

# 19<sup>th</sup> Annual Report 2005 - 2006



## SHILPA MEDICARE LIMITED



## **BOARD OF DIRECTORS**

<b>OMPRAKASH INNANI</b>	-	Chairman
<b>VISHNUKANT BHUTADA</b>	-	Managing Director
<b>VENUGOPAL LOYA</b>	-	Director
<b>PRAMOD KASAT</b>	-	Director

<b>AUDITORS</b>	-	<b>Bohra Bhandari Bung &amp; Associates</b> Chartered Accountants Amar Complex, M.G. Road, Raichur - 584 101
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<b>REGISTERED OFFICE</b>	-	1 <sup>st</sup> Floor, 10/80, Rajendra Gunj, Raichur -584 102.
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<b>WORKS</b>	-	4A, Deosugur Industrial Area, Deosugur - 584 170.
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<b>BANKERS</b>	-	<b>The Lakshmi Vilas Bank Ltd.</b> Raichur -584 102.
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<b>REGISTRARS &amp; SHARE TRANSFER AGENT (Physical &amp; Demat)</b>	-	<b>M/s. Karvy Computer Share Pvt. Ltd</b> Karvy House, 46, Avenue 4, Street No.1, Road No.10, Banjara Hills, Hyderabad -500 034.
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### PERFORMANCE OF THE COMPANY AT GLANCE FOR PAST 5 YEARS

(Rs. In Lakhs)

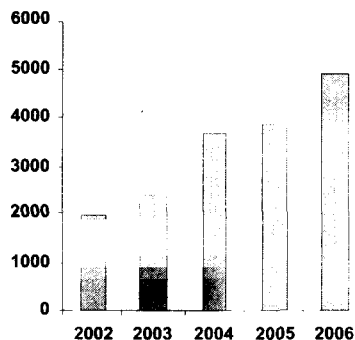
PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06
Gross Revenue	1986.00	2427.73	3643.15	3868.31	4885.34
Profit before Depreciation and Taxes.	123.30	191.98	504.84	552.79	761.29
Depreciation.	25.15	29.87	81.74	100.70	176.79
Taxes	33.41*	59.57*	174.09*	123.95*	188.05*
Profit After taxes	64.74	102.54	249.01	328.14	396.45
Dividend (Including Dividend tax)	26.88	30.41	44.94	45.04	59.49
<b>PERFORMANCE PARAMETRES</b>					
Net Fixed Assets	277.81	602.46	904.58	1590.37	1657.59
Share Capital	268.83	268.83	274.37	274.37	347.15
Reserves & Surplus	365.24	437.37	658.48	941.57	3154.59
Net Worth (net)	624.64	700.53	930.93	1215.94	3501.74
Return on Net Worth (%)	10.36	14.64	26.75	26.99	20.73@
Borrowings**	52.98**	172.74**	254.07**	422.77	210.59
Debt Equity Ratio (Gross)	0.08	0.25	0.27	0.35	0.06
Dividend (%)	10	10	15	15	18
Earnings per share. (Rs)	2.41	3.81	9.37	12.35	13.56

\*Includes Deferred Taxes of the respective year.

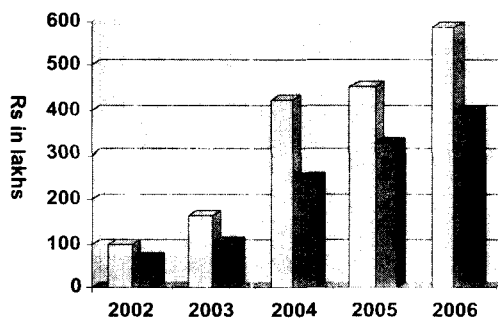
\*\*Only Working Capital Borrowings and no Term Loans.

@ On effective Net Worth

#### REVENUE



#### PBT ■ PAT(Incl.Deferred Taxes)



**NOTICE**

NOTICE is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of the SHILPA MEDICARE LIMITED will be held on **FRIDAY, 15<sup>TH</sup> SEPTEMBER, 2006** at 11.00 AM at Registered Office of the Company at 10/80, 1<sup>st</sup> Floor, Rajendra Gunj, Raichur – 584 102 to transact the following items of business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereof.
2. To appoint a Director in place of Sri Venugopal Loya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of next Annual General Meeting and to fix their remuneration by passing following Ordinary Resolution.

“RESOLVED THAT pursuant to Section 224(1) of the Companies Act, 1956, the retiring auditors M/s. Bohra, Bhandari, Bung & Associates, Chartered Accountants be and is hereby re-appointed as the Auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board”

**SPECIAL BUSINESS:****4. APPOINTMENT OF SRI PRAMOD KASAT AS DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri Pramod Kasat, who was appointed as a Director on 27<sup>th</sup> January, 2006 and who holds office as such up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company who is liable to retire by rotation.”

**5. INCREASE IN THE REMUNERATION OF SRI VISHNUKANT BHUTADA :**

To consider and if, thought fit, to pass with or without modification(s) the following resolution as **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 269 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government and the Shareholders in the ensuing General Meeting, the remuneration of Sri Vishnukant Bhutada, Managing Director of the Company be and is hereby increased w.e.f 1<sup>st</sup> day of April 2006 as per the following package subject to maximum of Rs. 60,00,000/- per annum.



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1	Salary	Rs. 3,600,000 Per Annum
2	Perquisites	
	A) H.R.A.	Rs. 1,260,000 per Annum
	B) Medical Expenses	For self & family subject to 1 month's salary
	C) Club Fee For two clubs	
	D) Medical Accident Insurance Hospitalization and Domicillary Hospitalization Benefit Policy and Personal Accident Insurance (for the purpose of calculating the ceiling on Perquisites shall be evaluated as per Income Tax Rule.)  (Family means spouse, dependent children and dependent parents)	
3	In addition to above perquisites Managing Director shall also be entitled to the following benefits :	
	THESE BENEFITS SHALL NOT BE INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISITES:	
	Company's contribution towards Provident Fund, Superannuation or Annuity Fund	As per rules of the Company.
	Gratuity	Not exceeding half month's salary for each completed year of service
	Earned Privilege Leave	As per rules of the Company
	Car	Provision of Company's Car with Driver
	Telephone	Free Telephone Facility at residence
4	Commission	1% of the profits



"FURTHER RESOLVED THAT Sri Venugopal Loya, Director of the company be and is here by authorized to make application to the Central Government on behalf of the Company and do all such acts and deeds as may be required in this connection "

**6. APPOINTMENT OF SHRI DEEPAK INNANI, RELATIVE OF DIRECTOR TO PLACE OR OFFICE OF PROFIT:**

To consider and if, thought fit, to pass with or without modification(s) the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of section 314 of the Companies Act, 1956 and subject to the approval of Shareholders at ensuing General Meeting in this regard, Sri Deepak Innani, relative of the Chairman of the Company within the meaning of Section 6 read with Schedule 1A of the Act, be and is hereby appointed as Manager (Marketing) of the Company at following remuneration:

1	Salary	Rs. 3,54,000 Per Annum
2	Perquisites	
	A) H.R.A.	Rs. 1,24,000 Per Annum
	B) Medical Expenses	For self & family subject to 1 month's salary
	C) Medical Accident Insurance Hospitalization and Domicillary Hospitalization Benefit Policy and Personal Accident Insurance(for the purpose of calculating the ceiling Perquisites shall be evaluated as per Income Tax Rule). (Family means spouse, dependent children and dependent parents)	
3	In addition to above perquisites he shall also be entitled to the following benefits :	
	THESE BENEFITS SHALL NOT BE INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISITES:	
	Company's contribution towards Provident Fund, Superannuation or Annuity Fund .	As per rules of the Company.
	Gratuity	Not exceeding half month's salary for each completed year of service
	Earned Privilege Leave	As per rules of the Company
	Car	Provision of Company's Car with Driver

**For Shilpa Medicare Limited**

Sd/-

**Vishnukanth C. Bhutada**  
Managing Director

Place : Hyderabad  
Date : 21-07-2006



## Annual Report 2005 - 2006

### NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a proxy in order to be effective must be filled, stamped and signed and should reach the Company's Registered office not less than 48 hours before the commencement of the meeting.
- 2) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special businesses are annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, 11<sup>th</sup> Sept 2006 to Friday, 15<sup>th</sup> Sept. 2006** (both days inclusive).
- 4) Members are requested to quote ledger folio number in all their correspondence to avoid delay in communication.
- 5) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.

### EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

#### ITEM NO 4 :

The Board of Directors of the Company appointed Sri Pramod Kasat as Director of the Company and his term of office would expire at this Annual General Meeting.

Considering his rich experience, the Board feels that he may be appointed as a Director liable to retire by rotation. Further the Company has received a notice in writing from a member along with the deposit of Rs.500/-under of Section 257 of the Companies Act, 1956. Since, the appointment of a Director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting, the Board commends this resolution for your approval.

None of the Directors except Sri Pramod Kasat is interested in this resolution.

#### ITEM NO 5 :

Considering the Instrumental role played by the Sri Vishnukanth Bhutada, Managing Director and keeping in view the current industry standards it was decided by the Board to revise the remuneration of Managing Director. Board of Directors at their Board Meeting held on 21<sup>st</sup> July, 2006 revised the remuneration as recommended by the Remuneration Committee of the Company, subject to approval of members and Central Government, as detailed in the resolution w.e.f 1<sup>st</sup> April, 2006 for the balance period of his tenure.



As revision of the Managerial remuneration is subject to the approval of the members in their meeting and as the remuneration exceeds the limits prescribed under Section 198 of the Companies Act, 1956, requires approval of Central Government.

The Board commends the above resolution for your approval

None of the Directors except Sri. Vishnukanth Bhutada are interested in this resolution.

**ITEM NO 6 :**

Board of Directors at their meeting held on 21<sup>st</sup> July, 2006 appointed, subject to approval of members, Sri Deepak Innani, relative of Sri Omprakash Innani, Chairman of the Company within the meaning of Companies Act, 1956, as Manager (Marketing) of the company.

As per section 314 of the Company Act, 1956, appointment of a relative of Director to place or office of profit require approval of members by passing special resolution.

Considering the performance of Sri Deepak Innani, Board commends this resolution for your approval.

None of the Directors except Sri OmPrakash Innani are interested in this resolution.



Place: Hyderabad  
Date : 21-07-2006

For **Shilpa Medicare Limited**

Sd/-

**Vishnukanth C. Bhutada**  
Managing Director



## **DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting herewith the 19<sup>th</sup> Annual Report of Your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2006.

### **FINANCIAL RESULTS:**

(Rs. in lakhs)

<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2006</b>	<b>YEAR ENDED 31.03.2005</b>
Sales	4765.39	3750.99
Other Income	119.95	117.33
Profit before depreciation and Income tax	761.29	552.79
Depreciation	176.79	100.70
Net profit before tax	584.50	452.09
Provision for taxation		
a. Current tax	134.21	55.00
b. Deferred tax	53.84	68.95
Profit after tax	396.45	328.14
Prior Period adjustment.	(-) 8.14	—
Brought forward from previous year	511.44	263.35
Profit before transfer to General Reserve	899.75	591.49
Transfer to General Reserve	35.00	35.00
Provision for proposed Dividend & Dividend Tax	59.49	45.05
Balance carried to Balance Sheet	805.26	511.44

### **DIVIDEND:**

Your Directors have recommended a dividend of 18% for the financial year 2005-06 against 15% for the previous year. The proposed dividend and tax thereon would absorb Rs 59.49 Lakhs, as against Rs.45.05 Lakhs in the previous year.

### **FIXED DEPOSITS:**

Your Company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

### **OVERALL PERFORMANCE OF THE COMPANY:**

During the year under review, your Company has achieved a total turnover of Rs. **4885.34** Lakhs when compared to the last year's turnover of Rs. 3868.32 Lakhs and recorded a net profit of Rs. **396.45** Lakhs compared to a net profit of Rs. 328.14 Lakhs during the previous year.



Your Company is a recognized Export House and during the year has made an export of Rs. **3595.11** Lakhs, an increase of **21.96%** over the last year's exports of Rs.2947.59 Lakhs which attributes to Company's strict adherence of Quality control, keeping up the time schedules and offering globally competitive rates, in spite of the fact, that there has been high volatility in U.S. Dollar against the Indian Rupee Company could achieve this growth.

In recognition of excellent performance on export front, your Company received two "Export Excellence" Awards from the Federation of Karnataka Chambers of Commerce & Industries, Bangalore and The Vishweshwaraiah Industrial & Training Centre, Government of Karnataka besides, Safety Award of Gulbarga Region during the year.

The Company has obtained Certificate of Suitability for its product viz. Ticlopidine HCL. During the year, the Company has filed Drug Master File for few drugs and is confident of obtaining Certificate of Suitability shortly.

Oncology Products (Anticancer Products) of the Company are well accepted in the Global Market and there has been steady growth in the orders for these products.

The Company has been allotted with 20.7 acres of Industrial Land at Raichur Growth Center and has taken the possession of the same for its 100% EOU. The work on 100% EOU would complete in near future.

#### **AMALGAMATION OF SHILPA ORGANICS PVT. LTD., WITH COMPANY**

Amalgamation of Shilpa Organics Pvt. Ltd., with Company is under process and will be completed during the current financial year.

#### **FURTHER ISSUE OF SHARES.**

During the year Company has issued 4,65,000 equity shares of Rs.10/- each at a premium of Rs. 240/- per share to two different Foreign investors and has also re-issued 3,50,400 Forfeited Equity shares of Rs.10/- each at a premium of Rs.210/- for augmenting the resources for the 100% EOU.

#### **DIRECTORS:**

Sri Rajendra Kabra, Director (Independent), had resigned from the Board with effect from 27<sup>th</sup> January, 2006. The Board places on record its appreciation for the valuable services rendered during his tenure as Director of the Company.

Sri Pramod Kasat was appointed as Director in place of Sri Rajendra Kabra. Sri Pramod Kasat has vast experience in finance and his induction would be of great benefit to the Company.

#### **PERSONNEL:**

None of the Employees of the Company was drawing remuneration exceeding limits prescribed U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.