



*Shilpa Medicare Limited*

**25<sup>th</sup>**  
**ANNUAL REPORT**  
**2011-2012**





## *Our Facilities*



Unit-I Raichur WHO GMP/EUGMP/TGA/PMDA/KFDA  
/TPD Oncology/Non-Oncology/CRAMS API Facility



Unit-II (EOU) Raichur WHO GMP/EUGMP Oncology  
/Non-Oncology/CRAMS API Facility



Vizag R & D Facility (Recognized by DSIR)  
Generic Oncology Drug Product Development



Formulation facility at Pharma SEZ, Jadcherla (AP)  
Lyophilisation, Large & Small Volume Parenteral Injectables



NU Therapeutics Pvt. Ltd., Hyderabad  
Novel Drug Delivery System Orally Disintegrating Strips



LOBA Feinchemie GmbH, Austria  
USFDA, EUGMP Approval Facility



**Registered Office :**

1<sup>st</sup> Floor, 10/80, Rajendra Gunj,  
Raichur-584102 (Karnataka)

**25<sup>th</sup>  
ANNUAL GENERAL MEETING**

Day : Saturday  
Date : 29<sup>th</sup> September, 2012  
Time : 11.30 A.M  
Venue : Hotel Nrupatunga, Ambedkar Circle,  
Station Road, RAICHUR-584101 (Karnataka)

# CONTENTS

	Page No.
Performance at a Glance .....	03
Notice to Members .....	04
Directors Report.....	12
Management Discussion and Analysis.....	18
Corporate Governance Report.....	21
Managing Director & Finance Manager's Certificate .....	32
Auditor's Certificate on Corporate Governance.....	33
Auditor's Report .....	34
Balance Sheet.....	38
Profit & Loss Account .....	39
Cash Flow Statement.....	40
Notes to Accounts.....	42
Auditors Report on Consolidated Financial Statements.....	71
Consolidated Balance Sheet.....	73
Consolidated Profit & Loss Account.....	74
Consolidated Cash Flow Statement.....	75
Consolidated Notes to Accounts .....	77
Statement Pursuant to Section 212 of the Companies Act,1956.....	98
Proxy Form and Attendance Slip.....	99

## 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
Rajender Sunki Reddy	:	Independent Director
N.P.S Shinh	:	Independent Director
Dr.Abhay B Upasani	:	Ceased to be Director w.e.f 09-02-2012

### Board Committees

#### Audit Committee

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

### Works

4-A, Deosugur Industrial Area,  
Deosugur - 584 170. (Raichur Dist.)

### 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

1<sup>st</sup> Floor, 10/80, Rajendra Gunj  
Raichur – 584102 (Karnataka)  
Phone : 08532-235704, 235006  
Fax : 08532-235876  
E-mail : info@vbshilpa.com  
Web : www.vbshilpa.com

### Bankers

The Lakshmi Vilas Bank Ltd.,  
ICICI Bank Ltd  
Standard Chartered 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  
E-mail : mailmanager@karvy.com  
Website: www.karvycomputershare.com

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

(₹ in Lacs)

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Revenue	9557.69	13670.24	23557.90	26285.60	28861.27
Profit before Depreciation and Taxes	2031.73	2206.45	7700.89	7625.74	6526.58
Depreciation	351.09	604.37	976.47	1042.10	1142.20
PBT	1680.64	1602.08	6724.42	6583.65	5384.38
Taxes*	543.62	860.38	2123.15	1491.11	1152.73
PAT	1137.02	741.70	4601.27	5092.53	# 4294.37
Dividend (Inc. Dividend Tax )	99.56	128.84	180.37	224.11	256.52

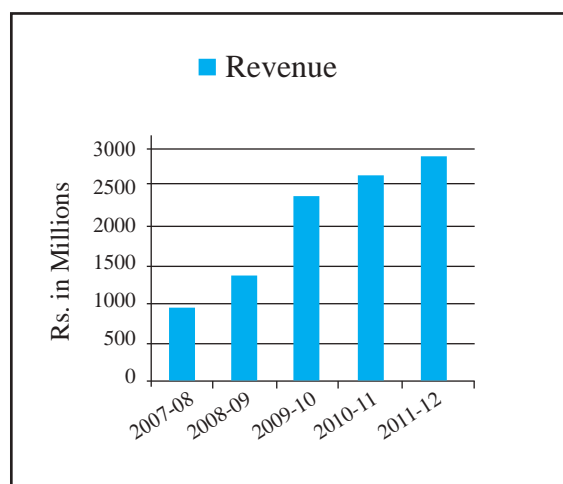
### PERFORMANCE PARAMETER

Net Fixed Assets	8290.63	12724.30	12793.88	12709.49	13683.64
Share Capital	425.48	440.48	440.48	480.48	490.48
Reserves & Surplus	5111.71	6344.36	10778.98	22603.09	28724.56
Net Worth (Net)	5537.19	6784.84	11219.46	23083.57	29215.04
Returns on Net Worth (%)	20.53	@10.93	41.02	22.06	14.70
Borrowings	7592.89	9732.66	6746.74	5097.41	4852.06
Debt Equity Ratio (Gross )	1.37	1.43	0.60	0.22	0.17
Dividend (%)	20	25	35	40	45
Earning Per Share (Rs.)	5.34	3.40	20.89	22.08	17.87

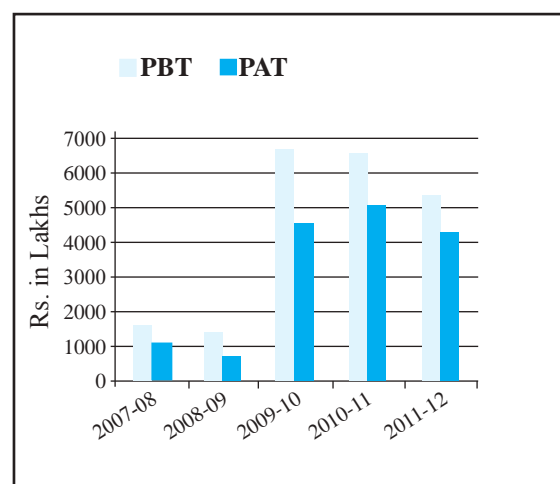
\* Includes Deferred taxes of the respective year.

@ Reduced due to impact of exchange fluctuation on Profit.

# Effect of exchange fluctuation on Long Term Borrowings & investment in foreign subsidiary Company considered as per option given vide MCA notification no GSR 914 (E) dt 29.12.2011



Year



Year



## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of the Company will be held on **Saturday the 29<sup>th</sup> day of September, 2012 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 31<sup>st</sup> March, 2012 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. Venugopal Loya** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Pramod Kasat** who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 :

6. 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 Article 167 of the Articles of Association of the Company and Section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act 1956, Mr. Vishnukant.C. Bhutada be and is hereby re-appointed as the Managing Director of the Company for a period of Three Years ( 3 ) effective from 1<sup>st</sup> September, 2012, terminable by either side on 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.”

1.1	Basic Salary	Rs.7,50,000/- (Rupees Seven Lacs Fifty Thousand Only) per month OR as decided by the Board from time to time during the term of the appointment
1.2	Special Pay	Rs. 1,00,000/- (Rupees One Lakh Only) per month
2.	Perquisites and Allowances:	
	a) House Rent Allowance	Rs.1,25,000/- (One Lakh Twenty Five Thousand Only) per month.
	b) Leave Travel Concession	One Month's Salary i.e.Basic Salary.
	c) Personal Accident Insurance	Premium not exceeding Rs.1,00,000/- (Rupees One Lakh only ) per annum.
	d) Personal Allowances	Rs.75,000/-(Rupees Seventy Five Thousand Only) per month.
	e) Medical Expenses reimbursement for self & dependent parents/children	Rs. 1,00,000/-(Rupees One Lakh Only) per annum.
3.	In addition to above he shall also be entitled to the following perquisites and benefits:	
	THESE BENEFITS SHALL NOT BE INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISITES:	
	a) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles/ Fax at residence. (However personal long distance calls will be charged.)
	b) Company's contribution towards Provident Fund, Superannuation or Annuity Fund	As per the Policy of the Company.
	c) Gratuity	Shall not exceed half month's salary, for each completed year of service
	d) Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company.
	e) 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
	f) Car	Free use of Company's car with driver

**“FURTHER THAT** commission on profits be paid in addition to the above said salary but the aggregate amount of salary and commission shall not exceed 5% of Profit of the Company calculated in terms of Section 198 & 349 of Companies Act,1956.”

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

**“FURTHER THAT** the Board of Directors may be authorized 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”

**“FURTHER THAT** the Agreement to be entered into by the Company and Mr.Vishnukant.C. Bhutada be and is hereby approved and recommended.”

7. To Consider and if thought fit, to pass with or without modification(s) 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 and in supersession of the resolution passed at the 22<sup>nd</sup> AGM of the Company, the consent be and is hereby accorded for the appointment of Mr.Deepak Inani as AGM (Projects) of the Company and to hold an office or place of profit who is a relative of Mr.Omprakash Inani, Chairman of the Company on such terms and conditions and on such remuneration payable to Mr.Deepak Inani which shall not exceed Rs.30,00,000/- (Rupees Thirty Lakhs Only) per annum, w.e.f the 1<sup>st</sup> September, 2012 as detailed hereunder :

1.	Basic Salary	Rs.1,10,000/- (Rupees One Lakh Ten Thousand Only) per month OR as decided by the Board from time to time during the term of the appointment
2.	Perquisites and Allowances:	
	a) House Rent Allowance	Rs. 42,000/- (Rupees Forty Two Thousand Only) per month
	b) Leave Travel Concession	One Month’s Salary
	c) Personal Accident Insurance	As per the rules of the company
	d) Personal Allowances	Rs. 21,500/(Rupees Twenty One Thousand Five Hundred Only) per month
	e) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles at residence
	F) Medical Expenses :	Rs. 60,000/- (Rupees Sixty 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 PERQUISTES:	
	a) Company’s contribution towards Provident Fund, Superannuation or Annuity Fund	As per the Policy of the Company
	b) Gratuity	Shall not exceed half month’s salary, for each completed year of service
	c) Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company.
	d) 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
	e) 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.30,00,000/- P.A. ”

**“FURTHER THAT** the Board of Directors may be authorized 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”

By order of the Board of Directors  
For **Shilpa Medicare Limited**

**Nagalakshmi Popuri**  
Company Secretary

Place: Hyderabad  
Date : 10<sup>th</sup> August, 2012

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy forms in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed from 19<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012 ( both days inclusive ) .
4. 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.
5. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered office of 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.
6. 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.
7. All the shareholders and beneficial owners who have not claimed the Dividend for the years 2005-06 to 2010-11 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.
8. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
9. The Annual Accounts of the Subsidiary Companies and the related detailed information are available for inspection of any shareholder at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
10. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
11. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
13. Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having Shares in electronic form may inform the same to their depository participants immediately.