



# 30<sup>th</sup> Annual Report 2016-2017



Innovating for  
affordable healthcare

***Shilpa Medicare Limited***



Shilpa Medicare Ltd bagged Pharmexcil's "Patent Award" in recognition of commendable contribution in pharmaceutical patents.



Shilpa Medicare Ltd awarded "Power of I" from Outlook Business, India. 2017



Mr. Bhutada, CNBC Tv18 interview (Making IT Big Season 7, Ep.# 6)



Mr. Viswaprasad, IPM Head received Export Excellence Award by FKCCI-2017.



Innovating for  
affordable healthcare

### Registered Office

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

30<sup>th</sup>

## ANNUAL GENERAL MEETING

Friday the 29<sup>th</sup> day of September, 2017 at 12.15 P.M.  
at the Registered Office of the Company at #12-6-214/A1,  
Hyderabad Road, Raichur, Karnataka - 584 135

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## COMPANY INFORMATION

### Board of Directors

<b>Omprakash Inani</b>	:	Chairman
<b>Vishnukant C Bhutada</b>	:	Managing Director
<b>Ajeet Singh Karan</b>	:	Independent Director
<b>Carlton Felix Pereira</b>	:	Independent Director
<b>Pramod Kasat</b>	:	Independent Director
<b>Rajender Sunki Reddy</b>	:	Independent Director
<b>N.P.S Shinh</b>	:	Independent Director
<b>Venugopal Loya<sup>@</sup></b>	:	Independent Director
<b>Namrata Bhutada</b>	:	Non-Executive Director
<b>Naresh Patwari<sup>§</sup></b>	:	Non-Executive Director

<sup>@</sup>Ceased to be a Director from 14<sup>th</sup> February, 2017

<sup>§</sup>Co-opted as Director from 26<sup>th</sup> December, 2016

### Board Committees

#### Audit Committee

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

#### Nomination and Remuneration Committee

Pramod Kasat	-	Chairman
N.P.S Shinh	-	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

Sujani Vasireddi (upto 31.08.2016)

Madhusudhan Reddy (w.e.f. 26.12.2016)

#### Auditors

##### Bohara Bhandari Bung And Associates LLP

Chartered Accountants

#12-10-89/1,2nd Floor, Anagha Complex

Above Canara Bank, Near Mahabaleshwar 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

The Hongkong and Shanghai Banking

Corporation Limited

### Registered Office

# 12-6-214/A-1, Hyderabad Road

Raichur - 584135 (Karnataka)

Phone: 08532-238704; Fax: 08532-238876;

Email: info@vbsilpa.com

Web: www.vbsilpa.com

### Works

Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B,  
Deosugur Industrial Area, Deosugur - 584 170,  
(Raichur District), Karnataka.

### 100 % Export Oriented Unit & R & D

33-33A, 40-47, Raichur Industrial Growth  
Center, Wadloor Road, Chicksugur, Raichur - 584134,  
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 Units

Vizag R&D

Raichur R&D

### Subsidiary Companies

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

### Associate Company

1. Reva Pharmachem Private Limited

### Joint Venture Company

1. Maia Pharmaceuticals Inc
2. Reva Medicare Private Limited
3. Raichem Medicare Private Limited

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

(Rs. in Lakhs)

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Revenue@	33320.22	53622.14	57085.55	69251.47	75438.75
Profit before Depreciation, Exceptional Item & Taxes	6846.86	12317.40	14198.12	17230.94	20086.12
Depreciation	1275.36	2109.20	1908.50	2119.03	2603.17
PBT	5561.13	10208.20	11901.64	14869.96	17028.80
Taxes*	965.17	2122.52	3483.53	3583.69	4369.74
PAT	4595.96	8085.68	8409.77	11286.26	12659.05
Dividend (Inc. Dividend Tax )	370.53	451.02	508.85	555.12	578.63

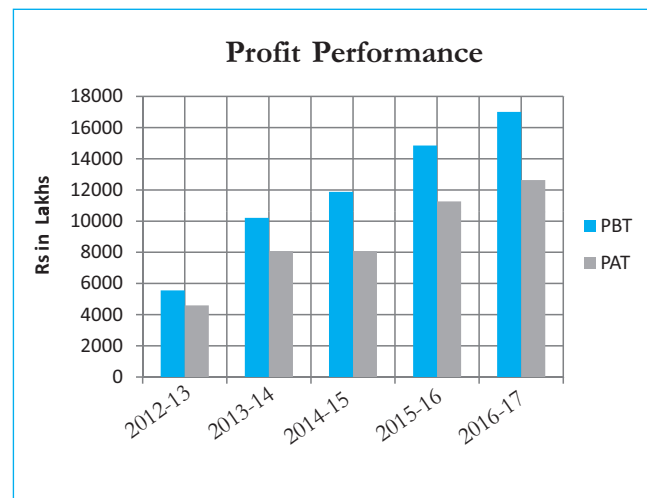
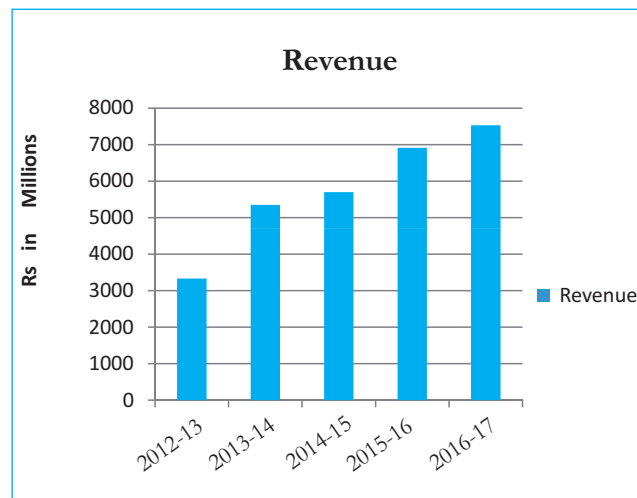
### PERFORMANCE PARAMETERS

Net Fixed Assets	15255.58	25766.05	28001.31	34977.01	39948.83
Share Capital	490.58	735.72	771.02	771.02	801.27
Reserves & Surplus	32588.13	40520.78	55538.56	65687.94	94798.01
Net Worth (Net)	33078.71	41256.51	56309.58	66458.96	95599.28
Returns on Net Worth (%)	13.89	19.59	14.93	16.98	13.24
Borrowings	9816.58	8007.76	8705.14	8617.64	23529.88
Debt Equity Ratio (Gross )	0.30	0.19	0.15	0.13	0.31
Dividend (%)	65	50	55	60	60
Earning per share <sup>#</sup>	12.49	21.98	21.94	14.64	16.25

\* Includes Deferred Taxes.

@Net of Excise duty (2012-13, 2013-14, 2014-15)

<sup>#</sup>Equity Share of Rs. 2/- each split to face value of Re. 1/- each during the financial year 2015-16.



## NOTICE

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of the Shilpa Medicare Limited will be held on **Friday the 29<sup>th</sup> day of September, 2017 at 12.15 P.M.** at the Registered Office of the Company at #12-6-214/A-1, Hyderabad Road, Raichur Karnataka- 584135, to transact the following items of business:

### ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31<sup>st</sup> March 2017, 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 2016-17.**
3. **To appoint a Director in place of Ms. Namrata Bhutada (DIN: 05133614) who retires by rotation and being eligible, offers herself for re-appointment.**
4. **To appoint 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:**

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendation of the Audit Committee, the consent of the members of the Company be and is hereby accorded to appoint M/s. Brahmayya & Co, Chartered Accountants, Registration No. 000513S, as statutory auditors of the Company, in place of retiring Auditors M/s. Bohara Bhandari Bung And Associates LLP, Registration No. 008127S/S200013, for a period of 5 (Five) 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 31,2018.”

### SPECIAL BUSINESS:

5. **Appointment of Mr. Naresh Patwari as Director**  
**To Consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**“RESOLVED THAT** Mr. Naresh Patwari (DIN: 03319397), who was co-opted as an Additional Director of the Company pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 and who holds office as such up to the date of this Annual General Meeting and in respect of whom

the Company has received a Notice in writing under Section 160, along with a deposit of Rs.1,00,000/-, 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.”

### 6. 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, 2018, be and is hereby approved and ratified.”

### 7. 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 Regulation 23 of SEBI (LODR) Regulations, 2015 (as amended from time to time 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 all its subsidiaries, Joint Ventures and Associate companies of the Company, during every financial year commencing after 31st March, 2017 upto Rs. 400.00 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**

Sd/-

**Madhusudhan Reddy**

Company Secretary

M.No. 33355

Place: Raichur

Date : 10.08.2017

## NOTES:

1. The Explanatory Statement in respect of the special business in the Notice, pursuant to Section 102 of the Companies Act, 2013 ('the Act') is annexed hereto.
2. 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.
3. 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.
4. The Company has notified closure of Register of Members and Share Transfer Books from **23.09. 2017 to 29.09.2017** (both days inclusive) for the Annual General Meeting.
5. 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.
6. 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.
7. All the shareholders and beneficial owners who have not claimed the dividend for the years 2009-10 to 2015-16 are requested to submit their claims immediately to the Company/ STA for respective dividends. The dividends unclaimed for 7 years along with respective shares will be transferred to Investor Education and Protection Fund.
8. 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.
9. 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.
10. 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.
11. 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.
12. The notice of the 30<sup>th</sup> Annual General Meeting is available on the website of the Company [www.vbshilpa.com](http://www.vbshilpa.com) and website of Agency i.e <https://evoting.karvy.com>.
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.
14. Pursuant to the provisions of Sections 125 of the Companies Act, 2013, the Company will transfer the unclaimed or un-encashed dividends for financial year 2009-10 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.
15. Registration of e-mail addresses for sending annual reports, communications, etc: Members are requested to register their e-mail addresses and changes therein from time to time with the Registrars and Share Transfer Agents (in case of physical shares) or with the concerned Depository Participant (in case of electronic holdings) so that the Company will use the same for sending notices, annual reports and other communications.

Copies of annual report 2016-17 are being sent under electronic mode only, to all the members whose e-mail addresses are registered with the Registrars and Share Transfer Agents of the Company i.e. Karvy

Computershare Private Limited / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the annual report 2016-17 are being sent by a permitted mode.

16. That the Company is providing facility for voting by electronic means and the business may be transacted through such voting as mentioned down under;
17. **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.

<b>User ID:</b>	<b>For Members holding shares in Demat form:</b>
	a. For NSDL: 8 character DP ID followed by 8 digit Client ID
	b. For CDSL: 16 digit Beneficiary ID/Client ID
	<b>For Members holding shares in Physical form:</b>
	Event No.(EVEN) followed by Folio No. registered with the Company.
<b>Password:</b>	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. 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](mailto:cs@vbshilpa.com), with a copy marked to [evoting@karvy.com](mailto: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 **26.09. 2017 at 9.00 A.M. and ends on 28.09. 2017 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. **23.09 2017**. 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. 23.09.2017** 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.
18. That the facility for voting either through electronic voting system 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.
19. 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.
20. 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.
21. The Board of Directors has appointed Mr. Ajay Vemuri, Proprietor of M/s. VCAN & Associates, a Practicing Company Secretary as a Scrutinizer to process the e-voting and submit the report to the Chairman.
22. 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. His contact details are **E-mail: cs@vbshilpa.com, Phone No: 08532-238704.**
23. 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](http://www.vbshilpa.com)) or from <https://evoting.karvy.com>.
24. Brief Profile of Directors seeking appointment and re-appointment at the 30<sup>th</sup> Annual General Meeting (pursuant to Regulation 26(4) and 36(3) of SEBI (LODR) Regulations, 2015 ) and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India 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

Pursuant to Section 161 of the Companies Act, 2013, the Board has co-opted Mr. Naresh Patwari (DIN No.03319397), as an Additional Director w.e.f 26<sup>th</sup> December, 2016. He has co-opted by the Board as a Nominee of TA FII Investors Limited. He holds office upto the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from TA FII Investors Limited, a member of the Company proposing candidature of Mr. Naresh Patwari (DIN No.03319397), as Director of the Company, in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013, whose period of office is determinable by retirement of Directors by rotation. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board considered to co-opt Mr. Naresh Patwari (DIN No.03319397), as Director.

Mr. Naresh Patwari (DIN No.03319397) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

Except Mr. Naresh Patwari (DIN No.03319397), none of the other 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

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 31<sup>st</sup> March, 2018.

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 31<sup>st</sup> March, 2018.

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.6 for approval of the members.

### Item No.7

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 also prescribes 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.

The transactions relating to supply, sales and purchases of material to/with its all Subsidiaries, Joint Ventures and Associate Companies 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.7 shall be entitled to vote on this special resolution.

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.7 for approval of the members.

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

Sd/-  
**Madhusudhan Reddy**  
Company Secretary  
M.No. 33355

Place: Raichur  
Date : 10.08.2017