



**IOL CHEMICALS AND PHARMACEUTICALS LIMITED**

IOLCP/CGC/2016  
02 May2016

The General Manager  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E)  
Mumbai - 400 051

The General Manager  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai

**Subject: Disclosure under Regulations 30 & 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir,

Pursuant to Regulations 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you the Board of Directors in its meeting held on 02 May 2016 had approved the Audited Financial Results of the Company for the Quarter/ Financial Year ended 31 March 2016. In this regard, please find enclosed herewith the following:

1. Audited Financial Results for the Quarter/ Financial year ended 31 March 2016
2. Auditors Report on the Audited Financial Results for the Quarter/ Financial year ended 31 March 2016
3. Form A with respect to Audit report with unmodified opinion

Kindly note that the meeting of Board of Directors commenced at 12:00 noon and concluded at 5.50 p.m.

This is for your information & record please.

Thanking You

Yours faithfully

For IOL Chemicals and Pharmaceuticals Limited

  
(Kishan Singh)  
Vice President and Company Secretary

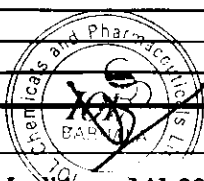


# IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2016

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Year ended	
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
1	<b>Income from Operations</b>					
a	Net Sales / Income from operations (net of excise duty)	14218.21	14314.71	7482.74	58041.53	38472.53
b	Other Operating Income	28.58	31.11	44.58	120.96	129.86
	<b>Total income from Operations (net)</b>	<b>14246.79</b>	<b>14345.82</b>	<b>7527.32</b>	<b>58162.49</b>	<b>38602.39</b>
2	<b>Expenses</b>					
a	Cost of materials consumed	9553.43	10780.34	7150.79	43480.00	30085.22
b	Purchase of stock-in-trade	0.00	0.00	0.00	0.00	0.00
c	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(510.68)	(1025.98)	(1125.22)	(2119.56)	(2162.43)
d	Employee benefits expense	1031.99	832.26	574.04	3512.71	2471.85
e	Depreciation and amortisation expense	739.20	746.82	726.79	2968.64	2891.05
f	Other expenditure	1661.22	2049.63	1820.31	8030.94	6951.76
	<b>Total Expenses</b>	<b>12475.16</b>	<b>13383.07</b>	<b>9146.71</b>	<b>55872.73</b>	<b>40237.45</b>
3	Profit from Operations before Other Income, finance cost and Exceptional Items ( 1-2 )	1771.63	962.75	(1619.39)	2289.76	(1635.06)
4	Other Income	0.45	0.45	0.45	1.80	1.80
5	Profit from ordinary activities before finance cost and exceptional items (3+4)	1772.08	963.20	(1618.94)	2291.56	(1633.26)
6	Finance costs	1612.95	1538.92	1474.75	6146.60	5910.54
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	159.13	(575.72)	(3093.69)	(3855.04)	(7543.80)
8	Exceptional Items	0.00	0.00	0.00	0.00	0.00
9	<b>Profit (+) / Loss (-) from ordinary activities before tax (7+8)</b>	<b>159.13</b>	<b>(575.72)</b>	<b>(3093.69)</b>	<b>(3855.04)</b>	<b>(7543.80)</b>
10	Tax Expense	46.47	46.47	(288.14)	147.56	(878.73)
11	<b>Net Profit (+)/Loss (-) from ordinary activities after tax (9-10)</b>	<b>112.66</b>	<b>(622.19)</b>	<b>(2805.55)</b>	<b>(4002.60)</b>	<b>(6665.07)</b>
12	Extraordinary Item (net of tax expense)					
13	<b>Net Profit (+)/Loss (-) for the period (11-12)</b>	<b>112.66</b>	<b>(622.19)</b>	<b>(2805.55)</b>	<b>(4002.60)</b>	<b>(6665.07)</b>
14	Paid-up equity share capital (Face value Rs.10/- Per Share)	5620.55	5620.55	4765.55	5620.55	4765.55
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				12892.37	15355.96
16	Earning per share (before and after extraordinary item (Face value of Rs. 10/- each)					
	Basic (Weighted)	0.20	(1.14)	(6.38)	(7.60)	(16.72)
	Diluted (Weighted)	0.20	(1.14)	(6.97)	(7.60)	(16.63)
	Cash (Weighted)	1.60	0.31	(5.55)	(1.68)	(11.67)



Head Office : 85, Industrial Area 'A', Ludhiana. 141 003 (Pb.) India CIN - L24116PB1986PLC007030

Ph. : +91-161-2225531-35 Fax : +91-161-2226929, 2608784 email : contact@iolcp.com Website : iolcp.com

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

Works : Village Fatehgarh Channa, Mansa Road (Trident Complex) District - Barnala, 148101 State - Punjab, INDIA.

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# IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## STATEMENT OF ASSETS AND LIABILITIES

Rs.in Lacs

S.NO.	PARTICULARS	As at 31.03.2016	As at 31.03.2015
		Audited	Audited
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	Shareholder's Funds		
	(a) Share Capital	5,620.55	4,765.55
	(b) Reserves and Surplus	12,892.37	15,355.96
	(c) Money received against share warrants	-	598.50
	Sub-total - Shareholder's funds	18,512.92	20,720.01
2	Non current liabilities		
	a) Long term borrowings	30,187.72	27,709.76
	b) Deferred tax liabilities (net)	-	38.33
	c) Other long term liabilities	381.80	808.88
	d) Long term provisions	118.18	29.77
	Sub-total Non-current liabilities	30,687.70	28,586.74
2	Current liabilities		
	a) Short term borrowings	13,708.52	12,044.33
	b) Trade payables	11,662.30	7,024.83
	c) Other current liabilities	3,002.67	1,781.12
	d) Short term provisions	12.84	3.65
	Sub-total Current liabilities	28,386.33	20,853.93
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,586.95</b>	<b>70,160.68</b>
<b>B</b>	<b>ASSETS</b>		
1	Non-current assets		
	(a) Fixed assets including CWIP	40,381.02	40,702.84
	(b) Non-current investments	4.00	4.00
	(c) Deferred tax assets (net)	-	-
	(d) Long term loans and advances	902.38	1,076.22
	(e) Other non-current assets	275.62	29.00
	sub-total non-current assets	41,563.02	41,812.06
2	Current assets		
	(a) Current investments	4.57	1.00
	(b) Inventories	22,794.37	21,342.43
	(c) Trade receivables	9,064.42	3,267.19
	(d) Cash and cash equivalents	1,193.73	1,270.12
	(e) Short- term loans and advances	2,966.84	2,467.88
	(f) Other current assets	-	-
	sub-total current assets	36,023.93	28,348.62
	<b>TOTAL ASSETS</b>	<b>77,586.95</b>	<b>70,160.68</b>



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# IOL CHEMICALS AND PHARMACEUTICALS LIMITED

## Segment wise Revenue, Results and Capital Employed, along with the quarterly results

Rs. in Lacs

Particulars	Quarter ended			Year Ended	
	Audited	Unaudited	Audited	Audited	Audited
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
<b>1. Segment Revenue</b> (Net sale/income)					
- Chemicals	8890.16	8551.39	4323.78	35596.38	24648.58
- Drugs	6913.46	7854.13	5144.34	30798.96	21092.56
- Unallocated	57.44	100.49	47.65	266.78	256.89
<b>Total</b>	<b>15861.06</b>	<b>16506.01</b>	<b>9515.77</b>	<b>66662.12</b>	<b>45998.03</b>
Less : Inter segment revenue	1614.27	2160.19	1988.45	8499.63	7395.64
<b>Net sales/income from operations</b>	<b>14246.79</b>	<b>14345.82</b>	<b>7527.32</b>	<b>58162.49</b>	<b>38602.39</b>
<b>2. Segment Results</b>					
Profit(+)/(loss)(-) before tax and interest from each segment)					
- Chemicals	(56.19)	(760.88)	(1967.12)	(4150.06)	(5045.31)
- Drugs	1785.68	1602.79	314.38	6210.95	3182.53
<b>Total</b>	<b>1729.49</b>	<b>841.91</b>	<b>(1652.74)</b>	<b>2060.89</b>	<b>(1862.78)</b>
Less: Interest	1612.95	1538.92	1474.75	6146.60	5910.54
Less: Other un-allocable expenditure net of unallocable income	(42.59)	(121.29)	(33.80)	(230.67)	(229.52)
<b>Total Profit(+)/(loss) (-) before tax &amp; Extraordinary items</b>	<b>159.13</b>	<b>(575.72)</b>	<b>(3093.69)</b>	<b>(3855.04)</b>	<b>(7543.80)</b>
<b>3. Capital Employed</b> (Segment assets - Segment Liabilities)					
- Chemicals	2445.50	3612.47	8750.54	2445.50	8750.54
- Drugs	14759.78	13735.82	11040.72	14759.78	11040.72
- Unallocated	1307.64	1051.95	967.07	1307.64	967.07
<b>Total</b>	<b>18512.92</b>	<b>18400.24</b>	<b>20758.33</b>	<b>18512.92</b>	<b>20758.33</b>

### NOTES:

- The above results have been reviewed by the Audit & Risk Management Committee and were considered and approved by the Board of the Directors at their meeting held on 02 May 2016.
- During the year Company has allotted 85,50,000 equity shares of Rs 10/- each at a premium of Rs 18/- per share to the non promoter, on exercise of the option attached with warrants allotted on 04 July 2014 . The paid up equity capital of the company increased from 4,76,55,502 equity shares of Rs10/- each to 5,62,05,502 equity shares of Rs 10/- each.
- During the year Company has completed its De-bottlenecking/ Re-engineering project for its Ibuprofen manufacturing facilities at Barnala by which the capacity of Ibuprofen plant increased from 6000 TPA to 6200 TPA.
- The Company had received US Food and Drug Administration (USFDA) approval for its Ibuprofen manufacturing facilities situated at Barnala, Punjab during the year.
- Tax expenses includes deferred tax and taxes written-off for earlier year.
- Detail of number of investor complaints for the year ended March 2016:  
Beginning – Nil, Received – Nil, Disposed off – Nil, Pending - Nil
- Previous years figures have been regrouped/ reclassified/ rearranged wherever necessary. The figures of last quarter are the balancing figures between the audited figures in respect of the full financial year ended 31 March 2016 and the published figures for the period ended 31 December 2015.



By order of the Board  
For IOL Chemicals and Pharmaceuticals Limited

*Vijay Kumar Garg*  
Vijay Kumar Garg  
Joint Managing Director  
DIN: 06510248

Place: Ludhiana  
Date: 02 May 2016

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**Independent Auditor's Report On Financial Results of M/s IOL Chemicals and Pharmaceuticals Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
Board of Directors  
IOL Chemicals and Pharmaceuticals Limited,  
85,Industrial Area-A,  
Ludhiana

We have audited the accompanying annual financial results of M/s IOL Chemicals and Pharmaceuticals Limited (the company) for the year ended 31 March, 2016 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the quarter ended 31 March, 2016 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

**Management's responsibility for the Financial Results**

These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results up to the end of the third quarter. Management is responsible for the preparation of these financial results and other financial information in accordance with the recognition and measurement principles laid down under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.



This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s).

An Audit includes examining, on a test basis, evidence supporting the amount disclosed as financial results. An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

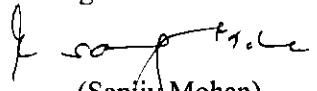
**Opinion**

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- ii. give a true and fair view of the net loss and other financial information for the year ended 31 March 2016.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N



  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
2<sup>nd</sup> May, 2016

**Independent Auditor's Report**

To the Members of IOL Chemicals and Pharmaceuticals Limited

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of IOL Chemicals and Pharmaceuticals Limited ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those



risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its losses and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, which forms part of this report, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, 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 and the cash flow statement 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act; and
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure- B; and





- g. 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, in our opinion and to the best of our information and according to explanations given to us;
- (i) the Company has disclosed the impact of pending litigations on its financial position in its financial Statements. Refer Note No.29.I.(i) to the financial statements
  - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) there are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N



*(Signature)*  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
2<sup>nd</sup> May, 2016

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its assets.
  - c) According to information and explanations given to us and on the basis of our examination of records of the company the title deeds of immovable properties are held in the name of the company.
- (ii) (a) According to the information and explanations given to us, the inventories have been physically verified by the management at the end of the year. In our opinion the frequency of verification is reasonable.
- b) According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory as compare to the book records.
- (iii) According to the information and explanations given to us we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanation given to us, the Company has not granted loans to directors or any other person in whom director is interested and also has not made loans, guarantees or provided security in connection with loan to any person or other body corporates and has not acquired securities of any other body corporate. Therefore, the provisions of section 185 and section 186 of the Companies Act, 2013 are not applicable to the company. Thus paragraph 3(iv) of the Order is not applicable to the company.



- (v) According to the information and explanations given to us, the Company has not accepted deposits cover under the provisions of sections 73 to 76, other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (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 Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations there are no dues of income tax, service tax, duty of custom, duty of excise which have not been deposited with the appropriate authorities on account of any dispute. However according to information and explanations given to us, the following dues of Value Added Tax has not deposited by the company on account of dispute:

Sr. No.	Name of the Statute	Nature of Dues	Period to which the amount relates	Disputed Amount (Rs)	Forum where the dispute is pending
1.	Punjab Vat Act, 2005	Value Added Tax	2006-2007	17,21,622	Assistant Excise and Taxation Commissioner, Ludhiana
2.	Punjab Vat Act, 2005	Value Added Tax	2009-2010	11,56,914	Deputy Excise and Taxation Commissioner, Ludhiana



- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken during the year by the Company have been applied for the purpose for which they were raised. The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the order are not applicable.
- (xiii) According to the information and explanations given to us, and based on our examinations of the records of the company, transactions with the related parties are in compliance with section 177 and section 188 of the Act, where applicable and the details of the transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has made preferential allotment of equity shares during the financial year under audit. The company has complied with the requirements of section 42 of the Companies Act, 2013. The said amount had been used for the purpose for which these funds were raised.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of this Order is not applicable.



- (xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Firm Reg. No.000235N



Ludhiana  
2<sup>nd</sup> May, 2016

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls 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 31 March 2016 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 Company's management 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 ('ICAI'). 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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 Company's internal financial controls system over financial reporting.

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, 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 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.C. Vasudeva & Co,  
Chartered Accountants  
Reg. No.000235N



(Sanjiv Mohan)  
Partner  
M. No. 086066

Ludhiana  
2<sup>nd</sup> May, 2016



**FORM A**

(for audit report with unmodified opinion)

(In pursuance of Regulation 33 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

1	<b>Name of the Company</b>	IOL Chemicals and Pharmaceuticals Limited
2	<b>Annual Financial Statements for the year ended</b>	31 March 2016
3	<b>Type of Audit observation</b>	Unmodified
4	<b>Frequency of observation</b>	Not applicable



(Varinder Gupta)  
Managing Director  
DIN-00044068




(Pardeep Khanna)  
Chief Financial Officer



(Dr M A Zahir)  
Chairman of Audit & Risk  
Management Committee  
DIN-00002973

S.C Vasudeva & Co.  
Chartered Accountants  
Firm Reg. No. 000235N



(Sanjiv Mohan)  
Partner  
M. No. 086066

