0.22	0.31
4.	Benefits paid	-	-
5.	Actuarial (gain)/loss	1.32	(1.92)
6.	Present value of obligation as at close of the year	5.49	2.78
b	Changes in fair value of plan asset		
1.	Fair value of plan assets as at beginning of the year	-	-
2.	Expected return in plan assets	-	-
3.	Contribution	-	-
4.	Benefits paid	-	-
5.	Actuarial gain/(loss)	-	-
6.	Fair value of plan assets as at close of the year	-	-
c	Net Asset/(Liability) recognised in the Balance Sheet		
1.	Present value of the defined benefit obligation	5.49	2.78
2.	Fair value of plan assets	-	-
3.	Net Asset/(Liability) recognised in the balance sheet	(5.49)	(2.78)
d	Expenses recognised in the statement of Profit and Loss Account		
1.	Current service cost	1.17	0.55
2.	Interest cost	0.22	0.31
3.	Expected return on plan assets	-	-
4.	Net actuarial (gain)/ loss recognised during the year	1.32	(1.92)
5.	Expenses recognised in profit and loss account	2.70	(1.05)
e	Investment detail of funds	Not Applicable	Not applicable
f	Principal Actuarial assumptions at the Balance Sheet Date		
1.	Discount rate (per annum)	8%	8%
2.	Rate of increase in compensation levels (per annum)	7%	7%
3.	Rate of return on plan assets (per annum)	-	-
4.	Expected average remaining working lives of employee (years)	27.31	27.25
5.	Method used	Projected Unit Credit	Projected Unit Credit

23. Leases:

The company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 11.28 lac (previous year ₹ 15.74 lac). The future minimum lease payments in respect of the non-cancellable operating leases as at 31 March 2011 are:

(Rs in lac)

Particulars	As at 31 March 2011	As at 31 March 2010
a) not later than one year	11.77	8.81
b) later than one year but not later than five years	23.13	8.60
c) later than five years	21.03	25.68

24. Segment information

1) Segment Accounting Policies

a) The business segment comprises the following:

- Chemicals : Acetic Acid, Ethyl Acetate, Acetic Anhydride, Acetyl Chloride, Mono Chloro Acetic Acid and Iso Butyl Benzene
- Drugs : Ibuprofen

- b) Business segments have been identified based on the nature and class of the product and services, their customers and assessment of differential risks and returns and financial reporting system within the company.
- c) Segment accounting policies: In addition to the significant accounting policies, applicable to the business as set out in Note 1 of schedule 19 "Notes on Accounts" the accounting policies in relation to segment accounting are as under:
- 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 & 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.
 - 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.
 - Inter segment sales
Inter segment sales are eliminated in consolidation.

2) Detail of primary business segments:

(Rs in lac)

	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	25,018.66	23,166.83	13,870.37	11,676.92	51.71	98.28	-	-	38,940.74	34,942.03
Inter Segment transfer	3,833.26	-	-	-	-	-	(3,833.26)	-	-	-
Other Income	-	-	-	-	195.45	99.64	-	-	195.45	99.64
Total Revenue	28,851.92	23,166.83	13,870.37	11,676.92	247.16	197.92	(3,833.26)	-	39,136.19	35,041.67
Segment Results	2,285.74	1,396.21	2,171.15	1,441.86	-	-	-	-	4,456.89	2,838.07
Unallocated Income (net of unallocated Expenses)	-	-	-	-	-	-	-	-	(127.07)	(114.06)
Profit before tax & interest	-	-	-	-	-	-	-	-	4,583.96	2,952.13
Interest	-	-	-	-	-	-	-	-	3,679.65	1,486.74
Profit & Loss Before Tax	-	-	-	-	-	-	-	-	904.31	1,465.39
Other Information										
Segment Assets	31,846.70	30,581.10	15,230.32	14,687.84	-	-	-	-	47,077.02	45,268.94
Unallocated assets including capital work in progress	-	-	-	-	13,909.31	5,552.73	-	-	13,909.31	5,552.73
Total Assets	31,846.70	30,581.10	15,230.32	14,687.84	13,909.31	5,552.73	-	-	60,986.32	50,821.67
Segment Liabilities	3,672.75	4,814.90	2,530.51	1,469.28	-	-	-	-	6,203.26	6,284.18
Unallocated Liabilities	-	-	-	-	2,133.50	2,094.34	-	-	2,133.50	2,094.34
Total Liabilities	3,672.75	4,814.90	2,530.51	1,469.28	2,133.50	2,094.34	-	-	8,336.76	8,378.52
Net Capital employed	28,173.95	25,766.20	12,699.81	13,218.56	11,775.81	3,458.39	-	-	52,649.57	42,443.14
Capital Expenditure	(1.85)	20,228.03	3.30	5,479.79	185.04	253.08	-	-	186.50	25,960.90
Depreciation	1,340.31	399.25	929.82	560.13	106.16	41.74	-	-	2,376.28	1,001.12
Non Cash Expense other than depreciation	-	-	-	-	-	-	-	-	-	-

3) Detail of Secondary Segment

(Rs in lac)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Turnover		
Export Turnover	9,109.31	6,640.03
Domestic Turnover	29,831.43	28,302.00
Total	38,940.74	34,942.03

25. Information required by Para 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956. Particulars of Capacity, Production, Sales, Stocks and Raw Materials consumed.

A. Licensed/Installed Capacity: Annual Capacity

Particulars	Unit	Licensed Capacity		Installed Capacity	
		As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
Acetic Acid	TPA	N.A.	N.A.	75,000	75,000
Ethyl Acetate	TPA	N.A.	N.A.	36,000	36,000
Acetic Anhydride	TPA	N.A.	N.A.	18,000	18,000
Ibuprofen	TPA	N.A.	N.A.	6,000	6,000
Acetyl Chloride	TPA	N.A.	N.A.	5,200	5,200
Mono Chloro Acetic Acid	TPA	N.A.	N.A.	7,200	7,200
Iso Butyl Benzene	TPA	N.A.	N.A.	6,600	6,600

N.A. is Not Applicable

B. Production (Quantity)

Products	Unit	Year ended 31 March 2011	Year ended 31 March 2010
Acetic Acid	MT	10,420	33,538
Ethyl Acetate	MT	36,050	30,864
Acetic Anhydride	MT	15,956	14,962
Ibuprofen	MT	2,997	2,854
Acetyl Chloride	MT	2,035	709
Mono Chloro Acetic Acid	MT	2,848	1,245
Iso Butyl Benzene	MT	4,150	1,925

Notes:

I. Installed capacity is on annual basis.

II. Installed capacity has been certified by the Management and not verified by the Auditors, being a technical matter.

C. Purchase of Finished Goods: Acetic Acid

Products	Unit	Year ended 31 March 2011	Year ended 31 March 2010
Opening Balance	MT	351	-
Purchased	MT	34,832	12,900
Captive Consumption	MT	35,019	12,288
Sale	MT	164	261
Closing Balance	MT	-	351

D. Captive consumption of Finished Goods produced:

Products	Unit	Year ended 31 March 2011	Year ended 31 March 2010
Acetic Acid	MT	9,999	28,557
Acetic Anhydride	MT	3,251	1,558
Acetyl Chloride	MT	1,733	658
Mono Chloro Acetic Acid	MT	2,686	1,193
Iso Butyl Benzene	MT	2,575	1,028

E. Opening Stock of finished goods

Particulars	Unit	Year ended 31 March 2011		Year ended 31 March 2010	
		Quantity	Value Rs	Quantity	Value Rs
Acetic Acid	MT	-	-	10	3,67,797
Ethyl Acetate	MT	164	76,76,882	247	1,26,47,577
Acetic Anhydride	MT	79	34,96,811	72	39,84,501
Ibuprofen	MT	209	8,63,72,479	85	3,97,69,051
Acetyl Chloride	MT	28	17,52,337	-	-
Mono Chloro Acetic Acid	MT	52	19,34,050	-	-
Iso Butyl Benzene	MT	139	1,22,28,623	-	-
Others			28,37,186		8,77,896
Total			11,62,98,368		5,76,46,822

F. Closing Stock of finished goods

Particulars	Unit	Year ended 31 March 2011		Year ended 31 March 2010	
		Quantity	Value Rs	Quantity	Value Rs
Acetic Acid	MT	7	2,32,320	-	-
Ethyl Acetate	MT	*160	77,10,822	164	76,76,882
Acetic Anhydride	MT	201	92,17,620	79	34,96,811
Ibuprofen	MT	**106	4,34,48,579	209	8,63,72,479
Acetyl Chloride	MT	83	54,91,287	28	17,52,337
Mono Chloro Acetic Acid	MT	47	18,48,951	52	19,34,050
Iso Butyl Benzene	MT	163	1,47,96,499	139	1,22,28,623
Others			25,76,889		28,37,186
Total			8,53,22,967		11,62,98,368

* Includes stock in transit 96 MT

** Includes stock in transit 30 MT

G. Sales of goods dealt with by the Company

Particulars	Unit	Year ended 31 March 2011		Year ended 31 March 2010	
		Quantity	Value Rs	Quantity	Value Rs
Acetic Acid	MT	414	1,45,94,452	5,252	17,76,74,706
Ethyl Acetate	MT	*36,053	1,79,78,63,630	30,947	1,48,27,58,291
Acetic Anhydride	MT	*12,583	67,32,99,074	13,397	73,19,52,314
Ibuprofen	MT	3,100	1,40,98,58,586	2,730	1,17,86,53,111
Acetyl Chloride	MT	247	1,54,06,855	23	15,57,131
Mono Chloro Acetic Acid	MT	167	69,74,378	-	-
Iso Butyl Benzene	MT	*1,551	14,94,59,939	758	7,32,13,781
Others including traded goods **			15,65,89,838		15,85,72,146
Total Sales			4,22,40,46,752		3,80,43,81,480
Less: Gross sales capitalised during trial run			-		8,25,13,658
Gross Sales during the year			4,22,40,46,752		3,72,18,67,822

* Includes loss in transit: Ethyl Acetate 25 MT, Acetic Anhydride 15 MT and Iso Butyl Benzene 11 MT

** Includes Sale of 164 MT of Acetic Acid

H. Raw Material Consumed

Particulars	Unit	Year ended 31 March 2011		Year ended 31 March 2010	
		Quantity	Value Rs	Quantity	Value Rs
Alcohol – Indigenous	BL	3,26,15,309	74,57,12,172	61,99,933	17,48,78,709
Alcohol – Imported/ High seas	BL	53,91,879	12,42,33,030	5,40,02,536	1,07,60,77,189
Acetic Acid - Indigenous	MT	7,082	17,11,58,923	1,164	6,61,72,943
Acetic Acid – Imported/ High seas	MT	27,936	64,57,38,561	11,385	25,04,06,441
Various raw materials for Bulk Drug and Chemicals					
- Indigenous			77,75,14,333		80,19,37,388
- Imported/ High seas			24,63,85,893		19,17,84,123
Subtotal			2,71,07,42,912		2,56,12,56,793
Less: Capitalised during the year			-		8,50,78,774
Total			2,71,07,42,912		2,47,61,78,019

I. Value of Imports calculated on CIF Basis

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Value Rs		Value Rs	
Raw Material	10,30,64,801		8,13,39,703	
Capital Goods	61,97,894		1,28,01,982	

J. Expenditure in Foreign Currency

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Value Rs		Value Rs	
Travelling	6,09,792		4,04,782	
Others	67,63,957		87,30,262	

K. Earnings in Foreign Exchange

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Value Rs		Value Rs	
Exports of Goods calculated on FOB value	80,62,81,553		61,11,35,064	

L. Consumption of Raw Materials and Stores & Spares

Particulars	Year ended 31 March 2011		Year ended 31 March 2010	
	Value Rs	%	Value Rs	%
Raw Material – Imported/High seas	1,01,63,57,484	37.49	1,51,82,67,753	59.28
Raw Material – Indigenous	1,69,43,85,428	62.51	1,04,29,89,040	40.72
Subtotal	2,71,07,42,912	100.00	2,56,12,56,793	100.00
Less: Capitalised during the year	-		8,50,78,774	
Total Raw Material	2,71,07,42,912		2,47,61,78,019	
Stores & Spares – Imported	Nil	-	Nil	-
Stores & Spares – Indigenous	5,87,44,220	100.00	4,82,49,844	100.00
Total Stores & Spares	5,87,44,220	100.00	4,82,49,844	100.00

26. Figures have been rounded off to the nearest rupee.

27. Previous year figures have been regrouped/ recasted wherever necessary.

28. Schedules 1 to 18 form an integral part of the balance sheet and profit and loss account

As per our report of even date
for S.C.VASUDEVA & CO.
Chartered Accountants
Firm Regn. No. 000235N

For and on behalf of the Board

Sd/-
Sanjiv Mohan
Partner
M.No. 86066

Sd/-
Varinder Gupta
Chairman and Managing Director

Sd/-
Raj Kumar Thukral
Executive Director

Place : New Delhi
Dated : 21 May, 2011

Sd/-
Krishan Singla
Vice President and
Company Secretary

Sd/-
Rakesh Mahajan
President (Finance)

Information required by part IV of Schedule VI of the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile as at March 31, 2011

1. Registration Details

Registration No.

		7	0	3	0
--	--	---	---	---	---

State Code

1	6
---	---

Balance Sheet Date

3	1		0	3		2	0	1	1
Date		Month			Year				

II. Capital Raised during the Year (Amount in Rs Thousand)

Public Issue

				N	I	L
--	--	--	--	---	---	---

Rights Issue

				N	I	L
--	--	--	--	---	---	---

Bonus Issue

				N	I	L
--	--	--	--	---	---	---

Private Placement

		3	0	0	0	0
--	--	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousand)

Sources of Funds
Total Liabilities

5	2	6	4	9	5	7
---	---	---	---	---	---	---

Total Assets

5	2	6	4	9	5	7
---	---	---	---	---	---	---

Paid-Up Capital

	3	0	7	1	6	7
--	---	---	---	---	---	---

Reserves & Surplus

1	3	9	5	2	1	4
---	---	---	---	---	---	---

Secured Loans

2	8	4	3	6	0	4
---	---	---	---	---	---	---

Unsecured Loans

	5	9	7	4	1	5
--	---	---	---	---	---	---

Equity Warrants

		2	1	0	0	0
--	--	---	---	---	---	---

Deferred Tax Liabilities (Net)

	1	0	0	5	5	7
--	---	---	---	---	---	---

Application of Funds
Net Fixed Assets

4	1	2	7	2	4	5
---	---	---	---	---	---	---

Investments

				N	I	L
--	--	--	--	---	---	---

Net Current Assets

1	1	3	7	7	1	2
---	---	---	---	---	---	---

Misc. Expenditure (to the extent not written off)

				N	I	L
--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rs Thousand)

Turnover & Other Income

3	9	1	3	6	1	9
---	---	---	---	---	---	---

Total Expenditure

3	8	2	3	1	8	8
---	---	---	---	---	---	---

Profit before Tax

+		9	0	4	3	1
---	--	---	---	---	---	---

Profit after Tax

+	6	1	7	9	2
---	---	---	---	---	---

(+) Earning Per Share in Rs

+		2	-	5	2
---	--	---	---	---	---

Dividend rate %

	N	I	L
--	---	---	---

IV. Generic Names of Four Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

2	9	1	5	2	1	
---	---	---	---	---	---	--

Product Description

A	c	E	T	I	C		A	C	I	D		G	L	A	C	I	A	L
---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---

Item Code No. (ITC Code)

2	9	1	5	9	0	
---	---	---	---	---	---	--

Product Description

E	T	H	Y	L		A	C	E	T	A	T	E						
---	---	---	---	---	--	---	---	---	---	---	---	---	--	--	--	--	--	--

Item Code No. (ITC Code)

2	9	1	5	4		
---	---	---	---	---	--	--

Product Description

A	C	E	T	I	C		A	N	H	Y	R	I	D	E				
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	--	--	--

Item Code No. (ITC Code)

2	9	4	2			
---	---	---	---	--	--	--

Product Description

I	B	U	P	O	F	E													
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--

For and on behalf of the Board

Sd/-
Varinder Gupta
Chairman and Managing Director

Sd/-
Raj Kumar Thukral
Executive Director

Sd/-
Krishan Singla
Vice President and Company Secretary

Sd/-
Rakesh Mahajan
President (Finance)

Place : New Delhi
Dated : 21 May 2011



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

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

MEMBERS FEEDBACK FORM 2010-11

Members are requested to send this **FEEDBACK FORM** duly filled to the CGC Department, IOL Chemicals and Pharmaceuticals Limited, 85, Industrial Area 'A', Ludhiana - 141003

Please rate on a 5 point scale of 1 to 5 by marking (?) in the box

Sr No.	Areas	Excellent	Very Good	Good	Satis- factory	Unsatis- factory
		1	2	3	4	5
1.	Turnaround time for response to shareholder query					
2.	Quality of Response					
3.	Timely receipt of Annual Report					
4.	Presentation of information on Company's Website					
5.	Promptness in confirming demat/remat requests					
6.	Overall Rating					

Suggestion/Question

In case you have any suggestion/question for the betterment of your Company, please do write to us. The Management would be pleased to consider and reply the same

NameFolio/Client ID No.e-mail.....

Address

Signatures



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

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

PROXY FORM

I/Weof.....in the district ofbeing a member/members of M/s IOL Chemicals and Pharmaceuticals Limited, hereby appoint.....of.....of the district of.....failing himof.....of the district of.....as my/our Proxy to vote for me/us on my/our behalf at the **24th Annual General Meeting** of the Company to be held on **Saturday, 24 September 2011 at 10.00 A M** at the Registered Office of the Company situated at Trident Complex, Raikot Road, Barnala-148101, Punjab, and at any adjournment thereof.

Affix Re 1/-
Revenue Stamp
here
Signature(s)

Signature.....
Folio/Client ID No.

Note :

If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

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

ATTENDANCE SLIP

Registered Folio/Client ID No. : Name of the Member :

Name of the Proxy :No. of shares held :

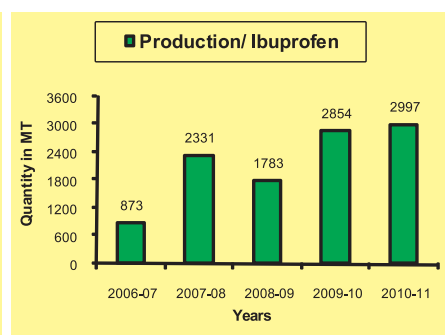
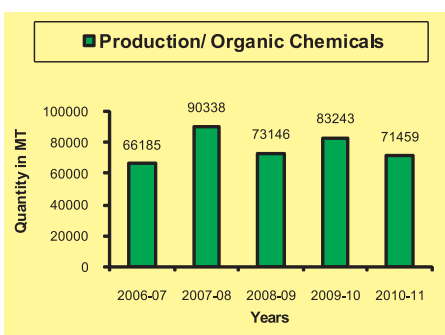
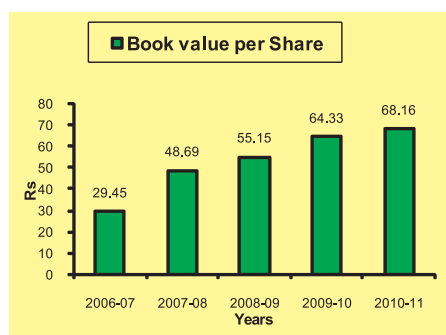
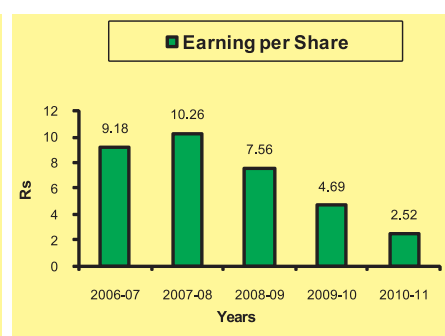
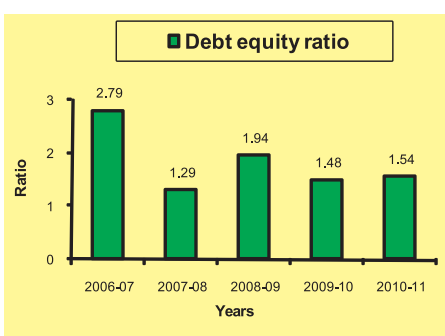
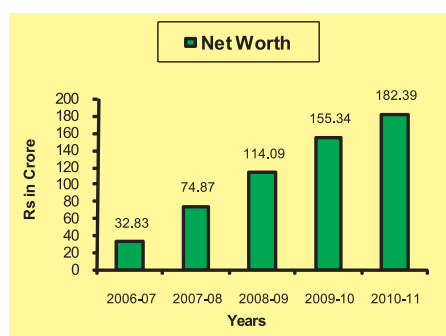
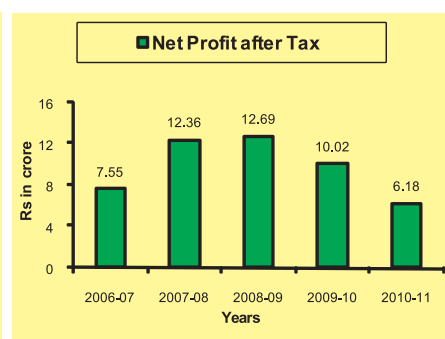
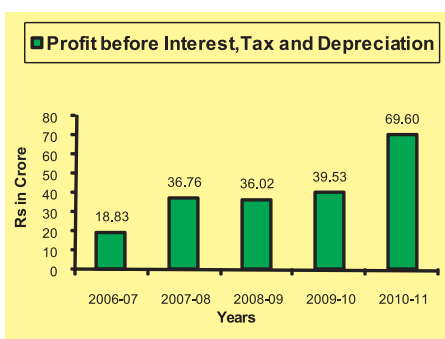
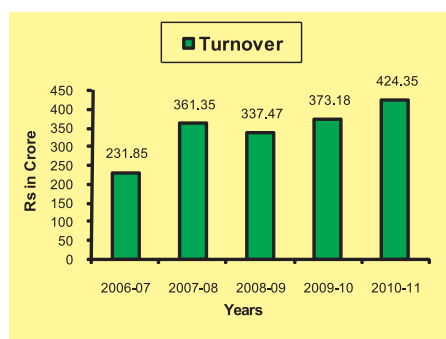
I hereby record my presence at the **24th Annual General Meeting** of the Company held on **Saturday, 24 September 2011 at 10.00 A M** at Trident Complex, Raikot Road, Barnala - 148 101, Punjab.

Signature of Member/Proxy

Notes :

- Members/ Proxies are requested to produce the attendance slip duly signed for admission to the meeting hall.
- Members are requested to bring their copy of the Annual Report.

FINANCIAL PERFORMANCE



Financial Performance

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover (Rs in crore)	231.85	361.35	337.47	373.18	424.35
Profit before Interest, Tax and Depreciation (Rs in crore)	18.83	36.76	36.02	39.53	69.60
Net Profit after Tax (Rs in crore)	7.55	12.36	12.69	10.02	6.18
Net Worth (Rs in crore)	32.83	74.87	114.09	155.34	182.39
Debt equity ratio	2.79	1.29	1.94	1.48	1.54
Earning per Share (Rs)	9.18	10.26	7.56	4.69	2.52
Book value per Share (Rs)	29.45	48.69	55.15	64.33	68.16
Production/ Organic Chemicals (Quantity in MT)	66185	90338	73146	83243	71459
Production/ Ibuprofen (Quantity in MT)	873	2331	1783	2854	2997

Book-Post



If undelivered, please return to:
IOL Chemicals and Pharmaceuticals Limited
85, Industrial Area 'A', Ludhiana-141003 (Punjab)