

29th Annual Report 2015-2016



Innovating for
affordable healthcare

Shilpa Medicare Limited



Shilpa Medicare Ltd bagged Pharmexcil's "Patent Award" for securing the most number of product patents..



India Pharma Awards 2015 bagged UBM's Excellence in R&D Award (Company with turnover more than 500 Crore)



2016 Export Excellenace Award conferred by FKCCI..



Innovating for
affordable healthcare

Registered Office

#12-6-214/A1,
Hyderabad Road,
Raichur, Karnataka- 584135

29th

ANNUAL GENERAL MEETING

Thursday the 29th day of September, 2016 at 11.30 AM
at the Registered Office of the Company at #12-6-214/A1,
Hyderabad Road, Raichur, Karnataka - 584135

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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
Rajender Sunki Reddy	:	Independent Director
N.P.S Shinh	:	Independent Director
Venugopal Loya	:	Independent Director
Namrata Bhutada	:	Non-Executive Director

Board Committees

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

Omprakash Inani	-	Chairman
Vishnukant C Bhutada	-	Member

Corporate Social Responsibility Committee

Rajender Sunki Reddy	-	Chairman
Omprakash Inani	-	Member
Vishnukant C Bhutada	-	Member

Company Secretary

Vemuri Ajay (up to 19.10.2015)
Sujani Vasireddi (w.e.f. 01.11.2015)

Auditors

Bohara Bhandari Bung And Associates LLP
Chartered Accountants
#12-10-89/1, 2nd Floor, Anagha Complex
Above Canara Bank, Near Mouleshwar Chowk
Raichur - 584 101.

Bankers

Standard Chartered Bank Ltd
CITI Bank N.A
The Lakshmi Vilas Bank Ltd
State Bank of India
Axis Bank Ltd

Registered Office

12-6-214/A1, Hyderabad Road
Raichur - 584135 (Karnataka)
Phone: 08532-238704; Fax: 08532-238876
Email: info@vbshilpa.com; Web:www.vbshilpa.com
CIN: L85110KA1987PLC008739

Works

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

100 % Export Oriented Unit

33-33A, 40-47, Raichur Industrial Growth Center,
Wadloor Road, Chicksugur- 584134,
Raichur District, Karnataka.

SEZ Unit

Plot No. S-20 to S-26, Pharma SEZ
TSIIC Green Industrial Park,
Pollepally Village, Jadcherla Mandal,
Dist - Mahaboobnagar - 509301, Telangana.

R & D Unit-Vizag

Survey No:207, Modavalasa Village, Denkada Mandalam,
Dist: Vijayanagaram-531162 AP.

R & D Unit - Raichur

33-33A, 40-47, Raichur Industrial Growth
Center, Wadloor Road, Chicksugur- 584134,
Raichur District, Karnataka.

Subsidiary Companies

1. Loba Feinchemie GmbH,(Step-Down Subsidiary)
2. Zatortia Holdings Limited
3. Raichem Medicare Private Limited
4. Shilpa Therapeutics Private Limited
5. INM Technologies Private Limited
6. Makindus INC
7. Koanaa Healthcare Limited

Associate Company

1. Reva Pharmachem Private Limited

Joint Venture Company

1. Maia Pharmaceuticals Inc
2. Reva Medicare Private Limited

PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(Rs. in Lakhs)

Year	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Revenue (Net of Excise duty)	28754.54	33320.22	53622.144	57085.55	68259.58
Profit before Depreciation, Extraordinary/ Exceptional Item & Taxes	6210.34	6846.86	12317.406	14198.12	17168.61
Depreciation	1143.84	1275.36	2109.202	1908.50	2119.03
Profit before Tax	5129.21	5561.13	10208.204	11901.64	14728.48
Taxes*	1154.45	965.17	2122.523	3483.53	3449.61
PAT #	3974.76	#'4595.96	8085.680	8409.77	11032.92
Dividend (Inc. Dividend Tax)	256.52	370.53	451.027	508.85	555.12

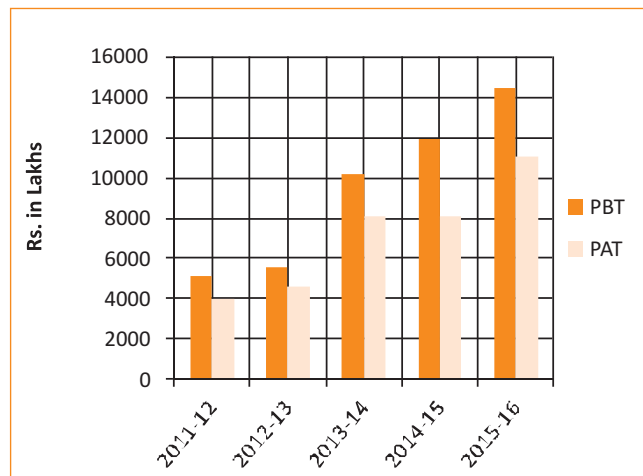
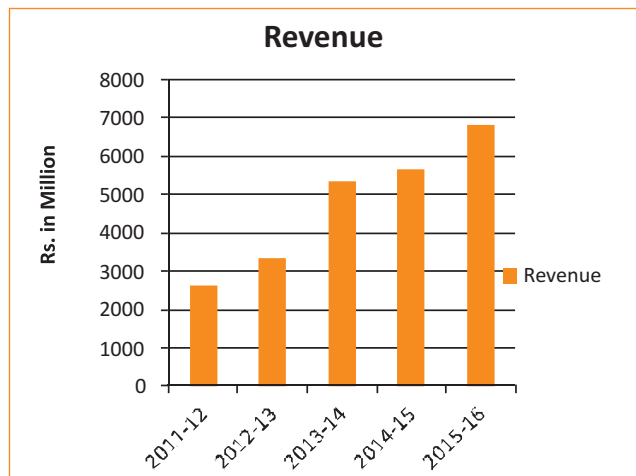
PERFORMANCE PARAMETERS

Net Fixed Assets	14084.14	15255.58	25766.05	28001.31	35523.00
Share Capital	490.48	490.58	735.72	771.02	771.02
Reserves & Surplus	28239.44	32588.13	40520.78	55538.56	66391.43
Net Worth (Net)	28729.92	33078.71	41256.51	56309.58	67162.45
Returns on Net Worth (%)	13.83	13.89	19.59	14.93	16.43
Borrowings	5486.43	9816.58	8007.76	8705.14	8617.64
Debt Equity Ratio (Gross)	0.19	0.30	0.19	0.15	0.13
Dividend (%)	45	65	50	55	60
Earning per share##	16.54	12.49	21.98	21.94	14.62

* Includes Deferred Taxes.

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

Equity share of Rs. 2/- each split to face value of Re. 1/- each during the year.



NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of the Shilpa Medicare Limited will be held on **Thursday the 29th day of September, 2016 at 11:30 AM** at the Registered Office of the Company at #12-6-214/A1, Hyderabad Road, Raichur Karnataka- 584135 to transact the following items of business:

ORDINARY BUSINESS:

1. **To consider and adopt the Accounts of the Company for the financial year ended 31st March 2016, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.**
2. **To confirm the Interim Dividend of Re.0.60 per share paid and declare the same as the dividend for the year 2015-16.**
3. **To appoint a Director in place of Mr.Omprakash Inani (DIN No.01301385) who retires by rotation and being eligible, offers himself for re-appointment.**
4. **To ratify the appointment of Statutory 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 with or without modification there of:**

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there-under, and pursuant to the recommendation of the Audit Committee, the consent of the members of the Company be and is hereby accorded to ratify the appointment of M/s. Bohara Bhandari Bung & Associates LLP, Chartered Accountants, Registration No. 008127S/S200013, who have been appointed as a statutory auditors of the Company at the 27th Annual General Meeting for a period of 3 years subject to the ratification of members in every Annual General Meeting, on such terms as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31,2017."

SPECIAL BUSINESS:

5. **Ratification of Remuneration to Cost Auditors:**
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 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, payable to M/s VJ Talati & Co., Cost Accountants (Regd.No.M/2203), to audit the cost records maintained by the Company for the financial year ending March 31, 2017, be and is hereby approved and ratified."

6. **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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr. Narinder Pal Shinh (DIN No: 00023160)**, Director of the Company, whose term would come to an end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Three years with effect from ensuing Annual General Meeting."

7. **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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr. Carlton Felix Pereira (DIN No: 00106962)**, Director of the Company, whose term would come to an end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Three years with effect from ensuing Annual General Meeting."

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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr. Ajeet Singh Karan (DIN No: 00183622)**, Director of the Company, whose term would come to an end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and

who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Three years with effect from ensuing Annual General Meeting."

9. 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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr.Pramod Kasat (DIN No: 00819790)**, Director of the Company, whose term would come to an end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Five years with effect from ensuing Annual General Meeting.

10. 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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr. Venugopal Loya (DIN No: 01270402)**, Director of the Company, whose term would come to an end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Five years with effect from ensuing Annual General Meeting."

11. 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 Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, **Mr. Rajender Sunki Reddy (DIN No: 02284057)**, Director of the Company, whose term would come to an

end at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who being eligible offers himself for re-appointment, be and is hereby appointed as an Independent Director of the Company for a period of Five years with effect from ensuing Annual General Meeting."

12. Approval of Related Party Transaction:

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 Clause 49 of the Listing Agreement with the Stock Exchange(s) or Regulation 23 of SEBI (LODR) Regulations, 2015 as may be applicable (as amended from time to time by Stock Exchange or by the Securities and Exchange Board of India and for the time being in force), and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) for entering into transactions, contracts or arrangements on such terms and conditions as the Board may think proper and beneficial for the Company with M/s Raichem Medicare Private Limited, a subsidiary of the Company, during every financial year commencing after 31st March, 2016 up to Rs.240.00 Crores per financial year, for a period of 3 years."

"FURTHER THAT the Board be and is hereby authorized to negotiate and settle the terms and conditions of related party transactions and all others matters incidental thereto and to give such direction as considered necessary including delegating all or any of the powers herein conferred to any Committee of Directors, Executive Chairman, Managing Director, Whole Time Director(s), Director(s) and/or any officers of the Company, and authorize them to sign and execute all agreements, applications, contracts, deeds, and/or documents that may be required, on behalf of the Company and the Board hereby further authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental thereto without being required to seek any further consent or approval thereto, for the purpose of giving effect to this resolution."

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

Sujani Vasireddi
Company Secretary &
Compliance Officer

Place: Raichur
Date : 26-08-2016

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.
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 Company has notified closure of Register of Members and Share Transfer Books from **22nd September, 2016 to 29th September, 2016** (both days inclusive) for the Annual General Meeting.
4. M/s. Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, 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. All the shareholders and beneficial owners who have not claimed the dividend for the years 2008-09 to 2014-15 are requested 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.
7. The annual accounts of the subsidiary companies and the related detailed information are available for inspection by any shareholder(s) at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
8. 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.
9. Corporate members intending to send their authorized 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.
10. 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.
11. The notice of the 29th Annual General Meeting is available on the website of the Company www.vbshilpa.com and website of Agency i.e <https://evoting.karvy.com>.
12. 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.
13. Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed or un-encashed dividends for financial years up to 2007-08 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account. Members, who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately.
14. That the Company is providing facility for voting by electronic means and the business may be transacted through such voting as mentioned down under;
15. **Process and manner for members opting for e-voting are as under:**
The Company is offering e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with M/s Karvy Computershare Private Limited for facilitating e-voting to enable the shareholders to cast their votes electronically pursuant to Rule 20 of Companies (Management and Administration) Rules, 2014. The instructions for e-voting are as under:
 - A. **In case a member receives an email from Karvy Computershare Private Limited (Karvy):**
 - I. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - II. Enter the login credentials (i.e., User ID and password mentioned in your email/AGM Notice). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

User ID:	For Members holding shares in Demat form:
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/Client ID
	For Members holding shares in Physical form:
	Event No.(EVEN) followed by Folio No. registered with the Company.
Password:	Your unique password is printed on the AGM Notice/provided in the email forwarding the electronic notice.

- III. After entering these details appropriately, Click on "LOGIN".
 - IV. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - V. You need to login again with the new credentials.
 - VI. On successful login, the system will prompt you to select the "EVEN" i.e., Shilpa Medicare Limited.
 - VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- VIII.1 You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.
- IX. Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: **cs@vbshilpa.com**, with a copy marked to **evoting@karvy.com**. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVEN NO."
 - B. **In case of Members receiving AGM Notice by Post:**
 - I. User ID and initial password as provided in the AGM Notice Form.
 - II. Please follow all steps from Sr.No. (i) to (ix) as mentioned in (A) above, to cast your vote.
 - C. The e-voting period commences on **26th September 2016 at 9.00 A.M. and ends on 28th September, 2016 at 5.00 P.M.** In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.
 - D. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member(s)/ beneficial owner(s) (in case of electronic shareholding) as on the cut-off date i.e. **22nd September, 2016**. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date, i.e. 22nd September, 2016** will be entitled to avail the facility of remote e-voting/ Insta Poll.
 - E. Once the vote on a resolution is cast by a member(s), the member(s) shall not be allowed to change it subsequently or cast the vote again.
16. That the facility for voting either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
 17. That the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
 18. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or polling paper. If they are opting for e-voting, then they cannot vote physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
 19. The Board of Directors has appointed Mr. V. Ajay of M/s. VCAN & Associates, a Practicing Company Secretary as a Scrutinizer to process the e-voting and submit the report to the Chairman.
 20. Compliance Officer of the Company shall be responsible for addressing all the grievances of Shareholders in relation to this Annual General Meeting including e-voting. Her contact details are **Email:cs@vbshilpa.com**, Phone No: 08532-238704.
 21. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer's Report from the website of the Company (www.vbshilpa.com) or from <https://evoting.karvy.com>.
 22. Brief Profile of Directors seeking re-appointment at the 29th Annual General Meeting (pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015) is attached to this Notice as **Annexure-A**.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. VJ Talati & Co, Cost Accountants (Regd. No. M/2203), remuneration payable to them, for conducting the audit of the cost records of the Company for the financial year ended 31st March, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

The Board recommends the resolution set forth in Item No.5 for approval of the members.

Item No. 6 to 11

Mr. Narinder Pal Singh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy, were appointed as Independent Directors of the Company at the 27th Annual General Meeting, for a term of Two (2) years. The term of the Directors referred above, shall come to an end at the ensuing Annual General Meeting and offered themselves for re-appointment for another term.

The entire Board of Directors of the Company, excluding the Independent Director being evaluated, has evaluated the performance of the Independent Directors seeking re-appointment for another term. The Board of Directors were satisfied with the performance of all of them and do hereby recommend to the members, to re-appoint Mr. Narinder Pal Singh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy, as Independent Directors as aforesaid in the respective resolutions.

Mr. Narinder Pal Singh, Mr. Carlton Felix Pereira, Mr. Ajeet Singh Karan, Mr. Pramod Kasat, Mr. Venugopal Loya and Mr. Rajender Sunki Reddy, have given declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

A brief profile of Independent Directors to be re-appointed, including nature of their expertise and other disclosure as required under Regulation 36 of SEBI (LODR) Regulations, 2015, is provided at **Annexure A** of this Notice.

Except these Directors, being appointees or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at **Item Nos. 6 to 11**.

The Board recommends the resolutions set forth in Item **No.6 to 11** for approval of the members.

Item No.12

The provisions of Section 188 of the Companies Act, 2013 read with rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. Regulation 23 of SEBI (LODR) Regulations, 2015 which has come into operation with effect from December 1, 2015 has also prescribed seeking of shareholders' approval for material related party transactions.

As per said Regulations all transactions which are material in nature entered by the Company in its ordinary course of business though entered at arm's length basis, need the approval of shareholders.

Raichem Medicare Private Limited (RMPL), a subsidiary company promoted by the Company as a joint venture with ICE Spa & PCA Spa Italian companies to set-up an API manufacturing plant. Said plant has commenced its commercial operations during the year 2015-16. There would be a major inter sale/ purchase transactions between RMPL and the Company as the manufacturing of some of the products are inter related to get end products.

The transactions relating to supply, sales and purchases of material to/with RMPL will be in ordinary course of business and are continuous in nature and are not for a specific period. Terms and conditions will certainly be at arm's length basis. All factors relevant to the respective contracts will be with the prior approval of Audit Committee and the Board of Directors.

Pursuant to the provisions of SEBI (LODR) Regulations, 2015, the transactions are material in nature and require the approval of the shareholders of the Company by way of a resolution.

The members are further informed that no member(s) of the company being a related party or having any interest in the resolution as set out at Item No.12 shall be entitled to vote on this special resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

The Board recommends the resolution set forth in Item No.8 for approval of the members.

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

Sujani Vasireddi

Company Secretary &
Compliance Officer

Place: Raichur
Date : 26-08-2016