

## ANNEXURE 1

### REPORT ON CORPORATE GOVERNANCE

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, given below is a report on the Corporate Governance in the Company:

#### 1. Company's philosophy on Code of Corporate Governance is to ensure

- i) that the Board and top management of the Company are fully apprised of the affairs of the Company that is aimed at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the stakeholders.
- ii) that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- iii) that all disclosure of information to present and potential investors are maximised.
- iv) that the decision making process in the organisation is transparent and are backed by documentary evidences.
- v) that the Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

#### 2. Board of Directors

##### a) Composition and Category of directors

The present strength of the Board of Directors of the Company is nine directors of which one is promoter Chairman & Managing Director/CEO, one professional non-promoter Joint Managing Director/CFO, two promoter Executive Directors and five non-executive independent directors including one woman director comprising of at least one half of the total strength of the Board with independent judgment in the deliberation and decision of the Board. The Chairman of the Board is an Executive and Promoter Director.

##### b) Details of attendance of each director at the meeting of the board of directors and the last annual general meeting and shareholding held by them in the Company

| Name of the Director                        | Category  | No. of board meetings |          | Attendance at last AGM (04.08.2017) | No. of Equity shares held in the Company |
|---|---|-----------------------|----------|-------------------------------------|--|
|   |   | Held                  | Attended |                                     |  |
| Mr. Premchand Godha<br>(DIN 00012691)       | Chairman & Managing Director/CEO,<br>Promoter Director              | 7                     | 7        | Yes                                 | 26,81,340                                |
| Mr. Ajit Kumar Jain<br>(DIN 00012657)       | Joint Managing Director/CFO,<br>Professional, Non-Promoter Director | 7                     | 7        | Yes                                 | 60,000                                   |
| Mr. Pranay Godha<br>(DIN 00016525)          | Executive Director, Promoter Director                               | 7                     | 7        | Yes                                 | 8,25,495                                 |
| Mr. Prashant Godha<br>(DIN 00012759)        | Executive Director, Promoter Director                               | 7                     | 5        | Yes                                 | 7,59,322                                 |
| Mr. Babulal Jain<br>(DIN 00016573)          | Non-Executive, Independent Director                                 | 7                     | 7        | Yes                                 | 25,500                                   |
| Mr. Anand T. Kusre<br>(DIN 00818477)        | Non-Executive, Independent Director                                 | 7                     | 7        | Yes                                 | Nil                                      |
| Mr. Dev Parkash Yadava<br>(DIN 00778976)    | Non-Executive, Independent Director                                 | 7                     | 5        | Yes                                 | 14,629                                   |
| Dr. Ramakanta M. Panda<br>(DIN 01161791)    | Non-Executive, Independent Director                                 | 7                     | 4        | No                                  | Nil                                      |
| Dr. (Ms) Manisha Premnath<br>(DIN 05280048) | Non-Executive, Independent Director                                 | 7                     | 4        | Yes                                 | Nil                                      |

The above shareholding as at 31<sup>st</sup> March, 2018 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest.

**c) Number of other companies or committees of which the Director is Member or Chairperson**

| Name of the Director      | No. of other companies in which Director (including private and Section 8 companies) | No. of Committees in which Member (other than Ipca) | No. of Committees of which Chairman (other than Ipca) |
|---------------------------|--|---|---|
| Mr. Premchand Godha       | 4  | Nil   | Nil   |
| Mr. Ajit Kumar Jain       | Nil  | Nil   | Nil   |
| Mr. Pranay Godha          | 6  | Nil   | Nil   |
| Mr. Prashant Godha        | 7  | Nil   | Nil   |
| Mr. Babulal Jain          | 1  | Nil   | Nil   |
| Mr. Anand T. Kusre        | 1  | Nil   | Nil   |
| Mr. Dev Parkash Yadava    | 3  | 2   | 1   |
| Dr. Ramakanta M. Panda    | 16   | 1   | Nil   |
| Dr. (Ms) Manisha Premnath | 4  | Nil   | Nil   |

Note: Directorship held by Directors mentioned above does not include Directorship of foreign companies.

Every Director informs the Company about the Directorship / Committee positions he or she occupies in the other entities and any changes in them as and when they take place.

**d) Number of meetings of the board of directors held during the financial year 2017-18 and dates on which held**

7 (Seven) board meetings were held during the financial year 2017-18. The dates on which the said meetings were held are as follows:

|                                 |                                  |
|---------------------------------|----------------------------------|
| 25 <sup>th</sup> April, 2017    | 28 <sup>th</sup> May, 2017       |
| 11 <sup>th</sup> August, 2017   | 20 <sup>th</sup> September, 2017 |
| 14 <sup>th</sup> November, 2017 | 4 <sup>th</sup> January, 2018    |
| 7 <sup>th</sup> February, 2018  |                                  |

The last Annual General Meeting of the Company was held on 4<sup>th</sup> August, 2017.

**e) Disclosure of relationships between directors inter-se**

Mr. Premchand Godha, Chairman & Managing Director, Mr. Pranay Godha and Mr. Prashant Godha, Executive Directors are related to each other. None of the other Directors are related to each other.

**f) Number of shares and convertible instruments held by Non-Executive Directors**

The information about number of shares held by Non-Executive Directors in the Company is given in the table above. None of the Directors hold any convertible instruments of the Company except Mr. A. K. Jain, Joint Managing Director to whom 10,000 options were allotted under Ipca Laboratories Ltd. – Employees Stock Option Scheme – 2014 on 25<sup>th</sup> April, 2017. Each option represents a right but not an obligation to apply for one equity share of ₹ 2/- each of the Company at a price of ₹ 300/- per share upon completion of 1 year from the date of grant of options.

**g) Web link where details of familiarisation programmes imparted to independent directors is disclosed**

The Company has conducted familiarisation programmes for the Independent Directors with regards to their role, rights and responsibilities as Independent Directors. The Independent Directors are also regularly briefed on the nature of the pharmaceutical industry and the Company's business model. The familiarisation programs have been uploaded on the website of the Company at [www.ipca.com](http://www.ipca.com).

**3. Audit Committee**

**a) Brief description of terms of reference**

The terms of reference to Audit Committee, inter-alia, covers all the matters specified under Section 177 of the Companies Act, 2013 and also all the matters listed under Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 such as oversight of the Company's financial reporting process; recommending the appointment/re-appointment, remuneration and terms of appointment of statutory auditors; review and monitor the Auditors independence and performance and effectiveness of audit process; approval of transactions with related parties; sanctioning of loans and investments; evaluation of internal financial control and risk management system; reviewing with the management annual financial statements and Auditors report thereon; quarterly financial statements and other matters as covered under role of Audit Committee in Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company / Company's subsidiaries as well as seek outside legal and professional advice.

The Audit committee reviews all the information that is required to be mandatorily reviewed by it under the corporate governance.

**b) Composition, name of members and chairperson**

The Audit Committee of the Company currently comprises of Mr. Babulal Jain, Chairman of the Committee, Mr. Anand T. Kusre and Mr. Dev Parkash Yadava, all being Independent Directors with independent judgment in the deliberation and decisions of the Board as well as Audit Committee and Mr. Prashant Godha, Executive Director. All members of the Audit Committee have knowledge on financial matters and the Chairman of the Audit Committee is a senior Chartered Accountant in practice having accounting and financial management expertise.

Mr. Ajit Kumar Jain, Joint Managing Director in-charge of Finance/CFO and Mr. Pranay Godha, Executive Director along with Statutory Auditors, Cost Auditors and Mr. Kavish Agrawal, General Manager (Audit) who is the Internal Auditor of the Company are invitees to the meetings of the Audit Committee. Mr. Harish P. Kamath, Corporate Counsel and Company Secretary is the Secretary of this Committee.

**c) Audit Committee meetings and the attendance during the financial year 2017-18**

There were 6 (Six) meetings of the Audit Committee during the financial year 2017-18. The gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

|                                  |                                 |                                |
|----------------------------------|---------------------------------|--------------------------------|
| 25 <sup>th</sup> April, 2017     | 28 <sup>th</sup> May, 2017      | 11 <sup>th</sup> August, 2017  |
| 20 <sup>th</sup> September, 2017 | 14 <sup>th</sup> November, 2017 | 7 <sup>th</sup> February, 2018 |

The attendance of each member of the Audit Committee in the committee meetings is given below:

| Name of the Member     | No. of meetings held | No. of meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. Babulal Jain       | 6                    | 6                        |
| Mr. Anand T. Kusre     | 6                    | 6                        |
| Mr. Dev Parkash Yadava | 6                    | 4                        |
| Mr. Prashant Godha     | 6                    | 4                        |

The previous annual general meeting of the Company was held on 4<sup>th</sup> August, 2017 and was attended by Mr. Babulal Jain, Chairman of the Audit committee.

#### 4. Nomination and Remuneration Committee

**a) Brief description of terms of reference**

- i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iii. devising a policy on diversity of board of directors;
- iv. identifying persons who are qualified to become directors and persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- v. whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors; and
- vi. administer and superintend the Employees Stock Option Scheme (ESOS).

**b) Composition, name of members and chairperson**

The Company has a Nomination and Remuneration Committee of the Board which currently comprises of Mr. Babulal Jain (Chairman of the Committee), Mr. Anand T. Kusre and Mr. Dev Parkash Yadava, all independent directors to function in the manner and to deal with the matters specified in the Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also to review the overall compensation structure and policies of the Company to attract, motivate and retain employees and to administer the Company's ESOS.

The Nomination and Remuneration Committee has adopted the following policies which are displayed on the website of the Company.

- i. Formulation of the criteria relating to the remuneration of the directors, key managerial personnel and other employees (weblink [https://www.ipca.com/pdf/corporate\\_policy/Remuneration\\_Policy.pdf](https://www.ipca.com/pdf/corporate_policy/Remuneration_Policy.pdf));

- ii. Performance criteria for evaluation of Independent Directors and the Board (weblink [https://www.ipca.com/pdf/corporate\\_policy/Evaluation\\_of\\_Directors.pdf](https://www.ipca.com/pdf/corporate_policy/Evaluation_of_Directors.pdf));
- iii. Devising a policy on Board diversity (weblink [https://www.ipca.com/pdf/corporate\\_policy/Policy\\_on\\_Board\\_Diversity\\_of\\_the\\_Company.pdf](https://www.ipca.com/pdf/corporate_policy/Policy_on_Board_Diversity_of_the_Company.pdf));
- iv. Oversee the familiarization programs for directors (weblink [https://www.ipca.com/pdf/Board\\_of\\_Directors/familiarisation-programmes-to-independent-directors-2017-18.pdf](https://www.ipca.com/pdf/Board_of_Directors/familiarisation-programmes-to-independent-directors-2017-18.pdf)); and
- v. Identifying persons who are qualified to become directors and persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal (weblink [https://www.ipca.com/pdf/corporate\\_policy/Criteria\\_for\\_selection\\_of\\_Candidates\\_for\\_Senior\\_Management\\_and\\_Members\\_on\\_the\\_Board.pdf](https://www.ipca.com/pdf/corporate_policy/Criteria_for_selection_of_Candidates_for_Senior_Management_and_Members_on_the_Board.pdf)).

**c) Meetings held and attendance during the financial year 2017-18**

There were 4 (Four) meetings of this Committee during the financial year 2017-18. The dates on which the said meetings were held are as follows:

|                                 |                                |
|---------------------------------|--------------------------------|
| 25 <sup>th</sup> April, 2017    | 28 <sup>th</sup> May, 2017     |
| 14 <sup>th</sup> November, 2017 | 7 <sup>th</sup> February, 2018 |

The attendance of each member of the Nomination and Remuneration Committee in the committee meetings is given below:

| Name of the Member     | No. of meetings held | No. of meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. Babulal Jain       | 4                    | 4                        |
| Mr. Anand T. Kusre     | 4                    | 4                        |
| Mr. Dev Parkash Yadava | 4                    | 2                        |

**d) Performance evaluation criteria for independent directors**

Performance criteria for evaluation of Independent Directors and the Board is displayed on the Company's website (weblink [https://www.ipca.com/pdf/corporate\\_policy/Evaluation\\_of\\_Directors.pdf](https://www.ipca.com/pdf/corporate_policy/Evaluation_of_Directors.pdf)).

**5. Remuneration of Directors**

**a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report**

During the financial year under report, the non-executive Directors had no pecuniary relationship or transactions with the Company.

**b) Criteria of making payments to non-executive directors**

The non-executive Directors are paid only sitting fees and re-imbursement of out of pocket expenses incurred for attending the meetings of the Board of Directors and Committees thereof.

Details of payments made to Non-Executive Directors in the Financial Year 2017-18 are as under:

| Name of the Director        | Sitting fees Paid (₹) | Commission paid (₹) |
|-----------------------------|-----------------------|---------------------|
| Mr. Babulal Jain            | 7,25,000              | Nil                 |
| Mr. Anand T. Kusre          | 6,25,000              | Nil                 |
| Mr. Dev Parkash Yadava      | 5,00,000              | Nil                 |
| Dr. Ramakanta M. Panda      | 2,25,000              | Nil                 |
| Dr. (Mrs.) Manisha Premnath | 2,25,000              | Nil                 |

None of the Independent Directors have received any remuneration or commission from Company's holding or subsidiary companies.

**c) Disclosures with respect to remuneration paid / payable to Wholetime Directors for the financial year 2017-18**

- i. The details of the remuneration paid/payable to Managing Director, Joint Managing Director and Executive Directors for the Financial Year 2017-18 are given below

| Name of the Director                                  | Salary*     | Benefits / Perquisites / Pension etc.* | Commission (performance linked) | Stock Options | Total       |
|---|-------------|--|---------------------------------|---------------|-------------|
| Mr. Premchand Godha<br>(Chairman & Managing Director) | 3,63,00,000 | 83,83,201                              | 3,63,00,000                     | Nil           | 8,09,83,201 |

(₹)

(₹)

| Name of the Director                             | Salary*     | Benefits / Perquisites / Pension etc.* | Commission (performance linked) | Stock Options | Total       |
|--|-------------|--|---------------------------------|---------------|-------------|
| Mr. Ajit Kumar Jain<br>(Joint Managing Director) | 1,32,00,000 | 1,22,86,497                            | 1,32,00,000                     | **10000       | 3,86,86,497 |
| Mr. Pranay Godha<br>(Executive Director)         | 66,00,000   | 48,57,216                              | 1,32,00,000                     | Nil           | 2,46,57,216 |
| Mr. Prashant Godha<br>(Executive Director)       | 66,00,000   | 50,28,302                              | 1,32,00,000                     | Nil           | 2,48,28,302 |

\* Fixed Component

\*\*Each option represents a right but not an obligation to apply for one equity share of ₹ 2/- each of the Company at a price of ₹ 300/- per share upon completion of 1 year from the date of grant of options.

ii. Details of fixed component and performance linked incentives, along with the performance criteria

The required details are given in the table above.

iii. Service contracts, notice period, severance fees

The appointment of Managing Director, Joint Managing Director and Executive Directors is contractual and is generally for a period of 5 years. Either party is entitled to terminate agreement by giving not less than 60 days notice in writing, as the case may be, to the other party. There is no separate provision for payment of severance fee in the agreements signed by the Company with them.

iv. Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable

None of the Directors hold any convertible instruments of the Company except Mr. A. K. Jain, Joint Managing Director to whom 10,000 options were allotted under Ipca Laboratories Ltd. – Employees Stock Option Scheme – 2014 on 25<sup>th</sup> April, 2017. Each option represents a right but not an obligation to apply for one equity share of ₹ 2/- each of the Company at a price of ₹ 300/- per share upon completion of 1 year from the date of grant of options.

## 6. Stakeholders Relationship Committee

### a) Name of Non-Executive Director heading the committee

This Committee functions under the Chairmanship of Mr. Babulal Jain, the non-executive independent Director. Mr. Premchand Godha, Chairman & Managing Director and Mr. Ajit Kumar Jain, Joint Managing Director are the other members of this committee. This committee monitors share transfers, transmissions and other shareholders related activities including redressal of investor grievances.

### b) Meetings held and attendance during the financial year 2017-18

There were 4 (Four) meetings of this committee during the financial year 2017-18. The dates on which the said meetings were held are as follows:

|                                 |                                |
|---------------------------------|--------------------------------|
| 28 <sup>th</sup> May, 2017      | 11 <sup>th</sup> August, 2017  |
| 14 <sup>th</sup> November, 2017 | 7 <sup>th</sup> February, 2018 |

The attendance of each member of the Stakeholders Relationship Committee in the committee meetings is given below:

| Name of the Member  | No. of meetings held | No. of meetings attended |
|---------------------|----------------------|--------------------------|
| Mr. Babulal Jain    | 4                    | 4                        |
| Mr. Premchand Godha | 4                    | 4                        |
| Mr. Ajit Kumar Jain | 4                    | 4                        |

### c) Name and designation of Compliance officer

Mr. Harish P. Kamath, Corporate Counsel & Company Secretary is the Compliance Officer of the Company.

### d) Number of shareholders' complaints received

During the year, the Company received 11 complaints/communications from the shareholders, mostly regarding non-receipt of dividend warrants posted / bonus shares issue / stock split share certificate related queries, etc. all of which are attended to.

**e) Number not solved to the satisfaction of shareholders**

The Company had no unattended request pending for transfer of its equity shares or any unattended complaints at the close of the financial year.

**f) Number of pending complaints**

Nil

**7. General Body Meetings**

**a) Details of the location and time where the last three Annual General Meeting (AGM) and Extra-ordinary General Meeting (EGM) were held**

| AGM for the financial year ended | Day, Date & Time of AGM           | Place of AGM  | Special Resolutions Passed  |
|----------------------------------|-----------------------------------|---|---|
| 31-3-2017                        | Friday, 04.08.2017 at 3.30 p.m.   | Shri Bhaidas Maganlal Sabhagriha, Vile Parle (West), Mumbai | • None  |
| 31-3-2016                        | Thursday, 11.08.2016 at 3.30 p.m. | Shri Bhaidas Maganlal Sabhagriha, Vile Parle (West), Mumbai | • Continuation of Mr. Premchand Godha as the Managing Director even after attaining the age of 70 years |
| 31-3-2015                        | Thursday, 30.7.2015 at 3.30 p.m.  | Shri Bhaidas Maganlal Sabhagriha, Vile Parle (West), Mumbai | • Adoption of new Articles of Association   |

All the resolutions including special resolutions set out in the respective notices calling the AGM / EGM were passed by the shareholders. There is no proposal to pass any special resolution through postal ballot at the ensuing Annual General Meeting.

**b) Whether any special resolutions passed in the previous three annual general meetings**

Details of special resolutions passed in the previous 3 Annual General Meetings are given in the table above.

**c) Whether any special resolution passed last year through postal ballot**

No special resolution was passed in the last financial year using postal ballot.

**d) Person who conducted the postal ballot exercise**

Not Applicable.

**e) Whether any special resolution is proposed to be conducted through postal ballot**

No special resolution is currently proposed to be conducted through postal ballot.

**f) Procedure for postal ballot**

Not Applicable.

**8. Means of communication**

|  |   |
|--|---|
| a) Quarterly / Annual Results                                      | The results of the Company are submitted to the stock exchanges where the shares of the Company are listed and published in the Newspapers after the approval of the Board. |
| b) Newspapers wherein results normally published                   | The Financial Express, Free Press Journal and Nav Shakti.   |
| c) Website, where displayed  | www.ipca.com  |
| d) Whether website also displays official news releases            | Yes   |
| e) Presentation made to institutional investors or to the analysts | The website includes all the information on presentations made to the investors and analysts.   |

## 9. General Shareholders Information

|   |  |
|---|--|
| a) AGM : Date, Time and Venue   | Thursday, 9 <sup>th</sup> August, 2018 at 3.30 p.m. at Sarovar Banquet Hall, 2 <sup>nd</sup> Floor, Payyade International Hotels Pvt. Ltd., Vasanji Lalji Road, Near Railway Station, Kandivli (West), Mumbai – 400 067.   |
| b) Financial Year<br>First quarter results<br>Second quarter results<br>Third quarter results<br>Annual results   | 1 <sup>st</sup> April –31 <sup>st</sup> March<br>first week of August*<br>first week of November*<br>first week of February*<br>last week of May*<br>* tentative   |
| c) Dividend Payment dates   | The Company has not paid any interim dividend on the equity share capital for the financial year 2017-18. It is now proposed to declare a dividend of ₹ 1/- per share (50%) on equity share capital for the financial year 2017-18 which if sanctioned will be paid on or before 31 <sup>st</sup> August, 2018.  |
| Date of Book closure  | Saturday, 4 <sup>th</sup> August, 2018 to Thursday, 9 <sup>th</sup> August, 2018 (both days inclusive).  |
| d) The name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s) | <ul style="list-style-type: none"> <li>• BSE Ltd. (BSE)<br/>Phiroze Jeejeebhoy Towers<br/>Dalal Street, Mumbai 400 023.</li> <li>• The National Stock Exchange of India Ltd. (NSE)<br/>Exchange Plaza<br/>Bandra-Kurla Complex<br/>Bandra (E), Mumbai 400 051.</li> </ul> <p>Listing fees have been paid to both the stock exchanges for the financial year 2018-19 in April, 2018. The fees of the depositories for the financial year 2018-19 were also paid in April / May 2018 on receipt of their invoices.</p> |
| e) Stock code – Physical and ISIN Number for NSDL and CDSL<br><br>Corporate Identity Number allotted by Ministry of Corporate Affairs   | 524494 on BSE; IPCALAB on NSE<br>INE 571A01020<br><br>L24239MH1949PLC007837  |
| f) Market price data: high, low during each month in last financial year  | Please see Annexure 'A'  |
| g) Stock performance in comparison to BSE Sensex  | Please see Annexure 'B'  |
| h) In case the securities are suspended from trading, the directors report shall explain the reason thereof   | The securities of the Company are not suspended from trading by the Stock Exchanges.   |
| i) Registrars and share transfer agents   | Link Intime India Private Limited<br>C-101, 247 Park,<br>LBS Marg, Vikhroli (West)<br>Mumbai – 400 083<br>Tel. No. (022) 4918 6270<br>Fax. No.(022) 4918 6060  |
| j) Share transfer system  | All share transfers subject to correctness and completion of all documents would normally be registered and returned within fifteen days from the date of receipt.   |
| k) Distribution of shareholding/ shareholding pattern as on 31.3.2018   | Please see Annexure 'C'  |
| l) Dematerialisation of shares and liquidity  | 99.02% of the paid-up share capital has been dematerialised as on 31 <sup>st</sup> March, 2018.  |

|  |   |
|--|---|
| <p>m) Outstanding GDRs/ADRs/warrants/ convertible instruments, conversion date and likely impact on equity</p> | <p>The Company has issued 1,65,000 options under Ipca Laboratories Ltd. Employees Stock Option Scheme – 2014 to selected permanent Employees of the Company including one Wholetime Non-Promoter Director on 25<sup>th</sup> April, 2017.</p> <p>Each option granted gives a right but not an obligation to the Option Grantee 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.</p> <p>Out of these options issued, 8,500 options have been forfeited till 31<sup>st</sup> March, 2018 on account of resignation of option grantees from the employment of the Company.</p>  |
| <p>n) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities</p>                                 | <p>The Company is not materially exposed to commodity price risk. The Company also does not carry out any commodity hedging activities. Since about 50% of the Company's income is by way of exports with major currency exposure being in US Dollars, Pound Sterling and Euros, the Company generally does currency hedging upto a maximum period of 18 months and upto the extent of 40% - 60% of its Net Foreign Exchange Earnings (NFE). Most of the Company's borrowings are in foreign currencies, mainly in US Dollars. The Company keeps its borrowings in foreign currency exposure open and to that extent is exposed to the currency fluctuation risks.</p>  |
| <p>o) Plant Locations</p>  | <ol style="list-style-type: none"> <li>1. Sejavata, Ratlam, Madhya Pradesh.</li> <li>2. Pologround, Indore, Madhya Pradesh.</li> <li>3. SEZ Indore, Pithampur, Madhya Pradesh.</li> <li>4. Sector III, Pithampur, Madhya Pradesh.</li> <li>5. Gandhidham, Gujarat.</li> <li>6. Nandesari, Gujarat.</li> <li>7. Ankleshwar, Gujarat.</li> <li>8. Village Ranu, Tehsil Padra, District Vadodara, Gujarat.</li> <li>9. Athal, Silvassa (D &amp; NH).</li> <li>10. Dandudyog Industrial Estate, Silvassa (D&amp;NH).</li> <li>11. Aurangabad, Maharashtra (Unit I &amp; Unit II).</li> <li>12. Mahad, Maharashtra.</li> <li>13. Tarapur, District Palghar, Maharashtra.</li> <li>14. Dehradun, Uttarakhand.</li> <li>15. Gom Block, Bharikhola, South Sikkim (Unit I &amp; Unit II).</li> </ol> |
| <p>p) Address for Correspondence</p>   | <p>Harish P Kamath<br/>Corporate Counsel &amp; Company Secretary<br/>Ipca Laboratories Limited<br/>125, Kandivli Industrial Estate<br/>Kandivli (W), Mumbai 400 067<br/>Tel. No. (022) 6210 6050<br/>E-mail : investors@ipca.com</p>  |
| <p>q) Share transfer and other communications may be addressed to the Registrars</p>                           | <p>Link Intime India Private Limited<br/>C-101, 247 Park,<br/>LBS Marg, Vikhroli (West)<br/>Mumbai – 400 083<br/>Tel. No. (022) 4918 6270</p>   |



## 10. Other Disclosures

### a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company (Weblink [https://www.ipca.com/pdf/corporate\\_policy/Related\\_Party\\_Transactions.pdf](https://www.ipca.com/pdf/corporate_policy/Related_Party_Transactions.pdf)). There were no materially significant related party transactions during the year that may have potential conflict with the interest of the Company.

The Register of Contracts containing the transactions in which Directors are deemed to be concerned or interested is placed before the Board and Audit Committee regularly for its approval. Disclosures from directors and senior management staff have been obtained to the effect that they have not entered into any material, financial and commercial transactions where they have personal interest that may have potential conflict with the interest of the Company at large.

Transactions with the related parties are disclosed in the notes to the accounts forming part of this Annual Report.

### b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or the board or any other statutory authorities on any matter related to capital market during the last 3 financial years

None

### c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee

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 Blowing Policy is posted on the website of the Company (weblink <https://www.ipcalabs.com/whistleblower.html>).

### d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of corporate governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details about adoption of non-mandatory requirements are given in the table below.

### e) Web link where policy for determining 'material' subsidiaries is disclosed

The Board has approved a policy for determining 'material' subsidiaries which has been uploaded on the website of the Company (Weblink [https://www.ipca.com/pdf/corporate\\_policy/Policy\\_on\\_Material\\_Subsidiaries.pdf](https://www.ipca.com/pdf/corporate_policy/Policy_on_Material_Subsidiaries.pdf)).

### f) Web link where policy on dealing with related party transactions is disclosed

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company (Weblink [https://www.ipca.com/pdf/corporate\\_policy/Related\\_Party\\_Transactions.pdf](https://www.ipca.com/pdf/corporate_policy/Related_Party_Transactions.pdf)).

### g) Disclosure of commodity price risks and commodity hedging activities

The Company is engaged in the manufacturing and marketing of pharmaceuticals. Since the Company does not consume large quantities of commodities in its manufacturing activities, the Company is not materially exposed to commodity price risks nor does the Company do any commodity hedging.

## 11. Non-Compliance of any requirement of Corporate Governance Report with reasons thereof

None

## 12. Adoption of Discretionary Requirements

|  |   |
|--|---|
| A. The Board   | The Company currently has an Executive Chairman and as such he has an office maintained by the Company.   |
| B. Shareholders Rights                                       | At present, the Company does not send the statement of half yearly financial performance to the household of each shareholder. The Company publishes the same in the newspapers and also uploads the same on its website. |
| C. Modified opinion(s) in audit report                       | The Company's financial statements are with unmodified audit opinion.   |
| D. Separate posts of chairperson and chief executive officer | Currently, the Executive Chairman is also the CEO of the Company.   |
| E. Reporting of internal auditor                             | The Internal Auditor reports to the Joint Managing Director / CFO as well as to the Audit Committee.  |

### 13. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46

a) The Company has a process to provide, inter-alia, the information to the Board as specified in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance. The Board also periodically reviews the compliances by the Company of all applicable laws.

b) The Board of Directors in their meeting regularly discuss and are satisfied that the Company has plans in place for orderly succession for appointment to the Board of Directors and Senior Management.

c) Code of Conduct for Board and Senior Managerial Personnel

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](http://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 this Report.

The Company has adopted a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. The same has been placed on the website of the Company [www.ipca.com](http://www.ipca.com). 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.

d) The Company complies with the requirement of placing minimum information before the Board of Directors as contained in Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

e) The CEO/CFO compliance certification under Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 forms part of this Annual Report.

f) The Company has a Risk Management Committee which monitors and reviews risk management plan on regular basis. The Board of Directors also periodically review and monitor the risk management plan of the Company.

g) The Board on an annual basis evaluates the performance of independent Directors.

h) Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors at its meeting held on 21<sup>st</sup> September, 2014 consisting of the following members:

Mr. A. K. Jain, Joint Managing Director/CFO, Mr. Pranay Godha, Executive Director, Mr. Prashant Godha, Executive Director and Mr. Manish Jain, Vice President – Business Development.

The roles and responsibilities of the Risk Management Committee includes monitoring and review of risk management plan on a regular basis and reporting the same to the Board of Directors periodically as it may deem fit and any other terms as may be referred to them by the Board of Directors, from time to time.

The risk management policy is displayed on the Company's website ([https://www.ipcalabs.com/pdf/corporate\\_policy/Risk\\_Management\\_Policy.pdf](https://www.ipcalabs.com/pdf/corporate_policy/Risk_Management_Policy.pdf)).

There were 3 (three) meetings of this committee during the financial year 2017-18. The dates on which the said meetings were held are as follows:

|                                |                                 |
|--------------------------------|---------------------------------|
| 28 <sup>th</sup> May, 2017     | 14 <sup>th</sup> November, 2017 |
| 7 <sup>th</sup> February, 2018 |                                 |

The attendance of each member of the Risk Management Committee in the committee meetings is given below:

| Name of the Member                                      | No. of meetings held | No. of meetings attended |
|---|----------------------|--------------------------|
| Mr. Ajit Kumar Jain                                     | 3                    | 3                        |
| Mr. Pranay Godha  | 3                    | 3                        |
| Mr. Prashant Godha                                      | 3                    | 2                        |
| Mr. Manish Jain (Vice President – Business Development) | 3                    | 2                        |

i) The Company has formulated a policy on materiality of related party transactions and dealing with related party transactions which is available on the website of the Company ([https://www.ipca.com/pdf/corporate\\_policy/policy-on-materiality.pdf](https://www.ipca.com/pdf/corporate_policy/policy-on-materiality.pdf)).

- j) The Company has not entered into any materially significant transactions during the year under report with promoters, directors, key/senior management personnel, etc. other than the non-material transactions entered into in the ordinary course of Company's business as approved by the Audit Committee through omnibus approval valid for each financial year. Transactions with related parties are disclosed under notes forming part of the annexed accounts. The Board and the Audit Committee periodically reviews the details of the related party transactions entered into by the Company. Omnibus approval of the Audit Committee is also obtained before entering into related party transactions.
- k) No employee including Key Managerial Personnel or Director or Promoter of the Company has entered into any agreement for himself or on behalf of other person with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

l) **Subsidiary Companies**

The Company has 1 non-listed, non-material Indian subsidiary company. The Company also has 5 overseas non-material wholly owned subsidiary companies and 3 non-material wholly owned subsidiary companies of wholly owned subsidiaries, the financial statements of which are regularly reviewed by the Audit Committee and the Board of Directors. The minutes of board meetings of subsidiary companies are also placed before the meetings of the Board of Directors of the Company. The Board of Directors of the Company also reviews all significant transactions and arrangements, if any, entered into by the unlisted subsidiaries.

- m) None of the Directors are directors in more than 20 companies at the same time and are also not serving as independent director in more than seven listed companies or serve as Wholetime Director in any other listed company. None of the Wholetime Directors of the Company serve as Independent Director in more than 3 listed entities.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which they are Directors. All directors have disclosed their committee positions to the Company. For determining this limit, Chairpersonship and Membership of Audit Committee and Stakeholders Relationship Committee only are considered.

The shareholders have approved the appointment of Mr. Babulal Jain, Mr. Anand T. Kusre, Mr. Dev Parkash Yadava, Dr. Ramakanta Panda and Dr. (Ms) Manisha Premnath as Independent directors for a term of five years. The terms and conditions of appointment of independent directors have been disclosed on the website of the Company [www.ipca.com](http://www.ipca.com). The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and the rules made thereunder.

In accordance with requirements of Section 149(6) and (7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, all the independent directors have given declaration of independence in the first board meeting of the current financial year held on 29<sup>th</sup> May, 2018.

n) **Independent Directors Meeting**

During the year under review, the Independent Directors met on 7<sup>th</sup> February, 2018, without the attendance of non-independent directors and members of the management, inter-alia, to discuss:

- i. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- ii. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors; and
- iii. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the said meeting.

- o) The Company maintains a functional website containing the basic information about the Company. The Company has disseminated all the required information on its website as required under Regulation 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- p) Information on Directors retiring by rotation and seeking appointment / re-appointment :

**Mr. Ajit Kumar Jain (DIN 00012657)**

Mr. Ajit Kumar Jain aged 63 years is a qualified Chartered Accountant and a Science Graduate and is employed with the Company since 1980. He was first appointed as a Director of the Company designated as Executive Director on 21<sup>st</sup> August, 1994. He is a professional, Wholetime, Non-promoter Director of the Company. He was re-designated as Joint Managing Director at the meeting of the Board of Directors of the Company held on 29<sup>th</sup> July, 2010. He is also CFO of the Company.

He has over 3 decades of experience in the pharmaceutical industry in the field of Finance, Accounts, Information Technology, Legal, R&D, General Administration, etc.

He does not hold directorship in any other Company. He holds 60,000 equity shares in the Company.

Number of Board Meetings held and attended by him during his tenure as Director of the Company is given in the Corporate Governance Report of the respective financial year annexed with the Company's Annual Reports which are available on the Company's website [www.ipca.com](http://www.ipca.com).

He is not related to any Director or Key Managerial Personnel (KMP) of the Company.

**Mr. Pranay Godha (DIN 00016525)**

Mr. Pranay Godha, aged 46 years has done his B.Sc. from University of Bombay and has also obtained a degree in MBA from the New York Institute of Technology, USA. He has over 19 years experience in the field of Marketing and General Management.

Mr. Pranay Godha was appointed as the Business Development Manager of the Company w.e.f 16<sup>th</sup> April, 2003 and was subsequently promoted as Vice President - Generics Business w.e.f. 1<sup>st</sup> November, 2004. He was further promoted as President – Generics Business in May, 2006 and subsequently appointed as the Executive Director of the Company with effect from 11<sup>th</sup> November, 2008.

He holds Directorship in the following companies:

|   |  |
|---|--|
| 1. Kaygee Laboratories Private Limited        | 2. Mexin Medicaments Private Limited       |
| 3. Kaygee Investments Private Ltd.            | 4. Gudakesh Investment & Traders Pvt. Ltd. |
| 5. Paranthapa Investments & Traders Pvt. Ltd. | 6. Paschim Chemicals Private Limited       |

He is also Director of few of the foreign wholly owned subsidiaries of the Company where he represents the Company as a Director.

He holds 8,25,495 equity shares in the Company.

He is not a member of any Committee of the Board in other companies in which he is a Director.

Number of Board Meetings held and attended by him during his tenure as Director of the Company is given in the Corporate Governance Report of the respective financial year annexed with the Company's Annual Reports which are available on the Company's website [www.ipca.com](http://www.ipca.com).

Mr. Premchand Godha, Chairman & Managing Director, Mr. Pranay Godha and Mr. Prashant Godha, Executive Directors are related to each other. He is not related to any other Director or Key Managerial Personnel (KMP) of the Company.

**Mr. Premchand Godha (DIN 00012691)**

Mr. Premchand Godha aged 71 years is a qualified Chartered Accountant and a Commerce graduate. He is also a first generation entrepreneur. He is a director of the Company since 31<sup>st</sup> October, 1975 and has been the Managing Director of the Company since March, 1983. He has over 42 years of experience in the pharmaceutical industry.

He holds 26,81,340 equity shares of the Company.

He is also a Director of the following companies:

|  |   |
|--|---|
| 1. Kaygee Investments Pvt. Ltd             | 2. Vasant Investment Corporation Ltd.         |
| 3. Gudakesh Investment & Traders Pvt. Ltd. | 4. Paranthapa Investments & Traders Pvt. Ltd. |

Number of Board Meetings held and attended by him during his tenure as Director of the Company is given in the Corporate Governance Report of the respective financial year annexed with the Company's Annual Reports which are available on the Company's website [www.ipca.com](http://www.ipca.com).

Mr. Premchand Godha, Chairman & Managing Director, Mr. Pranay Godha and Mr. Prashant Godha, Executive Directors are related to each other. He is not related to any other Director or Key Managerial Personnel (KMP) of the Company.

q) Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising of Mr. Dev Parkash Yadava, Independent Director and Chairman of the Committee, Mr. Premchand Godha, Chairman & Managing Director, Mr. Ajit Kumar Jain, Joint Managing Director and Mr. Prashant Godha, Executive Director. The CSR Committee of the Board will be responsible for:

- i) formulating and recommending to the Board a Corporate Social Responsibility Policy which shall indicate the CSR activities to be undertaken by the Company;
- ii) recommending the amount of expenditure to be incurred on the CSR activities; and
- iii) monitoring the CSR Policy of the Company from time to time.

There were 4 (Four) meetings of this committee during the financial year 2017-18. The dates on which the said meetings were held are as follows:

|                                 |                                |
|---------------------------------|--------------------------------|
| 28 <sup>th</sup> May, 2017      | 11 <sup>th</sup> August, 2017  |
| 14 <sup>th</sup> November, 2017 | 7 <sup>th</sup> February, 2018 |

The attendance of each member of the Corporate Social Responsibility Committee in the committee meetings is given below:

| Name of the Member     | No. of meetings held | No. of meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. Dev Parkash Yadava | 4                    | 3                        |
| Mr. Premchand Godha    | 4                    | 4                        |
| Mr. Ajit Kumar Jain    | 4                    | 4                        |
| Mr. Prashant Godha     | 4                    | 3                        |

The CSR policy of the Company is placed on the website of the Company [www.ipca.com](http://www.ipca.com).

r) Reconciliation of Share Capital Audit:

A qualified practising Company Secretary carries out a share capital audit to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

s) Dividend Distribution Policy

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, the Company has formulated a Dividend Distribution Policy which has been uploaded on the website of the Company ([https://www.ipca.com/pdf/corporate\\_policy/dividend\\_distribution\\_policy.pdf](https://www.ipca.com/pdf/corporate_policy/dividend_distribution_policy.pdf)).

## Annexure A

High/low of market price of the Company's shares traded on BSE Ltd (BSE) and National Stock Exchange of India Ltd. (NSE) during the financial year 2017-18 is furnished below:

| Year | Month     | Highest (₹) |        | Lowest (₹) |        |        |
|------|-----------|-------------|--------|------------|--------|--------|
|      |           | BSE         | NSE    | BSE        | NSE    |        |
| 2017 | April     | 656.00      | 657.60 | 580.90     | 580.00 |        |
|      | May       | 605.40      | 608.00 | 485.00     | 483.95 |        |
|      | June      | 527.85      | 521.90 | 437.00     | 436.10 |        |
|      | July      | 498.55      | 500.00 | 466.40     | 465.05 |        |
|      | August    | 485.80      | 485.00 | 400.00     | 400.00 |        |
|      | September | 597.40      | 596.80 | 413.50     | 413.30 |        |
|      | October   | 556.90      | 558.50 | 444.00     | 482.50 |        |
|      | November  | 594.10      | 594.90 | 521.00     | 520.00 |        |
|      | December  | 624.95      | 625.00 | 509.00     | 506.40 |        |
|      | 2018      | January     | 608.35 | 609.00     | 550.00 | 552.05 |
|      |           | February    | 687.50 | 689.40     | 522.15 | 518.05 |
|      |           | March       | 695.40 | 695.90     | 632.85 | 632.50 |