

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF IPCA LABORATORIES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF KREBS BIOCHEMICALS & INDUSTRIES LIMITED WITH IPCA LABORATORIES LIMITED AT ITS MEETING HELD ON FRIDAY, JUNE 26, 2026

Members Present

Chairman	Dr. Narendra Mairpady
Members	Mr. Kamal Kishore Seth
	Dr. (Ms.) Swati Patankar
	Mr. Vivek Shiralkar

1. Background of the proposed Scheme of Amalgamation

A meeting of the Committee of Independent Directors (hereinafter referred to as the "Committee") of Ipca Laboratories Limited was held on Friday, June 26, 2026, to consider and recommend the proposed Scheme of Amalgamation of Krebs Biochemicals & Industries Limited (hereinafter referred to as the "Amalgamating Company" or "Krebs" or "the Transferor Company") with Ipca Laboratories Limited (hereinafter referred to as the "Ipca" or the "Company" or "Amalgamated Company" or "the Transferee Company", as the context may admit) (hereinafter referred to as the "Scheme") under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Act") and rules and regulations made thereunder and in accordance with Section 2(1B) of the Income Tax Act, 1961 with effect from the Appointed Date i.e. April 1, 2026.

The Scheme is proposed to be effective from the Appointed Date i.e 1st April, 2026 and operative from the Effective Date (as defined in the Scheme).

This report of the Committee is made in order to comply with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI Listing Regulations") and Securities and Exchange Board of India (hereinafter referred to as "SEBI") Master Circular bearing number SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (hereinafter referred to as the "SEBI Schemes Master Circular").

The Registered Office of the Amalgamated Company is situated at 48, Kandivli Industrial Estate, Kandivli (West), Mumbai, Maharashtra - 400 067. The Registered Office of the Amalgamating Company is situated at Kothapalli Village, Kasimkota Mandal, Anakapalli, Vishakapatnam District, Andhra Pradesh - 531 031.

The Transferee Company is one of the promoters of the Transferor Company, holding 49.65% of the paid-up equity share capital of the Transferor Company. The Transferor Company and the Transferee Company are primarily engaged in the similar line of business in which both Companies are well established.



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The Companies are public limited companies and their equity shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (collectively, the "Stock Exchanges"). Accordingly, the Companies are required to file the Scheme with the Stock Exchanges for obtaining their respective no objection letters/ observation letters in terms of Regulation 37(1) of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") and the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Circular").

The proposed Scheme is subject to necessary statutory and regulatory approvals under applicable laws, including the approval of the jurisdictional bench(s) of the Hon'ble National Company Law Tribunal ("Tribunal").

As per Paragraph A(2)(i) of Part I of the SEBI Circular, a report from the Committee is required recommending the draft Scheme, taking into consideration, inter alia, that the Scheme is not detrimental to the shareholders of the Company ("**Report**"). Accordingly, this Report of the Committee has been made in compliance with the SEBI Circular.

The following documents were placed before the Committee for its consideration:

- (a) Draft Scheme
- (b) Report dated 26th June, 2026 issued by Mr. Senthil Kumar S (Registration No.: IBBI/RV/06/2022/14652) and Mr. Nataraja Nanjundaiah (Registration No. IBBI/RV/05/2021/13891), being the Registered Valuers separately appointed by the Transferee Company and the Transferor Company, respectively, recommending the fair share exchange ratio for the proposed amalgamation on the basis of which the Transferee Company will issue shares to the shareholders of the Transferor Company ("**Share Exchange Report**") in compliance with Paragraphs A(2)(b) and A(4) of Part I of the SEBI Circular.
- (c) Fairness Opinion dated 26th June, 2026 issued by Arihant Capital Markets Limited, a SEBI registered Merchant Banker (Registration No. INM000011070), providing an opinion on the fairness of the share exchange ratio proposed in the Share Exchange Report ("**Fairness Opinion**") in compliance with Paragraphs A(2)(d) and A(2A) of Part I of the SEBI Circular.
- (d) Certificate dated June 26, 2026 issued by M/s NVC & Associates LLP, Chartered Accountants, the Statutory Auditors of the Company, certifying that the accounting treatment provided in the Scheme is compliant with applicable accounting standards as required under the Proviso to Sections 230(7) and 232(3) of the Companies Act and in compliance with Paragraphs A(2)(g) and A(5) of Part I of the SEBI Circular.
- (e) Other presentations, documents and information relating to the Scheme that was furnished to the Committee.
- (f) Last 3 years audited financials of the Transferor Company and Transferee Company.

A detailed presentation was made to the Committee covering, inter alia, the Scheme, need for amalgamation and rationale of the Scheme, synergies of businesses of the Companies involved in the Scheme, impact of the Scheme on the shareholders of the Company and others concerned, cost benefit analysis and other relevant matters.



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2. Salient features of the Scheme

2.1. The Committee considered and noted the salient features of the Scheme, which, inter alia, provide for the following to occur upon the effectiveness of the Scheme:

- (i) the amalgamation of the Transferor Company into the Transferee Company with effect from the Appointed Date (i.e. April 1, 2026) in accordance with Sections 230-232 of the Companies Act and Sections 2(1B) and other applicable provisions of the Income-tax Act, 1961 or Sections 2(6) and other applicable provisions of the Income-tax Act, 2025, as applicable, whereby the entire undertaking and business of the Transferor Company with all its assets, properties, rights, liabilities, obligations and interests shall stand transferred to and vested in the Transferee Company as a going concern.
- (ii) the Transferor Company shall stand dissolved without winding up and the board of directors and any committees thereof of the Transferor Company shall stand discharged and consequently, all shares of the Transferor Company shall stand cancelled and the status of the Transferor Company appearing on the master data of the Ministry of Corporate Affairs shall stand changed to 'Amalgamated'.
- (iii) as consideration for the amalgamation, the Transferee Company shall, without any further act or deed, issue and allot 7 (Seven) fully paid-up equity shares of Re. 1/- each of the Transferee Company for every 200 (Two hundred) fully paid-up equity shares of Rs. 10/- each of the Transferor Company (save and except to the Transferee Company) whose names are recorded in the register of members as a member of the Transferor Company, on the record date under the Scheme.
- (iv) the equity share capital and the preference share capital of the Transferor Company, held by the Transferee Company shall stand cancelled and extinguished with it being clarified that no shares will be issued and no consideration will be paid, in lieu of the shareholding of the Transferee Company in the Transferor Company, which will be cancelled upon the effectiveness of the Scheme
- (v) the authorized share capital of the Transferor Company shall stand combined with and be deemed to be added to the authorized share capital of the Transferee Company in accordance with Section 232(3)(i) of the Companies Act, 2013.

2.2. The "Appointed Date" has been defined to mean the commencement of business hours of April 1, 2026, or as the NCLT may direct and the "Effective Date" has been defined to mean the date on which all the conditions specified in Clause 4.3 of the Scheme are duly completed.

2.3. As per Clause 4.3 of the Scheme, the effectiveness of the Scheme is conditional upon the following: (a) receipt of observation letters or no-objection letters by the Companies from the Stock Exchanges under Regulation 37(1) of the Listing Regulations; (b) the Scheme having been approved by the requisite majorities of shareholders (including public shareholders) and/or creditors of the Companies as required under the Companies Act and the SEBI Circular and as may be directed by the NCLT subject to any dispensation that may be granted by the NCLT; (c) the Scheme having been approved by the jurisdictional NCLT(s) under Sections 230-232 and other applicable provisions of the Act; and (d) the certified copy of the Tribunal's order sanctioning the Scheme having been filed by the Companies with the Registrar of Companies.



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- 2.4. The Transferee Company is one of the promoters of the Transferor Company. Accordingly, in compliance with Paragraph A(10)(b) of Part I of the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Company in favour of the Scheme are more than the number of votes cast by the public shareholders of the Company against the Scheme.
- 2.5. The shares issued and allotted by the Transferee Company under the Scheme shall be listed and admitted to trading on the Stock Exchanges (i.e. BSE Limited and National Stock Exchange of India Limited).

3. Need for the Scheme and rationale for the Scheme

3.1 The Committee noted the need and rationale for the proposed Scheme as under:

- (a) The merger of Amalgamating Company into the Amalgamated Company will result in operational synergies resulting in cost optimization.
- (b) The merger would result in consolidation of business of the Amalgamating Company with the business of the Amalgamated Company thereby resulting in an increased business of the combined entity.
- (c) Reduction of administrative responsibilities, multiplicity of records and statutory, legal and regulatory compliances.
- (d) The Amalgamating Company has the capability and manufacturing facility to manufacture the fermentation based Active Pharmaceutical Ingredients (APIs) which capability and facility the Amalgamated Company does not have. Thus, the Scheme will enable the Amalgamated Company to Research, develop and commercialize new fermentation based APIs and increase its business.
- (e) The Amalgamating Company produces one of the fermentation based API which is used as a therapeutic ingredient in the largest selling formulation of the Amalgamated Company. There are only a handful manufacturers of this API in the world. The Scheme will secure the uninterrupted supply of this API to the Amalgamated Company.
- (f) The Amalgamating Company produces few drug intermediates that are used by the Amalgamated Company in manufacturing of their key Active Pharmaceutical Ingredients (APIs). The Scheme will secure the uninterrupted supply of these drug intermediates to the Amalgamated Company.
- (g) The Amalgamating Company is continuously incurring losses and is unable to spend on research and development for development of new fermentation based APIs so as to optimally utilize its manufacturing capabilities and increase its business. The Scheme, with financial strength, technical and marketing capabilities of the Amalgamated Company will facilitate this.



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Thus, the Scheme is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of concerned shareholders, creditors or the public at large.

3.2 Synergies of business of the entities involved in the Scheme

The merger of the Amalgamating Company and the Amalgamated Company is expected to offer significant strategic and operational synergies, primarily arising from their complementary strengths in the pharmaceutical value chain.

- (a) **Strengthening API Manufacturing Capabilities** -The Amalgamating Company has the capability and manufacturing facility to manufacture the fermentation based Active Pharmaceutical Ingredients (APIs) which capability and facility the Amalgamated Company does not have. Thus, the Scheme will enable the Amalgamated Company to Research, develop and commercialize new fermentation based APIs and increase its business.
- (b) The Amalgamating Company produces one of the fermentation based API which is used as a therapeutic ingredient in the largest selling formulation of the Amalgamated Company. There are only a handful manufacturers of this API in the world. The Scheme will secure the uninterrupted supply of this API to the Amalgamated Company.
- (c) The Amalgamating Company produces few drug intermediates that are used by the Amalgamated Company in manufacturing of their key Active Pharmaceutical Ingredients (APIs). The Scheme will secure the uninterrupted supply of these drug intermediates to the Amalgamated Company.
- (d) The Amalgamating Company is continuously incurring losses and is unable to spend on research and development for development of new fermentation based APIs so as to optimally utilize its manufacturing capabilities and increase its business. The Scheme, with financial strength, technical and marketing capabilities of the Amalgamated Company will facilitate this.
- (e) **Operational and Cost Efficiencies** - the combined operations facilitate procurement synergies, optimization of production planning, improved capacity utilization, and economies of scale in manufacturing and distribution. Consolidation of technical expertise and infrastructure shall also result in lower operating costs and improved margins.
- (f) **Research and Development Synergies** - the merger enables sharing of technical know-how, R&D infrastructure, and product development capabilities. The combined expertise can accelerate development of complex APIs and specialty products.
- (g) The integration of the Amalgamating Company and the Amalgamated Company is expected to create a more vertically integrated pharmaceutical platform with enhanced APIs development and manufacturing capabilities, expanded technological expertise, stronger manufacturing infrastructure, improved operational efficiencies, and increased opportunities for growth in regulated and emerging markets.



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(h) Apart from the above, the other synergies / benefits that is expected to accrue from the proposed amalgamation are :

- Elimination of duplicate production lines
- Consolidation of warehousing and logistics operations
- Integrated vendor management
- Streamlined marketing and distribution network across geographies
- Stronger positioning against competitors
- Pooling of scientific talent and intellectual property

4. Share Exchange Ratio

The Share Exchange Report recommended the below mentioned fair share exchange ratio for the proposed amalgamation of the Transferor Company into the Transferee Company in compliance with Paragraphs A(2)(b) and A(4) of Part I of the SEBI Circular.

7 (Seven) fully paid-up equity shares of Re. 1/- each of the Transferee Company, for every 200 (Two hundred only) fully paid-up equity shares of Rs. 10 each of the Transferor Company.

The Fairness Opinion has also been obtained in relation to the Share Exchange Report.

The equity shares of the Transferor Company held by the Transferee Company shall stand cancelled and extinguished.

5. Scheme not detrimental to the shareholders of the Company

5.1. The Committee discussed the salient features, rationale, expected benefits and synergies of the Scheme and noted that the proposed Scheme is not detrimental to the shareholders of the Transferee Company since the amalgamation will result in a larger unified entity with consolidation of capacities, enhanced market presence and improved competitive positioning by elimination of customer overlap, overall improved operational efficiency, strengthening of brand and market leadership and resilience to competition. The Committee also noted that the combined entity will benefit from operational efficiencies, focused growth and business synergies, which is expected to unlock growth opportunities and contribute to sustainable value creation for the shareholders of the Companies with improved financial performance.

5.2. In view of the rationale, the salient features of the Scheme, the Share Exchange Report, the Fairness Opinion and other documents presented, the Committee noted that the amalgamation being undertaken through the Scheme aims to combine the operations of both Companies resulting, inter alia, in operational efficiencies, focused growth and business synergies while also rationalizing the Group's corporate structure and that the Transferee Company will issue shares to the shareholders of the Transferor Company (save and except to the Transferee Company), who will gain a direct holding in the combined listed Transferee Company. Accordingly, the Committee is of the considered opinion that the draft Scheme is in the best interests of the shareholders of the Company and is not detrimental to their interests.



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6. Recommendation of the Committee

- 6.1. In view of the above, the Committee recommends the Draft Scheme to the Board of Directors of the Company for their consideration and approval.
- 6.2. In order for the Company to comply with the SEBI Circular, this Report of the Committee may be taken on record by the Board of Directors of the Company while considering the Scheme for approval.

By Order of the Committee of Independent Directors



Dr. Narendra Mairpady
Chairman of the Meeting
DIN: 00536905



Date: June 26, 2026
Place: Mumbai

