

# **SIXTEENTH ANNUAL REPORT**

## **2003**



***Shilpa Medicare Limited***  
***(Formerly Shilpa Antibiotics Limited)***



***Shilpa Medicare Limited***

## **BOARD OF DIRECTORS**

**OMPRAKASH INNANI**  
Chairman

**VISHNUKANT BHUTADA**  
Managing Director

**VENUGOPAL LOYA**  
Director

**RAJENDRA KABRA**  
Director

**AUDITORS**  
Pushparaj Bhandari & Company  
Raichur

**REGISTERED OFFICE**  
10/80, 1<sup>st</sup> Floor, Rajendra Gunj,  
Raichur -584 102

## ***Shilpa Medicare Limited***



### **NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of SHILPA MEDICARE LIMITED will be held at 10.45 A.M. on Tuesday, September 30, 2003 at the registered office of the company to transact the following business:

#### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> MARCH 2003, Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and the Auditors thereon.
2. To Appoint a Director in place of Sri.Rajendra Kabra who retires by rotation and being eligible, offer himself for re-appointment.
3. To Appoint a Director in place of Sri.Venugopal Loya, who retires and being eligible, offer himself for re-appointment.
4. To Appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

Report  Junction.com

Place: Raichur

By order of the board  
for SHILPA MEDICARE LIMITED,

Dated: 14-08-2003

(VISHNUKANT .C. BHUTADA)  
Managing Director



## Shilpa Medicare Limited

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. A proxy in order to be effective must be received at the Company's Registered Office not less than 48 hours before the time of holding the meeting.
3. Member/proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. The Register of Members and the Transfer Books of the Company will remain close from 29<sup>th</sup> Sep. to 3<sup>rd</sup> Oct. 2003 (both days inclusive)

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the listing agreement, the particulars of directors who are proposed/ reappointed are given below.

1. Name : Sri.Rajendra Kabra  
Age : 43 years  
Qualification : Undergraduate  
Experience : In Business and Trade for over 20 years.

Director of the company since 27-9-1999.

#### **OTHER DIRECTORSHIPS**

Name of the Company	:	Position held
a. Shilpa Finvest Pvt. Ltd.	:	Director

2. Name : Sri. Venugopal Loya  
Age : 38 years  
Qualification : Commerce graduate  
Experience : In Business and Industry for 15 over.

Director of the company since 07-10- 2002

#### **OTHER DIRECTORSHIPS**

Nil

By Order of the Board

For SHILPA MEDICARE LIMITED,

(VISHNUKANT .C. BHUTADA)

Managing Director

Place : Raichur

Dated : 14-08-2003

**Shilpa Medicare Limited****DIRECTOR'S REPORT**

The Directors have pleasure in presenting their annual report and accounts for the year ended 31-03-2003.

<b><u>FINANCIAL RESULTS: (Rs.in lacs)</u></b>	<b><u>2002-03</u></b>	<b><u>2001-02</u></b>
Profit before Interest, Depreciation and tax	212.98	145.83
Less: Interest	21.00	22.53
Depreciation	29.87	25.15
Profit before taxes	162.11	98.15
Less: Provision for taxes:		
1. Current Tax	16.20	40.90
2. Deferred Tax	43.37	(7.49)
Profit after taxes	102.54	64.74

**YEAR IN RETROSPECT**

The sales for the financial year under review were at rupees 2410.69(1987.31) Lac and the profit before tax is Rupees 162.10 ( 98.15 ) Lacs and profit after tax is Rupees 102.54 (64.74 ) Lacs. This improvement in result is due to periodical review of product mix; strict cost control measures and utilization of resources to its maximum usage.

Your company is recognized EXPORT HOUSE and has during the year made an export of over Rs. 960 lacs, an increase of 91% over the last year's exports of Rs. 501 lacs. This is due to strict adherence of quality control and keeping up the time schedules at the globally competitive rates.

During the year the company has commenced production of wind energy at the fag end of the year and its impact on the profits would be in the years to come.

**FUTURE OUT LOOK**

The future of Bulk drug Industry depends upon change of product mix, in house research and development and increase in over all productivity coupled with cost management. Your company is taking all possible measures to strengthen all this areas of management.

**DIVIDEND:**

Proposed Dividend in respect of Financial year 2002-03 at Re.1/- Per share of Rs.10/- each fully paid-up i.e. @10% to be paid to Equity Share Holders if approved as on the record date. The proposed dividend would absorb Rs.26.88 lacs

**INSURANCE:** All the properties of the company have been properly insured.



## ***Shilpa Medicare Limited***

Sri. Nathmal Inani, Sri. Premasukh Bhutada, Sri. Kamalkishore Inani and Sri. K. Sharath Reddy resigned from the board and the board of Directors places on record their deep appreciation for the services rendered by Sri. Nathmal Inani, Sri. Premasukh Bhutada, Sri. Kamalkishore Inani and Sri. K. Sharath Reddy during their tenure on the board as directors. Sri. Venugopal Loya was appointed as an independent director on the Board and will retire at the ensuing Annual General Meeting and offer himself for appointment.

### **DISCLOSURE OF PARTICULARS**

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earning and outgo are given in Annexure 'A' forming part of this report.

### **PARTICULARS OF EMPLOYEES:**

During the year your company had no employees drawing remuneration equal to or more than the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **DIRECTOR'S RESPONSIBILITY STATEMENT.**

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm as under:

1. In the preparation of the annual accounts, the applicable accounting Standards have been followed.
2. That the 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 ended 31<sup>st</sup> March, 2003 and of the profit of the Company for that year.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

### **Management Discussion and Analysis**

A report on the Management Discussion and Analysis for the year under review is annexed hereto and form part of Annual report.

### **Corporate Governance**

A separate section on Corporate Governance, along with a certificate from the auditors as required is annexed and forms part of this report.

### **AUDITORS**

M/s. Pushparaj Bhandari & Co. Chartered Accountants, Raichur, existing Auditor of the company retires at the ensuing Annual General Meeting and are eligible for reappointment.

### **APPRECIATION:**

Your Company and its Directors sincerely thanks the company's Bankers for their continuing co-operation and assistance. The Board of Directors wishes to express its appreciation to all the employees of the company for their outstanding contribution during the year. The Directors thanks the shareholders who have reposed their confidence.

Place : Raichur

for and behalf of Board of Directors

Dated: 14-08-2003

( VISHNUKANT .C. BHUTADA )  
Managing Director

**Shilpa Medicare Limited****ANNEXURES ATTACHED TO DIRECTOR'S REPORT.**

The Company has taken all possible measures in optimizing the use of power & energy consumption.

**A. POWER & ENERGY****ELECTRICITY****Current Period****Previous Period****PURCHASED:**

Unit	4,93,145	4,01,512
Total amount of Duty	22,55,956	17,45,308
Rate/Unit	4.57	4.35

**OWN GENERATION**

Through Diesel Generator Set	44,800	42,492
( Qty of Diesel in Ltrs )		
Value	8,01,007	7,49,240
Per Litre of Diesel	17.88	17.63

**FIRE WOOD**

Quantity ( Kgs )	9,86,475	6,98,474
Value	5,81,261	3,70,978
Rate / Kg	0.59	0.53

**COAL**

Quantity (Kgs.)	5,33,582	Nil
Value	8,46,450	Nil
Rate/ Kg.	1.59	Nil



## ***Shilpa Medicare Limited***

### **B. TECHNOLOGY ABSORPTION**

#### **(a) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

Research and Development work concerning process improvement in respect of various Bulk drugs and intermediates is carried out at company's work.

1. Specific areas in which R&D was carried out: Optimization of Process Parameters and controlling specific material consumption.
2. Benefits derived:  
Production stabilization at higher levels and reduction in cost.
3. Future plans:  
A separate new Research and development block is under progress.
4. Expenditure on R & D : Not quantifiable.

#### **Technology Absorption Adoption and Innovation:**

1. Efforts in brief towards Technology up gradation, absorption and adoption.
  - a. Utilization of Downstream production capacity.
  - b. Maximize solvent recovery.
  - c. Reduce steam consumption.
2. Benefit derived as a result of above efforts.  
It is difficult to quantify individual benefits of each change.

#### **Earnings and Outgoings in Foreign Exchange:**

The particulars with regard to Foreign Exchange earnings and outgoings appear in item no.13 (f) of Notes to Accounts.

### **REPORT ON CORPORATE GOVERNANCE**

#### **Company's Philosophy on Corporate Governance:**

The Company's philosophy of Corporate Governance is aimed at achieving transparency in the management of the Company for efficiency in conducting its business. The Company follows the policy of full disclosure and communication. It has a lean and flat corporate structure in consonance with its activity and to encourage and attain effective participation of each level of management.

### **BOARD OF DIRECTORS**

**Composition:** In line with the requirements, the Board has been restructured and at present its strength in Four Directors of which the Chairman is non-executive, one Managing Director and two are non-executive-independent Directors.



## Shilpa Medicare Limited



Details of number of Board meetings held, its dates attendance by the directors and attendance of Directors in the latest AGM is an under:

In all 8 Board Meetings were held on 31.05.2002, 31.07.2002, 09.08.2002, 7.10.2002, 31.10.2002, 14.11.2002, 31.01.2003 and 27.03.2003.

Name of Directors	Category of Directorship	No. of Board Meeting attended	Attendance at the last AGM
Omprakash Innani	Non-Executive	7	Yes
Vishnukanth. C. Bhutada	Managing Director	7	No
Rajendra Kabra	Independent Non-executive	7	Yes
Venugopal Loya*	Independent Non-executive	5	Yes
Nathmal Innani**	Non-executive	3	Yes
Premasukh Bhutada**	Non-executive	3	Yes
Kamalkishore Innani**	Non-executive	3	Yes
K. Sharath Reddy**	Executive	3	Yes

\* Inducted wef from: 7<sup>th</sup> Oct. 2002.

\*\* Resigned wef from: 7<sup>th</sup> Oct. 2002.

None of the Directors are Director (other than Private Limited Companies) or the members of any Committee as on the date of Directors Report.

Details of Directors being appointed and reappointed:

As per requirements two-third of the Directors should constitute retiring Directors. One third of such retiring Directors have to retire and if eligible can offer themselves for reappointment. Accordingly Sri Rajendra Kabra retires by rotation at the ensuing Annual General Meeting & being eligible offers himself for re-appointment.

Sri. Venugopal Loya was co-opted on the Board in the vacancy caused by the resignation of Sri. Nathmal Innani. As per the provisions of the Companies Act, 1956, he holds office until this Annual General Meeting. A Notice has been received from a member of the Company pursuant to section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- proposing Sri. Venugopal Loya as a candidate for the office of the Director.

A brief resume of the aforesaid Directors eligible for reappointment is as follows:

1. Sri Rajendra Kabra is 43 years old and is in the Business for over 2 decades. He is on the board of the company from 27-9-1999. He is also director in M/s. Shilpa Finvest Pvt. Ltd. He is the chairman of the Share holders/ Investors Grievance Committee. He is not on any other Committee of any other Company.
2. Sri. Venugopal Loya is 38 years old and is an industrialist. He has over 15 years of rich experience in the management apart from being a Commerce Graduate and has accountancy knowledge. He is not on the board of any other Company.



## ***Shilpa Medicare Limited***

### **AUDIT COMMITTEE :**

The Company has constituted an Audit Committee on 27<sup>th</sup> March 2003.

The AUDIT committee consists of three non executive Directors namely Sri.Omprakash Innani Sri. Rajendra Kbra and Sri. Venugopal Loya, Sri. Venugopal Loya is the Chairman of the Audit Committee. All the members of the committee have adequate Accounting and financial knowledge.

The Company Secretary acts as the Secretary of the Committee.

Since the Committee was formed at the fag end of the accounting year it had met only on that day i.e.27<sup>th</sup> March 2003.

### **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE.**

Sri. Rajendra Kbra is the Chairman of this Committee with Sri. Venugopal Loya and Sri. Vishnukanth Bhutada as other members of this Committee.

The total no. of letters received and replied to the Share holders during the year 2002-03 are 81 and all were attended too with maximum care and attention.

### **GENERAL BODY MEETINGS:**

AGM FOR THE YEAR	DATE AND TIME OF AGM	PLACE AGM HELD
2000	30 <sup>TH</sup> Sep.2000 at 10.45 AM	Regd. Office
2001	29 <sup>TH</sup> Sep. 2001 at 10.45 AM	Regd. Office
2002	30 <sup>TH</sup> Sep. 2002 at 10.45AM	Regd. Office

All the resolution which were put before the members for their consent were unanimously passed. No postal ballots were used for voting.

### **REMUNERATION OF DIRECTORS:**

The Company has not paid any amount to any non-executive Directors either as remuneration or sitting fee other than reimbursement of expenses for the year under report. The Company shall follow the procedures stipulated as and when it has to pay the non-executive Directors as remuneration. The Managing Directors has been appointed by the Company in its meeting held on 17.09.1999 on the terms and conditions approved by the members in that meeting. During the year has been paid Managing remuneration of Rs.5,40,000/- (which includes value of perquisites). During the Year Sri. K.Sharath Reddy was Executive Director up to 7<sup>th</sup> Oct.2002 and he was paid remuneration of Rs.167800/- (which includes value of perquisites).