24th

Annual Report 2010 - 2011

Shilpa
WHERE GROWTH IS HABIT

Shilpa Medicare Limited

Our Facilities

Shilpa Medicare EU GMP Approved Facility (Unit-1)

Shilpa Medicare EU GMP Approved Facility (Unit-2)

Shilpa Medicare R&D (Vizag) Facility

Loba Fienchemie GmbH (USFDA approved facility)

Shilpa
WHERE GROWTH IS HABIT

Registered Office
1st Floor, 10/80, Rajendra Gunj
Raichur – 584102 (Karnataka)

24th ANNUAL GENERAL MEETING

Day	Thursday
Date	22nd September, 2011
Time	11.30 A.M.
Venue	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur - 584101 (Karnataka)

CONTENTS

COMPANY INFORMATION

Board of Directors

Omprakash Inani	:	Chairman
Vishnukant C Bhutada	:	Managing Director
Ajeet Singh Karan	:	Independent Director
Carlton Felix Pereira	:	Independent Director
Pramod Kasat	:	Independent Director
Venugopal Loya	:	Independent Director
Rajendra Sunki Reddy	:	Independent Director
N.P.S. Shinh	:	Independent Director
Dr. Abhay B Upasani	:	Independent Director

Board Committees

Audit Committee

Venugopal Loya – Chairman
Omprakash Inani – Member
Pramod Kasat – Member
Rajender Sunki Reddy – Member

Remuneration Committee

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

Investor Grievances Committee

Omprakash Inani – Chairman
Venugopal Loya – Member
Vishnukant C. Bhutada – Member

Company Secretary

Nagalakshmi Popuri

Works

Deosugur Industrial Area
Deasugur – 584 170.
(Raichur District)

100 % Export Oriented Unit
33-33A, 40-47
Raichur Industrial Growth Center
Wadloor Road, Chicksugur Cross
Chicksugur – 584134.
(Raichur District)

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 – 584102 (Karnataka)
Phone : 08532-235704, 235006
Fax : 08532-235876
Email : info@vbshilpa.com
Website: www.vbshilpa.com

Bankers

The Lakshmi Vilas Bank Ltd
ICICI Bank Ltd
Standard Charterd Bank Ltd
Axis Bank Ltd
State Bank of India

Registrars & Share Transfer Agent

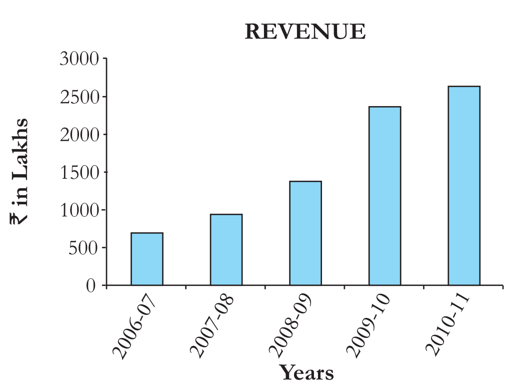
M/s. Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24, Vithalrao Nagar
Madhapur, Hyderabad-500 081
Tel: 040-23420815-28
Fax: 040-23420814/23420857
Email : **mailmanager@karvy.com**
Website: **www.karvycomputershare.com**

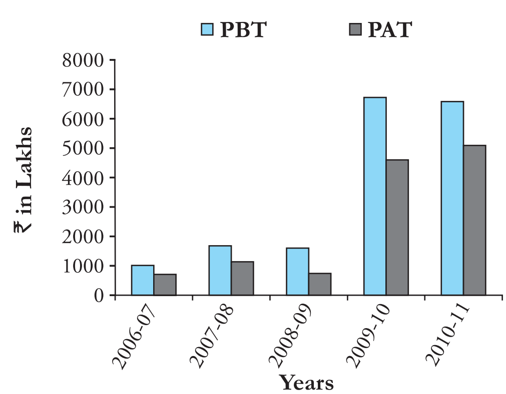
PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(₹ in Lakhs)

Year	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Revenue	6983.13	9557.69	13670.24	23557.90	**26285.60**
Profit before Depreciation and Taxes	1200.20	2031.73	2206.45	7700.89	**7625.74**
Depreciation	187.33	351.09	604.37	976.47	**1042.10**
Taxes *	303.41	543.62	860.38	2123.15	**1491.11**
Profit After Taxes	709.46	1137.02	741.70	4601.27	**5092.53**
Dividend (Incl. Dividend Tax)	81.23	99.56	128.84	180.37	**224.12**
PERFORMANCE PARAMETERS					
Net Fixed Assets	2921.15	8290.63	12724.30	12793.88	**12709.48**
Share Capital	347.15	425.48	440.48	440.48	**480.48**
Reserves & Surplus	3773.80	5111.71	6344.36	10778.98	**22603.09**
Net Worth (Net)	4120.95	5537.19	6784.84	11219.46	**23083.57**
Return on Net Worth (%)	17.22	20.53	@10.93	41.02	**22.06**
Borrowings	723.66**	7592.89	9732.66	6746.74	**5097.41**
Debt Equity Ratio (Gross)	0.18	1.37	1.43	0.60	**0.22**
Dividend (%)	20	20	25	35	**40**
Earning per Share (₹)	20.44	# 5.34	#3.40	#20.89	**22.08**

** Includes Deferred Taxes of the respective year.*
*** Only Working Capital Borrowings and no Term Loans.*
@ Reduced due to impact of exchange fluctuation on ECB on Profit.
 # On ₹ 2/- per share.





NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of the Company will be held on **Thursday, the 22nd Day of September, 2011 at 11.30 A.M. at Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur - 584101 (Karnataka)** to transact the following items of business:

ORDINARY BUSINESS:

1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date along with report of the Directors and Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of **Mr. Omprakash Inani** , who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of **Mr. Carlton Felix Pereira**, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of **Dr. Abhay B Upasani**, 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 Ordinary Resolution.

   "**RESOLVED THAT** M/s. Bohara Bhandari Bung And Associates, Chartered Accountants, Registration No. 008127S 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(s) the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT, Sri Ajeet Singh Karan, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 read with Section 190 of the said Act, alongwith a deposit of ₹ 500/- proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be determinable by retirement of Directors by rotation."

By order of the Board of Directors
For **SHILPA MEDICARE LIMITED**

Nagalakshmi Popuri
Company Secretary

Place : Hyderabad
Date : 11th August, 2011

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 ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Brief profile of **Mr. Omprakash Inani, Mr. Carlton Felix Pereira** and **Dr. Abhay B. Upasani** who have been proposed to be re-appointed u/s. 256 and of **Mr. Ajeet Singh Karan**, who is proposed to be appointed as Director, has been annexed alongwith explanatory statement in pursuance of Clause 49 of the Listing Agreement.
3. Proxy forms in order to be effective must be received by the Company not less than 48 hours before the meeting.
4. The Share Transfer Register and the Register of Members of the Company will remain closed from 19th September, 2011 to 22nd September, 2011 (both days inclusive).
5. 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**.**
6. 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.
7. 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 transfers requests. Based on the directive contained in the said circular, all share transfer requests received after 20th May, 2009 should therefore be accompanied with PAN details.
8. All the shareholders and beneficial owners who have not claimed the Dividend for the years 2004-05 to 2009-10 are required to submit their claims immediately to the Company/ STA for 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.
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
10. The Annual Accounts of the Subsidiary Companys' and the related detailed information are available for inspection of any shareholders at the Registered Office of the Company during business hours and shall be provided to the shareholders who seeks such information.

Details of Directors seeking re-appointment and appointment at the up-coming 24th 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. Abhay B Upasani,** who are proposed to be re-appointed are given below:

a)	**Name**	**Mr. Omprakash Inani**	**Mr. Carlton Felix Pereira**	**Dr. Abhay B Upasani**
b)	Brief Resume			
	i) Age	55 years	43 years	49 years
	ii) Qualification	B.Com	B.Com, ACA	MS, FICS, FIAGES, FACG (USA)
	iii) Experience in specific functional area	29 years	23 years	More than 20 years
	iv) Date of appointment on the Board of the Company (Shilpa Medicare Ltd)	23/03/1988	05/09/2007	30/09/2009
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 in Finance, Taxation and Business Planning Professional, has rich experience in relation to financial restructuring, transactions in M & A and PE activities.	Has good exposure in medical field and is a senior consultant Doctor. He also has good knowledge of pharma industry particularly in relation to new drug delivery systems, clinical trials and developments taking place in the global health care.
d)	Names of other companies in which Directorship held	1) Raichem Lifesciences Pvt. Ltd. 2) Bhakara Investments Pvt. Ltd. 3) Raichem Medicare (P) Ltd. 4) Srinidhi Cottons Pvt. Ltd. 5) Mansarovar Health Club	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.	Nil
e)	Name(s) of Companies in which Committee Membership(s) held	1) Shilpa Medicare Limited a) Audit Committee b) Remuneration Committee c) Investor Grievance Committee	Nil	Nil
f)	No. of shares of ₹ 2/- each held by the Director	Self- 779776 Wife- 1254880	Nil	Nil
g)	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Related to Mr.Vishnukant C. Bhutada Managing Director	None	None

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO. 7

Mr. Ajeet Singh Karan, is a M.B.A. Graduate from Indian Institute of Management, Ahmedabad. He has more than 20 years of experience in building businesses across several industries in India. He worked as the CEO of KAPL (now SC Johnson India)- the world's largest liquid mosquito repellant company with the flagship brand "All-Out". He was instrumental in growing revenues and profits of the Company more than six fold during his tenure. He played a key role in the operation of KAPL's Joint venture with S.C. Johnson and thereafter successful integration of the Baygon business into KAPL.

Before joining KAPL, Ajeet was part of scripting the success of several multinationals including Hindustan Lever (part of Unilever group), Pepsico India, Coca-cola India. He has played a variety of roles from being involved in running profit centers for these companies to setting up manufacturing operations in India resulting in substantial increase in market share for these businesses in the region.

The Board thought that joining of Mr. Ajeet Singh Karan on the Board as an Independent Director would immensely help the Company in the areas where he has good knowledge and experience. Hence, the Board recommends the resolution for your approval.

As per the provisions of Section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

None of the Directors except Mr. Ajeet Singh Karan is interested in the above said resolution.

By order of the Board of Directors
For **SHILPA MEDICARE LIMITED**

Nagalakshmi Popuri
Company Secretary

Place : Hyderabad
Date : 11th August, 2011

DIRECTOR'S REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting herewith the 24th Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31st March, 2011.

FINACIAL RESULTS

(₹ In Lakhs)

PARTICULARS	Financial Year 2010-11		Financial Year 2009-10	
	Standalone	Consolidated	Standalone	Consolidated
Sales (Net of ED)	**25,754.35**	**29,028.57**	23,445.97	26,491.20
Other Income	**531.25**	**515.25**	111.94	177.45
Profit before Interest, Depreciation, Income Tax & Exchange Fluctuation	**7,432.04**	**7,536.52**	7,783.67	7,765.41
Interest	**184.74**	**206.01**	504.04	542.29
Depreciation	**1,042.10**	**1,297.78**	976.47	1,271.61
Exchange Fluctuation (Gain) / Loss	**(378.44)**	**(379.96)**	(421.26)	(417.86)
Net Profit before Tax	**6,583.64**	**6,412.68**	6,724.43	6,369.37
Provision for Taxation				
a. Current Tax	**1,329.00**	**1,330.06**	1,840.00	1,841.46
b. Deferred Tax	**162.10**	**129.94**	283.15	268.40
Profit after Tax	**5,092.53**	**4,952.69**	4,601.28	4,259.51
Less: Share in Losses of Associate	**–**	**10.00**	–	–
Prior Period adjustment (Loss)	**(4.31)**	**(17.89)**	10.66	4.68
Brought forward from previous year	**7,147.92**	**5,948.66**	3,216.35	2,364.75
Profit & Loss A/c Balance before transfer to General Reserve	**12,236.14**	**10,873.46**	7,828.29	6,628.94
Transfer to General Reserve	**525.00**	**525.00**	500.00	500.00
Provision for proposed Dividend and dividend tax	**224.11**	**224.11**	180.37	180.37
Add: Loss pertaining to Minority Group	**NA**	**(0.09)**	–	0.09
Balance carried to Balance Sheet	**11,487.03**	**10,124.42**	7,147.92	5,948.66

REVIEW OF OPERATIONS :

Your Company has achieved a turnover of ₹ 257.54 Crs. (₹ 234.46 Crs.) and profit before interest, depreciation and tax (PBDIT) of ₹ 78.10 Crs. for the year ended March 31, 2011. The net profit is ₹ 50.93 Crs. as against ₹ 46.01 Crs. in the previous year. The Company's policy to maintain quality and consistency has been giving good returns by way of long-standing good customer base for the Company due to which the Company is able to maintain its margins though there was a stiff competition particularly from China and other pharma companies. The net profit in terms of EPS is ₹ 22.08 against ₹ 20.89 in the previous year.

EXPORTS :

During the year, your Company has continued to export to various countries and earned valuable foreign exchange of ₹ 19,741.71 Lacs (₹ 16,863.90 Lacs). This has been recognized by the FKCCI Bangalore and VITC Bangalore by bestowing the Best District Exporter and Best Exporter in the category respectively.

Certificates:

During the year, your Company received following important approvals related to Oncology products :		
TGA – Australia	PMDA – Japan	Health – Canada
BSG – Hamburg	INFARMED – Portugal	Afssaps – France
In – House R & D recognised by DSIR - India		

RESEARCH & DEVELOPMENT

Your Company attaches utmost importance to Research and Development activities which is essential for survival and future growth of any organization. Due to Company's continuous thrust in this area only it invented various API's in Oncology. Company's R & D facilities have received the recognition by DSIR during the year.