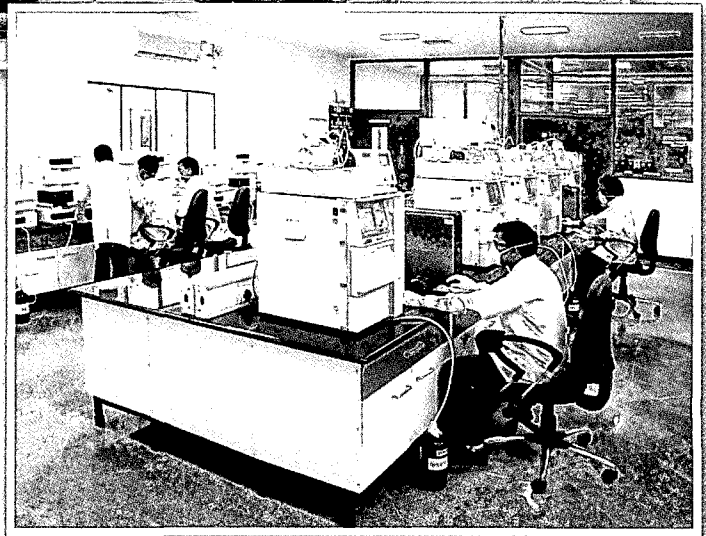
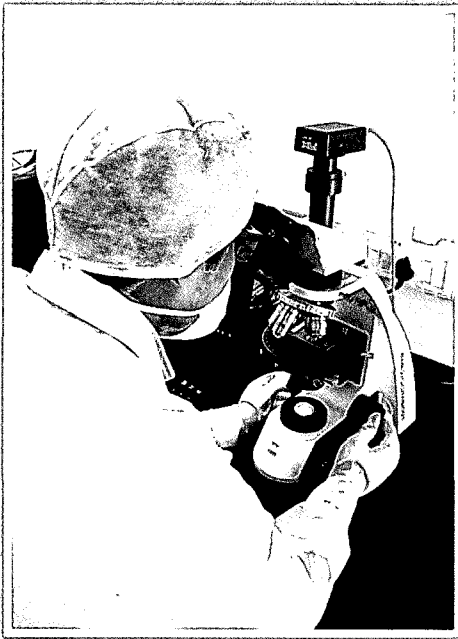


22nd Annual Report 2008-2009



Shilpa Medicare Limited



State - of - the - Art Quality Control Facilities

22nd ANNUAL GENERAL MEETING

Day : Wednesday

Time : 11.00 AM

Date : 30th September, 2009

Venue : Hotel Nrupatunga,
Ambedkar Circle, Station Road, Raichur - 584 101. Karnataka

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COMPANY INFORMATION

BOARD OF DIRECTORS

Omprakash Inani	: Chairman
Vishnukant Bhutada	: Managing Director
Atim Kabra	: Director
Carlton Felix Periera	: Director
Pramod Kasat	: Independent Director
Venugopal Loya	: Independent Director
Rajendra Sunki Reddy	: Independent Director
N.P.S. Shinh	: Independent Director

Auditors

Bohara Bhandari Bung & Associates
Chartered Accountants,
Amar Complex, M.G. Road,
Raichur - 584 101

Registered Office

1st Floor, 10/80, Rajendra Gunj,
Raichur - 584 102. (Karnataka)
Phone : 08532-235006, 235704
Fax : 08532-235876
E-mail: info@vbshilpa.com
Web : www.vbshilpa.com

Board Committees

Audit Committee

Venugopal Loya - Chairman
Omprakash Inani - Member
Pramod Kasat - Member
Rajendra Sunki Reddy-Member

Remuneration Committee

Pramod Kasat - Chairman
Venugopal Loya - Member
Omprakash Inani - Member

Investors Grievances Committee

Omprakash Inani - Chairman
Venugopal Loya - Member
Vishnukant Bhutada - Member

Company Secretary

Nagalakshmi Popuri

Works

Deosugur Industrial Area,
Deosugur - 584 170. (Raichur District)

100 Percent Export Oriented Unit

33-33A, Raichur Industrial Growth Center,
Wadloor Road, Chicksugur Cross,
Chicksugur - 584134. (Raichur District)

Bankers

The Lakshmi Vilas Bank Ltd.
ICICI Bank Ltd.
State Bank of India
Axis Bank Ltd.

Registrars & Share Transfer Agent

M/s. Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad-500 081, A.P.
Tel: 040-23420815-28
Fax: 040-23420814/23420857
E-mail: mailmanager@karvy.com
Website: www.karvycomputershare.com

PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(Rs. in Lakhs)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Revenue	3868.31	4885.34	6983.13	9557.69	13670.24
Profit before Depreciation and Taxes	552.79	761.29	1200.20	2031.73	2206.45
Depreciation	100.70	176.79	187.33	351.09	604.37
Taxes *	123.95	188.05	303.41	543.62	860.38
Profit After Taxes	328.14	396.45	709.46	1137.02	741.70
Dividend (Incl. Dividend Tax)	45.04	71.25	81.23	99.56	128.84

PERFORMANCE PARAMETERS

Net Fixed Assets	1590.37	1657.59	2921.15	8290.63	12724.30
Share Capital	274.37	347.15	347.15	425.48	440.48
Reserves & Surplus	941.57	3154.59	3773.80	5111.71	6344.36
Net Worth (Net)	1215.94	3501.74	4120.95	5537.19	6784.84
Return on Net Worth (%)	26.99	20.73@	17.22	20.53	@@10.93
Borrowings	422.77	210.59**	723.66**	7592.89	9707.41
Debt Equity Ratio (Gross)	0.35	0.06	0.18	1.37	1.43
Dividend (%)	15	18	20	20	25
Earning per Share (Rs.)	12.35	13.56	20.44	#5.34	#3.40

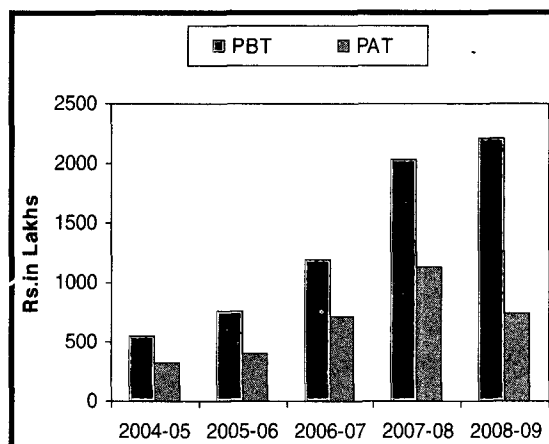
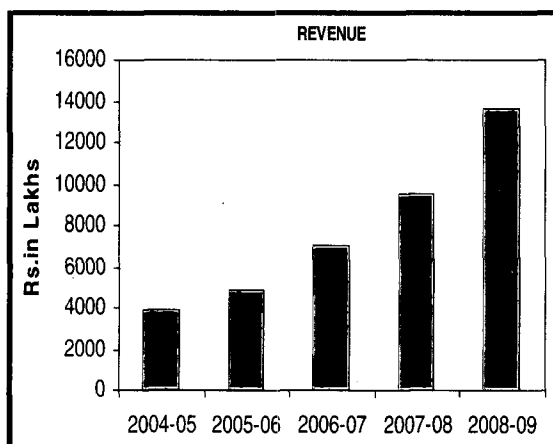
* Includes Deferred Taxes of the respective year.

** Only Working Capital Borrowings and no Term Loans.

@ On effective Net Worth

@@ Reduced due to impact of exchange fluctuation on ECB on Profit.

On Rs. 2/- per share.





Shilpa Medicare Limited

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Wednesday, the 30th day of September 2009 at 11.00 AM, Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur - 584 101, Karnataka to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2009 and the Balance Sheet and other statements as on that date together with the Report of the Board of Directors and the Auditor's Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of **Mr. Atim Kabra** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Carlton Felix Periera** who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Mr. Omprakash Inani** who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Bohara Bhandari Bung & Associates, Chartered Accountants be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 **Dr. Abhay B. Upasani** in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956 ("Act"), (herewith referred to as the "Act" which shall include any statutory modification(s) or re-enactment(s) thereof) read with Director's Relatives (Office or Place of Profit) Rules, 2003, approval of Remuneration Committee and subject to the approval of Central Government, and subject to other consents, approvals, permissions as may be required, the consent be and is hereby accorded for the appointment of Mr. Deepak Inani, Manager (Marketing) of the Company and to hold an office or place of profit who is a relative of Mr. Omprakash Inani, Chairman of the Company, for a period of 5 (five) years and on such terms and conditions and on such remuneration payable to Mr. Deepak Inani which shall not exceed Rs.18,00,000/- (Rupees Eighteen Lakhs Only) per annum, w.e.f the 1st July, 2009 as detailed hereunder:

1.	Basic Salary	In the scale of Rs. 67,500/- (Rupees Sixty Seven Thousand Five Hundred Only) to Rs.80,000/- (Rupees Eighty Thousand Only) P.M. as decided by the board from time to time during the term of the Manager
2.	Perquisites and Allowances:	
	A) House Rent Allowance	Rs. 9000/- (Rupees Nine Thousand Only)PM
	B) Leave Travel Concession	One Month Salary
	C) Personal Accident Insurance	As per the rules of the company
	D) Personal Allowances	Rs.11000/- (Rupees Eleven Thousand only) PM
	E) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles at residence
	F) Medical Expenses :	Rs. 50000/- (Rupees Fifty Thousand only) Per annum
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 the rules of the Company
	Gratuity	Shall not exceed half month salary, for each completed year of service
	Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company
	Earned Privilege Leave	Leave on full pay and allowances as applicable to other employees of the company but not exceeding one month for every 11 month's service
	Car	Free use of Company's car with driver

"FURTHER THAT the Board of Directors be and is hereby authorized to grant from time to time to Mr.Deepak Inani, such increment or increments as the Directors may, in their discretion think fit but so that his consolidated salary and perks shall not exceed Rs. 18,00,000/- P.A. during the entire 5 years"

"FURTHER THAT the Board of Directors be and is hereby authorize Mr.Vishnukant Bhutada, Managing Director and Mr.Omprakash Inani, Director severally to apply to Central Government and other requisite authorities for the approval of the above said resolution, to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions"

9. To consider and, if thought fit, to pass the following Resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Article 167 of the Articles of Association of the Company and Section 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (herewith referred to as the "Act" which shall include any statutory modification(s) or re-enactment(s) thereof) and in supersession of special resolution passed on 5th September, 2007 at the 20th AGM, Mr.Vishnukant Bhutada be and is hereby re-appointed as the Managing Director of the Company for a period of Three Years effective from 1st September, 2009, terminable by either side on



Shilpa Medicare Limited

three months notice or pay in lieu thereof, at the remuneration and on other terms set out below with liberty to the Board of Directors to sanction and/or vary the same within the overall limit, as they in their discretion deem fit."

1.	Basic Salary	Rs.500,000 (Rupees Five Lakhs Only) PM or as decided by the board from time to time during the term of the appointment
	Special Pay	Rs. 87500/- (Eighty Seven Thousand Five Hundred Only) PM
2.	Perquisites and Allowances:	
	A) House Rent Allowance	Rs.125000/- (Rupees One Lakh Twenty Five Thousand Only) PM
	B) Leave Travel Concession	One Month Salary i.e. Basic Pay
	C) Personal Accident Insurance	As per the rules of the company
	D) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles/ Fax at residence
	E) Personal Allowances	Rs. 75000/- (Rupees Seventy Five Thousand Only) PM
	F) Medical Expenses reimbursement for self & dependent parents/children	Rs. 50000/- per annum (Rupees Fifty Thousand Only)
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 the rules of the Company
	Gratuity	Shall not exceed one month salary, for each completed year of service
	Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company
	Earned Privilege Leave	Leave on full pay and allowances as applicable to other employees of the company but not exceeding one month for every 11 month's service
	Car	Free use of Company's car with driver

"FURTHER THAT remuneration by way of commission will be allowed in addition to salary but the aggregate amount of salary and commission shall not exceed 5% of Net Profit of the company calculated in terms of Section 198 & 349 of Companies Act, 1956."

"FURTHER THAT Mr. Vishnukant Bhutada as Managing Director will exercise the management control all over the affairs of the Company under the control, superintendence and direction of the Board of Directors."

"FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

"RESOLVED THAT the Agreement to be entered into by the Company and Mr. Vishnukant Bhutada (a draft whereof is available at the Registered Office of the Company) be and is specifically approved and sanctioned."

By order of the Board of Directors
for **SHILPA MEDICARE LIMITED**,

Sd/-
Nagalakshmi Popuri
Company Secretary

Place: Hyderabad
Date : 31st August, 2009

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement in respect of the special business in the Notice, Pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Brief Profile of Mr. Abhay B. Upasani has been annexed alongwith explanatory statement in pursuance of Clause 49 of the listing Agreement.
4. Proxy forms in order to be effective must be received by the company not less than 48 hours before the meeting.
5. The Share Transfer Register and the Register of Members of the Company will remain closed from 26.09.2009 to 30.09.2009 (both days inclusive) **in connection with the Annual General Meeting and Dividend.**
6. The Dividend for the year ended 31st March, 2009 as recommended by the Board, if approved at the meeting, will be paid to those members whose names appear in the Company's Register of Members after effecting valid transfers received upto the close of business hours on 25th September, 2009. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details provided as at the close of business hours on 30th September, 2009 by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
7. M/s. Karvy Computershare Pvt. Ltd., Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad- 500081, A.P. is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
8. Members seeking any information or clarification on the accounts are requested to send in writing queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries, at the meeting.
9. Securities and Exchange Board of India, vide Circular Ref.No.MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the above circular, all share transfer requests received after 20th May, 2009 should therefore be accompanied with PAN details.
10. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant share certificate to the Share Transfer Agent/Company.
11. Members holding shares in physical form are informed to furnish their bank account details to the STA to have printed the same on the dividend warrants so as to avoid fraudulent encashment.



Shilpa Medicare Limited

12. Details of Directors seeking re-appointment at the upcoming 22nd Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors, Mr. Omprakash Inani, Mr. Carlton Felix Pereira, and Mr. Atim Kabra, who are proposed to be re-appointed are given below:

a	Name	Mr. Omprakash Inani	Mr. Carlton Felix Pereira	Mr. Atim Kabra
b	Brief Resume:			
	i) Age	53 Years	42 Years	41 Years
	ii) Qualification	B.Com	B.Com/ACA	M.A.Economics (Hons) from Delhi University and MMS (Finance) from Bombay University.
	iii) Experience in specific functional area	27 Years	21 Years	16 Years
	iv) Date of appointment on the Board of the Company (Shilpa Medicare Ltd.)	20.11.1987	27.10.2006	27.10.2006
c	Nature of expertise in specific functional areas	Chairman of the Company. He is-one of the key person in the management decisions having very good experience in the fields of business and functional aspects of the Company. He also monitors the operations of all the Plants	Highly experienced Finance, Taxation and Business Planning professional, has rich experience in relation to financial restructuring, transactions in M&A and PE activities.	Highly experienced in all facets of Finance, Complex problem solving, logical and critical thinking skills and highly experienced professional.
d	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)	1) Raichem Lifesciences Pvt. Ltd. 2) Bhakara Investments Pvt.Ltd. 3) Raichem Medicare (P) Ltd 4) Srinidhi Cottons Pvt.Ltd.	1) Tano India Advisors Pvt.Ltd 2) SSIPL Retail Pvt.Ltd 3) ABG Motors Ltd 4) Anil Printers Ltd 5) Compact Travels (P) Ltd 6) Promac Engineering Industries Ltd	1) Astra Microwave Products Ltd 2) Krishna Saa Fabs (P) Ltd Foreign Companies/Organisations 1) Frontline Strategy Limited 2) Frontline Strategy Pte. Ltd 3) Strategic Ventures Fund (Mauritius) Ltd 4) CBay Systems Holdings Ltd 5) Jasmyn Capital Partners Pte Ltd 6) Indian Industrial Growth Fund Ltd
e	Name(s) of Companies in which Committee Membership(s) held	1. Shilpa Medicare Ltd a) Audit Committee b) Remuneration Committee c) Investor Grievance Committee	Nil	1. Astra Microwave Products Ltd a) Management Review Committee-Chairman b) Audit Committee-Member c) Compensation Committee-Member d) Investor Grievance Committee-Member
f	No. of shares of Rs.2/- each held by the Director	Self - 779776 Wife- 1254880	Self -Nil Wife - 9270	Nil
g	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act,1956)	Related to Mr.Vishnukant Bhutada	-	-