



23<sup>rd</sup>

## ANNUAL GENERAL MEETING

Thursday, the 30<sup>th</sup> day of September, 2010 at 11.30 AM, at  
Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur - 584 101. (Karnataka)

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## COMPANY INFORMATION

### Board of Directors

<b>Omprakash Inani</b>	: Chairman
<b>Vishnukant C Bhutada</b>	: Managing Director
<b>Carlton Felix Periera</b>	: Independent Director
<b>Pramod Kasat</b>	: Independent Director
<b>Venugopal Loya</b>	: Independent Director
<b>Rajendra Sunki Reddy</b>	: Independent Director
<b>N.P.S. Shinh</b>	: Independent Director
<b>Dr. Abhay B Upasani</b>	: Independent Director

### Board Committees

#### Audit Committee

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

#### Remuneration Committee

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

#### Investor Grievances Committee

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

#### Company Secretary

**Nagalakshmi Popuri**

### Auditors

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

### Registered Office

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

### Works

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

100% Export Oriented Unit  
33-33A, 40 to 47,  
Raichur Industrial Growth Center,  
Wadloor Road,  
Chicksugur Cross,  
Chicksugur - 584 134  
(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  
Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

## PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(Rs. in Lakhs)

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Revenue	4885.34	6983.13	9557.69	13670.24	<b>23557.90</b>
Profit before Depreciation and Taxes	761.29	1200.20	2031.73	2206.45	<b>7700.89</b>
Depreciation	176.79	187.33	351.09	604.37	<b>976.47</b>
Taxes *	188.05	303.41	543.62	860.38	<b>2123.15</b>
Profit After Taxes	396.45	709.46	1137.02	741.70	<b>4601.27</b>
Dividend (Incl. Dividend Tax)	71.25	81.23	99.56	128.84	<b>180.37</b>

### PERFORMANCE PARAMETERS

Net Fixed Assets	1657.59	2921.15	8290.63	12724.30	<b>13099.67</b>
Share Capital	347.15	347.15	425.48	440.48	<b>440.48</b>
Reserves & Surplus	3154.59	3773.80	5111.71	6344.36	<b>10778.98</b>
Net Worth (Net)	3501.74	4120.95	5537.19	6784.84	<b>11219.46</b>
Return on Net Worth (%)	20.73@	17.22	20.53	@@10.93	<b>41.02</b>
Borrowings	210.59**	723.66**	7592.89	9732.66	<b>6746.74</b>
Debt Equity Ratio (Gross)	0.06	0.18	1.37	1.43	<b>0.60</b>
Dividend (%)	18	20	20	25	<b>35</b>
Earning per Share (Rs.)	13.56	20.44	# 5.34	#3.40	<b>#20.89</b>

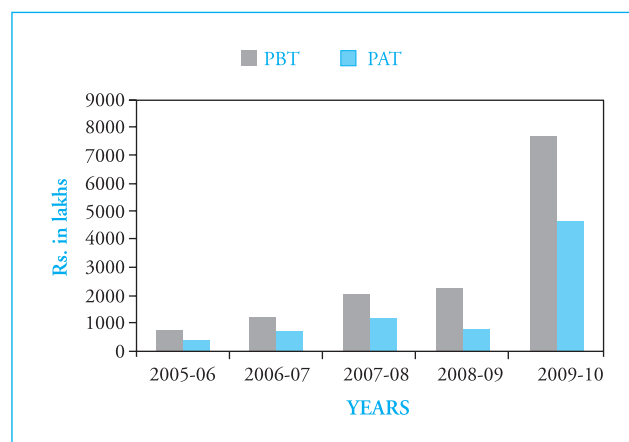
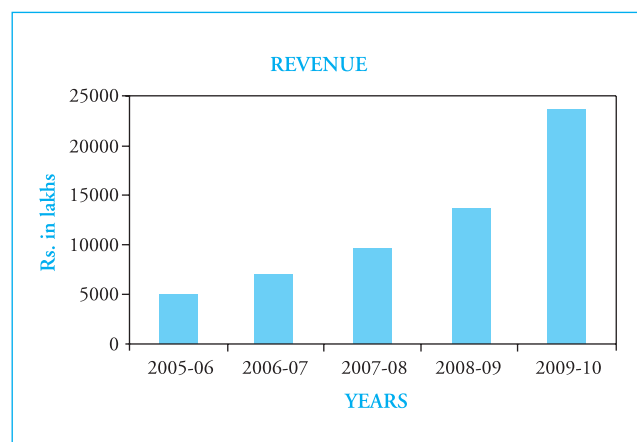
\* Includes Deferred Taxes of the respective year.

\*\* 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.





## NOTICE

Notice is hereby given that the **23<sup>rd</sup> Annual General Meeting** of the Company will be held on **Thursday, the 30<sup>th</sup> day of September, 2010 at 11.30 AM, at 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 31<sup>st</sup> March, 2010 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. Venugopal Loya** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Rajendra Sunki Reddy** who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Mr. N.P.S. Shinh** 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 And 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 **Mr. Pramod Badrinarayan Kasat**, who has been co-opted as an Additional Director of the company on 16<sup>th</sup> March, 2010 to act as an Independent Director, 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 who is liable to retire by rotation."

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

Place : Raichur  
Date : 01<sup>st</sup> September, 2010

Sd/-  
**Nagalakshmi Popuri**  
Company Secretary

## 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. Venugopal Loya, Mr. Rajendra Sunki Reddy and Mr.N.P.S.Shinh who have been proposed to be re-appointed u/s.256 and Mr.Pramod Badrinarayan Kasat, 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 20.09.2010 to 22.09.2010 (both days inclusive) in connection with the Annual General Meeting and Dividend.
6. The Dividend for the year ended 31<sup>st</sup> March, 2010 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 19<sup>th</sup> September, 2010. 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 22<sup>nd</sup> September, 2010 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 queries in writing 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 said circular, all share transfer requests received after 20<sup>th</sup> May, 2009 should therefore be accompanied with PAN details.
10. 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.
11. All the shareholders and Beneficial Owners who have not claimed the dividend for the years 2003-04 to 2008-2009 are required to submit their claims immediately to the Company/ STA for the respective dividends. The dividends unclaimed for 7 years will be transferred to Investor Education and Protection Fund and the shareholders are not entitled to make any claim from the said Fund in relation to the transferred unclaimed- dividends.



**12. Details of Directors seeking re-appointment at the upcoming 23<sup>rd</sup> Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)**

As required under the Listing Agreement, the particulars of Directors, Mr. Venugopal Loya, Mr. Rajendra Sunki Reddy, and Mr. N.P.S.Shinh, who are proposed to be re-appointed are given below:

a	Name	Mr. Venugopal Loya	Mr. Rajendra Sunki Reddy	Mr. N.P.S. Shinh
b	Brief Resume:			
	i) Age	46 Years	46 Years	65 Years
	ii) Qualification	B.Com	PG in Pharma	B.Com, LLB and MBA from Delhi University.
	iii) Experience in specific functional area	21 Years	17 Years	40 Years
	iv) Date of appointment on the Board of the Company (Shilpa Medicare Ltd.)	07-10-2002	30-06-2008	30-06-2008
c	Nature of expertise in specific functional Areas	Has gained very good exposure to the accounting systems and other business related activities as he has been managing various businesses of his family since last 25 years.	Having rich exposure in the field of Pharma. He is a founder secretary of Navodaya Educational Trust, Raichur which is running several institutions of Medical, Para-Medical, Dental, Pharmacy, Nursing and a host of other institutions.	was acknowledged as an Expert in art of turning around the Sick/loss making companies into Profitable Companies. He has highly been exposed to managing the companies in difficult times and bringing them from out of problems
d	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)	NIL	NIL	1. National Standard (India) Limited 2. National Standard Tyre Moulds (India) Limited. 3. Ezra Trading & Finance Company Limited 4. Mountain Dew Properties Ltd 5. Panel Boards & Laminates Limited 6. Bakelite Hylam Limited 7. Sanathnagar Enterprises Limited.
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	1. Shilpa Medicare Ltd a) Audit Committee	1. National Standard Tyre Moulds (India) Limited a) Share Committee
f	No. of shares of Rs.2/- each held by the Director	NIL	5300	Nil
g	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	—	—	—



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

### ITEM NO. 7

To make the Board more independent, to appraise the operational activities particularly the accounting systems and assess the implementation of decisions and their impact on the performance of the Company, the Board proposed to co-opt Mr. Pramod Kasat as an Independent Director considering his exposure to financial markets as well as pharma industry particularly in relation to new developments taking place in the global markets. He was a director of the Company during the period 27-01-2006 to 30-09-2009.

Mr. Pramod Kasat, aged about 41 years, an engineer in Electrical and MBA in Finance, joined IL&FS in 1995 after working 3 years in various departments at Capital Markets Division of Citi Bank NA. He held various positions at IL&FS and gained rich experience in investment Banking, Corporate finance, Capital markets and finance structuring for infrastructure projects, Asset & Structured Finance & Investment Banking Business. He also worked as a Director Global Markets Solutions Group with Credit Suisse an international prominent investment banker. He joined the Board of the Company as an Additional Director and has also been appointed as a Member & Chairman of Remuneration Committee and a Member of Audit Committee.

Mr. Pramod Kasat does not hold any shares of the Company as on 31<sup>st</sup> March, 2010. The Company has received special notice in writing from a member as per the provisions of section 257 of the Companies Act, 1956 proposing Mr. Pramod Kasat's appointment as Director of the Company. Considering his rich experience and to get the able guidance and benefit of his experienced ideas, the Board recommends his appointment.

Other Company Directorships held:

Money Matters Financial Services Limited  
Supreme Infrastructure India Limited

None of the Directors of the Company are interested in passing this resolution except Mr. Pramod Kasat being the appointee.

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

Place : Raichur  
Date : 01<sup>st</sup> September, 2010

Sd/-  
**Nagalakshmi Popuri**  
Company Secretary



## DIRECTOR'S REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting herewith the 23<sup>rd</sup> Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Financial Year 2009-10		Financial Year 2008-09	
	Standalone	Consolidated	Standalone	Consolidated
Sales (Net of ED)	23445.97	26491.20	13595.51	16643.22
Other Income	111.94	177.45	74.73	103.64
Profit before Interest, Depreciation, Income tax & Exchange Fluctuation	7783.67	7765.41	3748.83	3301.14
Interest	504.04	542.29	499.52	576.75
Depreciation	976.47	1271.61	604.37	941.10
Exchange Fluctuation Loss (+)/Income (-)	-421.26	417.86	1042.86	1027.26
Net profit before tax	6724.43	6369.37	1602.08	756.03
<b>Provision for taxation</b>				
a. Current tax	1840.00	1841.46	525.00	524.88
b. Deferred tax	283.15	268.40	332.18	332.18
c. Fringe Benefit Tax	0.00	0.00	3.20	3.20
Profit after tax	4601.28	4259.51	741.70	-104.23
Prior period adjustment (Loss)	10.66	4.68	14.79	14.79
Brought forward from previous year	3216.35	2364.75	2688.69	2682.94
Profit before transfer to General Reserve	7828.29	6628.94	3445.18	2593.50
Transfer to General Reserve	500.00	500.00	100.00	100.00
Provision for proposed Dividend and Dividend Tax	180.37	180.37	128.84	128.84
Add : Loss pertaining to Minority share	—	0.09	—	0.08
Balance carried to Balance Sheet	7147.92	5948.66	3216.34	2364.74

### FINANCIAL PERFORMANCE

Your Company scaled and recorded newer heights and benchmarks in terms of sales and profits for the year ended March 31, 2010. Your Company recorded all time high net sales of Rs.23445.97 Lacs (Rs.13595.51 Lacs) recording a growth of 72.45 %. It recorded net profit (after tax) of Rs.4601.28 lacs (Rs.741.70 Lacs ) growth of 520.36% over the previous year due to good margins in the oncology products and increase in production of other products. The net profit in terms of EPS is Rs.20.89 against Rs.3.40 in the previous year.

During the year under review the Company has performed very well in all product segments recording new customers from various countries. Operations of EOU stabilized and the Company is expecting better volumes in the future from this unit.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.70 i.e. 35% (Rs.0.50 i.e. 25%) per equity share of Rs.2/- each for the financial year under review absorbing an amount of Rs.180.37 lacs inclusive of tax on dividend.

## SUBSIDIARIES

Operations of M/s. Loba Feinchemie GmbH, Austria are satisfactory and registered cash profit during the financial year. It is expected that it would breakeven during the year.

Raichem Lifesciences Private Limited, a 100% Subsidiary Company started its marketing operations and is receiving good response from the market.

## AWARDS & CERTIFICATIONS

During the year under review the Company achieved the following:

Date	Details description of Achievements/Certifications (2009-10)
19.03.2009	Non-Oncology APIs registered in Taiwan
24.03.2009	Recognition & ranked 172 <sup>nd</sup> for its superior financial performance during 2007-08 from SMB Awards (Industry 2.0 Magazine)
23.09.2009	Filed USDMF of Anastrozole with USFDA (23123)
19.10.2009	Ambroxol MF Holder & Site Registered with PMDA, Japan
15.01.2010	Filed USDMF of Temozolomide with USFDA (23479)
21.01.2010	Patent Filed for Novel Polymorphic Form of Bortezomib (160/CHE/2010)
29.01.2010	Filed USDMF of Irinotecan HCl Trihydrate with USFDA (23562)
11.02.2010	Filed USDMF of Oxaliplatin with USFDA (23563)
11.03.2010	Site inspected Effectively by TGA, Australia

**Further, during the period April'10 to Aug'10 following important events have happened:**

05.05.2010	Export Excellence Award-2010 received from FKCCI, Bangalore
08.06.2010	Obtained EUGMP Certificate for Gemcitabine HCl EP from AFSSAPS, France
15.06.2010	Obtained ISO 9001:2008 Certification for Raichem Lifesciences Pvt Ltd
16.07.2010	State Export Excellence Award-2007-08 & 2008-09 from VITC, Bangalore
28.07.2010	Obtained EUGMP Certificate for Temozolomide (Unit-1) & Capecitabine (Unit-2) from BSG, Hamburg
29.07.2010	Obtained EUGMP Certificate for Anastrozole, Irinotecan & Oxaliplatin from INFARMED, Portugal

## INVESTMENTS

During the year the Company has completed 100% EOU Project and stabilized its operations and total sum of Rs 97.42 Crs till date incurred towards the capital expenses.

### Operation of Subsidiaries:

Company has invested Rs 281 lacs in the Raichem Lifesciences Private Limited, a WOS of the Company to meet its capital and operational expenses. During the year this subsidiary has commenced its commercial operations.

Your Company has invested Rs77.25 lacs in Raichem Medicare Private Limited an Associate and proposed joint venture with Italian Company.

During the period the Company also invested Rs.10.00 lac in Reva Pharmachem Private Limited an Associate of the Company in which the Company holds 47.54% of shareholding.



## **DIRECTORS INFORMATION U/S 217(2A) OF THE COMPANIES ACT, 1956.**

Details of employees drawing remuneration exceeding limits prescribed U/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is attached with the report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 Your Directors confirm that:

- i. In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2010 the applicable Accounting Standards have been followed.
- ii. 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 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, 2010 and of the profit and loss of the Company for the year.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as Annexure to this report.

## **CORPORATE GOVERNANCE**

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as Annexure to this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **AUDITORS**

The Statutory Auditors of the Company, M/s. Bohara Bhandari Bung And Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and the Board recommend the re-appointment of M/S. Bohara Bhandari Bung And Associates, Chartered Accountants, as Statutory Auditors of your Company.

## **ACKNOWLEDGEMENTS**

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions, banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hard work and commitment.

For and on behalf of the Board of Directors

Place : Raichur  
Date : 01<sup>st</sup> September, 2010

Sd/-  
**Omprakash Inani**  
Chairman