

31st *Annual Report* 2017-2018



Innovating for
affordable healthcare

Shilpa Medicare Limited

Awards & Certifications



Best One Star Export House award was presented during ECGC Indian Exporters' Excellence Awards 2017 by Shri Suresh Prabhu, Honourable Union Minister of Commerce & Industry, Government of India



Mr. Ravi Innani received 'Export Excellence Award' by VTPC-2017 & conferred by Shri R. V. Deshpande, Minister for Large and Medium Industries., Govt. of Karnataka.



Shilpa Medicare bagged Pharmexcil's 'Outstanding Export Performance Award' in recognition of commendable contribution in pharmaceutical exports.



Innovating for
affordable healthcare

Registered Office

#12-6-214/A-1,
Hyderabad Road,
Raichur, Karnataka- 584135

31st

ANNUAL GENERAL MEETING

Monday the 17th day of September, 2018 at 12.15 P.M. at the
Registered Office of the Company at #12-6-214/A-1,
Hyderabad Road, Raichur-584 135, Karnataka.

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COMPANY INFORMATION

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

Chief Financial Officer

Sushil Bajaj

Company Secretary

Madhusudhan Reddy

Secretarial Auditors

P.S. Rao & Associates

Company Secretaries
6-3-347-22/2, Flat No. 10, 4th Floor,
Iswarya Nilayam, Dwarakapuri Colony,
Punjagutta-82, Hyderabad

Statutory Auditors

Brahmayya & Co.,

Chartered Accountants
#403 & 404, Golden Green Apartments,
Irrum Manzil Colony, Hyderabad- 500 082.

Bankers

Standard Chartered Bank Ltd
CITI Bank N.A.
Lakshmi Vilas Bank Ltd
State Bank of India
Axis Bank Ltd
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@vbshilpa.com, Web: www.vbshilpa.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

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

Raichur R&D
Hubli R&D
Vizag R&D

Subsidiary Companies

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

Joint Venture Companies

1. Reva Medicare Private Limited
2. Raichem Medicare Private Limited

Board of Directors



1. Omprakash Inani

Chairman & Director

Mr. Omprakash Inani has more than 30 years of business experience. He monitors business and functional aspects of the Company along with the operations of all the plants. Additionally, he is member of Audit and Remuneration Committee of Shilpa Medicare Group of Companies. Currently he is also a council Member in “Academy of Medical Education, Dental College & V.L. College of Pharmacy”, “Taranath Shikshana Samsthe, Raichur” and a trustee in “Akhil Bhartiya Maheshwari Education Trust, Pune”.

Mr. Omprakash Inani is also Managing Committee Member of “Karnataka State Cotton Assn., Hubli”.

2. Vishnukant Chaturbhuj Bhutada

Managing Director

Mr. Vishnukant Bhutada holds bachelor’s degree in Pharmacy and has 30 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited. He is the main guiding force behind the progress of Shilpa Medicare Limited. His knowledge regarding pharmaceutical industry is unparalleled and is the pacesetter of the

illustrious Medicare firm. He created carved a niche for this company in a highly competitive industry which was dominated by huge companies. His dedication and his foresight made Shilpa Medicare Ltd, one of the leading suppliers of oncology pharmaceutical ingredients. His analytical vision and splendid knowledge of not only domestic but also international medicare market made this firm one of the biggest exporter of specialized medical ingredients and medicines. Meteoric rise of this company and success is hugely attributed to him.

3. Ajeet Singh Karan

Independent Director

Mr. Ajeet Singh Karan has more than 28 years of experience in building businesses across several industries in India. Prior to joining Private Equity he was the CEO of KAPL before selling it to SC Johnson – where he helped build the fastest growing FMCG Company in India and one of the most trusted brands “All Out” in the country. He played a key role in the operation of KAPL's Joint Venture with S.C. Johnson. Before joining KAPL, Ajeet had very successful stints with several multinationals including Hindustan Lever and Pepsico India.

Ajeet currently is a Partner with a leading private equity fund, mentoring and guiding the portfolio companies in scaling up. He sits on the boards of several companies in India and this gives him an unparalleled network and valuable insights into several industries operating in India. Ajeet holds an MBA degree from the Indian Institute of Management, Ahmedabad.

4. Carlton Pereira

Independent Director

Mr. Carlton is a co-founding partner of Tano Capital in India. Established in 2006, Tano is a Private Equity Fund Manager and currently manages two funds, aggregating US\$ 210 million. Prior to Tano, he was most recently the Managing Director and Partner in charge of Corporate Finance for KPMG in India, the Middle East and South Asia. Carlton had been an investment banker and a consultant advisor for 18 years in all, before Tano.

Carlton is a Bachelor of Commerce from the Bombay University and Fellow Member of the Institute of Chartered Accountants of India.

5. Pramod Badrinarayan Kasat

Independent Director

Mr. Pramod Kasat has served as a Director of Investment Banking and Global

Markets Solution Group at Credit Suisse, India. Mr. Kasat has extensive experience of 17 years of investment banking and corporate financing. He has worked on origination, structuring and execution of structured financing, Investment Banking Advisory, as well as Capital Markets transactions, in sectors such as Hospitality, Retail, Infrastructure, Telecom, Pharma, Real Estate, Logistics, etc. He has been an Independent Director of Shilpa Medicare Limited since March 16, 2010 and also served as its Director from January 27, 2006 to September 30, 2009. Mr. Kasat pursued his Engineering degree from BITS Pilani in 1991 and completed his MBA in Finance from Mumbai University in 1993.

6. Rajender Sunki Reddy

Independent Director

Mr. Rajender Sunki Reddy has been an Independent Director at Shilpa Medicare Limited since June 30, 2008. Mr. Reddy started his career as a lecturer of Rural College of Pharmacy, Devanahalli and served as its Principal. Under his stewardship, several institutions of Medical, Para-Medical, Dental, Pharmacy, Nursing, Physiotherapy and host of other institutions are equipped with modern facilities. He is a Member of several associations and is also a Syndicate Member of Rajiv Gandhi University of Health Sciences, Bangalore. He is a Post Graduate in Pharma.

7. N.P.S Shinh

Independent Director

Mr. Narinder Pal Shinh served as the Managing Director and Executive Director of Andhra Cements Limited until April 30, 2014. Mr. Shinh has mastered in the art of turning around the sick/loss making companies with his rich knowledge of the management. He served as Managing Director of Sanathnagar Enterprises Limited (formerly, Bakelite Hylam Ltd.) from August 27, 2006 to April 30, 2010.

Mr. Shinh served as the Chairman of National Standard (India) Ltd. and has been its Non-Executive Director since July 2002. He has been an Independent Director of Shilpa Medicare Limited since June 30, 2008. He served as a Director of Sanathnagar Enterprises Limited from August 27, 2003 to May 10, 2010. He was a Faculty of MBA in Delhi University. Mr. Shinh holds his graduation in Commerce and secured Law degree with distinction.

8. Namrata Bhutada

Non-Executive Director

Ms. Namrata Bhutada holds a Master of Business Administration in Finance and born in traditional business family, got exposed to good business administration skills and also got good exposure in various administrative matters of the Company since last three years.

9. Naresh Patwari

Non-Executive Director

Mr. Naresh Patwari, aged 40 years, is a Non-Executive Director of our Company. He holds a Degree of Bachelor's in Technology in Mechanical Engineering from Indian Institute of Technology, Kharagpur and a Degree of Master's in Business Administration from the Tuck School of Business at Dartmouth College, United States. He has been on our Board since December 26, 2016. Naresh Patwari is currently employed with TA Associates Advisory as a Director. He was previously employed with Schlumberger, McKinsey & Company and ICICI Venture.

PERFORMANCE OF THE COMPANY STANDALONE AT A GLANCE FOR 5 YEARS

(All figures are in Rupees in Lakhs except for EPS)

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Revenue [@]	53,622.14	57,085.55	68,693.18	75,778.22	76,726.13
Profit before Depreciation, Extraordinary Item & Taxes	12,317.41	14,198.12	17,230.94	19,973.15	20,026.24
Depreciation	2,109.20	1,908.50	2,119.03	2,665.52	3,277.70
PBT	10,208.20	11,901.64	14,869.96	16,853.47	16,748.54
Taxes*	2,122.52	3,483.53	3,583.69	4,108.65	3,424.65
PAT	8,085.68	8,409.77	11,286.26	12,744.82	13,323.89
Dividend (Inc. Dividend Tax)	451.03	508.85	555.12	578.63	686.86

PERFORMANCE PARAMETERS

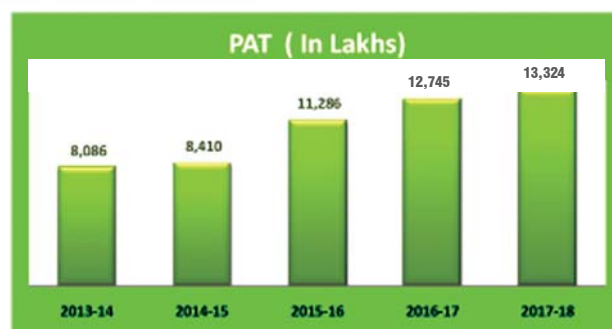
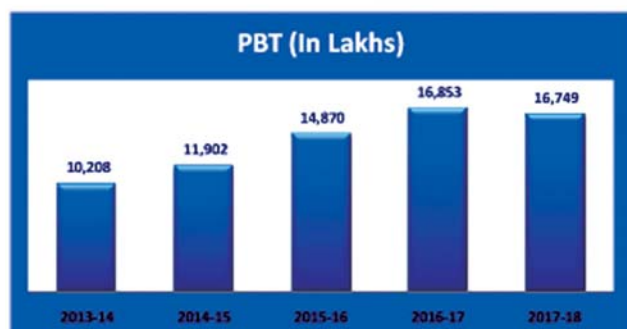
Net Fixed Assets	25,766.05	28,001.31	35,523.00	42,232.39	46,215.81
Share Capital	735.72	771.02	771.02	801.27	815.27 [§]
Reserves & Surplus	40,520.78	55,538.56	72,964.49	102,160.34	114,882.72
Net Worth (Net)	41,256.51	56,309.58	73,735.51	102,961.61	115,697.99
Returns on Net Worth (%)	19.59	14.93	15.30	12.36	11.52
Borrowings	8,007.76	8,705.14	8,617.64	23,705.26	18,586.14
Debt Equity Ratio (Gross)	0.19	0.15	0.11	0.23	0.16
Dividend (%)	50.00	55.00	60.00	60.00	70.00
Earning per share [#]	21.98	21.94	14.64	15.68	16.68

[@] Net of Excise Duty (2013-14, 2014-15)

*Includes Deferred Taxes.

[§]The increase in the share capital is attributed to the issue of equity shares to the Shareholders of erstwhile Narya Biologicals Pvt Ltd pursuant to scheme of Amalgamation.

[#]Equity shares 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 31st Annual General Meeting of the Members of the Shilpa Medicare Limited will be held on **Monday the 17th day of September 2018 at 12.15 P.M** at the Registered Office of the Company at #12-6-214/A-1, Hyderabad Road, Raichur-584135 Karnataka, to transact the following items of business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2018, the Reports of the Board of Directors and Auditors thereon.**
2. **To confirm the Interim Dividend of Re.0.70 per share paid and declare the same as the dividend for the financial year 2017-18.**
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.**

SPECIAL BUSINESS:

4. **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 V.J Talati & Co., Cost Accountants (Regd.No.M/2203), to audit the cost records maintained by the Company for the financial year ending March 31, 2019, be and is hereby approved and ratified.”

5. **Approval of Related Party Transactions:**

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 Venture, Associate Companies and other relative parties of the Company, during every financial year commencing after March 31, 2018 up to Rs. 400 Crores per financial year, for a period of 3 years.”

“FURTHER RESOLVED THAT the Board be and is hereby authorized to negotiate and settle the terms and conditions of related party transactions and all other 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, Managing Director, 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.”

6. **Approval for giving loans to its Subsidiaries, Joint Ventures and Associate Companies.**

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of section 185 of the Companies Act, 2013 read with Rules made thereunder, the consent of the members be and is hereby accorded to the Board of Directors to grant loan(s) or other financial assistance either directly or indirectly including loan represented as book debt or give any guarantee and/or provide any security for the loan made to INM Technologies Pvt Ltd, INM Nuvent Paints Pvt Ltd and Reva Medicare Pvt Ltd upto an amount not exceeding Rs. 35 Crores/- (all put together) subject to such terms and conditions, with or without any security

as the Board of Directors may deem fit in the interest of the company.”

“FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to finalize the terms of such loans, repayment and other conditions as they deem fit and proper in the best interest of the Company.”

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

Sd/-

Madhusudhan Reddy
Company Secretary &
Compliance Officer
M.No. ACS-33355

Place : Raichur

Date : 13.08.2018

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 10.09.2018 to 17.09.2018 (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. A route map showing the directions to reach the venue of the 31st AGM is annexed hereto.
7. 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.
8. All the shareholders and beneficial owners who have not claimed the dividend for the years 2010-11 to 2016-17 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.
9. 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.
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 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.
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. The notice of the 31st Annual General Meeting is available on the website of the Company www.vbshilpa.com and website of Agency i.e <https://evoting.karvy.com>.
14. 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.
15. Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, the Company will transfer the unclaimed or un-encashed dividends of Rs. 1,31,460/- for financial year 2010-11 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend along with the respective shares 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.

Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 read with IEPF Rules, the Company has transferred 1,80,582 shares whose details are placed in the website of the Company.
16. 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 2017-18 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 2017-18 are being sent by a permitted mode.

17. That the Company is providing facility for voting by electronic means and the business may be transacted through such voting as mentioned down under;
18. **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.(EVENT) 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 "EVENT" 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, 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 14.09.2018 at 09.00 A.M and ends on 16.09.2018 at 05.00 P.M. In case of any query pertaining to e-voting, please visit Help & FAQ's section of Karvy e-voting website.**