



## IOL CHEMICALS AND PHARMACEUTICALS LIMITED

03<sup>rd</sup> August 2022  
IOLCP/CGC/2022

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

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

This is in furtherance to our letter dated 30<sup>th</sup> May 2022, wherein we had informed that the 35<sup>th</sup> Annual General Meeting (AGM) of the Company will be held on Friday, 26<sup>th</sup> August 2022 at 11:00 AM (IST) through Video Conferencing / Other Audio Visual Means ("VC/ OAVM").

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the financial year 2021-22 including the Notice of AGM containing all the businesses to be transacted at the AGM.

The Annual Report including the Notice of AGM is also available on the website of the Company at <https://www.iolcp.com/investors/annual-reports>

This is for your information and record please.

Thanking You,

Yours faithfully,  
For IOL Chemicals and Pharmaceuticals Limited

  
Abhay Raj Singh  
Vice President & Company Secretary









# Credible Performance. Consistent Progress.



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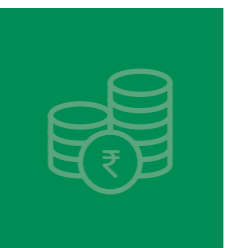
## Corporate Overview

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# Credible Performance. Consistent Progress.



Our Company is a leading API-based pharmaceutical company with a remarkable presence in the Specialty Chemicals market. Perceived essentially as an Ibuprofen company, we have been working towards diversifying our product portfolio.

Despite the pandemic, we have showcased credible performance by generating the highest revenue this year, compared to the last five years. Regulatory approvals from USFDA, EDQM, Korean FDA, and Russian regulatory authorities, have helped us in market penetration in the export market.

We believe investing in people is significant to building a capable workforce aligned with our vision and mission. We are committed to implementing policies and devising solutions to improve our environmental performance, and empower our communities.

Our focus has been on progressing consistently through product diversification, developing our manufacturing capabilities, and investing in R&D, showing a credible performance.

# Scaling up for growth

**₹2,216 cr**  
REVENUE



**80**  
NO. OF COUNTRIES  
WE SERVE



**₹288 cr**  
EBITDA



**2,300+**  
WORKFORCE



**₹166 cr**  
PROFIT AFTER TAX (PAT)



OPERATING FOR  
**35 YEARS**



**₹153 cr**  
CAPITAL EXPENDITURE



**CARE A+**  
RATED COMPANY



# Accelerating Growth for a Brighter Future

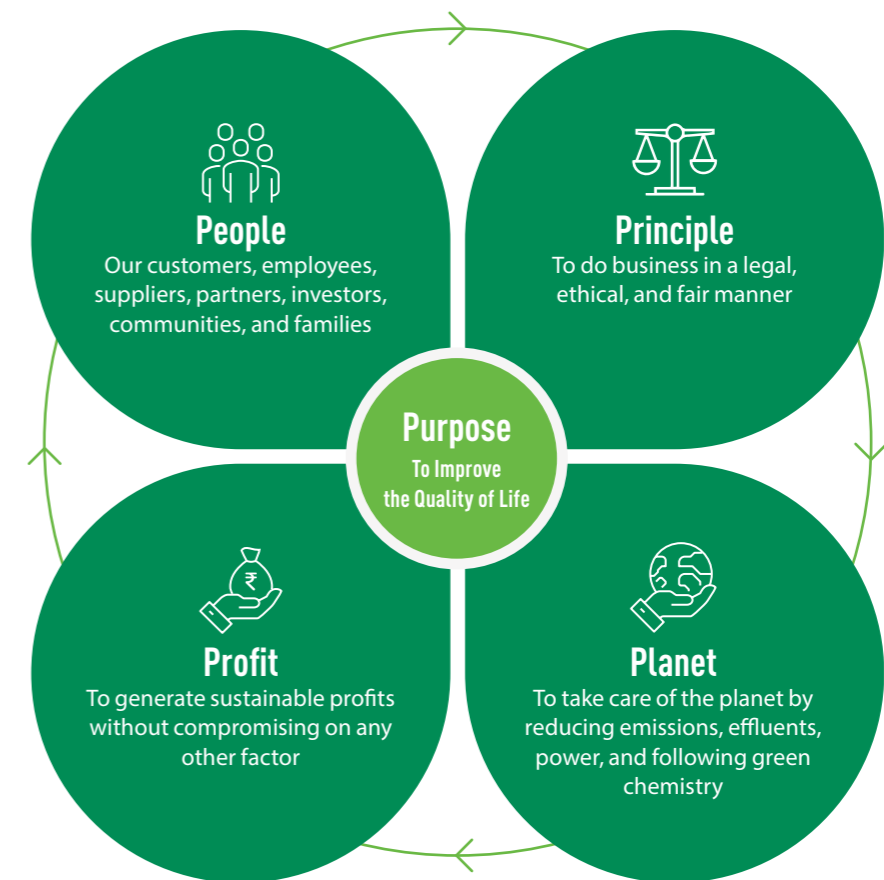
We are a technology-driven, Active Pharmaceutical Ingredients (API), Intermediates, and Specialty Chemicals company, with a strong track record of growth and development for over 35 years. We're building a pipeline of new products to strategically extend our product range and provide a solid platform for future development.

We are powered by significant manufacturing capabilities that allow us to benefit from economies of scale and lower costs. We also have a lot of experience with Specialty Chemicals, which gives substantial flexibility in terms of expansion and enhances our business strategy.

Pain management, anti-diabetic, anti-hypertensive, and anti-convulsant are just a few of the therapeutic areas covered by our APIs. We are a fully backward integrated business, that manufactures all intermediates and key starting materials (KSMs) for Ibuprofen.

Across our entire value chain, we strive for the highest levels of excellence. Our unwavering commitment to maintaining the highest levels of excellence in operations, innovation, quality, sustainability and committed customer service, has allowed us to become a global leader in our chosen fields. We are a responsible manufacturer of API, using bio fuel boilers for producing the energy/steam.

## Our Purpose







### Our Vision

To be amongst the most admired companies in APIs, Intermediaries, and Specialty Chemicals globally.

### Our Mission

To provide top quality products in APIs, Intermediates and Specialty Chemicals through continuous innovation and cutting-edge technology, with due regards to safety and environment.

### Our Values

We at IOL, believe values bring character to any organization that help leaders to guide teams for a culture of excellence through continuous improvements.

### Our Promise

We are a trusted partner for delivering high quality products. Our fundamental value system ensures that we stand by our commitments. We have strict manufacturing protocols to comply with and we produce our products to the highest quality standards. We emphasize on maintaining after-sales service by ensuring meaningful support and assistance to our customers, globally.

## Our Journey

### 1986-91

Incorporated and established Acetic Acid plant

### 1996

Commencement of Ethyl Acetate Plant

### 1999

Commencement of Acetic Anhydride Plant

### 2000

Commencement of Ibuprofen Unit 01

### 2010

- Listing on NSE
- Co-generation plant 13 MW

### 2009

Commencement of IBB, MCA and Acetyl Chloride plants

### 2007

Installed Unit-01 dedicated to Ibuprofen  
Installed 4MW Co-Generation Plant

### 2012

Commencement of Unit 02 for different products

### 2013

Received EUGMP Certification

### 2015

Obtained USFDA and EIR approval for Ibuprofen

### 2018

- Installed Unit 04 dedicated for Metformin
- Commenced Unit 05 for Clopidogrel and Fenofibrate

### 2017

Converted Unit 02 to a dedicated Ibuprofen facility

### 2016

Installed Unit 03 for new product launches

### 2019

Started Unit 06 for dedicated production of Pantoprazole

### 2020

Commenced Unit 07 for dedicated Metformin production

### 2021

Started Units 08 and 10 for multiple products

### 2022

Began commercial production of Paracetamol





IOL AT A GLANCE >> Business Segments

### Active Pharmaceutical Ingredients (APIs)

We study, develop, and offer numerous critical components that are utilized by pharmaceutical businesses all over the globe to create crucial medications that are vital to humanity's survival under our API vertical. We are concentrating on generic API product development via our innovative and research-driven strategy. Furthermore, our staff works seamlessly to guarantee that our goods are commercialized at a competitive cost. Numerous APIs have already been commercialized, and several others are in the final stages of development.

We have been constantly adding value to our flagship product – Ibuprofen, and have been manufacturing several derivatives for a fully backward integration at one place.

The API sector is growing at a rapid pace. In order to continue our growth trajectory, we have made considerable investments in the research and development of new APIs in several therapeutic categories, which we have launched in the market. We have successfully launched six molecules in the market in a short period of time, starting with pilot phase development and scaling up in large quantities to commercial manufacturing. All of the recently released and marketed medicines are generic APIs with high growth potential in the pharmaceutical industry.



**~35%**  
GLOBAL SHARE AND  
**Largest Producer of Ibuprofen and its Derivatives**

**Leading Producer of METFORMIN, CLOPIDOGREL, FENOFIBRATE**  
**8 Therapeutic Areas**  
SERVED BY OUR PORTFOLIO

### Areas of Treatment of Our Products

- Anti – Inflammatory
- Analgesic & Antipyretic
- Anti – Diabetic
- Anti – Platelet
- Anti – Cholesterol
- Anti – Convulsant
- Anti – Cholelithic
- Proton Pump Inhibitor

### API Products

#### Ibuprofen Portfolio

**Ibuprofen**

**Ibuprofen Lysinate**

**Ibuprofen Sodium**

**Dex-Ibuprofen**

#### Other APIs

**Metformin Hydrochloride**

**Pantoprazole Sodium**

**Losartan Potassium**

**Levetiracetam**

**Fenofibrate**

**Clopidogrel Bisulphate**

**Ursodeoxycholic acid (UDCA)**

**Gabapentin**

**Lamotrigine**

### Specialty Chemicals

Ethyl Acetate is a product of our Speciality Chemicals business that is made from organic alcohol and used in a variety of sectors, including flexible packaging, medicines, ink, food processing, crop protection chemicals, and the paint industry. We are exporting Ethyl Acetate to more than 40 countries globally.

Other Specialty Chemicals that we manufacture are Mono Chloro-Acetic Acid, Acetyl Chloride, and Iso Butyl Benzene.

### Industries Where Our Chemicals are Used

- Food Processing
- Flexible Packaging
- Pharmaceuticals
- Textiles
- Ink
- Paints
- Pesticides
- Chemical Intermediates

### Chemicals

- Ethyl Acetate
- Iso Butyl Benzene
- Acetyl Chloride
- Mono Chloro-Acetic Acid

**2nd Largest**  
ISO-BUTYL BENZENE MANUFACTURER IN THE WORLD WITH

**30%**  
GLOBAL SHARE

**Largest**  
SINGLE LOCATION PLANT IN INDIA WITH

**1,00,000 Tonnes/Annum**  
PRODUCTION CAPACITY OF ETHYL ACETATE



# Expanding Our Horizon



## Dear Stakeholders,

I am pleased to present our annual report for FY 2021-22, at a time when the worst of the pandemic is behind us. As a society, we showed remarkable fortitude with the pharmaceutical industry playing a key role in overcoming the challenges. The last two years have taught us to sharpen our vision and work towards becoming a responsible business and creating consistent value for our stakeholders.

FY 2021-22 was indeed a challenging year. The uncertainties attached to the pandemic, supply-chain disruptions, and the aggravating impacts of the Russia-Ukraine conflict have created uncertainty in the business, environment. Despite these challenges, at IOL, we managed to consolidate our business and our focus remains on providing quality products through continuous innovation, and facilitating value creation for our stakeholders.

## Industry Overview

The Indian pharmaceutical space remains an essential market for the world, and is expected to be an important part of India's growth story, going forward.

According to the Economic Survey of India 2022, the industry is expected to become thrice its present size by 2030. The growth is driven by India's comparative advantage in cost, regulatory compliance of Indian firms, and a business-friendly policy landscape. A promising piece of evidence for this anticipated growth is the rise in FDI inflows in recent years as the cumulative FDI equity flows have increased by \$3.6 billion over the last five years. Regarding exports, India is the largest provider of generic drugs globally. For example, the Indian pharmaceutical sector supplies 50% of the vaccine demand, 40% of the generic demand, and 25% of the medicine to the UK.

India's chemical industry is extremely diverse, covering more than 80,000 commercial products, making it an attractive hub for global chemical companies. Within the Indian chemical industry, Specialty Chemicals constitute 22% of the total chemical market. The Indian Specialty market is expected to grow and surpass its Chinese counterparts by doubling its share of the global market to 6% by 2026. This growth is expected to be driven by strong tailwinds in exports, and demand recovery in the domestic market.

A common megatrend in both, the Indian pharmaceutical and chemical industries, is the shifting of supply chains of raw materials from China to India as part of the China+1 strategy of global companies. Recurrent COVID-19 lockdowns, increase

## ₹2,216 cr

RECORDED HIGHEST REVENUE  
IN FY 2021-22

in environmental regulation, and geopolitical tensions have significantly increased the risk of operating in China for global companies. As a result, global companies have started to decrease their dependency on a single entity and diversify their sources. India offers strong alternatives to China with comparable scale, technology, raw materials, and a favourable policy environment. As a result, the Indian pharmaceutical and chemical industries are well-positioned to be on a high growth trajectory.

## FY 2021-22 in Perspective

Despite the strong headwinds, our financial performance for FY 2021-22 was mixed, however there were telling signs of future growth. We recorded the highest revenue of ₹2,216 crores, with revenue growth of 11% this year. We have raised no debts since 2017, which gives us the room to add new products to the pipeline and increase our capacity consistently. Our efforts towards diversifying our product portfolio by adding new products to both our API and Specialty Chemicals portfolio have been successful with a shift of revenue generated from Ibuprofen to both, Specialty Chemicals and other APIs. Our Company has a good return on equity (ROE) track record and for the last three years, we have recorded an average ROE of 31%. We were able to consolidate our financial performance despite disruptions in supply chains, price volatility, and inflation. I am pleased to announce that we continue to remain debt-free, and our key ratios put us in a favourable position for the future.

## Taking Advantage of Opportunities

At IOL, we consider research and development as the foundation of our consistent growth. We have been investing in R&D and product innovation to increase our in-house capacity for product development. We have also increased our market penetration and added value to our export arena by filling four DMFs with USFDA, and three CEP applications with EQDM. We were able to get approvals from the Korean FDA for two products, and Russian regulatory authorities for six products. I am proud to convey that the Company has also filed for three patent applications in FY 2021-22.

Taking advantage of the opportunities presented before us, we have increased our Specialty Chemicals and other APIs manufacturing capability by establishing new manufacturing units. In the past two years, we have added 4 new units to our manufacturing facility located in Barnala, Punjab, totalling our functioning manufacturing units to 10.

## Commitment to Sustainability

We value our workforce and recognize their role in paving the way for our Company to be recognized as a leader in our sector. Creating a safe, inclusive, and diverse workplace is fundamental to motivate our employees to give their best. Empowering the communities, we work with is integral to our Company's purpose and values. We extend support to the underprivileged sections of society through CSR activities focused on ensuring quality health, access to education, and social upliftment. We have impacted +1,00,000 beneficiaries in FY 2021-22.

We are also upgrading our sustainability strategies by setting up future targets and goals and aligning with global frameworks including GRI, CDP, and Business Responsibility and Sustainability Report (BRSR) in the coming fiscal year.

## Moving Forward

We are looking forward to continuing our growth journey by strengthening our capabilities and working towards our targets. The pandemic and disturbing global political scenario did test our limits, but we have withstood the challenges and performed remarkably. We are positive about achieving better revenue and EBITDA growth, while operating responsibly in partnership with all our stakeholders. We promise to stay true to our purpose of creating value for our stakeholders through proactive leadership, a robust governance framework, and credible performance.

I would like to extend my heartfelt gratitude to all my stakeholders for their unconditional trust and support.

Warm regards,

**Rajender Mohan Malla**  
Chairman



The Indian pharmaceutical space remains an essential market for the world, and is expected to be an important part of India's growth story, going forward. A common megatrend in both, the Indian pharmaceutical and chemical industries, is the shifting of supply chains of raw materials from China to India as part of the China+1 strategy of global companies.





FY 2021-22 IN REVIEW &gt;&gt; Message from the Managing Director

# Moving Forward with Optimism



**Our business model of utilizing our high-quality front-end team with strong regulatory and manufacturing capabilities helped us strengthen our existing customer base and attract new customers. As a result, we achieved a revenue of ₹ 2,216 crores this year growing at an annual rate of 11%. Our revenue levels are at an all-time high and we are confident that we will reach higher heights in the coming years.**

## Dear Stakeholders,

As I write to you, the world economy is going through unprecedented challenges. Continued COVID-19 outbreaks, notable deacceleration in major economies – including the United States and China, and rising inflation levels across the world, presented a tough operating environment for our Company. As a result, we witnessed a temporary impact on our profitability growth this year. However, despite these new and unique challenges, our values and culture of excellence helped us navigate this crisis. During the year, we strengthened and consolidated our business and are primed to take advantage of the recovery in our operating environment.

## Financial Performance

Our business model of utilizing our high-quality front-end team with strong regulatory and manufacturing capabilities helped us strengthen our existing customer base and attract new customers. As a result, we achieved a revenue of ₹2,216 crores this year growing at an annual rate of 11%. Our revenue levels are at an all-time high and we are confident that we will reach higher heights in the coming years.

An unexpected change during the pandemic was the overstocking of ibuprofen by consumers last year. As a result, demand off-take for ibuprofen slowed down. Being the largest producer of ibuprofen in the world, this impacted revenue growth in our pharmaceutical segment. However, we expect this change to be temporary and our ibuprofen sales to improve.

I am proud to announce that we have successfully diversified our pharmaceutical product portfolio this year. Our non-ibuprofen APIs delivered strong growth and contributed to 16% of our revenues compared to 10% in the previous year. During this year, we filed several DMFs, and CEP applications with the USFDA and EDQM respectively, among other regulatory achievements. As a result, we expect our pharmaceutical segment to increase its market penetration in foreign markets and bring new customers to our business.

In our chemical segment, we managed to grow and consolidate our chemical segment which contributed to 54% of our revenues this year. This was led by strong demand for our ethyl acetate product, which constitutes most of our chemical segment. During the year, we identified several non-ethyl acetate products, where we plan to leverage our commercial footprint and add to our product portfolio to our existing clients. Our prudence and appetite for growth make us confident in making our chemical segment accelerate its revenue growth.

During the year, we faced cost challenges from several fronts. The continuation of outbreaks disrupted already fragile supply chains, which increased the price levels of several commodities, freight fees, and transportation costs. The onset of the Ukraine-Russia conflict created uncertainty in global markets and led to a notable increase in energy prices. As a result, our operating margins were more than halved and our EBITDA stood at ₹288 crores in FY 2021-22 as compared to ₹616 crores in FY 2020-21. We faced profitability challenges in both of our segments. Our

EBITDA margin in our pharmaceutical segment came closer to the industry average and stood at 16% in FY 2021-22 as compared to 39% in FY 2020-21. The reason for this slowdown was the low demand off-take of ibuprofen and rising input costs. However, as mentioned earlier, we expect this to be temporary as ibuprofen demand increases and our non-ibuprofen products grow.

We faced a cost crunch because of increased prices of acetic acid, which is the primary raw material for ethyl acetate. As a result, our chemical segment recorded an EBITDA margin of 5% in FY 2021-22 as compared to 13% in FY 2020-21. We expect inflationary pressures on acetic acid to cool down and diversify our chemical product portfolio to a more profitable product mix, going forward. This makes our chemical segment well-positioned to growth.

## Towards a Better World

The world is increasingly moving towards a paradigm of sustainable growth. At IOL, we are aware of the impact our business operations have on the environment and local communities. As a result, we are committed to integrating sustainability into our business operations and creating long-term value. In line with this, we are actively working towards creating a sustainability strategy that helps us create a positive environmental impact. We plan on accelerating and integrating stakeholder engagement into our business operations to decide on key focus areas. Relying on CDP and SBTi projects, we plan on setting ESG targets and coming up with comprehensive strategies to achieve them. As a reflection of our commitment, we plan on setting scope 1 and scope 2 targets that will guide our Company's long-term vision.



**Our non-ibuprofen APIs delivered strong growth and contributed to 16% of our revenues compared to 10% in the previous year.**

At IOL, we remain committed to creating value for the communities near where we operate and contributing to the collective well-being of society. I am pleased to announce that we have continued to direct our efforts towards healthcare, education, and social upliftment as part of our CSR initiatives. These initiatives contribute actively to our stakeholder value creation strategy by forging strong relationships with local communities.

## Looking Ahead

Despite a challenging environment, we are confident that our strong business fundamentals will help us deliver a strong performance in our revenues and EBITDA next year. We expect a more favorable business environment for FY 2022-23 and are confident that our business will continue to grow and deliver superior value to all stakeholders. Our business strategy of using both our pharmaceutical and chemical segments as growth engines, our planned capital expenditure, and our strong product pipeline make us well-positioned to take advantage of upcoming opportunities and be on a high growth trajectory. At the same time, we remain committed to creating values for the environment and community to help us achieve our Company mission.

I would like to take this opportunity to express my immense gratitude to our employees for their continued dedication and for helping us deliver consistently. I am also grateful to all our stakeholders for their continued trust and support in our business. Together, we will achieve IOL's vision of becoming an industry leader in our industry.

Warm regards,

**Varinder Gupta**  
Managing director



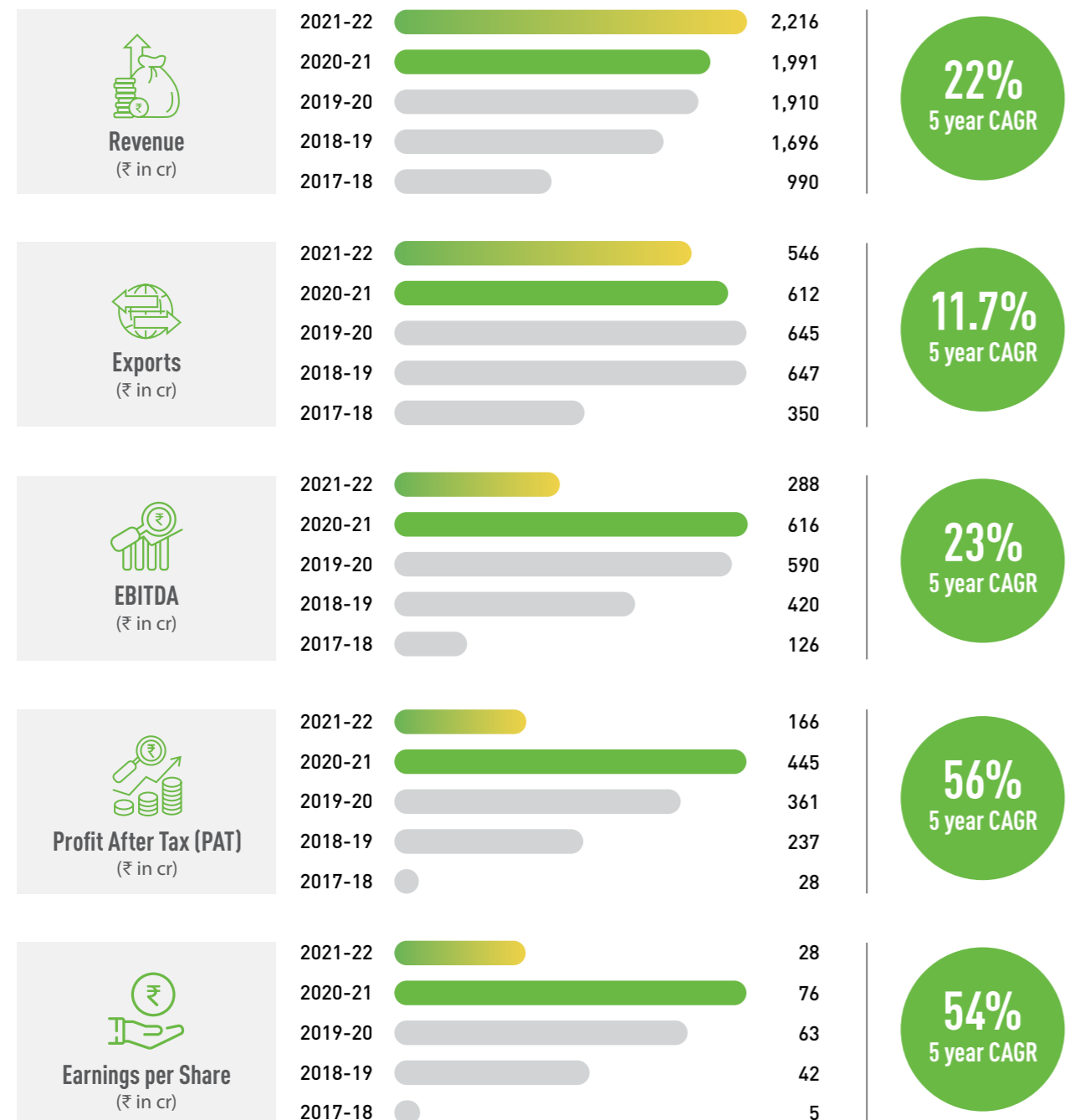


FY 2021-22 IN REVIEW >> Key Performance Indicators

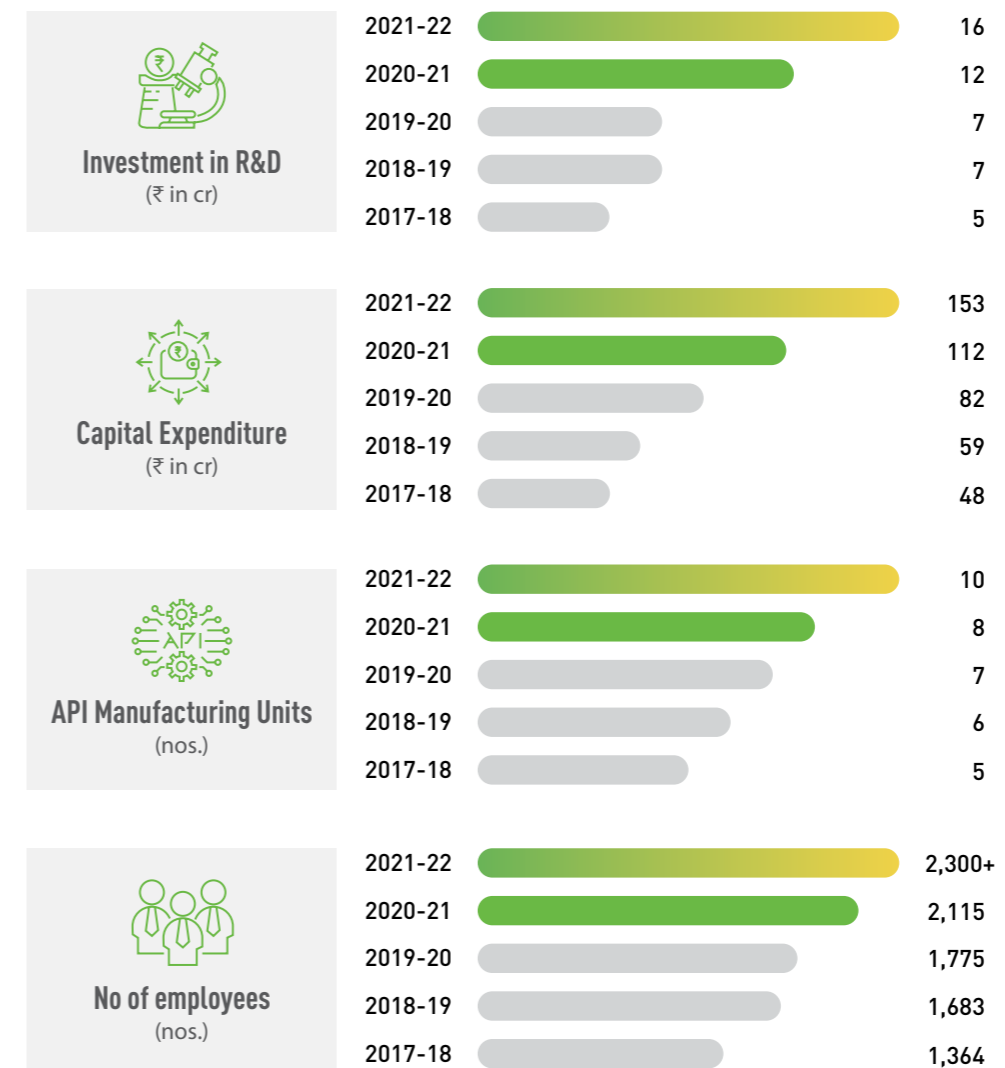
# Focused Growth

This year, we achieved our highest revenue in 5 years despite having a rough year with issues, such as the consecutive pandemic waves, rising raw material prices, and geo-political tensions. We have also continued to diversify and invest in capacity building to diversify our portfolio, allowing us to achieve sustainable margins and profitability.

## Financial



## Operational





STRATEGY & RISK MANAGEMENT >> Strategy

# Strengthening Our Capabilities

We are striving towards consistently growing, while creating long-term value for our stakeholders. We have had a transformative journey this year, overcoming challenges related to the pandemic, disruptive global political scenario, leading to rising raw material costs and supply chain constraints. Regardless of the many barriers, we are committed to showcasing a credible performance and progress ahead, on all fronts.

## Our Strategic Priorities Focus on:

Objectives	Focus Area	Progress So Far	KPIs	Way Ahead
	<p><b>Growing the Pharma and Chemical business</b></p> <p>We continue to grow each segment of our Company diligently through continuous capex investments to add to our capacity and upgrade our systems.</p>	<ul style="list-style-type: none"> <li>We have recorded the highest ever revenue of ₹2,216 crores in FY 2021-22</li> <li>Aligned with our strategy to grow, in the past two years, we have added 4 new units to our manufacturing facility</li> </ul>	<ul style="list-style-type: none"> <li>Revenue growth</li> <li>In-house development of multi-step products</li> <li>Product application across diversified industries and therapeutic categories</li> <li>R&amp;D Spend</li> </ul>	<p>We plan on investing in capex for both, chemical and pharma segments this year</p>
	<p><b>Expanding our Non-Ibuprofen portfolio</b></p> <p>Diversification of our API portfolio is of paramount importance to us for the purpose of growing further and to de-risk ourselves from relying heavily on the Ibuprofen side of our business.</p>	<ul style="list-style-type: none"> <li>To this end, we have progressed by increasing our manufacturing capacities of other APIs, such as Metformin, Clopidogrel and Fenofibrate</li> <li>We have also managed to generate higher revenue from Non- Ibuprofen APIs, raising its share to 35% from 17.6% within pharmaceutical revenues</li> </ul>	<ul style="list-style-type: none"> <li>New products added to the API product portfolio</li> <li>R&amp;D spend</li> <li>Revenue generated from the non-ibuprofen portfolio</li> </ul>	<p>Aim for non Ibuprofen business to contribute 50% to total pharma business</p>
	<p><b>Focus on regulated markets</b></p> <p>We have been focusing on increasing our international market presence by filing for multiple DMFs and getting approvals from international regulatory authorities.</p>	<ul style="list-style-type: none"> <li>We have filled for four DMFs with USFDA, and three CEP applications with EQDM</li> <li>Received approvals from the Korean FDA for two products and Russian regulatory authorities for six products</li> <li>We have filed three process patent applications in FY 2021-22</li> </ul>	<ul style="list-style-type: none"> <li>Venturing into new markets</li> <li>R&amp;D spend</li> <li>DMFs and patents</li> </ul>	<p>We plan to enhance our product development plans and accelerate our DMF filing to cover 5-6 products per year</p>
	<p><b>EHS</b></p> <p>We are committed towards making sure of our operations have minimal impact on the environment, people and the communities we work with.</p>	<ul style="list-style-type: none"> <li>We have achieved 100% Zero Liquid Discharge</li> <li>Certified for ISO 9001, ISO 14001, and ISO 45001</li> <li>We have contributed ₹10 crores towards CSR initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Water consumed, disposed, and recycled</li> <li>Safety and well-being of our employees</li> <li>People benefitted</li> </ul>	<p>We remain committed towards a sustainable and green future</p>





STRATEGY & RISK MANAGEMENT >> Risk Management

# Adapting to Uncertainties

Since our working environment is complex, highly regulated, and dynamic, risks are inherent in our operation. Identifying, assessing, and effectively reacting to these business risks is critical to achieving our strategic growth goals, preserving the interests of our stakeholders, and satisfying regulatory obligations.

Risk management actions take place at all levels in the organization. We strive to include strong risk management practices into our strategy, planning, budgeting, and performance management processes. Senior executives are liable for risk-effective risk management within their areas of responsibility as well as developing a risk-aware culture across the organization.

We hired a world-class external agency to identify and develop our risk management framework. Senior officials of the Company are responsible for preparing reports on different risks involved and their mitigation plans and reporting to the Risk Management Committee and the Board.

Risk	Mitigation Method
<p><b>Regulatory Risk</b></p> <p>We operate in a highly regulated pharmaceutical industry. Any lapse to comply regulations may adversely impact our operations.</p>	<p>Internal and external inspections and audits are conducted on a regular basis to guarantee compliance with Indian and international regulatory agencies' requirements.</p>
<p><b>Operational Risks</b></p> <p>Increase in raw material prices could impact our performance.</p>	<p>The Company handles it by getting into regular agreements with its suppliers to assure continual raw material supply and effective resource use.</p> <p>Furthermore, the Company has in-house backward integrated production capabilities to assure uninterrupted supply of main raw materials utilized in bulk pharmaceuticals.</p> <p>As part of the risk mitigation exercise, we also have a robust alternate sourcing program.</p> <p>This could be mitigated in two ways: by increasing purchasing efficiency (via multiple sources, long-term contracts, and strategic sourcing methodology for key spends) or by backward integration for the KSMs, in which we are very good at Ibuprofen as our main product, and are working on others, such as Metformin and Gabapentin, where we have our own route of synthesis other than the conventional.</p>
<p><b>Debt Risk</b></p> <p>Possibility of default to meet its obligations because of unavailability of funds to meet debt and operational requirements.</p>	<p>As of now, the Company has no outstanding balance on any Term Loan. Furthermore, cash flow estimates are created on a regular basis to assess the availability of its financing, and necessary action is taken.</p>
<p><b>Geographic Risk</b></p> <p>Significant concentration in a particular market could be a risk in the event of downturn in that region.</p>	<p>Customers are served by the Company in the majority of Indian states. To reduce geographical risk, the Company has also increased its customer base to over 80 nations.</p> <p>Furthermore, the Company serves to several industrial customers of the same product.</p>

Risk	Mitigation Method
<p><b>Technological Risk</b></p> <p>Technological advancement could result in asset obsolescence warranting a high cost of replacement.</p>	<p>The Company employs cutting-edge technology in manufacturing, processing, and quality control methods, and it stays abreast of technological advances and adopts them to remain productive and cost-effective. Furthermore, the Company has a DSIR-recognized Research &amp; Development cell that is extremely active in creating and verifying innovative procedures for current products as well as new product development.</p> <p>We are in the process of deploying SAP HANA ERP to strengthen our business processes based on global best practices. We opted for Cloud landscape for the same with high availability and disaster recovery site for maximum uptime for our critical processes.</p> <p>We are, in the process of deploying LIMS integration in our QC LAB for all raw materials, in-process, intermediates, and finished goods materials testing.</p> <p>CRM implementation is also in the process of tracking our new customers' development status.</p> <p>Moreover, we are integrating LIMS and CRM with SAP HANA.</p>
<p><b>Environmental, Health and Safety Risk</b></p> <p>Non-compliance with environmental regulatory issue might affect operations.</p>	<p>To guarantee compliance with environmental requirements, the Company undertakes frequent internal inspections and audits. Legal register is available and all applicable EHS compliances are reviewed at regular intervals.</p> <p>The Company has secured all necessary environmental permits and consents. Furthermore, the Company has acquired ISO 14001:2015 EMS Standard certification.</p> <p>We have an integrated Management System and EHS is given top priority in all aspects of our business. The organization prioritizes employee health and safety. We are committed to managing it via occupational health and safety management systems, fully equipped Occupational Health Centre led by a qualified Factory Medical Officer and qualified nurses. Furthermore, the Company has ISO 45001:2018 OHS Standard certification.</p>
<p><b>Competition Risk</b></p> <p>We are exposed to competition from indigenous as well as foreign players.</p>	<p>We manage the risk of competition by constantly increasing the quality and capacity of our goods and sustaining long-term relationships with our clients by delivering better services to them. In order to provide high-quality goods to our consumers, our quality control department has adopted a variety of quality assurance measures.</p>
<p><b>Foreign Exchange Risk</b></p> <p>We are exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US dollars, on revenue and supplies.</p>	<p>We analyze our exposure to foreign exchange risk on a regular basis and hedge where necessary, although our foreign currency risk is naturally hedged since we import and export items.</p>
<p><b>Human Capital Risk</b></p> <p>Acquisition and retention of right talent is critical to maintain desired operational standards.</p>	<p>We have a committed team of professionals that not only look after human capital recruiting and training, but also offer them a better working environment and growth chances for self-improvement.</p>



R&D AND INNOVATION >> [Approach to R&D](#)

# Relentless Pursuit of Excellence in R&D

Through our continuous research and development projects, we continue to push the envelope in terms of generating innovation. We focus on cutting-edge ideas that will advance product and manufacturing science. We concentrate our emphasis on collaborating with customers to develop “market pull” for products of interest to our clients.

Our R&D activities are focused on creating goods that will meet the demands of the pharmaceutical sector in terms of ensuring a continuous supply of high-quality products. While doing so, we take care to build environmentally friendly processes that enable us to provide our clients with a long-term supply of APIs.

**3**  
PATENTS FILED  
DURING THE YEAR

**₹16 cr**  
INVESTMENT  
IN R&D

**4**  
DMFS FILED

**70+**  
EMPLOYEES IN R&D

## Generic API Research

The principal therapeutic areas of research include (anti-diabetic), cardiovascular (anti-hypertensive), anticoagulants, and nonsteroidal anti-inflammatory drugs (NSAIDs) and antipyretic drugs.

We are a top API partner for global pharmaceutical firms. We're well-known domestically and internationally. Our R&D is located in Punjab, India. We specialize in Grignard reactions, cyanation and halogenation reactions.

We have expertise to handle high temperature, high pressure reactions (up to 220°C and 35 kg/cm<sup>2</sup>), Hydrogenation reactions (up to 20 kg/cm<sup>2</sup>), Sodium metal reactions, Propylene, Chlorine and HCl gas-based reactions.

In R&D, we focus on 100% backward integration, indigenously accessible raw materials, in-house manufacture of Key Starting Materials and intermediates, and continual improvement in quality, cost, and minimizing effluent generation.

Our API R&D function is supported by 70 skilled and devoted researchers with highly specialized qualifications in Chemistry/Technology such as PDF, Ph.D. in Chemistry and Pharmaceutical Technology, Master's in Science, and Master's in Pharmacy.

Our R&D team works 24/7. It has a full-fledged process development laboratory with advanced analytical instruments like LC-MS, Multi gradient High Performance

Liquid Chromatography with PDA, RI, and UV detectors, Gas Chromatography with Head space analysers, Malvern 3000 and 2000 particle size analyser, Infrared Spectroscopy, Ultraviolet Spectroscopy, and Digital Polarimetry. Our R&D department partners with local universities and testing labs for unusual analytical needs.

Our R&D is integrated with a cGMP Pilot Plant for scale-up testing. The PP is equipped with 0.5 KL to 1.0 KL SS and Glass lined reactors, a powder processing area with HVAC, a microniser, and other equipment, including an oil heating system.

Furthermore, the Company has deliberately invested in cutting-edge technologies, such as continuous flow reactors (CFR), enzymology, and so on, in order to become future-ready and to eliminate significant carbon footprints on the environment.

## Intermediates Research

Our policy of 100% Atmanirbhayta for Key Starting Materials (KSMs) for all Active Pharmaceutical Ingredients (APIs) made by us is supported by our R&D division. KSMs, such as Isobutylbenzene (IBB) for Ibuprofen, CHBP in Finofibrate are made in-house. The Company plans to manufacture O-tolylbenzotrile (OTBN) for the Sartan line of medicines, and SABA HCl for Leviteracitam, utilizing processes developed in-house by our R&D team.





R&amp;D AND INNOVATION &gt;&gt; Innovations and Product Diversification

# Innovation - "IOL Way of Life"

Innovation is a way of life at IOL. Our dedicated R&D team continues to develop products and the best-in-class processes, following the most stringent environmental norms. Our innovation focuses on products that are cost-effective, leveraging novel technical advancements.

In addition to developing new products, we have dedicated teams that strive to continue improving existing manufacturing processes. To this effect, the Company has filed three process patent applications in FY 2021-22.

Our product diversification strategy is focused on combining the technical capabilities of our Company in both R&D and operations. We plan to diversify our product portfolio in chemicals in the coming year. In the pharma division, we have already expanded our product portfolio and added new products that aid our Non-Ibuprofen portfolio growth. We plan to consistently diversify our API portfolio by filing 4-5 DMFs each year.

## FY 2021-22 Highlights

### We have Completed Tech Transfer for 6 Products

PARACETAMOL, LOSARTAN, ALLOPURINOL, QUETIAPINE, APIXABAN, BCFI

### Process has been Developed for 4 Products

IRBESARTAN, VALSARTAN, VILDAGLIPTIN, SITAGLIPTIN

### CEP and US DMF Filed for 6 Products

LEVETIRACETAM; PANTOPRAZOLE PARACETAMOL; GABAPENTIN, LAMOTRIGINE; FENOFIBRATE

### Continuous Improvements in

METFORMIN AND PANTOPRAZOLE

### 4 Patents filed with Novel Processes

IP AND PCT

### Addition and Upgradation of Labs

NEW 21 CFR ANALYTICAL VALIDATION LAB AND KILO LAB FACILITY ADDED

UPGRADED CRD & ARD LABS



ESG >> Environment

# Reducing Our Environmental Footprint

We constantly make sure that there is no adverse impact on environment due to our manufacturing operations. Our team is continuously striving to reduce our environmental footprints. We do so by upgrading our technology, complying with regulations and creating awareness in our workforce. Our key facility is ISO 14001:2015 ESM Standard certified.



## Climate Change and Energy Management

Climate change is becoming a commercial issue all around the globe. Climate change's long-term influence on organizations and operations has been more acknowledged. Upto very recently, the pharmaceutical sector's emissions surpassed that of the automotive sector. To tackle the seriousness of climate change at our operations, some of the initiatives that we have taken at our plants are:

- Use of green fuel (rice husk) in co-generation plant boiler leading to reduction in CO<sub>2</sub> emissions significantly
- Monitoring of air emissions, such as VOCs and SPM from all our equipment using devices like online SPM analyzers
- Installation and use of pollution control devices, such as Electrostatic Precipitator, scrubbers, water sprinklers and mechanical dust collectors to reduce our emissions
- Use of Variable Frequency Drives to save energy
- Replacement of conventional lighting with LED Lighting
- Use of energy efficient pumps/motors in cooling, chilling and brine applications
- Improving and maintaining standard power factor
- Reduction in power losses due to heating by regular thermography
- Process automation to optimize power consumption and other losses
- We have also invested strategically in cutting-edge technologies, such as Continuous Flow Reactors (CFR), Enzymology, etc. to become future-ready and expected to reduce substantial carbon footprints on the environment

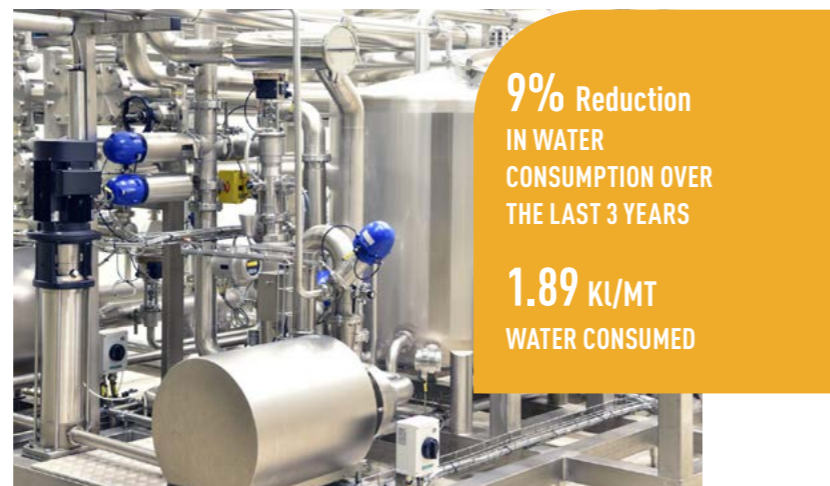
**24233.74 MTCO<sub>2</sub>e**  
SCOPE 1 EMISSIONS

**163.2**  
SCOPE 2 EMISSIONS

## Water Usage

Our whole operations, both pharmaceutical and chemical rely heavily on water of different qualities. We are aware of the dangers associated with water stress and its potentially disastrous consequences. We are devoted to reducing our water use in the following ways:

- Our water consumption has reduced by >9% in the last three years. We achieved this reduction with the implementation of our Zero Liquid Discharge (ZLD) process with treatment systems like ETP, DAF, RO, MVR, ATFD, STP, and Sludge Handling Screw Press. Recovered wastewater is reused in Cooling Towers, reducing freshwater consumption
- Techniques, such as process cascading and co-generation of steam condensate, and use of devices like jet pumps, are used to reduce water consumption in our operations



**9% Reduction**  
IN WATER  
CONSUMPTION OVER  
THE LAST 3 YEARS

**1.89 KI/MT**  
WATER CONSUMED



## Waste Management

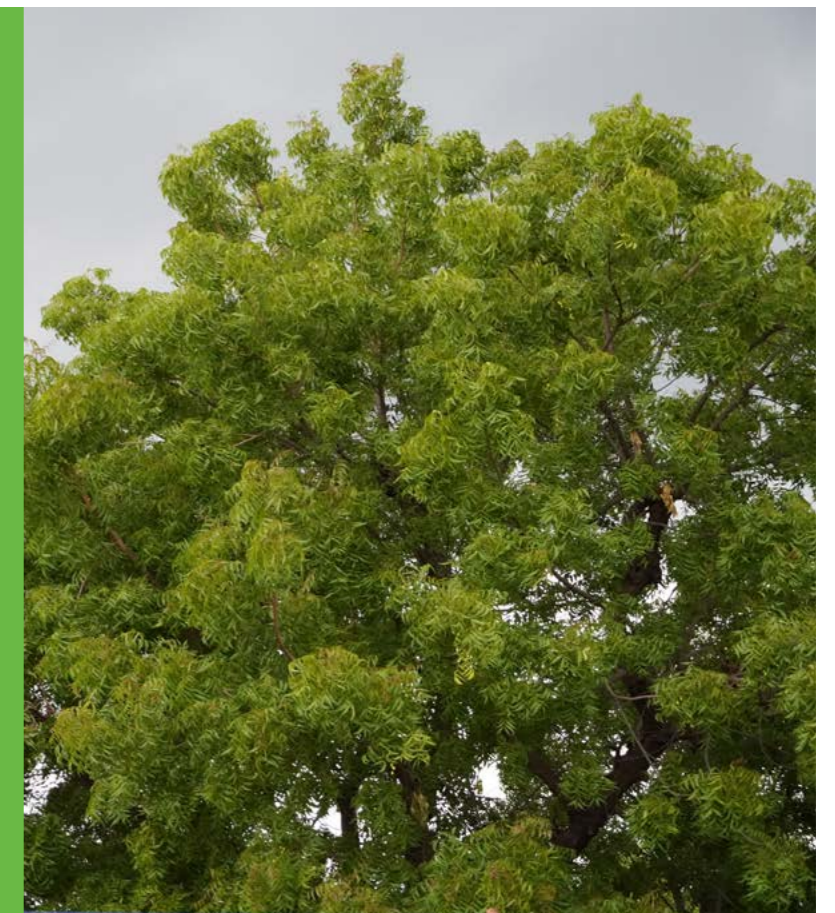
- In the pharmaceutical and chemical sectors, waste is a topic of utmost concern as the hazards caused by them can be disastrous. Reduce, reuse, and recycle are the guiding principles for us. This drives us to adopt waste reduction and management measures for both hazardous and non-hazardous waste. Some of the actions which we take towards this end are:
- Use of devices such as ATFE (Agitator Thin Film Evaporator) for reducing hazardous waste and anaerobic hybrid reactors to cut down on sludge formation in the plant
- We are using ATFE (Agitator Thin Film Evaporator) instead of HVD (High Vacuum Distillation) to reduce the quantity of solid hazardous waste generated
- Anaerobic Hybrid Reactor installed to reduce sludge formation
- Continuous improvement in yields of products
- We have set up a state-of-the-art R&D centre with scientists to explore modern trends in the industry by attending national & international conferences and adopting the best environment-friendly practices

## Biodiversity Conservation

We are committed to preventing any adverse impact on biodiversity inside and outside of our premises. Preservation, conservation, and recovery of biological diversity is getting ensured through robust, efficient, and environmentally sound management system. As per our geographical location, there are no endangered species and eco-sensitive zone in our vicinity.

A green belt has been developed in the area of our operations, in line with regulatory commitments. 38 acres have been developed as a green belt on our land of 112 acres. Plants such as Eucalyptus, Neem, Indian Beech, Arjun tree, etc. have been planted along that area. Another 5,000 trees are slated to be planted in the region.

**>33%**  
OF PROJECT LAND DEVELOPED  
AS GREEN BELT





ESG >> Social

# Empowering People

2,300+  
EMPLOYEES

40,000+  
TOTAL TRAINING  
HOURS

We are committed towards creating a positive impact on the lives of the people we are working with. The overall growth of our organization is linked to ensuring a high-quality, safe, and inclusive environment for our employees and the communities we are serving. We are consistently improving upon our policies to create an equitable and inclusive workplace and society.

## Our People

Our most valuable asset is our workforce. We invest in them on a regular basis via different strategic development projects. Our human capital is efficient, devoted, and committed to the organization's development and success. It is their persistent efforts that have propelled us to the forefront of the business.

We believe that employees who find purpose at work typically try to produce to the best of their abilities, bringing the organization one step closer to achieving its aspirations. As a result, we place a high value on our mission and vision, and we urge our employees to join us on this journey. While we want to be one of the most respected firms in APIs and Specialty Chemicals, our primary goal is to make a significant difference in the communities in which we operate. While we develop approaches to contribute to and cause positive change in the environment and society, we are proud of our people and humbled by their assistance in this process.

## Training and Development

Customer-centric businesses are always developing techniques to provide just the highest value to their consumers. Similarly, we strive tirelessly to provide relevant services to our customers in order to build long-term connections with them. Our employees are enthusiastic about their jobs. When it comes to decision making, our team is bold in exploring new development opportunities and implementing approaches to succeed in difficult endeavours. To provide the best-in-class products and services, we must concentrate on developing strong skills for our personnel. As a result, we aim to improve our workers' total skill set, which raises the value they provide to the organization. We inspire our employees by fostering a cooperative and performance-oriented work environment.

### Our Strategies:

- Mitigation of risk by devising appropriate Succession Planning Strategies
- Identification of top-performers and non-performers
- Continuous measurement of the effectiveness of leadership and employee satisfaction (surveys)
- Increased employee engagement through appropriate measures
- Reward and recognition measures
- Adjustment of recruitment and training to competency gaps
- Specifying well-defined job descriptions, which map to the organizational structure. This becomes the basis of recruitment, goal-setting, training, performance evaluation, and career enhancement

## Corporate Social Responsibility

We collaborate with different organizations in order to bring value to the communities and lives around us. This becomes the basis of recruitment, goal setting, training, performance evaluation and career enhancement.

We focus on the categories of healthcare, education and social upliftment, while carrying out our CSR activities.



### Healthcare

We saw an opportunity to contribute to and improve the quality of the healthcare system. We support programmes that address the needs of marginalized communities who require the greatest healthcare assistance. In addition to donations, we devote our efforts and resources toward improving healthcare facilities by equipping them with high-tech machinery and testing equipment.

### Education

We believe that access to education is a need, not a luxury. Therefore, we collaborate with local communities and work towards making quality education accessible to everyone. We are working towards the betterment of the students by providing the local schools with infrastructural facilities including smart classrooms, libraries and computer labs, among others.



### Social Upliftment

As part of our CSR, we believe in uplifting society's underprivileged communities. We have implemented initiatives focusing on improving the rural infrastructure, including installing solar streetlights and cleaning the wet drains. We have also collaborated with various NGOs working towards the upliftment of specially-abled people.





ESG >> Governance and Leadership

# Robust Governance

We are dedicated to supporting all of our stakeholders' best interests. We've put in place a robust and well-structured corporate governance system that allows us to operate more effectively, reduce business risks, and safeguard the interests of our stakeholders. Our corporate governance framework focuses our Company operations on long-term value development and innovation. It also fosters a management culture that upholds good corporate governance standards and a transparency policy.

**Our Company's Philosophy on Corporate Governance is Based on Following Principles:**



# Board of Directors

Our Board of Directors has the overall responsibility to guide our organization and manage the administration. Their strategic roles focus on identifying our priorities, setting our long-term targets, managing the funds and making sure that we are striving towards growth.

Mr. Rajender Mohan Malla  
Chairman and Independent Director



Mr. Varinder Gupta  
Managing Director



Dr. Sanjay Chaturvedi  
Executive Director and  
Chief Executive Officer



Mr. Vikas Gupta  
Executive Director



Mr. Kushal Kumar Rana  
Director (Works)



Dr. Sandhya Mehta  
Independent Director



Mr. Harpal Singh  
Independent Director



Mr. Sharad Tyagi  
Independent Director



A: Audit Committee  
S: Stakeholders Relationship Committee  
R: Risk Management Committee

N: Nomination and Remuneration Committee  
C: Corporate Social Responsibility Committee  
B: Banking and Finance Committee

Member  
Chairperson



ESG >> Governance and Leadership

**Mr. Rajender Mohan Malla**  
Chairman and  
Independent Director

Mr. Rajender Mohan Malla has a Bachelor's of Commerce degree from Shri Ram College of Commerce, an M.Com degree from the University of Delhi, and an MBA degree from the University of Delhi's Faculty of Management Studies.

He has a long and successful career spanning four decades. He has held senior and substantial decision-making roles in banks, financial institutions, and non-banking financial companies. IDBI Bank Ltd., SIDBI, IFCI, and PTC India Financial Services Limited are some of these banks. From 2013 to 2015, he was MD & CEO of PTC India Financial Services Limited (PFS), a subsidiary of PTC India Limited, and previous to that, CMD of IDBI from 2010 to 2013.

**Mr. Varinder Gupta**  
Managing Director

Mr. Varinder Gupta is an industrialist with over 35 years of expertise in the chemical and fertilizer industries. His broad approach and strong oversight of the Pharma and API business have been critical in promoting innovation and quality inside the Company.

**Dr. Sanjay Chaturvedi**  
Executive Director and  
Chief Executive Officer

Dr. Sanjay Chaturvedi graduated from St Stephens College, University of Delhi, with a Bachelor's degree in Chemistry (Honors) and a Master's degree in Physical Chemistry.

He holds a PhD in Physical Chemistry from Stony Brook University in New York, and a Management degree from the University of Pennsylvania's Wharton Business School.

He is a seasoned global business leader, who has spent over 25 years in the Specialty Chemicals and pharmaceutical industries with firms such as Praj Industries, Dr. Reddy's, and Aurobindo, to name a few. He has a proven track record and functional competence in Sales, Marketing, Strategy, Manufacturing, and R&D in the United States and India.

**Mr. Vikas Gupta**  
Executive Director

Mr. Vikas Gupta graduated from King's College London, University of London, with a Bachelor's of Science in Business Management.

He is intellectually prepared and has organizational abilities. He spent two years in the Company's strategy department, where he was instrumental in developing the Company's Chemical and Pharmaceutical businesses. Over the previous 9 years, he has been critical to the organization's operations.

**Mr. Kushal Kumar Rana**  
Director (Works)

Mr. Kushal Kumar Rana holds a Bachelor's degree in Chemistry, Physics, and Math and has graduated from Vinayaka Mission University with a Master's degree in Chemistry.

He has over 30 years of expertise in the pharmaceutical sector and a solid technical background. He joined the Company in 2005 as a Senior Manager of Production in the API business. Prior to becoming a Director, he worked for the Company as President, Quality Assurance, where he was in-charge of quality assurance, quality control, and corporate regulatory affairs.

**Dr. Sandhya Mehta**  
Independent Director

Dr. Sandhya Mehta has an MBA as well as a Ph.D. in Management Studies.

She is the Principal of Guru Nanak Institute of Management and Technology in Ludhiana and has 29 years of expertise. She has seven books to her credit, as well as several articles published in prestigious national and international journals.

**Mr. Harpal Singh**  
Independent Director

Mr. Harpal Singh has the titles of Fellow (Mechanical Engineer) of the Institute of Engineers (India), CAIIB of The Indian Institute of Bankers, Mumbai, and Merit Pass UK Financial Services and Regulations.

He has over 37 years of banking and financial industry expertise. From 2010 until 2015, he was General Manager of Punjab National Bank, where he oversaw the bank's overall activities in the state of Punjab.

**Mr. Sharad Tyagi**  
Independent Director

Mr. Sharad Tyagi has a degree in engineering from Delhi University and an MBA from IIM Ahmedabad.

He has over 35 years of entrepreneurship experience in India and foreign markets, encompassing pharmaceuticals, OTC, automotive catalysts, and Specialty Chemicals.

He was the Managing Director of Boehringer Ingelheim (BI) in India from 2009 to 2020.

His previous positions include Senior Vice President, API and Global Head of the API Business at Dr. Reddy's (2007-2009) and Country Manager India and Director Strategy Asia - Engelhard Corporation (1996-2006).

# Statutory Reports and Financial Statements

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# Management Discussion and Analysis

## Global Economic Overview

2021 has been another challenging year due to the ongoing and widespread effect of COVID-19, particularly with the introduction of new strains causing higher mortality. Financial markets and companies were impacted as a result of supply-side limitations. To guarantee that credit was accessible to firms and consumers, central banks offered a variety of solutions. Global immunization campaigns, together with accommodating governmental measures, aided economic recovery.

Even now, many low-income developing countries are still grappling with the pandemic's uncertainty. Supply chain problems, semiconductor shortages, and the ongoing energy crises have exacerbated the issue. Global growth is expected to be 3.6% in 2022, down from 6.1% in 2021, according to the International Monetary Fund (IMF). However, the prognosis is contingent on improving health conditions brought about by intensive immunization campaigns, as well as the availability of innovative and effective medicines. If no new outbreaks occur, the negative effect is predicted to reduce by the second quarter of 2022.

In 2021, the value of global trade hit a new high of \$28.5 trillion, a 25% rise from 2020 and a 13% increase from 2019, before the COVID-19 pandemic. While the majority of global trade expansion occurred in the first half of 2021, development continued in the 2nd half. After a rather sluggish 3rd quarter, trade growth accelerated in the 4th quarter, when trade in goods reached a new record high of \$5.8 trillion, increasing by about \$200 billion. Meanwhile, trade in services increased by \$50 billion to reach \$1.6 trillion, surpassing pre-pandemic levels by a narrow margin.

The geopolitical confrontation between Ukraine and Russia erupted into a full-fledged conflict as the year 2022 approached. As a result, numerous countries saw a surge in inflation, which became their principal concern. In developed countries, inflation is forecast to grow by 5.7%, while inflation in emerging markets and developing economies is expected to rise by 8.7%. Food and fuel price increases are generating societal unrest in emerging nations. China's Zero COVID policy, which restricts entrance to key regions with vital industrial centers, is straining an already stretched global supply chain.

These factors have had an effect on the projected growth for the next year. The growth rate of advanced economies is projected to decline to 3.3% in 2022, from 5.2% in 2021. Emerging markets and emerging economies (EMDE) are recovering more quickly than developed economies, with a 6.8% growth rate in 2021 expected to decline to 3.8% in 2022.

With the new strain still on the loose, the need of a strong global health strategy is more important than ever. Global availability of vaccinations, diagnostics, and medications is critical for lowering the likelihood of more lethal COVID-19 variations. Higher supply production, better in-country delivery networks, and more equitable global distribution are all necessary to accomplish this. To keep inflation at bay, many nations' monetary policies will need to be tightened even more, while fiscal policy would need to prioritise health and social spending while concentrating assistance on the most disadvantaged.

## Global GDP Growth and Forecasts

Particulars	2020	2021	2022(f)	2023 (f)
World Output	(3.1)	6.1	3.6	3.6
Advanced Economies	(4.5)	5.2	3.3	2.4
United States	(3.4)	5.7	2.7	3.3
Euro Area	(6.4)	5.3	2.8	3.3
Emerging Market and Developing Economies	(2.0)	6.8	3.8	4.4
China	2.2	8.1	5.4	5.1
India	(7.3)	8.9	8.2	6.9
Japan	(4.5)	1.62	2.39	2.32
Brazil	(3.9)	4.6	0.8	1.4

(Source: IMF World Economic Outlook

<https://unctad.org/news/global-trade-hits-record-high-285-trillion-2021-likely-be-subdued-2022>)





### Indian Economic Overview

The economy is expected to have a real GDP growth of 8.9% in FY 2021-22 against the contraction of 7.3% it witnessed in the previous year. This shows us that the economic activity has grown beyond the pre-pandemic levels. Despite the health impact witnessed during Q1 FY2022 due to the Delta variant, the economic impact was much smaller than Q1 FY2021.

According to the Economic Survey 2021-22, the industrial sector grew by 11.8% this year as compared to the contraction of 7.8% it faced in FY 2020-21. This was due to larger scale of operations after vaccinations were conducted and easing of restrictions. Total consumption has grown by about 7% with government spending being the biggest contributor. The Gross Fixed Capital Formation has grown by about 15% driven by aggressive capex and infrastructure expenditure by the government. The government's focus on exports and investments supported development. Sector-specific initiatives, such as the Production Linked Incentive (PLI) scheme and increased infrastructure expenditure, have also helped in growth of domestic manufacturing.

Despite improved economic performance, rising inflation has been a continual cause of worry. The Consumer Price Index (CPI) in India increased to 7.8% in April 2022 from 7.0% in March 2022, far above the RBI's objective of 4 percent (+/- 2%). According to projections, ongoing food price inflation will boost the main CPI. In response, the RBI hiked the repo rate by 50 basis points to 4.9% in June 2022, the RBI's second rate hike this year following a 40 basis point off-cycle increase in May 2022.

The IMF has projected a growth of 8.2% for India during FY 2021-22, which is a revision and a reduction from their January forecast by 0.8%. This value may be further revised based on current external events such as developments in geopolitical tensions, like the Russia-Ukraine conflict, continuing supply chain constraints, and rising prices of oil and other commodities leading to further inflation.

(Source: Economic survey 2021-22; IMF World Economic Outlook)

<https://www.forbes.com/advisor/in/personal-finance/2022/06/08/indias-rbi-increases-repo-rate-by-50-bps-projects-fy23-inflation-at-6-7/#:~:text=Personal%20Finance,India's%20RBI%20increases%20Repo%20Rate%20By%2050,Projects%20FY23%20Inflation%20At%206.7%25>

As per the report by RBI's Department of Economic & Policy Research in April'22, the Indian economy will take than more than a decade to overcome the losses due to COVID-19. The pandemic was followed by Russia-Ukraine war resulting in further supply chain disruptions. For the individual years 2020-21, 2021-22 and 2022-23, the report has pegged individual losses at ₹19.1 lakhs, ₹17.1 lakhs and ₹16.4 lakhs.

### Global Industry Review

#### Chemicals Industry

The American Chemistry Council (ACC) predicts that worldwide chemical sector output will increase by 3.8% in 2022 before slowing to 3.2% in 2023. According to the American Chemistry Council, global chemical industry production will increase by 5.8% in 2021, with Asia Pacific growing at the fastest rate of 8.2%, North America growing at 1.8%, Latin America growing at 2.7%, Western Europe growing at 1.8%, Eastern Europe growing at 5.9%, and Africa and the Middle East growing at 2.5%. Looking ahead to 2022, production growth in the chemical industry is expected to slow down in most regions, but likely to accelerate in others. In North America, the industry is expected to reach 4.5%; in Africa and the Middle East, expected to accelerate to 3.3%; while in Latin America, Western Europe, Eastern Europe and the Asia Pacific, the industry is expected to slow to 2.4%, 1.6%, 3.6%, and 4.3% respectively.

According to the American Chemistry Council, worldwide chemical industry output growth in 2022 will be lower than in 2021, with agrochemicals decreasing from 3% in 2021 to 2.3% in 2022, and consumer chemicals slowing to 3% from 3.4% in 2022. Basic chemicals will slow to 4% from 6.1%, inorganic chemicals to 3.9% from 6.6%, bulk petrochemicals and organic chemicals to 3.8% from 5.8%, plastic resins to 4.3% from 6%, synthetic rubber to 6.3% from 7.6%, and Specialty Chemicals to 4% from 5.2%.

(Source: <https://www.echemi.com/cms/476219.html>)

### Specialty Chemicals

The worldwide Specialty Chemicals market was valued at USD 627.7 billion in 2020 and is expected to grow at a CAGR of 4.7% from 2021 to 2028, reaching USD 882.6 billion. This growth is being driven by increased demand for high-performance and function-specific chemicals. Industrial and institutional cleansers segment accounted for 9.8% of market revenue in 2020 and are predicted to grow at 4.6% from 2020 to 2028. The coatings, adhesives, sealants, and elastomers (CASE) business is also expanding as a potentially lucrative area, accounting for a 4.9% value share in 2020. Construction chemicals are expected to develop as an important product category with significant growth prospects between 2020 and 2027. Specialized water-proofing compounds, repair and restoration compounds, joint fillers, and tile fixing adhesives are in great demand in the construction and building industry.

Despite the fact that Specialty Chemical makers are increasingly concentrating their efforts on new markets, Europe is regarded as a stable market for Specialty Chemicals. In 2018, Specialty Chemicals accounted for more than 27% of total chemical sales in the EU, according to the European Chemical Industry Council (Cefic). It is one of the most significant exporting businesses in the area, accounting for over one-third of total chemical exports in 2018. In the future, the Asia-Pacific area is predicted to account for 44% of worldwide demand, with a focus on China, India, and Japan. Companies supplying the automotive, coatings, and polymer industries are expected to see a prolonged slowdown as demand remains low, a situation that is likely to be worsened by any more COVID-19 waves.

(Source: <https://www.grandviewresearch.com/industry-analysis/specialty-chemicals-market>)

<https://www.globenewswire.com/news-release/2022/07/20/2482838/0/en/At-4-7-CAGR-Specialty-Chemicals-Market-Size-to-Surpass-USD-882-6-Billion-by-2028-Fortune-Business-Insights.html>

<https://www.grandviewresearch.com/industry-analysis/specialty-chemicals-market>)

### Pharmaceutical Industry

The global pharmaceutical industry was worth \$1.4 trillion in 2021, and it is predicted to increase at a CAGR of 3-6% over the following five years, reaching \$1.8 trillion by 2026. This prediction includes expenditure on COVID-19 immunizations, and total vaccine spending is anticipated to reach \$251 billion by 2026.

Adoption of new treatments and specialty medicines will boost medical pharmaceutical growth in developed countries, but loss of exclusivity and competition from generics and biosimilars may restrict growth. Pharmaceutical markets in the developed world grew at a CAGR of 4.3% from 2017 to 2021, reaching \$1049.2 billion, and are predicted to rise at a 2-5 percent CAGR to reach \$1,230-1,260 billion by 2026.

Expanding healthcare access in most countries and increased expenditure on new medicines will help drive medicine spending growth ahead in pharmerging economies, although off-patent branded medications and cheap generic drug prices may have an influence on growth. The pharmerging markets

grew at a CAGR of 7.8% between 2017 and 2021, reaching \$353.2 billion in 2021, and it is predicted to grow at a 5.08% CAGR through 2026. Lower-income nations are predicted to increase expenditure at a CAGR of 2.5-5.5%, reaching \$21-25 billion by 2026, up from \$18.9 billion in 2021.

(Source: IQVIA Global use of medicines 2022)

### API (Active Pharmaceutical Ingredients) Sector

Despite the COVID-19 problem, the global market for Active Pharmaceutical Ingredients (API) is expected to reach a revised size of \$265.3 Billion by 2026, rising at a CAGR of 6.7% over the research period.

Following a detailed examination of the financial ramifications of the pandemic and the resulting economic crisis, growth in the Generic category is reduced to a 7.4% CAGR for the next seven years.

The generics segment now holds 30.2% of the international Active Pharmaceutical Ingredients (API) market. As branded API patents expire, options for generic APIs expand, resulting in increased API market demand.

APIs are physiologically active molecules that serve as the foundation for medication production. API manufacture is mostly focused in developing countries owing to their capacity to scale production based on customized and low-cost manufacturing.

The API market is expected to benefit from a greater emphasis on generic and branded medications as the incidence of non-communicable and chronic medical disorders rises as a consequence of lifestyle changes and fast urbanization. The market is expected to develop further as a result of the shift away from traditional production processes, increased investment in medication research, and strict attention to product quality.

The market is also benefiting from an increase in the number of generic pharmaceuticals developed with the consent of a pharmaceutical firm to create their own version of the medication. The COVID-19 outbreak and the related supply chain problems are causing several countries to reject sourcing APIs from China.

Despite these obstacles, the API industry is expected to accelerate owing to favourable factors such as the imminent approval of many generic and blockbuster medications that depend on APIs.

(Source: <https://www.globenewswire.com/en/news-release/2022/01/25/2372193/28124/en/Global-Active-Pharmaceutical-Ingredients-API-Market-Report-2021-Market-to-Reach-265-3-Billion-by-2026-Preference-for-Specialized-CDMO-Contractors-on-the-Rise.html>)





## Indian Industry Review

### Chemicals Industry

Chemicals and chemical products play an important role in the manufacturing sector because of their direct and indirect uses in a wide range of industries, including food and drinks, textiles, leather, metal extraction and processing, petroleum refining, medicines, and rubber. As its competitiveness grows, India's chemical sector is witnessing transformative shift, driven by the availability of low-cost labor as well as a global phenomenon of China plus one strategy that attempts to focus on development of alternative supply-chain market for the sector apart from China.

The market is expected to reach \$304 billion by 2025, at a CAGR of 9.3 percent, due to increased demand in the Specialty Chemicals and petrochemical categories.

Key Growth Drivers:

- Rising domestic demand
  - By 2030, India is expected to have 80% of its families in the middle-income bracket.
  - The expanding middle-class and increasing urbanisation are driving demand for personal care, agrochemicals, food, paints and coatings, resulting in greater chemical consumption per capita.
- The government's intent to increase manufacturing's proportion of GDP to 20% by 2025
  - The government sees manufacturing as a major priority and has contacted ~1,450 organizations globally, to produce in India.
  - The government's proposal includes 2-3 autonomous zones with no labour or land rules.
  - ~300 organizations are actively pursuing manufacturing plans in mobile phones, electronics, medical products, and textiles.

(Source: Department of Chemicals and Petrochemicals IBEF Chemicals February 2022)



Credible Performance. Consistent Progress.

### Specialty Chemicals

The Specialty Chemicals sector in India has been critical in fueling the expansion of the chemical industry. By value, it accounts for around 22% of India's overall chemicals market. India is growing as a favored production base for Specialty Chemicals, including contract and custom synthesis for both local and foreign markets. The Indian Specialty Chemicals sector is projected to increase 11-12% to \$64 billion by 2025. Furthermore, it is estimated to create an additional \$60 billion in potential across Specialty Chemicals industries over the next 8-10 years.

In an effort to expand their businesses, Specialty Chemical firms are pursuing import substitutes and exploring other export options. 20% of the \$4 trillion worldwide chemicals business is comprised of Specialty Chemicals.

(Source: IBEF Chemicals February 2022)

<https://www.indianchemicalnews.com/opinion/indian-specialty-chemical-industry-poised-for-a-quantum-leap-13553>

### Pharmaceutical Industry

India is third in the world by volume and 14th by value in terms of pharmaceutical production. The domestic pharmaceutical sector consists of a network of 3,000 pharmaceutical companies and 10,500 production facilities. The Indian Economic Survey 2021 forecasts that the domestic market would triple in size over the next decade. Domestic pharmaceutical sales in India were \$42 billion in 2021, and is projected to reach \$65 billion by 2024 and \$120 billion by 2030. In January 2022, the Indian pharmaceutical market grew by 13.9%. India is a prominent and expanding participant in the global pharmaceutical industry. India is the world's largest supplier of generic pharmaceuticals, accounting for 20% of the global supply by volume and fulfilling over 60% of the global demand for vaccinations.

(Source: IBEF Pharmaceuticals March 2022)

### API Sector

During the 2020-2026, the market for APIs in India is expected to grow at a rapid rate. The expansion of the Indian APIs market is primarily driven by the rising prevalence of chronic illnesses and the significance of generics. Innovations in active pharmaceutical ingredient (API) manufacture and the expansion of the biopharmaceutical industry is also driving pharmaceutical market expansion.

The growth of the sector is fueled by the adoption of global standards and the establishment of large-scale operations in the country. India has the biggest number of US FDA-approved plants, ~665, and accounts for 44 percent of the world's abbreviated new drug applications (ANDA).

To encourage API (bulk drug) production, the Government of India has introduced Production-Linked Incentive (PLI) scheme that also supports the "Atmanirbhar" effort for Indian manufacturers.

(Source: <https://www.globalmarketestimates.com/market-report/india-api-industry---market>)

## Business Review

IOL is a leading and recognized company in the Active Pharmaceutical Ingredient (API) and specialty chemicals sectors. The company is a producer and global supplier of APIs including Ibuprofen, Metformin, Clopidogrel, Lamotrigine, Pantoprazole, and Fenofibrate, as well as additional APIs, and has a strong presence in all key therapeutic categories. The need for APIs continues to rise because of the prevalence of lifestyle disorders and the necessity for more inexpensive healthcare delivery methods. In the Specialty Industrial Chemicals division of the IOL, Ethyl Acetate, Iso Butyl Benzene (IBB), Mono Chloro Acetic Acid (MCA), and Acetyl Chloride are manufactured. Ethyl acetate is used

in industries like pharmaceuticals, printing, flexible packaging, adhesives, surface coatings, flavors, paints & lamination, and essences. A diverse array of end-use industries fuel the product's demand. The company's production facilities are in Fatehgarh Chhanna, Barnala District, Punjab. The Department of Scientific and Industrial Research (DSIR) approved R&D centre of the company is equipped with modern and analytical equipment. As part of our sustainability efforts, we have initiated the usage of biofuels in our captive co-generation plant (17 MW capacity) to reduce our carbon footprint. The company has an exceptional team of technical and commercial experts in pharmaceutical and chemical production and marketing.

## SCOT Analysis

### Strengths

- Strong backward integration capabilities.
- Maximizing export potential by filling DMFs and getting regulatory approvals
- Good long-term relationship with domestic clients
- High-quality front-end team with strong regulatory and manufacturing capabilities
- A strong balance sheet with no debt.
- Strong product pipeline in both the pharmaceutical and chemical sector
- Ability to manage high scale complex operations

### Challenges

- Long durational period for developing compounds and getting registrations for commercialization
- Strained supply chain network across the world
- Volatility in the pricing of raw materials

### Opportunities

- Indian pharmaceuticals and chemical companies getting increased outsourcing opportunities, fueled by the China+1 strategy
- Increasing domestic needs that are unmet due to the supply chain disruption owing to the disturbed geographical scenario can be met by the domestic producers

### Threats

- Increasing energy and raw material prices because of the volatile nature of the changing global scenario, worsened by the Russia-Ukraine conflict





**Risk Management**

Please refer page 16 in the non-statutory section for details.

**Financial Performance**

Revenue: Total income has grown to ₹2,216 crores during the year in review as compared to ₹1,991 crores in the previous year.

Segmental Revenue: The pharmaceutical segment contributed to ~46% of the revenue during the year as compared to ~60% in the previous year. Within the pharmaceuticals segment, Ibuprofen had a ~65% share of the sales during FY 2021-22 when compared to the ~82% share it had in the previous year.

The chemicals segment had a ~54% share of the total revenue during the year as compared to the 41% share it held last year.

EBITDA: The EBITDA during the year in review was ₹288 crores, as compared to the ₹616 crores in the previous year. This decline was caused majorly due to rising raw material and fuel costs.

Net Profit After Tax: The Company earned ₹166 crores as profit after tax during the year as compared to ₹445 crores earned last year.

**Balance Sheet**

Share Capital: The paid-up equity share capital of the Company has been ₹ 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 ₹10/- each as on 31<sup>st</sup> March 2022. There is no change in the Capital of the Company during the FY 2021-22.

Reserves and Surplus: Reserves and Surplus for FY 2021-22 was ₹1,332 crores as compared to ₹1,202 crores for the previous year.

Net Worth: The net worth of the Company has grown to ₹1,390 crores in FY 2021-22 from ₹1,260 crores at the end of FY 2020-21

Borrowings: Long-term secured borrowing was NIL at the end of FY 2021-22. Unsecured long-term borrowings were NIL at the end of FY 2021-22. As of now, the Company has no outstanding balance on any Term Loan.

Short term secured borrowing at the end of FY 2021-22 were ₹43 crores against NIL at the end of FY 2020-21.

**Assets**

Non-Current Assets: Total non-current assets including Capital work in process increase to ₹882 crores as on 31<sup>st</sup> March 2022 from ₹600 crores as on 31<sup>st</sup> March 2021, net of depreciation and additions.



Current Assets and Current Liabilities: The Company had inventories of ₹410 crores as on 31<sup>st</sup> March 2022 against ₹295 crores as on 31<sup>st</sup> March 2021. Trade Receivable amounted to ₹470 crores as on 31<sup>st</sup> March 2022 as compared with ₹300 crores as on 31<sup>st</sup> March 2021. The trade payables increased to ₹409 crores as on 31<sup>st</sup> March 2022 as compared with ₹239 crores as on 31<sup>st</sup> March 2021. 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 31st March 2022 amounted to ₹91 crores against net cash flow used in operating activities ₹380 crores during the previous year.

The Company's net cash used in investing activities amounted to ₹120 crores during the year ended 31st March 2022 against ₹317 crores during the previous year.

During the year ended 31st March 2022, net cash used in financing activities amounted to ₹2 crores as against ₹58 crores during the previous year.

**Ratio Analysis**

Ratio	FY 2020-21	FY 2021-22
Operating Profit Margin	30.94%	13.01%
Net Profit Margin	22.60%	7.58%
Return on Net Worth	43.50%	16.44%
Trade Receivable Turnover	56	79
Inventory Turnover Ratio	5.20	5.05
Current Ratio	3.48	2.10

**People and Culture**

As of March 31, 2022, the Company has a workforce of 2,300+ people. The company ensures the utmost importance of its Human capital and focuses on ensuring a quality workplace with best-in-class people policies, overall rewards, and capability development.

The company believes in providing equal opportunities irrespective of gender, background, and age. We imbibe the company's values which are delivering high-quality products and services, exceeding our clients' expectations, passionate about our work, having strong ethics, and taking pride in what we do.

We focus on the career progression of our people internally and provide them with growth opportunities through our various development programs including succession planning and job rotations. We continuously hire fresh talent from colleges and nurture them in a focused manner to take up challenging and higher roles in the organization.

Recently, we have reviewed our people's policies and refined them further to be one of the most employee-friendly companies in the Chemicals and Pharma space. We have introduced policies like menstrual leave, and flexible working hours for new mothers for female employees as a step to build a diversified culture in the company.

Employee engagement is another critical focus area for us wherein we continuously have events like town hall, meeting with new joiners, Funday activities, wellness sessions, and sports events to drive teamwork and foster vibrant organizational culture.

**Internal Control System and Their 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.

**Cautionary Statement**

Statements 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 statutes, as also other incidental factors.







# Directors' Report

Dear Members

The Board of Directors presents the 35<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 financial year ended 31<sup>st</sup> March 2022.

## 1. Financial Results

The summary of the financial performance of the Company for the Financial Year ended 31<sup>st</sup> March 2022 along with the comparative figures for the previous year is summarized herein below:

Particulars	₹ in Crore)	
	Year ended 31-Mar-2022	Year ended 31-Mar-2021
Total income	2216.06	1991.28
Profit before interest & depreciation	288.32	616.14
Interest	8.29	5.83
Profit before depreciation	280.03	610.31
Depreciation	43.26	38.92
Profit before exceptional items	236.77	571.39
Exceptional items	13.93	-
Profit before tax	222.84	571.39
Provision for tax (including deferred tax)	57.18	126.83
Profit after tax	165.66	444.56

During the year under review, the standalone operating revenue of your Company was ₹ 2216.06 Crore, higher by 11.29% as compared to ₹ 1991.28 Crore in the previous year.

During the year under review the due to continued volatility in the output prices, higher raw materials and energy cost margins were impacted adversely. The gross margin for FY 2021-22 was ₹ 403.55 Crore as compared to ₹ 712.06 Crore in the previous year.

The product portfolio of the Company in the pharmaceutical segment is improving year on year basis by adding new products and therefore the non-Ibu business has achieved a growth of about 70% in FY 2021-22 as compared to last year.

During the year under review. The Company has filed 4 new DMFs with USFDA in addition to 3 CEP applications with EDQM. The Company has got additional approval from Korean FDA for 2 products and 6 products have got approval from Russian regulatory Authorities.

## 2. Dividend

The Board of Directors has declared interim dividends of ₹ 4/- per equity share involving a cash outflow of ₹ 23.48 crore during the year. The Board of Directors considers the same as final dividend and has not recommended any further dividend for the financial year 2021-22. The Board has recommended the dividend based on the parameters laid down in the dividend distribution policy.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at <https://www.iolcp.com/uploads/Dividend%20Distribution%20Policy.pdf>.

## 3. Transfer to reserves

The Company has not transferred any amount of profits to reserves for FY 2021-22.

## 4. Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such no amount of principal or interest was outstanding as on 31<sup>st</sup> March 2022.

## 5. Share Capital

The paid-up equity share capital of the Company has been ₹ 58,70,55,020/- (Rupees fifty eight crore seventy lakh fifty five thousand and twenty only) consisting of 5,87,05,502 (Five crore eighty seven lakh five thousand five hundred two) equity shares of ₹ 10/- each as on 31<sup>st</sup> March 2022. There is no change in the Capital of the Company during the Financial year 2021-22.

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

Pursuant to the provisions of Section 124 of the Companies Act, 2013 ("the Act") read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), and relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government.

During the year under review, no amount of unpaid/unclaimed dividend was due for transfer to the Investors Education protection Fund.

Members who have not encashed any dividend declared by the Company, are advised to write to the Company immediately at email: [investor@iolcp.com](mailto:investor@iolcp.com)

## 7. Holding & Subsidiary Company

Details of subsidiaries / associates of your Company are provided in notes to financial statements.

During the year under review IOL- Foundation was incorporated as wholly owned subsidiary company under the provisions of Section 8 of the Companies Act, 2013 with charitable objects for implementing the Companies CSR activities.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries, associates & joint ventures in Form No. AOC-1 is attached as **Annexure – 1** to this report.

Further, pursuant to the provisions of Section 136 of the Act, the standalone and consolidated financial statements of the Company along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company at [www.iolcp.com](http://www.iolcp.com). The Company has no holding company.

## 8. Credit Rating

During the year under review, The Credit Analysis & Research Ltd (CARE) has upgraded the credit rating for Long term Bank Facilities from 'CARE A' (Single A; Outlook: Stable) to '**CARE A+**' (Single A plus; Outlook: Stable) and the credit rating for Short Term Bank Facilities from 'CARE A1'(A One) to '**CARE A1+**'(A One plus).

## 9. Expansion

During the financial year 2021-22, the Company has successfully set up multi product manufacturing facilities 'Unit 10' for manufacturing pharma APIs. The Company has identified to manufacture Fenofibrate, Lamotrigine etc in this unit.

Further, the Company also initiated the project for installation of new manufacturing facilities (Unit-9) for manufacturing Gabapentin and other Pharma products during the year, which is under implementation.

## 10. Directors and Key Managerial Personnel

During the Financial Year 2021-22, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee has appointed Mr Kushal Kumar Rana as Wholtime Director having designation as Director (Works) for a period of 3 years with effect from 4<sup>th</sup> June 2021, liable to retire by rotation. The said appointment of Mr Kushal Kumar Rana was approved by the shareholders in their 34<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> September 2021.

Further, the Nomination and Remuneration Committee based on performance evaluation of Mr Rajender Mohan Malla (DIN: 00136657) and Mr Harpal Singh (DIN: 06658043) as Member of the Board / Committees also their contribution in Board / Committee deliberations during their tenure as an Independent Directors and their skills, background and experience, recommended to the Board for re-appointment as Independent Directors of the Company for a second term of five years. The Board of Directors in their meeting held on 4<sup>th</sup> February 2022 unanimously endorsed the view of the Nomination and Remuneration Committee and recommended to the Shareholders for re-appointment of Mr. Rajender Mohan Malla and Mr Harpal Singh as Independent Directors of the Company, for a second term of five years, with effect from 6<sup>th</sup> February 2022, not liable to retire by rotation. The Shareholders of the Company approved the re-appointment of Mr. Rajender Mohan Malla and Mr Harpal Singh as Independent Directors of the Company for their 2<sup>nd</sup> term as mentioned above by way of

a Special Resolution passed through postal ballot on 18<sup>th</sup> March 2022,

Pursuant to the provisions of the Section 161, 149 read with Schedule IV of the Companies Act 2013 and applicable regulations of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and on the basis of recommendations of the Nomination and Remuneration Committee the Board of Directors in its meeting held on 30<sup>th</sup> May 2022 appointed Mr Sharad Tyagi as Additional Director in the category of Independent Director of the Company for a term of 5 years with effect from 30<sup>th</sup> May 2022 and recommended to the Shareholders for approving the appointment of Mr Sharad Tyagi as Independent Director of the Company for a period of 5 years effective from 30<sup>th</sup> May 2022, not liable to retire by rotation. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mr Sharad Tyagi, holds the office of director upto the ensuing Annual General Meeting of the Company.

The Board of Directors on 30<sup>th</sup> May 2022, based on the recommendations of Nomination and Remuneration Committee, appointed Dr Sanjay Chaturvedi, who is working as Chief Executive Officer of the Company, as Additional Director of the Company in the category of Wholtime Director having designation as Executive Director & CEO of the Company for a period of 5 years with effect from 30<sup>th</sup> May 2022. Pursuant to the provisions of Section 161 of the Act, Dr Sanjay Chaturvedi holds the office of director upto the ensuing Annual General Meeting of the Company.

Further, in terms of the provisions of the Companies Act, 2013, 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. The necessary resolution seeking shareholders' approval for his re-appointment forms part of the Notice for the ensuing Annual General Meeting.

Also, the necessary resolutions and brief details of all the directors seeking appointment/re-appointment at the ensuing Annual General Meeting are furnished in the notice calling the Annual General Meeting.

During the year under review Mr Varinder Gupta, Managing Director; Mr Kushal Kumar Rana, Director (Works) (being Whole-time Director); Mr Vikas Gupta, Executive Director (being Whole-time Director); Mr Pardeep Kumar Khanna, Chief Financial Officer; Mr Abhay Raj Singh, VP & Company Secretary and Dr Sanjay Chaturvedi, Chief Executive Officer 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.





## Directors' Report (Contd.)

**11. 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 Chairperson of Stakeholders Relationship Committee and Nomination and Remuneration Committee. She is also member of CSR Committee, Risk Management Committee and Banking & Finance Committee.

**12. Board Evaluation**

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the annual evaluation is carried out by the Board of its own performance and that of its committees and individual Directors by way of individual and collective feedback from all the 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, considering the views of executive as well as non-executive directors. The evaluation criteria are mainly based on the Guidance Note on Board Evaluation issued by the SEBI.

**13. Meetings of the Board and Committees of the Board**

During the year the Board met 4 times. The gap between any 2 two consecutive meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The details of meetings of the Board of Directors and its Committees are provided in the Corporate Governance Report forming part of this report.

**14. Meeting of Independent Directors**

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 and in terms of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company has been convened on 24<sup>th</sup> March 2022 to review the matters as laid down in the aforesaid Schedule and Regulations.

**15. Directors' Responsibility Statement**

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

- that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March 2022, the applicable accounting standards have been followed and that there was no material departures.
- that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and

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

- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the annual financial statements have been prepared on a going concern basis.
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

**16. Declaration by Independent Directors**

All the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. There has been no change in the circumstances affecting their status as independent directors of the Company.

**17. Remuneration Policy**

The Board has on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management, and fixation of their remuneration. The Remuneration Policy can be viewed on the company's website [www.iolcp.com](http://www.iolcp.com).

**18. 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.

**19. Corporate Governance**

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance along with Auditors' Certificate regarding compliance of conditions of corporate governance set out by the Securities and Exchange Board of India (SEBI) under Listing Regulations is annexed to this Annual Report.

**20. Management Discussion and Analysis**

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

**21. Audit Committee**

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

**22. Risk Management**

The risk management is to assess risks, deploy mitigation measures and review them including risk management policy on a periodic basis along with the top key risk indicators of the organisation. This is done through periodic review meetings of the Risk Management Committee comprising of the Board members.

Risk Management Committee meeting held on 4<sup>th</sup> February 2022 and 29<sup>th</sup> March 2022 for reviewing the implement and monitor the risk management plan for the Company. It has been covered in the Management Discussion and Analysis Report, which forms part of this report.

**23. 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. These related party transactions did not attract the provisions of Section 188 of the Companies Act 2013. Also, there was no material transaction entered into with any related party during the year under review.

All related party transactions were approved by the Audit Committee and periodically reported to the Audit Committee. Prior omnibus approval of the Audit Committee was taken for related party transactions which are of repetitive nature and entered in the ordinary course of the business on arm's length basis.

The details of the related party transaction during financial year 2021-22 are provided in the accompanying financial statements.

Accordingly, the disclosures of related party transactions as required under Section 134(3)(h) of the Companies Act 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form No. AOC-2 is not applicable to the Company for the financial year 2021-22 and hence does not form part of this report.

Pursuant to the provisions of the Companies Act 2013 and SEBI Listing Regulations 2015, the Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions and the same is available on the Company's website [www.iolcp.com](http://www.iolcp.com).

**24. Corporate Social Responsibility (CSR)**

The Board has constituted a CSR Committee comprising of Mr Varinder Gupta as Chairman and Dr Sandhya Mehta, Mr Vikas Gupta, Directors as its members. The report on the Corporate Social Responsibility (CSR) initiatives undertaken by the Company during the year under review are set out in **Annexure - 2** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules,

2014. The CSR Policy is available on Company's website: [www.iolcp.com](http://www.iolcp.com)

**25. Research and Development**

Last two years, pharma industry has seen huge crests & troughs in terms of emerging opportunities and regulatory, supply chain complexities. To surmount the difficulties aroused by the pandemic, IOL is transforming into different dynamics by adopting the innovative technologies for high end sustainability. These evolving tools and skills are also contributing towards reduction in carbon footprint. Thus, IOL is focusing on bringing the innovation through Research and Development to get a larger share in global volumes of their portfolios.

At IOLCP we are embracing advanced technologies, scientific breakthroughs that enabled us to advance research and development towards building a diversified portfolio and gain a leadership position in important new product introductions. Our R&D team constantly aspires to provide novel solutions and processes that enable the regulatory teams to file DMFs across the globe so as the marketing team can reach the customers worldwide.

R&D is focusing on advanced technologies like Enzymatic bio-conversions instead of classical chemical reactions, which are highly product specific with high atom efficient throughputs & use of Continuous flow reactions which minimizes by-products, improves process efficiencies and are also less energy & CAPEX intensive.

The scientists at IOLCP, demonstrated that enzymatic transformations are highly useful in production of high-quality APIs in cost affordable by use of engineered enzyme and recycling them.

Collaborations with the topnotch scientists on the modern trends in industry ensured the core competencies of R&D team are of the highest standards even when compared with Indian market leaders.

To highlight few achievements IOLCP filed four patents, developed processes of various products using novel technologies and filed DMFs & CEPs for six products in US & Europe.

**26. 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.

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





## Directors' Report (Contd.)

**27. 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.

**28. Secretarial Standard**

The Company has proper system in place to ensure the due compliance with the provisions of the applicable secretarial standards issued by the Institute of the Company Secretaries of India.

**29. Cost Records & Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 the Company is required to maintain the cost records, which are subject to the audit by Ramanath Iyer & Co., Cost Accountants, New Delhi, the Cost Auditors of the Company for FY 2021-22.

The Board of Directors of the Company, on the recommendations of Audit Committee, approved the re-appointment of M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors of the Company for conducting the Cost audits for FY 2022-23. A resolution seeking approval of the Shareholders for ratifying the remuneration payable to them for FY 2022-23 is provided in the Notice of the ensuing Annual General Meeting.

**30. 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 forms part of this Report.

**31. CEO & CFO Certification**

In accordance with the provisions of the SEBI Listing Regulations the Executive Director & CEO and Chief Financial Officer of the Company have submitted the relevant certificate for the Financial Year 2021-22 to the Board of Directors.

**32. Annual Return**

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013, the web address of the Annual Return of the

Company is <https://www.iolcp.com/investors/annual-returns>

**33. 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.

**34. 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 2022 and the date of this report.

**35. Significant and Material Orders Impacting Operations of Company in Future**

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

**36. 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.

**37. Industrial Relations**

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

**38. 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.

**39. Prevention of Sexual Harassment Policy and Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up a Complaints Committees at its workplace. The Company has zero tolerance towards sexual harassment at workplace and accordingly adopted a policy on prevention, prohibition, and redressal of sexual harassment in pursuance of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company received only one complaints of sexual harassment, which has been addressed / resolved by taking appropriate action.

**40. Vigil Mechanism**

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

The Vigil Mechanism Policy can be accessed at company's website: [www.iolcp.com](http://www.iolcp.com)

**41. 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)

**42. 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.

**43. 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.

**44. 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.

Further, the Board expresses its gratitude to you as Shareholders for the confidence reposed in the management of the Company

For and on behalf of the Board

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

Sd/-  
**Rajender Mohan Malla**  
Chairman  
DIN-00136657

Place: Ludhiana  
Dated: 30<sup>th</sup> May 2022





## Directors' Report (Contd.)

## ANNEXURE-1

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures****Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakh)

Sl. No.	Particulars	Details
		<b>IOL-Foundation</b>
1.	Name of the subsidiary	(incorporated under Section 8 of Companies Act, 2013 to promote and support CSR activities)
2.	The date since when subsidiary was acquired	Since incorporation on 15 <sup>th</sup> March 2022
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	From 15 <sup>th</sup> March 2022 to 31 <sup>st</sup> March 2022
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR
5.	Share capital	10.00
6.	Reserves & surplus	200.66
7.	Total assets	210.97
8.	Total Liabilities	0.31
9.	Investments	-
10.	Turnover	201.00
11.	Profit before taxation	200.66
12.	Provision for taxation	-
13.	Profit after taxation	200.66
14.	Proposed Dividend	-
15.	% of shareholding	100

**Note:** Part B of the Annexure relating to Associate Companies and Joint Ventures is not applicable as the Company has no associate companies or joint ventures as on 31<sup>st</sup> March 2022.

For and on behalf of the Board of Directors

Sd/- <b>Varinder Gupta</b> Managing Director DIN-00044068	Sd/- <b>Vikas Gupta</b> Executive Director DIN-07198109	Sd/- <b>Dr Sanjay Chaturvedi</b> Executive Director & CEO DIN-08927689
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Sd/- <b>Abhay Raj Singh</b> VP & Company Secretary	Sd/- <b>Pardeep Kumar Khanna</b> Chief Financial Officer
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Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

## ANNEXURE-2

**Annual Report on Corporate Social Responsibility (CSR) activities for the**

Financial Year 2021-22

(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 14<sup>th</sup> November 2018, approved the CSR Policy of the Company. Detailed CSR Policy of the Company has been uploaded on the website of the Company at [https://www.iolcp.com/mycgi/iolcp-com/upload\\_file/CSR\\_Policy.pdf](https://www.iolcp.com/mycgi/iolcp-com/upload_file/CSR_Policy.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





## Directors' Report (Contd.)

**2. Composition of the CSR Committee:**

The Board of Directors have constituted a CSR Committee comprising of three directors, two 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.

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 Committee	3	3
2	Mr. Vikas Gupta	Executive Director, member of CSR Committee	3	3
3	Dr. Sandhya Mehta	Independent Director, member of CSR Committee	3	3

**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 [www.iolcp.com](http://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):** ₹ 480.26 Crore

(a) Two percent of average net profit of the company as per section 135(5): ₹ 9.61 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): ₹ 9.61 Crore

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

Total Amount Spent for the Financial Year (in crore)	Amount Unspent (in ₹)				
	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
5.50*	4.11	29.04.2022	-	-	-

\*Includes ₹ 2.01 Crore transferred to IOL-Foundation during the year 2021-22

**(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 (in crore)	Amount spent in the current financial Year (in crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Upgrading the Physiology Block in CMC, Hospital, Ludhiana	Preventive Health Care	Yes	Punjab,	Ludhiana	2 year	1.50	0	1.50	No	CMC hospital	CSR0007487
2	Developing the Infrastructure and solar panel of 50 KW at Civil Hospital Barnala	Preventive Health Care	Yes	Punjab,	Barnala	1 Year	0.27	0	0.27	Yes	-	-
3	Developing the Infrastructure in Veterinary Hospital Fategarh Channa	Preventive Health Care	Yes	Punjab,	Barnala	1 Year	0.04	0	0.04	Yes	-	-
4	Construction the floor at sudhar Gaushala	Animal welfare	Yes	Punjab,	Ludhiana	1 Year	0.08	0	0.08	Yes	-	-
5	Construction the shed, medicine and wheat straw Kamdhenu gaushala Handiaya	Animal welfare	Yes	Punjab,	Barnala	1 Year	0.12	0.04	0.08	Yes	-	-
6	Construction of Langar Hall and incidental facilitation at Prachin Gaushala, Tibba Road, Ludhiana with Shree Gow Rakshni Sabha (Regd.),	Animal welfare	Yes	Punjab,	Ludhiana	1 Year	1.50	0	1.50	No	Shree Gow Rakshni Sabha (Regd.),	CSR00004665
7	Pond cleaning work in various villages(kotdunna, Dhurkot,Pharwahi, Pakho kalan )	Environmental sustainability	Yes	Punjab,	Barnala	3 Year	0.50	0.01	0.10	Yes	-	-
8	Renovation of the school infrastructure, providing class furniture, developing the smart classes and providing other facilities in Govt. Primary Schools, Tajpur Bet School, at Ludhiana	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.08	0.04	0.04	Yes	-	-
9	Renovation of the school infrastructure, providing class furniture, developing the smart classes and providing other facilities in Govt. Primary Schools, Bhattian Bet, at Ludhiana	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.08	0.00	0.08	Yes	-	-
10	Renovation of the school infrastructure, providing class furniture, developing the smart classes and providing other facilities in Govt. senior secondary School, Ayali Khurd at Ludhiana	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.06	0.00	0.06	Yes	-	-





## Directors' Report (Contd.)

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 (in crore)	Amount spent in the current financial Year (in crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
11	Renovation of the school infrastructure, providing class furniture, developing the smart classes and providing other facilities in Govt. senior secondary School, Haibowal Khurd at Ludhiana	Promoting education	Yes	Punjab,	Ludhiana	1 Year	0.06	0.00	0.06	Yes		
12	Renovation of the school infrastructure, providing class furniture, developing the smart classes and providing other facilities in Govt. senior secondary School and Dispensary Ladhawal at Ludhiana	Promoting education and health care	Yes	Punjab,	Ludhiana	1 Year	0.10	0.00	0.10	Yes		
13	Renovating the infrastructure and New washroom at Govt Jumla Malkan School, Barnala	Promoting education	Yes	Punjab,	Barnala	1 Year	0.06	0.00	0.06	Yes		
14	Renovating the Mid day meal shed and sitting at Govt High School Sanghera	Promoting education	Yes	Punjab,	Barnala	1 Year	0.06	0.00	0.06	Yes		
15	Renovating the infrastructure at Govt. Primary school Bilaspur-Dhaura	Promoting education	Yes	Punjab,	Barnala	1 Year	0.08	0.00	0.08	Yes		
Total							4.59	0.09	4.11			

b<sub>1</sub>) Details of CSR amount spent against ongoing projects with IOL-Foundation 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 (in crore).	Amount spent in the current financial Year (in crore).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1	Upgrade the Schools	Promoting education among children	Yes	Punjab	Barnala and Ludhiana	2year	1.01	0	0	No	IOL-Foundation	CSR00026698
2	Upgrade the Healthcare facilities	Preventive health care	Yes	Barnala and	Ludhiana	2 Year	1.00	0	0	No	IOL-Foundation	CSR00026698
Total							2.01*	0	0			

\*Transferred to IOL-Foundation during the FY 2021-22 for implementing the respective projects.

## (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 (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	0.99	Yes	-	-
2.	Preventive health care & sanitation, Eradicating hunger and poverty	Preventive health care & sanitation	Yes	Punjab	Barnala and Ludhiana	1.05	Direct and through Agency	Nishkam Sewa Samiti (Regd), Help Care Society and Ram Bhag Committee, Barnala	CSR00005486, CSR00008265 and CSR00005443
3	Disaster Relief	Eradicating hunger, poverty and malnutrition	Yes	Punjab	Barnala and Ludhiana	0.44	Direct and through Agency	Utkarsh Global Foundation	CSR00003183
4	Community Development	Medicine provide Community Mentally Retarded Home and other facilities	Yes	Punjab	Ludhiana and Katra	0.12	Yes	-	-
5	Animal welfare	Animal welfare	Yes	Punjab	Barnala and Ludhiana	0.03	Direct and through Agency	Shri Gow Rakshani Sabha (Regd.)	CSR00004665
5	Plantation, solar lighting, cleaning in villages for restoration to environment	environmental sustainability	Yes	Punjab	Barnala	0.50	Yes	-	-
6	Promoting Sports	Promoting Sports	Yes	Punjab	Chandigarh	0.27	Direct and through Agency	Chandigarh Badminton Association	CSR00017510
Total						3.40			

## (d) Amount spent in Administrative Overheads : 0.005

## (e) Amount spent on Impact Assessment, if applicable : Nil

## (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 5.50 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)	9.61
(ii)	Total amount spent for the Financial Year	5.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(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

## 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 ₹ crore)	Amount spent in the reporting Financial Year (in ₹ 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 ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	2.93	2.66	-	-	-	0.27
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-
Total		2.93	2.66	-	-	-	0.27





## Directors' Report (Contd.)

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

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 (in crore).	Amount spent in the current financial Year (in crore).	Cumulative amount spent at the end of reporting Financial year. (in Crore)	Status of the project Completed/ Ongoing
				State	District					
1	Cardiology lab in CMC Hospital	Preventive Health Care	Yes	Punjab	Ludhiana	1 year	1.60	1.62	1.62	Completed
2	Developing the Infrastructure and providing Oxygen Plant in Civil Hospital	Preventive Health Care	Yes	Punjab	Barnala	1 Year	0.58	0.57	0.57	Completed
3	Renovation of infrastructure of Govt. Primary School .Kakkowal	Promoting education	Yes	Punjab	Ludhiana	1 Year	0.10	0	0.0	Ongoing
4	Renovation of infrastructure of Govt. Senior secondary smart SchoolMundiyakalan	Promoting education	Yes	Punjab	Ludhiana	1 Year	0.15	0.10	0.10	Ongoing
5	Renovation of infrastructure of Chanan Devi, Govt. Kanya High School, Salem Tabri	Promoting education	Yes	Punjab	Ludhiana	1 Year	0.15	0.16	0.16	Completed
6	Renovating the infrastructure of HVH Mental Illness, SpeciallyabledJamalpur	Promoting education	Yes	Punjab	Ludhiana	1 Year	0.15	0	0.0	Ongoing
7	Renovation the infrastructure and Library in GovtJumlaMalkan School	Promoting education	Yes	Punjab	Barnala	1 Year	0.12	0.12	0.14	Completed
8	Renovating the infrastructure and science lab at Govt. Senior secondary (Girls) School, Barnala	Promoting education	Yes	Punjab	Barnala	1 Year	0.10	0.09	0.09	Completed
Total							2.95	2.66	2.68	

**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 2021-22, some of the CSR projects were 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.

For and on behalf of the Board

Sd/-  
**Varinder Gupta**  
Managing Director  
Chairman of the CSR Committee  
DIN 00044068

Date: 30<sup>th</sup> May 2022  
Place: Ludhiana

**ANNEXURE – 3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

[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, Punjab-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, 2022 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 IOL Chemicals and Pharmaceuticals Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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; (Not applicable during the audit period)
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable during the audit period)
- The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable during the audit period)
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the audit period)
- 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;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable during the audit period) and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable during the audit period)

- 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:

- Secretarial Standards issued by The Institute of Company Secretaries of India;
- 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 complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.





## Directors' Report (Contd.)

**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 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.

Majority decision is carried through while the dissenting members' views were captured and recorded as part of the minutes.

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

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

For **B.K. Gupta & Associates**  
Company Secretaries

Sd/-  
**(CS Bhupesh Gupta)**  
FCS No.: 4590

Place: Ludhiana  
Date: 30<sup>th</sup> May 2022

CP No.: 5708  
UDIN: F004590D000425527

**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 Apprentices Act, 1961  
The Equal Remuneration Act 1976  
The Employment Exchange (Compulsory Notification of Vacancies) Act 1956

##### 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 and Other Wastes (Management and Transboundary Movement) Rules, 2016

#### Annexure:-A

To

The Members,  
IOL Chemicals and Pharmaceuticals Limited  
Vill. & P.O - Handiaya, Fatehgarh Chhanna Road,  
Tehsil & District - Barnala  
Sangrur, Punjab- 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

Sd/-  
**(CS Bhupesh Gupta)**

Date : 30<sup>th</sup> May 2022  
Place: Ludhiana

FCS No.:4590  
CP No.:5708





## Directors' Report (Contd.)

## 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**

- i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22 (FY 22) and the percentage increase in remuneration of each Director, Chief Financial Officer & Company Secretary during the FY22 are as under:

Name of Director/ Key Managerial Personnel	Designation	Remuneration (₹ in crore)	% increase in remuneration	Ratio of remuneration to median remuneration of employee
Mr Varinder Gupta	Managing Director	6.84	14.00	204.18
Mr Vikas Gupta	Executive Director	2.05	14.00	61.19
Dr Sanjay Chaturvedi	Chief Executive Officer	2.52	Not Applicable*	75.22
Mr Pardeep Kumar Khanna	Chief Financial Officer	1.19	13.88	35.52
Mr Abhay Raj Singh	Vice President and Company Secretary	0.60	25.00	17.91

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

- ii. The maiden remuneration of employees was increased by 11.8% and the median salary of employees for the FY 2021-22 was ₹ 3.35 Lakh.
- iii. The number of permanent employees on the rolls of the Company was 2316 as on 31<sup>st</sup> March 2022.
- iv. Percentile increase made in the salaries of employees other than the managerial personnel in the last financial year was 13.67% and average increase in salary of managerial personnel (Managing Director and Whole-time directors) was 11.45%.
- v. It is hereby affirmed that the remuneration paid 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**

- i. **Statement containing the particulars of top ten employees in term of remuneration drawn and employees who are in receipt of aggregate remuneration not less than rupees one crore and two lakh during the FY 2020-21 or not less than rupees eight lakh and fifty thousand rupees per month (if employed for part of the FY 2020-21)**

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

Mr Varinder Gupta, Managing Director, 6.84, Higher Secondary, 36, 29/09/1986, 59, First Employment, 2.10%; Dr Sanjay Chaturvedi, CEO, 2.52, M.B.A. (Marketing) PGD. (International Marketing), 30, 01/08/2012, 52, Arch Pharamalabs Limited, 0.00%; Mr Vikas Gupta, Executive Director, 2.05, BSc. (Hons.) in Business Management from Kings College London, 9, 20/07/2013, 30, First Employment, 0.00%; Mr Kushal Kumar Rana, Director (Works), 1.20, M.Sc., 31, 11/04/2005, 52, Morepen Laboratories, 0.00%; Mr Pardeep Kumar Khanna, Chief Financial Officer, 1.19, M.COM., 27, 23/12/1995, 53, First Employment, 0.01%; Mr Kamlesh Jayantilal Ranbhan, President, 1.15, PHD, 28, 10/04/2017, 57, Arch Pharamalabs Limited, 0.00%; Mr Gopal Singla, President, 1.13, B.E. (Instrumentation), 24, 01/04/2007, 46, Indian Acrylics Ltd, 0.00%; Mr Damandeep Singh, President, 1.09, PHD, 24, 23/10/1997, 48, First Employment, 0.02%; Mr Lokesh Dhawan Vice President, 0.79, B.E. (ELECTRONICS & COMM.), 47, 27/10/2014, 26, Shri Lakshmi Cotfin Ltd, 0.00%; Mr Krishna Mukund Kamath, Sr. General Manager, 0.79, B.E. (Chemical), 27, 20/08/2018, 52, Tera Pharma, 0.00%; Mr Jagdish Goel\*, President, 0.76, M. Sc., 31, 06/12/2011, 51, Glenmark Generics Ltd, 0.00%; Mr Nikhil Gupta\*, President, 0.25, PGDPM&IR, 24, 06/01/2022, 48, Jindal Steel & Power, 0/00%

- a. There was no other employee, except mentioned in (i) above who employed throughout financial year 2021-22 was receipt of remuneration not less than one crore and two lakh.
- b. None of the above employee is a relative of any director, except Mr Vikas Gupta (Son of Mr Varinder Gupta, Managing Director)
- c. There was no employee who had received remuneration in excess of that drawn by the Managing Director or Wholletime director and hold 2% of the equity shares of the Company.
- d. \*Indicates employees for the part of the FY 2021-22.

## ANNEXURE – 5

**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<sup>st</sup> March 2022.****I. CONSERVATION OF ENERGY****1. Step taken or impact on conservation of energy.**

- a. In 80 TPH Boiler, we have enhanced the efficiency from 79.7% to 81.08% by making some operational changes and managing air fuel ratios, replacing some of its components such as Air preheater & pollution control equipment. These changes resulted direct saving in the fuel and improved combustion efficiency. Further we have also rectified the pollution control equipment which helps us in increasing the cogen sustainability towards environment norms.
- b. Planning the installation of 4.225 MW efficient back pressure turbine in place of existing condensing cum extraction turbine having similar carbon footprints. The new turbine will be able to produce approx. 625 KW more power with 8 TPH of steam.
- c. Planning to install efficient 13 MW turbine in place of existing turbine that will increase the power to steam ratio from 119 KWH/MT to 150 KWH/MT (approx. 55000 units more per day).
- d. Shifting of noncritical load on a single transformer to increase /decrease the load on turbine according to steam /power requirement thereby reducing the steam venting losses. This will save DM water loss in environment & fuel saving.
- e. CFL lights has been replaced by LEDs, thereby resulting saving to 32 units of electricity per day.
- f. In IBB, plant optimization has been done to achieve the monthly production targets by running the plant on full load & reducing the number of working days, which eventually leads to reduction in power norms.

**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.

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

Ordering of 2 no's of efficient turbines in replacement to existing in efficient turbines are major capital investments have been made during the financial year ended 31<sup>st</sup> March 2022.

**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. The Company's efforts have been successful for translation of 5 APIs and two advanced intermediates from R&D to commercial validation phase for different therapeutic areas.
- b. A specialized tech transfer team created and a kilo lab attached to pilot plant for ensured the first-time right approach. Due to these ventures, R&D team succeeded in translating transfer of technologies right on time.
- c. Paracetamol, Quetiapine, Losartan, Allopurinol, Apixaban were moved to commercial/validation phases by a systematic gate clearance mechanism.
- d. In addition to the commercial validations, a strong pipeline of 5 products built-in by completing the laboratory work. To quote few: Irbesartan, Valsartan, Vildagliptin, Sitagliptin etc.
- e. IOL has substantially invested new technologies such continuous flow reactors and enzyme reactions in place of hazardous chemical usage. These tools are relatively new to the country.



## Directors' Report (Contd.)

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

- Process improvement is a continuous activity at IOL. The aim of this is to bring the high quality, safe, robust, and affordable products to market.
- Few such efforts resulted in reduction of use of 5% of dimethyl amine hydrochloride in manufacturing of Metformin - which accounts for >1000 kg/year.
- R&D developed a robust process for BCFI, which is a key starting material for Losartan.
- Reaction hours were brought down substantially in Clopidogrel final API process. Owing to this activity, manufacturing time cycle reduced by one and half day. Add on to this, aqueous washings decreased to reduce the burden on fresh water use and ETP.

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

Expenditure incurred on Research and Development during the financial year ended 31<sup>st</sup> March 2022:

(₹ in crore)	
Capital	4.71
Revenue	11.11
Total	15.82

**III. Foreign Exchange Earnings & Outgo during the financial year ended 31st March 2022:**

(₹ in crore)	
Used	823.77
Earned	483.77

**Corporate Governance Report**

FY 2021-22

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:

- Composition of the Board to add value
- Promote ethical and responsible decision-making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosures
- Recognise and manage business risks
- Respect the rights of the shareholders
- Recognise the legitimate interest of the stakeholders
- 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 directorships held, chairmanship & membership of the committees and shareholding in company are as given below:

Name of the Director and DIN	Category	No. of Directorship held(1)	No. of Committees(2)		Shareholding in Company
			Chairmanship	Memberships	
Mr Rajender Mohan Malla DIN: 00136657	Chairman & Independent Director	10	4	1	-
Mr Varinder Gupta DIN: 00044068	Managing Director	6	-	1	11,96,965
Mr Vikas Gupta DIN: 07198109	Executive Director	6	-	2	-
Mr Kushal Kumar Rana DIN: 09189020	Director (Works)	1	-	-	-
Mr Harpal Singh DIN: 06658043	Independent Director	4	1	-	-
Dr Sandhya Mehta DIN: 06954964	Independent Director	1	1	1	-

- Including the Company.
- Board Committees for this purpose only includes Audit Committee and Stakeholders' Relationship Committee.

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





## Corporate Governance Report (Contd.)

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

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

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

During the financial year 2021-22, the Board met 4 (Four) times on 4<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021 and 4<sup>th</sup> February 2022. There was no gap of more than 120 days between any two consecutive meetings. Attendance of the directors at Board Meetings and previous Annual General Meeting (AGM) held on 18<sup>th</sup> September 2021 is as given below:

Name of the Director	Board Meetings Attended	Attendance at last AGM
Mr Rajender Mohan Malla, Chairman	4	Yes
Mr Varinder Gupta	4	Yes
Mr Vikas Gupta	3	Yes
Mr Kushal Kumar Rana	4	Yes
Dr Sandhya Mehta	4	Yes
Mr Harpal Singh	4	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 Vikas Gupta as on 31<sup>st</sup> March 2022. 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 minimization of risk.

During the year 2021-2022, Audit Committee met four times on 4<sup>th</sup> June 2021, 13<sup>th</sup> August 2021, 12<sup>th</sup> November 2021 and 4<sup>th</sup> February 2022. There was no gap of more than 120 days between any two consecutive meetings.

Attendance record of Audit 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 Vikas Gupta	4	3

### 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 2022. 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 4<sup>th</sup> June 2021, 13<sup>th</sup> August 2021 and 4<sup>th</sup> February 2022.

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 are payable to the Executive Directors. All components of remuneration to the Executive Directors are in line 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 2021-2022 is given below:

Name	Position	Salary	Com-mis-sion	₹ (in Lakhs)		
				Contri-bution to Provident & other Funds	Other per-quisites & allowanc-es and Bonus	Total
Mr Varinder Gupta	Man-aging Director	273.60	-	32.83	377.57	684.00
Mr Vikas Gupta	Executive Director	82.08	-	9.85	113.27	205.20
Mr Kushal Kumar Rana	Director (Works)	39.72	-	4.77	54.81	99.30

The Nomination and Remuneration Committee and the Board of Directors have approved the appointment and remuneration of Dr Sanjay Chaturvedi for a period of 5 years with effect from 30<sup>th</sup> May 2022 to 29<sup>th</sup> May 2027 subject to approval of members at the ensuing Annual General Meeting. Either party is entitled to terminate the employment by giving to the other party 3 months' notice in writing or any other period as may be decided by the Board. There is no separate provision for payment of severance fees. The remuneration consists of fixed as well as variable components.

### 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 2021-2022 is given below:

Name of Directors	Fee paid for Board Meetings	Fees paid for Committee Meetings	₹ (in Lakhs)
			Total Fee Paid
Dr Sandhya Mehta	1.00	3.50	4.50
Mr Rajender Mohan Malla	1.00	1.00	2.00
Mr Harpal Singh	1.00	2.50	3.50
TOTAL	3.00	7.00	10.00

During the year 2021-22, the Company did not advance any loan to any of its directors except advance for travel or other purposes to discharge official duties in the normal course of business.

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

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

### 6. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of three Directors and chaired by the independent director viz., Dr Sandhya Mehta (Chairperson), Mr Varinder Gupta and Mr Vikas Gupta as on 31<sup>st</sup> March 2022. 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 12<sup>th</sup> November 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	0

Mr Abhay Raj Singh, 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 2021-22 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	52	52	Nil
4	SEBI/Stock Exchange	-	-	-
5	Change of Company Name	26	26	Nil
6	Change of Address	33	33	Nil
7	Split/Consolidation	-	-	-
8	Others	12	12	Nil

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

The Board of Directors have constituted a CSR Committee comprising of three directors, two being executive directors viz. Mr Varinder Gupta, Mr Vikas Gupta and one independent director viz. Dr Sandhya Mehta as its members. Mr Varinder Gupta is the Chairman of the Committee. The CSR Committee oversees the Company's CSR initiatives under the overall supervision and guidance of the Board of Directors. During the year, three meeting was held on 4<sup>th</sup> June 2021, 12<sup>th</sup> November 2021 and 30<sup>th</sup> March 2022. Attendance record



## Corporate Governance Report (Contd.)

of Corporate Social Responsibility Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr Varinder Gupta, Chairman	3	3
Mr Vikas Gupta	3	2
Dr Sandhya Mehta	3	3

### 8. Risk Management Committee

The Board of Directors have constituted a Risk Management Committee comprising of five members, four directors, two being independent directors viz. Mr Harpal Singh (Chairman), Dr Sandhya Mehta, two being executive directors viz. Mr Vikas Gupta, Mr Kushal Kumar Rana and one Mr Pardeep Kumar Khanna, Chief Financial Officer as its members. Terms of reference of Committee are in accordance with the provisions of SEBI (LODR) Regulations. During the year, two meeting was held on 4<sup>th</sup> February 2022 and 29<sup>th</sup> March 2022.

### 10. 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
34 <sup>th</sup> AGM	18 <sup>th</sup> September 2021	Saturday	11:00 AM (Through video conferencing from Corporate Office Ludhiana)	To appoint Mr. Kushal Kumar Rana as Director (Works) of the Company.
33 <sup>rd</sup> AGM	26 <sup>th</sup> September 2020	Saturday	11:00 AM (Through video conferencing from Corporate Office Ludhiana)	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. To approve shifting of the Register Office of the Company outside the local limits
32 <sup>nd</sup> AGM	29 <sup>th</sup> August 2019	Thursday	11:00 AM at Registered Office	Re-appointment of Mr Chandra Mohan as an Independent Director of the Company. Re-appointment of Dr (Mrs) Sandhya Mehta as an Independent Director of the Company. Approval of related party transactions entered / to be entered with Vivachem Intermediates Private Limited

#### Postal Ballot:

During the year two Special Resolutions were passed through exercise of Postal Ballot for the re-appointment of Mr Rajender Mohan Malla and Mr Harpal Singh as Independent Directors of the Company. The Board of Directors in its meeting held on 4<sup>th</sup> February 2022 approved the notice of the Postal Ballot seeking approval of Shareholders by means of postal ballot through remote e-voting.

The Notice for Postal Ballot was sent on 16<sup>th</sup> February 2022 only through electronic mode to those members whose e-mail addresses were registered with the company/Depository Participant(s) as on the cut-off date i.e. 11<sup>th</sup> February 2022.

The Board of Directors had appointed Central Depository Services Limited (CDSL) as the service

There was no gap of more than 180 days between any two consecutive meetings.

Attendance record of Risk Management Committee members is given below:

Name of the Members	No. of Meetings	
	Held	Attended
Mr Harpal Singh, Chairman	2	2
Dr Sandhya Mehta	2	2
Mr Vikas Gupta	2	2
Mr Kushal Kumar Rana	2	2
Mr Pardeep Kumar Khanna	2	2

### 9. Other Committees

Banking & Finance Committee and Allotment Committee, both the committees comprising of three members, two being executive directors viz Mr Varinder Gupta (Chairman), Mr Vikas Gupta and one being independent director Dr Sandhya Mehta as its members.

provider for the facility of Remote e-voting from Thursday 17<sup>th</sup> February 2022 at 9.00 A.M. to Friday, 18<sup>th</sup> March 2022 at 5.00 P.M.

Mr Vinay Kohli, Partner, K. K. Kapoor and Associates, Chartered Accountants, Ludhiana was appointed as Scrutinizer for conducting the Postal Ballot process through remote e-voting in a fair and transparent manner.

Based on the Scrutinizer's Report all the Special Resolution as set out in the Postal Ballot Notice were passed with requisite majority and the result of the Postal Ballot was declared on 19<sup>th</sup> March 2022.

### 11. Means of Communication:

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at

the core of good governance. Towards this end, the following information are being disclosed to the investors:

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

These results, presentations made to institutional investors or to the analysts and other press releases are sent to the Stock Exchanges as well as displayed on Company's website www.iolcp.com at the time of its release to the media.

- NSE Electronic Application Processing System (NEAPS): NEAPS is a web-based application designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report and Corporate's Announcements etc. are also filed electronically on NEAPS.
- 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-mail: Quarterly/half yearly /annual results/ annual reports are also sent to the members & investors on their e-mail ids registered with the Company.

### 12. General Shareholders Information

Following information would be useful to the members:

- Annual General Meeting** of the Company will be held on **Friday, 26<sup>th</sup> August 2022 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.

- Financial Calendar:** Last financial year of the Company was of twelve months from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022. Tentative financial calendar of the Company for the year 2022-23 shall be as follow:

Board Meetings to take on record	Schedule
Financial Results for the quarter ending 30 <sup>th</sup> June 2022	During August 2022
Financial Results for the quarter/half year ending 30 <sup>th</sup> September 2022	During November 2022
Financial Results for the quarter ending 31 <sup>st</sup> December 2022	During February 2023
Financial Results for the quarter ending 31 <sup>st</sup> March 2023	During May 2023

#### c) Date of Book Closure

The Register of Members and Share Transfer Books will remain closed from 20<sup>th</sup> August 2022 to 26<sup>th</sup> August 2022 for the purpose of the Annual General Meeting.

#### d) Dividend payment date

During the year under review, an Interim Dividend @ 40% i.e. ₹ 4/- per equity share of face value of ₹ 10/- each, for financial year 2021-22 was declared and paid to the Shareholders of the Company. The Board of Directors considers the same as final dividend and therefore have not recommended any final dividend to the shareholders.

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

Name and Address of the Stock Exchange	Stock Code
<b>1. National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051	IOLCP
<b>2. BSE Limited (BSE)</b> 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 2021-22.

#### 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:





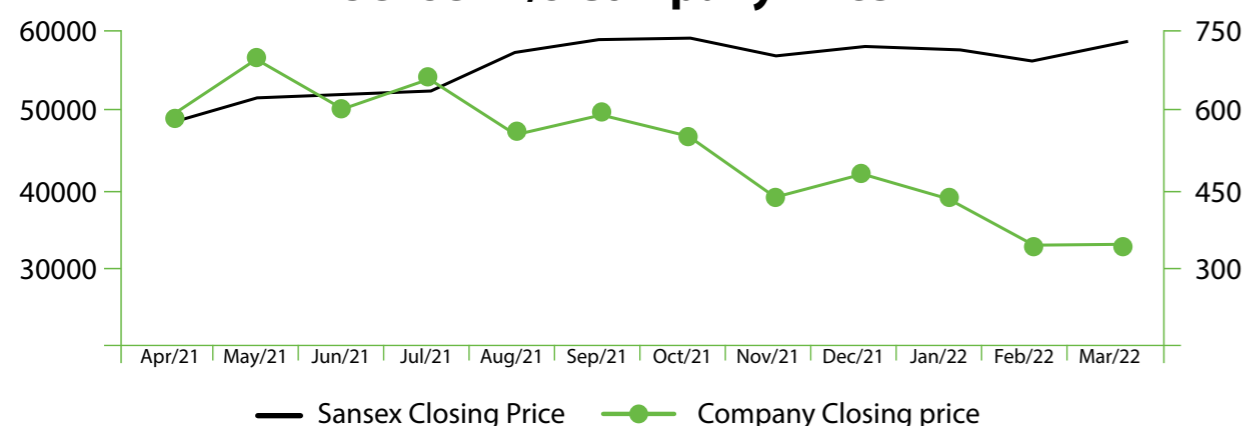
## Corporate Governance Report (Contd.)

(Amount in ₹)

Financial Year 2020-21	NSE				BSE			
	Share Price		NIFTY		Share Price		BSE SENSEX	
	High	Low	High	Low	High	Low	High	Low
Apr-21	640	549	15044	14151	640	549	50376	47205
May-21	706	585	15606	14416	706	583	52013	48028
Jun-21	725	603	15916	15451	725	603	53127	51451
Jul-21	716	603	15962	15513	715	603	53291	51803
Aug-21	682	538	17154	15835	682	539	57625	52804
Sep-21	608	548	17948	17055	609	548	60412	57264
Oct-21	624	545	18604	17453	625	545	62245	58551
Nov-21	564	442	18210	16782	564	442	61037	56383
Dec-21	492	424	17640	16410	492	424	59203	55133
Jan-22	488	425	18351	16837	488	425	61475	56410
Feb-22	469	330	17795	16203	469	331	59619	54383
Mar-22	437	293	17560	15671	437	295	58891	52261

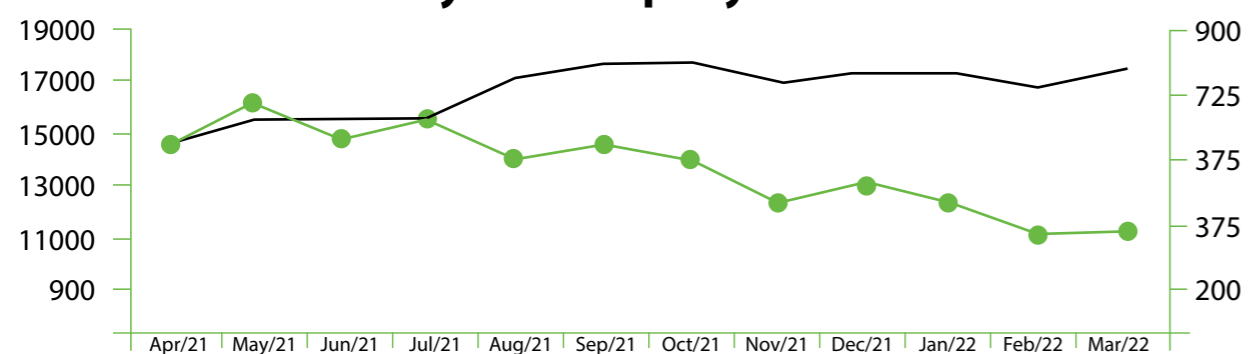
Source: nseindia.com and bseindia.com

## Sensex v/s Company Price



— Sansex Closing Price —●— Company Closing price

## Nifty v/s Company Price



— Sansex Closing Price —●— Company Closing price

## 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 2022 is as follow:

Shareholding of Nominal value in	Shareholders		Shares	
	Number	%age of total holders	Number	%age of total capital
Upto 500	1,41,090	96.35	90,84,568	15.47
501 to 1000	3,083	2.11	23,51,068	4.00
1001 to 2000	1,279	0.87	18,71,687	3.19
2001 to 3000	369	0.25	9,33,186	1.59
3001 to 4000	149	0.10	5,23,949	0.89
4001 to 5000	111	0.08	5,04,674	0.86
5001 to 10000	212	0.14	15,13,942	2.58
10001 and Above	144	0.10	4,19,22,428	71.41
<b>Total</b>	<b>1,46,437</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 2022 is as follow:

Category	As on 31st March 2022			As on 31st March 2021		
	Shareholders	Shares	%age	Shareholders	Shares	%age
<b>Promoter</b>						
Indians	8	2,56,48,998	43.69	8	2,56,48,998	43.69
Foreign	-	-	-	-	-	-
<b>Sub – total</b>	<b>8</b>	<b>2,56,48,998</b>	<b>43.69</b>	<b>8</b>	<b>2,56,48,998</b>	<b>43.69</b>
<b>Non-Promoters</b>						
Financial Institutions / Mutual Funds	9	24,511	0.04	9	33,299	0.06
Foreign Portfolio Investors	67	18,43,665	3.14	85	34,99,189	5.96
NBFCs registered with RBI	1	7,500	0.01	2	5,823	0.01
Bodies Corporate	424	1,14,73,040	19.54	332	1,13,57,007	19.35
Individuals	1,41,683	1,77,84,178	30.29	1,05,465	1,60,29,291	27.31
HUF	2,079	6,05,309	1.03	1,479	6,23,111	1.06
NRI	1,997	9,95,421	1.70	1,483	7,94,053	1.35
Clearing Members	115	3,07,490	0.53	172	5,36,527	0.91
Employees	50	13,797	0.03	54	23,522	0.04
Foreign Nationals	1	400	0.00	1	400	0.00
Trust	3	1,193	0.00	2	1,54,282	0.26
<b>Sub –total</b>	<b>1,46,429</b>	<b>3,30,56,504</b>	<b>56.31</b>	<b>1,09,084</b>	<b>3,30,56,504</b>	<b>56.31</b>
<b>Total</b>	<b>1,46,437</b>	<b>5,87,05,502</b>	<b>100</b>	<b>1,09,092</b>	<b>5,87,05,502</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 2022 are as follow:

Particulars of shares	Equity shares of ₹ 10/- each		Members	
	Number	% of Total	Number	% of Total
Demat mode	5,81,85,160	99.11%	1,42,704	97.45
Physical mode	5,20,342	0.89%	3,733	2.55
<b>Total</b>	<b>5,87,05,502</b>	<b>100%</b>	<b>1,46,437</b>	<b>100.00</b>

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 2022. The ISIN No. of the Company is INE485C01011



## Corporate Governance Report (Contd.)

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

The Company has no outstanding GDR/ADR/Warrants/Convertible Instrument.

**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. However, the Company hedges its imports and exports from time to time based on international currency scenario, 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

- Total exposure of the listed entity to commodities in ₹ : Nil
- Exposure of the listed entity to various commodities: Nil
- 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 01<sup>th</sup> July 2021 for banking facilities availed by the company, as per details given below:

Facilities	Amount (₹ Crore)	Existing Rating	Revised Rating
Long Term Bank Facilities (Fund Based Working Capital)	140	CARE A; Stable (Single A; Outlook: Stable)	CARE A+; Stable (Single A Plus; Outlook: Stable)
Short Term Bank Facilities (Non-fund-based Working Capital)	210	CARE A1 (A One)	CARE A1 + (A One Plus)
Long Term Bank Facilities – Term Loan	-	Not applicable as the Company does not have any long term Debt	

**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  
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

**13. 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 2021-22 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. There is no related party transaction that may have potential conflict with the interests of the Company. All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and interested directors neither participate in the discussion nor do they vote on such matters.

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

**b) Compliance made by the Company**

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

**c) Vigil Mechanism**

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

**d) Compliance with mandatory requirements**

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

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

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

**ii) Management Discussion and Analysis Report**

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

**iii) Selection of Independent Directors**

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

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

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

Every independent director, at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he

meets the criteria of independence as provided under law.

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

**iv) Familiarisation Programme for Independent Directors**

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

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

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

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

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





## Corporate Governance Report (Contd.)

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 has one subsidiary company in the name of IOL- Foundation.

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

During the year Company has not raised fund through preferential allotment

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

The Company has paid ₹ 24.88 lakh to the statutory auditors for all services including the fee paid for audit of subsidiary company. The detail of the same is given in Note no. 46 of Notes forming part of financial statements.

#### 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 2021-22 are as under:

Nature of complaints / queries	No. of complaints during the year		
	Filed	disposed	Pending
Sexual Harassment of women at workplace	1	1	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.

#### 14. 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 Committee on internal audit findings.

#### 15. CEO and CFO Certificate

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

#### 16. 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.

#### 17. Certificate from Company Secretary in practice

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

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

I, Varinder Gupta, Managing Director of the Company, pursuant to Regulation 34(3) read with Paragraph D of Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, hereby declare that all the Board members and Senior Management personnel of the Company have affirmed compliance with the Company's Code of Conduct for Board of Directors and Senior Management for the financial year ended 31<sup>st</sup> March 2022.

Place: Ludhiana  
Date: 30<sup>th</sup> May 2022

Sd/-  
**Varinder Gupta**  
Managing Director  
DIN:00044068

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

We, Dr Sanjoy Chaturvedi, Executive Director & CEO and Pardeep Kumar Khanna, Chief Financial Officer (CFO) of IOL Chemicals and Pharmaceuticals Limited, certify that:

- We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2022 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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;
- 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;
- 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;
- We have indicated to the Auditors and the Audit & Risk Management Committee
  - significant changes in internal control over financial reporting during the year;
  - 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
  - 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: 30<sup>th</sup> May 2022

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

Sd/-  
**Dr Sanjoy Chaturvedi**  
Executive Director & CEO



## Corporate Governance Report (Contd.)

**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 2022, 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 2022.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Sd/-  
**(Aditya Kumar)**  
Partner  
M. No. 506955  
UDIN: 22506955AJXJQZ6175

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

**CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE****Pursuant to Regulation 34(3) and Schedule V Part C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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 for the financial year ended March 31, 2022, 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: F004590D000425604

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022





# 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	www.iolcp.com
5. E-mail id	investor@iolcp.com
6. Financial Year reported	2021-22
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)	Ibuprofen (API) Ethyl Acetate Metformin HCL
9. Total number of locations where business activity is undertaken by the Company	4
Number of International Locations (Provide details of major 5)	None
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, Finland, France, Austria, Belgium, Hungary, Spain, Germany, Italy, Netherlands, Portugal, Poland, Ireland, Serbia, Turkey, Czech Republic, USA, Australia, Canada, Chile, Peru, Brazil, Argentina, Colombia, Mexico, Guatemala, Paraguay, Dominican Republic, Saudi Arabia, South Africa, Morocco, Kenya, Egypt, Israel, Oman, Tunisia, Ghana, Kuwait, Jordan, UAE, Japan, Indonesia, South Korea, Thailand, Vietnam, Taiwan, Malaysia, Philippines, Bangladesh, Uzbekistan 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)	2184.02 Crore
3. Total profit after taxes (INR)	165.66 Crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Out of 2% (₹ 9.60 Crore) of the average net profit for previous three years, the Company spent 1.23% (₹ 5.49 Crore, including a contribution made to IOL-Foundation of ₹ 2.01 Crore) during the FY 2021-22 and balance unspent amount of 0.92% (₹ 4.11 Crore) as on 31 <sup>st</sup> March 2022 transferred to the Company's "Unspent CSR Account-2021-22" 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 2021-22 is annexed to the Directors' Report.

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	Yes, IOL-Foundation (Wholly owned subsidiary)
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)	There is no direct participation
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## SECTION D: BR INFORMATION

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

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

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	contact@iolcp.com

### 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)	All the policies are based on the principles of NVG-guidelines. Additionally, the policies also confirms the intents of the of international standards like ISO 9001:2015, ISO 14001:2015 ISO 45001:2018, GMPs etc)								
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								



## Business Responsibility Report (Contd.)

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

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

### 3. Governance related to BR

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

The CSR Committee of the Board oversees the BR performance of the Company on annual basis. During the Financial Year 2021-22 CSR Committee met three times on 4<sup>th</sup> June 2021, 12<sup>th</sup> November 2021 and 30<sup>th</sup> March 2022.

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/investors/annual-reports>

### 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.**

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

Ibuprofen Plant is well designed for 100% recycling of solvents with increased recovery percentage by using high efficiency heat exchangers. In Ethyl Acetate 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):**

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

Reduction in water used for washing & recycling of aqueous layer in subsequent batches, which leads to 18.75 % reduction in water consumption per batch leads to saving of around 10 KL of water per day. Reduction in wastewater by 19 KL per day. Increase in potassium carbonate recovery by 2.0 %.

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:**

2316 (as on 31<sup>st</sup> March 2022)

2. **Please indicate the Total number of employees hired on temporary/contractual/ casual basis:** 454

3. **Please indicate the Number of permanent women employees:** 61

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





## Business Responsibility Report (Contd.)

**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	1	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?**

- Permanent Employees : 100%
- Permanent Women Employees: 100%
- Casual/Temporary/Contractual Employees: 100%
- Employees with Disabilities: N.A.

**Principle 4****1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes

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

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

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

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

**Principle 5****1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

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

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

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? Y/N**

Yes, all potential environmental risks are identified and required devices like DAF (Dissolved Air Floatation), ATFD (Agitated thin film Dryer) has been installed to treat effluent in a scientifically sound manner.

Additionally we have planned for installation of 200 KLD MEE (Multi effect evaporator) for treatment of effluent.

**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 2021-22. The hyperlink for webpage is <https://www.iolcp.com/investors/annual-reports>

**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 membership:

- PHD Chamber of Commerce and Industry
- Indian Chemical Council
- Confederation of Indian Industry
- Bulk Drug manufacturers Association (BDMA)

**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**

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 FY2022 was ₹ 5.49 crore. The major thrust areas for our programmes are –

- Children's Education
- Health Programmes for the Community
- Sanitation Material – Covid-19

For more details, please refer to Report on CSR activities Annexed to the Directors' Report provided in Annual Report 2021-22.

**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 by identifying root cause and taking corrective actions accordingly

**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, our product labels are in compliance of prevailing regulatory guidelines and mandatory information is displayed on product labels. As per customer requirement additional information also provided, if any, like TREM card required during material transportation and Safety Data Sheet (SDS) which describes safe handling and storage of product. Risks/hazards related to product and safety measures to mitigate risks are incorporated in SDS. 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.



# Independent Auditor's Report

TO THE MEMBERS OF IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Results of **IOL Chemicals and Pharmaceuticals Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Results 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, 2022 and its profit, 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 Standalone 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 Standalone 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 ethical requirements that are relevant to our audit of the standalone 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 Standalone 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 Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone 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.

Key Audit Matters	Auditors' Response
<p><b>Revenue recognition:</b> Refer note 2(i)(v) and note 25 of the standalone 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 is 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> 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. 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. On sample basis, we performed test of details of sales recorded close to the year-end through following procedures: i) Analysed the terms and conditions of the underlying contract with the customer, and ii) Verified evidence for transfer of control of the goods prior to the balance sheet date or otherwise from relevant supporting documents.</p>

## Information Other than Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for 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 Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, including other 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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 standalone 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,





## Independent Auditor's Report (Contd.)

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 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 standalone 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 A". 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 Standalone 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.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to

our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in Note 2(i)(vi)(i) and note 14(b) to the standalone financial statements
  - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in compliance with Section 123 of the Act, as applicable.
  - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For and on behalf of

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

Sd/-  
**Aditya Kumar**

Partner

Place: Ludhiana  
 Dated: May 30<sup>th</sup>, 2022

Membership No.:506955  
 UDIN: 22506955AJXKAT7055



## Annexure 'A' 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, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Management 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 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 Company's 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.

### Inherent 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, 2022, based on the criteria for internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

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

Sd/-  
**Aditya Kumar**  
Partner

Place: Ludhiana  
Dated: May 30<sup>th</sup>, 2022

Membership No.: 506955  
UDIN: 22506955AJXKAT7055

## Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IOL Chemicals and Pharmaceuticals Limited of even date)

To the best of our information and according to the information and explanations given to us by the company and the books of account and records examined by us during the course of our audit, we state that:

- i. In respect of Company's Property, Plant and Equipment and Intangible Assets:
  - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - b. The Company has a regular program of physical verification of the Property, Plant and Equipment and Right-of-Use Assets at reasonable intervals. Pursuant to this program, certain Property, Plant and Equipment were physically verified during the year, and, no material discrepancies were noticed on such verification.
  - c. Based on our examination of the, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - d. The company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year,
  - e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, and, the coverage and procedure of such verification is appropriate having regard to the size of the Company and the nature of its operation. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed between the physical stock of inventory and the books of accounts.
- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion and as per the information provided to us, the

quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

- iii. The Company has made investments in companies but has not granted unsecured loans to other parties, during the year, in respect of which:
  - (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the order is not applicable.
  - (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
  - (c) The company has not granted any loans during the year, and hence reporting under clause 3(iii)(c) of the order is not applicable.
  - (d) The Company has not granted any loans during the year, hence there is no overdue amount remaining outstanding as at balance sheet date, and hence reporting under clause 3(iii)(d) of the order is not applicable.
  - (e) The Company which has not renewed or extended or granted fresh loans to settle the overdues of existing loans given to the same parties and hence reporting under clause 3(iii)(e) of the order is not applicable.
  - (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- iv. The Company has not granted any loans specified in Section 185 of the Companies Act, 2013.  
The company has complied with section 186 of the Companies Act, 2013 in respect investments made. The company has not given any guarantee and any security to any person.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Hence, reporting under Clause 3(v) of the order is not applicable.
- vi. 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.





## Annexure 'B' to the Independent Auditor's Report (Contd.)

- vii. In respect of statutory dues:
- a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they become payable.
- (b) There are no statutory dues referred to in sub clause(a) above which have not been deposited on account of a dispute.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) The company has not defaulted in any repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence, reporting under clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised loans during the year and hence reporting under clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (Including Debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) No whistle-blower complaints were received during the year by the Company.
- xii. The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company is in compliance with the provisions of sections 177 and 188 the Companies Act, 2013 with respect to applicable transactions with related parties and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion, the company has an adequate internal audit system which commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, during the year the Company has not entered into any non-cash transaction with its directors or persons connected with its directors and hence the reporting under clause 3(xv) is not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and future events or conditions that may cause the Company to cease to continue as a going concern. We neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from balance sheet date, will get discharged by the company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act. (Refer Note no: 48)

For and on behalf of

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

**Sd/-**  
**Aditya Kumar**

Partner

Membership No.: 506955  
 UDIN: 22506955AJXKAT7055

Place: Ludhiana  
 Dated: May 30<sup>th</sup>, 2022



# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2022

Particulars	Note No.	in ₹ Crore	
		As at 31-Mar-2022	As at 31-Mar-2021
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3.1	559.49	509.75
(b) Right of use assets	4	0.97	2.40
(c) Capital work-in-progress	3.3	102.03	48.27
(d) Other Intangible assets	3.2	0.18	0.21
(e) Intangible assets under development	3.4	3.17	-
(f) Financial assets			
(i) Investment in subsidiary	8A	0.10	-
(ii) Other financial assets	5	205.34	22.13
(g) Other non-current assets	6	10.30	17.43
<b>Total non-current assets</b>		<b>881.58</b>	<b>600.19</b>
<b>2 Current assets</b>			
(a) Inventories	7	409.89	295.15
(b) Financial assets			
(i) Investments	8B	2.37	1.22
(ii) Trade receivables	9	469.80	300.31
(iii) Cash and cash equivalents	10	1.45	32.34
(iv) Bank balances other than (iii) above	11	136.43	332.40
(v) Other financial assets	12	22.98	33.67
(c) Current tax assets (net)	24	0.91	-
(d) Other current assets	13	34.88	14.81
<b>Total current assets</b>		<b>1,078.71</b>	<b>1,009.90</b>
<b>Total Assets</b>		<b>1,960.29</b>	<b>1,610.09</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	58.71	58.71
(b) Other equity	15	1,331.56	1,201.72
<b>Total equity</b>		<b>1,390.27</b>	<b>1,260.43</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings		-	-
(ia) Lease liabilities	16	0.18	1.83
(b) Provisions	17	3.01	3.68
(c) Deferred tax liabilities (net)	32	53.18	53.22
(d) Other non-current liabilities	18	0.25	0.38
<b>Total non-current liabilities</b>		<b>56.62</b>	<b>59.11</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	42.75	-
(ia) Lease liabilities	16	1.02	0.90
(ii) Trade payables	20		
(A) Total outstanding dues of micro enterprises and small enterprises		14.10	11.70
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		395.19	227.13
(iii) Other financial liabilities	21	30.02	28.82
(b) Other current liabilities	22	22.98	11.28
(c) Provisions	23	7.34	6.06
(d) Current tax liabilities (net)	24	-	4.66
<b>Total current liabilities</b>		<b>513.40</b>	<b>290.55</b>
<b>Total Equity and Liabilities</b>		<b>1,960.29</b>	<b>1,610.09</b>
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of standalone financial statements			

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

Sd/-  
**Aditya Kumar**  
Partner  
M.No. 506955

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

For and on behalf of the Board of Directors

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

Particulars	Note No.	in ₹ Crore	
		For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Income:</b>			
<b>I Revenue from operations</b>	25	2,184.02	1,966.98
<b>II Other income</b>	26	32.04	24.30
<b>III Total income (I+II)</b>		<b>2,216.06</b>	<b>1,991.28</b>
<b>IV Expenses:</b>			
Cost of materials consumed	27	1,578.91	1,119.95
Purchase of stock-in-trade		43.90	-
Changes in inventories of finished goods, work in progress and stock in trade	28	(52.30)	(17.11)
Employee benefits expense	29	141.30	115.55
Finance cost	30	8.29	5.83
Depreciation and amortization expenses	3	43.26	38.92
Other expenses	31	215.93	156.75
<b>Total expenses (IV)</b>		<b>1,979.29</b>	<b>1,419.89</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		236.77	571.39
<b>VI Exceptional items</b>	35	13.93	-
<b>VII Profit before tax (V-VI)</b>		222.84	571.39
<b>VIII Tax expense:</b>			
Current tax		57.01	145.55
Deferred tax		0.17	(18.72)
<b>Total tax expense (VIII)</b>	32	<b>57.18</b>	<b>126.83</b>
<b>IX Profit for the period (VII-VIII)</b>		165.66	444.56
<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		(1.32)	(2.18)
ii) Income tax relating to items that will not be reclassified to profit or loss	32	0.33	0.55
B Items that will be reclassified to profit or loss			
i) Net movement in effective portion of cash flow hedge reserve		0.51	(0.66)
ii) Income tax relating to items that will be reclassified to profit or loss	32	(0.12)	0.15
<b>Total other comprehensive income/(loss) for the year, net of tax (X)</b>		<b>(0.60)</b>	<b>(2.14)</b>
<b>XI Total Comprehensive Income for the period (IX+X)</b>		<b>165.06</b>	<b>442.42</b>
<b>XII Earnings per equity share of ₹10/- each</b>			
- Basic ₹		28.22	76.21
- Diluted ₹		28.22	76.21
Weighted average equity shares used in computing earnings per equity share			
- Basic		5,87,05,502	5,83,30,472
- Diluted		5,87,05,502	5,83,30,472
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of standalone financial statements			

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

Sd/-  
**Aditya Kumar**  
Partner  
M.No. 506955

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

For and on behalf of the Board of Directors





## Standalone Statement of Changes in Equity

for the year ended 31-March-2022

### A. Equity Share capital

#### (1) Current reporting period

Balance as at beginning of the current year 01/04/2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at the end of the current year 31/03/2022
58.71	-	58.71	-	58.71

#### (2) Previous reporting period

Balance as at beginning of the previous year 01/04/2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at the end of the previous year 31/03/2021
56.89	-	56.89	1.82	58.71

### B. Other Equity

#### (1) Current reporting period

#### Standalone Statement of changes in Other Equity for the year ended 31-March-2022

Particulars	Other equity						Total ₹ (Crore)
	Reserves and Surplus			Other comprehensive income			
	Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve	Monies received against Share warrants	
Balance as at beginning of the current year 01/04/2021	10.76	225.72	971.31	(5.48)	(0.59)	-	1,201.72
Remeasurement gain/(loss) of defined benefit obligation (net of income tax) (Refer note no.37)				(0.99)			(0.99)
Net movement in effective portion of cash flow hedge reserve (net of income tax){Refer note no.42(i)}					0.39		0.39
Dividend paid on equity shares			(35.22)				(35.22)
Profit for the year transferred from statement of profit and loss			165.66				165.66
Balance as at the end of the current year 31/03/2022	10.76	225.72	1,101.75	(6.47)	(0.20)	-	1,331.56

## Standalone Statement of Changes in Equity

for the year ended 31-March-2022

#### (2) Previous reporting period Standalone Statement of changes in Other Equity for the year ended 31-March-2021

Particulars	Other equity						Total ₹ (Crore)
	Reserves and Surplus			Other comprehensive income			
	Capital reserve	Securities premium	Retained Earnings	Remeasurement of Defined benefit obligation	Effective portion of cash flow hedge reserve	Monies received against Share warrants	
Balance as at beginning of the previous year 01/04/2020	10.76	190.27	550.23	(3.85)	(0.08)	9.32	756.65
Remeasurement gain/(loss) of defined benefit obligation (net of income tax) (Refer note no.37)				(1.63)			(1.63)
Net movement in effective portion of cash flow hedge reserve (net of income tax){Refer note no.42(i)}					(0.51)		(0.51)
Dividend paid on equity shares			(23.48)				(23.48)
Profit for the year transferred from statement of profit and loss			444.56				444.56
Issuance of equity share capital during the year		35.45					35.45
Received during the year						27.95	27.95
Converted into equity share capital						(37.27)	(37.27)
Balance as at the end of the previous year 31/03/2021	10.76	225.72	971.31	(5.48)	(0.59)	-	1,201.72

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

Sd/-  
**Aditya Kumar**  
Partner  
M.No. 506955

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

For and on behalf of the Board of Directors

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022



# Standalone Cash Flow Statement

for the year ended 31-March-2022

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>222.84</b>	<b>571.39</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	43.26	38.92
Net (Gain)/Loss on current investment	-	(0.01)
Unrealised foreign exchange (Gain)/Loss on foreign currency rate fluctuation	(1.28)	(1.74)
Net (Gain)/Loss on fair valuation of investments measured at fair value through profit or loss	(0.02)	-
Subsidy Income amortized	(0.07)	(0.07)
Interest income on financial assets carried at amortized cost net of rent amortized during the period	(0.08)	(0.07)
Unpaid Premium on Foreign exchange forward contracts	-	0.53
Liabilities no longer required written back	(0.03)	(0.44)
Lease Liability Provision written back	(0.08)	-
Net (Gain)/Loss on Property, plant and equipment sold	0.24	(0.05)
Loss on Property, plant and equipment discarded	0.85	0.15
Interest expense	8.29	5.83
Interest income	(17.96)	(15.90)
	<u>33.12</u>	<u>27.15</u>
<b>Operating profit before working capital changes</b>	<b>255.96</b>	<b>598.54</b>
Changes in working capital:		
Increase/(Decrease) in trade payables and other liabilities	183.19	60.61
Decrease/(Increase) in trade and other receivables	(170.78)	(29.50)
Decrease/(Increase) in inventories	(114.75)	(107.62)
	<u>(102.34)</u>	<u>(76.51)</u>
<b>Cash generated from operations</b>	<b>153.62</b>	<b>522.03</b>
Income tax paid (net)	(62.58)	(142.25)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>91.04</b>	<b>379.78</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment including intangible assets and Capital work in progress	(153.29)	(108.21)
Proceeds from sale of property, plant and equipment	1.89	0.78
Proceeds from sale of investments	-	0.06
Purchase of investment	(1.24)	(1.22)
Interest received	18.60	12.95
<b>Bank balances not considered as cash and cash equivalents:</b>		
Decrease in deposit with banks, having original maturity more than three months	23.55	(220.07)
Increase in deposit with banks, in earmarked accounts to the extent held as margin money against borrowings and other commitments	(9.80)	(1.54)
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(120.29)</b>	<b>(317.25)</b>

# Standalone Cash Flow Statement

for the year ended 31-March-2022

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Cash flow from financing activities		
Proceeds from issuance of share capital and warrants	-	27.95
Repayment of non current borrowings	-	(0.07)
Proceeds/(Repayment) of current borrowings	42.75	(55.92)
Interest paid	(8.11)	(5.70)
Lease rent payments	(1.06)	(1.06)
Dividend paid on Equity shares	(35.22)	(23.48)
	<u>(1.64)</u>	<u>(58.28)</u>
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(1.64)</b>	<b>(58.28)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(30.89)</b>	<b>4.25</b>
Cash and cash equivalents at the beginning of the period	32.34	28.09
Cash and cash equivalents at the end of the period *	<u>1.45</u>	<u>32.34</u>
* Comprises		
Balances with banks in current account	1.03	15.88
Balances with bank in deposit accounts with original maturity of three months or less	-	15.03
Cash on hand	0.42	1.43
	<u>1.45</u>	<u>32.34</u>

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

Sd/-  
**Aditya Kumar**  
Partner  
M.No. 506955

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

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

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

For and on behalf of the Board of Directors

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689





## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### Note 1: Corporate information

IOL Chemicals and Pharmaceuticals Limited ("the Company") (CIN: L24116PB1986PLC007030) is a public company domiciled in India and incorporated on 29<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 Chhanna Road, Barnala-148107, Punjab.

The standalone financial statements are approved for issue by the Company's Board of Directors on 30<sup>th</sup> May, 2022.

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

#### I. Statement of compliance

The standalone 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 standalone 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 standalone financial statements

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

### V. Revenue recognition from operations

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

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

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

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

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

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

#### ii. Export incentives

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

### VI. Other income

#### I. Dividend

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

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 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 standalone Balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other

comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations is recognized in Other Comprehensive Income.

### ii) Compensated absences

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

### VIII. Property, plant and equipment

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

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

Depreciation on property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of asset, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset,



## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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.

### 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 standalone 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

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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 standalone 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 standalone financial statements as recognised in the standalone 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 standalone statements of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the standalone 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 standalone 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





## Notes

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benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Company

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

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

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

### XVIII. Earnings per share

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

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

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

### XIX. Financial instruments

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

#### i) Initial recognition and measurement

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

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

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

#### 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.

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 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 standalone financial statements or for highly probable forecast transactions/firm contractual commitments. These derivatives contracts do not generally extend beyond six months.

Derivatives are initially accounted for and measured at fair value on the date the derivative

contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

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

#### When hedge accounting is applied:

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

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



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transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

### ● Equity share capital

#### Equity shares

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

#### De-recognition of financial instruments

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

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

#### Fair value of financial instruments

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

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

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

### XX. Impairment of assets

#### i) Financial assets

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

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized

as an impairment gain or loss in statement of profit or loss.

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

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

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

### XXI. Cash flow statement

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

### XXII. Cash and cash equivalent

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

### XIII. 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.

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forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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, 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 standalone 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 standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

### Note 2 (iv): Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

#### Ind AS 16 – Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

#### Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

#### Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.





## Notes

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### Note 3.1 : Property, Plant and Equipment

in ₹ Crore

Particulars	Gross carrying value			Depreciation and Amortisation			Net carrying value			
	As at 1-Apr-2021	Additions	Disposals / adjustment / assets held for sale	As at 31-Mar-2022	As at 1-Apr-2021	For the year *	Elimination on Disposals / adjustment / assets held for sale	As at 31-Mar-2022	As at 31-Mar-2022	As at 1-Apr-2021
Freehold Land	42.27	13.80	-	56.07	-	-	-	-	56.07	42.27
Buildings	87.69	12.40	-	100.09	12.24	3.82	-	16.06	84.03	75.45
Plant and Equipment	531.72	64.90	(6.82)	589.80	146.10	36.91	(4.16)	178.85	410.95	385.62
Furniture and Fixtures	2.37	0.65	-	3.02	0.85	0.24	-	1.09	1.93	1.52
Vehicles	7.30	2.50	(1.82)	7.98	3.19	0.91	(0.99)	3.11	4.87	4.11
Office Equipments	1.75	1.33	(0.46)	2.62	0.97	0.44	(0.43)	0.98	1.64	0.78
<b>Total</b>	<b>673.10</b>	<b>95.58</b>	<b>(9.10)</b>	<b>759.58</b>	<b>163.35</b>	<b>42.32</b>	<b>(5.58)</b>	<b>200.09</b>	<b>559.49</b>	<b>509.75</b>

### Note 3.2 : Other Intangible assets

Particulars	Gross carrying value			Depreciation and Amortisation			Net carrying value			
	As at 1-Apr-2021	Additions	Disposals / adjustment	As at 31-Mar-2022	As at 1-Apr-2021	For the year *	Elimination on disposal / adjustment of assets	As at 31-Mar-2022	As at 31-Mar-2022	As at 1-Apr-2021
Computer Softwares	0.76	0.14	(0.01)	0.89	0.58	0.13	-	0.71	0.18	0.18
Technical Knowhow	0.55	-	-	0.55	0.52	0.03	-	0.55	-	0.03
<b>Total</b>	<b>1.31</b>	<b>0.14</b>	<b>(0.01)</b>	<b>1.44</b>	<b>1.10</b>	<b>0.16</b>	<b>-</b>	<b>1.26</b>	<b>0.18</b>	<b>0.21</b>
<b>Grand total</b>	<b>674.41</b>	<b>95.72</b>	<b>(9.11)</b>	<b>761.02</b>	<b>164.45</b>	<b>42.48</b>	<b>(5.58)</b>	<b>201.35</b>	<b>559.67</b>	<b>509.96</b>

### Note 3.3 : Capital work in progress

Particulars	As at 1-Apr-2021	Additions	Capitalised	As at 31-Mar-2022
Capital work in progress	48.27	121.01	67.25	102.03

### Note 3.4 : Intangible assets under development

Particulars	As at 1-Apr-2021	Additions	Capitalised	As at 31-Mar-2022
Capital work in progress	-	3.17	-	3.17

* Depreciation for the year 2021-22	42.48
Less: Amount transferred from deferred revenue	(0.07)
Add: Depreciation on Right of use Assets (Refer note no.38)	0.85
Depreciation charged to statement of profit or loss	43.26

### Note 3.1 : Property, Plant and Equipment

in ₹ Crore

Particulars	Gross carrying value			Depreciation and Amortisation			Net carrying value			
	As at 1-Apr-2020	Additions	Disposals / adjustment	As at 31-Mar-2021	As at 1-Apr-2020	For the year *	Elimination on disposal / adjustment of assets	As at 31-Mar-2021	As at 31-Mar-2021	As at 1-Apr-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>

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### Note 3.2 : Other Intangible assets

Particulars	Gross carrying value			Depreciation and Amortisation			Net carrying value			
	As at 1-Apr-2020	Additions	Disposals / adjustment	As at 31-Mar-2021	As at 1-Apr-2020	For the year *	Elimination on disposal / adjustment of assets	As at 31-Mar-2021	As at 31-Mar-2021	As at 1-Apr-2020
B. Intangible assets										
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>
<b>Grand total</b>	<b>592.50</b>	<b>83.19</b>	<b>(1.28)</b>	<b>674.41</b>	<b>126.74</b>	<b>38.11</b>	<b>(0.40)</b>	<b>164.45</b>	<b>509.96</b>	<b>465.76</b>

### Note 3.3 : Capital work in progress

Particulars	As at 1-Apr-2020	Additions	Capitalised	As at 31-Mar-2021
Capital work in progress	19.19	88.82	59.74	48.27

### Note 3.4 : Intangible assets under development

Particulars	As at 1-Apr-2020	Additions	Capitalised	As at 31-Mar-2021
Capital work in progress	-	-	-	-

* Depreciation for the year 2020-21	38.11
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	38.92

Notes: No borrowing cost has been capitalized during the current and previous period.

### 3.3a : Capital work in progress (CWIP) ageing schedule as on 31.03.2022

in ₹ Crore

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	85.86	16.17	-	-	102.03
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>85.86</b>	<b>16.17</b>	<b>-</b>	<b>-</b>	<b>102.03</b>

### Capital work in progress (CWIP) completion schedule as on 31.03.2022

Projects	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Growth Projects	101.67	0.23	-	-	101.90
Environment, safety and compliance	0.13	-	-	-	0.13
<b>Total</b>	<b>101.80</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>102.03</b>

### Capital work in progress (CWIP) ageing schedule as on 31.03.2021

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	48.27	-	-	-	48.27
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>48.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48.27</b>



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### Capital work in progress (CWIP) completion schedule as on 31.03.2021

in ₹ Crore

Projects	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Growth Projects	46.09				46.09
Environment, safety and compliance	2.18				2.18
Total	48.27	-	-	-	48.27

### 3.4a Intangible assets under development ageing schedule as on 31.03.2022

Projects	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3.17	-			3.17
Projects temporarily suspended	-				-
Total	3.17	-	-	-	3.17

### Intangible assets under development completion schedule as on 31.03.2022

Projects	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Software commissioning	3.17	-			3.17
Total	3.17	-	-	-	3.17

### Intangible assets under development ageing schedule as on 31.03.2021

Projects	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	-	-			-
Projects temporarily suspended	-				-
Total	-	-	-	-	-

### Intangible assets under development completion schedule as on 31.03.2021

Projects	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Software commissioning	-	-			-
Total	-	-	-	-	-

### 4 Right of use assets

Particulars	As at 31-03-2022	As at 31-03-2021
Right of use assets (Refer note no.38)	2.40	3.28
Deletions of rights of use assets	(0.58)	-
Less: Depreciation on right of use asset	(0.85)	(0.88)
	0.97	2.40

### 5 Other financial assets - Non Current

Particulars	As at 31-03-2022	As at 31-03-2021
Security deposit (to related party) (Refer note no.41)	0.82	0.74
Interest receivable	0.81	0.17
Fixed deposits account with remaining maturity of more than twelve months	185.06	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 remaining maturity of more than twelve months	18.65	1.54
	205.34	22.13

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### 6 Other Non current assets

Particulars	As at 31-03-2022	As at 31-03-2021
(Unsecured considered good)		
Capital advances	4.31	11.39
Advances other than capital advances		
- Security deposit	0.86	0.70
- Lease hold land prepayments	0.15	0.16
- Prepaid expenses	0.20	0.40
Balance and deposits with government department or others *	4.78	4.78
	10.30	17.43

\* 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.

### 7 Inventories \*

Particulars	As at 31-03-2022	As at 31-03-2021
Raw materials and components	243.26	181.75
(including ₹ 156.62 Crore- as at 31-March-2022 and ₹ 111.82 Crore as at 31-Mar-2021 in transit and at port)		
Work-in-progress	59.70	35.73
Finished Goods	92.75	63.38
(including ₹ 45.23 Crore as at 31-March-2022 and ₹ 23.54 Crore as at 31-Mar-2021 in transit)		
Stores and Spares	14.18	14.29
	409.89	295.15

\* Valued at cost or net realisable value, whichever is lower

### 8A Investments in Subsidiary

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Investments carried at cost</b>		
<b>Equity investment in subsidiary company (unquoted)</b>		
IOL-Foundation	0.10	-
100000 equity shares of ₹ 10/- each (previous year Nil)		
	0.10	-
Aggregate amount of quoted investments and market value of quoted investments	-	-
Aggregate amount of unquoted investments	0.10	-
Aggregate amount of impairment in value of investment	-	-

### 8B Investments

Particulars	As at 31-03-2022	As at 31-03-2021
Investments - Current		
Investment carried at fair value through Profit or loss (FVTPL)		
Investment in mutual funds (unquoted)		
88491.150 (88491.150 as at 31-Mar-2021) units of ₹10/- each of PNB Principal Balanced Advantage Fund-Regular plan growth	0.22	0.20
Other investments (unquoted)		
Investment in Master Portfolio Services Limited	2.15	1.02
MPSL Irage Absolute Return Strategy		
<b>Total</b>	<b>2.37</b>	<b>1.22</b>
Aggregate amount of quoted investments and market value of quoted investments	-	-
Aggregate amount of unquoted investments	2.37	1.22
Aggregate amount of impairment in value of investment	-	-

### 9 Trade receivables

Particulars	As at 31-03-2022	As at 31-03-2021
(Unsecured considered good)		
From related parties (Refer note no.41)	-	13.95
Trade receivables considered good - Unsecured *	470.53	285.64
Less: Allowances for expected credit loss and doubtful receivables	(0.73)	-
Trade receivables which have significant increase in Credit Risk	-	0.72
Trade receivables- credit impaired	0.66	0.12
Less: Allowances for credit impaired receivables	(0.66)	(0.12)
	469.80	300.31

\* Net of bill discounted from banks ₹ 21.25 Crore (Previous year ₹ 0.47 Crore)

Expected credit loss allowance for trade receivable is based on historical credit loss experience and adjustment for forward looking information. The computation of expected credit allowance for trade receivables is based on the provision matrix. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in provision matrix

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 ₹ Nil (Previous year ₹13.95 Crore)





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### Trade receivables ageing schedule as on 31.03.2022

Particulars	Not due	Outstanding from the due date of payment					As at 31-03-2022
		Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>(i) Undisputed Trade receivables - considered good</b>	351.87	99.20	0.56	0.10	0.08		451.81
(ii) Undisputed Trade receivables - which have significant increase in credit risk							-
(iii) Undisputed Trade receivables - credit impaired							-
(iv) Disputed Trade receivables - considered good			18.72				18.72
(v) Disputed Trade receivables - which have significant increase in credit risk							-
(vi) Disputed Trade receivables - credit impaired			0.04	0.55	0.07		0.66
<b>Total</b>	<b>351.87</b>	<b>99.20</b>	<b>19.32</b>	<b>0.65</b>	<b>0.15</b>		<b>471.19</b>
Less: Allowances for expected credit loss, doubtful receivables and credit impaired receivables							(1.39)
Total Trade receivables							469.80

### Trade receivables ageing schedule as on 31.03.2021

Particulars	Not due	Outstanding from the due date of payment					As at 31-03-2022
		Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>(i) Undisputed Trade receivables - considered good</b>	196.10	103.49					299.59
(ii) Undisputed Trade receivables - which have significant increase in credit risk			0.33	0.39			0.72
(iii) Undisputed Trade receivables - credit impaired			0.12				0.12
(iv) Disputed Trade receivables - considered good							-
(v) Disputed Trade receivables - which have significant increase in credit risk							-
(vi) Disputed Trade receivables - credit impaired							-
<b>Total</b>	<b>196.10</b>	<b>103.49</b>	<b>0.45</b>	<b>0.39</b>			<b>300.43</b>
Less: Allowances for expected credit loss, doubtful receivables and credit impaired receivables							(0.12)
Total Trade receivables							300.31

The following is the detail of allowance for lifetime expected credit loss:

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Allowances for expected credit loss and doubtful receivables		
-Balance at the beginning of the period	0.12	0.12
-Impairment loss recognized	0.66	(0.02)
-Expected credit loss	0.61	0.02
-Amount written off	-	-
-Balance at the end of the period	1.39	0.12

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forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 10 Cash and cash equivalents

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Balances with banks		
- In current accounts	1.03	15.88
- In deposit accounts (having original maturity of three months or less)	-	15.03
Cash on hand	0.42	1.43
	<b>1.45</b>	<b>32.34</b>

### 11 Other Bank Balances

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
<b>Balances with banks</b>		
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	83.76	121.30
Fixed deposits with original maturity of more than three months but less than twelve months	30.37	181.76
<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	18.97	22.09
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	2.62	6.81
<b>Balances with banks in earmarked accounts to the extent of unclaimed dividend</b>	<b>0.71</b>	<b>0.44</b>
	<b>136.43</b>	<b>332.40</b>

### 12 Other Financial Assets - Current

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
(Unsecured considered good)		
Interest receivable	3.42	4.70
Other recoverable	7.68	5.48
Export incentives/ other receivables from Government Authorities	11.11	23.27
Loans and advances to employees	0.45	0.22
Derivative instruments at fair value through OCI (FVTOCI)		
Foreign exchange forward contracts		
- Cash flow hedges	0.32	-
	<b>22.98</b>	<b>33.67</b>

### 13 Other Current Assets

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
(Unsecured considered good unless otherwise stated)		
Advances against supply of goods and services		
- to related party (refer note no.41)	-	1.63
- to others	5.77	4.70
Prepaid expenses	7.89	5.06
Balance and deposits with government department or others	20.36	3.09
Security deposit	0.29	0.32
Lease hold land prepayments	0.01	0.01
Assets held for sale *	0.56	-
	<b>34.88</b>	<b>14.81</b>

\* Carrying value of Plant and Equipment held for sale

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 Nil (Previous year ₹1.63 Crore)



## Notes

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### 14 Equity share capital

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	Number	in ₹ Crore	Number	in ₹ Crore
<b>Authorised</b>				
Equity shares of ₹ 10/- each (par value)	8,00,00,000	80.00	8,00,00,000	80.00
Preference shares ₹10/- each (par value)	-	-	-	-
<b>Total</b>	<b>8,00,00,000</b>	<b>80.00</b>	<b>8,00,00,000</b>	<b>80.00</b>
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10/- each (par value)	5,87,05,502	58.71	5,87,05,502	58.71
<b>Total</b>	<b>5,87,05,502</b>	<b>58.71</b>	<b>5,87,05,502</b>	<b>58.71</b>

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

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	Number	in ₹ Crore	Number	in ₹ Crore
<b>Issued, subscribed and paid-up equity shares</b>				
Shares and share capital outstanding at the beginning of the period	5,87,05,502	58.71	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	5,87,05,502	58.71

#### 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 60% (₹ 6 per equity share of ₹ 10/- each) interim/final dividend during the current year ended 31-Mar-2022 and 40% (₹ 4 per equity share of ₹ 10/- each) an interim dividend during the previous year ended 31-Mar-2021.

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

Particulars	Amount in ₹	
	Year ended 31-Mar-2022	Year ended 31-Mar-2021
Interim dividend	4.00	4.00
Final Dividend FY2021	2.00	-

The Company has incurred a net cash outflow of ₹35.22 Crore during the year ended 31-March-2022 (Previous year ₹ 23.48 Crore) 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	31-Mar-2022		31-Mar-2021	
	Number of shares held	% shareholding	Number of shares held	% shareholding
Mayadevi Polycot Limited	1,00,06,323	17.04%	1,00,06,323	17.04%
NM Merchantiles Limited	50,75,571	8.65%	50,75,571	8.65%
Vasudeva Commercials Limited	46,63,859	7.94%	46,63,859	7.94%
NCG Enterprises Limited	32,84,393	5.59%	32,84,393	5.59%

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.

#### h. Shareholding of Promoter and Promoter Group

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Sr. No.	Promoter name	Shareholding of Promoter and Promoter Group as on 31.03.2022			Shareholding of Promoter and Promoter Group as on 31.03.2021		
		No. of Shares	% of total shares	% Change during the period	No. of Shares	% of total shares	% Change during the period
<b>Promoter</b>							
1	Varinder Gupta	11,95,865	2.037%	No change during the period	11,95,865	2.037%	No change during the period
<b>Promoter Group</b>							
1	Varinder Gupta HUF	1,100	0.002%	No change during the period	1,100	0.002%	1.80% Change during the period
2	Mayadevi Polycot Limited	1,00,06,323	17.045%		1,00,06,323	17.045%	
3	NM Merchantiles Limited	50,75,571	8.646%		50,75,571	8.646%	
4	NCG Enterprises Limited	32,84,393	5.595%		32,84,393	5.595%	
5	Bhudeva Lifesciences Limited	28,73,714	4.895%		28,73,714	4.895%	
6	NCVI Enterprises Limited	28,12,032	4.790%		28,12,032	4.790%	
7	True Value Traders Limited	4,00,000	0.681%		4,00,000	0.681%	
		<b>2,44,53,133</b>	<b>41.654%</b>		<b>2,44,53,133</b>	<b>41.654%</b>	
<b>Total Shares held by promoter and Promoter Group at the end of the period</b>		<b>2,56,48,998</b>	<b>43.691%</b>		<b>2,56,48,998</b>	<b>43.691%</b>	

### 15 Other Equity

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
	10.76	10.76
<b>a. Capital reserve (Balance at the beginning and end of the year)</b>		
<b>b. Securities premium account</b>		
Opening balance	225.72	190.27
Add: Securities premium on allotment of equity shares	-	35.45
Closing balance	<b>225.72</b>	<b>225.72</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	971.31	550.23
Add: Profit for the year	165.66	444.56
Less: Interim/final Dividend	(35.22)	(23.48)
Closing balance	1,101.75	971.31
<b>e. Items of other comprehensive income:</b>		
<b>(i) Remeasurements of defined benefit obligation (Refer note no.37)</b>		
Opening balance	(5.48)	(3.85)
Add: Other comprehensive income/(expense) net of tax impact	(0.99)	(1.63)
Closing balance	<b>(6.47)</b>	<b>(5.48)</b>
<b>(ii) Net movement in effective portion of cash flow hedge reserve (Refer note no.42(i))</b>		
Opening balance	(0.59)	(0.08)
Add: Other comprehensive income/(expense) net of tax impact	0.39	(0.51)
Closing balance	<b>(0.20)</b>	<b>(0.59)</b>
<b>f. Monies received against Share warrants</b>		
Opening balance	-	9.32
Add: Received during the year	-	27.95
Less: Converted into equity shares	-	(37.27)
Closing balance	-	-
<b>Total</b>	<b>1,331.56</b>	<b>1,201.72</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.





## Notes

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### 16 Lease liabilities

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Lease liabilities (Refer note no.38)	2.73	3.50
Deletions of lease liabilities	(0.65)	-
Interest expense on lease liabilities	0.18	0.29
Payment of lease liabilities	(1.06)	(1.06)
	1.20	2.73
The break-up of current and non-current lease liabilities is as follows:		
Current Lease liabilities	1.02	0.90
Non Current Lease liabilities	0.18	1.83

### 17 Provisions - Non current

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Provision for employee benefits:		
- Gratuity (Refer note no.37)	1.07	2.01
- Compensated absences	1.94	1.67
	3.01	3.68

### 18 Other non current liabilities

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Deferred capital grants related to Property, plant and equipment	0.25	0.38

### 19 Borrowings - Current

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Loan repayable on demand		
- From Banks (secured)	42.75	-
	42.75	-

#### 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 relatives and corporate guarantee by a promoter company.

#### Terms:-

Working capital borrowings from banks are repayable on demand.

### 20 Trade Payable

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Outstanding dues of micro enterprises and small enterprises (Refer note no.47)	14.10	11.70
Outstanding dues of creditors other than micro enterprises and small enterprises	386.48	227.13
Outstanding dues to related parties (Refer note no.41)	8.71	-
	409.29	238.83

#### Trade payables ageing schedule as on 31.03.2022

Particulars	Not due	Outstanding from the due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	11.75	2.35				14.10
(ii) Others	359.62	26.51	0.32	0.03		386.48
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
Related party	1.79	6.92				8.71
<b>Total</b>	<b>373.16</b>	<b>35.78</b>	<b>0.32</b>	<b>0.03</b>	<b>-</b>	<b>409.29</b>

#### Trade payables ageing schedule as on 31.03.2021

Particulars	Not due	Outstanding from the due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	7.29	4.41				11.70
(ii) Others	195.83	31.14	0.08	0.06	0.02	227.13
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
Related party						-
<b>Total</b>	<b>203.12</b>	<b>35.55</b>	<b>0.08</b>	<b>0.06</b>	<b>0.02</b>	<b>238.83</b>

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 21 Other financial liabilities - Current

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Unclaimed dividend	0.71	0.44
Payable to employees		
- to related parties (refer note no.41)	0.59	0.27
- to other employees	6.40	11.29
Other liabilities		
- to related parties (refer note no.41)	-	1.20
- to other than related parties	16.58	8.79
<b>Derivative instruments at fair value through OCI (FVTOCI)</b>		
Foreign exchange forward contracts		
- Cash flow hedges	-	0.45
	(a) 24.28	22.44
Payable on purchase of capital goods	(b) 5.74	6.38
<b>Total</b>	<b>(a+b) 30.02</b>	<b>28.82</b>

### 22 Other current liabilities

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Advances from customers	14.07	4.04
Advance against assets held for sale	0.23	-
Statutory remittances*	3.59	3.29
Deferred capital grants related to Property, plant and equipment	0.13	0.13
Other payable	-	0.50
Corporate Social Responsibility (Refer note no.48)	4.36	2.93
Security deposit	0.60	0.39
	22.98	11.28

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

### 23 Current provisions

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Provision for employee benefits:		
- Gratuity (Refer note no.37)	6.15	5.05
- Compensated absences	1.19	1.01
	7.34	6.06

### 24 Current tax liabilities/(assets) (net)

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Provision for Current tax (net of advance tax)	(0.91)	4.66
	(0.91)	4.66

#### Gross movement in current tax liabilities/(assets)

Particulars	in ₹ Crore	
	As at 31-Mar-2022	As at 31-Mar-2021
Net current tax liabilities/(assets) at the beginning of the year	4.66	1.36
Tax adjustments related to earlier years	(0.22)	0.37
Income tax payment of earlier years	(4.44)	(1.73)
Provision for current tax	57.23	145.18
Advance tax paid	(58.14)	(140.52)
Current tax liabilities/(assets)	(0.91)	4.66

### 25 Revenue from operations

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Sale of products</b>	2,120.31	1,946.14
<b>Other operating revenue</b>		
(i) Export incentives	3.84	15.76
(ii) Miscellaneous sales	11.81	5.08
	2,135.96	1,966.98
<b>Sale of traded goods</b>	48.06	-
	2,184.02	1,966.98

#### Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by sale of products for the year ended 31-Mar-2022 and 31-Mar-2021 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-2022	For the year ended 31-Mar-2021
<b>Details of sale of products</b>		
- Chemicals	1,112.80	781.19
- Pharmaceuticals	977.00	1,139.91
- Others	30.51	25.04
	2,120.31	1,946.14



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forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 26 Other income

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Interest income (Gross)</b>		
- From bank deposits	17.96	15.90
TDS ₹ 1.80 Crore (Previous year ₹ 1.19 Crore)		
- On financial assets carried at amortized cost	0.08	0.07
<b>Other non operating income</b>		
Liabilities no longer required written back	0.03	0.44
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	0.16	0.02
Net gain on foreign currency transaction and translation	10.44	6.91
Gain on fair value changes of financial assets measured at FVTPL	0.02	-
Amortisation of capital subsidy	0.07	0.07
Miscellaneous income	3.26	0.81
	<b>32.04</b>	<b>24.30</b>

### 27 Cost of material consumed

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Raw material consumed</b>		
Opening Stocks	181.75	100.19
Add: Purchases	1,640.42	1,201.51
Total	1,822.17	1,301.70
Less: Closing stocks	243.26	181.75
Consumption (refer detail below)	<b>1,578.91</b>	<b>1,119.95</b>
<b>Detail of material consumed</b>		
Acetic Acid	556.08	225.57
Iso Butyl Aceto Phenone (Ibap)	48.18	199.64
Specially Denatured Spirit	313.69	220.23
Toluene	41.44	39.14
Acetic Anhydride	79.56	47.45
Propylene Gas	35.65	39.63
Sodium Di Chromate	49.16	48.55
Sodium Metal	36.47	49.57
Others	418.68	250.17
	<b>1,578.91</b>	<b>1,119.95</b>

### 28 Changes in inventories of finished goods, work-in-progress and Stock in trade

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Inventories at the beginning of the year		
Work-in-progress	35.73	36.02
Finished goods	63.38	44.29
(A)	99.11	80.31
Change in inventory during trial run		
Work-in-progress	0.67	1.22
Finished goods	0.37	0.47
(B)	1.04	1.69
Inventories at the end of the year		
Work-in-progress	59.70	35.73
Finished goods	92.75	63.38
(C)	152.45	99.11
(A+B-C)	<b>(52.30)</b>	<b>(17.11)</b>

### 29 Employee benefits expense

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Salaries and Wages	125.28	103.73
Contribution to provident and other funds	9.77	7.76
Staff welfare expenses	6.25	4.06
	<b>141.30</b>	<b>115.55</b>

### 30 Finance Cost

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Interest expense on:		
- Term loans and working capital	1.31	0.59
- other borrowings	0.94	0.06
Other borrowing costs	5.86	4.89
Interest expense on Lease Liability	0.18	0.29
	<b>8.29</b>	<b>5.83</b>

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 31 Other expenses

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Power and Fuel	78.18	51.46
Consumption of stores and spares	26.15	21.33
Repairs and maintenance		
- Plant and Machinery	6.92	3.90
- Building	3.23	2.49
- Others	0.56	0.41
Rent	0.23	0.14
Insurance charges	4.25	3.73
Auditor's Remuneration (refer note no.46)	0.25	0.32
Rates and Taxes	0.39	0.29
Loss on Property, plant and equipment sold (net)	0.24	-
Loss on Property, plant and equipment discarded	0.85	0.15
Allowance for expected credit loss and doubtful receivables	1.27	-
Freight outward	57.34	41.15
Other Selling and distribution expenses	9.50	9.63
Expenditure on corporate social responsibility* (Refer note no.48)	9.61	6.76
Miscellaneous expenses	16.96	14.99
	<b>215.93</b>	<b>156.75</b>

### 32 Current tax and deferred tax

#### (a) Income tax recognised in statement of profit and loss

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Current tax</b>		
In respect of current period	57.23	145.18
Tax adjustments related to earlier years	(0.22)	0.37
<b>Total (A)</b>	<b>57.01</b>	<b>145.55</b>
<b>Deferred tax</b>		
In respect of current period	0.17	(18.72)
<b>Total (B)</b>	<b>0.17</b>	<b>(18.72)</b>
<b>Total Income tax expense (A+B)</b>	<b>57.18</b>	<b>126.83</b>

#### (b) Income tax recognised in other Comprehensive income

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Deferred tax (assets)/liability</b>		
On remeasurement loss of defined benefit obligation	(0.33)	(0.55)
Net movement in effective portion of cash flow hedge reserve	0.12	(0.15)
<b>Total</b>	<b>(0.21)</b>	<b>(0.70)</b>

### (c) Reconciliation of tax expense and the profit before tax multiplied by statutory tax rate

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
Profit before tax	222.84	571.39
Income tax expense calculated at 25.1680% (Previous year 25.1680%)	56.08	143.80
Income tax for earlier years recognised in statement of profit and loss	(0.22)	0.37
Income tax impact of expenses not considered for tax purpose	0.02	(0.01)
Income tax impact of Income not considered for tax purposes	(0.02)	(0.03)
Income tax impact of expenses availed on payment basis	(0.06)	3.14
Income tax impact of allowances of permanent nature	2.56	1.81
Income tax impact of unabsorbed depreciation and c/f loss of earlier years	(0.52)	(0.81)
Income tax impact on changes in tax rates from 34.9440% to 25.1680%	-	(20.90)
Income tax savings on deductions under section 80JJAA	(0.66)	(0.54)
<b>Tax expense charged to statement of profit and loss at effective rate of 25.6602% (Previous Year 22.1987%)</b>	<b>57.18</b>	<b>126.83</b>

During the Financial year 2020-21, the Company had 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 had recognised provision for taxation and remeasured its deferred tax liabilities basis the rate prescribed in the said Section and the resultant impact was recognised in the statement of Profit and Loss of previous year 2020-21. Pursuant to the exercise of this option, the company had reversed deferred tax liabilities amounting to ₹ 20.90 Crore due to reduction in corporate tax rate in the statement of Profit and Loss of the year ended 31 March 2021. Therefore, income tax expense are not comparable with previous year.





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### (d) Movement in deferred tax balances

in ₹ Crore

Particulars	As at 1-Apr-2021	Recognised in statement of Profit and loss	Recognised in OCI	As at 31-Mar-2022
<b>Deferred tax liabilities</b>				
Property, Plant and Equipment	55.73	0.35		56.08
Intangible assets	0.03	(0.03)		-
Fair valuation gain on investments	-	0.01		0.01
<b>Gross deferred tax liabilities (A)</b>	<b>55.76</b>	<b>0.33</b>	-	<b>56.09</b>
<b>Deferred tax assets</b>				
Gratuity	(1.77)	0.28	(0.33)	(1.82)
Leave encashment liability (net)	(0.55)	(0.06)		(0.61)
Lease Liability (net)	-	(0.06)		(0.06)
Expected credit loss	(0.03)	(0.32)		(0.35)
Cash flow hedge	(0.19)	-	0.12	(0.07)
<b>Gross deferred tax assets (B)</b>	<b>(2.54)</b>	<b>(0.16)</b>	<b>(0.21)</b>	<b>(2.91)</b>
<b>Net Deferred tax (Asset)/Liabilities (A+B)</b>	<b>53.22</b>	<b>0.17</b>	<b>(0.21)</b>	<b>53.18</b>

Particulars	As at 1-Apr-2020	Recognised in 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>

### 33 Earning per share

The earning Per Share (EPS) as disclosed in the statement of profit and loss has been calculated as under:

Particulars		For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Total operations for the period</b>			
Profit after tax attributable to equity shareholders (₹)	A	165.66	444.56
Weighted average number of equity shares (number)	B	5,87,05,502	5,83,30,472
Weighted average number of equity shares in computing diluted earning per share (number)	C	5,87,05,502	5,83,30,472
Basic earnings per share (₹)	A/B	28.22	76.21
Diluted earnings per share (₹)	A/C	28.22	76.21
Face value per equity share (₹)		10.00	10.00

### 34 Research and Development expenses

in ₹ Crore

Particulars	For the year ended 31-Mar-2022	For the year ended 31-Mar-2021
<b>Research and Development: Revenue expenses</b>		
Raw material consumption	0.65	0.04
Salaries & wages	6.88	5.29
Depreciation	1.31	1.07
Stores and spares	2.05	0.92
Cost of utilities	0.22	0.11
	<b>11.11</b>	<b>7.43</b>
<b>Research and Development: Capital expenses</b>		
Additions to Property, Plant and Equipment	4.71	4.86

The revenue expenses related to research and development is clubbed under respective account heads in profit and loss.

### 35 Exceptional item

The exceptional items amounting to ₹ 13.93 crores represent one time cost towards Right of Recompense (RoR) payable to the lenders against sacrifices made by them in FY 2014-15 on account of restructuring done under Joint Lenders Forum (JLF) route.

## Notes

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### 36 Contingent liabilities and commitments (to the extent not provided for)

in ₹ Crore

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
<b>A Contingent liabilities</b>		
i Claims not acknowledged as debts	0.09	0.48
ii Bank Guarantee issued in favour of others	0.09	0.04
	<b>0.18</b>	<b>0.52</b>
<b>B Commitments</b>		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	11.60	28.50
ii Export obligations under Advance Authorisation/Duty Free Import Authorisation #	88.43	43.46
	<b>100.03</b>	<b>71.96</b>

#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 ₹ 48.35 Crore (Previous Year ₹ 18.87 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-2022 and 31-March-2021.

Particulars	Gratuity (Funded) 31-Mar-2022	Gratuity (Funded) 31-Mar-2021
<b>i) Changes in the present value of the obligation</b>		
Present value of obligation as at the beginning of the year	17.21	13.24
Interest cost	1.17	0.90
Current service cost	1.96	1.65
Benefits paid	(1.16)	(0.87)
Remeasurement - actuarial (gain) / loss	1.38	2.29
Present value of obligation as at the end of the year	<b>20.56</b>	<b>17.21</b>
<b>ii) Changes in the fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	10.15	7.48
Actual return on plan assets	0.75	0.62
Contributions	3.60	2.69
Charges deducted	-	(0.40)
Benefits paid	(1.16)	(0.23)
Fair value of plan assets as at the end of the year	<b>13.34</b>	<b>10.16</b>
Unfunded Status (A-B)	7.22	7.05
<b>iii) Amount recognised in the Balance Sheet</b>		
Present value of the defined benefit obligation as at the end of the year	20.56	17.21
Fair value of plan assets as at the end of the year	13.34	10.16
Net asset/(liability) recognised in the Balance Sheet	<b>(7.22)</b>	<b>(7.05)</b>
<b>iv) Expense recognised in the statement of profit and loss</b>		
Current service cost	1.96	1.65
Net interest cost	0.48	0.39
Expense recognised in the statement of profit and loss	<b>2.44</b>	<b>2.04</b>
<b>v) Re-measurement of the net defined benefit liability / (asset)</b>		
Actuarial (gain)/loss for the year on projected benefit obligation (PBO)	1.38	2.29
Actuarial (gain)/loss for the year on plan assets	(0.06)	(0.11)
Total Actuarial (gain)/loss at the end of the year	<b>1.32</b>	<b>2.18</b>
<b>vi) Bifurcation of actuarial (gain) / loss</b>		
Actuarial (Gain) / loss on arising from change in demographic assumption	-	-
Actuarial (Gain) / loss on arising from change in financial assumption	(0.85)	-
Actuarial (Gain) / loss on arising from change in experience assumption	2.23	2.29
	<b>1.38</b>	<b>2.29</b>



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### vii) The major categories of plan assets as a percentage of the fair value of total plan assets

	Gratuity (Funded) 31-Mar-2022	Gratuity (Funded) 31-Mar-2021
Investment with the insurer	100%	100%

The plan assets are maintained with Life Insurance Corporation of India (LIC). The detail of investments maintained by LIC have not been furnished to the Company. The same have therefore not been disclosed.

### viii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted average):

Discount rate (per annum)	7.26%	6.80%
Rate of increase in compensation levels (per annum)	5.50%	5.50%
Average remaining working lives of employees (years)	27.09	27.51
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:

	Gratuity (Funded) 31-Mar-2022	Gratuity (Funded) 31-Mar-2021
a) Impact of change in discount rate		
Present value of obligation at the end of the period	20.56	17.21
1. Impact due to increase of 0.50%	(0.85)	(0.73)
2. Impact due to decrease of 0.50%	0.94	0.80
b) Impact of change in salary increase		
Present value of obligation at the end of the period	20.56	17.21
1. Impact due to increase of 0.50%	0.95	0.81
2. Impact due to decrease of 0.50%	(0.87)	(0.75)

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:

	Gratuity (Funded) 31-Mar-2022
Year ending	
a) Mar-2022 to Mar-2023	6.15
b) Mar-2023 to Mar-2024	0.71
c) Mar-2024 to Mar-2025	0.54
d) Mar-2025 to Mar-2026	0.47
e) Mar-2026 to Mar-2027	0.45
f) Mar-2027 to Mar-2028	1.34
g) Mar-2028 onwards	10.90

### xii) Actuarial risks exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follows:

- Salary increases - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment risk - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality and disability - Actual death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact Plan's liability.

### xiii) The company expects to contribute ₹ 2.67 Crore to the gratuity trust during the year 2022-23.

### xiv) Bifurcation of Projected Benefit Obligation (PBO) at the end of the year in current and non-current

	in ₹ Crore	
	Gratuity (Funded) 31-Mar-2022	Gratuity (Funded) 31-Mar-2021
Current liability (amount due within one year)	6.15	5.05
Non-current liability (amount due over one year)	14.41	12.16
Total PBO at the end of year	20.56	17.21

### B Contribution to Provident Fund

The company has recognized an expense of ₹ 7.21 Crore ( Previous year ₹ 5.70 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.

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The changes in the carrying value of ROU assets for the year ended 31-Mar-2022 are as follows :

	in ₹ Crore	
Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Category of ROU Assets	Buildings	Buildings
Balance at the beginning	2.40	3.28
Reclassified on account of adoption of Ind AS 116	-	-
Additions	-	-
Deletions	(0.58)	-
Depreciation	(0.85)	(0.88)
Balance at the end	0.97	2.40

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 :

	in ₹ Crore	
Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning	2.73	3.50
Additions	-	-
Finance cost accrued during the year	0.18	0.29
Deletions	(0.65)	-
Payment of lease liabilities	(1.06)	(1.06)
Balance at the end	1.20	2.73

Payment of Lease liabilities during the current year ₹ 1.06 Crore (previous year ₹ 1.06 Crore)

The details of the contractual maturities of lease liabilities on an undiscounted basis are as follows :

	in ₹ Crore	
Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Less than one year	1.25	1.18
One to five years	0.20	1.61
More than five years	0.18	0.82
Total	1.63	3.61

Lease payments on account of short term and low value leases are recognized as rental expense on a straight line basis in the statement of profit and loss over the lease term.

Rental expense recorded under other expenses :

	in ₹ Crore	
Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Rent	0.15	0.07

### 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-2022 (Previous year ₹ 0.02 Crore).





## Notes

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### 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-2022							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>								
Investment in subsidiary	0.10					0.10	0.10	
Other financial non-current assets	205.34					205.34	205.34	
Current Investments			2.37			2.37	2.37	
Trade receivables	469.80					469.80	469.80	
Cash and cash equivalents	1.45					1.45	1.45	
Other Bank Balances	136.43					136.43	136.43	
Foreign exchange forward contracts					0.32	0.32	0.32	
Other financial current assets	22.66					22.66	22.66	
<b>Total</b>	<b>835.78</b>	<b>-</b>	<b>2.37</b>	<b>-</b>	<b>0.32</b>	<b>838.47</b>	<b>838.47</b>	
<b>Financial Liabilities:</b>								
Short term borrowings	42.75					42.75	42.75	
Trade Payables	409.29					409.29	409.29	
Lease liabilities Current	1.02					1.02	1.02	
Lease liabilities non current	0.18					0.18	0.18	
Other financial current liabilities	30.02					30.02	30.02	
<b>Total</b>	<b>483.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483.26</b>	<b>483.26</b>	

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	
Other financial current assets	33.67					33.67	33.67	
<b>Total</b>	<b>720.85</b>	<b>-</b>	<b>1.22</b>	<b>-</b>	<b>-</b>	<b>722.07</b>	<b>722.07</b>	
<b>Financial Liabilities:</b>								
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	28.37					28.37	28.37	
<b>Total</b>	<b>269.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.45</b>	<b>270.38</b>	<b>270.38</b>	

## Notes

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### (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-2022					in ₹ Crore
Particulars	Fair Value	Fair Value measurement using			Fair value technique
		Level 1	Level 2	Level 3	
<b>Financial assets</b>	0.22		0.22		Published NAV value by mutual fund.
Current investments in Mutual funds at fair value through profit & loss					
Other current investments at fair value through profit & loss	2.15		2.15		Value as provided by the portfolio manager.
Foreign exchange forward contracts at fair value through OCI	0.32		0.32		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>2.69</b>	<b>-</b>	<b>2.69</b>	<b>-</b>	
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>	0.20		0.20		Published NAV value by mutual fund.
Current investments in Mutual funds at fair value through profit & loss					
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>	<b>-</b>	



## Notes

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### 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, Mono Chloro Acetic Acid, Para Amino Phenol (PAP), etc.

The "Pharmaceutical" segment produces and sells various API's viz. Ibuprofen, Metformin, Fenofibrate, Lamotrigine, Clopidogrel Bisulphate, Pantoprazole, Ursodeoxycholic Acid (UDCA), Gabapentin, Levetiracetam, Paracetamol, 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.

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### Detail of primary business segment

#### Products and services

	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 *	1,174.87	795.71	1,002.66	1,168.97	6.49	2.30			2,184.02	1,966.98
Inter Segment transfer	143.38	30.21	-	-	-	-	(143.38)	(30.21)	-	-
Interest income					17.96	15.90			17.96	15.90
Other Income	4.25	3.32	5.66	3.26	4.17	1.82			14.08	8.40
<b>Total Revenue</b>	<b>1,322.50</b>	<b>829.24</b>	<b>1,008.32</b>	<b>1,172.23</b>	<b>28.62</b>	<b>20.02</b>	<b>(143.38)</b>	<b>(30.21)</b>	<b>2,216.06</b>	<b>1,991.28</b>
Segment Results	59.26	100.18	162.92	461.78					222.18	561.96
Unallocated Income (net of unallocated Expenses)					22.88	15.26			22.88	15.26
Profit before tax and interest									245.06	577.22
Finance cost					8.29	5.83			8.29	5.83
Profit before Tax & Extraordinary items									236.77	571.39
Exceptional items									13.93	-
Tax expense					57.18	126.83			57.18	126.83
Profit after Tax									165.66	444.56
<b>Other Information</b>										
Segment Assets	537.77	436.54	945.34	672.68	-	-			1,483.11	1,109.22
Unallocated assets	-	-	-	-	477.18	500.87			477.18	500.87
<b>Total Assets</b>	<b>537.77</b>	<b>436.54</b>	<b>945.34</b>	<b>672.68</b>	<b>477.18</b>	<b>500.87</b>			<b>1,960.29</b>	<b>1,610.09</b>
Segment Liabilities	272.74	196.08	179.72	77.20	-	-			452.46	273.28
Unallocated Liabilities	-	-	-	-	74.81	76.38			74.81	76.38
Long term borrowings (including current maturities and interest accrued but not due)					-	-			-	-
Short term borrowings					42.75	-			42.75	-
<b>Total Liabilities</b>	<b>272.74</b>	<b>196.08</b>	<b>179.72</b>	<b>77.20</b>	<b>117.56</b>	<b>76.38</b>			<b>570.02</b>	<b>349.66</b>
Capital Expenditure	6.53	2.03	123.45	89.11	22.67	21.14			152.65	112.28
Depreciation and Amortisation	13.38	13.64	25.65	21.49	4.23	3.79			43.26	38.92

### Detail of secondary business segment

Particulars	Year ended	Domestic sale		Export sale	Total
		India		Rest of the world	
Net revenue from sale of products	31-March-2022	1,638.13	545.89		2,184.02
	31-March-2021	1,354.47	612.51		1,966.98

### Information about major customers

Refer note no. 42 (iii) (Credit Risk)

#### Notes:

- Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before finance income/ cost and tax expense. Segment results reviewed by the CODM also exclude income or expenses which are non-recurring in nature and are classified as an exceptional item. Information about segment assets and liabilities provided to the CODM, excludes the related assets and liabilities arising on account of items excluded in measurement of segment results. Such amount therefore, form part of the unallocated assets and liabilities.
- There is no customer contributing more than 10% of the total revenue of the company.
- The company does not have manufacturing facilities outside India therefore all non current assets are located in India.





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### 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. Vikas Gupta	Executive Director	
	Dr. Sanjay Chaturvedi	Executive Director & CEO (w.e.f. 30-May-2022)	
	Mr. Kushal Kumar Rana	Director Works (w.e.f. 04.06.2021)	
	Mr. Vijay Garg	Joint Managing Director (upto 31.03.2021)	
ii Non executive directors	Mr. Rajender Mohan Malla	Chairman and Independent Director	
	Mr. Harpal Singh	Independent Director	
	Dr. Sandhya Mehta	Independent Director	
iii Chief Executive Officer	Mr. Sharad Tyagi	Independent Director (w.e.f. 30-May-2022)	
	Dr. Sanjay Chaturvedi	(w.e.f. 16-March-2021 upto 29-May-2022)	
iv Chief Financial Officer	Mr. Pardeep Kumar Khanna		
v Vice President and Company Secretary	Mr. Abhay Raj Singh		

##### Related parties

Nature of relationship	Name of related party	
i. Subsidiary	IOL- Foundation	
ii. 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	
iii. Relative of Key Management Personnel:	Vivachem Intermediates Pvt. Limited (upto 31.03.2021)	
	Viva-API Labs Private Limited (upto 31.03.2021)	
	Varinder Gupta (HUF)	
	Mrs. Dimple Gupta	General Manager (upto 31.12.2021)
	Mr. Abhiraj Gupta	General Manager
iv. Post employment benefit plan	IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	

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### 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.

Sr. No.	Particulars	Subsidiaries		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 ₹ Crore	
		Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021
1	Sale of goods Vivachem Intermediates Pvt. Ltd.	-	-	-	147.86	-	-	-	-	-	-	-	-	-	147.86
2	Sale of Capital goods Vivachem Intermediates Pvt. Ltd.	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01
3	Purchase of goods: NCVI Enterprises Limited	-	-	54.15	73.32	-	-	-	-	-	-	-	-	54.15	73.32
	Vivachem Intermediates Pvt. Ltd.	-	-	-	200.28	-	-	-	-	-	-	-	-	-	200.28
	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Purchase of land From Vijay Garg	-	-	-	-	-	13.09	-	-	-	-	-	-	-	13.09
5	* Managerial remuneration (including incentives)	-	-	-	-	14.44	13.36	-	-	1.32	1.09	-	-	15.76	14.45
6	Sitting fees to non-executive directors of the company	-	-	-	-	-	-	0.10	0.11	-	-	-	-	0.10	0.11
7	Rent received	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
8	Rent paid	-	-	0.12	0.07	0.52	0.49	-	-	0.52	0.49	-	-	1.16	1.05
9	Monies received against Share warrants:														
	NCVI Enterprises Limited	-	-	-	27.95	-	-	-	-	-	-	-	-	-	27.95
10	Equity Investment in IOL-Foundation	0.10	-	-	-	-	-	-	-	-	-	-	-	0.10	-
11	Contribution towards CSR exp	2.01	-	-	-	-	-	-	-	-	-	-	-	2.01	-
12	Contribution to IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	3.60	2.64	3.60	2.64



## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### C Details of balances outstanding as at the end of the year

Sr. No.	Particulars	Subsidiaries		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 ₹ Crore	
		Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021	Year ended 31-Mar-2022	Year ended 31-Mar-2021
<b>Amount receivable on the last day of the period</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	-	-	-	-	-	-	-	-	-	13.95
3	Equity Investment in IOL-Foundation	0.10	-	-	-	-	-	-	-	-	-	-	-	0.10	-
4	Balance Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Advances against purchases of goods:														
	NCVI Enterprises Limited	-	-	-	1.63	-	-	-	-	-	-	-	-	-	1.63
<b>Amount payable on the last day of the period</b>															
1	Trade payables against purchase of goods:														
	NCVI Enterprises Limited	-	-	8.71	-	-	-	-	-	-	-	-	-	8.71	-
2	* Managerial remuneration	-	-	-	-	0.57	0.23	-	-	0.02	0.04	-	-	0.59	0.27
3	Sitting fees to non-executive directors of the company	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
4	Rent Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other payable: IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	1.19	-	1.19

(i) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

\* (ii) Long-term employee benefits for Key Managerial Personnel: The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 42 Financial Risk Management

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The financial liabilities of the company, other than derivatives, include loans and borrowings, trade payables, lease liabilities and other payables, and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The company is mainly exposed to the following risks that arise from financial instruments:

(i) Market risk

(ii) Liquidity risk

(iii) Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

(i) **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk.

(a) **Foreign currency risk**

The company imports certain Property, Plant and Equipment and material from outside India and export finished goods. The exchange rate between the Indian rupee and foreign currencies has fluctuated in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The company manages its foreign currency risk through the process of adjusting inward remittances in foreign currency

for its payment of outward remittances (i.e. considering it as natural hedge). The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

#### Financial Assets

Particulars	As at 31-March-2022		As at 31-March-2021	
	Foreign currency	in ₹ Crore	Foreign currency	in ₹ Crore
<b>Trade receivable</b>				
-In USD	97,22,693	73.36	60,04,804	43.98
-In EURO	2,86,123	2.40	3,67,128	3.13
<b>Trade Payables</b>				
-In USD	1,52,41,143	115.97	1,84,76,793	135.92
In EURO	-	-	-	-
<b>Net exposure</b>				
-In USD	(55,18,450)	(42.61)	(1,24,71,989)	(91.94)
-In EURO	2,86,123	2.40	3,67,128	3.13

Of the above foreign currency exposures, the following exposures are not hedged by a derivative.

Particulars	As at 31-March-2022		As at 31-March-2021	
	Foreign currency	in ₹ Crore	Foreign currency	in ₹ Crore
<b>Trade receivable</b>				
-In USD	37,57,693	27.60	60,04,804	43.98
-In EURO	2,86,123	2.40	3,67,128	3.13
<b>Trade Payables</b>				
-In USD	1,52,41,143	115.97	1,02,29,975	75.26
In EURO	-	-	-	-
<b>Net exposure</b>				
-In USD	(1,14,83,450)	(88.37)	(42,25,171)	(31.28)
-In EURO	2,86,123	2.40	3,67,128	3.13

#### 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:





## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Particulars	in ₹ Crore			
	As at 31-March-2022		As at 31-March-2021	
	Strength-ening	Weaken-ing	Strength-ening	Weaken-ing
2% Strengthening / weakening of USD against INR	(1.77)	1.77	(0.63)	0.63
2% Strengthening / weakening of EURO against INR	0.05	(0.05)	0.06	(0.06)

Foreign currency forward contracts held by the company as on reporting date:

Particulars	As at 31-March-2022		As at 31-March-2021	
	USD	In INR Crore	USD	In INR Crore
In USD	59,65,000	45.76	82,46,818	61.20
In INR Crore				

### 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 current year ended 31-March-2022 and previous 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:

Particulars	in ₹ Crore	
	Financial Year 2021-22	Financial Year 2020-21
Opening balance of cash flow hedge reserve	(0.59)	(0.08)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(0.37)	(4.57)
Amount reclassified to profit or loss	0.88	3.91
Tax effect	(0.12)	0.15
Closing balance of cash flow hedge reserve	(0.20)	(0.59)

The following table includes the maturity profile of the foreign exchange forward contracts:

Particulars	As at 31-March-2022				As at 31-March-2021			
	USD		in ₹ Crore		USD		in ₹ Crore	
	USD	in ₹ Crore	USD	in ₹ Crore	USD	in ₹ Crore	USD	in ₹ Crore
Not later than one month	27,65,000	21.21	17,96,926	13.25				
Later than one month and not later than three months	32,00,000	24.55	32,17,992	23.87				
Later than three months and not later than one year	-	-	32,31,900	24.08				
	<b>59,65,000</b>	<b>45.76</b>	<b>82,46,818</b>	<b>61.20</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:

Variable rate instruments	Carrying amount	
	Financial Year 2021-2022	Financial Year 2020-2021
Long term borrowings	-	-
Current maturities of long term debt	-	-
Short term borrowings	42.75	-

### 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:

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Particulars	Financial Year 2021-2022	Financial Year 2020-2021
Increase/ (decrease) in 100 basis point	42.75	-

### (ii) Liquidity Risk

The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash to meet the obligations as and when falls due.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

Particulars	in ₹ Crore	
	Financial Year 2021-22	Financial Year 2020-21
<b>Borrowings including current maturities</b>	-	-
Less than 1 year	-	-
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Short term borrowings</b>	42.75	-
Less than 1 year	42.75	-
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Trade Payables</b>	409.29	238.83
Less than 1 year	409.29	238.83
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Other Financial liabilities</b>	30.02	28.82
Less than 1 year	30.02	28.82
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:

Particulars	in ₹ Crore	
	Financial Year 2021-22	Financial Year 2020-21
<b>(a) Revenue from top five customers</b>		
-% of total sales of top 1 customer	3.83%	7.52%
-% of total sales of top 5 customers	15.05%	22.91%

### Write off policy

The financials assets are written off in case there is no reasonable expectation of recovering from the financial asset.

### 43 Capital Management

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

Particulars	in ₹ Crore	
	Financial Year 2021-22	Financial Year 2020-21
Borrowings including current maturities and interest accrued but not due	42.75	-
Less: Cash & cash equivalent and other bank balances	340.89	385.52
Net debt (A)	(298.14)	(385.52)
Total equity (B)	1,390.27	1,260.43
<b>Gearing ratio (A/B)</b>	<b>N.A.</b>	<b>N.A.</b>



## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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-2022 and 31-Mar-2021.

**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

Particulars	in ₹ Crore	
	Current borrowing	Non-current borrowing including current maturities
<b>Opening balance of Financial liabilities as on 01-April-2021 coming under the financing activities of Cash Flow Statement</b>	-	-
<b>Changes during the year</b>		
a) Changes from financing cash flow	42.75	-
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes Processing fee amortized	-	-
<b>Closing balance of Financial liabilities as on 31-March-2022 coming under the financing activities of Cash Flow Statement</b>	<b>42.75</b>	<b>-</b>

Particulars	in ₹ Crore	
	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 exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes Processing fee amortized	-	-
Closing balance of Financial liabilities as on 31-March-2021 coming under the financing activities of Cash Flow Statement	-	-

### 46 Auditor's Remunerations

Particulars	in ₹ Crore	
	For the year ended 31-Mar-22	For the year ended 31-Mar-21
Statutory Audit Fee	0.12	0.12
Tax audit fee	0.03	0.03
Taxation matters	0.08	0.08
Other services including certification	0.02	0.09
	<b>0.25</b>	<b>0.32</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:

Particulars	in ₹ Crore	
	As at 31-Mar-22	As at 31-Mar-21
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	14.10	11.69
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	-	-

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Particulars	in ₹ Crore	
	As at 31-Mar-22	As at 31-Mar-21
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 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (the CSR Rules), a company, meeting the applicability criteria requires to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities as provided in Schedule VII of the Companies Act, 2013. The CSR activities are monitored by the CSR Committee formed by the Board of Directors in accordance with the provisions of the Section 135 of the Companies Act 2013 read with CSR Rules.

Particulars	in ₹ Crore	
	For the year ended 31-Mar-22	For the year ended 31-Mar-21
Amount required to be spent on CSR by the Company during the year	9.61	6.01
Amount of expenditure incurred	3.50	3.08
Amount contributed to IOL-Foundation as a part on ongoing projects as per Company's CSR Policy	2.01	-
Shortfall at the end of the year[1] (unspent amount allocated to ongoing project)	4.10	2.93
Total of previous years shortfall	0.26	-
Reasons of shortfall	The shortfall amount is the amount that is allocated to the Ongoing Projects initiated during FY 2021-22	The shortfall amount is the amount that is allocated to the Ongoing Projects initiated during FY 2020-21

Particulars	in ₹ Crore	
	For the year ended 31-Mar-22	For the year ended 31-Mar-21
Nature of CSR activities	Promoting education, healthcare, eradication of hunger and malnutrition, animal care, environment sustainability, disaster relief, Covid -19 relief, sports and rural development projects.	
Detail of related party transaction in relations to CSR expenditure as per relevant Accounting Standard[2]	2.01	-

[1] The shortfall amount is on account of funds that are allocated to the ongoing projects initiated during the year and being unspent as at 31<sup>st</sup> March 2022 has been transferred to the unspent CSR account within 30 days from the end of financial year in accordance with the Companies Act 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

[2] Represents contribution to IOL-Foundation as a part on ongoing projects as per Company's CSR Policy.

### 49 Additional Regulatory Information

- The Company is holding title deed of all Immovable Properties held in its own name.
- The Company is not holding any investment property.
- The Company has not revalued any of its Property, Plant & Equipment and Right of use assets.
- The Company has not revalued any of its Intangible Assets
- The Company has not given any loan or advances to its Promoters, Directors, KMP and related Parties as defined under Companies Act, 2013.
- The Company does not hold any Benami property defined under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Further, no proceedings have been initiated during the year or are pending against the Company as at 31 March, 2022 for holding any benami property.
- The quarterly returns for secured borrowings filed with Banks are fully in alignment with its Financial Statements.





## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

- viii The Company has never been declared as wilful defaulter by any bank or financial institution or other lenders.
- ix The company does not have any relationship with any struck off company.
- x All the charges are duly registered with the ROC within the prescribed time under the Companies Act 2013 & Rules made there under.
- xi As at 31 March 2022, the Company is having only one wholly owned subsidiary company i.e. IOL-Foundation. The Company is in compliances of requirement of number of layer of companies.
- xii There is no scheme of Arrangement approved during the year.
- xiii The company has neither received any share premium amount nor the company has availed any term loan during the year. The working capital borrowing has been utilised by the company in its own business, the company has not loaned or advanced or invested funds to any other person(s) or entity(ies), including foreign entities with any understanding.
- xiv The company has not traded or invested in Crypto currency or Virtual currency during the financial year.
- xv There is no income that has been surrendered or disclosed as income during the year in Tax Assessments under Income Tax Act,1961.

### 50 Financial Ratios:

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Ratios	Numerator	Denominator	Current year	Previous year	Change	Note
Current ratio (in times)	Current assets	Current liabilities	2.10	3.48	-40%	[1]
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities	Shareholder's Equity	0.03	0.00		
Debt service coverage ratio (in times)	EBITDA	Interest and lease payments + Principal repayments of long term borrowings	85.46	357.89	-76%	[2]
Return on Equity ratio (in %)	Profit after Tax	Average Total Equity	12.50%	42.87%	-71%	[3]
Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	5.05	5.20	-3%	
Trade receivables turnover ratio (in times)	Net Sale (Revenue from Operation - export incentive)	Average receivables	5.66	6.81	-17%	
Trade payables turnover ratio (in times)	Purchases	Average payables	5.50	6.09	-10%	
Net capital turnover ratio (in times)	Sales revenue	Net working capital (Current Asset - Current Liability)	3.86	2.73	41%	[4]
Net profit ratio (in %)	Profit after Tax	Net Sale (Revenue from Operation - export incentive)	7.58%	22.60%	-66%	[5]
Return on Capital employed (in %)	EBIT (PBT before exceptional items + Finance cost)	Capital employed (Tangible Net Worth+Total Debt+ Deferred Tax Liability)	16.12%	43.49%	-63%	[6]
Return on investment (in %)	Income generated from invested funds	Average invested funds	5.19%	5.86%	-11%	

#### Notes:

- [1] Movement of Fixed deposits from current assets to non-current assets and increase in Trade payables
- [2] Impact of lower operating profits
- [3] Impact of decline in profit margins and increase in average Equity
- [4] Increase in sales revenue and decline in net working capital
- [5] Impact of lower profitability
- [6] Impact of decline in operating margins and increase in capital employed

## Notes

forming part of the standalone financial statements as at and for the year ended 31<sup>st</sup> March, 2022

- 51 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-2022 and 31-Mar-2021.
- 52 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.
- 53 Figures in bracket indicate deductions.
- 54 Previous year figures have been regrouped/recasted/rearranged wherever necessary to conform to its classification of the current year.

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

Sd/-  
**Aditya Kumar**  
Partner  
M.No. 506955

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

For and on behalf of the Board of Directors

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689



# Independent Auditor's Report

TO THE MEMBERS OF IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **IOL Chemicals and Pharmaceuticals Limited** CIN-(L24116PB1986PLC007030) ("the Company"), and **IOL Foundation** ("the subsidiary") CIN-(U85300PB2022NPL055428) which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended , and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, 2022 and its profit ,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 consolidated 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 Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated 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 Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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.

Key Audit Matters	Auditors' Response
<p><b>Revenue recognition:</b></p> <p>Refer note 2(i)(v) and note 25 of the consolidated 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>

### Information Other than Financial Statements and Auditor's Report Thereon

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

Our opinion on the Consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and

fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective board of directors of the companies included in the Group are responsible for assessing the ability of the respective entities 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 of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group 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 Consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial statements, including the disclosures, and whether the Consolidated Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the Consolidated Financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the company and the subsidiary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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





## Independent Auditor's Report (Contd.)

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 Consolidated 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 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors of the company and its subsidiary is disqualified as on March 31, 2022 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 A" which is based on the auditor's reports of the company and

its subsidiary. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's and the subsidiary's internal financial controls over financial reporting of those companies.

- 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 consolidated financial statements disclose the impact of pending litigations on its Consolidated financial position – Refer Note 36
  - ii. The Group does 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 and its subsidiary company.
  - iv. (a) The respective Managements of the company and its subsidiary has represented that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The respective Managements of the company and its subsidiary have represented, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company and its subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the company and its subsidiary, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in Note 14(b) to the consolidated financial statements

- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in compliance with Section 123 of the Act, as applicable.

- (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

3. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

Sd/-  
**Aditya Kumar**  
 Partner

Place: Ludhiana  
 Dated: May 30<sup>th</sup>, 2022

Membership No.: 506955  
 UDIN: 22506955AJKKIP4358



## Annexure 'A' 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") and IOL-Foundation ("the subsidiary") as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 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 Company and its subsidiary's internal financial controls over financial reporting of the respective Companies 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 and its subsidiary.

### 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.

### Inherent 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 and its subsidiary 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, 2022, based on the criteria for internal control over financial reporting criteria established by the

respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-  
**Aditya Kumar**  
Partner

Place: Ludhiana  
Dated: May 30<sup>th</sup>, 2022

Membership No.: 506955  
UDIN:22506955AJXKIP4358





# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2022

Particulars	Note No.	in ₹ Crore
		As at 31-Mar-2022
<b>ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Property, plant and equipment	3.1	559.49
(b) Right of use assets	4	0.97
(c) Capital work-in-progress	3.3	102.03
(d) Other Intangible assets	3.2	0.18
(e) Intangible assets under development	3.4	3.17
(f) Financial assets		
(i) Investment in subsidiary	5	205.34
(g) Other non-current assets	6	10.30
<b>Total non-current assets</b>		<b>881.48</b>
<b>2 Current assets</b>		
(a) Inventories	7	409.89
(b) Financial assets		
(i) Investments	8	2.37
(ii) Trade receivables	9	469.80
(iii) Cash and cash equivalents	10	3.56
(iv) Bank balances other than (iii) above	11	136.43
(v) Other financial assets	12	22.98
(c) Current tax assets (net)	24	0.91
(d) Other current assets	13	34.88
<b>Total current assets</b>		<b>1,080.82</b>
<b>Total Assets</b>		<b>1,962.30</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	14	58.71
(b) Other equity	15	1,333.57
<b>Total equity</b>		<b>1,392.28</b>
<b>Liabilities</b>		
<b>1 Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings		-
(ia) Lease liabilities	16	0.18
(b) Provisions	17	3.01
(c) Deferred tax liabilities (net)	32	53.18
(d) Other non-current liabilities	18	0.25
<b>Total non-current liabilities</b>		<b>56.62</b>
<b>2 Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	19	42.75
(ia) Lease liabilities	16	1.02
(ii) Trade payables	20	409.29
(iii) Other financial liabilities	21	30.02
(b) Other current liabilities	22	22.98
(c) Provisions	23	7.34
<b>Total current liabilities</b>		<b>513.40</b>
<b>Total Equity and Liabilities</b>		<b>1,962.30</b>
Corporate information	1	
Significant accounting policies	2	
See accompanying notes forming part of consolidated financial statements		

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

Sd/-  
**Aditya Kumar**  
Partner  
M. No. 506955

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

For and on behalf of the Board of Directors

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

Particulars	Note No.	in ₹ Crore
		For the year ended 31-Mar-2022
<b>Income:</b>		
<b>I Revenue from operations</b>	25	2,184.02
<b>II Other income</b>	26	32.04
<b>III Total income (I+II)</b>		<b>2,216.06</b>
<b>IV Expenses:</b>		
Cost of materials consumed	27	1,578.91
Purchase of stock-in-trade		43.90
Changes in inventories of finished goods, work in progress and stock in trade	28	(52.30)
Employee benefits expense	29	141.30
Finance cost	30	8.29
Depreciation and amortization expenses	3	43.26
Other expenses	31	213.92
<b>Total expenses (IV)</b>		<b>1,977.28</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		238.78
<b>VI Exceptional items</b>	35	13.93
<b>VII Profit before tax (V-VI)</b>		224.85
<b>VIII Tax expense:</b>		
Current tax		57.01
Deferred tax		0.17
<b>Total tax expense (VIII)</b>	32	<b>57.18</b>
<b>IX Profit for the period (VII-VIII)</b>		167.67
<b>X Other Comprehensive Income / (Loss)</b>		
<b>A Items that will not be reclassified to profit or loss</b>		
i) Remeasurement gain/(loss) of defined benefit obligation		(1.32)
ii) Income tax relating to items that will not be reclassified to profit or loss	32	0.33
<b>B Items that will be reclassified to profit or loss</b>		
i) Net movement in effective portion of cash flow hedge reserve		0.51
ii) Income tax relating to items that will be reclassified to profit or loss	32	(0.12)
<b>Total Comprehensive Income for the period (IX+X)</b>		<b>(0.60)</b>
<b>XI Total Comprehensive Income for the period (IX+X)</b>		<b>167.07</b>
<b>XII Earnings per equity share of ₹10/- each</b>		
- Basic ₹		28.56
- Diluted ₹		28.56
Weighted average equity shares used in computing earnings per equity share		
- Basic		5,87,05,502
- Diluted		5,87,05,502
Corporate information	1	
Significant accounting policies	2	
See accompanying notes forming part of consolidated financial statements		

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

Sd/-  
**Aditya Kumar**  
Partner  
M. No. 506955

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

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

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

For and on behalf of the Board of Directors



# Consolidated Statement of Changes in Equity

for the year ended 31-March-2022

## A. Equity Share capital

### (1) Current reporting period

Balance as at beginning of the current year 01/04/2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at the end of the current year 31/03/2022
58.71	-	58.71	-	58.71

## B. Other Equity

### (1) Current reporting period Consolidated Statement of changes in Other Equity for the year ended 31-March-2022

Particulars	Other equity					Total ₹ (Crore)
	Reserves and Surplus			Other comprehensive income		
	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 01/04/2021	10.76	225.72	971.31	(5.48)	(0.59)	1,201.72
Remeasurement gain/(loss) of defined benefit obligation (net of income tax) (Refer note no.37)				(0.99)		(0.99)
Net movement in effective portion of cash flow hedge reserve (net of income tax){Refer note no.42(i)}					0.39	0.39
Dividend paid on equity shares			(35.22)			(35.22)
Profit for the year transferred from statement of profit and loss			167.67			167.67
Balance as at the end of the current year 31/03/2022	10.76	225.72	1,103.76	(6.47)	(0.20)	1,333.57

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/-  
**Aditya Kumar**  
Partner  
M. No. 506955

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

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

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

# Consolidated Cash Flow Statement

for the year ended 31-March-2022

Particulars	in ₹ Crore
	For the year ended 31-Mar-2022
<b>Cash flow from operating activities</b>	
<b>Profit before tax</b>	<b>224.85</b>
<b>Adjustments for:</b>	
Depreciation and amortisation expense	43.26
Unrealised foreign exchange (Gain)/Loss on foreign currency rate fluctuation	(1.28)
Net (Gain)/Loss on fair valuation of investments measured at fair value through profit or loss	(0.02)
Subsidy Income amortized	(0.07)
Interest income on financial assets carried at amortized cost net of rent amortized during the period	(0.08)
Liabilities no longer required written back	(0.03)
Lease Liability Provision written back	(0.08)
Net (Gain)/Loss on Property, plant and equipment sold	0.24
Loss on Property, plant and equipment discarded	0.85
Interest expense	8.29
Interest income	(17.96)
	<b>33.12</b>
<b>Operating profit before working capital changes</b>	<b>257.97</b>
Changes in working capital:	
Increase/(Decrease) in trade payables and other liabilities	183.19
Decrease/(Increase) in trade and other receivables	(170.78)
Decrease/(Increase) in inventories	(114.75)
	(102.34)
<b>Cash generated from operations</b>	<b>155.63</b>
Income tax paid (net)	(62.58)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>93.05</b>
<b>Cash flow from investing activities</b>	
Purchase of property, plant and equipment including intangible assets and Capital work in progress	(153.29)
Proceeds from sale of property, plant and equipment	1.89
Purchase of investment	(1.14)
Interest received	18.60
<b>Bank balances not considered as cash and cash equivalents:</b>	
Decrease in deposit with banks, having original maturity more than three months	23.55
Increase in deposit with banks, in earmarked accounts to the extent held as margin money against borrowings and other commitments	(9.80)
	<b>(120.19)</b>
<b>Net cash flow from/(used in) investing activities (B)</b>	
<b>Cash flow from financing activities</b>	
Proceeds/(Repayment) of current borrowings	42.75
Interest paid	(8.11)
Lease rent payments	(1.06)
Dividend paid on Equity shares	(35.22)
	<b>(1.64)</b>
<b>Net cash flow from/(used in) financing activities (C)</b>	





# Consolidated Cash Flow Statement

for the year ended 31-March-2022

Particulars	in ₹ Crore
	For the year ended 31-Mar-2022
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(28.78)</b>
Cash and cash equivalents at the beginning of the period	32.34
Cash and cash equivalents at the end of the period *	3.56
* Comprises	
Balances with banks in current account	3.14
Balances with bank in deposit accounts with original maturity of three months or less	-
Cash on hand	0.42
	<b>3.56</b>

See accompanying notes to the consolidated financial statements  
As per our report of even date attached

For **Ashwani & Associates**

Chartered Accountants

Firm Registration Number: 000497N

Sd/-  
**Aditya Kumar**  
Partner  
M. No. 506955

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

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

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

For and on behalf of the Board of Directors

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### Note 1: Corporate information

IOL Chemicals and Pharmaceuticals Limited ("the Company") (CIN: L24116PB1986PLC007030) is a public company domiciled in India and incorporated on 29<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 Chhanna Road, Barnala-148107, Punjab.

The consolidated financial statements are approved for issue by the Board of Directors on 30<sup>th</sup> May, 2022.

### Note 2 (i): Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the

year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

Non-Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

In accordance with Para 25 of IND AS 110, retained investments in former subsidiaries where control is lost during the year; provided the investee entity remains an associate of the company; are valued at fair value on the date of loss of control and such fair value is recognised through the consolidated profit and loss statement. Such fair value is regarded as the cost on initial recognition of an investment in the associate in the consolidated balance sheet of the company.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of Entity	Relationship	Country of Incorporation	Ownership Held By	% of Holding and Voting Power either Directly or indirectly through Subsidiary as at 31.03.2022
IOL-Foundation	Subsidiary	India	IOL Chemicals and Pharmaceuticals Ltd.	100%



## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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

#### I. Statement of compliance

The consolidated financial statements of the group 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 consolidated financial statements

The consolidated 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 group is Indian rupee (INR). The consolidated 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 consolidated financial statements, in conformity with Ind AS requires the group 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 consolidated 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 consolidated 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 consolidated 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 group 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 group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally the credit period varies between 0-90 days from the shipment or delivery of goods or services as the case may be.

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

##### ii) Export incentives

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

#### VI. Other income

##### i) Dividend

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

##### ii) Interest

###### Interest from customer

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

###### Other interest

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

##### 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.

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### VII. Retirement and other employee benefits

#### ● Defined contribution plans

##### i) Provident fund:

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

#### ● Defined benefit plans

##### i) Gratuity:

The group 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 Group.

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

The group 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 group recognises the net obligation of a defined benefit plan in its consolidated 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 group are entitled for 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 consolidated Balance Sheet date, the cost of providing benefit is determined based on actuarial valuation using projected unit credit method. Actuarial gain /loss are recognised in the statement of profit or loss in the period in which they occur. Non accumulating compensated absences are recognised in the period, in which the absences occur.

### VIII. Property, plant and equipment

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

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

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

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each consolidated 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





## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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. 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.

### XII. 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.

### XIII Segment information

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

### XIV Leases

#### ● The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The group 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 group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the group 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 group 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 re-measured with a corresponding adjustment to the related ROU asset if the group changes its assessment of whether it will exercise an extension or a termination option.

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

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

#### ● The group as a lessor

Leases for which the group 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.

### XV. 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 consolidated 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 consolidated financial statements as recognised in the consolidated statement of profit or loss in the period in which they arise.

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

### XVI. 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 consolidated 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 group will pay normal income tax in the future years and future economic benefit associated with it will flow to the group.

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.

### XVII. Earnings per share

Basic earnings per share are computed by dividing the consolidated 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.



## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group 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.

### XVIII. Financial instruments

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

#### i. Initial recognition and measurement

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

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

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

#### 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 group 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 group 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 consolidated 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 group 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 consolidated 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 group 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

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

employed as hedges of transactions included in the consolidated 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 re-measured to their fair value at the end of each reporting period.

The group 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 consolidated 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 consolidated 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 consolidated statement of profit and loss in the same period in which the hedged item affects the consolidated statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the consolidated 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 consolidated statement of profit and loss for the period.

#### 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.

### XIX Impairment of assets

#### i. Financial assets

The group 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.





## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 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 consolidated 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.

### XX. Cash flow statement

The consolidated 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.

### XXI. Cash and cash equivalent

Cash and cash equivalent for the purpose of consolidated 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.

### XXII. Provisions and contingent liabilities

A provision is recognized if, as a result of past event, the group 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.

### XXIII. Current and non-current classification

The group 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 (iii): Critical accounting estimates

#### *Useful lives of property, plant and equipment*

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

The group 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.

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### *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 (iv): Estimation of uncertainties relating to the global health pandemic from COVID-19

The group 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 group, as at the date of approval of these consolidated financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The group 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 consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

### Note 2 (v): Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

### Ind AS 16 – Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

### Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



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### Note 3.1 : Property, Plant and Equipment

Particulars	Gross carrying value				Depreciation and Amortisation				Net carrying value	
	As at 1-Apr-2021	Additions	Disposals / adjustment / assets held for sale	As at 31-Mar-2022	As at 1-Apr-2021	For the year *	Elimination on Disposals / adjustment / assets held for sale	As at 31-Mar-2022	As at 31-Mar-2022	As at 1-Apr-2021
	Freehold Land	42.27	13.80	-	56.07	-	-	-	-	56.07
Buildings	87.69	12.40	-	100.09	12.24	3.82	-	16.06	84.03	75.45
Plant and Equipment	531.72	64.90	(6.82)	589.80	146.10	36.91	(4.16)	178.85	410.95	385.62
Furniture and Fixtures	2.37	0.65	-	3.02	0.85	0.24	-	1.09	1.93	1.52
Vehicles	7.30	2.50	(1.82)	7.98	3.19	0.91	(0.99)	3.11	4.87	4.11
Office Equipments	1.75	1.33	(0.46)	2.62	0.97	0.44	(0.43)	0.98	1.64	0.78
<b>Total</b>	<b>673.10</b>	<b>95.58</b>	<b>(9.10)</b>	<b>759.58</b>	<b>163.35</b>	<b>42.32</b>	<b>(5.58)</b>	<b>200.09</b>	<b>559.49</b>	<b>509.75</b>

### Note 3.2 : Intangible assets

Particulars	Gross carrying value				Depreciation and Amortisation				Net carrying value	
	As at 1-Apr-2021	Additions	Disposals / adjustment	As at 31-Mar-2022	As at 1-Apr-2021	For the year *	Elimination on disposal / adjustment of assets	As at 31-Mar-2022	As at 31-Mar-2022	As at 1-Apr-2021
	Computer Softwares	0.76	0.14	(0.01)	0.89	0.58	0.13	-	0.71	0.18
Technical Knowhow	0.55	-	-	0.55	0.52	0.03	-	0.55	-	0.03
<b>Total</b>	<b>1.31</b>	<b>0.14</b>	<b>(0.01)</b>	<b>1.44</b>	<b>1.10</b>	<b>0.16</b>	<b>-</b>	<b>1.26</b>	<b>0.18</b>	<b>0.21</b>
<b>Grand total</b>	<b>674.41</b>	<b>95.72</b>	<b>(9.11)</b>	<b>761.02</b>	<b>164.45</b>	<b>42.48</b>	<b>(5.58)</b>	<b>201.35</b>	<b>559.67</b>	<b>509.96</b>

### Note 3.3 : Capital work in progress

Particulars	As at 1-Apr-2021	Additions	Capitalised	As at 31-Mar-2022
Capital work in progress	48.27	121.01	67.25	102.03

### Note 3.4 : Intangible assets under development

Particulars	As at 1-Apr-2021	Additions	Capitalised	As at 31-Mar-2022
Capital work in progress	-	3.17	-	3.17

* Depreciation for the year 2021-22	<b>42.48</b>
Less: Amount transferred from deferred revenue	<b>(0.07)</b>
Add: Depreciation on Right of use Assets (Refer note no.38)	<b>0.85</b>
Depreciation charged to statement of profit or loss	<b>43.26</b>

Notes:  
No borrowing cost has been capitalized during the current period.

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3.3a Capital work in progress (CWIP) ageing schedule as on 31.03.2022	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Projects in progress	85.86	16.17	-	
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>85.86</b>	<b>16.17</b>	<b>-</b>	<b>-</b>	<b>102.03</b>

3.3a Capital work in progress (CWIP) completion schedule as on 31.03.2022	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Growth Projects	101.67	0.23	-	
Environment, safety and compliance	0.13	-	-	-	0.13
<b>Total</b>	<b>101.80</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>102.03</b>

3.4a Intangible assets under development ageing schedule as on 31.03.2022	Amount of Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Projects in progress	3.17	-	-	
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>3.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.17</b>

Intangible assets under development completion schedule as on 31.03.2022	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Software commissioning	3.17	-	-	
<b>Total</b>	<b>3.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.17</b>

### 4 Right of use assets

Particulars	in ₹ Crore
	As at 31-Mar-2022
Right of use assets (Refer note no.38)	2.40
Deletions of rights of use assets	(0.58)
Less: Depreciation on right of use asset	(0.85)
	<b>0.97</b>

### 5 Other financial assets - Non Current

Particulars	in ₹ Crore
	As at 31-Mar-2022
Security deposit (to related party) (Refer note no.41)	0.82
Interest receivable	0.81
Fixed deposits account with remaining maturity of more than twelve months	185.06
<b>Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments</b>	
Fixed deposits account with remaining maturity of more than twelve months	18.65
	<b>205.34</b>

### 6 Other Non current assets

Particulars	in ₹ Crore
	As at 31-Mar-2022
(Unsecured considered good)	4.31
Capital advances	
Advances other than capital advances	0.86
- Security deposit	0.15
- Lease hold land prepayments	0.20
- Prepaid expenses	4.78
Balance and deposits with government department or others *	
	<b>10.30</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.





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### 7 Inventories \*

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
Raw materials and components (including ₹ 156.62 Crore- as at 31-March-2022 in transit and at port)	243.26	
Work-in-progress	59.70	
Finished Goods (including ₹ 45.23 Crore as at 31-March-2022 in transit)	92.75	
Stores and Spares	14.18	
<b>Total</b>	<b>409.89</b>	

\* Valued at cost or net realisable value, whichever is lower  
Cost of inventory recognised as expense during the current period ₹ 1677.83 Crore.

### 8 Investments

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
Investments - Current		
Investment carried at fair value through Profit or loss (FVTPL)		
Investment in mutual funds (unquoted)		
88491.150 (88491.150 as at 31-Mar-2021) units of ₹10/- each of PNB Principal Balanced Advantage Fund- Regular plan growth	0.22	
Other investments (unquoted)		
Investment in Master Portfolio Services Limited MPPL Irag Absolute Return Strategy	2.15	
<b>Total</b>	<b>2.37</b>	
Aggregate amount of quoted investments and market value of quoted investments	-	
Aggregate amount of unquoted investments	2.37	
Aggregate amount of impairment in value of investment	-	

### Trade receivables ageing schedule as on 31.03.2022

Particulars	Not due	Outstanding from the due date of payment					Total
		Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) <b>Undisputed Trade receivables - considered good</b>	351.87	99.20	0.56	0.10	0.08		451.81
(ii) Undisputed Trade receivables - which have significant increase in credit risk							-
(iii) Undisputed Trade receivables - credit impaired							-
(iv) Disputed Trade receivables - considered good			18.72				18.72
(v) Disputed Trade receivables - which have significant increase in credit risk							-
(vi) Disputed Trade receivables - credit impaired			0.04	0.55	0.07		0.66
<b>Total</b>	<b>351.87</b>	<b>99.20</b>	<b>19.32</b>	<b>0.65</b>	<b>0.15</b>	<b>-</b>	<b>471.19</b>
<b>Less: Allowances for expected credit loss, doubtful receivables and credit impaired receivables</b>							(1.39)
<b>Total Trade receivables</b>							<b>469.80</b>

### 9 Trade receivables

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
<b>(Unsecured considered good)</b>		
From related parties (Refer note no.41)	-	
Trade receivables considered good - Unsecured *	470.53	
Less: Allowances for expected credit loss and doubtful receivables	(0.73)	
Trade receivables which have significant increase in Credit Risk	-	
Trade receivables- credit impaired	0.66	
Less: Allowances for expected credit loss and doubtful receivables	(0.66)	
<b>Total</b>	<b>469.80</b>	

\* Net of bill discounted from banks ₹ 21.25 Crore.

Expected credit loss allowance for trade receivable is based on historical credit loss experience and adjustment for forward looking information. The computation of expected credit allowance for trade receivables is based on the provision matrix. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in provision matrix.

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The following is the detail of allowance for lifetime expected credit loss:

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
<b>Allowances for expected credit loss and doubtful receivables</b>		
- Balance at the beginning of the period	0.12	
- Impairment loss recognized	0.66	
- Expected credit loss	0.61	
- Amount written off	-	
- Balance at the end of the period	1.39	

### 10 Cash and cash equivalents

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
Balances with banks		
- In current accounts	3.14	
- In deposit accounts (having original maturity of three months or less)	-	
Cash on hand	0.42	
<b>Total</b>	<b>3.56</b>	

### 11 Other Bank Balances

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
<b>Balances with banks</b>		
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	83.76	
Fixed deposits with original maturity of more than three months but less than twelve months	30.37	
<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	18.97	
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	2.62	
<b>Balances with banks in earmarked accounts to the extent of unclaimed dividend</b>	0.71	
<b>Total</b>	<b>136.43</b>	

### 12 Other Financial Assets - Current

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
<b>(Unsecured considered good)</b>		
Interest receivable	3.42	
Other recoverable	7.68	
Export incentives/ other receivables from Government Authorities	11.11	
Loans and advances to employees	0.45	
<b>Derivative instruments at fair value through OCI (FVTOCI)</b>		
Foreign exchange forward contracts		
- Cash flow hedges	0.32	
<b>Total</b>	<b>22.98</b>	

### 13 Other Current Assets

Particulars	in ₹ Crore	
	As at	As at
	31-Mar-2022	31-Mar-2022
<b>(Unsecured considered good unless otherwise stated)</b>		
Advances against supply of goods and services		
- to related party (refer note no.41)	-	
- to others	5.77	
Prepaid expenses	7.89	
Balance and deposits with government department or others	20.36	
Security deposit	0.29	
Lease hold land prepayments	0.01	
Assets held for sale *	0.56	
<b>Total</b>	<b>34.88</b>	

\* Carrying value of Plant and Equipment held for sale

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 Nil

### 14 Equity share capital

Particulars	As at 31-Mar-2022	
	Number	in ₹ Crore
<b>Authorised</b>		
Equity shares of ₹ 10/- each (par value)	8,00,00,000	80.00
Preference shares ₹10/- each (par value)	-	-
<b>Total</b>	<b>8,00,00,000</b>	<b>80.00</b>
<b>Issued, subscribed and fully paid-up</b>		
Equity shares of ₹ 10/- each (par value)	5,87,05,502	58.71
<b>Total</b>	<b>5,87,05,502</b>	<b>58.71</b>

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

Particulars	Equity share capital	
	31-Mar-2022	31-Mar-2022
	Number	in ₹ Crore
<b>Issued, subscribed and paid-up equity shares</b>		
Shares and share capital outstanding at the beginning of the period	5,87,05,502	58.71
Shares and share capital issued during the period	-	-
Shares and share capital outstanding at the end of the period	5,87,05,502	58.71

#### 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.



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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 60% (₹ 6 per equity share of ₹ 10/- each) interim/final dividend during the current year ended 31-Mar-2022.

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

Particulars	Year ended 31-Mar-2022
Interim dividend	4.00
Final Dividend FY2021	2.00

The Company has incurred a net cash outflow of ₹35.22 Crore during the year ended 31-March-2022 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-Mar-2022	
	Number of shares held	% shareholding
Mayadevi Polycot Limited	1,00,06,323	17.04%
NM Merchantiles Limited	50,75,571	8.65%
Vasudeva Commercials Limited	46,63,859	7.94%
NCG Enterprises Limited	32,84,393	5.59%

- 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.

### h. Shareholding of Promoter and Promoter Group

Sr. No.	Promoter name	Shareholding of Promoter and Promoter Group as on 31.03.2022		
		No. of Shares	% of total shares	% Change during the period
<b>Promoter</b>				
1	Varinder Gupta	11,95,865	2.037%	No change during the period
<b>Promoter Group</b>				
1	Varinder Gupta HUF	1,100	0.002%	No change during the period
2	Mayadevi Polycot Limited	1,00,06,323	17.045%	
3	NM Merchantiles Limited	50,75,571	8.646%	
4	NCG Enterprises Limited	32,84,393	5.595%	
5	Bhudeva Lifesciences Limited	28,73,714	4.895%	
6	NCVI Enterprises Limited	28,12,032	4.790%	
7	True Value Traders Limited	4,00,000	0.681%	
		<b>2,44,53,133</b>	<b>41.654%</b>	
	<b>Total Shares held by promoter and Promoter Group at the end of the period</b>	<b>2,56,48,998</b>	<b>43.691%</b>	

### 15 Other Equity

Particulars	As at 31-Mar-2022
<b>a. Capital reserve (Balance at the beginning and end of the year)</b>	10.76
<b>b. Securities premium account</b>	
Opening balance	225.72
Add: Securities premium on allotment of equity shares	-
Closing balance	<b>225.72</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	971.31
Add: Profit for the year	167.67
Less: Interim/final Dividend	(35.22)
Closing balance	<b>1,103.76</b>
<b>e. Items of other comprehensive income:</b>	
<b>(i) Remeasurements of defined benefit obligation (Refer note no.37)</b>	
Opening balance	(5.48)
Add: Other comprehensive income/(expense) net of tax impact	(0.99)
Closing balance	<b>(6.47)</b>

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Particulars	As at 31-Mar-2022
<b>(ii) Net movement in effective portion of cash flow hedge reserve (Refer note no.42(i))</b>	
Opening balance	(0.59)
Add: Other comprehensive income/(expense) net of tax impact	0.39
Closing balance	(0.20)
<b>Total</b>	<b>1,333.57</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.

### 16 Lease liabilities

Particulars	As at 31-Mar-2022
Lease liabilities (Refer note no.38)	2.73
Deletions of lease liabilities	(0.65)
Interest expense on lease liabilities	0.18
Payment of lease liabilities	(1.06)
	<b>1.20</b>

### The break-up of current and non-current lease liabilities is as follows:

Particulars	As at 31-Mar-2022
Current Lease liabilities	1.02
Non Current Lease liabilities	0.18

### 17 Provisions - Non current

Particulars	As at 31-Mar-2022
<b>Provision for employee benefits:</b>	
- Gratuity (Refer note no.37)	1.07
- Compensated absences	1.94
	<b>3.01</b>

### 18 Other non current liabilities

Particulars	As at 31-Mar-2022
Deferred capital grants related to Property, plant and equipment	0.25
	<b>0.25</b>

### 19 Borrowings - Current

Particulars	As at 31-Mar-2022
<b>Loan repayable on demand</b>	
- From Banks (secured)	42.75
	<b>42.75</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.

### 20 Trade Payable

Particulars	As at 31-Mar-2022
Outstanding dues of creditors other than related parties	400.58
Outstanding dues to related parties (Refer note no.41)	8.71
	<b>409.29</b>

### Trade payables ageing schedule as on 31.03.2022

Particulars	Not due	Outstanding from the due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Others	371.37	28.86	0.32	0.03	-	400.58
(ii) Disputed dues - Others	-	-	-	-	-	-
Related party	1.79	6.92	-	-	-	8.71
<b>Total</b>	<b>373.16</b>	<b>35.78</b>	<b>0.32</b>	<b>0.03</b>	<b>-</b>	<b>409.29</b>





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### 21 Other financial liabilities - Current

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
Unclaimed dividend	0.71	
Payable to employees		
- to related parties (refer note no.41)	0.59	
- to other employees	6.40	
Other liabilities		
- to related parties (refer note no.41)	-	
- to other than related parties	16.58	
	(a)	<b>24.28</b>
Payable on purchase of capital goods	(b)	5.74
<b>Total</b>	(a+b)	<b>30.02</b>

### 22 Other current liabilities

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
Advances from customers	14.07	
Advance against assets held for sale	0.23	
Statutory remittances*	3.59	
Deferred capital grants related to Property, plant and equipment	0.13	
Other payable	4.36	
Security deposit	0.60	
		<b>22.98</b>

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

### 23 Current provisions

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
Provision for employee benefits:		
- Gratuity (Refer note no.37)	6.15	
- Compensated absences	1.19	
		<b>7.34</b>

### 24 Current tax liabilities/(assets) (net)

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
Provision for Current tax (net of advance tax)	(0.91)	
		<b>(0.91)</b>

### Gross movement in current tax liabilities/(assets)

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
Net current tax liabilities/(assets) at the beginning of the year	4.66	
Tax adjustments related to earlier years	(0.22)	
Income tax payment of earlier years	(4.44)	
Provision for current tax	57.23	
Advance tax paid	(58.14)	
<b>Current tax liabilities/(assets)</b>		<b>(0.91)</b>

### 25 Revenue from operations

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Sale of products</b>	2,120.31	
<b>Other operating revenue</b>		
(i) Export incentives	3.84	
(ii) Miscellaneous sales	11.81	
		<b>2,135.96</b>
<b>Sale of traded goods</b>	48.06	
		<b>2,184.02</b>

### Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by sale of products for the year ended 31-Mar-2022. The Group 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-2022	
<b>Details of sale of products</b>		
- Chemicals	1,112.80	
- Pharmaceuticals	977.00	
- Others	30.51	
		<b>2,120.31</b>

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 26 Other income

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Interest income (Gross)</b>		
- From bank deposits	17.96	
TDS ₹ 1.80 Crore (Previous year ₹ 1.19 Crore)		
- On financial assets carried at amortized cost	0.08	
<b>Other non operating income</b>		
Liabilities no longer required written back	0.03	
Rent received	0.02	
Return on investment	0.16	
Net gain on foreign currency transaction and translation	10.44	
Gain on fair value changes of financial assets measured at FVTPL	0.02	
Amortisation of capital subsidy	0.07	
Miscellaneous income	3.26	
		<b>32.04</b>

### 27 Cost of material consumed

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Raw material consumed</b>		
Opening Stocks	181.75	
Add: Purchases	1,640.42	
<b>Total</b>	<b>1,822.17</b>	
Less: Closing stocks	243.26	
Consumption (refer detail below)	<b>1,578.91</b>	
<b>Detail of material consumed</b>		
Acetic Acid	556.08	
Iso Butyl Aceto Phenone (Ibap)	48.18	
Specially Denatured Spirit	313.69	
Toluene	41.44	
Acetic Anhydride	79.56	
Propylene Gas	35.65	
Sodium Di Chromate	49.16	
Sodium Metal	36.47	
Others	418.68	
		<b>1,578.91</b>

### 28 Changes in inventories of finished goods, work-in-progress and Stock in trade

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
Inventories at the beginning of the year		
Work-in-progress		35.73
Finished goods		63.38
	(A)	<b>99.11</b>
Change in inventory during trial run		
Work-in-progress		0.67
Finished goods		0.37
	(B)	<b>1.04</b>
Inventories at the end of the year		
Work-in-progress		59.70
Finished goods		92.75
	(C)	<b>152.45</b>
	(A+B-C)	<b>(52.30)</b>

### 29 Employee benefits expense

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
Salaries and Wages		125.28
Contribution to provident and other funds		9.77
Staff welfare expenses		6.25
		<b>141.30</b>

### 30 Finance Cost

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
Interest expense on:		
- Term loans and working capital		1.31
- other borrowings		0.94
Other borrowing costs		5.86
Interest expense on Lease Liability		0.18
		<b>8.29</b>



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forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 31 Other expenses

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
Power and Fuel	78.18	
Consumption of stores and spares	26.15	
Repairs and maintenance		
- Plant and Machinery	6.92	
- Building	3.23	
- Others	0.56	
Rent	0.23	
Insurance charges	4.25	
Auditor's Remuneration	0.25	
Rates and Taxes	0.39	
Loss on Property, plant and equipment sold (net)	0.24	
Loss on Property, plant and equipment discarded	0.85	
Allowance for expected credit loss and doubtful receivables	1.27	
Freight outward	57.34	
Other Selling and distribution expenses	9.50	
Miscellaneous expenses	24.56	
	<b>213.92</b>	

### 32 Current tax and deferred tax

#### (a) Income tax recognised in statement of profit and loss

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Current tax</b>		
In respect of current period	57.23	
Tax adjustments related to earlier years	(0.22)	
<b>Total (A)</b>	<b>57.01</b>	
Deferred tax		
In respect of current period	0.17	
<b>Total (B)</b>	<b>0.17</b>	
<b>Total Income tax expense (A+B)</b>	<b>57.18</b>	

#### (b) Income tax recognised in other Comprehensive income

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Deferred tax (assets)/liability</b>		
On remeasurement loss of defined benefit obligation	(0.33)	
Net movement in effective portion of cash flow hedge reserve	0.12	
<b>Total</b>	<b>(0.21)</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-2022	
Profit before tax	222.84	
Income tax expense calculated at 25.1680%	56.08	
Income tax for earlier years recognised in statement of profit and loss	(0.22)	
Income tax impact of expenses not considered for tax purpose	0.02	
Income tax impact of Income not considered for tax purposes	(0.02)	
Income tax impact of expenses availed on payment basis	(0.06)	
Income tax impact of allowances of permanent nature	2.56	
Income tax impact of unabsorbed depreciation and c/f loss of earlier years	(0.52)	
Income tax savings on deductions under section 80JJAA	(0.66)	
<b>Tax expense charged to statement of profit and loss at effective rate of 25.4312%</b>	<b>57.18</b>	

#### (d) Movement in deferred tax balances

Particulars	in ₹ Crore			
	As at 1-Apr-2021	Recognised in statement of Profit and loss	Recognised in OCI	As at 31-Mar-2022
<b>Deferred tax liabilities</b>				
Property, Plant and Equipment	55.73	0.35		56.08
Intangible assets	0.03	(0.03)		-
Fair valuation gain on investments	-	0.01		0.01
<b>Gross deferred tax liabilities (A)</b>	<b>55.76</b>	<b>0.33</b>	-	<b>56.09</b>
<b>Deferred tax assets</b>				
Gratuity	(1.77)	0.28	(0.33)	(1.82)
Leave encashment liability (net)	(0.55)	(0.06)		(0.61)
Lease Liability (net)	-	(0.06)		(0.06)
Expected credit loss	(0.03)	(0.32)		(0.35)
Cash flow hedge	(0.19)	-	0.12	(0.07)
<b>Gross deferred tax assets (B)</b>	<b>(2.54)</b>	<b>(0.16)</b>	<b>(0.21)</b>	<b>(2.91)</b>
<b>Net Deferred tax (Asset)/Liabilities (A+B)</b>	<b>53.22</b>	<b>0.17</b>	<b>(0.21)</b>	<b>53.18</b>

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forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 33 Earning per share

The earning Per Share (EPS) as disclosed in the statement of profit and loss has been calculated as under:

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Total operations for the period</b>		
Profit after tax attributable to equity shareholders (₹)	A	167.67
Weighted average number of equity shares (number)	B	5,87,05,502
Weighted average number of equity shares in computing diluted earning per share (number)	C	5,87,05,502
Basic earnings per share (₹)	A/B	28.56
Diluted earnings per share (₹)	A/C	28.56
Face value per equity share (₹)		10.00

### 34 Research and Development expenses

Particulars	in ₹ Crore	
	For the year ended 31-Mar-2022	
<b>Research and Development: Revenue expenses</b>		
Raw material consumption	0.65	
Salaries & wages	6.88	
Depreciation	1.31	
Stores and spares	2.05	
Cost of utilities	0.22	
	<b>11.11</b>	
Research and Development: Capital expenses		
Additions to Property, Plant and Equipment	4.71	

The revenue expenses related to research and development is clubbed under respective account heads in profit and loss

### 35 Exceptional item

The exceptional items amounting to ₹ 13.93 crores represent one time cost towards Right of Recompense (RoR) payable to the lenders against sacrifices made by them in FY 2014-15 on account of restructuring done under Joint Lenders Forum (JLF) route.

### 36 Contingent liabilities and commitments (to the extent not provided for)

Particulars	in ₹ Crore	
	As at 31-Mar-2022	
<b>A Contingent liabilities</b>		
i Claims not acknowledged as debts	0.09	
ii Bank Guarantee issued in favour of others	0.09	
	<b>0.18</b>	
<b>B Commitments</b>		
i Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	11.60	
ii Export obligations under Advance Authorisation/ Duty Free Import Authorisation #	88.43	
	<b>100.03</b>	

#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 Group would be required to pay the duty saved along with interest to the regulatory authorities.

During the year, the Group has executed bonds for an aggregate amount of ₹ 48.35 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 Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Group'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-2022.

Particulars	in ₹ Crore	
	Gratuity (Funded) 31-Mar-2022	
<b>i) Changes in the present value of the obligation</b>		
Present value of obligation as at the beginning of the year	17.21	
Interest cost	1.17	
Current service cost	1.96	
Benefits paid	(1.16)	
Remeasurement - actuarial (gain) / loss	1.38	
Present value of obligation as at the end of the year	<b>20.56</b>	
<b>ii) Changes in the fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	10.15	
Actual return on plan assets	0.75	
Contributions	3.60	
Charges deducted	-	
Benefits paid	(1.16)	
Fair value of plan assets as at the end of the year	<b>13.34</b>	
Unfunded Status (A-B)	7.22	
<b>iii) Amount recognised in the Balance Sheet</b>		
Present value of the defined benefit obligation as at the end of the year	20.56	
Fair value of plan assets as at the end of the year	13.34	
Net asset/(liability) recognised in the Balance Sheet	<b>(7.22)</b>	







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### 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:

Particulars	in ₹ Crore						
	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	205.34					205.34	205.34
Current Investments			2.37			2.37	2.37
Trade receivables	469.80					469.80	469.80
Cash and cash equivalents	3.56					3.56	3.56
Other Bank Balances	136.43					136.43	136.43
Foreign exchange forward contracts				0.32		0.32	0.32
Other financial current assets	22.66					22.66	22.66
<b>Total</b>	<b>837.79</b>	<b>-</b>	<b>2.37</b>	<b>-</b>	<b>0.32</b>	<b>840.48</b>	<b>840.48</b>
<b>Financial Liabilities:</b>							
Short term borrowings	42.75					42.75	42.75
Trade Payables	409.29					409.29	409.29
Lease liabilities Current	1.02					1.02	1.02
Lease liabilities non current	0.18					0.18	0.18
Other financial current liabilities	30.02					30.02	30.02
<b>Total</b>	<b>483.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483.26</b>	<b>483.26</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:

Particulars	in ₹ Crore				
	Fair Value	Fair Value measurement using			Fair value technique
		Level 1	Level 2	Level 3	
Current investments in Mutual funds at fair value through profit & loss	0.22		0.22		Published NAV value by mutual fund.
Other current investments at fair value through profit & loss	2.15		2.15		Value as provided by the portfolio manager.
Foreign exchange forward contracts at fair value through OCI	0.32		0.32		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>2.69</b>	<b>-</b>	<b>2.69</b>	<b>-</b>	

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### 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 Group has identified the primary business segments which comprised:

The "Chemical" segment produces and sells Ethyl Acetate, Iso Butyl Benzene, Acetyl Chloride, Mono Chloro Acetic Acid, Para Amino Phenol (PAP), etc.

The "Pharmaceutical" segment produces and sells various API's viz. Ibuprofen, Metformin, Fenofibrate, Lamotrigine, Clopidogrel Bisulphate, Pantoprazole, Ursodeoxycholic Acid (UDCA), Gabapentin, Levetiracetam, Paracetamol, 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.





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### Detail of primary business segment

#### Products and services

	in ₹ Crore				
	Chemical	Pharma- ceutical	Unallocated	Eliminations	Total
	Current Year	Current Year	Current Year	Current Year	Current Year
<b>Segment Revenue</b>					
External Sales *	1,174.87	1,002.66	6.49		2,184.02
Inter Segment transfer	143.38	-	-	(143.38)	-
Interest income			17.96		17.96
Other Income	4.25	5.66	4.17		14.08
<b>Total Revenue</b>	<b>1,322.50</b>	<b>1,008.32</b>	<b>28.62</b>	<b>(143.38)</b>	<b>2,216.06</b>
Segment Results	59.26	162.92			222.18
Unallocated Income (net of unallocated Expenses)			24.89		24.89
Profit before tax and interest					247.07
Finance cost			8.29		8.29
Profit before Tax & Extraordinary items					238.78
Exceptional items					13.93
Tax expense			57.18		57.18
Profit after Tax					167.67
<b>Other Information</b>					
Segment Assets	537.77	945.34			1,483.11
Unallocated assets			479.19		479.19
<b>Total Assets</b>	<b>537.77</b>	<b>945.34</b>	<b>479.19</b>		<b>1,962.30</b>
Segment Liabilities	272.74	179.72			452.46
Unallocated Liabilities			74.81		74.81
Long term borrowings (including current maturities and interest accrued but not due)			-		-
Short term borrowings			42.75		42.75
<b>Total Liabilities</b>	<b>272.74</b>	<b>179.72</b>	<b>117.56</b>		<b>570.02</b>
Capital Expenditure	6.53	123.45	22.67		152.65
Depreciation and Amortisation	13.38	25.65	4.23		43.26

### Detail of secondary business segment

#### Geographical information

Particulars	in ₹ Crore			
	Year ended	Domestic sale		Export sale
		India	Rest of the world	
Net revenue from sale of products	31-March-2022	1,638.13	545.89	2,184.02

#### Information about major customers

Refer note no. 42 (iii) (Credit Risk)

#### Notes:

- Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before finance income/ cost and tax expense. Segment results reviewed by the CODM also exclude income or expenses which are non-recurring in nature and are classified as an exceptional item. Information about segment assets and liabilities provided to the CODM, excludes the related assets and liabilities arising on account of items excluded in measurement of segment results. Such amount therefore, form part of the unallocated assets and liabilities.
- There is no customer contributing more than 10% of the total revenue of the Group.
- The Group does not have manufacturing facilities outside India therefore all non current assets are located in India.

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### 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. Vikas Gupta	Executive Director
		Dr. Sanjay Chaturvedi	Executive Director & CEO (w.e.f. 30-May-2022)
		Mr. Kushal Kumar Rana	Director Works (w.e.f. 04.06.2021)
ii	Non executive directors	Mr. Rajender Mohan Malla	Chairman and Independent Director
		Mr. Harpal Singh	Independent Director
		Dr. Sandhya Mehta	Independent Director
		Mr. Sharad Tyagi	Independent Director (w.e.f. 30-May-2022)
iii	Chief Executive Officer	Mr. Sanjay Chaturvedi	(w.e.f. 16-March-2021 upto 29-May-2022)
iv	Chief Financial Officer	Mr. Pardeep Kumar Khanna	
v	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
	Varinder Gupta (HUF)	
ii.	Relative of Key Management Personnel:	Mrs. Dimple Gupta
		Mr. Abhiraj Gupta
iii.	Post employment benefit plan	General Manager (upto 31.12.2021)
		General Manager
		IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust



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### 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.

Sr. No.	Particulars	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel (KMP)	Non executive directors	Relatives of KMP	Post Employment Benefit Plans	Total
							₹ Crore
		Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022
1	Sale of goods	-	-	-	-	-	-
2	Sale of Capital goods	-	-	-	-	-	-
3	Purchase of goods: NCVI Enterprises Limited	54.15	-	-	-	-	54.15
4	* Managerial remuneration (including incentives)	-	14.44	-	1.32	-	15.76
5	Sitting fees to non-executive directors of the company	-	-	0.10	-	-	0.10
6	Rent received	-	0.02	-	-	-	0.02
7	Rent paid	0.12	0.52	-	0.52	-	1.16
8	Contribution to IOL Chemicals and Pharmaceuticals Limited Employees Group Gratuity Trust	-	-	-	-	3.60	3.60

### C Details of balances outstanding as at the end of the year

Sr. No.	Particulars	Enterprises over which KMP is able to exercise significant influence or control	Key Management Personnel (KMP)	Non executive directors	Relatives of KMP	Post Employment Benefit Plans	Total
							₹ Crore
		Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022	Year ended 31-Mar-2022
<b>Amount receivable on the last day of the year</b>							
1	Security deposit receivable	-	0.45	-	0.45	-	0.90
2	Trade Receivable against sale of goods:	-	-	-	-	-	-
3	Balance Receivable	-	-	-	-	-	-
4	Advances against purchases of goods:	-	-	-	-	-	-
<b>Amount payable on the last day of the year</b>							
1	Trade payables against purchase of goods: NCVI Enterprises Limited	8.71	-	-	-	-	8.71
2	* Managerial remuneration	-	0.57	-	0.02	-	0.59
3	Sitting fees to non-executive directors of the company	-	-	-	-	-	-
4	Rent Payable	-	-	-	-	-	-
5	Other payable	-	-	-	-	-	-

(i) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

\* (ii) Long-term employee benefits for Key Managerial Personnel:

The managerial personnel are covered by Group'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.

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### 42 Financial Risk Management

The financial assets of the Group include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The financial liabilities of the Group, 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 Group.

The Group is mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit risk

The Group's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Group.

This note explains the risks which the Group is exposed to and policies and framework adopted by the Group to manage these risks:

#### (i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk and interest rate risk.

#### (a) Foreign currency risk

The Group 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 Group is exposed to foreign currency risk and the results of the Group 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 group's functional currency.

The Group measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The Group 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 Group 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 Group's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

#### Financial Assets

Particulars	As at 31-March-2022	
	Foreign currency	in ₹ Crore
<b>Trade receivable</b>		
-In USD	97,22,693	73.36
-In EURO	2,86,123	2.40
<b>Trade Payables</b>		
-In USD	1,52,41,143	115.97
In EURO	-	-
<b>Net exposure</b>		
-In USD	(55,18,450)	(42.61)
-In EURO	2,86,123	2.40

Of the above foreign currency exposures, the following exposures are not hedged by a derivative.

Particulars	As at 31-March-2022	
	Foreign currency	in ₹ Crore
<b>Trade receivable</b>		
-In USD	37,57,693	27.60
-In EURO	2,86,123	2.40
<b>Trade Payables</b>		
-In USD	1,52,41,143	115.97
In EURO	-	-
<b>Net exposure</b>		
-In USD	(1,14,83,450)	(88.37)
-In EURO	2,86,123	2.40

#### 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 Group'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 Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant:

Particulars	in ₹ Crore	
	As at 31-March-2022	
	Strengthening	Weakening
2% Strengthening / weakening of USD against INR	(1.77)	1.77
2% Strengthening / weakening of EURO against INR	0.05	(0.05)





## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

Foreign currency forward contracts held by the company as on reporting date:

	As at 31-March-2022
In USD	59,65,000
In INR	45.76

### Derivatives designated as hedging instruments

The Group 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 Group. The Group has decided to apply hedge accounting for derivative contracts that meets the qualifying criteria of hedging relationship entered.

During the current year ended 31-March-2022, the Group 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 2021-22
Opening balance of cash flow hedge reserve	(0.59)
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(0.37)
Amount reclassified to profit or loss	0.88
Tax effect	(0.12)
Closing balance of cash flow hedge reserve	(0.20)

The following table includes the maturity profile of the foreign exchange forward contracts:

Particulars	As at 31-March-2022	
	USD	in ₹ Crore
Not later than one month	27,65,000	21.21
Later than one month and not later than three months	32,00,000	24.55
Later than three months and not later than one year	-	-
	<b>59,65,000</b>	<b>45.76</b>

### (b) Interest Rate

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

As the Group has no significant interest-bearing assets, the income and operating cash flows are substantially

independent of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements if any. All the group'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 Group's interest bearing financial instrument is at its fair value:

	in ₹ Crore
Variable rate instruments	Carrying amount Financial Year 2021-2022
Long term borrowings	-
Current maturities of long term debt	-
Short term borrowings	42.75

### 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	in ₹ Crore
Particulars	Financial Year 2021-2022
Increase/ (decrease) in 100 basis point	42.75

### (ii) Liquidity Risk

The financial liabilities of the Group include loans and borrowings, trade and other payables. The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The Group monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The Group plans to maintain sufficient cash to meet the obligations as and when falls due.

The below is the detail of contractual maturities of the financial liabilities of the group at the end of each reporting period:

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

	in ₹ Crore
Particulars	Financial Year 2021-22
<b>Borrowings including current maturities</b>	-
Less than 1 year	-
1-2 year	-
2-5 year	-
5-10 year	-
Later	-
<b>Short term borrowings</b>	42.75
Less than 1 year	42.75
1-2 year	-
2-5 year	-
5-10 year	-
Later	-
<b>Trade Payables</b>	409.29
Less than 1 year	409.29
1-2 year	-
2-5 year	-
5-10 year	-
Later	-
<b>Other Financial liabilities</b>	30.02
Less than 1 year	30.02
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 Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The Group 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 Group 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:

	in ₹ Crore
Particulars	Financial Year 2021-22
<b>(a) Revenue from top five customers</b>	
-% of total sales of top 1 customer	3.83%
-% of total sales of top 5 customers	15.05%

### Write off policy

The financials 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 Group. The primary objective of the group's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The Group 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 Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's gearing ratio was as follows:

	in ₹ Crore
Particulars	Financial Year 2021-22
Borrowings including current maturities and interest accrued but not due	42.75
Less: Cash & cash equivalent and other bank balances	343.00
Net debt (A)	(300.25)
Total equity (B)	1,392.28
<b>Gearing ratio (A/B)</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-2022.

44 In accordance with the Ind AS-36 on Impairment of Assets, the Group 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.



## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 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.

Particulars	in ₹ Crore	
	Current borrowing	Non-current borrowing including current maturities
<b>Opening balance of Financial liabilities as on 01-April-2021 coming under the financing activities of Cash Flow Statement</b>	-	-
<b>Changes during the year</b>		
a) Changes from financing cash flow	42.75	-
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
e) Other changes	-	-
<b>Closing balance of Financial liabilities as on 31-March-2022 coming under the financing activities of Cash Flow Statement</b>	<b>42.75</b>	<b>-</b>

### 46 Additional Regulatory Information

- The Group is not holding any investment property.
- The Group has not revalued any of its Property, Plant & Equipment and Right of use assets.

- The Group has not revalued any of its Intangible Assets
- The Group has not given any loan or advances to its Promoters, Directors, KMP and related Parties as defined under Companies Act, 2013.
- The Group does not hold any Benami property defined under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Further, no proceedings have been initiated during the year or are pending against the Group as at 31 March, 2022 for holding any benami property.
- The quarterly returns for secured borrowings filed with Banks are fully in alignment with its Financial Statements.
- The Group has never been declared as wilful defaulter by any bank or financial institution or other lenders.
- The Group does not have any relationship with any struck off company.
- There is no scheme of Arrangement approved during the year.
- The Group has neither received any share premium amount nor the company has availed any term loan during the year. The working capital borrowing has been utilised by the Group in its own business, the Group has not loaned or advanced or invested funds to any other person(s) or entity(ies), including foreign entities with any understanding.
- The company has not traded or invested in Crypto currency or Virtual currency during the financial year.
- There is no income that has been surrendered or disclosed as income during the year in Tax Assessments under Income Tax Act,1961.

## Notes

forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March, 2022

### 47 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Name of Entity	Share in Net Assets		Share in Profit/(Loss)		Share in other Comprehensive		Share in Total Comprehensive income	
	As % of Consolidated Net Assets	in ₹ Crore	As % of Consolidated Net Assets	in ₹ Crore	As % of Consolidated Net Assets	in ₹ Crore	As % of Consolidated Net Assets	in ₹ Crore
<b>Parent</b>								
-IOL Chemicals and Pharmaceuticals Ltd	98.86%	1,390.27	100.00%	167.67	100.00%	(0.60)	100.00%	167.07
<b>Indian Subsidiaries</b>								
-IOL - Foundation	0.14%	2.01	0.00%	(0.00)	-	-	0.00%	(0.00)
<b>Total</b>	<b>100.00%</b>	<b>1,392.28</b>	<b>100.00%</b>	<b>167.67</b>	<b>100.00%</b>	<b>(0.60)</b>	<b>100.00%</b>	<b>167.07</b>

**48** 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 Group 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-2022.

**49** 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 Group 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.

**50** Figures in bracket indicate deductions.

**51** Previous year figures have not been presented as this is First year of consolidation.

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/-  
**Aditya Kumar**  
Partner  
M. No. 506955

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

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

Place : Ludhiana  
Date : 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

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

Sd/-  
**Dr. Sanjay Chaturvedi**  
Executive Director & CEO  
DIN-08927689





# Notice

## OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 35<sup>th</sup> Annual General Meeting of members of **IOL Chemicals and Pharmaceuticals Limited** will be held on **Friday, 26<sup>th</sup> August 2022 at 11:00 AM** (“IST”), through Video Conferencing / Other Audio-Visual Means (“VC/OAVM”) Facility to transact the following businesses:

### Ordinary Business:

- To consider and adopt (a) the audited standalone financial statement of the Company for the financial year ended 31<sup>st</sup> March 2022 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended 31<sup>st</sup> March 2022 and the report of Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolutions:**
  - “RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended 31<sup>st</sup> March 2022 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”
  - “RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended 31<sup>st</sup> March 2022 and the report of Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”
- 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:

- To appoint Mr Sharad Tyagi as Independent Director 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 149, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 16, 17 and any other applicable regulations of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Sharad Tyagi (DIN 00371842), who was appointed as an additional director in the capacity of Independent Director of the Company with effect from 30<sup>th</sup> May 2022 by the Board of Directors on the recommendations of Nomination & Remuneration

Committee in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from 30<sup>th</sup> May 2022, not subject to retirement by rotation.

**RESOLVED FURTHER THAT** the Board of Directors or Nomination & Remuneration Committee or any other Committee of the Board be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- To appoint Dr Sanjay Chaturvedi as Executive Director & CEO 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, Dr Sanjay Chaturvedi (DIN 08927689), who was appointed as an Additional Director by the Board of Directors on the recommendations of Nomination & Remuneration Committee w.e.f. 30<sup>th</sup> May 2022 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 under Section 160 of the Act from a member proposing his candidature for the office of Director, 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. Regulations 17 and any other applicable regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (the “Listing Regulations”) and subject to the approval of any authority, if required, Dr Sanjay Chaturvedi (DIN 08927689) be and is hereby appointed as Whole time Director having a designation of Director & CEO of the Company, for a period of five years, liable to retire by rotation, with effect from 30<sup>th</sup> May 2022 on the terms and conditions as set out in the explanatory statement including remuneration as given below:

<b>Basic Salary</b>	: ₹ 10,00,800/- (Rupees ten lakh eight hundred only) per month.
<b>Allowances</b>	: Maximum of 150% of the basic salary
<b>Variables</b>	: Maximum of 50% of gross salary

**RESOLVED FURTHER THAT** Dr Sanjay Chaturvedi 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 Board of Directors or Nomination & Remuneration Committee or any other Committee of the Board, shall be authorized to alter and/or vary the terms and conditions and increase his aforesaid remuneration to the extent it may deem appropriate on annual basis w.e.f. 1<sup>st</sup> April 2023 and thereafter at the end of every 12 months by a maximum of 25% per annum of the gross remuneration payable for the financial year preceding to the financial year in respect of which such increment pertains notwithstanding that such increased remuneration may be in excess of the limits provided in Section 197 and Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the tenure of Dr Sanjay Chaturvedi as Executive Directors & CEO of the Company, the Company, in respect of such financial year(s) in which such inadequacy or loss arises or for a period of 3 years, whichever is lower, will continue to pay to Dr Sanjay Chaturvedi, the aforesaid remuneration including the annual increments for such financial years, as approved by the Board, without seeking any further approval of the Shareholders in the general meeting.

**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”.

- To ratify the remuneration of the Cost Auditor for the financial year ending 31<sup>st</sup> March 2023**

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 ₹ 1,65,000/- 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 2023, 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 Pharmaceuticals Limited

Place: Ludhiana  
Date: 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

### IMPORTANT NOTES:

- 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.
- 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, 02/2021 dated 13<sup>th</sup> January 2021 and General Circular No. 2/22 dated 5<sup>th</sup> May 2022 (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 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May 2022 (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.
- 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

## Notice of Annual General Meeting (Contd.)

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 35<sup>th</sup> AGM and the Annual Report for the FY 2021-22 including therein the Audited Financial Statements for FY 2021-22, 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 35<sup>th</sup> AGM and the Annual Report for the FY 2021-22 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.
  - 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 and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The Notice of AGM is also disseminated on the website of CDSL i.e. www.evotingindia.com.
8. The Register of Members and Share Transfer Books of the Company shall remain closed from **20<sup>th</sup> August 2022 to 26<sup>th</sup> August 2022** (both days inclusive) for the purpose of 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. During the year under review, an Interim Dividend @ 40% i.e. ₹4/- per equity share of face value of ₹10/- each, for financial year 2021-22 was declared and paid to the Shareholders of the Company. The Board of Directors considers the same as final dividend and therefore has not recommended any final dividend to the shareholders.
11. 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). 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.
12. 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.
13. 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
2021-22	18 <sup>th</sup> September 2021 Final Dividend	20%	21 <sup>st</sup> October 2021	22 <sup>nd</sup> October 2028
2021-22	4 <sup>th</sup> February 2022	40%	9 <sup>th</sup> March 2022	10 <sup>th</sup> March 2029

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 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.

14. 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. Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website www.iolcp.com. 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.
15. 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.
16. 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.
17. Members may also note that Annual Report is available on the Company's website www.iolcp.com for their download. For any communication, the members may also send requests to the Company's investor email id: investor@iolcp.com
18. All activities for transfer of shares, dematerialization of shares, change of address etc. are carried out by the

company through its Registrar and Share Transfer Agents (RTA). Members are requested to make their requests to RTA at the following address: **Alankit Assignments Limited "Alankit House", 4E/2, Jhandewalan Extension, New Delhi-110 055.**

19. **General instructions for accessing and participating in the 35<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 8<sup>th</sup> April 2020, Circular No.17/2020 dated 13<sup>th</sup> April 2020, Circular No. 20/2020 dated 05<sup>th</sup> May 2020, Circular No. 02/2021 dated 13<sup>th</sup> January 2021 and General Circular No. 2/22 dated 5<sup>th</sup> May 2022. 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 08<sup>th</sup> April 2020, 13<sup>th</sup> April 2020, 05<sup>th</sup> May 2020, 13<sup>th</sup> January 2021 and 05<sup>th</sup> May 2022 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.





## Notice of Annual General Meeting (Contd.)

- 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 08<sup>th</sup> April 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 13<sup>th</sup> April 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 08<sup>th</sup> April 2020 and MCA Circular No. 17/2020 dated 13<sup>th</sup> April 2020, MCA Circular No. 20/2020 dated 05<sup>th</sup> May 2020, MCA Circular No. 2/2021 dated 13<sup>th</sup> January 2021 General Circular No. 2/22 dated 5<sup>th</sup> May 2022.

### 20. The instructions for shareholders for remote e-voting and joining virtual meetings are as under:

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i. The voting period begins on 23<sup>rd</sup> August 2022 at 9:00 AM and ends on 25<sup>th</sup> August 2022 at 5:00 PM. During this period shareholders' of the Company, holding

shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19<sup>th</sup> August 2022, 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.

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- 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 shareLs in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>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>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>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>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>
Individual Shareholders holding shares in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>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.</li> <li>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></li> <li>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</li> </ol>
Individual Shareholders (holding shares in demat mode) login through their <b>Depository Participants</b>	<p>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 &amp; voting during the meeting.</p>

**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 securities 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 toll free no. 1800 22 55 33
Individual Shareholders holding securities 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

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

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

- The shareholders should login on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.
- Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

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- 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:

**For Physical shareholders and other than individual shareholders holding shares in Demat.**

PAN	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) <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)	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. <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. There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.
- xvii. **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](mailto: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.

### 21. Instructions for shareholders attending the AGM through VC/OAVM & e-voting during meeting 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 35<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](mailto:investor@iolcp.com) atleast 5 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 5 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 35<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.

### 22. 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.

23. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

24. 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, 25th 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 toll free no. 1800 22 55 33.

25. All the documents referred to in the accompanying Notice of the 35<sup>th</sup> AGM and the Explanatory Statement and/or statutory



## Notice of Annual General Meeting (Contd.)

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.

- 26.** 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.
- 27.** The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.iolcp.com and on the website of CDSL; such Results will also be forwarded to the National Stock Exchange of India Limited and BSE Limited, where the Company's shares are listed.

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

#### Item No. 3

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee (the 'NRC') has, at its meeting held on 30<sup>th</sup> May 2022 appointed Mr Sharad Tyagi (DIN: 00371842) as an Additional Director for a period of 5 years w.e.f 30<sup>th</sup> May 2022. 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 Sharad Tyagi 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 Sharad Tyagi as a Director.

Mr Sharad Tyagi brings over 35 years of intrapreneurship in India and international markets in diverse industries including pharmaceuticals, OTC, automotive catalysts and specialty chemicals, successfully building and managing businesses to create profitable high growth organisations delivering sustainable shareholder value. Most recently until December 2020, he was the Managing Director for Boehringer Ingelheim (BI) (2009-2020), India. Mr Sharad has set founded Tiyash Consulting which offers advisory services in various areas including Strategy, Business Management, Brand Management, Portfolio Development and People Development. Mr Sharad holds an Engineering Degree from Delhi University and MBA degree from IIM Ahmedabad.

Mr Tyagi is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director. Pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

The Board recommends the Special Resolution as set out at Item No. 3 of the Notice for approval by the members for the appointment Mr Sharad Tyagi.

Except for Mr Sharad Tyagi, none of the directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution. Your Board recommends passing of the Special Resolution set out at Item No. 3 of the Notice.

#### Item No. 4

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee (the 'NRC') has, at its meeting held on 30<sup>th</sup> May 2022 appointed Dr Sanjay Chaturvedi (DIN 08927689) as an Additional Director and the Wholtime Director having a designation of Executive Director & CEO of the Company for a period of 5 years w.e.f 30<sup>th</sup> May 2022. 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, Dr Sanjay Chaturvedi 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 Dr Sanjay Chaturvedi as a Director.

Dr. Sanjay Chaturvedi is a seasoned global business executive having worked in the specialty chemicals and pharmaceutical industry for over 26 years in India and abroad. He brings a demonstrated track record of business leadership in multi-cultural and multi-national environments both, in USA and in India. Dr. Sanjay Chaturvedi has joined the organization on 16<sup>th</sup> March 2021 in the capacity Chief Executive officer (CEO) of the Company. He previously worked with Praj Industries as President. Earlier, he held leadership roles at Aurobindo Pharma and Dr. Reddy's Limited.

Dr Chaturvedi earned a Bachelor's degree in Chemistry (Honors) and a Master's degree in Physical Chemistry from St Stephens College, University of Delhi. He has a PhD in Physical Chemistry from Stony Brook University, New York and a Management degree from Wharton Business School, University of Pennsylvania.

Dr Sanjay Chaturvedi 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.

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 appointment at the AGM are provided in this notice.

The terms of appointment of Dr Sanjay Chaturvedi as Executive Director & CEO are as follows:

- a. Nature of Job: Under the Supervision of the Directors and MD of the Company. Dr Chaturvedi 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. Retire by Rotation: Dr Sanjay Chaturvedi shall be liable to retire by rotation.
- c. Remuneration: As per resolution set out at item No 4 of this Notice.
- d. Annual Appraisal: The annual appraisal shall be decided by the Board, on the basis of recommendation of the Nomination and Remuneration Committee from time to time.
- e. Other benefits: Entitlement to other benefits, privileges, amenities (including provision of car) and amended salary structure etc. shall be as granted to senior executives of the Company.
- f. Remuneration in case of loss or inadequacy of profits: In the event of loss or inadequacy of profits in any financial year during the tenure of Dr Sanjay Chaturvedi as Executive Director & CEO, the Company shall continue to pay him the remuneration as approved by the Board for any such financial year, for a period not exceeding to 3 years, without seeking any further approval of the Shareholders.
- g. Being Wholtime Director he has to devote whole of his time and attention in furthering business of the Company.
- h. Either party is entitled to terminate the employment by serving 3 months' notice in writing or any other period as may be decided by the Board. There shall be no severance fees.
- i. 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.
- j. Without approval of the Board, he shall not enter any material financial and commercial transactions, involving his personal interest that may have a potential of raising a conflict with interest of the Company.

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

This explanatory statement together with the accompanying Notice is and should be treated as an abstract of the terms of appointment of Dr Sanjay Chaturvedi, as the Whole-time Director, designated as the "Executive Director & CEO" of the Company under the first proviso of sub-section (4) of Section 196 read with Section 190 of the Companies Act, 2013.

### Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013 giving details in respect of appointment of Dr Sanjay Chaturvedi as Executive Director & CEO of the Company:

#### I. General Information:

- Nature of Industry: Pharmaceuticals (API's) and Chemical Industry.
- Date of commencement of Commercial Production: The Company started its commercial production in the year 1991.
- In case of new companies, expected date of commencement of activities as per object approved by financial institutions appearing in the prospectus: N. A.
- Financial Performance based on given indicators:
 

Particulars	₹ in Crore	
	Current Year	Previous Year
Revenue from operations	2184.02	1966.98
Profit before tax	236.77	571.39
Profit after tax	165.66	444.56
- Foreign Investments or Collaborations, if any: NIL

#### II. Information about the appointee:

##### 1. Background details:

Dr. Sanjay Chaturvedi is a seasoned global business executive having worked in the specialty chemicals and pharmaceutical industry for over 26 years. He brings a demonstrated track record along with functional expertise in P&L, Sales, Marketing, Strategy, Manufacturing and R&D in multi-cultural and multi-national environments both, in USA and in India. Dr Sanjay Chaturvedi is the Chief Executive Officer (CEO) of the Company.

##### 2. Past remuneration:

The remuneration paid for financial year 2021-22 was as follow:

Salary	₹ in Crore		
	Other perquisites & allowances	Contribution to Provident & other Funds	Total
1.01	1.40	0.12	2.53

##### 3. Recognition or awards: Nil

##### 4. Job Profile and his suitability:

Dr Sanjay Chaturvedi is the CEO and head of the overall operations of the Company. Looking at the overall exposure and experience of Dr Chaturvedi in diversified areas and responsibilities to be shouldered by him, he is suitable for the position.

## Notice of Annual General Meeting (Contd.)

### 5. Remuneration proposed

Details of remuneration proposed for approval of the shareholders is provided in the Special Resolution as set out at Item No. 4 of the Notice of AGM.

### 6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of his origin):

Considering the size of the Company, the industry benchmarks, experience of and the responsibilities shouldered by the appointee, the proposed remuneration payable to Dr Chaturvedi is commensurate with the remuneration paid to similar appointee in other companies.

### 7. Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Except for the remuneration Dr Chaturvedi does not have any pecuniary relationship directly or indirectly with the Company or Key Managerial Personnel (KMP) of the Company.

### III. Other information:

- Reasons of loss or inadequate profits: N.A.
- Steps taken or proposed to be taken for improvement: N.A.
- Expected increase in productivity and profits in measurable terms: N.A.

### IV Disclosures:

The information and Disclosures of the remuneration package of all the Directors have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration to Directors".

Dr Sanjay Chaturvedi satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-Section 3 of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being

appointed as Director in terms of Section 164 of the Act. Dr Sanjay Chaturvedi is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India ("SEBI") or any other authority.

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 Dr Sanjay Chaturvedi.

Except for Dr Sanjay Chaturvedi, 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 30<sup>th</sup> May 2022, 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 2023 at a remuneration of ₹ 1,65,000/- 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 2022-23 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.

Name of the Director	Mr Sharad Tyagi	Dr Sanjay Chaturvedi	Mr Vikas Gupta
DIN	00371842	08927689	07198109
Date of Birth	1 <sup>st</sup> November 1961	15 <sup>th</sup> January 1970	13 <sup>th</sup> February 1992
Date of Appointment	30 <sup>th</sup> May 2022	30 <sup>th</sup> May 2022	29 <sup>th</sup> May 2015
Brief resume of the director	Mr. Sharad Tyagi has a degree in engineering from Delhi University and an MBA from IIM Ahmedabad. He has over 35 years of entrepreneurship experience in India and foreign markets, encompassing pharmaceuticals, OTC, automotive catalysts, and specialty chemicals. He was the Managing Director of Boehringer Ingelheim (BI) in India from 2009 to 2020. His previous positions include Senior Vice President, API and Global Head of the API Business at Dr. Reddy's (2007-2009) and Country Manager India and Director Strategy Asia - Engelhard Corporation (1996-2006).	Dr. Sanjay Chaturvedi graduated from St Stephens College, University of Delhi, with a Bachelor's degree in Chemistry (Honors) and a Master's degree in Physical Chemistry. PhD in Physical Chemistry from Stony Brook University in New York, and a Management degree from the University of Pennsylvania's Wharton Business School. He is a seasoned global business leader who has spent over 26 years in the speciality chemicals and pharmaceutical industries with firms such as Praj Industries, Dr. Reddy's, and Aurobindo, to name a few. He has a proven track record and functional competence in Sales, Marketing, Strategy, Manufacturing, and R&D in the United States and India.	Mr. Vikas Gupta graduated from King's College London, University of London, with a Bachelor of Science in Business Management. He is intellectually prepared and has organisational abilities. He spent two years in the company's strategy department, where he was instrumental in developing the company's Chemical and Pharmaceutical businesses. Over the previous 9 years, he has been critical to the organization's operation
Expertise in specific functional area	Entrepreneurship experience in India and foreign markets, encompassing pharmaceuticals, OTC, automotive catalysts, and specialty chemicals	Sales, International Marketing, Strategy, Manufacturing, R&D, governance and regulatory.	Business management, strategy, planning general management etc.
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	The role and capabilities required for an independent director have been defined in the Nomination and Remuneration Policy of the Company. The Board has also identified the list of skills, expertise, competencies that are fundamental for it to function effectively, the said list is provided in this annual report. The Nomination and Remuneration Committee of the Board has evaluated the profile of Mr. Sharad Tyagi and concluded that he possesses the relevant skill and capabilities to discharge the role of Independent Directors.	N/A	N/A
Total experience	35 years	26 years	9 years
Present profession	Consultant	Service	Executive Director
Qualification	Engineering Degree from Delhi University and MBA degree from IIM Ahmedabad	Bachelor's degree in Chemistry (Honors) and a Master's degree in Physical Chemistry from St Stephens College, University of Delhi. PhD in Physical Chemistry from Stony Brook University, New York and a Management degree from Wharton Business School, University of Pennsylvania.	BSc. (Hons.) in Business Management from Kings College, London
Directorships in other public companies (excluding private, foreign and section 8 companies)	Nil	Nil	1. Mayadevi Polycot Limited 2. NM Merchants Limited 3. NCG Enterprises Limited 4. Bhudeva Lifesciences Limited
Chairmanship of Board Committees of other public companies	Nil	Nil	Nil
Membership of Board Committees of other public companies	Nil	Nil	Nil
Listed entities from which the person has resigned in the past three years	Nil	Nil	Nil
Shareholding in the Company	Nil	Nil	Nil
Relationships between directors inter-se	Not related to any other director	Not related to any other director	Son of Mr Varinder Gupta, Managing Director

By Order of the Board  
for IOL Chemicals and Pharmaceuticals Limited

Place: Ludhiana  
Date: 30<sup>th</sup> May 2022

Sd/-  
**Abhay Raj Singh**  
Vice President & Company Secretary

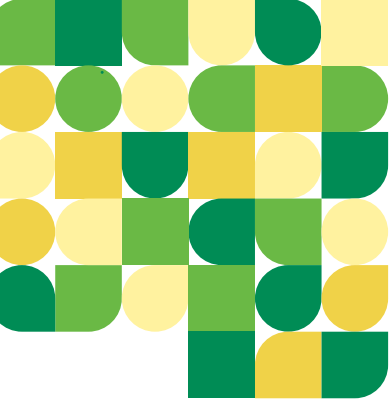












**IOL Chemicals and Pharmaceuticals Limited**

CIN: L24116PB1986PLC007030

**Corporate Office**

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Punjab, India

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