

TO THE MEMBERS

Your Directors have pleasure in presenting the 68th Annual Report and Audited Financial Statements for the year ended 31st March, 2018.

STANDALONE FINANCIAL RESULTS		
	(₹ crores)	
	For the year ended 31.3.2018	For the year ended 31.3.2017
Sales and other Income	3258.75	3178.87
Profit before finance cost & depreciation	481.18	452.54
Less : Finance cost	24.02	23.34
Depreciation and Amortisation	174.36	171.00
Profit before tax	282.80	258.20
Less : Provision for taxation		
Current Tax	60.01	56.95
Short / (Excess) provision of taxes for earlier years	(0.34)	(0.04)
Deferred Tax liability / (asset)	(9.98)	13.00
Net Profit	233.11	188.29

FINANCIAL STATEMENTS

The standalone and consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

In accordance with Indian Accounting Standard (Ind AS-110), the audited consolidated financial statements are provided in the Annual Report.

CREDIT RATING

During the year under report, CARE Ratings has re-affirmed CARE AA; Stable / Care A1 + (Double A; Outlook: Stable / A One Plus) ratings to the Company's long term / short term bank facilities (fund based / non-fund based) amounting to ₹ 1140 crores.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development

The global pharmaceutical market is now estimated to be over US \$ 1.2 trillion and is expected to grow at a CAGR of about 4 to 5%. Though the pharmaceutical industry is developing at a rapid pace, the pharmaceutical manufacturing companies are confronted with enormous challenges such as cost and pricing, new medicines and therapy dosages, changing regulatory landscape and growing digitization. The market for pharmaceuticals is growing persistently and this industry is expected to be US\$ 1.5 trillions in size by 2020. The growth in the pharmaceuticals market is led by 1% plus annual global increase in the population, increasing life expectancy leading to growth in the proportion of people aged above 65 years to about 27% of world population as well as increasing urbanization and growing middle income population making drugs available and affordable for more people. Other potential growth drivers include improved economic activity in key geographies.

Thanks to advances in science and technology, the research based pharmaceutical industry is entering an exciting new era in medicine development. The research methods are evolving and the innovative pharmaceutical industry aims to turn fundamental research into innovative treatments that are widely available and accessible to patients.

b) Outlook, Risks and Concerns

Although economic woes of certain geographics are impending the pharmaceutical market growth, the long term outlook for the industry remains positive. The industry growth is driven by ageing population and ever growing middle income group in emerging economies boosting demand for the branded and generic formulations. Additionally, the emergence of new viruses and drug resistant infections, biological agents, immune therapies etc. spurred research and development activities in the recent past providing the industry with more products in their drug pipeline with revenue and growth streams.

The Indian pharmaceuticals market is the third largest in terms of volume and twelfth largest in terms of value. India is the biggest provider of generic medications internationally accounting for about 20 percent of global exports volume and enjoys a significant position in the world pharmaceuticals sector. The country also has a huge pool of engineers and scientists having the capability to steer this industry forward to a much greater degree. The cost efficiency also continues to create opportunities for Indian pharmaceutical companies in the emerging global economies.

The Indian pharma industry is expected to outperform the global pharma industry and grow over 10% per annum in next couple of years to a size of about US \$ 55 billion by 2020 thereby emerging as one of the top 10 pharmaceutical market globally by absolute size. Indian pharmaceutical export which was about US \$ 16 billion in 2017 is expected to reach a size of about US \$ 20 billion by 2020.

Indian pharma companies are focusing on global generic and API business, R&D activities and contract research and manufacturing alliances. India is also fast emerging as a preferred pharmaceuticals manufacturing location. Increasing use of pharmaceutical generics in developed markets to reduce healthcare cost will also provide attractive growth opportunities to Indian generic formulations manufacturers and thus Indian pharmaceutical industry is poised for an accelerated growth in the coming years.

However, poor public healthcare funding and infrastructure, low per capita consumption of medicines in developing and under developed countries including India, currency fluctuations, regulatory issues, government mandated price controls, inflation and resultant all round increase in input costs are few causes of concern.

During the year under report, there was no change in the nature of Company's business.

c) Financial Performance and Operations Review

During the financial year under report, the Company registered on a standalone basis a total income of ₹ 3258.75 crores as against ₹ 3178.87 crores in the previous year, a growth of 3%.

Withdrawal of exemptions given to certain APIs and formulations manufactured by the Company from the import alert by US FDA in June 2017 as well as Global Fund not sourcing the anti-malarial formulations manufactured by the Company impacted the Company's international business growth during the financial year. The implementation of GST with effect from 1st July, 2017 in the country and the resultant inventory rationalisation in the marketplace also impacted the Company's business growth in the domestic market.

The Company has implemented comprehensive remedial measures at all its manufacturing sites to ensure quality and regulatory compliances. These remedial measures included review of all processes and procedures, revamping of training system, recruitment of senior quality personnel as well as automation of quality control laboratories. The Company is awaiting re-inspection by US FDA of its manufacturing facilities currently under import alert. The Company is committed to its philosophy of highest quality in manufacturing, operations, systems, integrity and cGMP culture. Your management is confident that implementation of remedial measures will ensure that the Company will regain all its regulatory approvals.

The Directors are happy to inform you that the Global Fund has once again selected your Company as their panel supplier of anti-malarial medicines for the Global Fund Pooled Procurement mechanism and private sector co-payment mechanism for an initial period of 3 (three) years and this business is expected to restart from the current financial year.

During the financial year under report, the earnings before interest, depreciation and taxation amounted to ₹ 481.18 crores as against ₹ 452.54 crores in the previous financial year. The operations have resulted in a net profit of ₹ 233.11 crores during the financial year under report as against ₹ 188.29 crores in the previous financial year, a growth of 24%.

Break-up of Sales								(₹ Crores)
	2017-18				2016-17			
	Domestic	Exports	Total	Growth	Domestic	Exports	Total	Growth
Formulations	1425.38	993.96	2419.34	1%	1388.55	995.89	2384.44	11%
APIs & Intermediates	178.45	570.25	748.70	5%	144.41	565.85	710.26	8%
Total Sales	1603.83	1564.21	3168.04	2%	1532.96	1561.74	3094.70	10%
Growth	5%	--%	2%		12%	9%	10%	

d) International Business

The products of the Company are now exported to nearly 120 countries across the globe. During the financial year under report, the international business amounted to ₹ 1564.21 crores as against ₹ 1561.74 crores in the previous year. Formulation exports of the Company was flat at ₹ 993.96 crores and exports of APIs and Drug Intermediates increased by 1% to ₹ 570.25 crores.

Continent-wise Exports								(₹ Crores)
Continent	2017-18				2016-17			
	Formulations	APIs and Intermediates	Total	% to exports	Formulations	APIs and Intermediates	Total	% to exports
Europe	290.34	205.78	496.12	32%	381.25	221.92	603.17	39%
Africa	264.21	20.99	285.20	18%	239.92	22.45	262.37	17%
Americas	102.52	154.34	256.86	16%	107.26	136.48	243.74	15%
Asia	66.50	172.84	239.34	15%	65.67	171.22	236.89	15%
CIS	142.15	11.87	154.02	10%	100.57	9.08	109.65	7%
Australasia	128.24	4.43	132.67	9%	101.22	4.70	105.92	7%
Total	993.96	570.25	1564.21	100%	995.89	565.85	1561.74	100%

Formulation Exports - Therapeutic Contribution		
Therapeutic Group	2017-18	2016-17
Cardiovasculars & Anti-diabetics	31%	32%
Pain Management	20%	23%
Anti-malarials	18%	16%
Anti-bacterials	10%	13%
Anthelmintics	7%	6%
Central Nervous System (CNS) products	6%	5%
Gastro Intestinal (G.I) products	2%	2%
Cough Preparations	2%	1%
Others	4%	2%
TOTAL	100%	100%

Europe

The Company achieved European export sales of ₹ 496.12 crores during the financial year under report as against sales of ₹ 603.17 crores in the previous year. Regulatory imposition against one of the Company's major customer adversely impacted Company's generics formulations business in the United Kingdom.

The Company has developed and submitted 62 generic formulation dossiers for registration in Europe out of which 61 dossiers are registered. The Company has also obtained certificate of suitability (COS) of 43 APIs from European Directorate for Quality Medicines.

Africa

The Company achieved export sales of ₹ 285.20 crores to Africa during the financial year under report as against ₹ 262.37 crores in the previous year, a growth of 9%.

The Company exports branded and generic formulations as well as APIs to many African countries. The Company markets branded formulations in Africa through dedicated field force. The Company also supplies generics formulations to South Africa.

The Company is expanding its branded formulations business in this continent through expansion of geographical coverage and increase in the number of branded formulations marketed. The Company is also continuously filing new formulation dossiers for registration in the African countries.

During the year under report, the Global Fund has once again selected your Company as their panel supplier of anti-malarial medicines for the Global Fund Pooled Procurement mechanism and private sector co-payment mechanism for an initial period of 3 (three) years.

The Company has filed 64 dossiers of generic formulations for registration in South Africa out of which 42 dossiers are registered till date.

Americas

The Company achieved sales of ₹ 256.86 crores in this continent as against ₹ 243.74 crores in the previous year. As reported earlier, the US formulations and APIs business continues to be impacted due to ongoing US FDA import alert for three of the Company's manufacturing facilities.

47 ANDA applications of generic formulations developed by the Company are filed with US FDA out of which 18 ANDA applications are granted till date. 47 DMFs of the Company are also currently filed with US FDA.

Asia

The Asian business (excluding India) recorded sales of ₹ 239.34 crores as against ₹ 236.89 crores in the previous year. The Company exports formulations as well as APIs to several Asian countries. In countries like Nepal, Srilanka, Myanmar, Philippines and Vietnam, the Company markets its branded formulations through dedicated field force.

Confederation of Independent States (CIS)

The Company's CIS business recorded sales of ₹ 154.02 crores as against ₹ 109.65 crores in the previous year, a growth of 40%. Most of the business is from branded formulation sales in Russia, Ukraine, Kazakhstan and Belarus. The Company's branded formulations are marketed in this continent by its own field force appointed through its non-trading offices.

Australasia

The Company exports APIs to Australia and formulations to Australia and New Zealand in this sub-continent. The business from this continent was ₹ 132.67 crores during the financial year under report as against ₹ 105.92 crores in the previous year, a growth of 25%.

The Company has developed and submitted 70 generic formulation dossiers for registration in this market out of which 65 dossiers are registered.

e) Domestic Formulations Business

The Company's formulations business in India now comprises of 14 marketing divisions focusing on key therapeutic segments. Your Company is now the 20th largest in the domestic formulations market as per IMS Health - MAT April 2018.

During the financial year under report, the domestic formulations business recorded a modest growth of 3% at ₹ 1425.38 crores as against ₹ 1388.55 crores in the previous year.

Inventory rationalization in the market place due to implementation of GST with effect from 1st July, 2017 coupled with lower incidences of malaria in the country, impacted the Company's Indian branded formulations business.

Domestic Branded Formulations - Therapeutic Contribution		
Therapeutic segment	2017-18	2016-17
	% to sales	% to sales
Pain Management	44%	41%
Cardiovasculars & Anti-diabetics	21%	21%
Anti-malarials	8%	12%
Anti-bacterials	6%	6%
Dermatology	5%	4%
Gastro Intestinal (G I) products	4%	4%
Cough Preparations	4%	5%
Neuro Psychiatry	3%	3%
Urology	3%	2%
Neutraceuticals	1%	1%
Others	1%	1%
Total	100%	100%

f) Active Pharmaceutical Ingredients (APIs) and Intermediates Business

During the financial year under report, the APIs and Intermediates business recorded sales of ₹ 748.70 crores as against ₹ 710.26 crores in the previous financial year, a growth of 5%. Nearly 76% of the APIs and Intermediates business is from exports.

The Company exports its APIs across the globe. Most of the international customers of the Company are end user formulations manufacturers including several multinational companies.

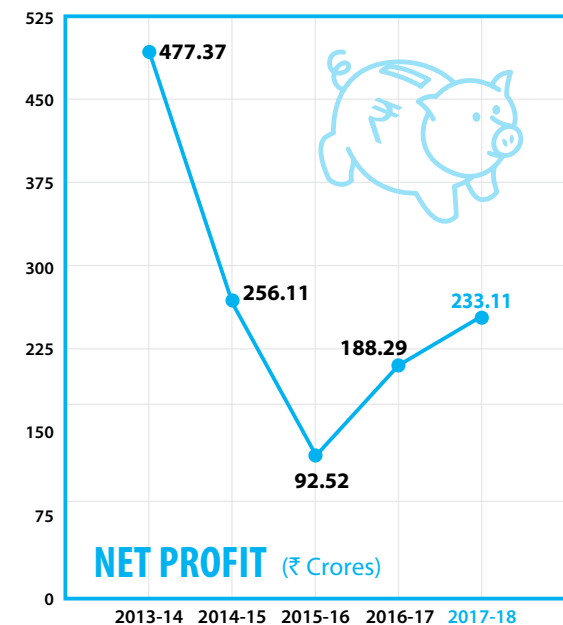
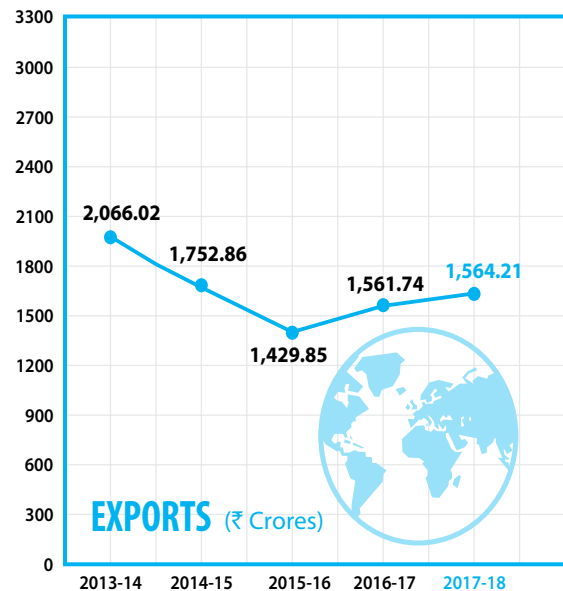
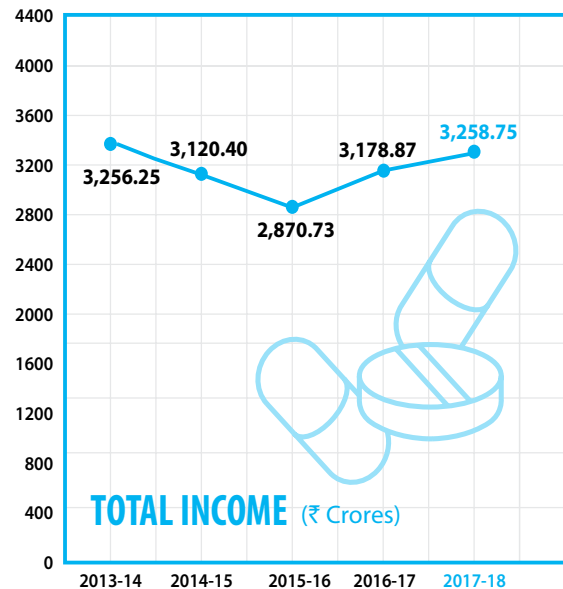
Your Company is in the process of commercializing several new APIs for the global market.

g) Intellectual Property Protection

The Company has created intellectual property management group within the Research and Development centers to deal with management and protection of intellectual property. The Company has filed many patent applications till date in India, USA and other countries. These applications relate to novel and innovative manufacturing processes for the manufacture of APIs and pharmaceutical formulations.

h) Internal Control Systems and its adequacy

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorisation and approval procedures. The Company has an internal audit department which carries out audits throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.



i) Human Resources

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations.

During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The Company has built a competent team to handle challenging assignments. The Company strives to enhance the technical, work related and general skills of employees through dedicated training programs on a continuous basis.

The Company has 13,254 permanent employees as on 31st March, 2018 out of which 6,035 employees are engaged in the marketing and distribution activities.

j) Cautionary Statement

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realisation, currency fluctuations, regulatory issues, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year to which financial statements in this report relate and the date of this report except allotment of 1,53,000 equity shares of ₹ 2/- each fully paid-up @ ₹ 300/- per share by the Company on 29th May, 2018 upon conversion of options granted under Ipca Laboratories Ltd. Employees Stock Option Scheme – 2014.

SHARE CAPITAL

The paid-up equity share capital of the Company as at 31st March, 2018 was ₹ 25.24 crores.

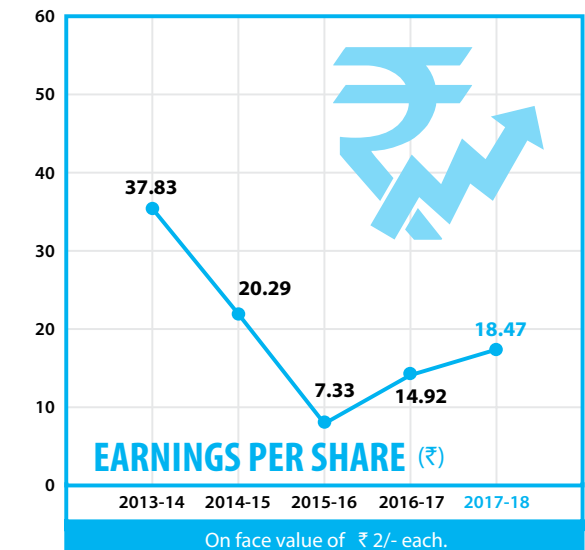
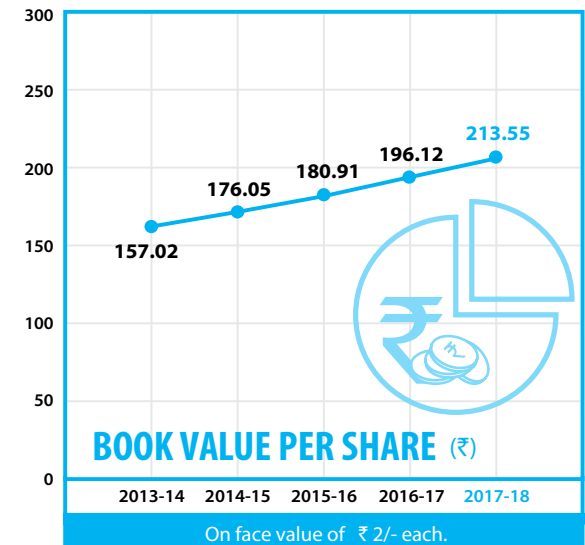
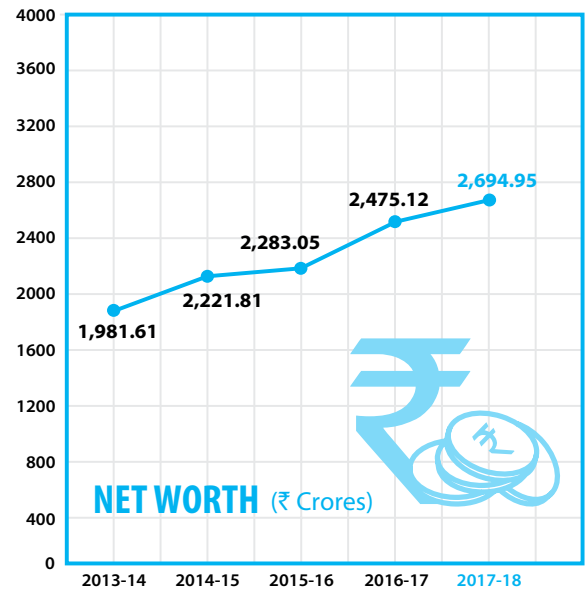
The Company on 29th May, 2018 allotted 1,53,000 equity shares of ₹ 2/- each fully paid-up at a price of ₹ 300/- per share upon conversion of options granted under Ipca Laboratories Ltd. Employees Stock Option Scheme – 2014. With this allotment, the paid-up share capital of the Company has now increased to 12,63,52,109 equity shares of ₹ 2/- each aggregating to ₹ 25.27 crores.

Post the allotment, the Company currently has no outstanding shares issued with differential rights, sweat equity or ESOS.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Company has a scheme - Ipca Laboratories Ltd. Employees Stock Option Scheme – 2014 (ESOS) approved by the Board of Directors as well as Company's shareholders. This ESOS is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. There was no change made in this ESOS Scheme during the financial year under report.

At the meeting of the Board of Directors of the Company held on 25th April, 2017 and as recommended by the Nomination and Remuneration Committee of the Board, the Company had issued options under the said ESOS to selected permanent employees of the Company including one Wholetime Non-Promoter Director.



Each option granted gave a right but not an obligation to the Option Grantees to apply for 1 equity share of ₹ 2/- each fully paid up of the Company at a price of ₹ 300/- per share upon completion of 1 year from the date of grant of options.

The Company on 29th May, 2018 has allotted 1,53,000 equity shares of ₹ 2/- each fully paid-up at a price of ₹ 300/- per share upon conversion of options granted under this ESOS.

The necessary disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is furnished on the website of the Company www.ipca.com (weblink <https://www.ipca.com/pdf/finance/ESOP-2014.pdf>).

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under report, the Company acquired 100% share capital of Pisgah Labs Inc. (Pisgah), a North Carolina Corporation, Old Hendersonville Highway, Pisgah Forest, North Carolina, USA through Ipca Pharmaceutical Inc., USA (Company's wholly owned subsidiary) and Onyx Scientific Ltd., U.K (Onyx) (Company's wholly owned step down subsidiary) for US\$ 9.65 millions, free of debt.

Pisgah was originally founded in the year 1981 as a contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates.

Pisgah Labs Inc. has been a chemistry solutions provider for over three decades and will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name. Onyx and Pisgah's capabilities in chemistry services will dovetail effectively with Company's capabilities in supporting Phase II to commercial scale programmes and also enable the Company to manufacture small volume APIs for US market.

There has been no material change in the nature of the business of the subsidiaries. The Company has no subsidiary which can be considered as material within the meaning of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, the following have been placed on the website of the Company www.ipca.com.

- a) Annual Report of the Company containing therein its standalone and the consolidated financial statements; and
- b) Audited annual accounts of each of the subsidiary companies.

As required, the financial data of the subsidiaries, joint venture and associate companies is furnished in the prescribed Form AOC-1 as an Annexure to the consolidated financial statements.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company are attached.

RESEARCH & DEVELOPMENT (R&D)

The Company has always considered Research and Development (R&D) as crucial for the sustained growth of the Company. In the recent years, the Company has stepped-up investments in R&D to keep pace with the changing domestic and global scenario.

The Company has R&D centers at Mumbai, Ratlam, Athal and Ranu duly recognized by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research (DSIR). These R&D centers are also approved by the prescribed authority under Section 35 (2AB) of the Income Tax Act, 1961 for availing weighted tax benefit on the R&D expenditure.

The R&D expenditure of the Company during the financial year was ₹ 118.10 crores (3.73% of the turnover) as against ₹ 125.67 crores (4.06% of the turnover) in the previous year.

With qualified and experienced research scientists and engineers manning the research and development activities, the Company has focused its thrust on new and innovative process and product development for the manufacture of APIs with non-infringing processes. Apart from development of new dosage forms and drug delivery systems, improvement in processes and yield as well as cost reduction are also focus areas.

DIVIDEND

Your Directors had not declared any interim equity dividend during the year. Your directors are now pleased to recommend an equity dividend of ₹ 1/- per share (50%) for the financial year under report.

The dividend and the applicable dividend tax, if approved at the ensuing Annual General Meeting, will be appropriated and paid out of the profits for the year.

DIRECTORS

Mr. Ajit Kumar Jain and Mr. Pranay Godha retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

At the meeting of the Board of Directors of the Company held on 7th February, 2018, Mr. Premchand Godha was re-appointed as the Managing Director of the Company for a further period of 5 years w.e.f 1st April, 2018. The necessary special resolution in this regard is being proposed at the ensuing Annual General Meeting for the approval of the members.

Mr. Babulal Jain, Mr. Anand Kusre, Mr. Dev Parkash Yadava, Dr. Ramakanta Panda and Dr. (Mrs.) Manisha Premnath, who are independent directors, have submitted declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as independent directors during the year.

In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required. A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance annexed herewith.

KEY MANAGERIAL PERSONNEL

During the financial year under report, the following persons were the Key Managerial Personnel of the Company:

Mr. Premchand Godha	-	Chairman & Managing Director/CEO
Mr. Ajit Kumar Jain	-	Joint Managing Director / CFO
Mr. Pranay Godha	-	Executive Director
Mr. Prashant Godha	-	Executive Director
Mr. Harish P. Kamath	-	Corporate Counsel & Company Secretary

There was no change in the Key Managerial Personnel during the financial year.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Nomination and Remuneration Committee has laid down the criteria for Directors' appointment and remuneration including criteria for determining qualification, positive attributes and independence of a Director. The following attributes/criteria for selection have been laid by the Board on the recommendation of the Committee:

the candidate should possess the positive attributes such as leadership, entrepreneurship, business advisor or such other attributes which in the opinion of the Committee are in the interest of the Company;

the candidate should be free from any disqualification as provided under Sections 164 and 167 of the Companies Act, 2013;

the candidate should meet the conditions of being independent as stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in case of appointment as an independent director; and

the candidate should possess appropriate educational qualification, skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, infrastructure, medical, social service, professional teaching or such other areas or disciplines which are relevant for the Company's business.

BOARD EVALUATION

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of independent directors, Board of Directors and Committees of the Board. The criteria for performance evaluation is based on the various parameters like attendance and participation at meetings of the Board and Committees thereof, contribution to strategic decision making, review of risk assessment and risk mitigation, review of financial statements, business performance and contribution to the enhancement of brand image of the Company.

The Board has carried out evaluation of its own performance as well as that of the Committees of the Board and all the Directors.

The annual evaluation was carried out in the following manner:

Sr. No.	Performance evaluation of	Performance evaluation performed by
1.	Board and individual directors	Board after seeking inputs from all directors
2.	Board Committees	Board seeking inputs from all committee members
3.	Individual Directors	Nomination and Remuneration committee
4.	Non-independent directors, Board as a whole and the Chairman	Separate meeting of independent directors after taking views from executive directors
5.	Board, its Committees and individual Directors	At the board meeting held after the meeting of the independent directors based on evaluation carried out as above.

REMUNERATION POLICY

The objective and broad framework of the Company's Remuneration Policy is to consider and determine the remuneration based on the fundamental principles of payment for performance, for potential and for growth. The Remuneration Policy reflects on certain guiding principles of the Company such as aligning remuneration with the longer term interests of the Company and its shareholders, promoting a culture of meritocracy and creating a linkage to corporate and individual performance and emphasising on line expertise and market competitiveness so as to attract the best talent. It also ensures the effective recognition of performance and encourages a focus on achieving superior operational results. The Nomination and Remuneration Committee recommends the remuneration of Directors and Key Managerial Personnel which is approved by the Board of Directors, subject to the approval of shareholders, where necessary. The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate the directors, key managerial personnel and other employees of the quality required to run the Company successfully. The relationship

of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration to directors, key managerial personnel and senior management personnel should also involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The Remuneration Policy is placed on the Company's website www.ipca.com.

Information about elements of remuneration package of individual directors is provided in the extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 which is annexed.

FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

Details of the familiarisation programs for independent directors are disclosed on the website of the Company www.ipca.com.

MEETINGS OF THE BOARD AND COMMITTEES THEREOF

This information has been furnished under Report on Corporate Governance, which is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2018 and of the profit of the Company for the financial year;
- iii) that your Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) that your Directors have prepared the annual accounts on a going concern basis;
- v) that your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

As per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance (Annexure 1) together with a certificate of its compliance from a Practising Company Secretary, forms part of this report.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits and as such no amount of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

AUDIT COMMITTEE

Details of the Audit Committee along with its constitution and other details are provided in the Report on Corporate Governance which is annexed.

AUDITORS, AUDIT REPORT AND AUDITED ACCOUNTS

M/s. G. M. Kapadia & Co., Chartered Accountants (Firm Registration No. 104767W) were appointed as the Statutory Auditors at the 67th Annual General Meeting (AGM) of the Company for a term of 5 (Five) years i.e. till the conclusion of 72nd AGM and which appointment was subject to ratification at every AGM and the necessary resolution in this regard is proposed to be passed by the members of the Company at the ensuing Annual General Meeting.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and therefore, do not call for any further comments. There are no qualifications, reservations or adverse remarks made by the Auditors.

COST AUDIT

Pursuant to the provisions of Section 148 of the Companies Act, 2013, M/s. ABK & Associates, Cost Accountants (Firm Registration No. 000036) were appointed as the Cost Auditors to conduct audit of cost records of the Company for the financial year 2017-18.

The Cost Audit Report for the financial year 2016-17, which was due to be filed with the Ministry of Corporate Affairs by 20th October, 2017 was filed on 5th October, 2017.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Parikh & Associates, Practising Company Secretaries were appointed as the Secretarial Auditors for auditing the secretarial records maintained by the Company for the financial year 2017-18.

The Secretarial Auditors' Report is annexed hereto. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to good corporate citizenship. As a part of its corporate social responsibility, the Company continues to undertake a range of activities including in the field of healthcare and education to improve living conditions of the needy people. The CSR policy of the Company is placed on the website of the Company (https://www.ipca.com/pdf/corporate_policy/Corporate_Social_Responsibility_Policy.pdf).

During the year under report, the Company has also supported healthcare and educational projects undertaken by charitable institutions and organizations.

In accordance with the provisions of Section 135 of the Companies Act, 2013, an abstract on Company's CSR activities is furnished as Annexure 2 to this report.

SAFETY, ENVIRONMENT AND HEALTH

The Company considers safety, environment and health as the management responsibility. Regular employee training programmes are carried out in the manufacturing facilities on safety, environment and health.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loans or guarantees or made any investments in contravention of the provisions of the Section 186 of the Companies Act, 2013. The details of the loans and guarantees given and investments made by the Company are provided in the notes to the annexed financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of Company's business. The Company has not entered into any contract, arrangement or transaction with any related party which could be considered as material as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company (https://www.ipca.com/pdf/corporate_policy/Related_Party_Transactions.pdf).

All the related party transactions are placed before the Audit Committee as well as the Board for approval on a quarterly basis. Omnibus approval was also obtained from the Audit Committee and the Board on an annual basis for repetitive transactions.

Related party transactions under Indian Accounting Standard – Ind AS 24 are disclosed in the notes to the financial statements. Prescribed Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is furnished as Annexure 3 to this report.

EMPLOYEES

Pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration and other details as set out in the said rules is furnished under Annexure 4 to this report.

However, having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the information under explanation (2) to the above Rule is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours excluding Saturdays and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is available on the Company's website www.ipca.com.

CODE OF CONDUCT

The Board has laid down a code of conduct for board members and senior management personnel of the Company. The code incorporates the duties of independent directors as laid down in the Companies Act, 2013. The said code of conduct is posted on Company's website www.ipca.com. The Board members and senior management personnel have affirmed compliance with the said code of conduct. A declaration in this regard signed by the Chairman & Managing Director / CEO is given at the end of the Corporate Governance Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

There is a Whistle Blower Policy in the Company and that no personnel has been denied access to the Chairman of the Audit Committee. The policy provides for adequate safeguards against victimization of persons who use vigil mechanism. The Whistle Blower Policy is posted on the website of the Company www.ipca.com.

PREVENTION OF INSIDER TRADING

The Company has also adopted a code of conduct for prevention of insider trading. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under Report, there has been due compliance with the said code of conduct for prevention of insider trading.

The Board at its meeting held on 30th May 2015 has adopted a revised Code of Prevention of Insider Trading based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. The same has been placed on the website of the Company www.ipca.com.

BUSINESS RISK MANAGEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are provided in the Report on Corporate Governance, which is annexed.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant or material orders passed by any regulator, tribunal or court that would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the requirements of Section 134 of the Companies Act, 2013, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is furnished as Annexure 5 to this report.

EXTRACT OF ANNUAL RETURN

In accordance with the requirements of Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is furnished as Annexure 6 to this report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the financial year ended 31st March, 2018 forms part of this Report. The same is also uploaded on the Company's website www.ipca.com.

SECRETARIAL STANDARDS

The Company has complied with all the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by the bankers and financial institutions. Your Directors also thank the medical profession, the trade and consumers for their patronage of the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by employees at all levels.

Mumbai
29th May, 2018

For and on behalf of the Board

Premchand Godha
Chairman & Managing Director