



**IOL CHEMICALS AND  
PHARMACEUTICALS LIMITED**



**Annual Report  
2020-21**



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## CORPORATE INFORMATION

### Board of Directors

Mr Rajender Mohan Malla - *Chairman & Independent Director*  
Mr Varinder Gupta - *Managing Director*  
Mr Vikas Gupta - *Executive Director*  
Mr Kushal Kumar Rana - *Director (Works)*  
(w.e.f. 4th June 2021)  
Dr Sandhya Mehta - *Independent Director*  
Mr Harpal Singh - *Independent Director*

### Chief Executive Officer

Mr Sanjay Chaturvedi

### Chief Financial Officer

Mr Pardeep Kumar Khanna

### Vice President & Company Secretary

Mr Abhay Raj Singh

### Statutory Auditors

M/s Ashwani & Associates,  
Chartered Accountants,  
Ludhiana

### Cost Auditors

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

### Bankers

Punjab National Bank  
Indian Bank

### Registrar and Share Transfer Agents

Alankit Assignments Limited  
(Unit: IOL Chemicals and Pharmaceuticals Limited)  
4E/2, Jhandewalan Extension,  
New Delhi-110055  
Phone : +91-11-23541234,42541234  
Fax : +91-11-41543474  
E-mail : rta@alankit.com

### Board's Committees

#### Audit Committee

Mr Harpal Singh - Chairman  
Dr (Mrs) Sandhya Mehta  
Mr Vikas Gupta

#### Stakeholders' Relationship Committee

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

#### Nomination and Remuneration Committee

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

#### Corporate Social Governance Committee

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

#### Registered Office:

Village & Post Office Handiaya,  
Fatehgarh Channa Road,  
Barnala, 148107, Punjab (India),  
Phone :+91-1679 – 285285-86  
Fax :+91-1679 - 285292  
E-mail : contact@iolcp.com

#### Works:

Village Fatehgarh Chhna,  
Mansa Road, Barnala - 148101  
Phone :+91-1679 - 285285-86  
Fax : +91-1679 - 285292  
E-mail : contact@iolcp.com

#### Corporate Office:

85, Industrial Area, 'A'  
Ludhiana – 141 003  
Phone :+91-161 - 2225531-35  
Fax :+91-161 - 2608784  
E-mail : contact@iolcp.com

Members are requested to intimate their e-mail id for quick correspondence to the Depository Participants / rta@alankit.com

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 34<sup>th</sup> Annual General Meeting of members of IOL Chemicals and Pharmaceuticals Limited will be held on **Saturday, 18<sup>th</sup> September 2021 at 11:00 AM (“IST”)**, through Video Conferencing / Other Audio Visual Means (“VC/OAVM”) Facility to transact the following businesses:

### Ordinary Business:

1. To consider and adopt audited financial statements of the Company for financial year ended 31<sup>st</sup> March 2021 and the reports of the Board of Directors and Auditors thereon, and in this regard, to consider and if thought fit, pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the Audited Financial Statements of the Company for financial year ended 31<sup>st</sup> March 2021 and reports of the Board of Directors and Auditors thereon, laid before this meeting, be and are hereby considered and adopted”.

2. To declare final dividend of Rs. 2/- per equity shares for the financial year ended 31<sup>st</sup> March 2021; and in this regard, to consider and if thought fit, pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** a final dividend of Rs. 2.00 (i.e. at the rate of 20%) per equity share of the face value of Rs. 10 each for the financial year ended 31<sup>st</sup> March 2021, be and is hereby declared and approved to be paid to those members whose name appear in the Company’s Register of Members, as on the Record Date”.

3. To appoint a Director in place of Mr. Vikas Gupta, who retires by rotation and being eligible, offers himself for re-appointment; and in this regard, to consider and if thought fit, pass the following resolution as an **Ordinary Resolution**:

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

### Special Business:

4. **To appoint Mr. Kushal Kumar Rana as Director (Works) of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act,

2013 and the Rules made there under and the Article 102 of Articles of Association of the Company, Mr. Kushal Kumar Rana (DIN 09189020), who was appointed as an Additional Director by the Board of Directors on the recommendations of Nomination & Remuneration Committee w.e.f. 4<sup>th</sup> June 2021 and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of Companies Act, 2013 signifying his intention to propose Mr. Kushal Kumar Rana as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** in accordance with the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of any authority, if required, Mr. Kushal Kumar Rana (DIN 09189020) be and is hereby appointed as Wholtime Director having a designation of Director (Works) of the Company, for a period of three years, liable to retire by rotation, with effect from 4<sup>th</sup> June 2021 on the terms and conditions as set out in the explanatory statement including remuneration as given below:

**Basic Salary:** Rs. 4,01,200/- (Rupees Four lakh one thousand two hundred only) per month.

**Perquisites and allowances:** Not exceeding 150% of the basic salary.

**Commission:** As may be approved by the Board for each Financial Year.

**Variables:** Not exceeding 20% of Gross salary.

**RESOLVED FURTHER THAT** Mr. Kushal Kumar Rana shall also be eligible for contribution to the provident fund, payment of gratuity, encashment of earned leaves in accordance with the applicable laws and rules applicable to the Company and any other perquisites or benefits under any scheme, privileges, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company’s practice and rules and regulations in force from time to time.

**RESOLVED FURTHER THAT** the approval of the Company be and is hereby also accorded for paying the above said

remuneration to Mr. Kushal Kumar Rana with effect from 4<sup>th</sup> June 2021.

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

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

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

#### 5. To ratify the remuneration of the Cost Auditor for the financial year ending 31<sup>st</sup> March 2022

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and such other permissions as may be necessary, the remuneration of Rs. 1,50,000/- plus applicable taxes and out-of-pocket expenses in connection with the audit, payable to M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, who has been appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year ending 31<sup>st</sup> March 2022, be and is hereby ratified by the Company.

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

By Order of the Board  
For IOL Chemicals and Pharmaceutical Limited

Sd/-  
Abhay Raj Singh  
Vice President &  
Company Secretary

Place: Ludhiana  
Date: 13th August 2021

#### IMPORTANT NOTES:

- 1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
- 2) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 read with General Circular Nos. 14/2020 dated 8<sup>th</sup> April 2020, 17/2020 dated 13<sup>th</sup> April 2020 and 02/2021 dated 13<sup>th</sup> January 2021 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 & Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January 2021 (collectively referred to as ‘SEBI Circulars’) have permitted the holding of the AGM (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. Central Securities Depositories Limited (‘CDSL’) will be providing facility for voting through remote e-voting, participation in the AGM through VC / OAVM facility and e-voting during the AGM. The Registered Office of the Company situated at Village & Post Office Handiaya, Fatehgarh Channa Road, Barnana, 148107, Punjab (India) shall be deemed to be the venue of the Meeting.
- 3) Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Institutional/ Corporate shareholders

- (i.e. other than individuals, HUF, NRI etc.) are entitled to appoint authorised representatives in terms of Section 113 of the Act to attend the AGM through VC/OAVM and participate thereat and cast their votes through remote e-voting or e-voting during the AGM.
- 4) The Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning quorum under Section 103 of the Act.
  - 5) Since the meeting is being held through VC/OAVM, the route map, proxy form and attendance slip are not annexed to the notice.
  - 6) In view of the prevailing situation pursuant to the MCA Circulars and SEBI Circulars, the Notice of the 34<sup>th</sup> AGM and the Annual Report for the FY 2020-21 including therein the Audited Financial Statements for FY 2020-21, are being sent only by electronic mode to the Members whose e-mail IDs are registered with the Company or the Depository Participant(s). Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 34<sup>th</sup> AGM and the Annual Report for the FY 2020-21 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:
    - a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email [investor@iolcp.com](mailto:investor@iolcp.com).
    - b) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
  - 7) Notice of AGM is also available on the Company's website [www.iolcp.com](http://www.iolcp.com) and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice of AGM is also disseminated on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
  - 8) The Register of Members and Share Transfer Books of the Company shall remain closed from **12<sup>th</sup> September 2021** to **18<sup>th</sup> September 2021** (both days inclusive) for the purpose of determining the members entitled to receive the final dividend for the FY 2020-21, if declared by the members at the AGM.
  - 9) As per Regulation 40 of the SEBI Listing Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Members of the Company who hold securities in physical form and intend to transfer their securities after 1<sup>st</sup> April 2019, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares for ease of portfolio management as well as for ease of transfer, if required. In view of the same and to avail the in-built advantages of NECS payment, nomination facility and other advantages, the shareholders are requested to dematerialize their shares. Members can contact the Company or RTA for assistance in this regard.
  - 10) The final dividend, as recommended by the Board of Directors, if approved by the members in the AGM, will be paid within 30 days from the date of AGM i.e. latest by 17<sup>th</sup> October 2021, as under:
    - a) To all Beneficial Owners in respect of shares held in dematerialized form as per data made available by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited ('CDSL') collectively "Depository", as of the close of business hours 11<sup>th</sup> September 2021.
    - b) To all members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of the business hours on 11<sup>th</sup> September 2021.
  - 11) The payment of dividend shall be subject to deduction of tax at source at applicable rates and shall be made electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, demand drafts / warrants will be sent to their registered addresses as per the permitted mode.
  - 12) To avoid delay in receiving the dividend, members are requested to update their Know Your Client ("KYC") with their Depository Participant ("DP") (where shares are held in dematerialized mode) and with the RTA (where shares are held in physical mode) to receive the dividend directly into their bank account on the pay-out date. Members holding shares in physical form are requested to intimate the RTA of the Company viz., Alankit Assignments Limited "Alankit House", 4E/2, Jhandewalan Extension, New Delhi-110 055, changes, if any, in their names, registered address along with

pin code number, email address, telephone / mobile number, Permanent Account Number ("PAN"), mandates, nominations, power of attorneys, bank details such as name of the bank, branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences.

- 13) SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Further, in accordance with SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April 2018, all Members holding shares in physical form are requested to register their PAN and bank account details by submitting their self-attested copy PAN Card (including that of the joint holders also) and an original cancelled cheque or submit copy of bank passbook /statement of the holder attested by the bank to the Registrar and Share Transfer Agent (RTA) of the Company.
- 14) Members are requested to note that, pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the dividend, pertaining to the following years, if not encashed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF") on the respective dates mentioned there against:

Financial Year	Date of Declaration of Dividend	Dividend %	Last Date for Claiming Unpaid Dividend from Company / RTA	Due Date of transfer of unpaid dividend to IEPF Account
2019-20	11 <sup>th</sup> March 2020	30%	16 <sup>th</sup> April 2020	17 <sup>th</sup> April 2027
2020-21	6 <sup>th</sup> November 2020	40%	13 <sup>th</sup> December 2020	14 <sup>th</sup> December 2027

The Members are also requested to note that after the last date, as mentioned above, by which they can claim the unpaid dividend from the Company or RTA, the Members may apply for refund of any unclaimed dividend which has been transferred to the IEPF by making an online application in the prescribed Form No. IEPF-5, available on website [www.iepf.gov.in](http://www.iepf.gov.in) along with fee as may be decided by the IEPF authority.

Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be

transferred to IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

- 15) As per the provisions of Section 72 of the Act, the facility of making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their respective DP in case the shares are held by them in electronic form and to the Company / RTA, in case the shares are held in physical form.
- 16) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- 17) Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of final dividend. The Company is sending an email communication to the members of the Company with regard to deduction of tax on dividend as per the amendment introduced by the Finance Act, 2020 in the IT Act. Said email communication contains the details of tax rates for various categories of shareholders (Resident Indian, Non Resident Indian, FIIs, FPIs, etc.), and various blank forms and email ID to upload the signed forms and various documents by the shareholders to enable the Company to determine the appropriate TDS / withholding tax rate applicable. The last date for providing the required form / documents through e-mail has been mentioned therein and any communication received thereafter will not be considered.
- 18) The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with the Company / RTA post payment of the dividend. The Shareholders will also be able to download the TDS details from the Income Tax Department's website <https://www.incometax.gov.in> (refer Form 26AS).
- 19) In case TDS is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, an option is still available with the shareholder to file the return of income

and claim an appropriate refund. No claim shall lie against the Company for such taxes deducted.

- 20) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the member/s, such member(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any assessment/apellate proceedings before the Tax/Government Authorities.
- 21) This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.
- 22) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- 23) Members may also note that Annual Report is available on the Company's website [www.iolcp.com](http://www.iolcp.com) for their download. For any communication, the members may also send requests to the Company's email id: [investor@iolcp.com](mailto:investor@iolcp.com)
- 24) All activities for transfer / transmission of shares, dematerialization of shares, change of address etc. are carried out by the Company through its Registrar and Share Transfer Agents (RTA). Members are requested to make their requests to RTA at the following address: **Alankit Assignments Limited "Alankit House", 4E/2, Jhandewalan Extension, New Delhi-110 055.**
- 25) **General instructions for accessing and participating in the 34<sup>th</sup> AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting :**
  - (i) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
  - (ii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies

(Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- (iii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- (iv) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- (v) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- (vi) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.iolcp.com](http://www.iolcp.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL



(agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

(vii) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

**26) The instructions for shareholders for remote e-voting are as under:**

- (i) The voting period begins on **15<sup>th</sup> September 2021 at 9:00 AM (IST)** and ends on **17<sup>th</sup> September 2021 at 5:00 PM (IST)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date (record date) of 11th September 2021**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In view of the aforesaid **SEBI circular dated December 9, 2020**, Individual shareholders holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. **Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.**

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Methods
Individual Shareholders holding shares in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email Id as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

Type of shareholders	Login Methods
Individual Shareholders holding shares in demat mode with <b>NSDL</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding shares in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding shares in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding shares in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding shares in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining AGM through VC/OAVM for Physical Shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should login on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical mode should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login
- 5) If you are holding shares in demat mode and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted

on an earlier e-voting of any company, then your existing password is to be used.

- 6) If you are a first time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both shareholders holding shares in demat mode and shareholders holding shares in physical mode)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the first 2 letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. The persons entitled to vote on cut-off date, who have acquired shares after dispatch of notice may obtain details of sequence number from the Company/ RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company's records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.

- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for **IOL Chemicals and Pharmaceuticals Limited** on which you choose to vote.

- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xvi) Additional Facility for Non – Individual Shareholders and Custodians - For Remote Voting Only**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour

of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor@iolcp.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

- (i) The procedure for attending AGM and e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- (iii) Shareholders who have voted through remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker and send their questions in advance with regard to the financial statements or any other matter to be placed at the 34<sup>th</sup> AGM, from their registered email address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's email address investor@iolcp.com atleast 7 days in advance before the meeting. Further, the

Shareholders who do not wish to speak during the AGM but have queries may also send their queries in advance 7 days prior to meeting as above. Such questions by the Members shall be replied during the meeting, depending upon the availability of time or may be replied suitably by email.

- (viii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the 34<sup>th</sup> AGM depending upon the availability of time.
- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- (x) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### 28) Process for those shareholders whose email/mobile no. are not registered with the Company/depositories:

- (i) For Physical Shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
- (ii) For Demat Shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
- (iii) For Individual Demat Shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

29) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

30) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr.

Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- 31) All the documents referred to in the accompanying Notice of the 34<sup>th</sup> AGM and the Explanatory Statement and/or statutory documents will also be available for electronic inspection by the members from the date of circulation of this Notice upto the date of AGM. Members seeking inspection can send an email at [investor@iolcp.com](mailto:investor@iolcp.com).
- 32) The company has appointed Mr. Vinay Kohli partner, M/s. K.K. Kapoor & Associates, Chartered Accountants as scrutinizer for conducting the e-voting process in fair and transparent manner.
- 33) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website [www.iolcp.com](http://www.iolcp.com) and on the website of CDSL; such Results will also be forwarded to the National Stock Exchange of India Limited and BSE Limited, where the Company's shares are listed.

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

#### Item No. 4

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee (the 'NRC') has, at its meeting held on 4<sup>th</sup> June 2021 appointed Mr. Kushal Kumar Rana as an Additional Director and the Wholetime Director having a designation of Director (Works) of the Company for a period of 3 years w.e.f 4<sup>th</sup> June 2021. In accordance with the provisions of Section 161(1) of the Companies Act, 2013, the Rules framed thereunder and the Articles of Association of the Company, Mr. Kushal Kumar Rana would cease to hold office at the ensuing Annual General Meeting, however he shall be eligible for appointment as Director. Further, a notice under Section 160 of the Companies Act, 2013 has been received from a Member signifying his intention to propose the appointment of Mr. Kushal Kumar Rana as a Director.

Mr. Kushal Kumar Rana aged 51 year having 30 years of experience in the pharmaceutical industry. He has joined the organization in year 2005 in the capacity of Sr. Manager, Production in API Division. Before elevating to the Board he was working in the Company as President - Quality Assurance and responsible for quality assurance & control and regulatory affairs. Mr. Kushal Kumar

Rana holds Master's degree in Chemistry from Vinayaka Mission University. The information as required to be disclosed pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the directors seeking re-appointment at the AGM are provided in this notice.

Further, at the time of appointment of Mr. Rana as Director (Works) on 4<sup>th</sup> June 2021, the Board did not considered the revision in his remuneration due to fact that the annual appraisal process for KMPs and Directors of the Company was not initiated by that time and therefore he was appointed at the existing remuneration. However, the NRC in its meeting held on 13<sup>th</sup> August 2021 reviewed and recommended to the Board for the revision of the remuneration of Mr. Kushal Kumar Rana along with other Directors, KPMs and Senior Management Personnel (SMP). Therefore, based on the recommendations of the NRC, the Board of Directors in its meeting held on even date also revised his remuneration with effect from 4<sup>th</sup> June 2021, which is provided in the resolution seeking shareholders approvals as set out at item No 4 and also in the following terms and conditions.

The terms of re-appointment of Mr. Kushal Kumar Rana as Director (Works) are as follows:

- a) Nature of Job: Under the Supervision of the Directors and CEO of the Company. Mr Kushal Kumar Rana shall be responsible for all manufacturing related aspects and ensure operating efficiency of the Company. He shall also be responsible for planning, production day to day tasks within all departments at the manufacturing site.
- b) Salary, Perquisites and allowances: As per resolution set out at item No 4 of this Notice.
- c) Annual Appraisal: Shall be decided by the Board, on the recommendation of the Nomination and Remuneration Committee.
- d) Other benefits: Entitlement to other benefits, schemes, privileges and amenities, amended salary structure etc. as are granted to senior executives of the Company.
- e) Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the his tenure, the remuneration as approved by the Board or any increased remuneration, as may be approved by the Board in any subsequent year, shall be paid as minimum remuneration, subject to the fulfillment of the requirements, if any, set out in Schedule V to the Companies Act, 2013, from time to time.
- f) Being Wholetime Director he has to devote whole of his time and attention in furthering business of the Company.
- g) Supervision of production, business of the Company with powers and responsibilities to do all such acts, deeds, matters and other things deemed necessary, proper or expedient for carrying on business and concern of the Company.

- h) Without approval of the Board, he shall not enter into material, financial and commercial transactions, involving his personal interest that may have a potential of raising a conflict with interest of the Company.
- i) He is not disqualified from being appointed as director in terms of Section 164 of the Act and he satisfies all the conditions set out in Part-I of Schedule V and Section 196(3) of the Act, for being eligible for his re-appointment. He shall be liable to retire by rotation.

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

The Board recommends the Special Resolution as set out at Item No. 4 of the Notice for approval by the members for the appointment and payment of remuneration to Mr. Kushal Kumar Rana.

Except for Mr. Kushal Kumar Rana, none of the directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution. Your Board recommends passing of the Special Resolution set out at Item No. 4 of the Notice.

**Item No. 5**

On the recommendation of the Audit Committee, the Board in its meeting held on 4<sup>th</sup> June 2021, approved the appointment and remuneration of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, to conduct audit of cost accounting records maintained by the Company in respect of chemicals and bulk drugs for the financial year ending 31<sup>st</sup> March 2022 at a remuneration of Rs. 1,50,000/- plus goods and service tax and out-of-pocket expenses. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for financial year 2021-22 is required to be ratified by the shareholders.

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

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution. Your Board recommends the passing of Ordinary Resolution set out at Item No. 5 of the Notice

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

<b>Name of the Director</b>	<b>Mr. Kushal Kumar Rana</b>	<b>Mr. Vikas Gupta</b>
<b>Date of Birth</b>	15 <sup>th</sup> September 1969	13 <sup>th</sup> February 1992
<b>Date of Appointment</b>	4 <sup>th</sup> June 2021	29 <sup>th</sup> May 2015
<b>Expertise in specific functional area</b>	Commercial activities of the Chemicals and Pharmaceuticals Products	Business Management
<b>Total experience</b>	30 year	8 year
<b>Present profession</b>	Director (Works)	Executive Director
<b>Qualification</b>	M. Sc. (Chemistry) From Vinayaka Mission University	BSc. (Hons.) in Business Management from Kings College London
<b>Directorships in other listed companies</b>	Nil	Nil
<b>Chairmanship of Board Committees of other listed companies</b>	Nil	Nil
<b>Membership of Board Committees of other listed companies</b>	Nil	Nil
<b>No of shares held</b>	Nil	Nil
<b>Relationship with other directors</b>	Not related to any other director	Son of Mr. Varinder Gupta, Managing Director

By Order of the Board  
For IOL Chemicals and Pharmaceutical Limited

Place: Ludhiana  
Date: 13<sup>th</sup> August 2021

Sd/-  
Abhay Raj Singh  
Vice President &  
Company Secretary

# DIRECTORS' REPORT

Dear Members

The Board of Directors presents the 34<sup>th</sup> Annual Report of the Company on the business operations and performance of the Company along with the audited financial statements for the year ended 31<sup>st</sup> March 2021.

## 1. Financial Results:

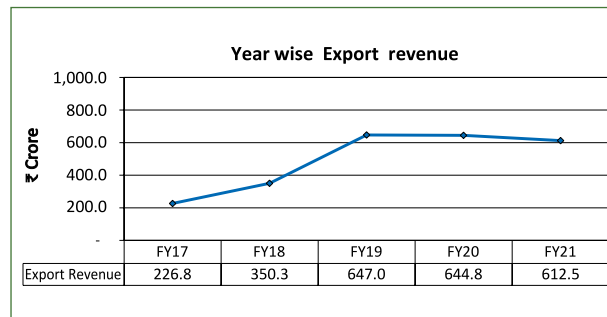
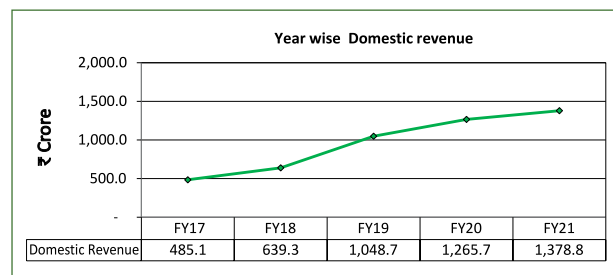
The brief summary of the financial performance of the Company for the Financial Year ended 31<sup>st</sup> March 2021 along with the comparative figures for the previous year is summarized herein below:

(Rs. In Crore)

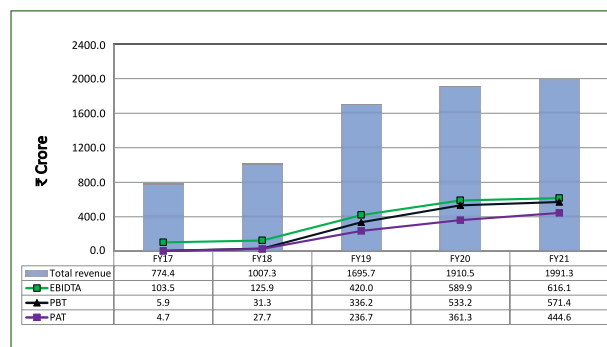
Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020	% increase/ (decrease)
Total income	1991.28	1910.49	4.23
Profit before interest & depreciation	616.40	589.9	4.49
Interest	5.83	20.93	(72.15)
Profit before depreciation	610.31	568.97	7.27
Depreciation	38.92	35.73	8.93
Profit before tax	571.39	533.24	7.15
Provision for tax (including deferred tax)	126.83	171.95	(26.24)
Profit after tax	444.56	361.29	23.05

## 2. Financial performance and review of operation

During the year under review, the standalone operating revenue of your Company was Rs.1991.28 Crore, higher by 4.23% as compared to Rs. 1910.49 Crore in the previous year. The Net Profit for the year was higher by 23.05% at Rs. 444.56 Crore as against the previous year's Net profit of Rs. 361.29 Crore.



Absolute EBITDA grew over the last five years driven by growth in sale, less cost and optimisation utilisation of recourses .During the year under review the EBITDA increase 4% as Compared to previous year.



## 3. Covid 19:

The COVID-19 pandemic has emerged as a global challenge, creating disruption across the world. Due to the rapid spread of the second wave of pandemic globally, the uncertainties in growth of key sectors are high and hence the outlook with respect to market dynamics is uncertain and unpredictable. Global solutions are needed to overcome the challenges – businesses & business mode have transformed to create a new work facility.

The physical and emotional wellbeing of employees continues to be a top priority for the Company, with several initiatives to support employees and their families during the pandemic. The Company has invested in medicine, sanitizers, hospital services and providing mental & emotional support to employees. The Company has reframed employee engagement, which outdoes geographic barriers by embracing virtual technologies and grips our diverse workforce.

### 4. Dividend

The Board of Directors has proposed a final dividend of Rs. 2.00 per share, subject to approval of shareholders at the AGM. Together with interim dividend of Rs. 4.00 per share paid by the Company during the year under review, the total dividend for the financial year ending 31<sup>st</sup> March, 2021 amounts to Rs. 6.00 per share.

### 5. Transfer to reserves

The entire amount of profits is retained in the profit and loss account and therefore no amount is transferred to General Reserves. The closing balance of the retained earnings of the Company as on 31<sup>st</sup> March 2021, after all appropriation and adjustments, stood at Rs. 971.31 Crore as against Rs. 550.23 Crore as on 31<sup>st</sup> March 2020.

### 6. Fixed Deposits

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

### 7. Share Capital

The paid up equity share capital of the Company has been increased Rs. 58,70,55,020/- (Rupees Fifty Eight Crore Seventy Lakh Fifty Five Thousand and Twenty) consisting of 5,87,05,502 (Five Crore Eighty Seven Lakh Five Thousand Five Hundred Two) equity shares of Rs. 10/- each on allotment of 18,18,000 (Eighteen Lakh Eighteen Thousand) equity shares on the converted 18,18,000 warrants into equity shares. The amount raised through the issue of equity shares has been utilised in expansion of projects and to meet working capital requirements.

### 8. Dividend Distribution Policy

Pursuant to the Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, (the 'SEBI Listing Regulations') the Board of Directors of the Company formulated and adopted the Dividend Distribution Policy of the Company based on the parameters provided under the said regulation. The Policy is available on Company's website at <https://www.iolcp.com/policies.html>

### 9. Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), during the year under review, no amount of unpaid/unclaimed

dividend was due for transfer to the Investors Education protection Fund.

### 10. Holding & Subsidiary Company

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

### 11. Credit Rating

During the year under review, Credit Analysis & Research Limited (CARE) has upgraded the credit rating for Long Term Bank Facilities from 'CARE A-' (Single A Minus; Outlook: Stable) to 'CARE A' (Single A; Outlook: Stable) and the credit rating for Short Term Bank Facilities from 'CARE A2+' (A Two Plus) to 'CARE A1' (A One).

### 12. Expansion

During the year, the Company successfully set up an another manufacturing Unit-7 for manufacturing Metformin with an additional capacity of 7,200 MT per annum with a capex of Rs. 28 Crore which is funded fully through internal accruals only.

During the year 2020-21, the Company has also installed new manufacturing facilities "Unit-8" to manufacture Ibuprofen Derivatives and other Pharma Products.

During the year 2020-21, the Company has increased existing manufacturing facilities of Ethyl Acetate from 87,000 MT per annum to 100,000 MT per annum in Chemical segment.

### 13. Directors and Key Managerial Personnel

Mr. Vijay Garg, Joint Managing Director of the Company resigned from the directorship of the Company effecting from closure of the 31<sup>st</sup> March 2021. The Board places on record their appreciation for the services rendered by Mr. Vijay Garg during his association with Company.

The Board of Directors appointed Mr. Sanjay Chaturvadi as Chief Executive Officer of the Company effective from 16<sup>th</sup> March 2021.

Further, on the recommendation of Nomination & Remuneration Committee the Board of Directors has also appointed Mr. Kushal Kumar Rana as Additional Director in the category of wholetime director having Designation as Director (Works) with effect from 4<sup>th</sup> June 2021 for a period of 3 years, liable to retire by rotation. In terms of the provisions of Section 161 of the Act, Mr. Kushal Kumar Rana holds the office of director upto the ensuing AGM of the Company. The Board recommends appointment of Mr. Kushal Kumar Rana as wholetime director having designation of Director (Works) for a term of 3 years w.e.f. 4<sup>th</sup> June 2021 till 3<sup>rd</sup> June 2024, at the ensuing AGM.



Mr. Vikas Gupta, Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice for the ensuing AGM.

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

During the year under review Mr. Varinder Gupta, Managing Director; Mr. Vijay Garg, Joint Managing Director (since resigned from the closure of the 31<sup>st</sup> March 2021); Mr. Vikas Gupta, Executive Director (Whole-time Director); Mr. Pardeep Kumar Khanna, Chief Financial Officer (CFO); Mr. Abhay Raj Singh, AVP & Company Secretary and Mr. Sanjay Chaturvadi, Chief Executive Officer (wef 16<sup>th</sup> March 2021) continues to be the Key Managerial Personnel (KMP) of the Company in accordance with the provisions of Section(s) 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 14. Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Sandhya Mehta is serving as Independent Woman Director on the Board of the Company. She is also Chairperson of Stakeholders Relationship Committee, Nomination and Remuneration Committee, and member of Audit Committee, CSR Committee and Risk Management Committee.

#### 15. Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations, the annual evaluation has been carried out by the Board of its own performance, its Committees and individual Directors by way of individual and collective feedback from Directors. The Directors expressed their satisfaction with the evaluation process. In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

#### 16. Familiarisation Programme for Directors

As a policy to familiarise the new directors (including independent directors), with the company's business operations, products, Board constitutions, functioning and

director's roles and responsibilities, the management go through an orientation programme. Presentations are made to provide an overview of the operations to familiarise the new directors with the Company's business operations, also visits to plant location are organised for the new Directors to enable them to understand the business better. During the year under review, no new directors were inducted to the Board.

#### 17. Number of Meetings of the Board

During the year six Board Meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. For details of meetings of the Board of Directors and its Committees, please refer to the Corporate Governance Report, which is a part of this report.

#### 18. Meeting of Independent Directors

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 and in terms of Regulation 25 of the SEBI Listing Regulations a separate meeting of the Independent Directors of the Company was convened on 26<sup>th</sup> March 2021 to review the matters as laid down in the aforesaid Schedule and Regulations.

#### 19. Directors' Responsibility Statement

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

- a. that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit of the Company for that year;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;

- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

### 20. Declaration by Independent Directors

All the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Companies Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

### 21. Remuneration Policy

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

### 22. Internal financial control systems and their adequacy

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

### 23. Corporate Governance

Pursuant to the Regulation 34 of the SEBI Listing Regulations, Report on Corporate Governance, along with a certificate issued by Statutory Auditor of the Company certifying compliance with conditions of corporate governance is part of the Annual Report.

### 24. Management Discussion and Analysis

In terms of the Regulation 34(2)(e) of SEBI Listing Regulations Report on Management Discussion and Analysis forms part of the Annual Report.

### 25. Audit Committee

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

### 26. Risk management

The Board has formed Risk Management Committee on 10<sup>th</sup> February, 2021 inter alia to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan

and ensuring its effectiveness. It has been covered in the Management Discussion and Analysis Report, which forms part of this annual report.

### 27. Related Party Transactions

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. During the year, the Company had entered into contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Policy on materiality of and dealing with Related Party Transactions. The disclosures of related party transactions are provided in notes to financial statements.

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

The Company has formulated a Policy on materiality of and dealing with Related Party Transactions. The policy is available on the Company's website at <https://www.iolcp.com/policies.html>

### 28. Corporate Social Responsibility (CSR)

The Company has in place a CSR Policy, which sets the principles for conducting the CSR activities of the Company. To implement the CSR Policy of the Company, the Board has constituted a CSR Committee comprising of Mr. Varinder Gupta as Chairman and Dr. Sandhya Mehta, and Mr. Vikas Gupta Directors as its members. The report on the Corporate Social Responsibility (CSR) initiatives undertaken by the Company during the year under review are set out in **Annexure-2** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is available on Company's website: <https://www.iolcp.com/policies.html>

### 29. Research and Development

The pharma industry is immensely competitive where innovation is essential to financial stability and growth. So companies attempt to outperform their rivals and ensure commercial success by doing innovation and increasing efficiency through Research and Development (R & D) and helps to increase revenue. At IOLCP we are embracing advanced technologies, scientific breakthroughs that enable us to advance research and development towards building a diversified portfolio and gain a leadership position in important new product introductions. Our Research & Development helps build a solid foundation as we progress to become a Complex Generics producer. R&D, work

closely with the business teams to generate innovative concepts and ideas, exploring both the unmet market and synergies across therapeutic areas. We are well on track to emerge as an innovation led transnational pharmaceutical powerhouse providing affordable healthcare solutions with uncompromising quality. R&D have a proven track record of delivering high-quality technology-intensive products, Active Pharmaceutical Ingredients (APIs), KSM, which are commercially viable throughout the life cycle of product, infiltrating continuous process improvements. Apart from this R&D helps QA with investigations & in answering queries from regulatory bodies.

### 30. Statutory Auditors

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

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

### 31. Secretarial Audit

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

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

### 32. Cost Auditors

Pursuant to the provisions of Section 139 of Companies Act, 2013, the Board had re-appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditor to conduct the audit of cost accounts of bulk drugs and chemicals for the financial year 2021-22, subject to determination of their remuneration by members of the Company thereto.

The Cost Audit Report for the year ended 31<sup>st</sup> March 2020 has been filed on 29<sup>th</sup> August 2020 with Ministry of Corporate Affairs, New Delhi.

### 33. CEO and CFO Certification

In accordance with the provisions of the SEBI Listing Regulations the Managing Director and Chief Financial Officer of the Company have submitted the relevant certificate for the year ended 31<sup>st</sup> March, 2021 to the Board of Directors

### 34. Annual Return

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013 and Rules made thereunder, the Annual Returns of the Company for the is available on the website at <https://www.iolcp.com/annual-return.html>

### 35. Loan, guarantees or investment under Section 186 of the Companies Act, 2013

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

### 36. Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year of the Company as on 31<sup>st</sup> March 2021 and the date of this report.

### 37. Particulars of managerial remuneration and related disclosures

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure-4**.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure-4**.

### 38. Significant and Material Orders impacting Operations of Company in Future

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

### 39. Reporting of Frauds

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

### 40. Industrial Relations

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

### 41. Safety, Health and Environment

Safety is Company's top priority with regard to employment and it is encouraging safety measures at all levels of operations especially at the floor level. Regular training programmes are being conducted to bring in awareness of safety at workplace. The Company continues to endeavor in improving its efforts to minimise environmental impact through reduced process emission, waste and consumption of energy, water and raw materials.

### 42. Prevention of Sexual Harassment Policy

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a policy on prevention, prohibition and redressal of sexual harassments. The Company has zero tolerance towards sexual harassment at work place. No complaint was received during the year 2020-21.

### 43. Vigil Mechanism and Whistle Blower Policy

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. This Policy provides a framework to promote responsible and secure reporting of undesirable activities ("whistle blowing"). The Company aims to provide a mechanism to the whistleblower to disclose any misconduct or unethical practice taking place in the Company for appropriate action and reporting, without fear of any kind of discrimination, harassment, victimisation or any other unfair treatment or employment practice being adopted against the whistleblower. The Vigil Mechanism Policy can be accessed at company's website: [www.iolcp.com](http://www.iolcp.com)

### 44. Business Responsibility Report

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

### 45. Energy Conservation / Technology Absorption and Foreign Exchange Earnings and Outgo

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

### 46. General

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

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

### 47. Acknowledgement

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

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

By Order of the Board

Place: Ludhiana	Sd/- Varinder Gupta Managing Director	Sd/- Rajender Mohan Malla Chairman
Date: 04 <sup>th</sup> June, 2021	DIN-00044068	DIN-00136657

## ANNEXURE-1

### FORM NO. AOC.2

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

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

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

IOL Chemical and Pharmaceuticals Limited (the Company) has not entered into any contract/arrangement/ transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2021. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

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

(a)	Name(s) of the related party and nature of relationship	M/s Vivachem Intermediates Private Limited Enterprises which are owned, or controlled by Key Managerial Personnel
(b)	Nature of contracts/arrangements/transactions	Purchase of raw material and Sale/Purchase of goods
(c)	Duration of the contracts/arrangements/ transactions	For the financial Years 2020-21
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Sale/purchase of goods upto Rs. 480 Crore in the Normal Course of Business
(e)	Date(s) of approval by the Board, if any:	12 June 2020
(f)	Amount paid as advances, if any:	Nil

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

On behalf of the Board

Date: 04<sup>th</sup> June, 2021  
Place: Ludhiana

Sd/-  
Varinder Gupta  
Managing Director

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020-21

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

### 1. A brief outline of the Company's CSR Policy:

IOL Chemicals and Pharmaceuticals Limited (IOLCP) believes in corporate excellence and social welfare. This corporate philosophy is the force for integrating Corporate Social Responsibility (CSR) into IOLCP values, culture, operation and business decisions at all levels of the organization. Being a responsible corporate citizen, IOLCP has a value system of giving back to society and improving life of the people and the surrounding environment.

The Company's CSR initiatives are inspired by the opportunity to contribute to a more secure and sustainable future. IOLCP believes that the corporate strategy which embraces social developments as an integral part of the business activities ensure long term sustainability of business enterprises. With this belief, the Company is committed to make substantial improvements in the social framework of the nearby community. Looking at the social problems which the country faces today, the contribution by any corporate may look tiny. However, we believe that every such contribution shall bring a big change in our society.

In line with the provisions of the Companies Act, 2013 ("the Act") and on the recommendations of the CORPORATE SOCIAL RESPONSIBILITY (CSR) Committee, the Board of Directors has, in its meeting held on November 14, 2018, approved the CSR Policy of the Company. Detailed CSR Policy of the Company has been uploaded on the website of the Company at [https://iolcp.com/pdf/policies/Corporate%20Social%20Responsibility%20\(CSR\)%20Policy.pdf](https://iolcp.com/pdf/policies/Corporate%20Social%20Responsibility%20(CSR)%20Policy.pdf)

#### CSR Activates:

The identified focus areas for the Company are:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

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

### 2. Composition of the CSR Committee:

The Board of Directors have constituted a CSR Committee comprising of four directors, three being executive directors and one Independent Director. The CSR Committee oversees the Company's CSR initiatives under the overall supervision and guidance of the Board of Directors. Due to resignation of Mr Vijay Garg the Committee was re-constituted on 31st March, 2021 comprising of three Directors, two being Executive Directors and Independent Director.

Sl.No	Name of Directors	Designation / nature of directorship	Number of meetings of CSR committee held during the year	Number of meetings of CSR committee attended during the year
1	Mr. Varinder Gupta	Managing Director, Chairman of CSR	2	2
2	Mr. Vijay Garg	Joint Managing Director, member of CSR	2	2
3	Mr. Vikas Gupta	Executive Director, member of CSR	2	2
4	Dr.Sandhya Mehta	Independent Director, member of CSR	2	2

**3. web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

Composition of CSR committee, CSR Policy and CSR projects approved by the committee, which are available on our website i.e www.iolcp.com

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any :** Nil

**6. Average net profit of the company as per section 135(5):** Rs.300.22 Crore

**7. (a) Two percent of average net profit of the company as per section 135(5):** Rs.6.00 Crore

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

**(c) Amount required to be set off for the financial year, if any:** Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c):** Rs. 6.00 Crore

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in crore)	Amount Unspent (Rs. in Crore)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (in crore)	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
3.07	2.93	29 <sup>th</sup> April, 2021	-	-	-

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration.	Amount allocated for the project (Rs. in Crore).	Amount spent in the current financial Year (Rs. in Crore).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs in Crore).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1	Cardiology lab in CMC Hospital	Preventive Health Care	Yes	Punjab,	Ludhiana	1 year	1.60	0	1.60	Yes	CMC hospital	CSR0007487
2	Developing the Infrastructure and providing Oxygen Plant in Civil Hospital	Preventive Health Care	Yes	Punjab,	Barnala	1 Year	0.58	0	0.58	Yes	-	-
3	Renovation of infrastructure of Govt. Primary School .Kakkowal	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.10	0	0.10	Yes		
4	Renovation of infrastructure of Govt. Senior secondary smart School Mundiya kalan	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.15	0	0.15	Yes		
5	Renovation of infrastructure of Chanan Devi, Govt. Kanya High School, Salem Tabri	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.15	0	0.15	Yes		
6	Renovating the infrastructure of HVH Mental Illness, Speciallyabled Jamalpur	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.15	0	0.15	Yes		
7	Renovation the infrastructure and Library in Govt Jumla Malkan School	Promoting education	Yes	Punjab,	Barnala	1 Year	0.12	0.02	0.10	Yes		
8	Renovating the infrastructure and science lab at Govt. Senior secondary (Girls) School, Barnala	Promoting education	Yes	Punjab,	Barnala	1 Year	0.10	0	0.10	Yes		
<b>Total</b>							<b>2.95</b>	<b>0.02</b>	<b>2.93</b>			

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (Rs. in Crore)*	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number.
1	Education – construction and renovation of school locations, provide technical equipment for smart education	Promoting education among children	Yes	Punjab	Barnala and Ludhiana	1.21	Yes	-	-
2	Healthcare-primary and healthcare including sanitation	Preventive health care & sanitation	Yes	Punjab	Barnala and Ludhiana	1.40	Yes	-	-
3	Disaster Relief	Eradicating hunger, poverty and malnutrition	Yes	Punjab	Barnala and Ludhiana	0.61	Yes	-	-
4	Community Development	setting up old age homes and Community Mentally Retarded Home	Yes	Punjab	Ludhiana	0.02	Yes	-	-
5	Protection of art and culture	Protection of art and culture	Yes	Punjab	Barnala	0.03	Yes	-	-
6	Plantation in villages for restoration to environment	environmental sustainability	Yes	Punjab	Barnala	0.17	Yes	-	-
7	Trust/Contribution	Various sectors covered by Schedule VII of the Companies Act, 2013	Yes	Punjab	Barnala and Ludhiana	0.36	No	Nishkam Sewa Samiti (Regd) Ram Bhag Committee, Barnala And Aggarwal Sabha Barnala	-
<b>Total</b>						<b>3.80*</b>			

\* Also include amount of Rs.0.75 crore which was unspent as on 31<sup>st</sup> March 2020.



- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3.82 Crore
- (g) Details of excess amount for set off if any

Sl. No.	Particular	Amount (in Crore)
(i)	Two percent of average net profit of the company as per section 135(5)	6.00
(ii)	Total amount spent for the Financial Year*	3.82
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

\* Also include amount of Rs. 0.75 crore, which was unspent as on 31<sup>st</sup> March, 2020.

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. crore)	Amount spent in the reporting Financial Year (in Rs. crore).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2019-20	0	0.75	-	-	-	-
2.	2018-19	-	-	-	-	-	-
3.	2017-18	-	-	-	-	-	-
	<b>Total</b>	<b>0</b>	<b>0.75</b>	-	-	-	-

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable, as concept of "ongoing project" has been introduced in the CSR Amendment Rules w.e.f 22<sup>nd</sup> January, 2021

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):**

During the financial year 2020-21, the Company some of the projects identified in the later part of the year as due care is taken in identifying the projects to ensure effective contribution to the society through deserving projects directly and indirectly, therefore the full amount of CSR as allocated to such ongoing projects could not be spent within the same financial year. The Company has deposited the unspent amount allocated to such ongoing projects in a separate bank account and such unspent amount shall be spent on above said ongoing CSR projects within three years from the date of transfer of such unspent amount to separate bank account.

On behalf of the Board

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

Date: 04<sup>th</sup> June, 2021  
Place: Ludhiana

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

To

The Members

IOL Chemicals and Pharmaceuticals Limited  
Vill. & P.O - Handiaya, Fatehgarh Chhanna Road,  
Tehsil & District - Barnala  
Sangrur (PB) 148107.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IOL Chemicals and Pharmaceuticals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 -Not applicable during the audit period;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not Applicable during the audit period;
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable during the audit period; and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 -Not Applicable during the audit period;
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

### We further report that

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

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

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

**We further report that** during the audit period the company has made following decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

- Earlier the Company has allotted 25,00,000 warrants to a promoters at Rs. 205/- each on 30<sup>th</sup> March 2019 out of which promoter has exercised the option to convert 6,82,000 warrants into equity shares of Rs. 10/- each at a premium Rs. 195/- per share on 30<sup>th</sup> March 2019. Remaining 18,18,000 warrants were outstanding as on 31<sup>st</sup> March 2020.

Allotment Committee of the Board of Directors of the Company has approved the allotment of 18,18,000 equity shares pursuant to option attached with the warrants converted into equity shares as per the following dates:

Sl. No.	Date of Allotment Committee Meeting/ Allotment of Shares	No. of equity shares allotted pursuant to conversion of share warrant into equity shares
1.	08.06.2020	7,00,000
2.	17.06.2020	7,18,000
3.	25.06.2020	4,00,000
	<b>TOTAL</b>	<b>18,18,000</b>

- Members of the Company has duly approved to shift the registered office of the Company w.e.f 01.10.2020 (outside the local limits of the town) from Trident Complex, Raikot Road, Barnala-148101, Punjab to Village & Post Office - Handiaya, Fatehgarh Chhanna Road, Tehsil & District - Barnala Sangrur PB 148107 in their annual general meeting held on 26<sup>th</sup> September, 2020.

- During the audit period the Board of Directors of the Company has declared interim Dividend at their meeting held on 6<sup>th</sup> November, 2020 at the rate of Rs. 4 (Four Rupees only) i.e. @ 40% per fully paid up equity share of Rs. 10.00 each for the financial year 2020-21.

For B.K. Gupta & Associates  
Company Secretaries

Sd/-

CS Bhupesh Gupta

FCS No.:4590

CP No.:5708

UDIN:F004590C000419411

Date : 04<sup>th</sup> June, 2021

Place : Ludhiana

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

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

#### List of Labour Laws

- Factories Act, 1948
- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employee's State Insurance Act 1948
- Employee's Provident Fund and miscellaneous Provisions Act 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Maternity Benefit Act 1961
- The Child Labour (Prohibition and regulation) Act 1986
- The Industrial Employment (Standing Orders) Act 1946
- The Equal Remuneration Act 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act 1956
- The Apprentices Act, 1961

#### List of Environmental Laws

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

**ANNEXURE-A**

To  
The Members  
IOL Chemicals and Pharmaceuticals Limited  
Vill. & P.O - Handiaya, Fatehgarh Chhanna Road,  
Tehsil & District - Barnala  
Sangrur (PB) 148107.

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

for B.K. Gupta & Associates  
Company Secretaries

Date: 04<sup>th</sup> June, 2021  
Place: Ludhiana

Sd/-  
CS Bhupesh Gupta  
FCS No.: 4590  
C P No.:5708

## ANNEXURE-4

### A. Information Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020-21 (FY 21) and the percentage increase in remuneration of each Director, Chief Financial Officer & Company Secretary during the FY21 are as under:

Name of Director/ Key Managerial Personnel	Designation	Remuneration (Rs. in Crore)	% increase in remuneration	Ratio of remuneration to median remuneration of employee
Mr. Varinder Gupta	Managing Director	6.00	25.00	200.00
Mr. Vijay Garg	Joint Managing Director	3.60	20.00	120.00
Mr. Vikas Gupta	Executive Director	1.80	50.00	60.00
Mr. Pardeep Kumar Khanna	Chief Financial Officer	1.05	16.67	35.00
Mr. Sanjay Chaturvedi*	Chief Executive Officer	0.11	Not Applicable	Not Comparable
Mr. Abhay Raj Singh	Assistant Vice President & Company Secretary	0.48	26.35	16.00

\*Mr. Sanjay Chaturvedi was appointed as Chief Executive Officer of the Company w.e.f. 16<sup>th</sup> March 2021

- b) The median remuneration of employees was increased by 3.09% and the median salary of employees for the FY 2020-21 was Rs. 3.00 Lakh.
- c) The number of permanent employees on the rolls of the Company as at 31<sup>st</sup> March 2021: 2,069
- d) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year was 16.85% and average increase in salary of managerial personnel was 25.78%.
- e) It is affirmed that the remuneration is as per the Nomination & Remuneration Policy of the Company.

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

- (a) Statement containing the particulars of top ten employees in term of remuneration drawn:  
Full Name, Designation, Remuneration received (Rs in crore), Qualifications, Experience (Years), Date of Commencement of employment, Age (Years), Last Employment, %age of equity shares held
- Mr. Varinder Gupta, Managing Director, 6.00, Higher Secondary, 35, 29/09/1986, 58, First Employment, 2.10%; Mr. Vijay Garg, Joint Managing Director, 3.60, M.B.A. (Marketing) PGD. (International Marketing), 29/01/08/2012, 51, Arch Pharmalabs Limited, 0.00%; Mr. Vikas Gupta, Executive Director, 1.80, BSc. (Hons.) in Business Management from Kings College London, 8, 20/07/2013, 29, First Employment, 0.00%; Mr. Jagdish Goel, President, 1.35, M.Sc, 30, 06/12/2011, 51, Glenmark Generics Ltd, 0.00%; Mr. Kamlesh Jayantilal Ranbhan, President, 1.05, PHD, 27, 10/04/2017, 56, Arch Pharmalabs Limited, 0.00%; Mr Pardeep Kumar Khanna, Chief Financial Officer, 1.05, M.COM., 26, 23/12/1995, 52, First Employment, 0.01%; Mr. Kushal Kumar Rana, President, 1.02, M.SC., 30, 11/04/2005, 51, Morepen Laboratories, 0.00%; Mr. Damandeep Singh, President, 0.99, PHD, 23, 23/10/1997, 47, First Employment, 0.02%; Mr. Gopal Singla, President, 0.99, B.E. (Instrumentation), 23, 01/04/2007, 45, Indian Acrylics Ltd, 0.00%; Mr. Lokesh Dhawan, Vice President, 0.72, B.E. (ELECTRONICS & COMM.), 46, 27/10/2014, 25, Shri Lakshmi Cotfin Ltd, 0.00%
- (b) There was no other employee, except mentioned in (a) above, who employed throughout the financial year 2020-21, was in receipt of remuneration not less than rupees one crore and two lakh.
- (c) None of the above employee is a relative of any director, except Mr. Vikas Gupta (son of Mr. Varinder Gupta, Managing Director)
- (d) There was no employee who had received remuneration in excess of that drawn by the managing director or whole director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.
- (e) Except Mr. Sanjay Chaturvedi, who was appointed as CEO of the Company w.e.f. 16<sup>th</sup> March 2021, whose remuneration is shown above, there was no employee during the year, who was employed for a part of the financial year and was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.

Information as per Section 134(3)(m) of the Companies Act, 2013 (“the Act”) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors’ Report for the financial year ended 31 March 2021.

**I CONSERVATION OF ENERGY**

**1. Step taken or impact on conservation of energy;**

- a) In 32 TPH boiler two Nos fuel feeding fans of 55 KW each & 2900 RPM speed has been replaced with one Fan of 90 KW & 1450 RPM, due to this we have not only saved 480 KWH per day (approx. 3360 /day) but also reduced the breakdown in the form of bearing damages of high speed fans and thus stoppage of boiler.
- b) We have installed Power Management system as Technology upgradation, this system includes synchronization of 3 no’s of generating system (13 MW,4 MW & HT D.G 2MVA) with itself & with PSPCL power in such a manner, that there will no changeover requirement of power from one source to another ,this helps in reduction of failure of important Cards, VFDs and it also reduces the uneven losses in process due to sudden changeover. This system helps in effective utilization of all generating sources with proper planning of importing of power.  
This system works on auto load shedding technology, during emergency situations, because we can define in planned way critical & non critical area powers as per process requirement.  
This system helps us close monitoring & analyzing every plant power consumption, due to this we can save lot of units in time.
- c) In 80 TPH boiler we have done modification in bedsuperheater coils design, due to this we can able to generate the steam of the boiler upto its designed parameters, this will increase the boiler efficiency & also the turbine capacity to generate more power at less steam. We have also started consuming the fuel catalysts which has enhanced the burning capacity of the fuel and reduced the unburnt particles in the ash. Due to this, there is reduction of choking fuel gas path  
Due to above actions overall efficiency of the boiler has been increased from 79% to 80.16% thus saving of biomass fuel. Approx. saving of fuel in bio mass =1900 MT/year
- d) From previous years before 2019-20, we had a lot of steam venting from our 13 MW turbine, which was due to imbalance of “Power Generation Vs Steam Input” to our 13 MW back pressure turbine. But from last one year, our management has made policy for new projects to plan new utilities in such a way to maintain a balance between “Power Generation Vs Steam Consumption”. In this regards, approx. 65 % of steam venting has been reduced from previous years. Thus saving of direct DM water & raw water. This reduction also helps in reducing the noise level in the environment as it’s an ongoing process.  
2019-20-steam venting is approx 1268MT  
2020-21 steam venting is approx. 564 MT
- e) In unit-7 as technology upgradation, we have totally automized the utility consumption in crystallizer area, this helps us in close monitoring of critical parameters of the process and enhances the efficiency of the system in the form of yield & reduces the batch rejection.
- f) Company has done capital investment in increasing the bio mass storage from earlier storage capacity from 2000 MT to approx.15000 MT, this process helps us in using biomass throughout the year. Due to this, we are storing biomass at high GCV and using throughout the year against the biomass available in off seasons.  
2019-20 Biomass Consumption =85336MT  
2020-21 Biomass consumption=117691MT
- g) We are in process to replace all admin, offices & control rooms of process plants CFL light fixtures with Led light fixtures because they CFL fixtures have safety as well as environmental hazards problems. By replacing with Led fixtures there is saving of power with more lumen & lifespan. As of now, about 290 CFL fixtures out of 421 have been replaced with Led fixtures contributing to savings of approx. 123 Units per day.
- h) In air compressors, there are two processes i.e. loading & unloading. Earlier, we were purchasing the compressors with motors running on Star-delta concept. In this, if the compressor is running at full load then it consumes 100% power with full CFM output but if compressor runs at no load, then the compressor consumes 60% power with zero CFM output. Considering this concept in mind, in every new project, if our unloading hours are higher or we need to run the compressor on low pressure area, then we purchase compressors with VFD so that at

the time of unloading, the motor RPM’s will automatically come down to zero and save approx. 50% of power and also protects the motor from uneven jerks.

- i) In plant earlier all air conditioners were run with compressor having R-22 refrigerant Gas, but as per new environmental policies, this gas has to be phased out by 2025 as this gas is more prone to ozone layer depletion & less efficient. So, in the process of achieving this target, from last one year we are purchasing all AC’s, refrigerators with R-32 and R410A refrigerant which have approx. nil contribution in ozone layer depletion and are more efficient. We are also in process of changing earlier installed R-22 compressors with R-32 & R410A gas.

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

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

**3. Capital investment on energy conservation equipment’s**

No major capital investments have been made during the financial year ended 31<sup>st</sup> March 2021.

**II TECHNOLOGY ABSORPTION**

**1. Efforts made towards technology absorption**

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

- a) R&D team have developed improved process of Fexofenadine, Leviteracetam, Losartan & Dextromethorphan.
- b) Successful Initial commercial trials were taken for Fexofenadine, Leveteracetam & for Losartan plant trials are under progress.
- c) Process for Major Key starting materials used in Losartan have been developed in-house.
- d) Out of two KSMs namely BCFI & OTBN, pilot trials have been successfully taken for OTBN.
- e) Innovative process for KSM of Fexofenadine will be taken up for commercialization later in the year.

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

- (i) R&D team have done process improvement in existing commercial products such as Ibuprofen, Pantoprazole sodium, Clopidogrel & Metformin by optimizing raw materials resulting in substantial cost reduction.
- (ii) IOLCP is working on projects to overcome china dependency, in view of this process for OTBN (a KSM of Sartan series of drugs), SABA HCl (KSM of Leveteracetam), MCA (a KSM of Gabapentin) has been developed in-house.
- (iii) To reduce load on ETP, process for Fexofenadine has been designed in such a way that inorganic components of the process were replaced by organic components and reused again generating no waste. Secondly, solvent selection in the process have been done to minimize its usage and wastage during recoveries indirectly having beneficial impact on environment.
- (iv) IOLCP is working on processes to generate minimum waste and converting waste into value added products. One of the key by-product generated in Clopidogrel have been recovered up-to 90% and being reused resulting in substantial cost reduction of Clopidogrel and reduction in effluent load.

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

**4. Expenditure incurred on Research and Development during the financial year ended 31<sup>st</sup> March 2021:**

(Rs. in crore)

Capital	4.86
Revenue	7.43
<b>Total</b>	<b>12.29</b>

**III Foreign Exchange Earnings & Outgo during the financial year ended 31<sup>st</sup> March 2021:**

(Rs. in crore)

Used	500.43
Earned	527.18

# BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L24116PB1986PLC007030
2.	Name of the Company	IOL Chemicals and Pharmaceuticals Limited
3.	Registered address	Village & Post Office Handiaya, Fatehgarh Channa Road, Barnala-148107, Punjab
4.	Website	<a href="http://www.iolcp.com">www.iolcp.com</a>
5.	E-mail id	<a href="mailto:investor@iolcp.com">investor@iolcp.com</a>
6.	Financial Year reported	2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals (code: 21001) Manufacturing of organic chemicals compounds (code: 20119)
8.	List three key products/ services that the Company manufactures/provides (as in balance sheet)	1. Ibuprofen (API) 2. Ethyl Acetate 3. Iso Butyl Benzene
9.	Total number of locations where business activity is undertaken by the Company	4
	a) Number of International Locations (Provide details of major 5)	N.A.
	b) Number of National Locations	4
10.	Markets served by the Company—Local/State/ National/ International	The Company serve Indian and international markets across several countries including UK, Austria, Belgium, Hungary, Spain, Germany, Italy, Netherlands, Switzerland, Portugal, Poland, Ireland, USA, Australia, Chile, Peru, Brazil, Argentina, Colombia, Mexico, Indonesia, South Korea, Thailand etc. Products are sold primarily to Branded Generic formulators both in India & Overseas.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	58.70 Crore
2.	Total Turnover (INR)	1966.98 Crore
3.	Total profit after taxes (INR)	444.56 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Out of 2% (Rs. 6 Crore) of the average net profit for previous three years, the Company spent 1.02% (3.07 Crore) during the FY 2020-21 and balance unspent amount of 0.98% (Rs. 2.93 Crore) as on 31.03.2021 transferred to the Company's "Unspent CSR Account-2020-21" bank account. The said unspent amount shall be spent on ongoing projects undertaken by the Company within a period of three years from such transfer.
5.	List of activities in which expenditure in 4 above has been incurred:	The Report on the CSR activities undertaken by the Company during the financial year 2020-21 is annexed as Annexed to Directors' Report.

## SECTION C: OTHER DETAILS

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

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

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

The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee are as follows:

Name of Members	DIN	Designation
Mr. Varinder Gupta	00044068	Chairman
Mr. Vikas Gupta	07198109	Member
Dr. Sandhya Mehta	06954964	Member

#### (b) Details of the BR Head

No.	Particulars	Details
1	DIN Number (if applicable)	00044068
2	Name	Mr.Varinder Gupta
3	Designation	Managing Director
4	Telephone number	+91 161-2225531-35
5	mail id	<a href="mailto:contact@iolcp.com">contact@iolcp.com</a>

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

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted following nine areas of Business Responsibility:

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for.....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://www.iolcp.com/policies.html">https://www.iolcp.com/policies.html</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y

9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally and updated/amended as per the changed business scenario.								

**(b) If answer to the question at serial number1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

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

**3. Details of Director/Directors responsible for BR**

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

The CSR Committee of the Board oversees the BR performance of the Company. During the Financial Year 2020-21 CSR Committee met two times on 12th June 2020 and 10<sup>th</sup> February 2021.

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

Yes, the Company publishes BR Report annually in its Annual Report. The hyperlink is <https://www.iolcp.com/investor-annual-report.html>



## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

- 1. Does the policy relating to ethics, bribery and corruption cover only the company?** No.

**Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?** Yes

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

The Code provides guidelines for our business to be consistent with the highest standards of business ethics and is intended to meet high standards of personal and professional integrity.

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

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

With regard to principle 1, no complaint was received by the Company from any stakeholder in the past financial year.

### Principle 2

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

- (a) Ibuprofen
- (b) Ethyl Acetate
- (c) Mono Chloro Acetic Acid and Acetyl Chloride

Ibuprofen Plant is well designed for 100% recycling of solvents with increased recovery percentage by using high efficiency heat exchangers. In Ethyl Acetate we have reduced effluent discharge by recycling the reaction process water in cooling Towers. The recycling of the process water in plant leads to reduce the consumption of DM water by 50% and reduction in raw material norms by 0.5%. The Mono Chloro Acetic Acid and Acetyl Chloride are manufactured in a single plant by using dual technology. In Isopropyl Chloroacetate (IPCA) Plant, aqueous layer recycling in three subsequent batches leads to reduction in raw material norms upto 4% per MT of IPCA production.

The unit is awarded with "National Award for Technology Innovation" using green chemistry to use dual technology for the production of Mono Chloro Acetic Acid and Acetyl Chloride in a single Plant by the Government of India.

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

**(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

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

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

The recycling of process water in Ethyl Acetate plant results in 50% less consumption of DM water and reduction in raw material norms by 0.5%. Further the cascading of the cooling tower water also leads to reduction in power norms by 5%.

In Isopropyl Chloroacetate (IPCA) Plant, the aqueous layer recycling in three subsequent batches results in reduction of raw material norms upto 4% per MT of IPCA production. Reduction in water requirement by 66% as the water is recycled three times instead of one time.

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

- Adopting best energy management practices.
- Regularly monitoring energy use.
- Reporting quarterly on energy use to staff and at Management Board meetings.
- Ensuring that new appliances, equipment, and building projects are energy efficient.
- Identifying all areas of opportunity for improved energy performance via detailed consultation with staff.

- Facilitate developing and implementing an action plan.
- Checking the effectiveness of the energy saving measures, periodically document any changes in procedures resulting from process improvement, and make comparisons with objectives and targets.
- Continual interaction with the technology suppliers and visits and interaction with best pharma based plants in world and benchmarking various parameters is an on-going exercise.
- Everyday energy consumption is reviewed in daily coordination meeting and corrective actions are taken best achieved consumption is taken as target.

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

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

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

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

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

The Company is situated at rural area and over the years the Company has promoted local contractors and service providers, to the best possible extent, by patronizing them to supply / provide different services required by the Company for its day to day administration /operation. Being situated in Punjab, which is agriculture belt, we have biomass base Cogeneration Plant. We are procuring biomass from nearby area which is a waste obtained from Rice crop.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes. >10 percent. The Company has been proactively engaged into converting waste/residuals from its manufacturing processes into valuable and useful products thereby not only minimizing the waste generated but also creating a source of revenue to the Company. We recovered HHC from product Iso

Butyl Benzene and reuse HHC in furnaces in place of Diesel (HSD), Recovering spent gas from product Iso Butyl Benzene which is used as heating media for thermic fluid. In all units, plants are equipped with solvent recovery systems to recycle all the solvents in same process. Catalyst like Potassium Carbonate is recovered from effluent streams and same is sale in to the market for other industrial applications.

**Principle 3**

- 1. Please indicate the Total number of employees:** 2069 (as on 31<sup>st</sup> March 2021)
- 2. Please indicate the Total number of employees hired on temporary/contractual/ casual basis:** 396
- 3. Please indicate the Number of permanent women employees:** 62
- 4. Please indicate the Number of permanent employees with disabilities:** Nil
- 5. Do you have an employee association that is recognized by management:** Nil
- 6. What percentage of your permanent employees is members of this recognized employee association?:** Nil
- 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

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

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

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

#### Principle 4

1. **Has the Company mapped its internal and external stakeholders?** Yes

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

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

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

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

#### Principle 5

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

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

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

No complaint was received by the Company from any stakeholder in the past financial year regarding violation of human right.

#### Principle 6

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

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

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.** No

3. **Does the Company identify and assess potential environmental risks?** Yes

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?** No

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

Yes. Please refer Energy Conservation/Technology Absorption section provided/annexed to the Directors' Report given in Annual Report 2020-21. The hyperlink for webpage is <https://www.iolcp.com/investor-annual-report.html>

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

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

No, show cause/ legal notices received.

#### Principle 7

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

The Company has following memberships:

- 1) PHD Chamber of Commerce and Industry
- 2) Indian Chemical Council
- 3) Confederation of Indian Industry

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):** No.

#### Principle 8

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

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

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

Most of our programmes are implemented in-house through our Corporate Social Responsibility team. We are also undertaking the CSR activities through various NGO's and local administration. We also encourage other employees to contribute towards these social initiatives.

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

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

The total amount spent on all CSR activities during the FY2021 was Rs. 3.07 crore. The major thrust areas for our programmes are –

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

For more details, please refer to Report on CSR activities Annexed to the Directors' Report provided in Annual Report 2021.

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

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

**Principle 9**

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

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

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

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

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

No, there is no such case.

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## 1. INDUSTRY STRUCTURE AND DEVELOPMENT

### Global Economy Overview



Global prospects remain highly uncertain over one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

Global growth is projected at 6 percent in 2021, moderating to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. (Source: IMF)

The COVID-19 pandemic has caused major disruptions in the global economy. Economic activity has been hit by reduced personal interaction, owing both to official restrictions and private decisions; uncertainty about the post-pandemic economic landscape and policies has discouraged investment; disruptions to education have slowed human capital accumulation; and concerns about the viability of global value chains and the course of the pandemic have weighed on international trade and tourism. As with previous

economic crises, the pandemic is expected to leave long-lasting adverse effects on global economic activity and per capita incomes. It is likely to steepen the slowdown in the growth of global potential output—the level of output the global economy can sustain at full employment and capacity utilization—that had earlier been projected for the decade just begun. The Governments are working towards effective reforms to help manage the economic slowdown and improve business sentiments.

The global economy headed into the COVID-19 pandemic after a decade of forecast disappointments and slowing potential output growth. The pandemic is expected to steepen the slowdown previously projected over the 2020s. However, ambitious policy reforms to support investment, improve education, and raise labour force participation could reverse much of the adverse impact of the pandemic on potential growth prospects over the next decade. Institutional reforms could strengthen investment and output growth prospects, as they have done in the past. (Source: World Bank)

### Indian Economy Overview



In India, the pandemic hit the economy at a time when growth was already decelerating. Output is projected to fall by 9.6 percent in FY2020-21, reflecting a sharp drop in household spending and private investment. The pandemic disproportionately affected activity in the services sector (mainly in urban areas, such as retail), paralyzed consumption, and caused significant unemployment. Recent high frequency data indicate that the services sector recovery is gaining momentum. The informal sector, which accounts for four-fifths of employment, also suffered severe income losses. (Source: World Bank)

India recorded the real GDP (gross domestic product) growth of 0.4% in the third quarter of FY21, as per the NSO's (National Statistical Office) second advance estimates. This rise indicates V-shaped recovery progression that started in the second quarter of FY21.

As per Economic Survey 2020-21, India's real GDP growth for FY22 is projected at 11%. The January 2021 WEO update forecast 11.5% increase in FY22 and a 6.8% rise in FY23. According to the IMF, in the next two years, India is expected to emerge as the fastest-growing economy in the world.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from to 175 gigawatt (GW) by 2022.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers. (Source: ibef.org)

In its latest Asian Development Outlook (ADO) 2021, the Manila based ADB forecasts India's economic growth to moderate to 7.0% in FY2022 as base effects disappear. The economy is expected to have contracted by 8.0% in FY2020 in line with the government's second advance estimate. The IMF recently estimated the Indian economy to grow by 12.5% in the current financial year. The forecast assumes that vaccines are deployed extensively across the country and the second wave of the coronavirus disease (Covid-19) pandemic is contained.

### Indian Pharmaceutical Industry

Indian pharmaceutical sector supplies over 50% of the global demand for various vaccines, 40% of the generic demand



for US and 25% of all medicines for UK. India contributes the second-largest share of pharmaceutical and biotech workforce in the world. According to the Indian Economic Survey 2021, the domestic market is expected to grow 3X over the next decade. India's domestic pharmaceutical market is estimated at US\$ 41 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years. The Indian pharmaceutical exports, including bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgical, reached US\$16.28 billion in FY20. India's drugs and pharmaceuticals exports stood at US\$20.14 billion in FY21 (until January 2021).

'Pharma Vision 2020' by the Government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The Indian drugs and pharmaceuticals sector has received cumulative FDI inflows worth US\$ 17.75 billion between April 2000 and December 2020.

To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.

Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated Rs. 73,932 crore (US\$ 10.35 billion) and the Department of Health Research has been allocated Rs. 2,663 crore (US\$ 365.68 billion). The government allocated Rs. 37,130 crore (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated Rs. 64,180 crore (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated Rs. 2,970 crore (US\$ 407.84 million), up from Rs. 2,122 crore (US\$ 291.39 million).

India plans to set up a nearly Rs. 1 lakh crore (US\$ 1.3 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023. (Source: ibef.org)

### Indian Chemical Industry

The Indian chemicals industry stood at US\$ 178 billion in 2019 and is expected to reach US\$ 304 billion by 2025 registering a CAGR of 9.3%. The demand for chemicals is expected to



expand by 9% per annum by 2025. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025.

The specialty chemicals constitute 22% of the total chemicals and petrochemicals market in India. The demand for specialty chemicals is expected to rise at a 12% CAGR in 2019-22. The petrochemicals demand is expected to record a 7.5% CAGR between 2019 and 2023, with polymer demand increasing at 8%. The Indian agrochemicals market is expected to register an 8% CAGR to reach US\$ 3.7 billion by FY22 and US\$ 4.7 billion by FY25.

The government has started various initiatives such as mandating BIS-like certification for imported chemicals to prevent dumping of cheap and substandard chemicals into the country.

The Indian government recognises chemical industry as a key growth element and forecast to increase share of the chemical sector to ~25% of the GDP in the manufacturing sector by 2025.

Despite the current pandemic situation, the Indian chemical industry has numerous opportunities considering the supply chain disruption in China and trade conflict among the US, Europe and China. Anti-pollution measures in China will also create opportunities for the Indian chemical industry in specific segments.

Additional support, in terms of fiscal incentives, such as tax breaks and special incentives through PCPIRs or SEZs to encourage downstream units will enhance production and development of the industry. The dedicated integrated manufacturing hubs under Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy to attract an investment of Rs. 20 lakh crore (US\$ 276.46 billion) by 2035. (Source: ibef.org)

## 2. Opportunities and Threats

### Opportunities

1. Growing domestic and international market provides potential for growth.
2. Growth of speciality chemicals like Ethyl Acetate, a green solvent, is remained robust due to its diverse use in the various industries.
3. Increased visibility of the company resulting in penetration in global market.
4. Rising demand for affordable healthcare facilities is driving the market for generic medicine throughout the world.

### Threats:

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

## 3. Business Segment Performance and outlook

The Company is one of the leading and significant player in Active Pharmaceutical Ingredient (API) player and specialty chemicals markets. The Company is a manufacturer and global supplier of APIs such as Ibuprofen, Metformin, Clopidogrel, Lamotrigine, Pantoprazole and Fenofibrate and other APIs and has significant presence across major therapeutic categories. Demand for APIs is showing continuous increase due to growing incidences of lifestyle diseases, rising demand for affordable healthcare delivery systems.



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

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

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

#### 4. Risks and Precautions

Below is a brief analysis of risk and precautionary measures:

##### Regulatory risk

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

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

##### Operational risks

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

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

##### Debt risk

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

**Precaution:** As on date, there is no amount outstanding against any Term Loan for the Company.

Further, in order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and appropriate action is taken.

##### Credit risk

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

**Precaution:** Company has established internal policies and controls to determine credit worthiness and reliability of existing and potential customers, which are reviewed on periodical basis.

##### Geographic risk

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

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

##### Technological risk

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

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

##### Environmental Health and Safety Risk

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

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

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



### Competition risk

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

**Precaution:** The Company is managing the competition risk by continuously improving the quality and capacity of products and maintaining long term relationship with its customers by providing better services to them. The quality control department of the Company has implemented a range of quality assurance procedures to providing high quality products to its customers.

### Foreign exchange risk

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

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

### Human Capital Risk

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

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

### Insurance

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

## 5. Internal Control System and its adequacy

The Company has aligned its current systems of internal controls including financial controls with the requirement of Companies Act 2013. The Company's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

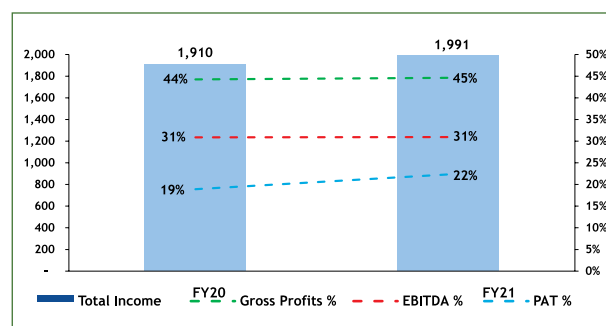
The Company uses best IT system to record data for accounting, consolidation and management information

purposes and connects to different locations for efficient exchange of information.

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

## 6. Financial Performance

### A. Profit and Loss Account



### Revenue

Total income has increased to Rs. 1991Crore during the year of review as compared to Rs. 1910 Crore during the previous year.

### Segmental Revenue

Pharma segment contributed about 60% of total revenue for the financial year 2021 against 64% contribution in financial year 2020. The Chemicals Segment contributed about 40% to total revenue in financial year 2021 against 36% in financial year 2020.

### EBITDA

EBITDA of the Company has increased to Rs. 616 Crore during year under review from Rs. 590 Crore during the previous year due to increase in the operation efficiencies.

### Net Profit after tax

The Company has earned profits after tax of Rs. 445 Crore in the year under review against profits after tax of Rs. 361 Crore during the previous year.

### B. Balance Sheet

#### Share Capital

Authorized share capital of the Company is Rs. 80 Crore divided into 8,00,00,000 equity shares of Rs. 10/- each as on 31<sup>st</sup> March 2021. Paid-up share capital of the Company is Rs. 58,70,55,020/- consisting of 5,87,05,502 equity shares of Rs. 10/- each. Promoter's hold 43.7 % and public shareholding is 56.30 % of the paid up share capital of the Company.

**Reserves and Surplus**

Reserves and surplus at the end of the year under review stood at Rs. 1202 Crore against Rs. 757 Crore at the end of previous year.

**Net Worth**

Net worth of the Company has improved to Rs. 1260 Crore at the end of the year as against Rs. 814 Crore at the end of previous year.

**Borrowings**

Long term secured borrowing at the end of financial year 2021 were NIL. Unsecured long term borrowings at the end of financial year 2021 stood at NIL. As on date, there is no amount outstanding against any Term Loan for the Company.

Short term secured borrowing at the end of financial year 2021 were NIL against Rs.56 Crore at the end of financial year 2020.

**Assets**

**Non- Current Assets**

Total Fixed assets including Capital work in process increase to Rs. 588 Crore as on 31<sup>st</sup> March 2021 from Rs. 499 Crore as on 31<sup>st</sup> March 2020, net of depreciation and additions.

**Current Assets and Current Liabilities**

The Company had inventories of Rs. 295 Crore as on 31<sup>st</sup> March 2021 against Rs.188 Crore as on 31<sup>st</sup> March 2020. Trade Receivable amounted to Rs. 300 Crore as on 31<sup>st</sup> March 2021 as compared with Rs. 272 Crore as on 31<sup>st</sup> March 2020. The trade payables increased to Rs. 239 Crore as on 31<sup>st</sup> March 2021 as compared with Rs.180 crore as on 31<sup>st</sup> March 2020. The changes are in line with increase in overall operations.

**Cash flows**

The Company's net cash flow from operating activities for the year ended 31<sup>st</sup> March 2021 amounted to Rs. 380 Crore against net cash flow used in operating activities Rs. 471 Crore during the previous year.

The Company's net cash used in investing activities amounted to Rs. 317 Crore during the year ended 31<sup>st</sup> March 2021 against Rs.184 Crore during the previous year.

During the year, net cash used in financing activities amounted to Rs. 58 Crore as against net cash flow from financing activities Rs. 272 Crore during the previous year.

**Analysis of Ratios:**

Ratio	Year ended 31 March 2021	Year ended 31 March 2020	Remarks
Operating Profit Margin (%)	30.94%	30.88%	Marginal increase
Net Profit Margin (%)	22.32%	18.91%	Increase in profit margin and lower tax rate
Return on Net Worth (%)	42.87%	56.11%	Increase in average net worth
Trade receivable turnover (Days)	56	52	Increase due to market trend
Inventory turnover ratio (times)	6.61	10.10	Increase in inventory at the fade end of the year
Current ratio	3.52	2.43	Increase in net working capital with increase in profit after tax and retained earnings

**7. Human Asset**

The Company has a team of 2,069 strong members as on 31<sup>st</sup> March 2021. The Company emphasizes on all around development of the human resources. The Company's HR policies entail injecting company with a high degree of expertise, professional depth, dynamism and power of the youth. The Company belief in respect of human resources and dignity of labour and consider human resources very valuable and vital assets for the development of the organization. We



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

## 8. Cautionary Statement

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

For and on behalf of the Board

Place : Ludhiana  
Dated: 4<sup>th</sup> June 2021

Sd/-  
Varinder Gupta  
Managing Director  
DIN -00044068

Sd/-  
Rajender Mohan Malla  
Chairman  
DIN-00136657

## CORPORATE GOVERNANCE REPORT

Your Company confirms the compliance of Corporate Governance as contained in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as SEBI (LODR) Regulations) details of which are given below:

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

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

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

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

At IOL, our strategies are directed towards driving valuable and meaningful growth year after year while also creating lasting value for our investors.

### 2. Board of Directors:

#### a) Composition of the Board:

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

Name of the Director and DIN	Category	No. of Directorship held <sup>(1)</sup>	No. of Committees <sup>(2)</sup>		Shareholding in Company
			Chairmanship	Memberships	
Mr. Rajender Mohan Malla DIN: 00136657	Chairman & Independent Director	7	1	-	-
Mr. Varinder Gupta DIN: 00044068	Managing Director	5	-	1	11,96,965
Mr. Vijay Garg <sup>(3)</sup> DIN:6510248	Joint Managing Director	4	-	1	--
Mr. Vikas Gupta DIN: 07198109	Executive Director	5	-	1	--
Mr. Harpal Singh DIN: 06658043	Independent Director	4	1	-	--
Dr. Sandhya Mehta DIN: 06954964	Independent Director	1	1	1	--

(1) including the Company.

(2) Board Committees for this purpose only includes Audit Committee and Stakeholders' Relationship Committee.

(3) Mr. Vijay Garg resigned from the Directorship of the Company w.e.f. 1<sup>st</sup> April 2021.

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

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

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

\* Mr. Vijay Garg resigned from the Directorship of the Company w.e.f. 1<sup>st</sup> April 2021.

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

During the financial year 2020-21, the Board met 6 (Six) times on 12<sup>th</sup> June 2020, 31<sup>st</sup> July 2020, 6<sup>th</sup> November 2020, 10 February 2021, 16<sup>th</sup> March 2021 and 31<sup>st</sup> March 2021. 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 26<sup>th</sup> September 2020 is as given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM
Mr. Rajender Mohan Malla, Chairman	6	Yes
Mr. Varinder Gupta	5	Yes
Mr. Vijay Garg	6	Yes
Mr. Vikas Gupta	6	Yes
Dr. Sandhya Mehta	6	Yes
Mr. Harpal Singh	6	Yes

**3. Audit Committee**

Audit Committee consists of three directors, two being independent directors viz. Mr. Harpal Singh (Chairman), Dr. Sandhya Mehta and one executive director viz. Mr. Vijay Garg as on 31<sup>st</sup> March 2021. Further due to the resignation of Mr. Vijay Garg, the Audit Committee was re-constituted w.e.f. 1<sup>st</sup> April 2021 consists of three directors, two being independent directors viz. Mr. Harpal Singh (Chairman), Dr. Sandhya Mehta and one executive director viz. Mr. Vikas Gupta. Statutory Auditors, Internal Auditors and Finance head are invited on the meetings of the Committee. Company Secretary acts as Secretary to the Committee.

The role of the Audit Committee is in accordance with the SEBI (LODR) Regulations and the terms of reference specified under Section 177 of the Companies Act, 2013. Primary objective of the Committee is to monitor and provide effective supervision of management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity & quality of financial reporting and minimisation of risk.

During the year 2020-2021, Audit Committee met four times on 12<sup>th</sup> June 2020, 31<sup>st</sup> July 2020, 6<sup>th</sup> November 2020 and 10<sup>th</sup> February 2021. There was no gap of more than four months between any two consecutive meetings.

Attendance record of Audit and Risk Management Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Harpal Singh, Chairman	4	4
Dr. Sandhya Mehta	4	4
Mr. Vijay Garg	4	4

**4. Nomination and Remuneration Committee**

Nomination and Remuneration Committee consists of three directors, all being Independent Directors viz. Dr. Sandhya Mehta (Chairman), Mr. Rajender Mohan Malla and Mr. Harpal Singh as on 31<sup>st</sup> March 2021. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations and as specified under Section 178 of the Companies Act, 2013. Main terms of reference of the Committee includes determination of remuneration packages of the executive directors including remuneration policy. The Committee formulated the criteria and framework for the performance evaluation of each director on the Board, including the executive and independent directors.

During the year, three meetings were held on 12th June 2020, 31<sup>st</sup> July 2020 and 16<sup>th</sup> March 2021.

Attendance record of Nomination and Remuneration Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Dr. Sandhya Mehta, Chairman	3	3
Mr. Rajender Mohan Malla	3	3
Mr. Harpal Singh	3	3

#### 5. Remuneration Policy and details of Remuneration of Directors:

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

Detail of remuneration paid to the Executive Directors during the financial year 2020-2021 is given below:

(Rs. in Lakh)

Name	Position	Salary	Commission	Contribution to Provident & other Funds	Other perquisites & allowances and Bonus	Total
Mr. Varinder Gupta	Managing Director	241.28	-	27.52	331.20	600
Mr. Vijay Garg	Joint Managing Director	144.76	-	16.52	198.72	360
Mr. Vikas Gupta	Executive Director	72.40	-	8.24	99.36	180

**b) Independent Directors:** Independent Directors have not been paid any remuneration except sitting fees for attending each Board Meeting /Committee Meeting. Detail of sitting fees paid during the year 2020-2021 is given below:

(Rs. in Lakh)

Name of Directors	Fee paid for Board Meetings	Fees paid for Committee Meetings	Total Fee Paid
Dr. Sandhya Mehta	1.50	3.50	5.00
Mr. Rajender Mohan Malla	1.50	1.00	2.50
Mr. Harpal Singh	1.50	2.00	3.50
TOTAL	4.50	6.50	11.00

During the year 2020-21, the Company did not advance any loan to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business.

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

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

#### 6. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of three Directors and chaired by the independent director viz., Dr. Sandhya Mehta (Chairperson), Mr. Varinder Gupta and Mr. Vikas Gupta as on 31<sup>st</sup> March 2021. Terms of reference of Committee is in accordance with the provisions of SEBI (LODR) Regulations and as specified under Section 178 of the Companies Act, 2013. During the year, one meeting was held on 10<sup>th</sup> February 2021.

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

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

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

of the Company can contact him on the matters related with the company at 85, Industrial Area, 'A', Ludhiana, Phone: +91-161-2225531-35, Fax: +91-161-2608784 and e-mail: investor@iolcp.com.

#### Shareholders' complaints received, resolved and pending:

Detail of investors' complaints/queries received and resolved during the year 2020-21 are as under:

Sr. No.	Nature of complaints / queries	No. of complaints / queries during the year		
		Received	Attended	Pending
1	Transmission of shares	31	31	Nil
2	Mandate	29	29	Nil
3	Loss/Issue of duplicate shares certificate	47	47	Nil
4	SEBI/Stock Exchange	-	-	-
5	Change of Company Name	16	16	Nil
6	Change of Address	13	13	Nil
7	Split/Consolidation	-	-	-
8	Others	8	8	Nil

#### 7. Corporate Social Responsibility (CSR) Committee

The Board of Directors have constituted a CSR Committee comprising of four directors, three being executive directors viz. Mr. Varinder Gupta, Mr. Vijay Garg, Mr. Vikas Gupta and one independent director viz. Dr. Sandhya Mehta as its members. Mr. Varinder Gupta is the Chairman of the Committee. Further due to the resignation of Mr. Vijay Garg, the CSR Committee was re-constituted w.e.f. 1<sup>st</sup> April 2021 consists of three directors, two being executive directors viz. Mr. Varinder Gupta (Chairman), Mr. Vikas Gupta and one independent director viz. Dr. Sandhya Mehta. The CSR Committee oversees the Company's CSR initiatives under the overall supervision and guidance of the Board of Directors. During the year, two meeting was held on 12th June 2020 and 10<sup>th</sup> February 2021. Attendance record of Corporate Social Responsibility Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr. Varinder Gupta, Chairman	2	2
Mr. Vijay Garg	2	2
Mr. Vikas Gupta	2	2
Dr. Sandhya Mehta	2	2

#### 8. General body Meetings:

##### a) Annual General Meetings

The details of last three Annual General Meetings are given below:

Meeting	Date	Day	Time/ Location	Details of Special Resolutions passed
33 <sup>rd</sup> AGM	26 <sup>th</sup> September 2020	Saturday	11:00 AM (Through video conferencing)	<ol style="list-style-type: none"> <li>To re-appoint Mr. Vikas Gupta as Executive Director of the Company for a period of 5 years with effect from 29<sup>th</sup> May 2020.</li> <li>To approve shifting of the Register Office of the Company outside the local limits</li> </ol>
32 <sup>nd</sup> AGM	29 <sup>th</sup> August 2019	Thursday	11:00 AM at Registered Office	<ol style="list-style-type: none"> <li>Re-appointment of Mr. Chandra Mohan as an Independent Director of the Company.</li> <li>Re-appointment of Dr. (Mrs.) Sandhya Mehta as an Independent Director of the Company.</li> <li>Approval of related party transactions entered / to be entered with Vivachem Intermediates Private Limited</li> </ol>
31 <sup>st</sup> AGM	29 <sup>th</sup> September 2018	Saturday	11:00 AM at Registered Office	<ol style="list-style-type: none"> <li>Adoption of new set of Articles of Association containing regulations in accordance with Companies Act, 2013</li> <li>Alteration of Memorandum of Association in accordance with Companies Act, 2013</li> <li>Increase of remuneration of Mr. Varinder Gupta, Managing Director</li> <li>Re-appointment of Mr. Varinder Gupta as Managing Director</li> <li>Increase of remuneration of Mr. Vijay Garg, Joint Managing Director</li> <li>Increase of remuneration of Mr. Vikas Gupta, Executive Director</li> <li>To authorize the Board to revise the remuneration payable to managing director or whole-time directors of the company</li> </ol>

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

**9. Means of Communication:**

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

**a) 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.

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

These results and other press releases are sent to the Stock Exchanges as well as displayed on Company’s website [www.iolcp.com](http://www.iolcp.com) at the time of its release to the media.

**c) NSE Electronic Application Processing System (NEAPS):** NEAPS is a web based application designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report and Corporate’s Announcements etc. are also filed electronically on NEAPS.

**d) BSE Listing Centre (<http://listing.bseindia.com/>):** BSE Listing Centre is a web based application designed by BSE for corporate. The Shareholding pattern, Corporate Governance Report and Corporate’s Announcements etc. are also filed electronically on BSE Listing Centre.

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

**10. General Shareholders Information**

Following information would be useful to the members:

**a) Annual General Meeting** of the Company will be held on Saturday, 18<sup>th</sup> September 2021 at 11:00 AM through Video Conferencing / Other Audio Visual Means (“VC/OAVM”). The Registered Office of the Company at Village & Post Office - Handiaya, Fatehgarh Chhanna Road, Tehsil & District - Barnala- 148107 Punjab shall be deemed to be the venue of the Meeting. (The date and time of the Meeting was fixed by the Board of Directors in its Meeting held on 13<sup>th</sup> August, 2021).

**b) Financial Calendar:** Last financial year of the Company was of twelve months from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021. Tentative financial calendar of the Company for the year 2021-22 shall be as follow:

Board Meetings to take on record	Schedule
Financial Results for the quarter ending 30 <sup>th</sup> June 2021	During August 2021
Financial Results for the quarter/half year ending 30 <sup>th</sup> September 2021	During November 2021
Financial Results for the quarter ending 31 <sup>st</sup> December 2021	During February 2022
Financial Results for the quarter ending 31 <sup>st</sup> March 2022	During May 2022

**c) Date of Book Closure**

The Register of Members and Share Transfer Books will remain closed from 12<sup>th</sup> September 2021 to 18<sup>th</sup> September 2021 for the purpose of the Annual General Meeting.

**d) Dividend payment**

The final dividend, as recommended by the Board of Directors, if approved by the members in the AGM, will be paid within 30 days from the date of AGM.

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

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

The Company has made all the compliances of Listing Agreement including payment of annual listing fees for the financial year 2020-21.

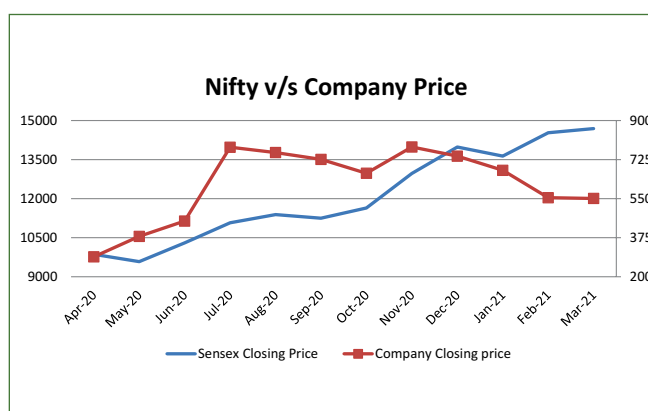
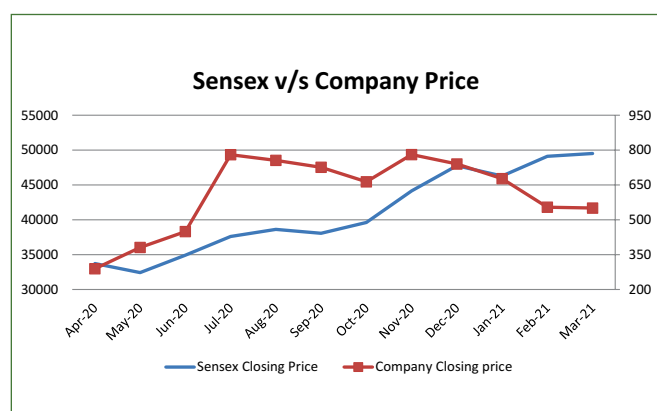
**f) Market Price data**

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



(in ₹)

Financial Year 2020-21	NSE				BSE			
	Share Price		NIFTY		Share Price		BSE SENSEX	
	High	Low	High	Low	High	Low	High	Low
Apr-20	322	184	9889	8056	322	175	33887	27501
May-20	410	271	9599	8807	410	274	32845	29968
Jun-20	486	304	10553	9544	487	306	35707	32906
Jul-20	834	444	11341	10300	833	444	38617	34927
Aug-20	899	726	11794	10882	898	726	40010	36911
Sep-20	860	703	11618	10790	860	702	39360	36496
Oct-20	789	617	12025	11347	789	646	41048	38410
Nov-20	785	645	13146	11557	785	645	44825	39335
Dec-20	807	670	14025	12963	807	670	47897	44118
Jan-21	765	674	14754	13597	765	674	50184	46160
Feb-21	738	522	15432	13662	739	516	52517	46434
Mar-21	714	546	15336	14264	714	546	51822	48236



#### g) Registrar and Share Transfer Agents

Alankit Assignments Limited,  
 (Unit: IOL Chemicals and Pharmaceuticals Limited)  
 "Alankit Heights", 4E/2,  
 Jhandewalan Extension, New Delhi-110 055  
 Phone : +91-11-23541234, 42541234  
 Fax : +91-11-42541967  
 E mail : rta@alankit.com

#### h) Share Transfer System

All share transfers, physical as well as electronic, are handled by M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the Company at Alankit House, 4E/2, Jhandewalan Extension, New Delhi – 110 055.

#### i) Distribution of Shareholding

The Distribution Schedule of the Company as on 31<sup>st</sup> March 2021 is as follow:

Shareholding of Nominal value in ₹	Shareholders		Shares	
	Number	%age of total holders	Number	%age of total capital
Upto 500	104,462	95.76	65,70,542	11.19
501 to 1000	2,463	2.26	18,93,169	3.22
1001 to 2000	1,112	1.02	16,44,052	2.80
2001 to 3000	342	0.31	8,63,779	1.47
3001 to 4000	165	0.15	5,88,399	1.00
4001 to 5000	106	0.10	4,87,051	0.83
5001 to 10000	235	0.22	16,82,106	2.87
10001 and Above	207	0.19	4,49,76,404	76.61
<b>Total</b>	<b>1,09,092</b>	<b>100.00</b>	<b>5,87,05,502</b>	<b>100.00</b>

**j) Shareholding Pattern:**

The shareholding pattern of the Company as on 31<sup>st</sup> March 2021 is as follow:

Category	As on 31 <sup>st</sup> March 2021			As on 31 <sup>st</sup> March 2020		
	Shareholders	Shares	%age	Shareholders	Shares	%age
<b>Promoter</b>						
Indians	8	2,56,48,998	43.69	8	2,38,30,998	41.89
Foreign	-	-	-	-	-	-
<b>Sub – total</b>	<b>8</b>	<b>2,56,48,998</b>	<b>43.69</b>	<b>8</b>	<b>2,38,30,998</b>	<b>41.89</b>
<b>Non-Promoters</b>						
Financial Institutions/ Mutual Funds	9	33,299	0.06	6	1,45,157	0.26
Foreign Portfolio Investors	85	34,99,189	5.96	22	14,87,026	2.61
NBFCs registered with RBI	2	5,823	0.01	1	1,100	0.01
Bodies Corporate	332	1,13,57,007	19.35	292	1,45,67,683	25.61
Individuals	1,05,465	1,60,29,291	27.31	34864	1,47,92,836	26.00
HUF	1,479	6,23,111	1.06	822	8,27,405	1.45
NRI	1,483	7,94,053	1.35	554	8,81,960	1.55
Clearing Members	172	5,36,527	0.91	176	3,17,473	0.56
Employees	54	23,522	0.04	33	35,864	0.06
Foreign Nationals	1	400	0.00	-	-	-
Trust	2	1,54,282	0.26	-	-	-
<b>Sub –total</b>	<b>1,09,084</b>	<b>3,30,56,504</b>	<b>56.31</b>	<b>36,770</b>	<b>3,30,56,504</b>	<b>58.11</b>
<b>Total</b>	<b>1,09,092</b>	<b>5,87,05,502</b>	<b>100</b>	<b>36,778</b>	<b>5,68,87,502</b>	<b>100</b>

**k) Dematerialisation of Shares and Transfer of Shares:**

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

Shares held in demat and physical mode as on 31<sup>st</sup> March 2021 are as follow:

Particulars of shares	Equity shares of Rs. 10/- each		Members	
	Number	% of Total	Number	% of Total
Demat mode	5,81,59,460	99.07 %	1,05,205	96.44
Physical mode	5,46,042	0.93 %	3,887	3.56
Total	5,87,05,502	100 %	1,09,092	100.00

The Company has appointed Alankit Assignment Limited as Registrar and Share Transfer Agents. No case is pending for transfer as well as dematerialization of shares as on 31<sup>st</sup> March 2021. The ISIN No. of the Company is **INE485C01011**

**l) Outstanding GDR/ ADR/ Warrants/ Convertible Instrument**

The Company has no outstanding GDR/ADR/Warrants/Convertible Instrument. The Company has allotted 25,00,000 warrants to a promoters at Rs. 205/- each on 30<sup>th</sup> March 2019 out of which promoter has already exercised the option to convert 6,82,000 warrants to 6,82,000 equity shares of Rs. 10/- each at a premium Rs. 195/- per share on 30<sup>th</sup> March 2019 and for remaining 18,18,000 warrants, promoter has exercised the option to convert 18,18,000 warrants to 18,18,000 equity shares of Rs. 10/- each at a premium Rs. 195/- per share in June 2020.

**m) Foreign exchange risk and hedging activities**

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

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

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

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

**n) Credit rating**

Credit rating by CARE Ratings Limited vide letter 7<sup>th</sup> July 2020 for banking facilities availed by the company, as per details given below:

Facilities	Amount (Rs. Crore)	Existing Rating	Revised Rating
Long Term Bank Facilities (Fund Based Working Capital)	140	A-; Stable (Single A Minus; Outlook: Stable)	CARE A; Stable (Single A; Outlook: Stable)
Short Term Bank Facilities (Non-fund-based Working Capital)	210	CARE A2+ (Single A Two Plus)	CARE A1 (A One)
Long Term Bank Facilities – Term Loan	-	CARE A-; Stable (Single A Minus; Outlook Stable)	*Withdrawn

**\*CARE has withdrawn the rating assigned to the Long term Loan facility as the Company has re-paid the Term Loan in full and there is no outstanding under the said loan as on date.**

**o) Plant Location**

Village & Post Office - Handiaya, Fatehgarh Chhanna Road, Tehsil & District - Barnala- 148107 Punjab.

Phone : +91-1679-285285-86

Fax : +91-1679-285292

**p) Address for Correspondence**

For general correspondence:

Mr. Abhay Raj Singh

Assistant Vice President and Company Secretary

IOL Chemicals and Pharmaceuticals Limited

85, Industrial Area 'A', Ludhiana - 141 003.

Phone : +91-161-2225531-35

Fax : +91-161-2608784

E-mail : investor@iolcp.com,

For share transfer/ dematerialisation/ change of address etc.

Alankit Assignments Limited,

(Unit: IOL Chemicals and Pharmaceuticals Limited)

"Alankit House",

4E/2, Jhandewalan Extension, New Delhi - 110055

Phone : +91-11-23541234, 42541234

Fax : +91-11-42541967

E mail : rta@alankit.com

**11. Disclosures**

**a) Related Party Transactions**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors or promoters of the Company at large except details of transactions annexed to the Balance Sheet. Transactions entered into with related parties during the financial year 2020-21 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. There is no related party transaction that may have potential conflict with the interests of the Company. All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and interested directors neither participate in the discussion nor do they vote on such matters.

The Company has policy on dealing with material related party transactions which is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

**b) Compliance made by the Company**

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

or any other authority on any matter related to capital market during the last three years.

**c) Vigil Mechanism**

The Company has whistle blower policy which acts as vigil mechanism and provides an opportunity to employees to access in good faith, to Audit and Risk Management Committee, in case they observe unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees. It is affirmed that no personnel has been denied access to Audit and Risk Management Committee during the year. The whistle blower policy is available on the website of the Company at [www.iolcp.com](http://www.iolcp.com).

**d) Compliance with mandatory requirements**

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

**i) Code of Conduct for Directors and Senior Management**

The "Code of Conduct for Directors and Senior Management" has been adopted by the Company for its board members and senior management of the Company. Code of Conduct is available on the website of the Company [www.iolcp.com](http://www.iolcp.com). All board members and senior management personnel affirmed the compliance with the said code. A certificate signed by Managing Director as required under Regulation 34 (3) of SEBI (LODR) Regulations affirming compliance of said code is given in this Annual Report.

**ii) Management Discussion and Analysis Report**

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

**iii) Selection of Independent Directors**

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

considers the Committee's recommendation, and takes appropriate decision.

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

The terms and conditions of appointment of independent directors is available on the company's website [www.iolcp.com](http://www.iolcp.com).

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

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

#### iv) Familiarisation Programme for Independent Directors

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the company's procedures and practices. Periodic presentations are made at the meeting of the board/ committee on business and performance updates of the company, global business environment, business strategy and risks involved. Detailed presentations on the company's business segments were made at the separate meetings of the independent directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the

directors. Site visits to various plant locations are organized for the directors to enable them to understand the operations of the company. The details of such familiarization programs for independent directors are posted on the website of the company at [www.iolcp.com](http://www.iolcp.com).

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

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

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

The skills/expertise/knowledge areas of the Directors are given below:

Skill/expertise/ knowledge Area	Rajender Mohan Malla	Varinder Gupta	Vikas Gupta	Kushal Kumar Rana	Harpal Singh	Sandhya Mehta
Strategy and planning	Y	Y	Y	Y	Y	Y
Governance, Risk and Compliance	Y	Y	Y	Y	Y	Y
Financial Performance	Y	Y	Y		Y	
Commercial Experience		Y	Y	Y		
International		Y	Y		Y	
Product skills		Y	Y	Y		

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

**vi) Board Evaluation**

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

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

**vii) Holding and Subsidiary Companies**

The Company does not have any holding or subsidiary company.

**viii) Detail of utilization of fund raised through preferential allotment**

During the year promoter has exercised the option to convert 18,18,000 warrants to 18,18,000 equity shares of Rs. 10/- each at a premium Rs. 195/- per share in June 2020. The Company has raised application money Rs. 9,31,72,500 i.e. 25% of issue price at the time of allotment of warrant and for the remaining amount Rs. 27,95,17,500 being 75% of Issue Price of 18,18,000 Warrants at the time of conversion of warrants into equity shares during the year. The Company has utilized the fund to meet capital expenditure and working capital requirements arising out of increased volume of business of the company and to enhance its long term resources.

**ix) Total fees paid to statutory auditor**

The Company has paid ₹31.97 lakh to the statutory auditors for all services. The detail of the same is given in Note no. 46 of Notes forming part of financial statements. The company has no subsidiary company.

**x) Sexual Harassment of women at workplace**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year 2020-21 are as under:

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

**xi) Unclaimed/Unpaid amount of dividend transferred to IEPF**

During the year Company has not transferred any amount to Investor Education and Protection Fund.

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

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

**13. CEO and CFO Certificate**

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

**14. Auditor's Certificate on Compliance**

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

**15. Certificate from Company Secretary in practice**

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

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

I, Varinder Gupta, Managing Director of the Company, pursuant to Regulation 34(3) read with Paragraph D of Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, hereby declare that all the Board members and Senior Management personnel of the Company have affirmed compliance with the Company's Code of Conduct for Board of Directors and Senior Management for the financial year ended 31<sup>st</sup> March 2021.

Place: Ludhiana  
Date: 04<sup>th</sup> June 2021

Sd/-  
Varinder Gupta  
Managing Director  
DIN:00044068

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

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

1. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2021 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit & Risk Management Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
4. We have indicated to the Auditors and the Audit & Risk Management Committee
  - a) significant changes in internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees who have a significant role in the Company's internal control system over financial reporting.

Place: Ludhiana  
Date: 04<sup>th</sup> June 2021

Sd/-  
Pardeep Kumar Khanna  
Chief Financial Officer

Sd/-  
Sanjay Chaturvedi  
Chief Executive Officer

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of IOL Chemicals and Pharmaceuticals Limited,

1. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### Managements' Responsibility

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

### Auditor's Responsibility

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

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31<sup>st</sup> March 2021.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Ashwani and Associates  
Chartered Accountants  
Firm's Registration No.000497N

Place : Ludhiana  
Date : 4<sup>th</sup> June 2021

Sd/-  
Arvind Jain  
Partner  
M. No. 097549  
UDIN: 21097549AAAABQ1638



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## **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

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

For B.K. Gupta & Associates  
Company Secretaries

Sd/-  
Bhupesh Gupta  
FCS No.: 4590  
C P No.: 5708  
UDIN: F004590C000419422

Place : Ludhiana  
Date : 4<sup>th</sup> June 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of IOL Chemicals and Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Revenue recognition:</b></p> <p>Refer note 2(i)(v) and note 26 of the financial statements. The Company's sales revenue mainly arose from sale of Bulk Drugs and Chemical products. The Company recognizes sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Company to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the customers has occurred before the balance sheet date or otherwise, we consider the risk of revenue from sale of goods being recognised in the incorrect period, a key audit matter.</p>	<p><b>Principal Audit Procedures:</b></p> <p>We evaluated the design of internal controls over recognition of revenue in the appropriate period in accordance with the Company's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to determination of point in time at which the transfer of control of the goods occurs.</p> <p>We tested the relevant information technology systems used in recording revenue including company's system generated reports, based on which selection of samples was undertaken.</p> <p>On sample basis, we performed test of details of sales recorded close to the year-end through following procedures:</p> <ol style="list-style-type: none"> <li>Analysed the terms and conditions of the underlying contract with the customer, and</li> <li>Verified evidence for transfer of control of the goods prior to the balance sheet date or otherwise from relevant supporting documents.</li> </ol>

2.	<p><b>Allowance for Credit Losses:</b></p> <p>The Company determines the allowance for credit losses on the following basis: -</p> <ol style="list-style-type: none"> <li>a) Historical loss experience, which is adjusted to reflect current and estimated future economic conditions.</li> <li>b) Consideration of Current and anticipated future economic conditions relating to the industries the Company deals with and the countries in which its suppliers and customers are situated.</li> <li>c) Consideration of credit reports and other related credit information for its customers to estimate the probability of default in future.</li> <li>d) For the current year, estimates of possible effect from the pandemic relating to COVID-19.</li> </ol> <p>We identified allowance for credit losses as a key audit matter because of possible effects of COVID-19 pandemic. <i>(Refer Note 2(i)(XX), 2(iii) and Note 9 of the Financial Statements.)</i></p>	<p><b>Principal Audit Procedures:</b></p> <p>Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others:</p> <p>We tested the effectiveness of controls over the :-</p> <ol style="list-style-type: none"> <li>(a) Development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions.</li> <li>(b) Completeness and accuracy of information used in the estimation of probability of default and (c) computation of the allowance for credit losses.</li> </ol> <p>For a sample of customers:</p> <p>We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information.</p> <p>We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</p>
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### Other Information

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

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

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

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in

accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial statements, including the disclosures, and whether the Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure-B"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

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

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

sd/-  
**Arvind Jain**  
Partner

Place: Ludhiana  
Dated: 4<sup>th</sup> June, 2021

Membership No.: 097549  
UDIN: 21097549AAAABP2059

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

1. In respect of Fixed Assets:
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The Company has a regular program of physical verification of the fixed assets at reasonable intervals. In accordance with this program, certain fixed assets were verified during the year, and, no material discrepancies were noticed on such verification.
  - c) The Company has all the original title deeds of immovable properties in its own name.
2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, and, the discrepancies noticed on physical verification of inventory were not material.
3. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us, during the year, the Company has not given any loans, purchased any investment, given any guarantees and any security as provided under sections 185 and 186 of the Act. Therefore, the provisions of clause 3(iv) is not applicable to the Company.
5. The Company has not accepted any deposits from the Public. Therefore, the provisions of Clause 3(v) of the order is not applicable to the Company.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing

the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, sales tax, service tax, excise duty, customs duty, value added tax, cess and other material statutory dues with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, cess, goods and services tax, sales tax, service tax, value added tax, customs duty and excise duty which have not been deposited on account of a dispute except the following:

Sr. No	Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which amount relates (A.Y.)	Forum where dispute is pending
1.	Income-Tax Act, 1961	Income Tax	40,250/-	2018-19	CIT-(Appeals), National Faceless Appeal Centre

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, government, Bank or dues to debenture holders.
9. In our opinion, and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (Including Debt instruments). No new term loans have been raised by the Company during the year.
10. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have, neither, come across any instance of fraud by the Company, or, any fraud on the company by its officers or employees, noticed or reported during the year, nor, have we been informed of such case by the management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company. Therefore, the provision of clause 3(xii) is not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 the Act. The details of such related party transactions have been disclosed in the financial statements as required by Ind AS-24 'Related Party Disclosures'.
14. During the year, the Company has made a preferential allotment of 18,18,000 equity shares at a price of ₹ 205/- per share to a Company. The said equity shares have been allotted on the conversion of equivalent number of shares warrants earlier issued to the said Company during FY 2018-19. The Company has complied with requirements of Section 42 of Act with respect to such preferential allotment and the amounts so raised have been used for the purposes for which the funds were raised.
15. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with them.
16. In our opinion, and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

sd/-  
**Arvind Jain**  
Partner

Place: Ludhiana  
Dated: 4<sup>th</sup> June, 2021

Membership No.: 097549  
UDIN: 21097549AAAABP2059

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of IOL Chemicals and Pharmaceuticals Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Limitations of Internal Financial Controls Over Financial Reporting

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



## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

sd/-

**Arvind Jain**

Partner

Place: Ludhiana

Dated: 4<sup>th</sup> June, 2021

Membership No.: 097549

UDIN: 21097549AAAABP2059

# Balance Sheet

as at 31 March, 2021

(in ₹ crore)

Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	3.1	509.75	465.41
(b) Capital work-in-progress	3.3	48.27	19.19
(c) Intangible assets	3.2	0.21	0.35
(d) Right of use assets	4	2.40	3.28
(e) Financial assets			
i. Other financial assets	5	22.13	5.97
(f) Other non-current assets	6	5.04	4.79
<b>Total non-current assets</b>		<b>587.80</b>	<b>498.99</b>
<b>2. Current assets</b>			
(a) Inventories	7	295.15	187.52
(b) Financial assets			
(i) Investments	8	1.22	0.05
(ii) Trade receivables	9	300.31	272.42
(iii) Cash and cash equivalents	10	32.34	28.09
(iv) Bank balances other than (iii) above	11	332.40	126.56
(v) Other financial assets	12	33.45	21.05
(c) Other current assets	13	27.42	35.11
<b>Total current assets</b>		<b>1,022.29</b>	<b>670.80</b>
<b>TOTAL ASSETS</b>		<b>1,610.09</b>	<b>1,169.79</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	58.71	56.89
(b) Other equity	15	1,201.72	756.65
<b>Total equity</b>		<b>1,260.43</b>	<b>813.54</b>
<b>Liabilities</b>			
<b>1. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	-	-
(ii) Lease liabilities	17	1.83	2.73
(b) Provisions	18	3.68	3.85
(c) Deferred tax liabilities (net)	33	53.22	72.64
(d) Other non-current liabilities	19	0.38	0.51
<b>Total non-current liabilities</b>		<b>59.11</b>	<b>79.73</b>
<b>2. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	-	55.92
(ii) Trade payables	21		
(A) Total outstanding dues of micro enterprises and small enterprises		11.73	6.86
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		227.10	173.52
(iii) Lease liabilities	17	0.90	0.77
(iv) Other financial liabilities	22	32.86	29.70
(b) Other current liabilities	23	7.24	3.99
(c) Provisions	24	6.06	4.40
(d) Current income tax liabilities (net)	25	4.66	1.36
<b>Total current liabilities</b>		<b>290.55</b>	<b>276.52</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,610.09</b>	<b>1,169.79</b>
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

For Ashwani &amp; Associates

Chartered Accountants

Firm Registration Number: 000497N

sd/-

Arvind Jain

Partner

M.No. 097549

Place: Ludhiana

Date: 4<sup>th</sup> June 2021

sd/-

Abhay Raj Singh

AVP &amp; Company Secretary

For and on behalf of the Board of Directors

sd/-

Varinder Gupta

Managing Director

DIN-00044068

sd/-

Pardeep Kumar Khanna

Chief Financial Officer

sd/-

Vikas Gupta

Executive Director

DIN-07198109

sd/-

Sanjay Chaturvedi

Chief Executive Officer

# Statement of Profit and Loss as at 31 March, 2021

(in ₹ crore)

Particulars	Note No.	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Income:</b>			
<b>I</b> Revenue from operations	26	1,966.98	1,894.47
<b>II</b> Other income	27	24.30	16.02
<b>III Total income (I+II)</b>		<b>1,991.28</b>	<b>1,910.49</b>
<b>IV Expenses</b>			
Cost of materials consumed	28	1,119.95	1,044.05
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods and work in progress	29	(17.11)	20.96
Employee benefits expense	30	115.55	97.20
Finance cost	31	5.83	20.93
Depreciation and amortization expense	3	38.92	35.73
Other expenses	32	156.75	158.38
<b>Total expenses (IV)</b>		<b>1,419.89</b>	<b>1,377.25</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		571.39	533.24
<b>VI Exceptional items</b>		-	-
<b>VII Profit before tax (V-VI)</b>		571.39	533.24
<b>VIII Tax expense:</b>			
Current tax		145.55	170.90
Deferred tax		(18.72)	1.05
<b>Total tax expense (VIII)</b>	33	<b>126.83</b>	<b>171.95</b>
<b>IX Profit for the period (VII-VIII)</b>		444.56	361.29
<b>X Other Comprehensive Income / (loss)</b>			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurement gain/(loss) of defined benefit obligation		(2.18)	(2.21)
(ii) Income tax relating to items that will not be reclassified to profit or loss	33	0.55	0.77
B. Items that will be reclassified to profit or loss			
(i) Net movement in effective portion of cash flow hedge reserve		(0.66)	(0.12)
(ii) Income tax relating to items that will be reclassified to profit or loss	33	0.15	0.04
<b>Total other comprehensive income/(loss) for the year, net of tax (X)</b>		<b>(2.14)</b>	<b>(1.52)</b>
<b>XI Total Comprehensive Income for the period (IX+X)</b>		<b>442.42</b>	<b>359.77</b>
<b>XII Earnings per equity share of ₹10/- each</b>	34		
- Basic ₹		76.21	63.51
- Diluted ₹		76.21	63.38
Weighted average equity shares used in computing earnings per equity share			
- Basic		5,83,30,472	5,68,87,502
- Diluted		5,83,30,472	5,70,08,145
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

**For Ashwani & Associates**

Chartered Accountants

Firm Registration Number: 000497N

sd/-

**Arvind Jain**

Partner

M.No. 097549

Place: Ludhiana

Date: 4<sup>th</sup> June 2021

sd/-

**Abhay Raj Singh**

AVP & Company Secretary

**For and on behalf of the Board of Directors**

sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer

sd/-

**Vikas Gupta**

Executive Director

DIN-07198109

sd/-

**Sanjay Chaturvedi**

Chief Executive Officer

## Statement of Changes in Equity for the year ended 31 March, 2021

(in ₹ crore)

Particulars	Equity share capital	Other equity					Total	
		Reserves and Surplus			Other comprehensive income			Monies received against Share warrants
		Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve		
Balance as at beginning of the current year 01/04/2020	56.89	10.76	190.27	550.23	(3.85)	(0.08)	9.32	<b>813.54</b>
Profit for the year transferred from statement of profit and loss				444.56				<b>444.56</b>
Dividend paid on equity shares				(23.48)				<b>(23.48)</b>
Remeasurement gain/(loss) of defined benefit obligation (net of income tax) (Refer note no.37)					(1.63)			<b>(1.63)</b>
Net movement in effective portion of cash flow hedge reserve (net of income tax) (Refer note no.42(i))						(0.51)		<b>(0.51)</b>
Issuance of equity share capital during the year	1.82		35.45					<b>37.27</b>
Received during the year							27.95	<b>27.95</b>
Converted into equity share capital							(37.27)	<b>(37.27)</b>
Balance as at the end of the current year 31/03/2021	58.71	10.76	225.72	971.31	(5.48)	(0.59)	-	<b>1,260.43</b>

## Statement of changes in Equity for the year ended 31 March, 2020

(in ₹ crore)

Particulars	Equity share capital	Other equity					Total	
		Reserves and Surplus			Other comprehensive income			Monies received against Share warrants
		Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve		
Balance as at beginning of the previous year 01/04/2019	56.89	10.76	190.27	209.51	(2.41)	-	9.32	<b>474.34</b>
Profit for the year transferred from statement of profit and loss				361.29				<b>361.29</b>
Dividend paid on equity shares including Dividend distribution tax				(20.57)				<b>(20.57)</b>
Remeasurement gain/(loss) of defined benefit obligation (net of income tax) (Refer note no.37)					(1.44)			<b>(1.44)</b>
Net movement in effective portion of cash flow hedge reserve (net of income tax) (Refer note no.42(i))						(0.08)		<b>(0.08)</b>
Balance as at the end of the previous year 31/03/2020	56.89	10.76	190.27	550.23	(3.85)	(0.08)	9.32	<b>813.54</b>

As per our report of even date attached  
**For Ashwani & Associates**  
 Chartered Accountants  
 Firm Registration Number: 000497N

**For and on behalf of the Board of Directors**

sd/-  
**Arvind Jain**  
 Partner  
 M.No. 097549

sd/-  
**Varinder Gupta**  
 Managing Director  
 DIN-00044068

sd/-  
**Vikas Gupta**  
 Executive Director  
 DIN-07198109

Place: Ludhiana  
 Date: 4<sup>th</sup> June 2021

sd/-  
**Abhay Raj Singh**  
 AVP & Company Secretary

sd/-  
**Pardeep Kumar Khanna**  
 Chief Financial Officer

sd/-  
**Sanjay Chaturvedi**  
 Chief Executive Officer

# Cash Flow Statement for the year ended 31-March-2021

(in ₹ crore)

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>571.39</b>	<b>533.24</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	38.92	35.73
Net (Gain)/Loss on sale of current investment	(0.01)	-
Unrealised foreign exchange (Gain)/Loss on foreign currency rate fluctuation	(1.74)	0.87
Net (Gain)/Loss on fair valuation of investments measured at fair value through profit or loss	-	0.01
Subsidy Income amortized	(0.07)	(0.07)
Interest income on financial assets carried at amortized cost net of rent amortized during the year	(0.07)	(0.06)
Unpaid Premium on Foreign exchange forward contracts	0.53	0.16
Liabilities no longer required written back	(0.44)	(0.45)
Net (Gain)/Loss on Property, plant and equipment sold	(0.05)	-
Loss on Property, plant and equipment discarded	0.15	-
Interest expense	5.83	20.93
Interest income	(15.90)	(5.19)
	27.15	51.93
<b>Operating profit before working capital changes</b>	<b>598.54</b>	<b>585.17</b>
Changes in working capital:		
Increase/(Decrease) in trade payables and other liabilities	60.61	51.80
Decrease/(Increase) in trade and other receivables	(29.50)	(50.36)
Decrease/(Increase) in inventories	(107.62)	1.34
	(76.51)	2.78
<b>Cash generated from operations</b>	<b>522.03</b>	<b>587.95</b>
Income tax paid (net)	(142.25)	(117.15)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>379.78</b>	<b>470.80</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment including intangible assets and Capital work in progress	(108.21)	(80.28)
Proceeds from sale of property, plant and equipment	0.78	0.60
Proceeds from sale of investments	0.06	-
Purchase of investment	(1.22)	-
Interest received	12.95	3.97
<b>Bank balances not considered as cash and cash equivalents:</b>		
Increase in deposit with banks, having original maturity more than three months	(220.07)	(102.67)
Increase in deposit with banks, in earmarked accounts to the extent held as margin money against borrowings and other commitments	(1.54)	(5.85)
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(317.25)</b>	<b>(184.23)</b>

Particulars	For the year ended 31-Mar-2021		For the year ended 31-Mar-2020	
<b>Cash flow from financing activities</b>				
Proceeds from issuance of share capital and warrants	27.95		-	
Repayment of non current borrowings	(0.07)		(216.81)	
Repayment of current borrowings	(55.92)		(11.79)	
Interest paid	(5.70)		(21.72)	
Lease rent payments	(1.06)		(1.00)	
"Dividend paid on Equity shares (including Dividend distribution tax in previous year)"	(23.48)		(20.57)	
<b>Net cash flow from/(used in) financing activities (C)</b>		<b>(58.28)</b>		<b>(271.89)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>4.25</b>		<b>14.68</b>
Cash and cash equivalents at the beginning of the year		28.09		13.41
<b>Cash and cash equivalents at the end of the year *</b>		<b>32.34</b>		<b>28.09</b>
* Comprises				
Balances with banks in current account		15.88		25.19
Balances with bank in deposit accounts with original maturity of three months or less		15.03		-
Cash on hand		1.43		2.90
		<b>32.34</b>		<b>28.09</b>
See accompanying notes to the financial statements				

As per our report of even date attached

**For Ashwani & Associates**

Chartered Accountants

Firm Registration Number: 000497N

sd/-

**Arvind Jain**

Partner

M.No. 097549

Place: Ludhiana

Date: 4<sup>th</sup> June 2021

sd/-

**Abhay Raj Singh**

AVP & Company Secretary

**For and on behalf of the Board of Directors**

sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer

sd/-

**Vikas Gupta**

Executive Director

DIN-07198109

sd/-

**Sanjay Chaturvedi**

Chief Executive Officer

# Notes Forming Part of Financial Statements

for the year ended 31 March, 2021

## Note 1: Corporate information

IOL Chemicals and Pharmaceuticals Limited ("the Company") (CIN: L24116PB1986PLC007030) is a public company domiciled in India and incorporated on 28<sup>th</sup> September, 1986 under the provisions of the Companies Act, 1956. The shares of the company are listed on two stock exchanges in India i.e. at National Stock Exchange of India Limited (NSE) and at BSE Limited (BSE). The company is engaged in the manufacturing and selling of Pharmaceutical and Chemical products. The company caters to both domestic and international market.

The registered office of the company is situated at Village & Post Office Handiaya, Fatehgarh Chhana Road, Barnala-148107, Punjab.

The financial statements are approved for issue by the Company's Board of Directors on June 4, 2021.

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

### I. Statement of compliance

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

### II. Basis of preparation of financial statements

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

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

### III. Functional and presentation currency

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

### IV. Use of estimates and judgements

The preparation of financial statements, in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and

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

## V. Revenue recognition from operations

### i) Revenue from sale of goods and services

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

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

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

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

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

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

**ii) Export incentives**

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

**VI. Other income**

**i) Dividend**

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

**ii) Interest**

Interest from customer

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

**Other interest**

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

**iii) Insurance and other claims**

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

**VII. Retirement and other employee benefits**

➤ **Defined contribution plans**

**Provident fund:**

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

➤ **Defined benefit plans**

**(i) Gratuity:**

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

Liability with regard to Gratuity Plan is determined by actuarial valuation, performed by an independent

actuary at each Balance sheet date using the project unit credit method.

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

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

**(ii) Compensated absences**

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

**VIII. Property, plant and equipment**

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

- a) Its purchase price net of recoverable taxes wherever applicable and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.
- b) Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow



## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

to the Company and the cost of the item can be measured reliably.

- c) Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if any, the obligation for which an entity incurs either where the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

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

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

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

### IX. Intangible assets

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

The estimated useful life of intangible assets is as follows:

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

### X. Inventories

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

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

### XI. Dividend to equity holders of the Company

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

### XII. Government grants

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

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

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

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### XIII. Borrowing costs

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

### XIV. Segment information

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

### XV. Leases

#### ➤ The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

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

incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

#### ➤ The company as a lessor

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

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

### XVI. Foreign currency transactions

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

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

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

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statements of profit and

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

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

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

### XVII. Accounting for taxes on income

Income tax expense comprises current income tax and deferred tax.

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

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

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

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

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

### XVIII. Earnings per share

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

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

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

### XIX. Financial instruments

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

#### i. Initial recognition and measurement

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

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

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

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

ii. **Subsequent measurement**

➤ **Non-derivative financial instruments**

1. **Financial assets carried at amortised cost**

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

2. **Financial assets at fair value through other comprehensive income**

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

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

3. **Financial assets at fair value through profit or loss**

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

4. **Financial liabilities**

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

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

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

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

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

➤ **Derivative financial instruments and hedge accounting**

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

Derivatives are initially accounted for and measured at fair value on the date the derivative contract is entered into and are subsequently remeasured to

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

their fair value at the end of each reporting period.

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

### When hedge accounting is applied:

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

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

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

## ➤ Equity share capital

### Equity shares

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

### De-recognition of financial instruments

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

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

### Fair value of financial instruments

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

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

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

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

**XX. Impairment of assets**

**i) Financial assets**

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

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

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

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

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

**XXI. Cash flow statement**

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

**XXII. Cash and cash equivalent**

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

**XXIII. Provisions and contingent liabilities**

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

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

Contingent liability is disclosed in the case of:

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

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

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

**XXIV. Current and non –current classification**

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

**Note 2 (ii): Critical accounting estimates**

*Useful lives of property, plant and equipment*

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence,

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

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

### *Recoverable amount of property, plant and equipment*

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

### *Post-retirement benefit plans*

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

### *Recognition of deferred tax assets*

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

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

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

### **Note 2 (iv) Recent accounting pronouncements:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

# Notes forming part of financial statements

for the year ended 31 March, 2021

## Note 3.1: Property, Plant and Equipment

(in ₹ crore)

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at 1-Apr-2020	Additions	Disposals	As at 31-Mar-2021	As at 1-Apr-2020	For the year *	Eliminated on disposal of assets	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020	
Freehold Land	27.55	14.80	(0.08)	42.27	-	-	-	-	42.27	27.55	
Buildings	74.82	12.87	-	87.69	9.11	3.13	-	12.24	75.45	65.71	
Plant and Machinery	478.15	54.47	(0.90)	531.72	112.94	33.28	(0.12)	146.10	385.62	365.21	
Furniture and Fixtures	2.03	0.34	-	2.37	0.64	0.21	-	0.85	1.52	1.39	
Vehicles	7.14	0.16	-	7.30	2.32	0.87	-	3.19	4.11	4.82	
Office Equipments	1.50	0.55	(0.30)	1.75	0.77	0.48	(0.28)	0.97	0.78	0.73	
<b>Total</b>	<b>591.19</b>	<b>83.19</b>	<b>(1.28)</b>	<b>673.10</b>	<b>125.78</b>	<b>37.97</b>	<b>(0.40)</b>	<b>163.35</b>	<b>509.75</b>	<b>465.41</b>	

## Note 3.2: Intangible assets

(in ₹ crore)

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at 1-Apr-2020	Additions	Disposals	As at 31-Mar-2021	As at 1-Apr-2020	For the year *	Eliminated on disposal of assets	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020	
Computer Softwares	0.76	-	-	0.76	0.48	0.10	-	0.58	0.18	0.28	
Technical Knowhow	0.55	-	-	0.55	0.48	0.04	-	0.52	0.03	0.07	
<b>Total</b>	<b>1.31</b>	<b>-</b>	<b>-</b>	<b>1.31</b>	<b>0.96</b>	<b>0.14</b>	<b>-</b>	<b>1.10</b>	<b>0.21</b>	<b>0.35</b>	

## Note 3.3: Capital work in progress

Particulars	As at 1-Apr-2020	Additions	Capitalised	As at 31-Mar-2021
<b>Capital work in progress</b>	<b>19.19</b>	<b>88.82</b>	<b>59.74</b>	<b>48.27</b>

* Depreciation for the current period	<b>38.11</b>
Less: Amount transferred from deferred revenue	<b>(0.07)</b>
Add: Depreciation on Right of use Assets (Refer note no.38)	<b>0.88</b>
Depreciation charged to statement of profit or loss	<b>38.92</b>

## Note 3.1: Property, Plant and Equipment

(in ₹ crore)

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	As at 1-Apr-2019	Additions	Disposals	As at 31-Mar-2020	As at 1-Apr-2019	For the year *	Eliminated on disposal of assets	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019	
Freehold Land	11.60	15.95	-	27.55	-	-	-	-	27.55	11.60	
Buildings	62.42	12.40	-	74.82	6.41	2.70	-	9.11	65.71	56.01	
Plant and Machinery	420.23	58.71	(0.79)	478.15	82.55	30.70	(0.31)	112.94	365.21	337.68	
Furniture and Fixtures	1.67	0.36	-	2.03	0.47	0.17	-	0.64	1.39	1.20	
Vehicles	5.72	1.56	(0.14)	7.14	1.53	0.82	(0.03)	2.32	4.82	4.19	
Office Equipments	0.97	0.57	(0.04)	1.50	0.51	0.29	(0.03)	0.77	0.73	0.46	
<b>Total</b>	<b>502.61</b>	<b>89.55</b>	<b>(0.97)</b>	<b>591.19</b>	<b>91.47</b>	<b>34.68</b>	<b>(0.37)</b>	<b>125.78</b>	<b>465.41</b>	<b>411.14</b>	



## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### Note 3.2: Intangible assets

(in ₹ crore)

Particulars	Gross Block			Depreciation and Amortisation				Net Block		
	As at 1-Apr-2019	Additions	Disposals	As at 31-Mar-2020	As at 1-Apr-2019	For the year *	Eliminated on disposal of assets	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
B. Intangible assets										
Computer Softwares	0.75	0.01	-	0.76	0.36	0.12	-	0.48	0.28	0.39
Technical Knowhow	0.55	-	-	0.55	0.36	0.12	-	0.48	0.07	0.19
<b>Total</b>	<b>1.30</b>	<b>0.01</b>	<b>-</b>	<b>1.31</b>	<b>0.72</b>	<b>0.24</b>	<b>-</b>	<b>0.96</b>	<b>0.35</b>	<b>0.58</b>

### Note 3.3: Capital work in progress

Particulars	As at 1-Apr-2019	Additions	Capitalised	As at 31-Mar-2020
<b>Capital work in progress</b>	<b>27.02</b>	<b>53.66</b>	<b>61.49</b>	<b>19.19</b>

* Depreciation for the year 2019-20	34.92
Less amount transferred from deferred revenue	(0.07)
Add: Depreciation on Right of use Assets (Refer note no.38)	0.88
Depreciation charged to statement of profit or loss	35.73

#### Notes:

No borrowing cost has been capitalized during the current and previous period.

### 4. Right of use assets

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Right of use assets (Refer note no.38)	3.28	4.16
Less: Depreciation on right of use asset	(0.88)	(0.88)
	<b>2.40</b>	<b>3.28</b>

### 5. Other financial assets - Non Current

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Security deposit (to related party) (refer note no.41)	0.74	0.67
Interest receivable	0.17	-
Fixed deposits account with original and remaining maturity of more than twelve months	19.68	-
<b>Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments</b>		
Fixed deposits account with original and remaining maturity of more than twelve months	1.54	5.30
	<b>22.13</b>	<b>5.97</b>

### 6. Other Non current assets

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>(Unsecured considered good)</b>		
Advances other than Property, plant and equipment	0.70	0.50
- Security deposit	0.16	0.16
- Lease hold land prepayments	0.40	0.35
- Prepaid expenses	3.78	3.78
<b>Balance and deposits with government department or others</b>	<b>5.04</b>	<b>4.79</b>

### 7. Inventories \*

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Raw materials and components (including ₹ 111.82 crore as at 31-Mar-2021 and ₹ 57.48 crore as at 31-Mar-2020 in transit and at port)	181.75	100.19
Work-in-progress	35.73	36.02
Finished Goods (including ₹ 23.54 crore as at 31-Mar-2021 and ₹ 25.83 crore as at 31-Mar-2020 in transit)	63.38	44.29
Stores and Spares	14.29	7.02
	<b>295.15</b>	<b>187.52</b>

\* Valued at cost or net realisable value, whichever is lower

Cost of inventory recognised as expense during the current period ₹ 1188.65 Crore (Previous year ₹ 1125.35 Crore)

**Notes Forming Part of Financial Statements for the year ended 31 March, 2021**
**8. Investments - Current**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
<b>Investment carried at fair value through Profit or loss (FVTPL)</b>		
Investment in mutual funds (unquoted)		
Nil (8264.176 as at 31-Mar-2020) units of ₹10/- each of PNB Principal Balanced Fund-Regular plan growth	-	0.05
88491.150 (Nil as at 31-Mar-2020) units of ₹10/- each of PNB Principal Balanced Advantage Fund- Regular plan growth	0.20	-
<b>Other investments (unquoted)</b>		
Investment in Master Portfolio Services Limited MPPL Irag Absolute Return Strategy	1.02	-
<b>Total</b>	<b>1.22</b>	<b>0.05</b>
Aggregate amount of quoted investments and market value of quoted investments	-	-
Aggregate amount of unquoted investments	1.22	0.05
<b>Aggregate amount of impairment in value of investment</b>	<b>-</b>	<b>-</b>

**9. Trade receivables**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
<b>(Unsecured considered good)</b>		
From related parties (refer note no.41)	13.95	13.29
Trade receivables considered good - Unsecured *	285.64	254.15
Trade receivables which have significant increase in Credit Risk	0.72	4.98
Trade receivables- credit impaired	0.12	0.12
Less: Allowances for expected credit loss and doubtful receivables	(0.12)	(0.12)
	<b>300.31</b>	<b>272.42</b>

\* Net of bill discounted from banks ₹ 0.47 crore (Previous year Nil)

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

No trade or other receivables are due by directors or other officers of the Group or any of them either severally or jointly with any other persons or by firms or private limited companies respectively in which any director is a partner or a director or a member except from M/s. Vivachem Intermediates Pvt. Ltd. amounting to ₹ 13.95 crore (Previous year ₹13.29 crore).

**10. Cash and cash equivalents**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Balances with banks		
- In current accounts	15.88	25.19
- In deposit accounts (having original maturity of three months or less)	15.03	-
Cash on hand	1.43	2.90
	<b>32.34</b>	<b>28.09</b>

**11 Other Bank Balances**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
<b>Balances with banks</b>		
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	121.30	100.69
Fixed deposits with original maturity of more than three months but less than twelve months	181.76	1.98
<b>Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments</b>		
Fixed deposits with original maturity of more than three months but less than twelve months	22.09	1.05
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	6.81	22.55
<b>Balances with banks in earmarked accounts to the extent of unpaid dividend</b>	0.44	0.29
	<b>332.40</b>	<b>126.56</b>

**12 Other Financial Assets - Current**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
<b>(Unsecured considered good)</b>		
Interest receivable	4.70	1.92
Other recoverable	5.48	3.06
Export incentives/ other receivables from Government Authorities	23.27	14.25
<b>Derivative instruments at fair value through OCI (FVTOCI)</b>		
Foreign exchange forward contracts		
- Cash flow hedges	-	1.82
	<b>33.45</b>	<b>21.05</b>

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### 13. Other Current Assets

(in ₹ crore)

Particulars	As at	
	31-Mar-2021	31-Mar-2020
<b>(Unsecured considered good unless otherwise stated)</b>		
Advances for Property, plant and equipment	11.39	5.63
Advances to vendors		
- to related party (refer note no.41)	1.63	11.67
- to others	4.70	10.41
Prepaid expenses	5.06	3.34
Loans and advances to employees	0.22	0.42
Balance and deposits with government department or others *	4.09	3.22
Security deposit	0.32	0.41
Lease hold land prepayments	0.01	0.01
	<b>27.42</b>	<b>35.11</b>

\* This includes an amount of ₹ 1 crore deposited by the company towards custom duty under protest as a part of ongoing enquiry by Custom Authorities.

No advances are due by directors or other officers of the Group or any of them either severally or jointly with any other persons or by firms or private limited companies respectively in which any director is a partner or a director or a member except M/s. NCVI Enterprises Limited amounting to ₹ 1.63 crore (Previous year ₹ 11.67 crore)

### 14. Equity share capital

in ₹ crore

Particulars	Equity share capital			
	31 March 2021		31 March 2020	
	Number	₹ Crore	Number	₹ Crore
<b>Authorised</b>				
Equity shares of ₹ 10/- each (par value)	8,00,00,000	80.00	8,00,00,000	80.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10/- each (par value)	5,87,05,502	58.71	5,68,87,502	56.89

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

in ₹ crore

Particulars	Equity share capital			
	31 March 2021		31 March 2020	
	Number	₹ Crore	Number	₹ Crore
<b>Issued, subscribed and paid-up equity shares</b>				
Shares and share capital outstanding at the beginning of the period	5,68,87,502	56.89	5,68,87,502	56.89
Shares and share capital issued during the period	18,18,000	1.82	-	-
Shares and share capital outstanding at the end of the period	5,87,05,502	58.71	5,68,87,502	56.89

#### b. Rights, preferences and restrictions attached to equity shares

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

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

The company has paid 40% (₹ 4 per equity share of ₹ 10/- each) interim dividend during the current year ended 31-Mar-2021 and 30% (₹ 3 per equity share of ₹ 10/- each) interim/final dividend during the previous year ended 31-Mar-2020.

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

Particulars	As at	
	31-Mar-2021	31-Mar-2020
Interim/final dividend	4.00	3.00

The Company has incurred a net cash outflow of ₹ 23.48 crore during the year ended 31-Mar-2021 (Previous year ₹20.57 crore inclusive of dividend distribution tax) on account of the interim/final dividend.

#### Rights attached to preference shares

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

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

Particulars	Equity share capital			
	31 March 2021		31 March 2020	
	Number of shares held	% share-holding	Number of shares held	% share-holding
Mayadevi Polycot Limited	1,00,06,323	17.04%	1,00,06,323	17.59%
NM Merchantiles Limited	50,75,571	8.65%	50,75,571	8.92%
Vasudeva Commercials Limited	46,63,859	7.94%	1,04,88,646	18.44%
NCG Enterprises Limited	32,84,393	5.59%	32,84,393	5.77%
Bhudeva Lifesciences Limited	28,73,714	4.90%	28,73,714	5.05%

**Notes Forming Part of Financial Statements** for the year ended 31 March, 2021

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

**15. Other Equity**

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>a. Capital reserve (Balance at the beginning and end of the year)</b>	<b>10.76</b>	<b>10.76</b>
<b>b. Securities premium account</b>		
Opening balance	190.27	190.27
Add: Securities premium on allotment of equity shares	35.45	-
Closing balance	<b>225.72</b>	<b>190.27</b>
<b>c. General reserve</b>		
Opening balance	-	-
Add: Transferred from surplus in statement of profit and loss	-	-
Closing balance	-	-
<b>d. Retained earnings</b>		
Opening balance	550.23	209.51
Add: Profit for the year	444.56	361.29
Less: Interim/final Dividend	(23.48)	(17.07)
Less: Dividend distribution tax	-	(3.50)
Closing balance	<b>971.31</b>	<b>550.23</b>
<b>e. Items of other comprehensive income:</b>		
<b>(i) Remeasurements of defined benefit obligation (Refer note no.37)</b>		
Opening balance	(3.85)	(2.41)
Add: Other comprehensive income/ (expense) net of tax impact	(1.63)	(1.44)
Closing balance	<b>(5.48)</b>	<b>(3.85)</b>
<b>(ii) Net movement in effective portion of cash flow hedge reserve {Refer note no.42(i)}</b>		
Opening balance	(0.08)	-
Add: Other comprehensive income/ (expense) net of tax impact	(0.51)	(0.08)
Closing balance	<b>(0.59)</b>	<b>(0.08)</b>
<b>f. Monies received against Share warrants</b>		
Opening balance	9.32	9.32
Add: Received during the year	27.95	-
Less: Converted into equity shares	(37.27)	-
Closing balance	-	9.32
<b>Total</b>	<b>1,201.72</b>	<b>756.65</b>

**Nature and purpose of reserve**

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

with previous GAAP.

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

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

**Other comprehensive income**

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

**Cash flow hedge reserve**

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

**Monies received against Share warrants**

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Nil (Previous Year 18,18,000) equity warrants, allotted on preferential basis, carrying an option to the holder of such warrants to subscribe to one equity share of ₹10/- each at a premium of ₹195/- per share for every warrant held, within 18 months from the date of allotment, i.e. from 30-Mar-2019	-	9.32

During the Financial year 2018-19 company has issued 25,00,000 warrants at a price on ₹205/- per warrant on preferential basis to M/s. NCVI Enterprises Limited, promoter company with an option to subscribe to an equity share of face value of ₹10/- at a price of ₹ 205/- per equity share including premium of ₹195/-per share for each warrant with in the period of eighteen months from the date of allotment of warrant i.e. from 30-Mar-2019

Out of 25,00,000 warrants, the company on 30-Mar-2019 has converted 6,82,000 warrants into equity share of face value of ₹10/- at a price of ₹ 205/- per equity share including premium of ₹195/-per share for each warrant. During the current FY 2020-21, the Company has allotted 18,18,000 Equity Shares to M/s NCVI Enterprises Limited on conversion of Equity share warrants.

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### 16. Borrowings - Non current

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Vehicle loans from banks - secured	-	0.07
Less: Current maturities	-	0.07
Total borrowings (non current)	-	-

#### A Details of security for other loans

Vehicle loans were secured by hypothecation of vehicles purchased against these loans.

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

in ₹ crore

Particulars	Principal balance outstanding as at 31-Mar-2021	Principal balance outstanding as at 31-Mar-2020	Total repayment period (years)		Number of instalments outstanding and Periodicity of repayment	
			Current year	Previous year	Current year	Previous year
Vehicle loans from banks	-	0.07	-	3	-	5 Monthly installments

\* Principal balance outstanding as stated above is inclusive of current maturities.

### 17. Lease liabilities

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Lease liabilities (Refer note no.38)	3.50	4.16
Interest expense on lease liabilities	0.29	0.34
Payment of lease liabilities	(1.06)	(1.00)
	2.73	3.50
<b>The break-up of current and non-current lease liabilities is as follows:</b>		
Current Lease liabilities	0.90	0.77
Non Current Lease liabilities	1.83	2.73

### 18. Provisions - Non current

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>Provision for employee benefits:</b>		
- Gratuity (Refer note no. 37)	2.01	2.05
- Compensated absences	1.67	1.80
	<b>3.68</b>	<b>3.85</b>

### 19. Other non current liabilities

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deferred capital grants related to Property, plant and equipment	0.38	0.51
	<b>0.38</b>	<b>0.51</b>

### 20. Borrowings - Current

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>Loan repayable on demand</b>		
- From Banks (secured)	-	55.92
	-	<b>55.92</b>

#### Details of security for Loan repayable on demand

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

#### Terms:

Working capital borrowings from banks are repayable on demand.

### 21. Trade Payable

(in ₹ crore)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Outstanding dues of micro enterprises and small enterprises (refer note no.47)	11.73	6.86
Outstanding dues of creditors other than micro enterprises and small enterprises	227.10	173.52
	<b>238.83</b>	<b>180.38</b>

**Notes Forming Part of Financial Statements for the year ended 31 March, 2021**
**22. Other financial liabilities - Current**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Current maturities of long term borrowings (secured) (refer note 16)	-	0.07
Interest accrued but not due on borrowings	-	0.16
Unpaid dividend: FY 2019-20	0.22	0.29
Unpaid dividend: FY 2020-21	0.22	-
Advances from customers	4.04	10.21
Payable to employees		
- to related parties (refer note no.41)	0.27	0.09
- to others	11.29	6.31
Other liabilities		
- to related parties (refer note no.41)	1.20	0.76
- to others	8.79	9.49
<b>Derivative instruments at fair value through OCI (FVTOCI)</b>		
Foreign exchange forward contracts		
- Cash flow hedges	0.45	-
(a)	26.48	27.38
Payable on purchase of Property, plant and equipment	(b) 6.38	2.32
<b>Total</b>	<b>(a+b) 32.86</b>	<b>29.70</b>

**23. Other current liabilities**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Statutory remittances*	3.29	3.51
Deferred capital grants related to Property, plant and equipment	0.13	0.13
Other payable	0.50	-
Corporate Social Responsibility (refer note no.48)	2.93	-
Security deposit	0.39	0.35
	<b>7.24</b>	<b>3.99</b>

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

**24 Current provisions**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Provision for employee benefits:		
- Gratuity (Refer note no.37)	5.05	3.71
- Compensated absences	1.01	0.69
	<b>6.06</b>	<b>4.40</b>

**25. Current income tax liabilities (net)**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Current tax (net of advance tax)	4.66	1.36
	<b>4.66</b>	<b>1.36</b>

**Gross movement in current tax liabilities/(assets)**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Net current tax liabilities/(assets) at the beginning of the year	1.36	4.47
Tax adjustments related to earlier years	0.37	1.10
Income tax payment of earlier years	(1.73)	(5.57)
Provision for current tax	145.18	172.90
Opening balance of MAT credit utilised	-	(56.87)
MAT credit of earlier years written back and utilised	-	(3.10)
Advance tax paid	(140.52)	(111.57)
Current tax liabilities/(assets)	<b>4.66</b>	<b>1.36</b>

**26. Revenue from operations**

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Sale of products	1,946.14	1,863.51
Other operating revenue		
(i) Export incentives	15.76	23.14
(ii) Miscellaneous sales	5.08	7.82
	1,966.98	1,894.47
Sale of traded goods	-	-
	<b>1,966.98</b>	<b>1,894.47</b>

**Disaggregated revenue information**

The table below presents disaggregated revenues from contracts with customers by sale of products for the year ended 31-Mar-2021 and 31-Mar-2020 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Details of sale of products</b>		
- Chemical	781.19	664.63
- Pharmaceutical	1,139.91	1,170.38
- Others	25.04	28.50
	<b>1,946.14</b>	<b>1,863.51</b>

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### 27. Other income

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Interest income (Gross)</b>		
- From bank deposits	15.90	5.19
TDS ₹ 1.20 crore (Previous year ₹ 0.52 crore)		
- On financial assets carried at amortized cost	0.07	0.06
<b>Other non operating income</b>		
Liabilities no longer required written back	0.44	0.45
Gain on sale of items of Property, Plant and Equipment (net)	0.05	-
Rent received	0.02	0.02
Gain on sale of investment	0.01	-
Return on investment	0.02	-
Net gain on foreign currency transaction and translation	6.91	9.22
Gain on fair value changes of financial assets measured at FVTPL	-	-
Amortisation of capital subsidy	0.07	0.07
Miscellaneous income	0.81	1.01
	<b>24.30</b>	<b>16.02</b>

### 28. Cost of material consumed

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Raw material consumed</b>		
Opening Stocks	100.19	84.01
Add: Purchases	1,201.51	1,060.23
Total	1,301.70	1,144.24
Less: Closing stocks	181.75	100.19
Consumption (refer detail below)	<b>1,119.95</b>	<b>1,044.05</b>
<b>Detail of material consumed</b>		
Acetic Acid	225.57	211.56
Iso Butyl Aceto Phenone (IBAP)	199.64	207.39
Specially Denatured Spirit	220.23	203.70
Toluene	39.14	42.67
Acetic Anhydride	47.45	43.85
Propylene Gas	39.63	33.68
Sodium Metal	49.57	48.98
Sodium Di Chromate	48.55	57.54
Others	250.17	194.68
	<b>1,119.95</b>	<b>1,044.05</b>

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

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Inventories at the beginning of the year		
Work-in-progress	36.02	29.35
Finished goods	44.29	65.21
	<b>(A)</b>	<b>94.56</b>
Change in inventory during trial run		
Work-in-progress	1.22	6.30
Finished goods	0.47	0.41
	<b>(B)</b>	<b>6.71</b>
Inventories at the end of the year		
Work-in-progress	35.73	36.02
Finished goods	63.38	44.29
	<b>(C)</b>	<b>80.31</b>
	<b>(A+B-C)</b>	<b>20.96</b>

### 30. Employee benefits expense

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Salaries and Wages	103.73	87.31
Contribution to provident and other funds	7.76	6.32
Staff welfare expenses	4.06	3.57
	<b>115.55</b>	<b>97.20</b>

### 31. Finance Cost

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Interest expense on:		
- Term loans and working capital	0.59	13.97
- other borrowings	0.06	1.70
Other borrowing costs	4.89	4.33
Processing charges amortized	-	0.59
Interest expense on Lease Liability	0.29	0.34
	<b>5.83</b>	<b>20.93</b>

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

32. Other expenses

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Power and Fuel	51.46	65.12
Consumption of stores and spares	21.33	19.64
Repairs and maintenance		
- Plant and Machinery	3.90	6.03
- Building	2.49	2.34
- Others	0.41	0.36
Rent	0.14	0.15
Insurance charges	3.73	2.24
Auditor's Remuneration (refer note no.46)	0.32	0.20
Rates and Taxes	0.29	0.27
Loss on Property, plant and equipment discarded	0.15	-
Loss on fair value changes of financial assets measured at FVTPL	-	0.01
Allowance for expected credit loss and doubtful receivables	-	0.01
Freight outward	41.15	37.94
Other Selling and distribution expenses	9.63	10.51
Expenditure on corporate social responsibility (refer note 48)	6.76	1.74
Miscellaneous expenses	14.99	11.82
	<b>156.75</b>	<b>158.38</b>

33. Current tax and deferred tax

(a) Income tax recognised in statement of profit and loss

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Current tax</b>		
In respect of current period	145.18	172.90
Tax adjustments related to earlier years	0.37	(2.00)
<b>Total (A)</b>	<b>145.55</b>	<b>170.90</b>
<b>Deferred tax</b>		
In respect of current period	(18.72)	1.05
<b>Total (B)</b>	<b>(18.72)</b>	<b>1.05</b>
<b>Total Income tax expense (A+B)</b>	<b>126.83</b>	<b>171.95</b>

(b) Income tax recognised in other Comprehensive income

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Deferred tax (assets)/liability</b>		
On remeasurement loss of defined benefit obligation	(0.55)	(0.77)
Net movement in effective portion of cash flow hedge reserve	(0.15)	(0.04)
<b>Total</b>	<b>(0.70)</b>	<b>(0.81)</b>

(c) Reconciliation of tax expense and the profit before tax multiplied by statutory tax rate

Particulars	(in ₹ crore)	
	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Profit before tax</b>	<b>571.39</b>	<b>533.24</b>
Income tax expense calculated at 25.1680% (Previous year 34.9440%)	143.80	186.34
Income tax for earlier years recognised in statement of profit and loss	0.37	(2.00)
Income tax impact of expenses not considered for tax purpose	(0.01)	0.29
Income tax impact of Income not considered for tax purposes	(0.03)	(0.03)
Income tax impact of expenses availed on payment basis	3.14	(0.61)
Income tax impact of allowances of permanent nature	1.81	(0.68)
Income tax impact of unabsorbed depreciation and c/f loss of earlier years	(0.81)	(6.99)
Income tax impact on changes in tax rates from 34.9440% to 25.1680%	(20.90)	-
Income tax savings on deductions under section 80JJAA and 80G (Previous year includes deduction under section 80 IA)	(0.54)	(4.37)
<b>Tax expense charged to statement of profit and loss at effective rate of 22.1987% (Previous Year 32.2466%)</b>	<b>126.83</b>	<b>171.95</b>

The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for taxation and remeasured its deferred tax liabilities basis the rate prescribed in the said Section



## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

and the resultant impact is recognised in the statement of Profit and Loss for the year. Pursuant to the exercise of this option, the company has reversed deferred tax liabilities amounting to ₹ 20.90 Crore due to reduction in corporate tax rate in the statement of Profit and Loss for the year. Therefore, income tax expense are not comparable with previous year.

### (d) Movement in deferred tax balances

(in ₹ crore)				
Particulars	As at 1-Apr-2020	Recognised in statement of Profit and loss	Recognised in OCI	As at 31-Mar-2021
<b>Deferred tax liabilities</b>				
Property, Plant and Equipment	77.40	(21.67)		55.73
Intangible assets	0.07	(0.04)		0.03
Fair valuation gain on investments	0.01	(0.01)		-
<b>Gross deferred tax liabilities (A)</b>	<b>77.48</b>	<b>(21.72)</b>	-	<b>55.76</b>
<b>Deferred tax assets</b>				
Gratuity	(4.07)	2.85	(0.55)	(1.77)
Leave encashment	(0.73)	0.18		(0.55)
Expected credit loss	-	(0.03)		(0.03)
Cash flow hedge	(0.04)		(0.15)	(0.19)
<b>Gross deferred tax assets (B)</b>	<b>(4.84)</b>	<b>3.00</b>	<b>(0.70)</b>	<b>(2.54)</b>
<b>Net Deferred tax (Asset)/Liabilities (A+B)</b>	<b>72.64</b>	<b>(18.72)</b>	<b>(0.70)</b>	<b>53.22</b>

(in ₹ crore)

Particulars	As at 1-Apr-2019	Recognised in Profit and loss	Recognised in OCI	As at 31-Mar-2020
<b>Deferred tax liabilities</b>				
Property, Plant and Equipment	75.27	2.13		77.40
Intangible assets	0.13	(0.06)		0.07
Fair valuation gain on investments	0.01	-		0.01
<b>Gross deferred tax liabilities (A)</b>	<b>75.41</b>	<b>2.07</b>	-	<b>77.48</b>
<b>Deferred tax assets</b>				
Gratuity	(2.62)	(0.68)	(0.77)	(4.07)
Leave encashment	(0.39)	(0.34)		(0.73)
Cash flow hedge	-		(0.04)	(0.04)
<b>Gross deferred tax assets (B)</b>	<b>(3.01)</b>	<b>(1.02)</b>	<b>(0.81)</b>	<b>(4.84)</b>
<b>Net Deferred tax (Asset)/Liabilities (A+B)</b>	<b>72.40</b>	<b>1.05</b>	<b>(0.81)</b>	<b>72.64</b>

### MAT credit entitlement

(in ₹ crore)

Particulars	As at 1-Apr-2019	Recognised in Profit and loss	Recognised in OCI	As at 31-Mar-2020
MAT credit entitlement (C)	56.87	3.10	(59.97)	-
<b>Deferred tax (Asset)/Liabilities net of MAT Credit entitlement (A+B-C)</b>	<b>15.53</b>			<b>72.64</b>

\* MAT Credit entitlement Nil (Previous year ₹ 3.10 crore) relating to earlier years previously written off has been written back on account of adequate profits.

### 34. Earning per share

The earning Per Share (EPS) as disclosed in the statement of profit and loss has been calculated as under:

(in ₹ crore)

Particulars		For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Total operations for the period			
Profit after tax attributable to equity shareholders (₹ crore)	A	444.56	361.29
Weighted average number of equity shares (number)	B	5,83,30,472	5,68,87,502
Weighted average number of equity shares in computing diluted earning per share (number)	C	5,83,30,472	5,70,08,145
Basic earnings per share (₹)	A/B	76.21	63.51
Diluted earnings per share (₹)	A/C	76.21	63.38
Face value per equity share(₹)		10.00	10.00

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Basic earnings per equity share – weighted average number of equity shares outstanding	5,83,30,472.00	5,68,87,502.00
Effect of dilutive common equivalent shares against share warrants outstanding	-	1,20,643.00
<b>Diluted earnings per equity share – weighted average number of equity shares and common equivalent shares outstanding</b>	<b>5,83,30,472.00</b>	<b>5,70,08,145.00</b>

**Notes Forming Part of Financial Statements** for the year ended 31 March, 2021

**35. Research and Development expenses**

(in ₹ crore)

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>Research and Development: Revenue expenses</b>		
Raw material consumption	0.04	0.14
Salaries & wages	5.29	4.67
Depreciation	1.07	0.87
Stores and spares	0.92	0.64
Cost of utilities	0.11	0.32
	<b>7.43</b>	<b>6.64</b>
<b>Research and Development: Capital expenses</b>		
Additions to fixed assets	4.86	0.80

The revenue expenses related to research and development is clubbed under respective account heads in profit and loss

**36. Contingent liabilities and commitments (to the extent not provided for)**

(in ₹ crore)

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
<b>A Contingent liabilities</b>		
i Claims not acknowledged as debts	0.48	0.48
ii Bank Guarantee issued in favour of others	0.04	0.04
	0.52	0.52
<b>B Commitments</b>		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	28.50	11.70
ii Export obligations under Advance Authorisation/Duty Free Import Authorisation #	43.46	37.73
	71.96	49.43

# Export obligations relates to duty saved on import of raw materials under the Advance Authorization Scheme. Under the scheme, the Company is committed to export prescribed times of the value of import of raw materials over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

During the year, the company has executed bonds for an aggregate amount of ₹ 18.87 crore (Previous Year ₹ 6.12 crore) in favour of The President of India under sub section (l) of the section 142 of the Custom Act 1962 for fulfilment of the obligation under the said Act.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably expects that these legal actions, when

ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

**37. Employee benefits**
**A Defined benefit plan: Gratuity**

The following table set out the funded status of the gratuity plan and the amount recognised in the company's financial statement as at 31-March-2021 and 31-March-2020.

**i) Changes in the present value of the obligation**

(in ₹ crore)

Particulars		Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Present value of obligation as at the beginning of the year		13.24	10.42
Interest cost		0.90	0.80
Current service cost		1.65	1.32
Benefits paid		(0.87)	(1.51)
Remeasurement - actuarial (gain) / loss		2.29	2.21
Present value of obligation as at the end of the year	A	17.21	13.24

**ii) Changes in the fair value of plan assets**

(in ₹ crore)

Particulars		Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Fair value of plan assets as at the beginning of the year		7.48	6.59
Actual return on plan assets		0.62	0.51
Contributions		2.69	2.03
Charges deducted		(0.40)	(0.15)
Benefits paid		(0.23)	(1.50)
Fair value of plan assets as at the end of the year	B	10.16	7.48
Unfunded Status	(A-B)	7.05	5.76

**iii) Amount recognised in the Balance Sheet**

(in ₹ crore)

Particulars		Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Present value of the defined benefit obligation as at the end of the year		17.21	13.24
Fair value of plan assets as at the end of the year		10.16	7.48
Net asset/(liability) recognised in the Balance Sheet		(7.05)	(5.76)

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### iv) Expense recognised in the statement of profit and loss

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Current service cost	1.65	1.32
Net interest cost	0.39	0.29
Expense recognised in the statement of profit and loss	2.04	1.61

### v) Re-measurement of the net defined benefit liability / (asset)

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Actuarial (gain)/loss for the year on projected benefit obligation (PBO)	2.29	2.21
Actuarial (gain)/loss for the year on plan assets	(0.11)	-
Total Actuarial (gain)/loss at the end of the year	2.18	2.21

### vi) Bifurcation of actuarial (gain) / loss

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Actuarial (Gain) / loss on arising from change in demographic assumption	-	-
Actuarial (Gain) / loss on arising from change in financial assumption	-	0.44
Actuarial (Gain) / loss on arising from change in experience assumption	2.29	1.78
	2.29	2.22

### vii) The major categories of plan assets as a percentage of the fair value of total plan assets

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Investment with the insurer	100%	100%

The plan assets are maintained with Life Insurance Corporation of India (LIC). The detail of investments maintained by LIC have not been furnished to the Company. The same have therefore not been disclosed.

### viii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average)

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Discount rate (per annum)	6.80%	6.80%
Rate of increase in compensation levels (per annum)	5.50%	5.50%
Average remaining working lives of employees (years)	27.51	27.15
Method used	Projected unit credit	Projected unit credit

The assumptions and methodology used in actuarial valuation are consistent with the requirements of Ind AS 19

### ix) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### x) Sensitivity analysis of the defined benefit obligation

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
a) Impact of change in discount rate		
Present value of obligation at the end of the period	17.21	13.24
1. Impact due to increase of 0.50%	(0.73)	(0.81)
2. Impact due to decrease of 0.50%	0.80	0.73
b) Impact of change in salary increase		
Present value of obligation at the end of the period	17.21	13.24
1. Impact due to increase of 0.50%	0.81	0.75
2. Impact due to decrease of 0.50%	(0.75)	(0.84)

As per Actuarial certificate, sensitivities due to mortality and withdrawals are insignificant and hence impact of change has not been calculated.

### xi) Maturity profile of defined benefit obligation

(in ₹ crore)

Particulars	Gratuity (Funded) 31-Mar-2021
Year ending	
a) Mar-2021 to Mar-2022	5.05
b) Mar-2022 to Mar-2023	0.51
c) Mar-2023 to Mar-2024	0.54
d) Mar-2024 to Mar-2025	0.44
e) Mar-2025 to Mar-2026	0.45
f) Mar-2026 to Mar-2027	0.36
g) Mar-2027 onwards	9.87

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

**xii) Actuarial risks exposures**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- a) Salary increases - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- b) Investment risk - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- c) Discount rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.
- d) Mortality and disability - Actual death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- e) Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact Plan's liability.

**xiii) The company expects to contribute ₹ 2.31 crore to the gratuity trust during the year 2021-22.**

**xiv) Bifurcation of Projected Benefit Obligation (PBO) at the end of the year in current and non-current.**

Particulars	(in ₹ crore)	
	Gratuity (Funded) 31-Mar-2021	Gratuity (Funded) 31-Mar-2020
Current liability (amount due within one year)	5.05	3.71
Non-current liability (amount due over one year)	12.16	9.53
Total PBO at the end of year	17.21	13.24

**B Contribution to Provident Fund**

The company has recognized an expense of ₹ 5.70 crore (Previous year ₹ 4.71 crore) in respect of contribution to Provident Fund.

**38. Disclosures as required by Indian Accounting Standard (Ind AS) 116 Leases**

**Company as a Lessee**

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, etc.). These leasing arrangements, which are non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company has adopted Ind AS 116 'Leases' effective 01-April-2019 (transition date), and applied the standard to its Leases using the modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. This has resulted in recognizing a Right-of-use assets and corresponding Lease Liability of ₹4.16 Crore and its application did not have any material impact on the financial results of the Company. Consequently, there has been no adjustment to the opening balance of retained earnings as on 01-April-2019. In the statement of profit and loss for the year ended 31-March-2020, the nature of expenses in respect of operating leases has changed from rent to depreciation cost for the right-of-use assets and finance cost for interest on lease liability.

**The changes in the carrying value of ROU assets for the year are as follows:**

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Category of ROU Assets	Buildings	Buildings
Balance at the beginning	3.28	-
Reclassified on account of adoption of Ind AS 116	-	4.16
Additions	-	-
Deletions	-	-
Depreciation	(0.88)	(0.88)
Balance at the end	2.40	3.28

The aggregate depreciation expense on Right of use assets (ROU) is included under depreciation and amortization expense in the Statement of Profit and Loss.

The movement in lease liabilities during the year are as follows:

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning	3.50	-
Additions	-	4.16
Finance cost accrued during the year	0.29	0.34
Deletions	-	-
Payment of lease liabilities	(1.06)	(1.00)
Balance at the end	2.73	3.50

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

The details of the contractual maturities of lease liabilities on an undiscounted basis are as follows:

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Less than one year	1.18	1.06
One to five years	1.61	2.63
More than five years	0.82	0.91
<b>Total</b>	<b>3.61</b>	<b>4.60</b>

Lease payments on account of short term and low value leases are recognized as rental expense on a straight line basis in the statement of profit and loss over the lease term.

Rental expense recorded under other expenses:

Particulars	(in ₹ crore)	
	As at 31-Mar-2021	As at 31-Mar-2020
Rent	0.07	0.08

Company as a Lessor

The rental income on assets given on operating lease to the Managing Director of the company was ₹ 0.02 crore for the year ended 31-Mar-2021 (Previous year ₹ 0.02 crore).

### 39. Disclosures of Financial instruments

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is pending at the end as follows:

As at 31-March-2021

(in ₹ crore)

PARTICULARS	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Other financial non-current assets	22.13					22.13	22.13
Current Investments			1.22			1.22	1.22
Trade receivables	300.31					300.31	300.31
Cash and cash equivalents	32.34					32.34	32.34
Other Bank Balances	332.40					332.40	332.40
Foreign exchange forward contracts					-	-	-
Other financial current assets	33.45					33.45	33.45
<b>Total</b>	<b>720.63</b>	<b>-</b>	<b>1.22</b>	<b>-</b>	<b>-</b>	<b>721.85</b>	<b>721.85</b>
<b>Financial Liabilities:</b>							
Short term borrowings	-					-	-
Trade Payables	238.83					238.83	238.83
Lease liabilities Current	0.90					0.90	0.90
Lease liabilities non current	1.83					1.83	1.83
Foreign exchange forward contracts					0.45	0.45	0.45
Other financial current liabilities	32.41					32.41	32.41
<b>Total</b>	<b>273.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.45</b>	<b>274.42</b>	<b>274.42</b>

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

As at 31-March-2020

(in ₹ crore)

PARTICULARS	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Other financial non-current assets	5.97					5.97	5.97
Current Investments			0.05			0.05	0.05
Trade receivables	272.42					272.42	272.42
Cash and cash equivalents	28.09					28.09	28.09
Other Bank Balances	126.56					126.56	126.56
Foreign exchange forward contracts					1.82	1.82	1.82
Other financial current assets	19.23					19.23	19.23
<b>Total</b>	<b>452.27</b>	<b>-</b>	<b>0.05</b>	<b>-</b>	<b>1.82</b>	<b>454.14</b>	<b>454.14</b>
<b>Financial Liabilities:</b>							
Short term borrowings	55.92					55.92	55.92
Trade Payables	180.38					180.38	180.38
Lease liabilities Current	0.77					0.77	0.77
Lease liabilities non current	2.73					2.73	2.73
Other financial current liabilities	29.70		-			29.70	29.70
<b>Total</b>	<b>269.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269.50</b>	<b>269.50</b>

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31-March-2021

(in ₹ crore)

PARTICULARS	Fair Value	Fair Value measurement using			Fair value technique
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Current investments in Mutual funds at fair value through profit & loss	0.20		0.20		Published NAV value by mutual fund.
Other current investments at fair value through profit & loss	1.02		1.02		Value as provided by the portfolio manager.
<b>Total</b>	<b>1.22</b>	<b>-</b>	<b>1.22</b>	<b>-</b>	
<b>Financial liabilities</b>					
Foreign exchange forward contracts at fair value through OCI	0.45		0.45		Future cash flows are estimated based on forward exchange rates from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
<b>Total</b>	<b>0.45</b>	<b>-</b>	<b>0.45</b>		

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

As at 31-March-2020

(in ₹ crore)

PARTICULARS	Fair Value	Fair Value measurement using			
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Current investments in Mutual funds at fair value through profit & loss	0.05		0.05		Published NAV value by mutual fund.
Foreign exchange forward contracts at fair value through OCI	1.82		1.82		Future cash flows are estimated based on forward exchange rates from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
<b>Total</b>	<b>1.87</b>	<b>-</b>	<b>1.87</b>	<b>-</b>	

### 40. Segment information

#### I Segment Accounting Policies

- a. Products and services from which reportable segment derive their revenues.

Based on the nature and class of product and services, their customers and assessment of differential risk and returns and financial reporting results reviewed by Chief Operating Decision Maker (CODM), the company has identified the primary business segments which comprised:

The "Chemical" segment produces and sells Ethyl Acetate, Iso Butyl Benzene, Acetyl Chloride and Mono Chloro Acetic Acid.

The "Pharmaceutical" segment produces and sells various API's viz. Ibuprofen, Metformin, Fenofibrate, Lamotrigine, Clopidogrel Bisulphate, Pantoprazole, Ursodeoxycholic Acid (UDCA), Gabapentin, Levetiracetam, etc.

The operating businesses are organized and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

#### b. Geographical segments - Secondary segments

The geographical segments considered for disclosure are based on markets, as under:

- India
- Rest of the world

#### c. Segment accounting policies

In addition to the significant accounting policies applicable to the business, the accounting policies in relation to segment accounting are as under:

##### i. Segment assets and liabilities

Segment assets include all operating assets used by a segment and consists principally of cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct off set in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

##### ii. Segment revenue and expenses

Joint revenue and expenses of segment are allocated amongst them on reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

##### iii. Inter segment sales

Inter segment sales are eliminated in consolidation.

##### iv. Segment results

Segment results represents the profit before tax earned by each segment without allocation of other income and unallocable expenses as well as finance costs.

**Notes Forming Part of Financial Statements** for the year ended 31 March, 2021

**Detail of primary business segment**
**Products and services**

(in ₹ crore)

Particulars	Chemical		Pharmaceutical		Unallocated		Eliminations		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
<b>Segment Revenue</b>										
External Sales	795.71	678.99	1,168.97	1,212.96	2.30	2.52			<b>1,966.98</b>	<b>1,894.47</b>
Inter Segment transfer	30.21	32.47	-	-	-	-	(30.21)	(32.47)	-	-
Interest income					15.90	5.19			<b>15.90</b>	<b>5.19</b>
Other Income	3.32	0.50	3.26	8.68	1.82	1.65			<b>8.40</b>	<b>10.83</b>
Total Revenue	829.24	711.96	1,172.23	1,221.64	20.02	9.36	(30.21)	(32.47)	<b>1,991.28</b>	<b>1,910.49</b>
Segment Results	100.18	28.31	461.78	521.57					<b>561.96</b>	<b>549.88</b>
Unallocated Income (net of unallocated Expenses)					15.26	4.29			<b>15.26</b>	<b>4.29</b>
Profit before tax and interest									<b>577.22</b>	<b>554.17</b>
Finance cost					5.83	20.93			<b>5.83</b>	<b>20.93</b>
Profit before Tax									<b>571.39</b>	<b>533.24</b>
Tax expense					126.83	171.95			<b>126.83</b>	<b>171.95</b>
Profit after Tax									<b>444.56</b>	<b>361.29</b>
<b>Other Information</b>										
Segment Assets	436.54	335.20	672.68	595.08	-	-			<b>1,109.22</b>	<b>930.28</b>
Unallocated assets	-	-	-	-	500.87	239.51			<b>500.87</b>	<b>239.51</b>
<b>Total Assets</b>	<b>436.54</b>	<b>335.20</b>	<b>672.68</b>	<b>595.08</b>	<b>500.87</b>	<b>239.51</b>			<b>1,610.09</b>	<b>1,169.79</b>
Segment Liabilities	196.08	127.65	77.20	80.93	-	-			<b>273.28</b>	<b>208.58</b>
Unallocated Liabilities	-	-	-	-	76.38	91.52			<b>76.38</b>	<b>91.52</b>
Long term borrowings (including current maturities and interest accrued but not due)					-	0.23			-	<b>0.23</b>
Short term borrowings					-	55.92			-	<b>55.92</b>
<b>Total Liabilities</b>	<b>196.08</b>	<b>127.65</b>	<b>77.20</b>	<b>80.93</b>	<b>76.38</b>	<b>147.67</b>			<b>349.66</b>	<b>356.25</b>
Capital Expenditure	2.03	7.08	89.11	51.98	21.14	22.66			<b>112.28</b>	<b>81.72</b>
Depreciation and Amortisation	13.64	13.43	21.49	18.84	3.79	3.46			<b>38.92</b>	<b>35.73</b>

**Detail of secondary business segment**
**Geographical information**

(in ₹ crore)

Particulars	Year ended	Domestic sale		Export sale		Total
		India	Rest of the world	Rest of the world	Rest of the world	
Net revenue from sale of products	31-March-2021		1,354.47		612.51	<b>1,966.98</b>
	31-March-2020		1,249.68		644.79	<b>1,894.47</b>



## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### Information about major customers

Refer note no. 42 (iii) (Credit Risk)

#### Notes:

- (i) Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before finance income/ cost and tax expense. Segment results reviewed by the CODM also exclude income or expenses which are non-recurring in nature and are classified as an exceptional item. Information about segment assets and liabilities provided to the CODM, excludes the related assets and liabilities arising on account of items excluded in measurement of segment results. Such amount therefore, form part of the unallocated assets and liabilities.
- (ii) There is no customer contributing more than 10% of the total revenue of the company.
- (iii) The company does not have manufacturing facilities outside India therefore all non current assets are located in India.

### 41. Related party disclosures

**In accordance with the requirements of IND AS 24, on Related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:**

#### A. Related party and their relationship

##### Key Management Personnel

i	Whole time directors	Mr. Varinder Gupta	Managing Director
		Mr. Vijay Garg	Joint Managing Director (upto 31.03.2021)
		Mr. Vikas Gupta	Executive Director
ii	Non executive directors	Mr. Rajendra Mohan Malla	Chairman and Independent Director
		Mr. Harpal Singh	Independent Director
		Dr. Sandhya Mehta	Independent Director
iii	Chief Executive Officer	Mr. Sanjay Chaturvedi (w.e.f. 16-March-2021)	
iv	Chief Financial Officer	Mr. Pardeep Kumar Khanna	
v	Assistant Vice President and Company Secretary	Mr. Abhay Raj Singh	-

#### Related parties

	Nature of relationship	Name of related party	
i	Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control	NM Merchantiles Limited	
		Mayadevi Polycot Limited	
		NCG Enterprises Limited	
		True Value Traders Limited	
		NCVI Enterprises Limited	
		Bhudeva Lifesciences Limited	
		Vivachem Intermediates Pvt. Limited (upto 31.03.2021)	
		Viva-API Labs Private Limited (upto 31.03.2021)	
		Varinder Gupta (HUF)	
ii.	Relative of Key Management Personnel	Mrs. Dimple Gupta	General Manager
		Mr. Abhiraj Gupta	General Manager
iii.	Post employment benefit plan	IOL Chemicals and Pharmaceuticals Limited	-
		Employees Group Gratuity Trust	

**Notes Forming Part of Financial Statements** for the year ended 31 March, 2021

**B. Details of transactions entered into with related parties during the year as required by Ind AS 24 on “Related Party Disclosures” of Companies (Indian Accounting Standards) Rules 2015.**

(in ₹ crore)

Particulars	Enterprises over which KMP is able to exercise significant influence or control		Key Management Personnel (KMP)		Non executive directors		Relatives of KMP		Post Employment Benefit Plans		Total	
	Year ended 1-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020
1 Sale of goods Vivachem Intermediates Pvt. Ltd.	147.86	142.01	-	-	-	-	-	-	-	-	147.86	142.01
2 Sale of Capital goods Vivachem Intermediates Pvt. Ltd.	0.01	0.58	-	-	-	-	-	-	-	-	0.01	0.58
3 Purchase of goods												
NCVI Enterprises Limited	73.32	84.44	-	-	-	-	-	-	-	-	73.32	84.44
Vivachem Intermediates Pvt. Ltd.	200.28	210.00	-	-	-	-	-	-	-	-	200.28	210.00
Others	-	5.59	-	-	-	-	-	-	-	-	-	5.59
4 Purchase of land From Vijay Garg	-	-	13.09	-	-	-	-	-	-	-	13.09	-
5 *Managerial remuneration (including incentives)	-	-	13.36	10.94	-	-	1.09	0.56	-	-	14.45	11.50
6 Sitting fees to non-executive directors of the company	-	-	-	-	0.11	0.09	-	-	-	-	0.11	0.09
7 Dividend paid	9.78	6.79	0.48	0.36	-	-	-	-	-	-	10.26	7.15
8 Rent received	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
9 Rent paid	0.07	0.07	0.49	0.47	-	-	0.49	0.47	-	-	1.05	1.01
10 Monies received against Share warrants: NCVI Enterprises Limited	27.95	-	-	-	-	-	-	-	-	-	27.95	-
11 Contribution to IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	2.64	2.08	2.64	2.08

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### C Details of balances outstanding as at year end

(in ₹ crore)

Particulars	Enterprises over which KMP is able to exercise significant influence or control		Key Management Personnel (KMP)		Non executive directors		Relatives of KMP		Post Employment Benefit Plans		Total	
	Year ended 1-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020	Year ended 31-March-2021	Year ended 31-Mar-2020
<b>Amount receivable on the last day of financial year</b>												
1 Security deposit receivable	-	-	0.45	0.45	-	-	0.45	0.45	-	-	0.90	0.90
2 Trade Receivable against sale of goods: Vivachem Intermediates Pvt. Ltd.	13.95	13.29	-	-	-	-	-	-	-	-	13.95	13.29
3 Advances against purchases of goods: NCVI Enterprises Limited	1.63	11.67	-	-	-	-	-	-	-	-	1.63	11.67
<b>Amount payable on the last day of financial year</b>												
1 * Managerial remuneration	-	-	0.23	0.08	-	-	0.04	0.01	-	-	0.27	0.09
2 Sitting fees to non-executive directors of the company	-	-	-	-	0.01	-	-	-	-	-	0.01	-
3 Other payable: IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	1.19	0.76	1.19	0.76

(i) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

\*(ii) Long-term employee benefits for Managerial Personnel:

The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

#### 42. Financial Risk Management

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The financial liabilities of the company, other than derivatives, include loans and borrowings, trade payables, lease liabilities and other payables, and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The company is mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

##### (i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk.

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

(a) Foreign currency risk

(in ₹ crore)

The company imports certain Property, Plant and Equipment and material from outside India and export finished goods. The exchange rate between the Indian rupee and foreign currencies has fluctuated in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The company manages its foreign currency risk through the process of adjusting inward remittances in foreign currency for its payment of outward remittances (i.e. considering it as natural hedge). The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

Financial Assets

(in ₹ crore)

Particulars	As at 31-March-2021		As at 31-March-2020	
	Foreign currency	₹ crore	Foreign currency	₹ crore
<b>Trade receivable</b>				
-In USD	60,04,804	43.98	1,03,69,608	<b>77.97</b>
-In EURO	3,67,128	3.13	6,53,896	<b>5.39</b>
<b>Trade Payables</b>				
-In USD	1,84,76,793	135.92	91,02,726	<b>69.08</b>
In EURO	-	-	-	-
<b>Net exposure</b>				
-In USD	(1,24,71,989)	(91.94)	12,66,882	<b>8.89</b>
-In EURO	3,67,128	3.13	6,53,896	<b>5.39</b>

Of the above foreign currency exposures, the following exposures are not hedged by a derivative.

Particulars	As at 31-March-2021		As at 31-March-2020	
	Foreign currency	₹ crore	Foreign currency	₹ crore
<b>Trade receivable</b>				
-In USD	60,04,804	43.98	1,03,69,608	<b>77.97</b>
-In EURO	3,67,128	3.13	6,53,896	<b>5.39</b>
<b>Trade Payables</b>				
-In USD	1,02,29,975	75.26	32,78,132	<b>24.88</b>
In EURO	-	-	-	-
<b>Net exposure</b>				
-In USD	(42,25,171)	(31.28)	70,91,476	<b>53.09</b>
-In EURO	3,67,128	3.13	6,53,896	<b>5.39</b>

Foreign currency sensitivity analysis

Any changes in the exchange rate of USD and EURO against INR is not expected to have significant impact on the Company's profit due to the less exposure of these currencies. Accordingly, a 2% appreciation/depreciation of the INR as indicated below, against the USD and EURO would have reduced/increased profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

(in ₹ crore)

Particulars	As at 31-March-2021		As at 31-March-2020	
	Strengthening	Weakening	Strengthening	Weakening
2% Strengthening / weakening of USD against INR	(0.63)	0.63	1.06	(1.06)
2% Strengthening / weakening of EURO against INR	0.06	(0.06)	0.11	<b>(0.11)</b>

Foreign currency forward contracts held by the company as on reporting date:

(in ₹ crore)

	As at 31-March-2021	As at 31-March-2020
In USD	82,46,818	58,24,594
in ₹ crore	61.20	42.61

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

### Derivatives designated as hedging instruments

The Company enters into hedging instruments in accordance with policies as approved by the Board of Directors with written principles which is consistent with the risk management strategy of the Company. The Company has decided to apply hedge accounting for derivative contracts that meets the qualifying criteria of hedging relationship entered.

During the year ended 31-March-2021, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure.

### Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

(in ₹ crore)

Particulars	Financial Year	
	2020-21	2019-20
Opening balance of cash flow hedge reserve	(0.08)	-
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(4.57)	(0.28)
Amount reclassified to profit or loss	3.91	0.16
Tax effect	0.15	0.04
Closing balance of cash flow hedge reserve	(0.59)	(0.08)

### The following table includes the maturity profile of the foreign exchange forward contracts:

(in ₹ crore)

Particulars	As at 31-March-2021		As at 31-March-2020	
	Foreign currency	₹ crore	Foreign currency	₹ crore
Not later than one month	17,96,926	13.25	4,73,790	3.41
Later than one month and not later than three months	32,17,992	23.87	30,48,297	22.39
Later than three months and not later than one year	32,31,900	24.08	23,02,507	16.81
	<b>82,46,818</b>	<b>61.20</b>	<b>58,24,594</b>	<b>42.61</b>

### (b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements if any. All the company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

(in ₹ crore)

Variable rate instruments	Carrying amount	
	Financial Year 2020-21	Financial Year 2019-20
Long term borrowings	-	-
Current maturities of long term debt	-	0.07
Short term borrowings	-	55.92

### Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(in ₹ crore)

Particulars	Carrying amount	
	Financial Year 2020-21	Financial Year 2019-20
Increase/ (decrease) in 100 basis point	-	0.56

### (ii) Liquidity Risk

The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash to meet the obligations as and when falls due.

Notes Forming Part of Financial Statements for the year ended 31 March, 2021

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

(in ₹ crore)

Particulars	Financial Year	
	2020-21	2019-20
<b>Borrowings including current maturities</b>	-	<b>0.07</b>
Less than 1 year	-	0.07
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Short term borrowings</b>	-	<b>55.92</b>
Less than 1 year	-	55.92
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Trade Payables</b>	<b>238.83</b>	<b>180.38</b>
Less than 1 year	238.83	180.38
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Other Financial liabilities</b>	<b>32.86</b>	<b>29.63</b>
Less than 1 year	32.86	29.63
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-

**(iii) Credit Risk**

Credit risk refers to the risk of default on its contractual terms or obligations by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date.

The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss:

(in ₹ crore)

Particulars	Financial Year	
	2020-21	2019-20
(a) Revenue from top five customers		
- % of total sales of top 1 customer	7.52%	7.53%
- % of total sales of top 5 customers	22.91%	24.02%
<b>(b) Allowances for expected credit loss and doubtful receivables</b>		
- Balance at the beginning of the period	0.12	0.20
- Reversal of provision recognised	(0.02)	-
- Expected credit loss	0.02	0.01
- Amount written off	-	(0.09)
- Balance at the end of the period	0.12	0.12

**Write off policy**

The financial assets are written off in case there is no reasonable expectation of recovering from the financial asset.

**43. Capital Management**

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

(in ₹ crore)

Particulars	Financial Year	Financial Year
	2020-21	2019-20
Borrowings including current maturities and interest accrued but not due	-	56.15
Less: Cash & cash equivalent and other bank balances	364.73	154.64
Net debt (A)	(364.73)	(98.49)
Total equity (B)	1,260.42	813.54
<b>Gearing ratio (A/B)</b>	<b>N.A.</b>	<b>N.A.</b>

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31-Mar-2021 and 31-Mar-2020.

44. In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account

45. **Reconciliation of Cash flow from financing Activities**  
In pursuant to amendment in the companies (Indian Accounting Standards) Rules, 2017 via MCA notification G.S.R 258(E) dated 17-Mar-2017 Para 44A to Para 44E has been inserted after Para 44 in Indian accounting Standard-7 "Statement of Cash Flows" for the period beginning on 1-April-2017

(in ₹ crore)

Particulars	Current borrowing	Non-current borrowing including current maturities
<b>Opening balance of Financial liabilities as on 01-April-2020 coming under the financing activities of Cash Flow Statement</b>	<b>55.92</b>	<b>0.07</b>
<b>Changes during the year</b>		
a) Changes from financing cash flow	(55.92)	(0.07)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchange rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes Processing fee amortized	-	-
<b>Closing balance of Financial liabilities as on 31-March-2021 coming under the financing activities of Cash Flow Statement</b>	<b>-</b>	<b>-</b>

(in ₹ crore)

Particulars	Current borrowing	Non-current borrowing including current maturities
<b>Opening balance of Financial liabilities as on 01-April-2019 coming under the financing activities of Cash Flow Statement</b>	<b>67.72</b>	<b>216.28</b>
<b>Changes during the year</b>		
a) Changes from financing cash flow	(11.80)	(216.80)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchange rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes Processing fee amortized	-	0.59
<b>Closing balance of Financial liabilities as on 31-March-2020 coming under the financing activities of Cash Flow Statement</b>	<b>55.92</b>	<b>0.07</b>

### 46 Auditor's Remunerations

(in ₹ crore)

Particulars	For the year ended	
	2020-21	2019-20
Statutory Audit Fee	0.12	0.10
Tax audit fee	0.03	0.02
Taxation matters	0.08	0.08
Other services including certification	0.09	-
Reimbursement of expenses	-	-
	<b>0.32</b>	<b>0.20</b>

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

**Notes Forming Part of Financial Statements** for the year ended 31 March, 2021

(in ₹ crore)

Particulars	As at 31-Mar-21	As at 31-Mar-20
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	11.69	6.86
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	0.04	-
iii. The amount of interest paid by the buyer in terms of section 16 of the MSME Act, along with the amount of payment made to the suppliers beyond the appointed day during each accounting year	-	-
iv. The amount of interest paid along with the amount of payment made to the suppliers beyond the appointed day	-	-
v. The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSME act	-	-
vi. The amount of interest accrued and remaining unpaid at the end of the accounting year	0.04	-
vii. "The amount of further interest due and payable even in succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of dis-allowance as a deductible expenditure under section 23	-	-

**48. Expenditure on Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act, 2013, amount required to be spent on CSR by the Company during the year ended March 31, 2021 is ₹ 6.00 crore (₹ 2.49 crore for the year ended March 31, 2020) computed at 2% of its average net profit for the immediately preceding three financial years

The Company spent an amount of ₹ 3.82 crore during the year ended March 31, 2021 towards CSR expenditure for purposes other than construction / acquisition of any asset (₹ 1.74 crore for the year ended March 31, 2020). Out of the expenditure spent during the year ended March 31, 2021, an amount of ₹ 0.75 crore was towards the amount that remained unspent for the year ended March 31, 2020.

The balance unspent amount of ₹ 2.93 crore for the year ended March 31, 2021, relating to ongoing projects has been transferred to a special account in a scheduled bank within a period of thirty days from the end of financial year in compliance with section 135(6) of the Companies Act, 2013.

- 49.** The Companies (Indian Accounting Standards) second amendment rules 2018 has amended IND-AS 20 Accounting for Government Grants and Disclosure of Government Grant Assistance", which gives the option of presentation of amount of Government Grants related to asset, including non-monetary grants at fair value in the balance sheet either by setting up the amount of grant as deferred income or deducting the amount of grant in arriving at the carrying amount of the assets. The Company made the accounting policy choice of presentation of amount of Government Grant related to asset in the balance sheet by setting up the amount of grant as deferred income. There is no impact on the profit before tax/after tax for the year ended 31-Mar-2021 and 31-Mar-2020.
- 50.** The Central Government of India has announced a new scheme on Remission of Duties or taxes on Export Product (RODTEP) which has replaced erstwhile scheme of export benefits under Merchandise Exports from India Scheme (MEIS) w.e.f. January 01, 2021. As the rates under RODTEP have not been announced till date, the income on account of benefits under the new scheme has not been recognized for the year ended March 31, 2021.
- 51.** The Code on Social Security, 2020 ('SS Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The SS Code has been published in the Gazette of India. However, the date on which the SS Code will come into effect has not been notified. The Company will assess the impact of the SS Code when it comes into effect and will record any related impact in the period when the SS Code becomes effective.
- 52.** The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Company has, as at the date of approval of these financial results, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Company. On the basis of evaluation and current indicators of future economic conditions, the



## Notes Forming Part of Financial Statements for the year ended 31 March, 2021

Company expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

**53.** The dividend declared by the Company is based on profits available for distribution as reported in the financial statements of the Company. The Board in their meeting held on November 6, 2020 had declared the payment of an interim dividend of ₹ 4 per equity share and the same was paid on

November 21, 2020. Further in addition to the said interim dividend, the Board on June 4, 2021 have also proposed a final dividend of ₹ 2 per equity share of ₹ 10 each in respect of the year ended March 31, 2021 subject to the approval of shareholders at the Annual General Meeting. If approved the final dividend would result in a cash outflow of ₹ 11.74 crore.

**54. Figures in bracket indicate deductions.**

**55.** Previous year figures have been regrouped/recasted/rearranged wherever necessary to conform to its classification of the current year.

As per our report of even date attached

**For Ashwani & Associates**

Chartered Accountants

Firm Registration Number: 000497N

sd/-

**Arvind Jain**

Partner

M.No. 097549

Place: Ludhiana

Date: 4<sup>th</sup> June 2021

**For and on behalf of the Board of Directors**

sd/-

**Varinder Gupta**

Managing Director

DIN-00044068

sd/-

**Pardeep Kumar Khanna**

Chief Financial Officer

sd/-

**Vikas Gupta**

Executive Director

DIN-07198109

sd/-

**Sanjay Chaturvedi**

Chief Executive Officer

sd/-

**Abhay Raj Singh**

AVP & Company Secretary







**IOL CHEMICALS AND  
PHARMACEUTICALS LIMITED**

CIN : L24116PB1986PLC007030  
Corporate Office : 85, Industrial Area 'A',  
Ludhiana-141003 (Punjab)  
Website : [www.iolcp.com](http://www.iolcp.com)