

Shilpa Medicare Limited



Innovating for
affordable healthcare

Manufacturers and Exporters of Bulk Drugs

“Shilpa House” # 12-6-214/A1, Hyderabad Road,
RAICHUR - 584 135. Karnataka, India.

Phone : +91-8532 - 238704, Fax : +91-8532-238876

E-mail : info@vbshilpa.com Website : www.vbshilpa.com

GST NO : 29AADCS8788F1Z0

CIN No. L85110KA1987PLC008739

Date: 29.08.2019

Corporate Relationship Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051

Sub: Notice for the 32nd Annual General Meeting and annual report 2018-19

Dear Sir,

In accordance with regulation 34 and other regulations of SEBI (Listing obligations and disclosure requirements) Regulations, 2015 we are pleased to inform you that the 32nd Annual General Meeting of Shilpa Medicare Limited is scheduled to be held on Friday the 20th day of September, 2019 at 12:15 P.M.

Also please find attached herewith Annual report 2018-19.

For Shilpa Medicare Limited

Sushil Bajaj
Compliance Officer





ADDING AFFORDABILITY TO EFFICACY



API
MANUFACTURING



BIOLOGICAL



RESEARCH &
DEVELOPMENT



ORAL DISSOLVING
FILMS



ONCOLOGY
FORMULATION



OPHTHALMICS/DERMA
FORMULATION

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To know more about us, please visit,
www.vbshilpa.com

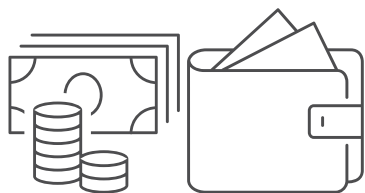
Forward-Looking Statement

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. Shilpa Medicare Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

All over the world, people seek effective treatment and therapies. We aspire to give hope to people through the creation of efficacious medicines that not only provide medical benefit but are also affordable in the country where the patient lives.

At Shilpa Medicare, we strongly believe that medicines are only valuable if they reach the patients who need them. We are cognizant of the fact that millions of people around the world lack access to quality and affordable healthcare. Our intent is to address the unmet patient's needs by bringing innovative and affordable drugs within the reach of people.

Better disease treatment, higher efficacy and greater access to affordable medicines are fundamental to us. Steered by this vision, we strive to produce affordable medicines of highest quality, ensuring good health for people across the world. Powered by superior technology, strong R&D capability, robust manufacturing prowess and rich pool of scientific talent, we deliver advanced and effective medicines and services at affordable prices.



About Shilpa Medicare

Who we are

Shilpa Medicare is a leading specialty pharmaceutical company in the world, producing generic Active Pharmaceutical Ingredients (APIs) and formulations for domestic and international markets. Our product portfolio is spread across oncology and non-oncology therapeutic areas, supported by outstanding manufacturing and R&D capability.

What we do

Our Company manufactures APIs, intermediates for APIs and a full range of oral and injectable dosage forms. Additionally, we offer end-to-end integrated product development and manufacturing services and solutions to pharmaceutical companies for complex generic products.

Where we stand today

We have evolved into one of the leading global brands in manufacturing and supplying high-quality affordable drugs that address the needs of patients worldwide from a modest API manufacturer in 1987. In our journey spanning more than three decades, we have established a strong foundation in pharmaceuticals manufacturing with unwavering focus on quality, innovation and productivity.

What makes us unique

Our Strengths



Manufacturing Excellence

Our manufacturing prowess comprises five State-of-the-Art manufacturing facilities for both APIs and formulations approved by leading regulatory agencies and equipped with modern infrastructure. All manufacturing units certify with ISO 9001 for Quality Systems, ISO 14001 for Environmental Management Systems and OHSAS 18001 for Occupational Health & Safety Management Systems.



R&D Competence

We have three cutting-edge R&D centers located across India for developing unique and innovative products that conform to international quality standards. R&D competence is further complemented by our Intellectual Property Team, which is responsible for patenting innovations, enabling us to develop non-infringing medicines and strengthen product pipeline.



Technology Edge

Leveraging world-class technology in producing complex and superior drug products gives us a significant edge. We remain strongly focused on deploying sophisticated technologies and upgrading existing ones to produce innovative drug substances and formulations.



Rich Scientific Talent

Intellectual Capital powers our ambition to build a strong portfolio of new drugs and therapies at affordable costs. Our team of highly skilled and dedicated scientists work relentlessly to deliver highest quality medicines.



300+
Scientists

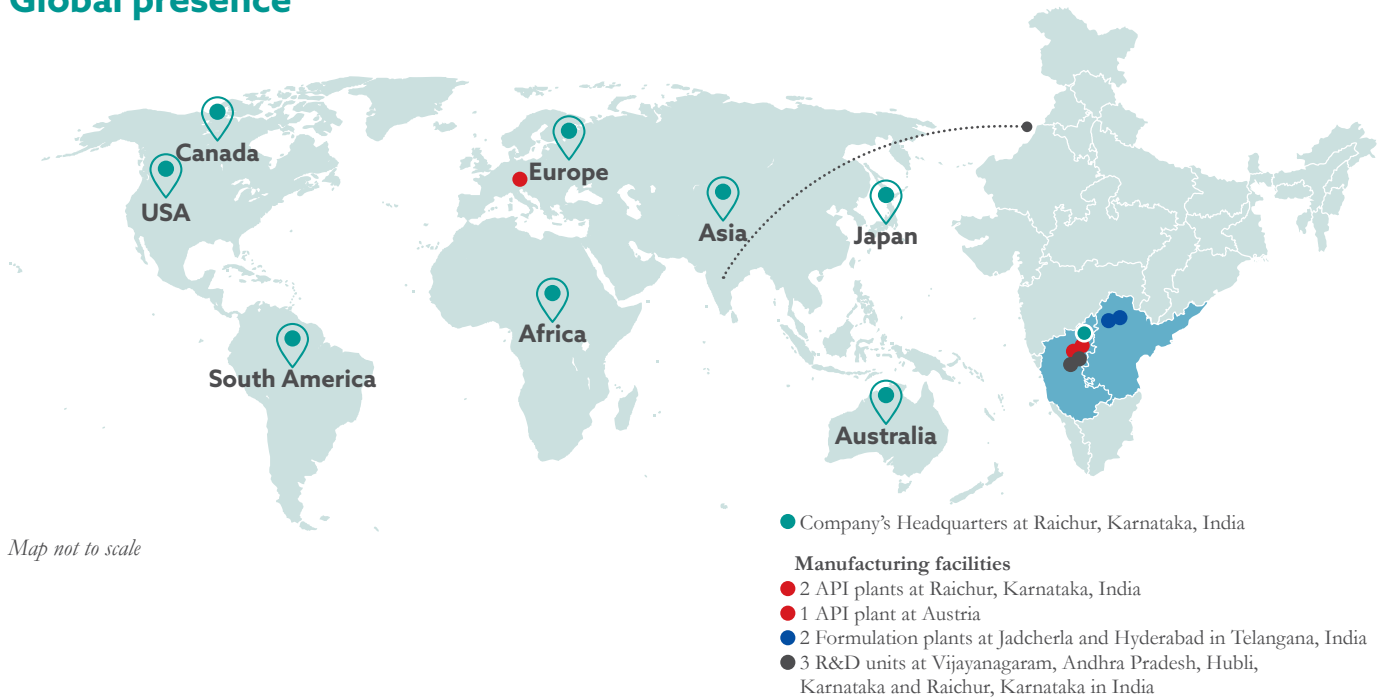


250+
Patents Filed



100+
High-quality Products

Global presence



FY 2018-19 Highlights (Standalone)

₹ **67,966.86** Lakhs
Revenues

₹ **12,410.63** Lakhs
PAT

₹ **19,566.19** Lakhs
EBITDA

Filings and launches

General Filings

As on 31 March, 2019, we filed 17 Abbreviated New Drug Applications (ANDAs). Of these, 5 were Para IV filings having First-to-File (FTF) status.

Regulatory Filings

- Total 34 US DMFs filed upto 31 March, 2019.
- Twelve (12) CEPs are granted by EDQM.
- Application review for 3 CEPs ongoing.
- 18 ASMFs filed in Europe to support dossiers of multiple customers.
- 10 ASMFs approved and 8 are ongoing review.

Chairman's Message



Dear Shareholders,
It gives me immense privilege and pleasure to present to you the Annual Report of Shilpa Medicare Limited for the FY 2018-19.

Let me first give you a summary of your Company's performance during the year under review. For the full year, Shilpa Medicare delivered a subdued financial performance. Standalone revenues stood at ₹ 67,966.86 Lakhs, which was 11% less compared to the previous year. Profit After Tax (PAT) during the year was ₹ 12,410.63 Lakhs as against ₹ 13,323.87 Lakhs in the previous year. Our profits were majorly impacted due to 100% provisioning of ₹ 1,437.38 Lakhs for investment in IL&FS Limited Commercial Paper as there is significant uncertainty regarding recovery and furthermore reduction in exchange gain by ₹ 958.69 Lakhs.

Despite the moderate performance, we witnessed impressive growth across our core business verticals. The formulations business reported a strong growth, with revenues increasing from ₹ 8,908.67 Lakhs in the previous year to ₹ 16,600.69 Lakhs in the current fiscal. API business decreased by 4% to ₹ 34,816.65 Lakhs from ₹ 36,218.56 Lakhs in the previous fiscal. The revenue of our Contract Research and Manufacturing Services (CRAMS) business declined by 16% on the back of its lower and insignificant contribution to the overall revenue. This move is in line with our conscious strategy to reduce our dependence on CRAMS business and push growth of our API and formulations business.



At Shilpa Medicare, throughout our three-decades long journey, we have remained committed to developing innovative and affordable medicines and ensuring its access to people across the world. Over the years, we have strengthened our position and bolstered our portfolio through our performance capabilities and massive investments, while building the blocks for future growth. Our unequivocal focus on innovation and excellence has enabled us to become one of the leading manufacturers of high-volume oncology products.



What is worth noting is that we managed to reduce our raw material costs considerably and expect to scale it down further in the coming years. A majority of our formulations are developed with APIs manufactured at our own plants. This enables us to ensure greater control over the production process, resulting in cost savings and margin enhancement across the entire value chain.

At Shilpa Medicare, throughout our three-decade long journey, we have remained committed to developing innovative and affordable medicines and ensuring its access to people across the world. Over the years, we have strengthened our position and bolstered portfolio through our performance capabilities and massive investments, while building the blocks for future growth. Our unequivocal focus on innovation and excellence has enabled us to become one of the leading manufacturers of high-volume oncology products.

Looking ahead, the next leg of pharmaceutical industry growth will be driven by specialty therapies, emergence of biologics and newer and innovative launches. With our multiple growth levers, we are well-positioned to capture the emerging opportunities and address the healthcare needs of the future. We shall continue to invest in capacity expansion, innovation, technology and portfolio diversification and most importantly, optimize operations to solidify our business and develop complex products to sustain our leadership position.

We are focused on scaling up our core API and formulations business across oncology and non-oncology therapeutic areas and increase its contribution to the overall revenue in the long-term. Diversification into other therapeutic areas like biologics, portfolio expansion to transdermal dosage forms and oral thin films formulations, and focus on expanding our presence in emerging markets and ROW through strong business associations will be our growth drivers going forward.

Further, recognizing the ample opportunities in biologics, we have initiated the establishment of a biologics manufacturing plant

equipped with best-in-class technologies at Dharwad Hubli in Karnataka, India to cater to the global biologics market. The Phase I of the facility is expected to be commissioned by March 2020. Following this, we expect to launch one novel biologic product in India by FY 2020-21. A core part of our strategy is to invest in R&D to drive innovative product development. Focused on this, we have envisaged setting up a state-of-the-art R&D center with a pilot plant facility in Dabaspet, Bengaluru, Karnataka, India. The construction of this facility is estimated to be completed by December 2019.

In another strategic move, we are building a world-class manufacturing unit of Transdermal Patch and Oral Films at Dabaspet, Bengaluru, Karnataka, India. Transdermal Patches act as an alternative therapeutic for numerous diseases and are widely recognized due to their pain-free, convenient and easy application. Similarly, thin film drugs are highly effective and beneficial to patients. Growth of transdermal and thin film treatment is on the rise, especially in the global markets. I would also like to highlight that we successfully upgraded our Oral Thin Films facility situated in Hyderabad, Telangana, India in-line with the European regulatory standards.

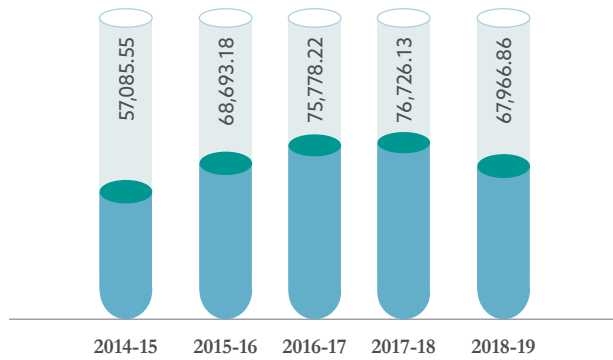
To sum up, all the above initiatives will take your Company to the next level of growth and success. We are thrilled to seize the opportunities that lie ahead as we continue to innovate to improve the lives of patients.

On behalf of the Board of Directors, I would like to thank our shareholders, our partners, our employees, our customers and our vendors for their continued support over the years. I look forward to communicating with you all in the coming year and hope that you continue to repose your confidence and trust in us.

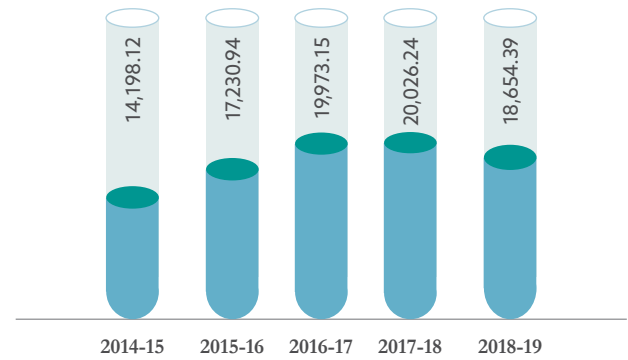
Warm Regards,
Omprakash Inani
Chairman

Key Financial Metrics

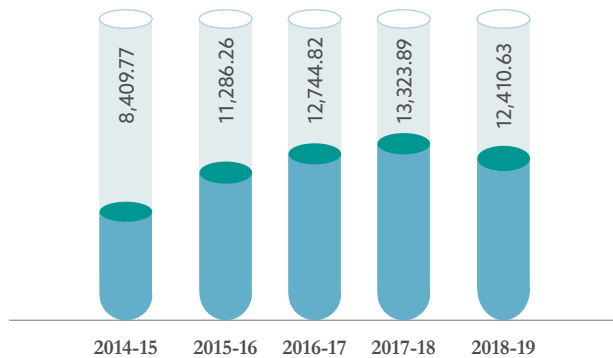
Gross Revenue (₹ in Lakhs)



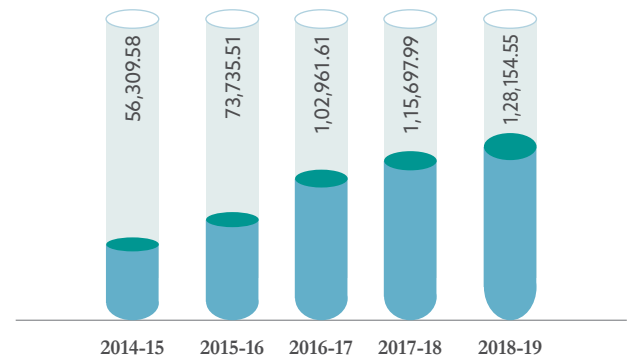
Profit Before Depreciation, Exceptional Item & Taxes (₹ in Lakhs)



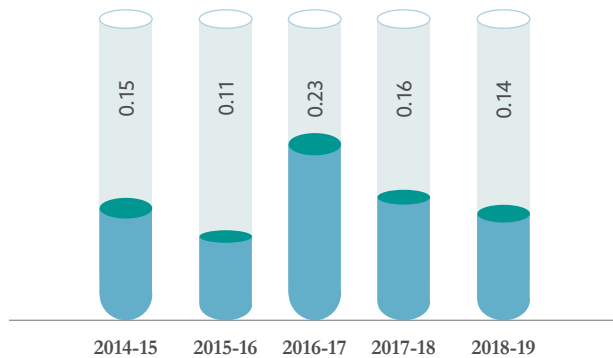
PAT (₹ in Lakhs)



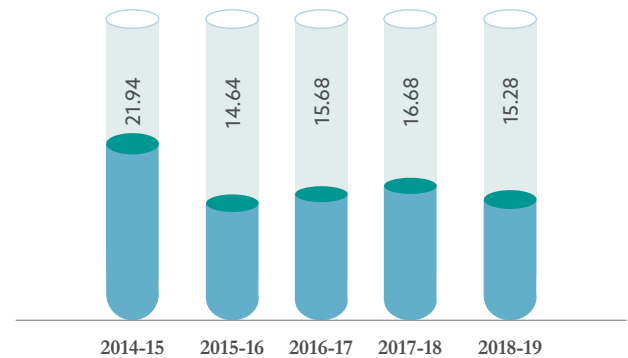
Net Worth (₹ in Lakhs)



Debt Equity Ratio



Earnings Per Share (₹)



Creating Value for Our Communities

At Shilpa Medicare, operating sustainably and responsibly is integral to our business. Steered by the belief of ‘Giving Back to Society’, we are committed to enhancing the quality of life of the communities in which we operate.

Your Company in order to conduct CSR activities, has incorporated Shilpa Foundation through which the CSR activities are being conducted. The Foundation focuses on socio-economic environmental progress of the targeted communities and society at large through meaningful initiatives. Education, healthcare, water conservation, animal welfare and environmental development were our primary CSR focus areas during the year.

Water Conservation

We embarked on a district-wide Water Conservation Project named ‘Jalsamvardhana’ in collaboration with the Government of Karnataka. The program is aimed at creating more water storage and providing silt to farmers to enhance the fertility of their land. Raichur and Yadigiri are the two districts in Karnataka, India selected for this project. As part of our efforts, we pledged to make an impressive contribution under scheme ‘Sujalam Suphalam’, a district-level model developed by corporate bodies, government and NGOs to increase the water storage capacity. This initiative is expected to benefit nearly 32 Taluks.



Education and Child Welfare

Shilpa Foundation extended assistance for setting up advanced classrooms and benches in the schools of rural areas in Raichur. This intervention has benefited around 500 students. Additionally, we contributed towards the construction of a school for physically-disabled children, which benefited 28 such children. Focus is on providing a conducive learning environment for children.



Environment

Shilpa Foundation has been participating in tree plantation activities in collaboration with Green Raichur, a reputed NGO. Our aim is to plant more seedlings and reduce global warming to protect the environment. We have completed plantation of 20,000 seedlings in Raichur district. We also engage in rainwater harvesting and greening activities undertaken in agricultural and industrial area of Raichur.



Animal Welfare

For promoting animal welfare, Shilpa Foundation provided financial assistance for the construction of cowshed for 250 cows and their fodder storage at Maliyabad Goshala of Raichur.



Healthcare

As a healthcare company, our objective is to widen access to quality and affordable treatment to all those in need. Towards this, Shilpa Foundation organized medical camps and healthcare for the residents of villages around Raichur, Karnataka, India.



Board Profile



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 a member of the Audit Committee and Nomination and Remuneration Committee of Shilpa Medicare Limited. Currently, he is also a Council Member the Academy of Medical Education, Dental College & V. L. College of Pharmacy, “Taranath Shikshana Samsthe “Raichur” and a trustee in “Akhil Bhartiya Maheswari Education Trust, Pune”. Mr. Omprakash Inani is also the Managing Committee Member of “Karnataka State Cotton Assn., Hubli”.



Vishnukanth Chaturbhuj Bhutada
Managing Director

Mr. Vishnukanth C. Bhutada holds a bachelor’s degree in Pharmacy and has 30 years of experience in the pharmaceutical industry. He is one of the founder members of Shilpa Medicare Limited. He is the main guiding force behind the progress of Shilpa Medicare Limited. His knowledge regarding the pharmaceutical industry is unparalleled and is the pacesetter of the illustrious Medicare. He carved a niche for the Company in a highly competitive industry which was dominated by huge companies. His dedication and his foresight made Shilpa Medicare Limited, one of the leading suppliers of Active Pharmaceutical Ingredients. His analytical vision and splendid knowledge of not only domestic but also international medicare market which made the Company one of the biggest exporters of specialized medical ingredients and medicines. Meteoric rise and success of the Company is hugely attributed to him.



Ajeet Singh Karan
Independent Director
(resigned w.e.f. 15.04.2019)

Mr. Ajeet Singh Karan has more than 15 years of experience in consumer goods, Branding, investment advice, general management and Seeding up companies. Prior to joining Private Equity, he was the CEO of Karnataka Antibiotics & Pharmaceuticals Limited 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 SC Johnson. Before joining KAPL, Ajeet had very successful stints with several multinationals including Hindustan Lever and PepsiCo India.

He is currently 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. He holds an MBA degree from the Indian Institute of Management, Ahmedabad.



Carlton Gerard Pereira
Independent Director

Up until recently Mr. Carlton Gerard Pereira was the Managing Director and Partner in charge of corporate finance for KPMG in India, the Middle East and South Asia. He was an investment banker and a consultant advisor for 31 years in all. He is a Bachelor of Commerce from the Bombay University and Fellow Member of the Institute of Chartered Accountants of India.



Pramod Kasat

Independent Director

Mr. Pramod Kasat has served as a Director of Investment Banking and Global Markets Solution Group at Credit Suisse, India. He has extensive experience of more than two decades in investment banking and corporate functioning. 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 Shilpa Medicare Limited since 16 March, 2010 and also served as its Director from 27 January, 2006 to 30 September, 2009. He pursued his Engineering degree from BITS Pilani in 1991 and completed his MBA in Finance from Mumbai University in 1993.



Rajender Sunki Reddy

Independent Director

Mr. Rajender Sunki Reddy has been an Independent Director of Shilpa Medicare Limited since 30 June, 2008. He started his career as a lecturer of Rural College of Pharmacy, Devanhally and served as its Principal. Under his stewardship, several institutions of Medical, Para-Medical, Dental, Pharmacy, Nursing, Physiotherapy and host of other institutions have been 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.



Narinder Pal Singh Shinh

Independent Director

Mr. Narinder Pal Singh Shinh served as the Managing Director and Executive Director of Andhra Cements Limited until 30 April, 2014. Mr. Shinh has mastered the art of turning around sick/loss making companies with his rich knowledge in management. He served as the Managing Director of Sanathnagar Enterprises (formerly Bakelite Hylam Ltd.) from 27 August, 2006 to 30 April, 2010. Mr. Shinh served as the Chairman of National Standard (India) Ltd and has also been its Non-Executive Director. He has been an Independent Director of Shilpa Medicare Limited since 30 June, 2008. He was a Faculty of MBA in Delhi University. Mr. Shinh holds a graduation degree in Commerce and has secured Law degree with distinction.



Namrata Bhutada

*Non-Executive Director
(resigned m.e.f. 27.05.2019)*

Ms. Namrata Bhutada is a Master of Business Administration in Finance. Born in a traditional business family, she got exposed to good business administration skills at an early stage in her life and also got good exposure in various administrative matters of the Company since last three years.



Amit Chander

Independent Director
(appointed w.e.f. 01.04.2019)

Mr. Amit Chander has worked as a financial advisor and business consultant with leading Indian and multinational companies. In 2014, he was ranked among the Top 5 rising and successful fund managers in the leading Indian business daily 'The Economic Times'. He has served as the manager of the credit rating agency CRISIL. He has worked with Accenture, where he assisted public sector clients in India in implementing technology-led solutions. He is an Engineering graduate from IIT Delhi and has received a Silver medal for holding the first rank in his department. He also holds an MBA degree from IIM Lucknow. He has a total experience of 15 years in healthcare and technology and private equity.



Naresh Patwari

Non-Executive Director

Mr. Patwari, aged 41 years, is a Non-Executive Director of the Company. He holds a Bachelor's Degree in Technology in Mechanical Engineering from the Indian Institute of Technology, Kharagpur and a Master's Degree in Business Administration from the Tuck School of Business at Dartmouth College, United States. He has been on the Board of Shilpa Medicare Limited since 26 December, 2016. He is currently employed with TA Associates Advisory as a Director. He was previously employed with Schlumberger, McKinsey & Company and ICICI Venture.



Sirisha Chintapalli

Independent Director
(appointed w.e.f. 01.04.2019)

Ms. Sirisha Chintapalli is an Associate Member of The Institute of Company Secretaries of India, an Associate Member of The Institute of Cost Accountants of India. She is semi-qualified CA from The Institute of Chartered Accountants of India. She bagged all India 7th Rank and South India 1st Rank in the Company Secretary Final level exams.

As a Company Secretary, she has been associated with L&T Shipbuilding Ltd, Chennai - Renowned Shipbuilding Company - which constructs Defense Vehicles, Interceptor Boats, Offshore Patrol Vessels, Floating Dock. She has also worked in International Seaport Dredging Limited, Chennai, a joint venture dredging company - between Larsen & Toubro Ltd. and Dredging International - DEME Group, Belgium. She has till recently worked with CCL Products (India) Ltd, Hyderabad - Instant Coffee Manufacturing Company.

Professional Experience and Exposure:

Having more than 10 years of good exposure and experience in the fields of legal, financial, secretarial regulatory compliance matters particularly in relation to the Companies Act, laws applicable to the Capital Markets and other statutes. She has successfully handled and completed various issues / assignments / mergers and got well-versed with various statutes involved in the day-to-day operations of the Company.

Corporate Information

Board of Directors

Omprakash Inani - Chairman

Vishnukanth C Bhutada - Managing Director

Ajeet Singh Karan* - Independent Director

Amit Chander** - Independent Director

Carlton Gerard Pereira - Independent Director

Pramod Kasat - Independent Director

Rajender Sunki Reddy - Independent Director

N.P.S. Shinh - Independent Director

Namrata Bhutada*** -

Non-Executive Director

Naresh Patwari - Non-Executive Director

Sirisha Chintapalli**** -

Independent Woman Director

* Mr. Ajeet Singh Karan resigned w.e.f. 15.04.2019

** Mr. Amit Chander was appointed as Additional Director in Independent capacity w.e.f. 01.04.2019

*** Ms. Namrata Bhutada resigned w.e.f.

27.05.2019

**** Ms. Sirisha Chintapalli was appointed as

additional director in Independent Woman

Director capacity w.e.f. 01.04.2019

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

Vishnukanth C. Bhutada - Member

Rajender Sunki Reddy - Member

Corporate Social Responsibility Committee

Rajender Sunki Reddy - Chairman

Omprakash Inani - Member

Vishnukanth C. Bhutada - Member

Risk Management Committee

Vishnukanth C. Bhutada - Chairman

Pramod Kasat - Member

N.P.S. Shinh - Member

Sushil Bajaj - Member

Chief Financial Officer and Compliance Officer

Sushil Bajaj

Company Secretary

Madhusudhan Reddy

(resigned w.e.f. 04.04.2019)

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

Telangana, India - 500 082

Statutory Auditors

Brahmayya & Co.,

Chartered Accountants

#403 & 404, Golden Green Apartments,

Irrum Manzil Colony,

Hyderabad - 500 082.

Telangana, India - 500 082

Internal Auditors

PKF Sridhar and Santhanam LLP

Chartered Accountants

8-2-577/B/5F, 5th Floor, Maas Heights,

Road No. 8, Banjara Hills,

Hyderabad - 500 034, Telangana, India

Bankers

Standard Chartered Bank Ltd

The Hongkong and Shanghai Banking

Corporation Limited

CITI Bank

State Bank of India

Axis Bank Ltd

The Lakshmi Vilas Bank Ltd

Registrar and Share Transfer Agent

M/s. Karvy Fintech Private Limited

(Formerly known as M/s. Karvy

Computershare Private Limited),

Karvy Selenium Tower B, Plot No. 31

& 32 Gachibowli, Financial District,

Nanakramguda, Serilingampally,

Hyderabad, Telangana, India - 500 032

Registered Office

Shilpa House

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

Raichur - 584 135 Karnataka, India

Phone: 08532-238704

Fax: 08532-238876

Email: info@vbshilpa.com

Web: www.vbshilpa.com

Works

DTA

Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A

to 4C, 5A, 5B, Deosugur Industrial Area,

Deosugur - 584 170, Raichur District,

Karnataka, India

100% Export-Oriented Unit

33-33A, 40-47, Raichur Industrial Growth

Center, Wadloor Road, Chicksugur - 584 134,

Raichur District, Karnataka, India

SEZ Unit

Plot No. S-20 to S-26, Pharma SEZ TSIC

Green Industrial Park, Pollepally Village,

Jadcherla Mandal,

Dist - Mahabubnagar - 509 301, Telangana, India

Works under Construction:

Plot No. 532-A, Belur Industrial Area,

Dharwad - 580 011, Karnataka, India

Plot No. 29-A5, Avverahalli Industrial Area,

Bengaluru (Bangalore) Rural - 562 117,

Karnataka, India

R&D Units

Raichur R&D

Hubli R&D

Vijayanagaram R&D

Subsidiary Companies

Indian

1. INM Technologies Private Limited

2. Shilpa Therapeutics Private Limited

3. INM Nuvent Paints Private Limited

(Step-Down Subsidiary)

4. Sravathi Advance Process Technologies

Private Limited (w.e.f. 22.06.2019)

Foreign

1. Zatortia Holdings Limited

2. Makindus Inc, U.S.A

3. Koanaa Healthcare Limited, UK

4. Koanna Healthcare GmbH, Austria

5. Loba Feinchemie GmbH, Austria

(Step-Down Subsidiary)

6. Shilpa Pharma Inc., U.S.A

Joint Venture Companies

1. Reva Medicare Private Limited

Associate Companies

1. Reva Pharmachem Private Limited

2. Maia Pharmaceuticals Inc.

3. Raichem Medicare Private Limited

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Management Discussion and Analysis

(In compliance with Regulation 34(3) read with Schedule V(B) of the Listing Regulations, Management Discussion and Analysis forms part of this Annual Report.)

INDIAN ECONOMY OVERVIEW

India has emerged as one of the fastest growing major economies in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased to 6.8% in FY 2018-19 and is expected to grow to 7.0% in FY 2019-20.

PHARMA INDUSTRY

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicines in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently, the Global Oncology/Cancer Drugs Market is expected to garner US\$ 111,938.4 Million by 2020, registering a CAGR of 7.1% during the forecast period 2014 to 2020. Recent progress in biological therapies has widened the scale of therapeutic targets for treatment of cancer with the identification of tumor cell specific genes. Immunotherapies/biologics are emerging as potential therapies to find the permanent cure for various cancer types. Amongst various biologics, drugs based on monoclonal antibodies (mAbs) have gained significant attention in recent years due to their high efficacy further propelling the growth of oncology/cancer drugs market.

The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64%, during FY 2011-16, with the market increasing from US\$ 20.95 Billion in FY 2011 to US\$ 27.57 Billion in FY 2016. Pharma sector growth is estimated at 7-9% CAGR for FY 2018-21.

Indian pharmaceutical market grew 9.4% in 2018 to ₹ 129,015 Cr. in 2018. The growth, much faster than 2017, was led by uptake of drugs to treat chronic diseases and normalization of supply chain after the disruption caused by GST. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.

Increase in the size of middle-class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

Indian pharma companies are capitalising on export opportunities in regulated and semi-regulated markets.

India is the world's largest provider of generic medicines; the country's generic drugs account for 20% of global generic drug exports (in terms of volumes).

The country's pharmaceutical exports rose 11 per cent to US\$ 19.2 billion in FY 2018-19, mainly driven by higher demand in regions such as North America and Europe. The pharma exports in FY 2017-18 stood at US\$ 17.3.

It is one of the top five sectors in the exports segment. Generic drugs form the largest segment of the Indian pharmaceutical sector, with 75% market share (in terms of revenues).

North America constitutes about 30% of Indian pharma exports, followed by Africa and the European Union with 19% and 16 per cent share, respectively, according to the data.

According to industry experts, the Chinese market is also gradually opening up and the Government is working to push India's exports there as it holds huge potential.

The other important destinations include South Africa, Russia, Nigeria, Brazil and Germany, where exports are registering growth. The sector accounted for about 6% of the country's total exports of US\$ 331 Billion in FY 2018-19.

OUTLOOK

The Pharmaceutical industry in India is the world's third-largest in terms of volume and 10th largest in value terms. According to Department of Pharmaceuticals {Indian Ministry of Chemicals and Fertilizers}, the total turnover of India's pharmaceuticals industry between 2008 and September 2009 was US\$21.04 billion. The Indian market is poised to grow to levels of US\$50 Billion by 2020 as per IMS.

During the year, there were several structural changes such as the implementation of the GST regime in India, corporate tax reforms in the US, stringent regulatory environments and pricing controls. Despite these negative trends, the long-term outlook for the industry remains broadly positive.

- Budgeted expenditure on health and family welfare, for FY 2019-20 is ₹ 64,559 Cr.
- Other schemes with high allocations for FY 2019-20 include National Education Mission (an increase of 19.2%), National Health Mission (an increase of 7.9%), and Integrated Child Development Services (an increase of 18.1%).

Details of the significant change in ratios in current year compared to previous year are produced hereunder:

Particulars	2018-19	2017-18	% change	Explanation for material change
Debtors turnover ratio	3.65	3.41	7	N.A.
Inventory turnover ratio	3.76	4.44	-18	N.A.
Interest coverage ratio	54.94	80.43	-46	There is significant changes in the interest coverage ratio due to increase in working Capital loans from banks, and on deposit loans against Fixed Deposit to meet its working capital requirement and project infusion.
Current ratio	2.27	2.60	-15	N.A.
Debt Equity ratio	0.12	0.14	-12	N.A.
Operating profit margin (%)	23.94	22.94	-4	N.A.
Net profit margin (%)	18.33	17.51	4	N.A.
Return on net worth	9.72	11.61	-19	N.A.

GOVERNMENT INITIATIVES

Some of the initiatives taken by the Government to promote the pharmaceutical sector in India are as follows:

- The National Health Protection Scheme is the largest government funded healthcare program in the world, which is expected to benefit 100 Million poor families in the country by providing a cover of up to ₹ 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalization. The program was announced in Union Budget FY 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The Government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100% under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.59 Billion between April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- Between July-September 2018, Indian pharma sector witnessed 39 PE investment deals worth US\$ 217 Million.
- Investment (as % of sales) in research & development by Indian pharma companies increased from 5.3 per cent in FY 2012 to 8.5 per cent in FY 2018.
- India's pharmaceutical exports stood at US\$ 17.27 Billion in FY 2018 and have reached US\$ 19.14 Billion in FY 2019.

RISKS AND CONCERNS

The pharmaceutical industry undertakes several risky ventures that are a growing concern for pharmaceutical companies. Due to technological advancements, pharma companies take risks to have a competitive edge. Some of the risk exposure can affect the advancement of pharma companies. Patient advocacy groups are creating challenges for pharma companies. For example, existence of rare diseases is influencing patient advocacy groups to present the needs of patients with rare diseases to governments and regulators and lobby for changes to enhance inequalities for medical services. Pharma companies must take risks to compete to develop medicine for rare diseases.

Tax reform, U.S. pricing legislation and the repeal and replacement of the Affordable Care Act is posing a risk for M&A activity. Although, opportunistic deals will be evident in the future, pharma companies that have significant amounts of overseas cash will not take risk to overpay on taxes to engage in M&A acquisitions.

Between the year 2017 and 2021, it is anticipated that US\$ 147 Billion of pharmaceutical sales are at risk due to expiring patents. This risk might potentially put a brake on the pharmaceutical industry's upward trajectory and could indicate a second patent cliff for pharma companies.

FINANCIAL PERFORMANCE AND OPERATIONS REVIEW

During the year under review, the company reported operating revenues of ₹ 66,387.88 Lakhs as against ₹ 74,394.60 Lakhs and a net profit of ₹ 12,410.63 Lakhs as against ₹ 13,323.90 Lakhs. During the period under review because of internal management decision the company was able to produce raw material internally thereby reducing the overall raw material cost. The Company has been implementing comprehensive measures at all its manufacturing sites to ensure quality and regulatory compliances.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorisation and approval procedures. The Company has various internal audits to get audited various systems and procedures throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

HUMAN RESOURCES

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations. During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The Company has built a competent team to handle challenging assignments. Company has maintained cordial and harmonious relations with all employees.

CAUTIONARY STATEMENT

Certain statement/s in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realisation, currency fluctuations, regulatory issues, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board of Directors

Sd/-

Omprakash Inani

Chairman

Place: Raichur

Date: 13 August, 2019

DIN: 01301385

Directors' Report

To,
The Members,

Your Directors have pleasure in presenting herewith the 32nd Annual Report on the business of your Company together with the Audited Standalone and Consolidated Accounts for the financial year ended 31 March, 2019.

FINANCIAL SUMMARY

(₹ in Lakhs)

Particulars	Financial Year 2018-19		Financial Year 2017-18	
	Standalone	Consolidated	Standalone	Consolidated
Operating revenue	66,387.88	73,338.77	74,394.60	79,153.39
Other Income	1,578.98	1,373.74	2,331.53	2,167.76
Profit before Interest, Depreciation and Tax after exceptional Items	19,566.78	18,943.22	20,238.43	18,384.11
Interest	289.32	367.56	212.69	266.12
Depreciation	3,716.91	4,206.15	3,277.70	3,722.21
Net profit before tax	15,559.95	14,369.51	16,748.51	14,395.78
Provision for taxes				
a. Current tax	3,664.82	3,789.51	3,494.19	3,495.73
b. Less: MAT Credit entitlement	(910.47)	(1,043.40)	(757.51)	(757.51)
c. Deferred Tax(Net of MAT)	394.98	(128.48)	687.95	652.34
Profit after tax	12,410.63	11,751.87	13,323.90	11,005.22
Share of profit/(loss) in Associates/ Joint Ventures	-	(801.70)	-	(719.03)
Share of profit/(loss) in Non-Controlling interest	-	276.00	-	238.08
Other comprehensive incomes/(expenses)	45.97	43.07	108.29	109.55
Total Comprehensive Income	12,456.60	11,269.25	13,432.19	10,633.74

REVIEW OF OPERATIONS:

STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS

The Standalone and Consolidated Financial Statements of your Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Further, a statement containing the salient features of the Financial Statements of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as Annexure 5 to the Board's Report. The Statement also provides the details of performance and financial position of each of the subsidiaries.

During the year under review, the Company reported standalone operating revenues of ₹ 66,387.88 Lakhs as against ₹ 74,394.60 Lakhs and Net Profit after tax of ₹ 12,410.63 Lakhs as against

₹ 13,323.90 Lakhs, in the previous year, whereas consolidated gross revenues of ₹ 74,712.51 Lakhs as against ₹ 81,321.15 Lakhs and Net Profit after tax of ₹ 10,950.17 Lakhs as against ₹ 10,286.18 Lakhs in the previous year.

The Company continued to focus on the new line of products, R&D and strategic expansion of production/ development facilities. Apart from this the Company started focusing in marketing the products particularly in the EU and other regulated markets. Registrations and filings for the products in-pipe-line is progressing as per schedule. Expansion programme is as per the schedule.

During the F.Y. 2018-19 your company has invested in commercial papers of IL&FS Limited to an extent of ₹ 1,437.28 Lakhs which were due to be redeemed on 2 January, 2019. However, owing to recent financial crisis of IL&FS Limited the board has completely provided for the loss.

SHILPA FOOT HOLD:

SHILPA MEDICARE API FACILITIES

Shilpa Medicare has two world class State of the Art API manufacturing facilities at Raichur, Karnataka, India supported by strong & efficient team of R&D, IPM, Production, Engineering, Quality Control, Quality Assurance & Regulatory functions with other supportive functions and well administered Human Resource management. The facilities are cGMP Compliant and approved by many national & international regulatory bodies like USFDA, EU, COFEPRIS-Mexico, PMDA-Japan, Korean FDA, TPD Canada & TGA-Australia.

The Company is having API's and intermediate manufacturing blocks with segregation of non-oncology and oncology manufacturing facilities. Oncology products are manufactured & handled with highly precised isolators & taken care from people & environment. Blocks are designed to handle small scale, medium scale and High scale volume ranging batch sized from 500 Gms to 350 Kgs.

The manufacturing facilities are certified by different bodies for management systems of quality, Safety, Environment & Health like ISO 9001-2015 for Quality System, ISO 14001-2015 for Environment Management System, OSHAS 18001-2007 for Occupational Health & Safety System & R&D is certified by DSIR, Govt. of India.

The Company has invested in containment technologies for the manufacturing of oncology drug substances in contained environment and also has latest technologies like Bipolar system from Japan to ensure that the manufacturing processes are sustainable with less consumption of natural resources and safe operations. These types of innovative Technologies provide us the sustainable process which are validated & commercialized. This strength provides us the tremendous opportunities to enhance competitiveness to improve our positions in the market place & also to find the new markets.

The Company being environmentally conscious, all the waste is treated in its ZERO discharge handling facility with all down line supported systems like Stripper, MEE, ATFD, FICCO FACCO followed by Biological & RO systems to treat the waste & make it re-usable in applicable places.

The Company has given importance to high level safety & designed its training program to ensure that all employees involved are well aware of the risks involved its consequences & mitigations required. All safety requirements of the facility are taken care in design where safety is built in system like Air handling units, rapture disc and safety vents, interlocks, alarms & firefighting systems.

The facility is designed to provide complete utility services & purified water systems. All utilities are designed to provide

support required to manufacture without any interruption. Well designed coolers are used to support the systems like process cooling and HVAC and also compressed air & nitrogen facility.

The Facility is having quality control unit with a capability of method development, method validation & testing of RM, IM & Finished products with all 21 CFR Part11 compliance sophisticated instruments like LCMS, GCMS, ICPMS, XRPD, PSD analyzer, HPLC, GC and all other supportive instruments for testing products with well trained and qualified staff.

SHILPA MEDICARE –R&D (API)

Shilpa Medicare views its R&D capabilities as a vital component of its business strategy that will provide a sustainable, long-term competitive advantage. Shilpa Medicare is among a few Indian pharmaceutical companies to have started its research program in support of its global ambitions. The R&D environment reflects its commitment to be a leader in the Oncology generics space. Our generics business helps to reduce drug costs for individuals and governments by bringing generic drugs to market as early as possible, and making them available to as many patients as possible. We supply pharmaceutical ingredients to pharmaceutical companies, which contributes to our goal of providing affordable medicines.

We will continue to promote affordability in significant ways and work to expand our product offering of generics, focusing on increasing access to products in market with significant barriers to entry. We will continue to look for new opportunities to take generics to more patients, in collaboration with other companies.

Our R&D centre offers space for the development of generics, meeting international development standards, including difficult to make complex API processes, such as those for Oncology/non Oncology molecule.

The Shilpa Medicare R&D centre in Raichur, Karnataka, India has shown good progress in terms of new projects taken up for development and the projects which were successfully transferred to plant. The Raichur API team has delivered 6 projects successfully and taken trial at plant scale and taken up 20 new projects for process development.

As per the current regulatory requirements, we are isolating the process/degradation impurities in-house through combiflash purification technique /Prep HPLC and producing from mg to gram level.

For further strength to our business strategy we depend less on external vendor for supply of starting material and make them in-house to further reduce the cost of existing API to make more cost effective technology. For important projects the starting material is synthesized in-house and taken up for trial at plant/lab scale.

SHILPA MEDICARE- FINISHED DOSAGE FORMULATION FACILITY

Shilpa Medicare Limited – Finished Dosage Formulation Facility is a World Class GMP compliant Facility engaged in manufacturing of potent drugs- which includes liquid and lyophilized injectables in vials, sterile dry powder injectables in vials, oral solid dosage form (Tablets and hard gelatine capsules). The facility is designed for handling of potent Drug Products (including Oncology products and adjunct therapies) for various regulatory markets in a highly contained manner. Facility is designed to handle potent molecules upto OEL 4 level of containment.

The facility is approved by various regulatory agencies including USFDA, EUGMP, ANVISA, COFEPRIS, INAME, TFDA and SAHPRA. This facility consists of Oral Solid Block with two commercial scale tablet manufacturing and one commercial scale capsule manufacturing line approved by regulatory agencies. Three Separate Injectable blocks consists of two liquid-lyophilisation commercial scale manufacturing lines approved by

Facility Regulatory Status:

Authority / Agency	Status	Scope
USFDA	Approved	OSD & INJECTION
EUGMP (Austria)	Approved	OSD & INJECTION
ANVISA (Brazil)	Approved	INJECTION
COFEPRIS (Mexico)	Approved	INJECTION
TFDA (Tanzania)	Approved	OSD & INJECTION
INMAT (Argentina)	Approved	INJECTION
SAHPRA (South Africa)	Approved	INJECTION
DIGEMID (Peru)	Approved	INJECTION
CETHS (Belarus)	Approved	OSD

FORMULATION R&D

Shilpa Medicare Limited Formulation Research and Development Centre is located in Vizianagaram District of Andhra Pradesh, India. R&D Centre was audited by USFDA in Feb 2019 and EIR for the facility was received.

R&D Centre is involved in Formulation & Analytical development and also method validations for analytical tools. Formulation research Centre is concentrated in developing generic equivalents and super generics to Reference listed Drugs for Global Markets like USA, Europe and Row for injectable and oral formulations used for the treatment of cancer and other indications. Like Multiple sclerosis, CNS disorders, myasthenia gravis, Ogilvie syndrome, Ulcerative colitis urinary retention, liver diseases, smoking cessation, Alopecia, and Eye disorders etc.

R&D Centre is state of the art facility wherein the scientists working with an approach of reducing the toxicity / adverse events of the drugs, with enhanced stability, patient compliance and with effective cost. Also the R&D works on converting the existing Lyophilized products to Ready To Use (RTU's) liquid products, further concentrates on development of ready to fill powders for injectable administrations.

regulatory agencies and 3rd Injectable combi-line for handling of liquid, lyophilized and Dry Powder Injectable under qualification.

Labelling and Packaging lines are fully automated and equipped with global track and trace system for serialization and aggregation meeting DSCSA, EU FMD and other country specific requirements.

Packaging lines are capable of handling ONCOSAFE packaging for regulatory market having base cap and full body sleeve.

Contract Manufacturing

Shilpa Medicare Limited manufactures many oncology and adjunct products in several types of dosage forms such as tablets, capsules, liquid injection (Aseptically and terminally sterilized), Lyophilized Injectable, Sterile Dry powder injectables.

All products are manufactured under the same stringent quality standards for export to USA, EU and ROW market.

The oral department of R&D is concentrated in developing the generic equivalents for Global Markets. The R&D team is concentrated in developing the products as Para IV, First to File, Hybrid and 505(b)(2) to Globally market the same. R&D is concentrated in working on products to reduce drug product administrations also on reducing the drug wastage.

Clinical department of R&D is involved in regular monitoring and surveillance of safe use of the drugs manufactured by Shilpa Medicare. Performing audits of CROs wherein pre-clinical and Clinical studies are carried out. Evaluating the patient requirements and proposing the development strategy to product development.

Regulatory Department of Shilpa Medicare Limited is involved in filing of Generic Equivalent Products, complex and/ or super generic products with USFDA, actively involved in product development activities to comply Regulatory agency requirements.

Shilpa R&D Centre is in adherence to quality systems that has been audited by USFDA for compliance. R&D Centre has established the quality management systems by Design Quality Assurance Department which is involved in reviewing and updating the quality aspects as per current regulatory norms.

BANGALORE R&D SITE

Shilpa Medicare is coming up with State of the Art Centralized R&D Centre at Dobaspet near Bangalore for Formulation Development. The R&D Centre is involved in development of Onco and Non-Onco Injectable, Onco and Non-Onco ODF, Transdermal or topical applications, Ophthalmic and Orally Disintegrating Films formulation. Commissioning of the New R&D site will be in December 2019.

R&D Centre is well equipped for development of Generics, Complex Generics and also new dosage forms involving nano and micro technologies like liposomes, Nano particles and specialty products.

On Analytical front the R&D is equipped with state of the art instruments to evaluate all kinds of dosage forms. We have also established facility to evaluate the in-house extractable & leachable for all our products and have capabilities of characterization of API, impurities, excipients and packing components.

The New Research and Development Centre is one point stop to customers that can cater the product development along with analytical method development for finished product, analytical method validation, stability studies, characterization of impurities, evaluating extractable & leachable for packing components. Process Development Lab meeting the cGMP requirement for manufacture scale – up batches to optimize the process variables and to manufacture of clinical batches.

Manufacturing Facility - Transdermal Patches and Oral films

A transdermal patch is medicated adhesive patch that is placed on the skin to deliver a specific dose of medication through the skin and into the bloodstream. Transdermal patches have made their place in global market in past few decades as an alternative to conventional therapeutic for various disease indications. Transdermal patches are widely accepted among physicians and patients due to their non-invasive, pain free and easy administration. In recent years, the growth of transdermal patch market has increased and expected to increase significantly in coming years. Higher investments in research and development could be attributed to the success of transdermal patch market.

Similarly, the thin film drugs were recorded with high market acceptance due to its ease of application and high effectiveness. Moreover, developed economies such as the U.S. and countries in Europe recorded significant sale of thin film drugs. Thin film drugs achieve the desired therapeutic results. Therefore, they have gained attention in the market as a potential treatment option.

Looking to the market potential, Dobaspet, Bangalore, Karnataka, India facility is designed and build as a state of the art Manufacturing facility of Transdermal Patch and Oral Films. This facility shall cater to global market.

Lay outs confirming to cGMP requirements is finalized along with Utility, Administration and canteen building. They are designed to cater both Transdermal Patch and Oral Film Products. space for future expansion is allocated for capacity increment. Site will be ready for qualification by December 2019.

SHILPA MEDICARE LIMITED INTELLECTUAL PROPERTY MANAGEMENT (IPM) TEAM

Shilpa's success depends on the Company's ability to secure patents, protect the proprietary information and operate without infringing on the others' intellectual property rights.

Shilpa Medicare Limited Intellectual Property Management (IPM) team is responsible for building Shilpa's global generic product pipeline and 505(b)(2) NDA pipeline as well as creating, managing and protecting its high value patent estate. Shilpa has a dedicated IPM Team which provides stage wise IP-clearances during product/process development activities and also provides frequent updates and alerts on relevant IP (patent, trademark etc) to R&D scientists for products/process and suggests remedial measures to deal with IP issues. Shilpa IPM team is involved in product selection activity to ensure that right products are selected for development.

Shilpa's IPM team continues to build its future pipeline of complex products with an established robust portfolio selection process, providing early launch opportunities with intellectual property advantages.

Shilpa's strengths, across various molecules including Oral, Injectable and complex differentiated products, biologics, lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. The API Process development is focused in developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for API's is based on difficult-to-make API molecules and novel polymorphic forms of certain API's for creating value addition.

Shilpa's IPM Team is involved in patenting of new products, processes, methods of use, drug delivery systems and medical devices in India, US & EU.

Highlights FY 2018-19:

- In FY 18-19, Shilpa filed two ANDAs as First to File (FTF).
- Shilpa's number of first to file products filings now stands at 5.
- In FY 18-19, Shilpa and its group companies have filed 21 patent applications taking the cumulative total to 268 patent applications in India and other countries. Shilpa received grants for 2 patents during FY 18-19.

Future plan FY 2019-20:

- Shilpa has plans for filing one more first-to-file ANDA.
- Shilpa & its Partners has plans for filing of two 505(b)(2) NDAs.
- Shilpa plans to initiate Phase III trials of one biologic molecule.

REGULATORY FILINGS SUMMARY

Particulars	Filed in 2018-19	Cumulative Filed	Status	Planning to file in FY 2019-20	Remarks
API					
US DMF	4	34	All DMFs available for reference to Generic Applications	6	Scientific assessment completed for 18 DMFs
EDQM	-	12	All CEPs are available	4	Current year 3 applications are already filed.
Formulation					
US ANDA (On Shilpa name)	3	17	8 – Final approval 2 – Tentative approval 7 – Under assessment	13	Cummulative 5 ANDAs are filed as “First to File” submission. During FY 2018 following products are filed. Erlotinib Tablets 25 mg, 100 mg & 150 mg Pirfenidone Tablets Lenvatinib Capsules 4 mg and 10 mg 1 NDA is filed as 505(b)(2) and 1 ANDA is filed submission during Q1-FY19.
EU Filing	2	16	7 – Approved 9 – Under Assessment	6 products	Azacitidine for injection 25 mg/vial Erlotinib Tablets 25 mg, 100 mg & 150 mg

Regulatory Inspections and approvals.

In January 2018, two API facilities located at Raichur, Karnataka, India, were inspected by USFDA for PAI. EIR received on 29 June, 2018.

Shilpa Medicare Ltd, Biologics SBU**Background –**

The past year witnessed the impact of biosimilars in the EU, led by significant uptake in markets dominated by tendering systems – led by biosimilar Anti-TNFs – Infliximab, Adalimumab and Etanercept. First impact of MAb in the oncology markets is also being noticed in the EU. The US market for biosimilars still remains under-catered to by biosimilars, mainly on account of non-availability of automatic substitution and regulatory hurdles currently in place.

Opportunity and drivers -

- Your company has nearly completed setting up of a world class biologics manufacturing facility for Monoclonal antibodies and biologics in Dharwad, Karnataka, India. This facility is expected to start commercial operations in March 2020. The cost of setup of this facility is probably the lowest anywhere. The incorporation of best-in-class technologies lowers the foot print of the facility, thereby reducing the operational expenses and is also environmentally friendly.
- Opportunity in regulated markets - This manufacturing facility, coupled with very strong R&D backing in the area will help the company integrate vertically in biopharmaceuticals. Your company expects strong international partnerships in biosimilars over the next 2-3 years, to drive the business in regulated markets with the development and manufacturing from our site in Dharwad and Bangalore, Karnataka, India.
- Opportunity in ROW markets - During the course of the year, The Department of Biotechnology (GoI) through its arm BIRAC and the World bank has participated in the setting up of a GMP pilot facility in the same premises, through a grant that partly funds the pilot facility. The strategic nature of this grant is expected to help the company in being recognized in the international markets, especially the Row markets, where WHO tenders are expected to play a important role in widening the impact of the biosimilars.
- Your company is also expected to progress one of its biologics into Human Clinical Trials designated as a New Biological Entity (NBE) during the course of the coming financial year. This is expected to be major revenue driver from 2022 onwards – both, through direct sales and licensing opportunities for the company.

Where we are –

The company now has 6 biosimilars and one New Biological Entity in its pipeline and is dominated by drugs catering to the auto immune disorders and oncology segments, with 4 of the top 10 biologics in its pipeline. The remaining are niche, high margin opportunities catering to high unmet clinical needs.

Your company is forging ahead with clinical trials on 1 nos MAb, 1 nos fusion protein and 1 nos NBE during the course of the coming financial year. The combined market size of these three drugs today is about \$30 billion. 3 more are expected to be added in the next financial year to the Clinical trial pipeline, with market size of about \$13 billion. The revenues from sales of the first commercialized biosimilar is expected to accrue from FY 2021-22 onwards.

The company has also filed 3 platform patents and is pursuing these in global markets. Your company will pursue an aggressive IP strategy to ring fence its biosimilar and NBE assets.

Shilpa's US Business Plan

Shilpa Pharma Inc, (SPI), the US Operating company of Shilpa Medicare Limited was formed in May 2018 in order to take forward the company's plans in the US. Under the direction of Adam Levitt its CEO. The US office was opened in October 2018 with its first employees actively managing all aspects related to building and growing its business in the US.

Both SPI and Shilpa Medicare Limited will be working closely in ramping up commercial activities in the US for existing products by maintaining continuous supply through our partners, optimizing share through strategic customer programs and maintaining proper US customer exposure through optimized mix of partnerships. The next wave of product approvals will consist of a mix of traditional oncology generic drugs and those that are differentiated through smart manufacturing and formulation technology. SPI will focus on making sure these new products are efficiently managed through the FDA regulatory process and that there is adequate sales and marketing of these products into hospitals and retail segments.

CHANGE IN NATURE OF BUSINESS:

During the year under review, there was no change in the nature of business carried out by your Company.

DIVIDEND:

Your Directors recommended a dividend of 100% i.e. ₹ 1/- per equity share of ₹ 1/- each for the F.Y. 2018-19, absorbing an amount of ₹ 987.86 Lakhs, inclusive of dividend distribution tax from the profits of FY 2018-19.

The Dividend Distribution Policy of the Company is set out as Annexure-10 and the same is uploaded on the Company's website at <https://www.vbshilpa.com/pdf/Dividend-Distribution-Policy.pdf>.

SHARE CAPITAL:

The paid up share capital of your Company is ₹ 8,15,26,898/- (Rupees Eight Crore Fifteen Lakh Twenty Six Thousand Eight hundred and Ninety Eight) divided into 8,15,26,898 equity shares of ₹ 1/- each. There is no change in the share capital structure during the period under review.

Pursuant to the provisions of section 124 (5) of the Companies Act, 2013 read with IEPF Rules, the Company has transferred 18,154 shares belonging to the shareholders who did not continuously claim dividend for seven years from the the financial year 2010-11 to IEPF Account, the details of which are placed on the website of the Company

TRANSFER TO RESERVES:

During the financial year under review, your Company has not transferred any amount to the general reserve.

DIRECTORS OR KEY MANAGERIAL PERSONNEL:

Mr. Naresh Patwari (DIN No. 03319397), Non-Executive Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Further Ms. Sirisha Chintapalli (DIN: 08407008) and Mr. Amit Chander (DIN: 02406965), have been co-opted onto the Board as Additional Directors (under Independent category) w.e.f 01 April, 2019 are proposed for appointment as Directors (Independent Category) at the ensuing Annual General Meeting.

Mr. Ajeet Singh Karan (DIN: 00183622), who was an Independent Director, has resigned w.e.f 15 April, 2019.

Ms. Namrata Bhutada, (DIN: 05133614) Non-Executive Director has resigned w.e.f 27 May, 2019.

Further, Mr. Carlton Gerard Pereira (DIN: 00106962) and Mr. Narinder Pal Singh Shinh (DIN: 00023160) will cease to be the directors of the Company w.e.f 28 September, 2019 as per terms of their appointment and provisions of section 149(10) of the Companies Act, 2013.

Mr. Kalakota Sharath Reddy (DIN: 03603460) who is now Vice-President Technical of the company is being proposed to be appointed as director as well as whole time director for a period of 3 years w.e.f 01 October, 2019 with approval of shareholders at the ensuing Annual General Meeting.

Mr. Vishnukanth Chaturbhuj Bhutada (DIN: 01243391) Managing Director is being proposed to be reappointed for a period of 5 years w.e.f 01 October, 2019 with the approval of shareholder at the ensuing Annual General Meeting.

Further Mr. Madhusudhan Reddy, Company Secretary, has resigned and ceased to be as such w.e.f 4 April, 2019.

STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Independent Directors have submitted their declaration of Independence, as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS

Statutory Auditors:

M/s. Brahmaya & Co., Chartered Accountants (Firm Registration No. 000513S), were appointed at the 30th Annual General Meeting as the Statutory Auditors of the Company for a term of five years to hold office till the conclusion of the 35th Annual General Meeting of the Company. They have confirmed their eligibility for the F.Y. 2019-20 under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

Cost Auditors:

The Board, on the recommendation of the Audit Committee, has appointed M/s. V.J. Talati & Co., Cost Accountants, for conducting the audit of cost records of various segments of the Company for the financial year 2019-20. As required under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, a resolution is being placed at the ensuing AGM for ratification of remuneration payable to said Cost Auditors.

Secretarial Auditors:

M/s. P.S. Rao & Associates, Practising Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 and Rule 9 framed thereunder. The Secretarial Audit Report, in form MR-3, for the financial year 2018-19 forms part of this Report as Annexure - 9.

The Board has appointed M/s P.S. Rao & Associates, Practising Company Secretaries, as Secretarial Auditors of the Company for the financial year 2019-20.

Internal Auditor:

Pursuant to the recommendation of the Audit Committee, the Board has appointed PKF Sridhar & Santhanam LLP as the Internal Auditors for the financial year 2019-20.

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMERS:

Statutory Auditors:

As there is no qualification, reservation or adverse remark in the reports given by the Statutory Auditors, your directors need not provide any clarification on the same.

Secretarial Auditors:

As there is no qualification, reservation or adverse remark in the reports given by the Secretarial Auditors, your directors need not provide any clarification on the same.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as Annexure – 8.

RISK MANAGEMENT POLICY:

Pursuant to Regulation 21(4) of SEBI (LODR) Regulations, 2015, the Board of Directors has formulated and implemented a Risk Management Policy which identifies various elements of risks, which, in its opinion, may threaten the existence of the Company and contains measures to mitigate the same. The Risk Management Policy of the Company is posted on the Company's website: www.vbshilpa.com.

In compliance with the amendments made to SEBI (LODR) Regulations, 2015, the Board of Directors, at its meeting held on 07 February, 2019, constituted a Risk Management Committee. The details of the said Committee are disclosed in the Corporate Governance Report in Point No. 3(E).

FINANCIAL STATEMENTS:

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Standalone and Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, forms part of this Annual Report.

In accordance with Rule 8 (1) of Companies (Accounts) Rules 2014 a separate statement containing the salient features of the financial statements of Subsidiaries, Associates and Joint Ventures in **Form AOC-1**, is annexed herewith as Annexure - 5.

Further, the annual accounts of all the subsidiary companies are available on the Company's website – www.vbshilpa.com.

Annual accounts of the Subsidiary Companies and related detailed information will be available for inspection by the members, at the registered office of the Company and will also be made available to the members upon request.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Various Audit Systems in the Company monitor and evaluate the efficacy and adequacy of the internal control system of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports, the units undertake corrective action in their respective areas and strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board periodically.

The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy, Policy to determine Material Subsidiaries, Code of Conduct for Regulating, Monitoring and Reporting Insider

Trading and such other procedures for ensuring orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

INFORMATION ABOUT SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

RAICHEM MEDICARE PRIVATE LIMITED (RMPL) ASSOCIATE

During the year under review the Company has entered into a Share Purchase Agreement (SPA) dated 12 July, 2018 with Joint Venture Partner, ICE S.p.A, to disinvest entire shareholding held in the (RMPL). Accordingly, shares to the extent of 24% were transferred to ICE S.p.A. RMPL has applied to Central Government through Foreign Investment Facilitation Portal, to obtain approval as per the provisions of Foreign Direct Investment Policy and the same is awaited. Since, the Company proposed to disinvest entire shareholding and entered into a firm arrangement RMPL has been considered as a Joint Venture in Q1 F.Y. 2018-19 for consolidation purposes. Furthermore, RMPL has been recognized as an Associate for the remaining three quarters during F.Y. 2018-19 only for purpose of Companies Act, 2013 and as assets held for sale for consolidation purpose.

SHILPA THERAPEUTICS PRIVATE LIMITED (STPL) (WHOLLY OWNED SUBSIDIARY)

During the year under review an amount of ₹ 22.71 Cr was invested into STPL by way Loan and the amount was majorly to meet the project cost which is being set-up at Cherlapally, Hyderabad, Telangana, India.

Shilpa Therapeutics Pvt. Ltd. (formerly NU Therapeutics Pvt. Ltd.) situated at Cherlapally, IDA Phase-III, Hyderabad, India, a progressive novel drug delivery company with an international outlook and is dedicated to the development and commercialization of innovative and patient compliant novel drug delivery systems such as fast disintegrating oral strips.

Shilpa Therapeutics Pvt. Ltd. (formerly NU Therapeutics Pvt. Ltd.) is the first company to commercialize prescription products as oral thin strips/films in India.

- Management team with proven leadership and experience in pharmaceutical business

Shilpa Therapeutics is being lead and promoted by highly motivated professionals with extensive experience both in domestic and international pharmaceutical arena and highly qualified management professionals with a vision to develop and market innovative and patient compliant novel drug delivery systems.

Products available in the Domestic Market

Shilpa Therapeutics has obtained manufacturing and marketing license from the Drugs Control General (India), New Delhi for the following products and these products have also been launched in India by well-established national pharmaceutical companies.

Molecules

Ondansetron Hydrochloride 2mg , 4mg & 8mg Orally Disintegrating Strips

Simethicone 62.5mg Orally Disintegrating Strips

Sildenafil Citrate 25mg & 50mg Orally Disintegrating Strips

Tadalafil 5 mg, 10mg & 20mg Orally Disintegrating Strips

Methylcobalamin 1500 mcg Orally Disintegrating Strips

Montelukast Sodium 4 mg, 5 mg & 10 mg Orally Disintegrating Strips

Melatonin 3 mg Orally Disintegrating Strips

Vitamin D3 2000 IU Orally Disintegrating Strips

Menthol Mouth Freshener in different flavour

Strong IP in oral strips and sublingual films

Shilpa Therapeutics (formerly NU Therapeutics) has a strong IP profile. The company has been granted two patents on orally disintegrating strips. Also STPL has filed 10 additional patents.

INM TECHNOLOGIES PRIVATE LIMITED (INMT) (SUBSIDIARY)

Nanotechnology Division

Innovative Nano & Micro Technologies Private Limited incorporated with a vision to serve the humanity using Nano technology products. Company drives with Strategic intent “Innovations for All Generations”. INM Technologies profile mainly contains: High-tech know-how, competencies and expertise to meet industrial needs and strengthen industrial competitiveness in Asia, Europe, and USA. INM has expertise in the field of the Materials Engineering and service in advanced technology and product development with scale up process for the developed micro / nanomaterials. Based on our research activity and our experience in the chemical technology, materials science and engineering, we develop and integrate nanostructured materials in the products of our customers of various industrial sectors. INM has state-of-the-art facility for synthesis, characterization and analytical testing of nanotechnology based products, trained manpower for process design & monitoring. INM Technologies R&D lab has been recognized by DSIR, New Delhi.

LOBA FEINCHEMIE GmbH, AUSTRIA (LOBA) (STEP DOWN SUBSIDIARY)

Loba is a wholly owned subsidiary held through the Zatortia Holdings Limited (ZTL). Loba is an Austrian company and has pharmaceutical production facilities in Austria. During the year under review the operations of Loba are satisfactory.

The main strategy of Loba is to enhance the focus on business development and sales & marketing within the next business years to support sales and profit growth.

Dr. Walter Erber took over the responsibility as CEO/Managing director for LOBA from May 2016 and is leading and guiding and developing the company. With the strategic vision, to achieve sales of 10 million Euro with products of “highest” quality within the next 5 years, an euphoric and challenging strategic goal is set for Loba.

Main business strategy of Loba is to enhance the focus in terms of resources on business development and Sales & Marketing within the next business years to support sales and profit growth. The turnover of Loba already improved over the last year substantially and achieved in the budget year 2018-2019 7.05 million Euro compared to 2017-2018 with 5.89 million Euro. This growth is a result of constant delivering products with highest quality and focusing on business development.

In the years 2019-2020 and onwards projected sales will further develop and will allow Loba to proceed with the expansion strategy in terms of production and in terms of human resources.

Main key to success will be keeping the exceptional quality and momentum for fine chemicals and especially the new orientation of Loba more towards a “Focus on API business” which as compared to the fine chemical business is more profitable. Existing API business will be supported, and new APIs will be identified to expand in this particular field.

To further support the Loba expansion strategy for the next years, Loba has developed an investment plan to update the facility, the technical equipment and the capacity of the factory, and especially to invest more in human resources. Additionally, business develop initiatives to identify more customers and business partners will be a momentum for expansion.

Last FDA inspection date between 13 August to 17 August, 2018

EIR received date: 2 October, 2018.

SHILPA PHARMA INC., USA (WHOLLY OWNED SUBSIDIARY)

A wholly owned subsidiary formed in USA for the operations in the North American countries particularly to foray into USA and Canadian markets.

KOANNA HEALTHCARE LIMITED, UK (KOANNA, UK) (WHOLLY OWNED SUBSIDIARY)

Koanna, UK is formed for the purpose of registration and to marketing of the drugs of the Company in European market.

KOANNA HEALTHCARE GmbH, AUSTRIA (KOANNA, AUSTRIA) (WHOLLY OWNED SUBSIDIARY)

Koanaa Healthcare GmbH was founded in July 2016 as 100% subsidiary of Shilpa Medicare Limited. During the year 2018, Dr. Walter Erber resigned and Mr. R K SOMANI took over the responsibility as CEO/Managing director.

Koanna, Austria has now changed its strategy from direct marketing of products in Europe to out licensing model. This strategy could remain in force for few years for now till Koanna, Austria does not have a size chunk of products in its basket going forward. Koanna, Austria therefore decided to surrender its GMP license to GDP as it will only focus on Out-Licensing of products and thus it is responsible to sell their products through partners and distributor rather than directly marketing the products on their own. With the change in the focus, Koanna, Austria has started focusing on identifying partners to whom the products could be out licensed. The basic essence of Koanna, Austria to be [positioned as “European Player” in the field of oncology with the brand “Austrian Quality”. The products will prove highest standards and quality and Koanna, Austria will stand for Deliverability and Service for Patients and Physicians through its partners and distributors.

In terms of geographical presence Koanna, Austria is based in Austria (Fischamend) near Vienna and is offering products released from Austria for now to all its customers going forward.

Koanna, Austria has already got the approval from the AGES inspection (Austrian pharmaceutical authority) as a wholesaler with the official right to sell pharmaceutical products. Imatinib was the first product which was launched in the highly competitive market in Germany and Austria in April/May 2017, later it was launched in Sweden, Finland and UK. New territories such as CZECH and Romania have been also identified for launch. Though we have received the approval for Bortezomib and Pemetrexed, they same is still not launched as there is patent restriction. By December 2019, it is expected to launch Melphalan, Busulfan, Clofarabine and Irinotecan. With an appropriate regulatory strategy, step by step more oncological products will be part of Koanaa Healthcare GmbH’s portfolio.

The vision of Koanna, Austria is to develop as a successful and reliable partner within the pharmaceutical domain.

REVA PHARMACHEM PRIVATE LIMITED (RPPL) (ASSOCIATE)

The Company holds 33.33% shareholding in RPPL a joint venture company formed with a marketing expert to market the drugs of the company in regulated markets.

REVA MEDICARE PRIVATE LIMITED (RMPL) (JOINT VENTURE)

The Company holds 50.01% shareholding in RMPL for the purpose of distribution and selling the Company’s drugs.

The organization operations have commenced, and it has expanded as per its vision set-up.

SRAVATHI ADVANCE PROCESS TECHNOLOGIES PRIVATE LIMITED (SAPTPL) (SUBSIDIARY)

During the current financial year SAPTPL has been formed as a subsidiary to foray into the R&D activities of specific drug processes by roping prominent technocrats. Your Company has come to an understanding with some prominent technocrats who have been working on specific technologies for quite some time, under a joint venture agreement. According to the joint venture agreement technocrats are entitled to hold to the extent of 35% of shares in the SAPTPL.

DETAILS OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR UNDER REVIEW:

The following instances taken place during the year under review need to be reported in accordance with Rule 8(5)(iv) of Companies (Accounts) Rules, 2014:

- Your Company has decided to make disinvestment in Raichem Medicare Private Limited, erstwhile Joint venture, and in furtherance of this, 4,17,962 equating to 24% of the equity share capital and 1,85,00,000 preference shares of ₹ 10/- each, were sold to Joint Venture Partner ICE S.p.A.
- Your Company has incorporated Shilpa Pharma Inc. as a wholly owned subsidiary in United States of America.
- During the current FY 2019-20, your Company has formed Sravathi Advance Process Technologies Private Limited to foray into the R&D activities of specific drug processes by roping prominent technocrats.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

In terms with the provisions of Section 135 read with Schedule VII to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to be undertaken by the Company, as framed by the Corporate Social Responsibility Committee (CSR Committee) has been adopted by the Board of Directors. Accordingly, the Company has provided the CSR amount to 'Shilpa Foundation', a public charitable trust taking up various social public causes of the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013. A report on the CSR activities, as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, is enclosed herewith as Annexure – 4.

The CSR Policy of the Company and other details as required is are placed on the Company's website at https://www.vbshilpa.com/pdf/CSR_Policy.pdf

NOMINATION AND REMUNERATION POLICY:

A Committee of the Board named as "Nomination and Remuneration Committee" has been constituted to comply with the provisions of Section 178, Schedule IV of the Companies Act and Regulation 19 of SEBI (LODR) Regulations, 2015. It has been entrusted with the task to recommend to the Company the prospective directors and KMP who possess the requisite skills and positive attributes as specified in the Nomination and remuneration policy.

The Nomination and Remuneration Committee has formulated a Nomination and Remuneration Policy which recommends the guidelines based on which the annual performance of the Independent Director, Board and individual directors is carried on by the board.

Nomination and Remuneration Policy of the Company is placed on the Company's website at <https://www.vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>

FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The Board of Directors have carried out an annual evaluation of its own performance, as well as that of its Committees and individual directors pursuant to the provisions of the Sections 134 and 178 read with Schedule IV to the Companies Act, 2013. A structured questionnaire was prepared after taking into consideration inputs received from the directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties by the Board of Directors, independence governance, ethics and values, attendance and contribution at meetings etc.

The performances of the independent Directors were evaluated by the Board after seeking inputs from all the directors on the effectiveness and contribution of the Independent Directors.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings, like preparedness on the issues to be discussed, meaningful

and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Board and the management that is necessary for the Board to perform its functions reasonably and effectively. The same was discussed in the Board meeting that followed the meeting of the Independent Directors.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i. In preparation of annual accounts for the financial year ended 31 March, 2019 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March, 2019 and of the profit and loss of the Company for the year;
- iii. The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN:

In accordance with the provisions of Section 92 of the Companies Act, 2013, an extract of the Annual Return for the FY 2018-19 in the format as prescribed is enclosed as Annexure-1.

The extract of the Annual Return is also hosted on the Company's website at www.vbshilpa.com

OTHER DISCLOSURES:

Board Meetings:

During the year under review, 4 (Four) Board Meetings were For further details, please refer Corporate Governance Report which forms part of this Annual Report.

Committees of Board:

Your Company has the following committees, namely:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee and
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The constitutions of all the committees are as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of the constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance Report:

Regulation 15 of SEBI (LODR) Regulations, 2015 is applicable to your Company and as such the details as specified in Schedule V(C) of SEBI (LODR) Regulations, 2015, with regard to Corporate Governance Report including Auditor's Certificate on compliance with the code of Corporate Governance specified in Schedule V(E) of SEBI (LODR) Regulations, 2015 and a certificate from Practicing Company Secretary as specified in Schedule V(C)(10)(i) of SEBI (LODR) 2015 forms part of the Annual report.

Management Discussion and Analysis:

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 read with Schedule V (B) to the SEBI (LODR) Regulations, 2015 is annexed hereto and forms part of this Annual Report.

Vigil Mechanism:

In pursuance to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, a Vigil Mechanism for Directors and employees to report genuine concerns has been established. The Policy on vigil mechanism i.e. Whistle Blower Policy may be accessed on the Company's website at https://www.vbshilpa.com/pdf/Whistle_Blower_Policy.pdf. The policy provides for a framework and process, for the employees and directors to report genuine concerns or grievances about leak of Un-published price sensitive information (UPSI), illegal and unethical behaviour to the Chairman of the Audit Committee.

Remuneration ratio of the Directors/Key Managerial Personnel/Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as Annexure – 2.

Particulars of Employees:

Statement of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure – 3 to the Board's Report.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, AND REDRESSAL) ACT, 2013:

Your Company has always provided a safe and harassment free workplace to every individual working in its premises through various policies and practices. Your Company always endeavors to create an environment that is free from discrimination and harassment, including sexual harassment. Your Company has been actively involved in ensuring that the clients and all the employees are aware of the provisions of the POSH Act, 2013 and the rights available to them there under.

Your Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress the complaints received regarding sexual harassment. Your Company did not receive any complaints during the period under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of the loans granted, guarantees given, securities provided and investments made during the year under review, as covered under Section 186 of the Companies Act, 2013, are detailed in the notes to the financial statements which may be read as a part of this report.

DEPOSITS:

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

RELATED PARTY TRANSACTIONS:

Related Party Transactions entered into during the financial year under review are disclosed in Note No. 45 of the

Financial Statements. These transactions were at an arm's length basis and in the ordinary course of business. There were no materially significant Related Party Transactions with the Company's promoters, directors, management or their relatives which could have had a potential conflict with the interests of the Company. Form AOC-2, containing a note on the aforesaid Related Party Transactions is enclosed herewith as Annexure - 6.

Related Party disclosures, as per Schedule V of SEBI (LODR) Regulations, 2015 are enclosed herewith as Annexure-7.

The policy on Related Party Transactions, as approved by the Board may be accessed on the Company's website- https://www.vbshilpa.com/pdf/related_party_policy.pdf .

BUSINESS RESPONSIBILITY REPORT:

Pursuant to Clause 34(2)(f) of the SEBI (LODR) Regulations, 2015 Business Responsibility Report, being applicable to the Company, forms part of the Board Report as Annexure - 10.

GENERAL

1. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:
 - (i) Issue of equity shares with differential rights as to dividend, voting or otherwise.
 - (ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
 - (iii) Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.
 - (iv) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
 - (v) No frauds were reported by the auditors during the year under review.
 - (vi) There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

2. In accordance with the provisions of Section 148 (1) of the Companies Act, 2013 read with the Rules framed thereunder, the Company has maintained cost accounts and records for the financial year 2018-19.
3. The Company has complied with Secretarial Standards, i.e. SS-1, and SS-2 relating to Meetings of the Board of Directors and General Meetings respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions,

banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hard work and commitment.

For and on behalf of the Board of Directors

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Place: Raichur

Date: 13 August, 2019

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31-03-2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L85110KA1987PLC008739
Registration Date	20-11-1987
Name of the Company	SHILPA MEDICARE LIMITED
Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	# 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka - 584 135, India Phone: 08532-238704; Fax: 08532-238876 e-mail id: info@vbshilpa.com Website: www.vbshilpa.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer	M/s. Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India Phone: 040-67161500 Fax: 040-23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company

S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceuticals	210	100

III. PARTICULARS OF HOLDING OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Joint Ventures/Associate	% of shares held	Applicable Section
1	Raichem Medicare Private Limited Plot No 24,25,26 & 26p, Raichur Industrial Growth Centre, Chicksugur Village, Karnataka- 584134.	U24232KA2009PTC049999	Associate	Equity Shares 26 Preference Shares: NIL	2(6)
2	Shilpa Therapeutics Private Limited (Formerly known as Nu Therapeutics Private Limited) Plot No.118, Phase-III, IDA, Cherlapalli, Hyderabad, Telangana- 500051	U24239TG2004PTC043005	Wholly Owned Subsidiary Company	Equity Shares: 100 Preference Shares 100	2(87) (ii)

S. No.	Name and Address of The company	CIN/GLN	Holding/Subsidiary/ Joint Ventures/Associate	% of shares held	Applicable Section
3.	INM Technologies Private Limited # 4, T M Industrial Estate,12th KM, Mysore Road, Bangalore, Karnataka-560059	U73100KA2015PTC078494	Subsidiary	Equity Shares 75.00 Preference shares 100.00	2(87) (ii)
4.	Reva Medicare Private Limited #12-6-214/A-1, Hyderabad Road, Raichur, Karnataka-585135	U24248KA2016PTC086047	Joint Venture	Equity Shares 50.01	2(6)
5.	Zatortia Holdings Limited 70 Kennedy Ave., Papavassiliou Bldg, 4th Floor, 1076 Nicosia, Cyprus	Not Applicable	Wholly owned Subsidiary	100.00	2(87) (ii)
6.	Makindus Inc., USA 206 Avondale Drive, North Wales, Pennsylvania 19454	Not Applicable	Subsidiary	55.78	2(87) (ii)
7.	Koanaa Healthcare Limited 4th Floor, Cavendish House, 369 Burnt Oak Broadway, Edgware, Middlesex, England HA8 5AW, UK	Not Applicable	Wholly owned Subsidiary	100.00	2(87) (ii)
8.	Loba Feinchemie GmbH Fehrgasse 7, 2401- Fischamend, Austria.	Not Applicable	Step-Down Subsidiary	99.99	2(87) (ii)
9.	Reva Pharmachem Private Limited #12-6-214/A1, Hyderabad Road, Raichur-584135.	U24232KA2009PTC051596	Associate	Equity Shares 33.33	2(6)
10.	Maia Pharmaceuticals Inc, USA 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808.	Not Applicable	Associate	34.792	2(6)
11.	Koanaa Healthcare GmbH Fehrgasse 7, 2401 Fischamend, Austria	Not Applicable	Wholly owned Subsidiary	100.00	2(87) (ii)
12.	INM Nuvent Paints Private Limited 4 , TM Industrial Estate, 12th KM, Mysore Road, Bangalore-560059	U24110KA2018PTC110829	Step-Down Subsidiary	75.00	2(87) (ii)
13.	Shilpa Pharma Inc. 1980 S, Easton Road, Suite 220, Doylestown, PA, 18901, Bucks County	Not Applicable	Wholly owned subsidiary	100.00	2(87)(ii)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	43864092	-	43864092	53.80	43864092	-	43864092	53.80	-
Sub-total (A)(1):-	43864092	-	43864092	53.80	43864092	-	43864092	53.80	-
(2) Foreign									
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	43864092	-	43864092	53.80	43864092	-	43864092	53.80	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	79469	-	79469	0.10	100437	-	100437	0.12	0.02
b) Banks / FI	8769	1500	10269	0.01	24459	-	24459	0.03	0.02
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/FPIs	15330387	-	15330387	18.80	15532890	-	15532890	19.05	0.25
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Beneficial Holdings under MGT-4	1371	-	1371	0.00	1569	-	1569	0.00	-
i) Others (specify) – OCB	6000000	-	6000000	7.36	6000000	-	6000000	7.36	-
Sub-total (B)(1):-	21419996	1500	21421496	26.27	21659355	0	21659355	26.58	0.31
2. Non-Institutions									
a) Bodies Corp.	4593132	-	4593132	5.63	4681088	-	4681088	5.74	0.11
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	7317580	570540	7888120	9.68	7076742	432124	7508866	9.21	-0.47
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	-	1399994	1399994	1.72	1392994	-	1392994	1.71	-0.01
c) NBFC registered with RBI	110333	-	110333	0.14	900	-	900	0.00	-0.14
d) Others									
- Directors	134162	-	134162	0.16	134162	-	134162	0.16	0.00
- Trust	1500	-	1500	0.00	1500	-	1500	0.00	-
- IEPF	180582	-	180582	0.22	198736	-	198736	0.24	0.02
- Non -resident Indians	249204	-	249204	0.31	408965	-	408965	0.50	0.19
- Non -resident Indians Non- Repatriable	1619374	-	1619374	1.99	1634412	-	1634412	2.00	0.01
- Clearing members	60075	-	60075	0.07	36994	-	36994	0.05	-0.02
Foreign Nationals	4834	-	4834	0.01	4834	-	4834	0.01	-
Sub-total (B)(2):-	14270776	1970534	16241310	19.93	15571327	432124	16003451	19.62	-0.31
Total Public Shareholding (B)=(B)(1)+(B)(2)	35690772	1972034	37662806	46.20	37230682	432124	37662806	46.20	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	79554864	1972034	81526898	100.00	81094774	432124	81526898	100.00	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Vishnukanth C. Bhutada	8086012	9.92	2.14	8086012	9.92	2.45	-
2	Dharmavati Bhutada	6207796	7.61	0	6207796	7.61	0	-
3	Kamal Kishore Inani	4823828	5.92	0	4823828	5.92	0	-
4	Nathmal Inani	673412	0.83	0	673412	0.83	0	-
5	Manjulata Inani	2257546	2.77	0	2257546	2.77	0	-
6	Om Prakash Inani	1072068	1.31	0.61	1072068	1.31	0.80	-
7	Kantadevi Inani	6455736	7.92	0	6455736	7.92	0	-
8	Brijgopal Inani	2174866	2.67	0.31	2174866	2.67	0.52	-
9	Keshav Bhutada	1042924	1.28	0	1042924	1.28	0	-
10	Ravi Kumar Inani	1106370	1.36	0	1106370	1.36	0	-
11	Vishnukanth C Bhutada (HUF)	1336130	1.64	0	1336130	1.64	0	-
12	Shakuntaladevi Inani	3329186	4.08	0	3329186	4.08	0	-
13	Madhav Bhutada	1236674	1.52	0	1236674	1.52	0	-
14	Ramakant Inani	1547778	1.90	1.20	1547778	1.90	1.58	-
15	Deepak Kumar Inani	1733960	2.13	0.99	1733960	2.13	1.05	-
16	Triveni Inani	294810	0.36	0	294810	0.36	0	-
17	Vishnukanta Inani	212498	0.26	0	212498	0.26	0	-
18	Taradevi Inani	249998	0.31	0	249998	0.31	0	-
19	Namrata Bhutada	22500	0.03	0	22500	0.03	0	-
	Total	43864092	53.80	5.25	43864092	53.80	6.40	-

(iii) Change in Promoter Shareholdings: NIL

However during the reporting period 1,55,000 (One Lakh Fifty five thousand) shares held by Mr. Omprakash Inani and Mrs. Kantadevi Inani Jointly were transferred by way of gift on 21.11.2018 to Mr. Omprakash Inani Individual. Moreover the aforesaid shares were included in the holding of Mr. Omprakash Inani being the First holder there was no change in shareholding pre and post gift of the above mentioned shares.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31.03.2019.

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	TANO MAURITIUS INDIA FVCI II				
	At the beginning of the year	6179506	7.58		
	At the end of the year			6179506	7.58
2	BARING INDIA PRIVATE EQUITY FUND III LIMITED				
	At the beginning of the year	6000000	7.36		
	At the end of the year			6000000	7.36
3	PIVOTAL INDIA PRIVATE LIMITED				
	At the beginning of the year	3225000	3.96		
	At End of the Year			3225000	3.96
4	TA FII INVESTORS LIMITED				
	At the beginning of the year	3025000	3.71		
	At the end of the year			3025000	3.71
5	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.				
	At the beginning of the year	1613450	1.98		

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the end of the year			1613450	1.98
6	AMAL N PARIKH				
	At the beginning of the year	1515578	1.86		
	At the end of the year			1515578	1.86
7	DURO ONE INVESTMENTS LIMITED				
	At the beginning of the year	1157921	1.42		
	At the end of the year			1157921	1.42
8	BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED				
	At the beginning of the year	1107424	1.36		
	At the end of the year			1107424	1.36
9	CLSA GLOBAL MARKETS PTE. LTD.				
	At the beginning of the year	959828	1.18		
	At the end of the year			959828	1.18
10	VINAY KANOJE				
	At the beginning of the year	489768	0.60		
	At the end of the year			489768	0.60

(v) Shareholding of Directors and Key Managerial Personnel:

S. No	Name of the director/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VISHNUKANTH C. BHUTADA				
	At the beginning of the year	8086012	9.92		
	At the end of the year			8086012	9.92
2	OM PRAKASH INANI				
	At the beginning of the year	1072068	1.32		
	Sale/Transfer by way of gift*			155000	0.19
	At the end of the year			1072068	1.32
3	NAMRATA BHUTADA				
	At the beginning of the year	22500	0.03		
	At the end of the year			22500	0.03
4	NARINDER PAL SINGH SHINH				
	At the beginning of the year	14192	0.02		
	At the end of the year			14192	0.02
5	CARLTON GERARD PEREIRA				
	At the beginning of the year	1470	0.01		
	At the end of the year			1470	0.01
6	RAJENDER SUNKI REDDY				
	At the beginning of the year	25500	0.04		
	At the end of the year			25500	0.04
7	AJEET SINGH KARAN				
	At the beginning of the year	-	-	-	-
	At the end of the year			-	-

S. No	Name of the director/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	NARESH PATWARI				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
9	SUSHIL BAJAJ (CF0)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
10	MADHUSUDHAN REDDY (CS)				
	At the beginning of the year	303	0.00		
	At the end of the year			303	0.00

*During the reporting period, 1,55,000 (One Lakh Fifty-five thousand) shares held by Mr. Om Prakash Inani and Mrs. Kantadevi Inani jointly were transferred by way of gift on 21.11.2018 to Mr. Omprakash Inani individual shareholding. Moreover, as the aforesaid shares held jointly were included in the holding of Mr. Omprakash Inani, being the first holder, there was no change in shareholding pre and post gift of the above mentioned shares.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	(₹ in Lakhs) Total Indebtedness
Indebtedness at the beginning of the financial year				-
i) Principal Amount	18,442.08	144.06		18,586.14
ii) Interest due but not paid	Nil	-	-	Nil
iii) Interest accrued but not due	76.53	-	-	76.53
Total (i+ii+iii)	18,518.61	144.06	-	18,662.67
Change in Indebtedness during the financial year				
• Addition	7,337.37	0.96	-	7,338.32
• Reduction	7,299.25	32.85	-	7,332.11
Net Change	38.11	(31.90)		6.22
Indebtedness at the end of the financial year				
i) Principal Amount	18,504.89	111.20		18,616.09
ii) Interest due but not paid			-	Nil
iii) Interest accrued but not due	51.84	0.96	-	52.79
Total (i+ii+iii)	18,556.73	112.16	-	18,668.88

VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

		(₹ in Lakhs)	
S. No	Particulars of Remuneration	Name of MD	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Mr. Vishnukanth C Bhutada	99.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961.		56.10
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit (Before Tax)		580.00
5.	Provident Fund contribution		11.88
	Perks		0.39
	Total (A)		747.37
	Ceiling as per the Act		5% of Net Profit

B. Remuneration to other Directors:

		(₹ in Lakhs)	
S. No	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending board meetings	1. Carlton Gerard Pereira	0.40
		2. Narinder Pal Singh Shinh	0.20
		3. Ajeet Karan Singh	0.40
		4. Pramod Kasat	0.20
		5. Rajender Sunki Reddy	0.20
	Total (1)		1.40
2.	Other Non-Executive Directors		
	• Fee for attending board meetings	1. Omprakash Inani	0.20
		2. Namrata Bhutada	0.30
	Total (2)		0.50
	Total (B)=(1+2)		1.90
	Total Managerial Remuneration		-
	Overall Ceiling as per the Act	Within the Ceiling Limits as prescribed under the Act	

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Sushil Bajaj (Chief financial officer)	Madhusudhan Reddy (Company Secretary)	Total
1.	Gross salary	40.94	6.44	47.38
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961.			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify			
5.	Others, please specify	-	-	-
	Total (C)	40.94	6.44	47.38

VII. PENALTIES/PUNISHMEN/COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act 2013	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	148 read with 441	Delay in filing the cost audit report for the financial year ended 31.03.2015	₹ 25,000/- on Shilpa Medicare Limited, ₹ 10,000/- on Shri. Vishnukanth Chaturbhuj Bhutada and ₹ 10,000/- on Smt. Srujani Vasireddy	Regional Director, South East Region, Hyderabad	NIL

DEFAULT UNDER SEBI (LODR) REGULATIONS, 2015:

Penalty	Regulation 31 read with SEBI/HO/CFD/CMD/CIR/P/2018/77	Delay of One day in Filing Shareholding Pattern with Recognised stock exchanges for the quarter ended 31 December, 2018	NSE: ₹ 2360 BSE: ₹ 2360	Stock Exchanges	NIL
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Information as per Rule 5(1) of Chapter XIII Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19.

Remuneration, among directors, is paid only to Mr. Vishnukanth Chaturbhuj Bhutada. Remaining directors are not in receipt of any remuneration other than sitting fees.

(Figures in ₹ in Lakhs)

S. No	Name of Director	Remuneration 2017-18	Remuneration 2018-19	Percentage Change (%)
1	Mr. Vishnukanth Chaturbhuj Bhutada	805.49	747.37	-7.21
2	Mr. Sushil Bajaj*	19.05	41.38	8.61**
3	Mr. Madhusudhan Reddy	5.45	6.73	23.48

*Mr. Sushil Bajaj took office as Chief Financial Officer w.e.f. 13 November 2017.

**Increment w.e.f 1 October, 2018

- ii) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19 and comparison of the remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. No.	Name of Director/KMP and Designation	The ratio of the remuneration of each Director/ KMP to the median remuneration of the employees for the financial year	The Percentage increase in remuneration of each Director, CFO, CS, CEO in the financial year	Percentage increase in remuneration of median employee	Ratio of Average percentage change in the salaries of employees in comparison of increase in key Managerial Remuneration
1.	Vishnukanth C Bhutada	166	-7.21	22.55	22.55: -7.21
2.	Sushil Bajaj*	9.42	8.61	22.55	22.55:8.61
3	Madhusudhan Reddy	1.50	23.48	22.55	22.55:23.48

* Mr. Sushil Bajaj, CFO appointed w.e.f. 13.11.2017.

- iii) The median remuneration of employees of the Company during the financial year was ₹ 4.51 Lakhs.
 iv) In the financial year, there was an increase of 22.55% in the median remuneration of employees.
 iv) There were 1781 permanent employees on the rolls of Company as on 31 March, 2019.
 vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

For and on behalf of the Board of Directors

Sd/-
Omprakash Inani
 Chairman
 DIN: 01301385

Place: Raichur
 Date: 13 August, 2019

Annexure-3

**Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the Companies
(Appointment and Remuneration) Rules, 2014**

S. No	Employee Name	Designation and Nature of employment	Educational Qualification	Age	Experience	Date of joining	Gross Remuneration Paid (₹ In Lacs)	Previous Employment and Designation, If any	No. Shares held, If any	Remarks
1	Vishnukanth C Bhutada	Managing Director	B. Pharma	57 Years	30 Years	20/11/1987	747.37	–	8086012	Related to other Promoter
2	Vinay Konaje	Business Head - Bio- logicals	B.E.	46 Years	24 Years	1/1/2018	464.4	Founder & Director of erstwhile Navya	489768	Not related to other Promoter/ KMP
3	Rajyashri Karur Ramakrishnan	Chief Scientific Officer- Biologies	Ph.D	55 years	24 years	1/1/2018	464.4	Founder & Director of erstwhile Navya	489768	Not related to any Director/ KMP
4	Adam Andrew Levitt*	CEO - US Formulations	MAS, Business Management & BS Pharmacy	62 Years	22 Years	Jan-18	129.22	Teva Pharmaceutica	--	Not related to any Director/ KMP
5	Janak Kastia*	GM - Marketing Business Development	MSC. Organic Chemistry, MBA Marketing	57 Years	32 Years	01 /04 2010	126.69	Cadila Health Care Ltd. – GM API Division (Europe & Latin	--	Not related to any director/KMP
6	V.K Shrawat**	COO (As per appointment)	M.Sc, Ph.D (Organic Chemistry)	59 years	33 years	15/9/2008	119.42	Fresemious Kabi Oncol- operation – 20 years.	33376	Not related to any Director/ KMP
7	Prashant Purohit	Vice President R&D	M.Sc.,DBM	64 years	35 years	1/1/1995	97.84	Indoco Remedies Ltd, Chemical Operations	22500	Not related to any Director/ KMP
8	Sunil Subhash Karpe	Vice President	B Pharmacy	43 Years	23 Years	22/4/2011	98.33	Hetero Pharma, SEZ	714	Not related to KMP/ director
9	Seshachalam Unnam	Vice President	Ph.D	53 Years	24 Years	3/1/2008	92.64	Matrix Labs, Hyderabad,	700	Not related to any Director/ KMP
10	Sharath Reddy	Vice president Technical	M.Pharma	52 years	29 years	1/6/1991	91.27	–	28089	Not related to any Director/ KMP

*Mr. Adam Levitt held the post till October 2018 and thereafter Mr. Janak Kastia is holding the post

** Mr. Vimal Kumar Shrawat left the organization w.e.f 31.10.2018. His Remuneration is inclusive of Gratuity paid.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

REPORT ON CSR ACTIVITIES

Brief Outline of the policy: The Company has been conscious of its CSR obligations and fulfilment of the same. It has been undertaking and implementing CSR activities by establishing a trust called 'Shilpa Foundation' to provide financial assistance to the poor and needy and to give donations to promote various social, cultural and philanthropic activities. Now, in view of the latest provisions made in the Companies Act, 2013, the Company is committed to carry out CSR activities/ programs more vigorously, in an integrated, planned and time bound manner. The CSR Policy of the Company can be viewed at https://www.vbshilpa.com/pdf/CSR_Policy.pdf. The core theme of CSR Policy is giving back to the society from which it draws its resources. This manifests as stated below.

- Setting up of old age/ orphans home and such other facilities;
- To promote education among rural youth by providing infrastructure facilities, training programs and awareness programs;
- To provide purified drinking water to people living in the villages and areas surrounding its manufacturing facilities;
- To develop villages nearby the Company's plants by providing funds to have minimum infrastructure facilities like roads, water supply etc.
- To provide plants and develop agroforestry in consultation with local NGO's/bodies to ensure ecological balance
- To spend on welfare and protection of animals.
- To provide medical facilities to people below poverty level.

1. Composition of Committee: The Board has constituted a CSR Committee that provides oversight of the activities undertaken under the CSR policy to ensure that the CSR objectives of the Company are met. The CSR Committee comprises:

Mr. Rajender Sunki Reddy: Chairman
Mr. Vishnukanth C Bhutada: Member
Mr. Omprakash Inani: Member

2. Average Net Profits for the last three FYs for the purpose of computation of CSR: ₹ 16,316.39 Lakhs

3. Prescribed CSR Expenditure: 2% of Average Profits i.e.326.33 Lakhs

4. Details of CSR amount spent during the financial year:

- Amount unspent: Nil
- Manner in which amount was spent during the FY:

Sl. No.	CSR project or activity identified	Sec- tor in which the project is covered	Projects or pro- grams (1) Local area or other (2) Specify the state and district where projects or pro- grams was under- taken	Amount out- lay (budget) project or programs- wise	Amount spent on the projects or programs sub heads: Direct expenditure on projects or pro- grams Overheads	Cumulative expendi- ture upto the report- ingperiod	Amount spent: Direct or through Implement- ing Agency
01	Total CSR amount has been transferred to 'Shilpa Foundation', a public Charitable created for conducting CSR activity for the purpose of taking up various activities as part of its services to the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013						

5. Based on the various areas prescribed in schedule -VII of Companies Act -2013 the CSR Committee prescribed certain areas to take-up certain activities. Shilpa Foundation reports to the Company periodically on the activities taken-up from time to time.

The committee is of the opinion that the environment in which the Company operates requires for implementation of micro and Nano projects unscrupulously in several arenas rather than implementation of a Macro project in one specified field.

6. Responsibility Statement: The Committee reports that implementation and monitoring CSR Policy, is in compliance with CSR objective and Policy of the Company.

For and on behalf of the Board of Directors

Sd/-
Vishnukanth C Bhutada
Member
DIN: 01243391

Sd/-
Rajender Sunki Reddy
Chairman
DIN: 02284057

Place : Raichur
Date : 13 August, 2019

Annexure-5

FORM AOC-1

(Pursuant to the first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/Associate Companies/Joint Ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

Particulars	Wholly Owned Subsidiary	Subsidiary	Wholly Owned subsidiary	Wholly Owned Subsidiary	Wholly Owned Step Down Subsidiary	Subsidiary	Wholly Owned subsidiary	Step down subsidiary	Wholly Owned subsidiary
Name of the Companies	Shilpa Therapeutics Private Limited (Audited)	INM Technologies Private Limited (Audited)	Koanaa Healthcare Limited (Unaudited)	Zatortia Holdings Limited (Unaudited)	Loba Feinchemie GmbH (Unaudited)	Makindus Inc. (Unaudited)	Koanaa Healthcare GmbH (Unaudited)	INM Nuvent Paints Private Limited (Audited)	Shilpa Pharma Inc. (Unaudited)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR (Refer note below 1 & 2)	INR (Refer note below 3 & 4)	INR (Refer note below 3 & 4)	INR (Refer note below 5 & 6)	INR (Refer note below 3 & 4)	INR	INR (Refer note below 5 & 6)
Share capital (Equity + Preference)	223.76	3403.76	0.09	2.65	556.64	2.35	77.70	1.00	0.07
Other equity	(416.69)	(3,039.87)	(540.33)	2,567.84	817.46	(341.67)	(1,978.98)	(50.45)	(237.13)
Total assets	3,714.51	2,305.69	183.94	2,578.72	4,343.21	2.89	1,539.91	145.84	77.34
Total Liabilities (Excluding Share Capital & Other Equity)	3,907.44	1,941.80	724.17	8.22	2,969.11	342.21	3,441.18	195.30	314.41
Investments	0.12	1	-	2,576.84	-	-	-	-	-
Turnover	244.39	187.84	-	-	5,653.11	-	1,288.15	26.05	-
Profit/(Loss) before taxation	(509.23)	(1,421.47)	(33.28)	(3.76)	18.22	(16.88)	(190.46)	(67.80)	(241.36)
Provision for taxation	(139.01)	(366.83)	-	-	4.51	-	-	(17.62)	-
Profit after taxation	(370.22)	(1,054.64)	(33.28)	(3.76)	13.71	(16.88)	(190.46)	(50.18)	(241.36)
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	100%	75%	100%	100%	99.99%	55.78%	100%	75%	100%

1. Conversion rate 1 GBP = ₹ 90.48 for Balance Sheet & Profit & Loss A/c 1 GBP = ₹ 91.19
2. Standalone Financial Statements are prepared in GBP.
3. Conversion rate 1 Euro = ₹ 77.70 for Balance Sheet & Profit & Loss a/c 1 Euro = ₹ 80.81
4. Standalone Financial Statements are prepared in Euro.
5. Conversion rate 1\$= ₹ 69.17 for Balance Sheet & Profit & Loss A/c 1\$= ₹ 69.51
6. Standalone Financials Statements are prepared in USD.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

(₹ In Lakhs)

Name of Associates/Joint Ventures	Raichem Medicare Private Limited (JV) (Audited)*	Maia Pharmaceuticals INC (Associates) (Un-audited)	Reva Medicare Private Limited (JV) (Audited)	Reva Pharmachem Private Limited (Associates) (Audited)
1. Latest Balance Sheet Date	31.03.2019	31.03.2019	31.03.2019	31.03.2019
2. Shares of Associate/Joint Ventures held by the company on the year end				
No. of shares (in Units)	452793	1400000	5001	100000
Amount of Investment in Associates/Joint Venture	789.19	795.69	0.50	10
Extent of Holding %	26	34.79	50.01	33.33
3. Description of how there is Significant influence	Shareholding	Shareholding	Jointly Controlled Entity	Shareholding
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA
5. Net worth attributable to shareholding as per latest Balance Sheet	(662.60)	(424.68)	73.98	(38.27)
6. Profit/(Loss) for the year	2,708.30	(1,456.05)	29.39	72.93
i. Considered in Consolidation	(334.22)	(506.56)	14.70	24.27
ii Not Considered in Consolidation	-	-	-	-

*Considered for consolidation only for Q1 F.Y. 2018-19 and later for Three Quarters F.Y. 2018-19 treated as Investment held for sale.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Annexure-6

FORM AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third provision thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31 March, 2019, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis are as follows.

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (₹ in Lakhs)	
				Sales	Purchase
Sale/Purchases					
Raichem Medicare Pvt Ltd	Associate	Not applicable	Not applicable	1,179.02	731.1
Reva Pharmachem Pvt. Ltd	Associate	Not Applicable	Not Applicable	-	-
Koanaa Healthcare GmbH Austria	Wholly owned subsidiary	Not applicable	Not applicable	252.72	-
INM Technologies Pvt Ltd	Subsidiary	Not applicable	Not applicable	8.01	171.33
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Not applicable	Not applicable	421.54	2.75
Loba Feinchemie GmbH	Step Down Subsidiary	Not applicable	Not applicable	-	-
INM Nuvent Paints Private Limited	Step down subsidiary	Not applicable	Not applicable	21.48	12.03
Rent Paid					
Mohini Infra Pvt. Ltd.	Enterprise having common Directors	Not applicable	As per the agreement	14.64	-
Madhav Bhutada	Relative to director	Not Applicable	Not Applicable	4.15	-
Keshav Bhutada	Relative to director	Not applicable	Not Applicable	4.15	-
Triveni Innani	Relative to Director	Not applicable	Not Applicable	3.21	-
Commission Paid					
Reva Medicare Private Limited	Joint Venture Company	As per the sale agreement	As per the sale Agreement	188.16	-
Remuneration Paid					
Deepak Kumar Inani	Relative	As per the terms of appointment	As per the terms of appointment	29.72	-
Keshav Bhutada	Relative	As per the terms of appointment	As per the terms of appointment	13.10	-
Madhav Bhutada	Relative	As per the terms of appointment	As per the terms of appointment	13.10	-
Interest Received					
1. Raichem Medicare Private Ltd.	Associate	Ongoing	Not applicable	38.38	-
2. Shilpa Therapeutics Private Limited	Wholly Owned subsidiary	Ongoing	Not applicable	178.02	-
3. Reva Pharmachem Pvt. Ltd.	Associate	Ongoing	Not applicable	16.69	-
4. Koanaa Healthcare Ltd UK	Wholly owned Subsidiary	Ongoing	Not applicable	29.40	-
5. Koanaa Healthcare GmbH Austria	Wholly Owned subsidiary	Ongoing	Not applicable	77.18	-

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (₹ in Lakhs)	
				Sales	Purchase
Sale/Purchases					
6. Shilpa Pharma Inc.	Wholly Owned Subsidiary	Ongoing	Not applicable	6.85	
Corporate Guarantee*					
Raichem Medicare Private Limited	Associate	03-06-2015 -	As per the terms and con ditions of the Bank.	4,000.00	
Shilpa Therapeutics Pvt. Ltd.	Wholly Owned subsidiary	Ongoing		200.00	
Dividend Accrued					
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Not Applicable	As per preference share agreement	3.20	
INM Technologies Private Limited	Subsidiary	Not Applicable	As per preference share agreement	263.30	
Reimbursement of expenses					
INM Technologies Private Limited	Subsidiary	Ongoing	As per terms of agreement	1.42	
Loba Feinchemie GmbH	Step Down Subsidiary	Ongoing	As per terms of agreement	-	
Reva Pharmachem Pvt. Ltd.	Associate	Ongoing	As per the terms of agreement	3.08	

* Outstanding loan as at 31 March, 2019 is provided: ₹ 402.47 Lakhs and Shilpa Therapeutics Private Limited ₹ 5.31 Lakhs.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Annexure-7

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015

(₹ in Lakhs)

In the accounts of	Particulars	As on 31 March, 2019			Maximum Outstanding		
		Loans/ Advances	Investment		Loans/ Advances	Investment	
			Equity	Preference		Equity	Preference
Shilpa Medicare Limited (Holding Company)	Raichem Medicare Private Limited		87.07	-	762.95	1,402.13	1,850.00
	Shilpa Therapeutics Private Limited (Formerly Known as Nu Therapeutics Private Limited)	3,497.02	1,033.76	40.00	3,497.02	1,033.76	40.00
	INM Technologies Private Limited	-	112.5	4,246.77	-	112.50	4,246.77
	Reva Medicare Private Limited	-	0.50	-	-	0.50	-
	Zatortia Holdings Limited	1.16	2,028.91	-	1.21	2,028.91	-
	Loba Feinchemie GmbH (Step down Subsidiary)	-	2,576.85	-	-	2576.85	-
	Makindus Inc.	-	454.20	-	-	454.20	-
	Koanaa Healthcare Limited	712.84	0.10	-	712.84	0.10	-
	Reva Pharmachem Pvt. Ltd.	105.01	10.00	-	201.82	10.00	-
	Koanaa Healthcare GmbH Austria	3,001.30	77.63	-	3,176.73	152.84	-
	Maia Pharmaceuticals Inc.	-	-	795.69	-	-	795.69
	INM Nuvent Paints Pvt Ltd	-	0.75	-	-	0.75	-
	Shilpa Pharma Inc.	283.53	0.07	-	283.53	0.07	-

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019Sd/-
Omprakash Inani
Chairman
DIN: 01301385

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of Energy-

(i) the steps taken or impact on conservation of energy:	The Company is conscious of conservation of energy & Conducts the energy Audits every year at all the sites, to explore the scope of energy conservation
(ii) the steps taken by the company for utilizing alternate sources of energy;	Renewable Fuels- Biomass Briquettes, Rice Husk is used for its steam requirements in all the sites; The company has invested in wind Power for generation of Clean Energy. It has registered its Biomass Based steam Generation Project with UNFCCC Clean Development Mechanism under Kyoto protocol. Project Reference No: 3296 & Reducing the GHG emission Reductions
(iii) the capital investment on energy conservation equipment's;	₹ 350 Lakhs.

(B) Technology absorption-

(i) The efforts made towards technology absorption;

Apart from the above the Company has implemented following Energy saving & Environmental Friendly Technologies.

The Company has replaced all lamps to efficient LED lamps & is using only LED lamps to save on the energy in all its sites.

The company has absorbed waste treatment technology of advanced Oxidation systems to reduce the sludge generation, & reduce the oxygen consumption, thereby reducing the energy consumption from Dr. G. Sekaran, Former Chief Scientist & Cluster Chairman, Environmental Technology Division, Central Leather Research Institute. The solid waste generation due to the treatment of effluent is minimized by more than 90% by adopting this technology.

The Company has Installed Pump energy saving systems in all its utilities to conserve the energy when the plant Loads are running in lower loads than designed.

The Company is Recycling the waste water after treatment in its Zero Liquid Discharge system.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

Product Improvement, Cost reduction & Product development activities are the ongoing processes in the company, a Team of R&D and Analytical Development teams are deployed for these activities.

The company is focusing and making consistent efforts to develop the new technologies for reduction waste, thereby reducing manufacturing costs and waste treatment costs, in this process the company is developing the new processes with continuous flow reactions for the processes where ever possible.

The Company recycles the solvents used with efficient recovery & purification systems.

The company has incorporated the latest available technologies, there by cutting down the costs of operation energy & increasing the capacity

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- There is no such imported technology during the reporting period

(a)	the details of technology imported	NA
(b)	the year of import	NA
(c)	whether the technology been fully absorbed	NA
(d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	

(c) Foreign Exchange Earnings & Outgo

The details of foreign exchange earning in terms actual inflows and out flows during the year are detailed in note 44 to the Standalone Financial Statements for the financial Year ended 31 March, 2019.

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Shilpa Medicare Limited
Raichur

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shilpa Medicare Limited** (hereinafter referred to as “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended **31 March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) (applicable sections as on date) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed by the Securities and Exchange Board of India (“SEBI”) thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (vi) The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) were not applicable to the Company during the financial year under report:-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (vii) The industry specific laws that are applicable to the Company are as follows:
 - (a) Drugs and Cosmetics Act, 1940;
 - (b) Drugs Price Control Order, 2013 and notifications made thereunder;
 - (c) Electricity Act, 2003;
 - (d) Indian Boilers Act, 1923;
 - (e) Petroleum Act, 1934 and the Rules made thereunder;
 - (f) SEZ Act, 2005;

- (g) The Water (Prevention and Control of Pollution) Act, 1974;
- (h) The Air (Prevention and Control of Pollution) Act, 1981; and
- (i) The Environment (Protection) Act, 1986.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards SS-1, SS-2 and SS-3 with respect to meetings of the Board of Directors, General meetings and Dividend, respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

We report that, during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, Regulations of SEBI and other acts applicable to the industry of the Company, as specified above, except as stated elsewhere in this report.

We further report that the Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board during the period under review. However, the following changes took place in the composition of the Board during the current financial year 2019-20:

Sr. No.	Name of the Director	Appointment/ Cessation/ Reappointment	Our Comments
1	Mr. Amit Chander	Appointment	Co-opted as an Additional Director to act as Independent Director by the Board w.e.f 01 April, 2019.
2	Ms. Sirisha Chintapalli	Appointment	Co-opted as an Additional Director to act as Independent Director by the Board w.e.f 01 April, 2019.
3	Mr. Ajeet Singh Karan	Cessation	Resigned from the office of Independent Director of the Company w.e.f 15 April, 2019.
4	Ms. Namrata Bhutada	Cessation	Resigned as Director of the Company w.e.f 27 May, 2019.

Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As a general practice of the Board, decisions were taken on unanimous consent.

We further report that, in accordance with the provisions of Section 135 of the Companies Act, 2013, the total CSR amount of ₹ 326.33 Lakhs for the year 2018-19 has been provided to 'Shilpa Foundation', a public charitable trust for the purpose of taking up various activities as part of its services to the society in and around Raichur, Karnataka and the activities of the said trust are covered under Schedule VII to the Companies Act, 2013.

We further report that no prosecution was initiated against and no fine or penalty were imposed on the Company for the year under review under the Companies Act, the SEBI Act, the SCRA or other SEBI Regulations on the Company or its directors and officers, except the following:

Sr. No.	Particulars of non-compliance	Details of action taken by the Regulators	Action taken by the Company	Observations by the PCS
1	Delay in filing Cost Audit Report for the financial year ended March 31, 2015.	Registrar of Companies, Karnataka has filed a complaint before the Special Court for Economic Offences at Bangalore against the Company for the non-compliance of delay in filing Cost-Audit Report for the year ended March 31, 2015.	The Company filed the said Cost Audit Report on 09 September, 2016 by paying an additional fee. Upon receipt of the complaint the Company made an application to Regional Director (SER), for compounding delay in filing.	The said offence was compounded by the Regional Director (SER) on payment of compounding fees during the year under review.

Sr. No.	Particulars of non-compliance	Details of action taken by the Regulators	Action taken by the Company	Observations by the PCS
2	Delay in filing Shareholding Pattern with the Stock Exchanges for the quarter ended 31 December, 2018 u/r 31 of the SEBI (LODR) Regulations, 2015 by 1(one) day.	BSE & NSE have levied a fine of ₹ 2,000 along with GST of ₹ 360/- each.	The Company paid the fine levied on it to the Stock Exchanges.	The listed entity wrote to the Stock Exchanges explaining the reasons for the delay and requesting them to waive the fine, which was not accepted, and hence, the penalty of ₹ 2,360 was paid to each of the Stock Exchanges.

We further report that the Company made an application to the Ministry of Environment, Forest and Climate Change on 08 January, 2019 seeking Environment Clearance to the project- Active Pharmaceutical Ingredients (APIs) & Intermediary Manufacturing Industry with R&D activity at Unit-I situated at Deosugar, Industrial Area, Raichur, Karnataka. Upon such application, additional information was sought by the Expert Appraisal Committee (EAC), which was duly provided by the Company. Now, the said application is under process.

We further report that there are adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that in terms of the provisions of section 124(6) of the Act, 18,154 equity shares belonging to 05 shareholders were transferred to Investor Education and Protection Fund.

For **P.S. Rao & Associates**
Company Secretaries

Sd/-

D.S. Rao

Company Secretary

M. No.: 12394

CP. No.:14487

Date : 13 August, 2019

Place : Hyderabad

Note: This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

Annexure–A

To
The Members
Shilpa Medicare Limited
Raichur

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed such audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the Financial Records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. Compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Date : 13 August, 2019
Place : Hyderabad

Sd/-
D.S. Rao
Company Secretary
M. No.: 12394
CP. No.:14487

Business Responsibility Report

The Company has in compliance with Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prepared the Business Responsibility Report as under:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L85110KA1987PLC008739
2	Name of the Company	Shilpa Medicare Limited
3	Registered address	#12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584 135, Karnataka, India.
4	Website	www.vbshilpa.com
5	e-mail id	info@vbshilpa.com
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceutical: NIC Code 210
8	List three key products/services that the Company manufactures/provides.	The following 3 key Products are Manufactured: 1) Active Pharmaceutical Ingredients. 2) Pharmaceutical Formulations. 3) Product development services.
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	National: Unit I: Plot Nos 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur, Karnataka, India. Unit -II: 100% EOU at Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur, Karnataka, India. Unit III: Plot No. S-20 to S-26, pharma SEZ TSIIC Green Industrial Park, Pollepally village, Jadcherla Mandal, Dist, - Mahaboobnagar - 509301, Telangana, India. R & D Unit- Raichur: Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur, Karnataka, India. R&D Unit-Vijayanagaram: Survey No:207, Modavalasa Village, Denkada Mandalam, Dist: Vijayanagaram -531162 Andhra Pradesh, India. R&D Unit Hubli: Narisha STEP Building, B.V.B. C.E.T, Vidpraga, Hubli-580 031 Karnataka, India. International: Loba Feinchemie GmbH, Fahragasse 7, A- 2401, Fischamend, Austria. Zatortia Holdings Limited 70 Kennedy, 4th Floor, 1076 Nicosia, Cyprus, P.O Box- 20971, 1662 Koanaa Healthcare Limited 4TH Floor Cavendish House, 369 burnt Oak Broadway, Edgware Middlesex, England, HA8 5AW Koanaa Healthcare GmbH Fehrgasse 7, 2401 Fischamend, Austria, N. Shilpa Pharma Inc. 1980 S, Easton Road, Suite 220, Doylestown, PA, 18901, Bucks County
10	Markets served by the Company – Local/ State/ National/International	All over India & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 815.27/- Lakhs
2	Total Turnover (INR)	₹ 66,387.88/- Lakhs
3	Total profit after taxes (INR)	₹ 12,410.63/- Lakhs
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:	Shilpa Medicare Limited has been transferring CSR amount to Shilpa Foundation, a public Charitable Trust for the purpose of taking up various activities as part of its services to the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013. During the year, CSR amount of ₹ 326.33 Lakhs has been given to 'Shilpa Foundation'. Shilpa Foundation is largely involved in providing of Education, Promoting environment, and animal welfare and extending health care services.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR****(a) Details of the Director/Director responsible for implementation of the BR policy/policies.**

- DIN Number : 01243391
- Name : Mr. Vishnukant Chaturbhuj Bhutada
- Designation : Managing Director

(b) Details of the BR head -

No.	Particulars	Details
1	DIN Number (if applicable)	01243391
2	Name	Mr. Vishnukant Chaturbhuj Bhutada
3	Designation	Managing Director
4	Telephone number	08532-238704
5	e-mail id	info@vbsilpa.com

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

- Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (P1).
- Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (P2).
- Principle 3:** Businesses should promote the wellbeing of all employees (P3).
- Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (P4).
- Principle 5:** Businesses should respect and promote human rights (P5).
- Principle 6:** Businesses should respect, protect and make efforts to restore the environment (P6).
- Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (P7).
- Principle 8:** Businesses should support inclusive growth and equitable development (P8).
- Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner (P9).

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for principles stated above?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y*	N	Y ^s	Y [#]	N	Y [@]	N	Y ⁺	N
6	Indicate the link for the policy to be viewed online?	www.vbshilpa.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

*Principle 1 implementation is looked after by Board of Directors through Code of conduct for board of director and senior management.

\$Principle 3 implementation is looked after the Human resource department ensuring the well-being of employees.

Principle 4 implementation is achieved by CSR Committee

@ Principle 6 implementation is ensured by the CSR Committee.

+ Principle 8 implementation is looked after by the board of directors by implementing a pervasive policy pertaining to code of conduct in areas of purchase and procurement thereby enabling equitable and unbiased opportunity to stakeholders in immediate environment.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the Policies on specified principles.	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The report is published on annual basis and can be viewed on the website of the Company i.e. www.vbshilpa.com in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

The board of directors has adopted the code of conduct for directors and senior management. In accordance with this adherence to the integrity and ethical principles is ensured while decision making by the senior management.

All related party transactions are approved by the audit committee and appraised to the Board, thereby ensuring that scope for nepotism or undue favoring is barred.

The same level of integrity is expected by the Company from its business partners so that sustainable goods and services are delivered in the market.

Any transaction with subsidiaries and joint ventures are treated at arm's length.

1. Does the policy relating to ethics, bribery and corruption cover only the Company?

No

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

Yes

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

27 (Twenty Seven) complaints were received from the shareholders during the reporting period and all have been resolved satisfactorily.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Shilpa Medicare Limited is involved in production of Active Pharmaceutical Ingredients and other formulations with the motto of 'Innovating for affordable healthcare'.

In line with this, the Company has adopted responsible utilization of resources during production process which may range from usage of Solar Energy to utilization of locally procured husk in production process.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

1. Ambroxol Hcl.
2. Tranexamic acid
3. Tenofovir Disoproxil Fumarate

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

The Company strives by putting its best efforts to develop Continuous flow Process right from the basic stage to all the Unit Operations such as separation, extractions, Concentrations, Crystallization to reduce the energy consumption enormously & there by achieving the quality products with less impurities.

The Company Monitors the consumption of the resources –Energy , Water, Raw materials with reasonable targets to reduce the consumption.

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company monitors consumption of resources such as Energy, Water, Raw materials, etc. with reasonable targets to reduce their consumption.

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

In the process design of these products, the consumption of utilities has been reduced by about 6% and the solvents consumption is reduced by about 15% through continuous monitoring.

The process are designed to have minimum footprint on the environment.

All the solvents used, wherever applicable, are recovered & reused.

About 40% of the wastes are co-processed in Cement plants.

All the plants are 'zero liquid discharge' plants & water is recycled in the utilities.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

The Company has well defined Practices for sustainable sourcing.

The Company ensures this by conducting the audits for its facilities and all the key Raw materials & motivate all its business partners & Bulk Material vendors to conduct their business in sustainable manner by following the environmental friendly practices & sustainable management systems like business ethics.

We minimize the environmental impact by sourcing the energy conservation & waste minimization products thereby conserving the precious resources and thereby cost reductions & derive the advantages.

Sustainable Transportation sourcing:

The Company realizes cutting down the transportation time results in conservation of resources and results in cost savings.

The Company is sourcing Renewable energy Fuel–Rice husk from the local vendors from the Rice mills located in the vicinity of the manufacturing sites.

This significantly reduced the logistics & thereby reducing the carbon footprint on environment.

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has always believed in localized procurements and development of immediate vicinity.

All resources which can be locally procured are given priority so that an equitable opportunity for sustainable development is given to the local community,

In line with this, around 70% are sourced sustainably from domestic sources & remaining 30%, internationally.

The Company's Quality system insists to conduct, and accordingly, the Company conducts audits of all key raw material vendors & bulk raw material vendors as well as major service vendors to confirm that sustainable practices are followed and based on the results of such audits, approves them as a source of supply. These activities result in capacity building & sharing of best practices, whereby new & alternate vendors are identified as a practice to ensure that the resources are maintained sustainably.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

We, at Shilpa Medicare Limited, believe that it is the local community that is the first to be affected by the production process. Accordingly, we feel that they shall be the first and immediate beneficiary of the process involved in production so that sustainable development, in line with the principle of Social, Environmental and Economic responsibilities, is achieved.

In line with the above, the Company has invested in complex 'Solid Fired Boilers' in all our manufacturing units to encourage the local suppliers. Renewable energy

fuel such as Rice Husk, Briquettes, etc. are being used in all our units & the goods are procured locally from small rice mills through rice husk collecting agents & local briquette manufacturer.

The mechanical maintenance services are being sourced from local vendors.

All the housekeeping, printing, stationary & other consumables are sourced locally.

The afforestation & gardening services are outsourced locally.

- (a) **If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has strived to share knowledge on ways to improve capability of vendors who have established themselves to be key resources in the areas within which they operate by conducting training programs. Long-term supply contracts have been executed to provide them a sustainable source of income.

5. **Does the Company have a mechanism to recycle products and waste?**

If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

Yes, the Company's units are 'zero liquid discharge' units. The total effluents generated by all the units is treated & recycled as below:

- About 40% of the water used in the units & 93% effluent water are recycled by treating in-house.
- 90% of the solvents are recovered & reused.
- About 30% of the solid wastes are recycled by up cycling & given to other industries for usage.
- The Company is co-processing about 30% of the solid waste (ETP sludge) in nearby cement industries.

Principle 3: Businesses should promote the wellbeing of all employees:

We, at Shilpa Medicare Limited, are involved in the promotion of wellbeing of employees and creating a sense of security among them so that they can provide their maximum contribution to innovation and achievement of the vision of the Company, being "Innovating for affordable healthcare."

Please indicate the total number of employees.

The Company has 1781 employees as on 31 March, 2019.

Please indicate the total number of employees hired on temporary/contractual/casual basis.

The Company has over 621 contractual employees as on 31 March, 2019.

Please indicate the number of permanent women employees.

The Company has 24 women employees as on 31 March, 2019.

Please indicate the number of permanent employees with disabilities.

The Company has one such employee as on 31 March, 2019.

S. No.	Category	Remarks	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour	We have a policy of employing no child labour.	Not Applicable	Not Applicable
2	Forced Labour	We don't have any forced employees.	Not Applicable	Not Applicable
3	Involuntary Labour	All labour in the Company give their consent before employment.	Not Applicable	Not Applicable
4	Sexual Harassment	The Company has constituted an Internal Complaints Committee in accordance with statutory enactments at various business units.	Nil	Nil

What percentage of your under-mentioned employees were given safety & skill upgradation training in the last year?

- Permanent employees: 95%
- Permanent Women employees: 100%
- Casual/Temporary/Contractual employees: 100%
- Employees with disabilities: 100%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

We, at Shilpa Medicare Limited, implement our Corporate Social Responsibility through Shilpa Foundation. We believe that the Company is responsible for betterment of the immediate society and shall do its bit as they have consumed the resources from the environment.

1. **Has the Company mapped its internal and external stakeholders?**

Yes, all the stakeholders have been mapped. The Company respects the interest of & is responsive towards all its stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Do you have an employee association that is recognized by management?

Yes

What percentages of your permanent employees are members of this recognized employee association?

8.19% of employees are members of the association/ union.

Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company has identified disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so- No**
Identified clusters of stakeholders who are directly and indirectly affected by our operations

The Company has different platforms.

For employees: Health checkups, employee feedback, training programs, interaction with the top management by e-mail & in person.

For the surrounding society: Through Shilpa Foundation by sponsoring & arranging infrastructure for schools and govt. hospitals, distribution of books, contribution to local NGO's and setting up health camps.

For vendors, customers & partners: Regular business meets, visits to the customers, training & knowledge sharing with vendors & partners by continuous audits.

For investors & shareholders: Quarterly results, Annual Reports, Sustainability Reports, e-mail communication, news releases and reporting of major happenings.

Principle 5: Businesses should respect and promote human rights:

We, at Shilpa Medicare, respect and preserve the basic human rights.

- We, through Shilpa Foundation, build educational infrastructure, thereby recognizing and trying to achieve the Millennium Development Goal of achieving primary education.
- We have a policy of no child labour and no forced labour, thereby complying with the labour laws and respecting human rights.
- We, through Shilpa Foundation, provide filter water facility to the immediate locality through 'reverse osmosis' technology and thereby try to provide for the basic human need of having safe and clean drinking water at their disposal.
- We, in accordance with Statutory regulations and principles of Global Responsible Initiative, encourage formation of Labour Unions and thereby provide a platform for redressal of grievances and enhancing collective bargaining.

1. Does the policy of the Company on human rights cover only the Company: or extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/ Others?:

No, as we have already stated, only the Company involves in adopting the principles of Business Responsibility Reporting.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the reporting period, there have been no complaints of Human Rights violation.

Principle 6: Businesses should respect, protect and make efforts to restore the environment:

Shilpa Medicare Limited, through Shilpa Foundation, has involved itself in preserving and restoring environment.

Geographically, the Company is located at place where the forest percentage is less than 2% (Approx).

Therefore, **Green Raichur NGO's** initiative has been taken up by the Company to plant saplings in a massive scale, which is being achieved with the help of participation of employees and the local community.

We have **Project 3926** pertaining to reduction of greenhouse gases by installing 'biomass fired boiler' registered under the Kyoto Protocol with United Nation Framework Convention on Climate Change (UNFCC).

The Company's policy is to have minimum carbon footprint on the environment.

1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.:

Applicable only to the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company has initiated the reduction of greenhouse gases by installing 'husk-fired boilers' at its units & registered the project with UNFCC under Kyoto Protocol- **Project Reference No.-3926.**

The Company, in its commitment to protect the environment, is using 'renewable biomass-fired boilers' in all its units.

Further, the Company is consuming 54,40,000 units of electrical energy generated from its wind mills, thereby trying to have minimum carbon footprint on the environment.

The Company has initiated energy conservation measures in its processes by adopting the latest efficient technologies in its evaporation & chilling processes.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company has registered its 'biomass-fired boiler' with UNFCC- **Project Reference No.: 3926.** The Environmental Compliance Report is filed with Ministry of Environment & Forests, Government of India, & the report on 'Consent Conditions Compliance' is filed with concerned state Pollution Control Board.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has invested ₹ 38.43 Crores in windmills and 58.58 lakhs units were generated from the windmills to meet all its electrical energy requirements & wheeling arrangement is done with the electricity Board. Thereby the Company is saving carbon emissions.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated by the Company is within the permissible limits given by CPCB/SPCB for the financial year being reported. The waste generated is discharged in accordance with the statutory provisions.

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Unit-1 of the Company is in the process of obtaining the EC as per MOEF&CC notification no-SO-(804) dated 14 March, 2017. The EIA and other requirements as per the notification have been submitted & Complied by the Company which have been considered by the expert appraisal committee.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Pharmexcil,
Chemexcil,
Raichur Chemical Manufacturers association and
Raichur Chamber of Commerce.

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, the Company is associated with the above institutions with an intention of mutual learning and contribution towards inclusive development of stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

We, at Shilpa Medicare Limited, provide first priority to the vendors in the immediate vicinity for purchases and procurement, thereby providing an equal opportunity to the nearby society for sustainable and equitable growth and development:

1. Does the Company have specified programs/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Pertaining to the purchases and procurement, the implementation is overseen by the purchase department.

The Company oversees the remaining initiatives of Principle 8 through Shilpa Foundation which undertakes CSR initiatives.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The Company has undertaken most of its programs/projects directly through Shilpa Foundation.

3. Have you done any impact assessment of your initiative?

No

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The amount spent towards CSR is as follows:

CSR amount ₹ 326.33 Lakhs has been given to 'Shilpa Foundation', a public Charitable Trust for the purpose of taking up various activities as part of its services to the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, the Company's CSR initiatives are rolled out through its foundation which ensures that the CSR initiatives are well reached, as well as successfully adopted by the community. The Corporate Social Responsibility Committee, at its meetings, reviews the programs/ initiatives/ projects undertaken and spending of amount in relation thereto.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible Manner:

The effectiveness of compliance of this principle can be enunciated by the Vision of Shilpa Medicare Limited - "Innovating for Affordable Healthcare".

Rigorous pursuit of the Company has always been to provide API (Active Pharmaceutical Ingredients) at a very reasonable cost, specifically in the field of Oncology, which is otherwise very expensive.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

During the financial year ended 31 March, 2019 there were 6 consumer complaints pending for investigation.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Shilpa Medicare Limited labels its products in accordance with the law of the land.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We did not carry out any survey, however, in our business model, our customers evaluate our quality system by auditing our facilities periodically. Apart from the product quality evaluation at their end, the customer approves us as a qualified vendor after thorough auditing of our facilities. Also, govt. agencies like USFDA as well as those in other countries audit our facilities periodically to confirm our compliance to their quality systems.

For and on behalf of the Board of Directors

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Place: Raichur

Date: 13 August, 2019

Dividend Distribution Policy

1. REGULATORY FRAMEWORK AND EFFECTIVE DATE

The Securities Exchange Board of India (SEBI) on 8 July, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. Vide these regulations, SEBI has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements), 2015, which requires to five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy (the "Policy").

Shilpa Medicare Limited (SML) being one of the top five hundred listed companies, as per the market capitalization as 31 March, of the immediately preceding financial year, has approved and adopted the Policy at the meeting of the Board of Directors held on 14 February, 2017 being the effective date of the Policy.

2. DEFINITIONS

- 2.1 "Act" shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- 2.2 "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.3 "Board" shall mean Board of Directors of the Company.
- 2.4 "Listed Entity/Company" shall mean Shilpa Medicare Limited.
- 2.5 "Dividend" shall mean Dividend as defined under the Companies Act, 2013.
- 2.6 "Policy" shall mean Dividend Distribution Policy.

3. POLICY

A. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND:

The shareholders of the Company may not expect Dividend in the following circumstances, subject to the discretion of the Board of Directors:

- i. Whenever the Company undertakes or proposes to undertake, significant expansion plan(s) requiring higher allocation of capital;
 - ii. Requirement of higher working capital for the purpose of business of the Company;
 - iii. To undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., requiring significant allocation of capital;
 - iv. Proposal for buy-back of securities;
 - v. In the event of inadequacy of profits or whenever the Company has incurred losses.
- B. FINANCIAL PARAMETERS:**
- The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:
- i. Working capital requirement(s);
 - ii. Capital expenditure requirement(s);
 - iii. Business expansion and growth;
 - iv. Additional investment in subsidiaries and associates of the Company;
 - v. Consolidated net operating profit after tax;
 - vi. Operating cash flow of the Company;
 - vii. Outstanding borrowings;
 - viii. Cost of Borrowing;
 - ix. Profit available for distribution;
 - x. Past dividend payout ratio.
- C. INTERNAL AND EXTERNAL FACTORS**
- The Board of Directors of the Company would consider the internal factors stated above and the following external factors before declaring or recommending dividend to shareholders:
- External Factors:**
- i. Applicable laws and regulations;
 - ii. Global conditions;
 - iii. Macro-Economic environment;
 - iv. Social/Geo-political factors/risks;
 - v. Prevalent market practices

D. UTILIZATION OF RETAINED EARNINGS

The Company would utilize the retained earnings, in a manner which is beneficial and in the interest of the Company and its stakeholders, but not limited to the parameters mentioned above or for such other purposes the Board may deem fit from time to time in the interest of the Company and its stakeholders.

E. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

Currently, the Company does not have any other class of shares, other than equity shares. In the absence of any other class of shares, the entire distributable profit(s) for the purpose of declaration of dividend is considered for the equity shareholders only.

4. CONFLICT IN POLICY

In the event of a conflict between the policy and the regulations, the regulations shall prevail.

5. REVIEW OF POLICY

The board of directors of the Company will review the policy, as and when it is necessitated. If the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy or proposes to modify the criteria, it shall disclose shall changes along with rationale for the same on the Company's website and in the Annual Report.

6. DISCLOSURE OF POLICY

The policy will be available on the Company's website and will also be disclosed in the Annual Report.

For and on behalf of the Board of Directors

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Place: Raichur

Date: 13 August, 2019

Corporate Governance Report

[As required under Reg.34 (3) and Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015].

The Company's shares were listed on :

SL. No.	Name of the Stock Exchange	Date of Listing
1	Bombay Stock Exchange Limited (BSE)	19.06.1995
2	National Stock Exchange of India Limited (NSE)	03.12.2009

The Corporate Governance Report has been prepared in accordance with Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance Practices.

The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the board and management to carry out the objectives effectively for the benefit of the Company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company.

In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the Organization.

The Company has complied with the requirements of the Corporate Governance in accordance with applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. BOARD OF DIRECTORS

The board of directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The board presently comprises of Nine (9) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Eight (8) are Non-Executive Directors including a Independent woman Director. The Company has a non-executive (promoter) Chairman. The Independent Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the directors on the board of the Company have made necessary declarations/disclosures regarding their other directorships along with committee positions held by them in other Companies.

SL. No.	Name of the Director	Category	No of Board Meetings during the Year 2018-2019		Attendance at AGM held on 17 Sept, 2018	@No. of Directorships held in other Companies	#Committee	
			Held	Attended			Chairmanship	Membership
1	Omprakash Inani	Chairman, Non-Executive -Promoter	4	2	Yes	4	1	1
2	Vishnukanth C Bhutada	Managing Director -Promoter	4	4	Yes	9	0	2
3	Carlton Gerard Pereira	Independent Director	4	4	No	11	3	0
4	Narinder Pal Singh Shinhh	Independent Director	4	2	No	9	0	0
5	Rajender Sunki Reddy	Independent Director	4	2	Yes	7	1	1
6	Pramod Kasat	Independent Director	4	3	No	3	1	2
7	Ajeet Singh Karan ¹	Independent Director	4	4	No	4	0	1
8	Namrata Bhutada ²	Non-Executive-Director- Promoter	4	3	Yes	0	0	0

SL. No.	Name of the Director	Category	No of Board Meetings during the Year 2018-2019		Attendance at AGM held on 17 Sept, 2018	@No. of Directorships held in other Companies	#Committee	
			Held	Attended			Chairmanship	Membership
9	Naresh Patwari	Non-Executive Non- Independent	4	3	No	1	0	1
10	Amit Chander ³	Non-Executive Independent	NA	NA	NA	0	0	0
11	Sirisha Chintapalli ⁴	Non-Executive Independent	NA	NA	NA	1	0	0

@ Note: Excluding Directorship in Foreign Companies and Companies incorporated u/s. 8 of Companies Act, 2013 but including Private Limited Companies.

Only Membership of Audit and Stakeholders Relationship Committees of public limited companies including Shilpa Medicare Limited are considered.

¹ Ceased to be the director w.e.f. 15 April, 2019

² Ceased to be the director w.e.f. 27 May, 2019

³ Co-opted as Additional Director w.e.f. 1 April, 2019

⁴ Co-opted as Additional Director w.e.f. 1 April, 2019

Memberships of the above mentioned directors in other Listed Companies

Sl. No.	Name of The Director	Name of the Company	Category of Directorship
1	Carlton Gerard Pereira	MIRC Electronics Limited	Independent Director
		Sanghvi Brands Limited	Independent Director
2	Pramod Kasat	Advanced Enzyme Technologies Limited	Independent Director
3	Naresh Patwari	TCNS Clothing Co. Limited	Non-Executive Director

During the year under review, four board meetings were held, on 28.05.2018, 13.08.2018, 14.11.2018, 07.02.2019. The maximum gap between two consecutive meetings did not exceed One hundred and twenty days (120 days).

As per the disclosures given by the respective Directors, no director is a member of more than ten committees and Chairman of more than five committees, as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. Further, no Director is acting as Independent Director of more than seven listed Companies, and if he is a whole-time Director of listed Company, in not more than three listed Companies.

Except the Promoter Directors Mr. Vishnukanth C Bhutada and Ms. Namrata Bhutada who are related to each other, no other Director has any relationship with any other Director.

The matrix presenting the director area of expertise against the experience is specified hereunder

Name of Director	Designation	Years of experience	Field of expertise
Vishnukanth Chaturbhuj Bhutada	Managing Director	30	Pharmacy and Administration
Omprakash Inani	Chairman	35	Business and Administration
Ajeet Singh Karan	Independent Director	15	Consumer goods, brandings, Investment advice, general management, seeding up companies
Carlton Gerard Pereira	Independent Director	31	Financial management and strategic investment
Pramod Kasat	Independent Director	more than 20	Investment banker and Structured Financing
Rajender Sunki Reddy	Independent Director	more than 20	Pharmacy and Management
Narinder Pal Singh Shinh	Independent Director	more than 50	Management and Restructuring
Namrata Bhutada	Non-Executive Director	5	In Business Administration and Finance
Naresh Patwari	Non-Executive Director	10	Healthcare and Pharma
Amit Chander	Independent Director	15	Healthcare & Technology & Private equity.
		3	Management consulting and financial advisory
Sirisha Chintapalli	Independent Director	10	Expertise in legal and Regulatory matters

Independent Directors:

Mr. Ajeet Singh Karan, Independent Director of the company has resigned before the expiry of his term w.e.f. 15 April, 2019 for starting his own business venture. It is hereby confirmed by the said director that he has resigned for no reason other than that mentioned above.

Meeting of Independent Directors

Meeting of Independent Directors was held on 07 February, 2019 inter alia to review the performance of the Non- Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In the Opinion of the board the Independent Directors fulfill the conditions specified in Regulation 25 read with Schedule IV of the Companies Act, 2013 and are independent of the management.

The terms and conditions of appointment of Independent Directors can be accessed on the company's website at www.vbshilpa.com.

3. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of 2/3 members as Independent Directors in accordance with Regulation 18 of Securities and exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The committee is empowered with the role and powers as prescribed under Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The committee also acts in terms of reference and directions of the board from time to time.

The composition of the audit committee and the attendance of each member of the committee at the meetings were as follows:

Sl. No.	Name of the Director	Category	Nature of Directorship	No. of meetings held during the year	No. of Meetings attended
1.	Rajender Sunki Reddy	Chairman	Independent	4	4
2.	Pramod Kasat	Member	Independent	4	4
3.	Omprakash Inani	Member	Non-Executive	4	2

The Chairman of the Audit Committee also attended the last annual general meeting of the Company.

The Managing Director, CFO, Internal Auditors and Statutory Auditors are also invited to the meetings, as required, to brief the committee meetings. The Company Secretary acts as the secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following dates 28.05.2018, 13.08.2018, 14.11.2018 and 07.02.2019. The gap between two audit Committee meetings was not more than one hundred and twenty days (120 days).

The necessary quorum was present at all the meetings.

B. Nomination and Remuneration Committee

The Committee is empowered with the role and powers as prescribed under Regulation 19 of Securities and exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

The NRC comprises of Three (3) Non-Executive Directors. The composition of the Nomination and Remuneration Committee is as follows:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Pramod Kasat	Independent Director	Chairman	1	1
2	Omprakash Inani	Non-Executive Director	Member	1	0
4	Narinder Pal Singh Shinh	Independent Director	Member	1	1

The role of the NRC is as specified under Schedule II Part (D) of SEBI (LODR) Regulations, 2015 and section 178 of the Companies Act, 2013. Apart from this NRC reviews profiles & experience, performance appraisals and recommends the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of

the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time. The Company's Remuneration policy as applicable to Directors, Key Managerial Persons and other Senior Management Personnel of the Company is posted on the Company's website at <https://www.vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Nomination and Remuneration Committee has recommended the guidelines for the evaluation of performance of Independent Directors. This largely includes

- The qualification and experience of Independent Directors
- The ground work the Independent Directors perform before attending the meeting to enable them in giving valuable inputs during meeting.
- The exposure of Independent Directors in different areas of risks the entity faces and advices from them to mitigate the same.

During the reporting period the Nomination and remuneration committee met on 13 August, 2018.

Remuneration of Directors:

The details of remuneration and commission paid during the year to the Managing Director, is as follows:

Category of Payment	Amount in ₹ Lakhs
a. Fixed Component	99.00
b. Performance Linked Incentives	0.00
Allowances, Perquisites & others	56.10
Commission	580.00
Company's Contribution to PF	11.88
Perks	0.39
Total	.37

Apart from the above, he is also eligible for the Leave encashment, Leave Travel Concession, Gratuity, Superannuation and other benefits in terms of his appointment and rules of the Company. The contract is terminable by either party on 3 months' notice or pay in lieu thereof.

Sitting Fees paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Designation	Sitting fees paid (Amount in ₹)	No. of shares held on 31 March, 2019
Omprakash Inani	Chairman	20000	10,72,068
Narinder Pal Singh Shinh	Independent Director	20000	14,192
Carlton Gerard Pereira	Independent Director	40000	1,470
Pramod Kasat	Independent Director	20000	93,000
Rajender Sunki Reddy	Independent Director	20000	25,500
Ajeet Singh Karan	Independent Director	40000	-
Namratha Bhutada	Non-executive Director	30000	22,500
Naresh Patwari*	Non-executive Director	-	-

*Mr. Naresh Patwari, Non-executive director of the company has renounced sitting fees since his joining the Company as a director.

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees during the financial year under review.

C. Stakeholders' Relationship Committee

The present composition of the Stakeholders' Relationship Committee is as under:

Sl. No.	Name of the Director	Nature of Directorship	Category
1	Omprakash Inani	Non-Executive Director	Chairman
2	Vishnukanth C Bhutada	Managing Director	Member
3	Rajender Sunki Reddy*	Independent Director	Member

*Appointed as a member of Stakeholders' Relationship Committee w.e.f 07 February, 2019 in accordance amendment to SEBI (LODR) Regulations, 2015.

The Stakeholders' Relationship Committee is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Regulation 6 of the SEBI (LODR) Regulations, 2015, the Board has

authorized Registrar and Transfer Agent (RTA) i.e. Karvy Fintech Private Limited, to approve the share transfers/transmissions and comply with other formalities in relation thereto in coordination with the Compliance Officer. All the investor's complaints, which cannot be settled at the level RTA and the Compliance Officer, will be placed before the Committee for final settlement.

Details of Compliance officer

Name: Sushil Bajaj

Designation: Chief financial officer

Mr. Sushil Bajaj was appointed as compliance officer owing to the resignation of Mr, Madhusudhan Reddy, Company Secretary of the Company w.e.f 04 April 2019 till the appointment of new Company Secretary.

During the year under review, the Company has received 27 investors' requests/complaints in total and the same were resolved accordingly.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31 March, 2019.

D. Corporate Social Responsibility Committee.

The Board constituted CSR Committee as per the provisions of the Companies Act, 2013 and entrusted the responsibility to comply with the provisions of said Act. The composition of the CSRC is as under:

Sl. No.	Name of the Director	Nature of Directorship	Category	No. of meetings held during the year	No. of meetings attended
1	Rajender Sunki Reddy	Independent Director	Chairman	1	1
2	Vishnukanth C Bhutada	Managing Director	Member	1	1
3	Omprakash Inani	Non-Executive Director	Member	1	1

E. Risk Management Committee:

The Board has constituted Risk Management committee at their meeting held on 07.02.2019 with the undermentioned members.

Sl. No.	Name of Director/ Executive	Designation of Executive	Nature of Directorship/ Responsibility of Executive	Category in Committee
1	Vishnukanth C Bhutada		Managing Director	Chairman
2	Pramod Kasat		Independent Director	Member
3	Narinder Pal Singh Shinh		Independent Director	Member
4	Chief Financial Officer (CFO)* §		Finance & Accounts	Member
5	Vice President Operation		Production Operations	Invitee§

* Mr. Sushil Bajaj was appointed w.e.f 27 May, 2019

§ Not entitled to participate in voting.

The Committee would be responsible to periodically evaluate the risk perception of the company in different fields of operation and exposure and make due recommendations to the board.

GENERAL BODY MEETINGS

i) The Details of the last three Annual General Meetings (AGMs) are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
31 March, 2018	17 September, 2018	Registered office at #12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka, India - 584 135.	12.15 P.M	Approval for giving of loans to subsidiaries, Joint Ventures and Associates companies
31 March, 2017	29 September, 2017	Registered office at #12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka, India - 584 135.	12.15P.M.	NIL

Financial year ended	Date	Venue	Time	Special Resolution passed
31 March, 2016	29 September, 2016	Registered office at #12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka, India - 584 135.	11.30 AM	<p>a. To re-appoint Mr. Narinder Pal Singh Shinh (DIN No.00023160) as Independent Director of the Company for a term of Three years.</p> <p>b. To re-appoint Mr. Carlton Gerard Pereira (DIN No.00106962) as Independent Director of the Company for a term of Three years.</p> <p>c. To re-appoint Mr. Ajeet Singh Karan (DIN00183622) as Independent Director of the Company for a term of Three years.</p> <p>d. To re-appoint Mr. Pramod Kasat (DIN00819790) as Independent Director of the Company for a term of Five years.</p> <p>e. To re-appoint Mr. Venugopal Loya (DIN01270402) as Independent Director of the Company for a term of Five years.</p> <p>f. To re-appoint Mr. Rajender Sunki Reddy (DIN 02284057) as Independent Director of the Company for a term of Five years.</p>

ii) The Details of General Meetings (Other than AGMs) held during the last Three years are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
2017-18 (as per NCLT Order)	29 April, 2017	Registered office at 12- 6-214/A-1, Shilpa House, Hyderabad Road, Raichur-584 135.	10.30 AM	To Approve the Scheme of Amalgamation of Navya Biologicals Pvt. Ltd with Shilpa Medicare Limited.
2016-17	26 December, 2016	Registered office at #12-6-214/A1, Shilpa House, Hyderabad Road, Raichur - 584 135	11.00 A.M	<p>a) Issue of Equity shares on Preferential Basis.</p> <p>b) To increase the aggregate limit of FII's Shareholding.</p>

iii. Special Resolution passed in last year through postal ballot.

No Special Resolution has been passed by the Company through postal ballot during the year under review.

iv) No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions.

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties.

During the reporting period there was unintentional delay of 1 (one) day in filing of the Shareholding Pattern for quarter ended 31.12.2018 under Regulation 31 of SEBI (LODR) Regulations, 2015 with BSE & NSE BSE & NSE have levied a penalty of ₹ 2,000/- each plus GST as per the Circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 issued by the SEBI which was duly paid.

Furthermore, the Company got compounded the delay in filing Cost Audit Report for the year ended 31 March, 2015 under Section 148 read with Section 441 of the Companies Act 2013. .

There was no other instance of non-compliance pertaining to stock exchanges, statutory authority or any other capital market regulator during the preceding three years.

C. The Audit Committee has formulated Whistle Blower Policy. As per the Policy and the company's Code of Conduct all personnel of the Company have been given access to the Chairman of Audit Committee.

D. CEO & CFO Certification:

The Managing Director and Chief Financial Officer have provided a certificate in compliance with the Regulation 17(8) of Securities and exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms as annexure to this report.

Compliance certificate on Corporate Governance from Practicing Company Secretary is enclosed as an annexure to this annual report.

E. Code of Conduct.

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the financial year ended 31 March, 2019.

A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

F. Details of Compliances with Mandatory Requirements and Adoption of the non-Mandatory Requirements.

The Company has complied with the mandatory requirements enumerated in Regulation 17 to 27 and regulation 46(2) (b) to (i) of SEBI (LODR) Regulations, 2015 and is in the process of complying with non-mandatory requirements as envisaged under regulation 27 read with Schedule II Part E of SEBI (LODR) Regulations, 2015.

G. Disclosures of IEPF Account:

No of shares transferred to IEPF at beginning of the Year	180582
No of shares transferred to IEPF during the year	18154
Closing Balance	198736

H Relationship inter-se among Directors.

Mr. Vishnukanth Chaturbhuj Bhutada, Managing Director, Mr. Omprakash Inani, Chairman of the Board and Ms. Namrata Bhutada, Director, belong to promoter group. In accordance with the provisions of section 2(77) of the Companies Act, 2013 and rules made thereunder Mr. Vishnukanth Chaturbhuj Bhutada, Managing Director and Ms. Namrata Bhutada, Director are related to each other.

I. Familiarization program of Independent Directors

The Company conducted familiarization program for the Independent Directors to familiarize them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and Internal procedures and controls etc.

The web link of the director familiarization program is https://www.vbshilpa.com/pdf/Familiarisation_Programme.pdf

J. Material Subsidiaries

The policy for determining material subsidiaries has been posted on the website of the Company i.e https://www.vbshilpa.com/pdf/Policy_on_Material_Subsiadiary.pdf

K. Related Party Transactions.

The policy on dealing with related party transactions has been posted on the website of the Company i.e. https://www.vbshilpa.com/pdf/related_party_policy.pdf

L. Discretionary Requirements

The Company has adopted all the discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015 except the point No. B i.e. Shareholder Rights.

Mr. D.S. Rao, Practicing Company Secretary, P.S. Rao and Associates, Hyderabad, has given a certificate that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

There are no instances where recommendations of the committees have not been adopted by the board of directors during the period under review.

Total Fees paid by the company to the statutory auditors during the reporting period is as under

Particulars	Amount In Lakhs
Name of Auditor	Brahmayya & Co.
Statutory Audit	15.50
Reimbursement of expenses	0.44

M/s Brahmaya & Co. are not statutory auditors for any of the subsidiary companies of Shilpa Medicare Limited.

There is no other network of firms related to M/s Brahmaya & Co. that has rendered service to the company during the reporting period.

- P. Your company has constituted Internal Complaints Committee (ICC) under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The disclosure pertaining to the complaints are given hereunder

No of complaints received during the year	NIL
No of complaints disposed off during the year	NIL
No of complaints pending as on end of financial year	NIL

5. MEANS OF COMMUNICATION

- A. Quarterly, half-yearly and annual results are published in two Newspapers- one in English and one in Kannada.
- B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.vbshilpa.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.
- C. The Company is also displaying official news announcements on its website www.vbshilpa.com.
- D. There was no presentation made to Institutional Investor/analyst during the reporting period.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Annual General Meeting Date and Time:	20 September, 2019 at 12:15PM
Venue:	#12-6-214/A1, Shilpa House, Hyderabad Road, Raichur Karnataka- 584135
Last Date of Proxy forms submission	Closing hours of 17.09.2019
Period Date for exercising e-voting	from 17 September, 2019 at 09:00AM till 19 September, 2019 05:00PM
B. Financial Year	01 April, 2018 to 31 March, 2019
C. Book Closure	from 14.09.2019 to 20.09.2019 (both days inclusive)
D. Dividend Payment Date	Within 30 days from declaration
E. Listing on Stock Exchanges	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. 2. National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5th Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai

The listing fees to Stock Exchanges and Annual Custodian fees to depositories for the year 2018-2019 have been paid.

F. Stock Code

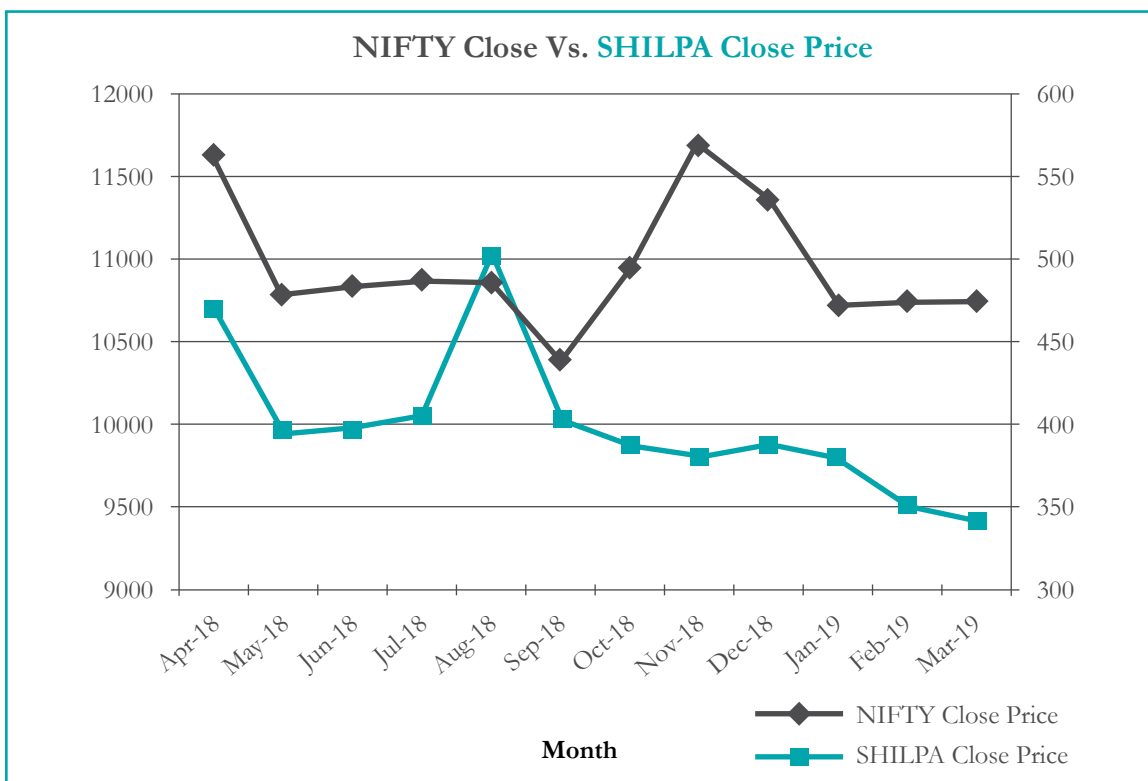
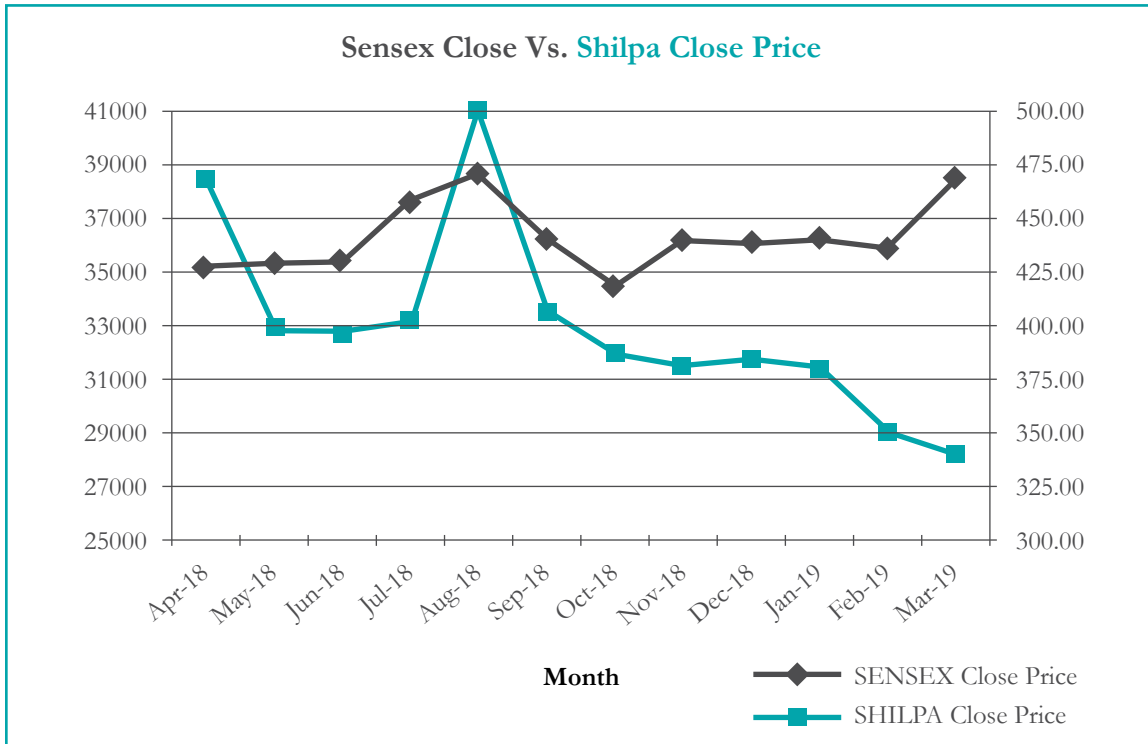
Name of the Stock Exchange	Stock Code	Scrip Code
BSE	530549	SHILPAMED
NSE	N.A	SHILPAMED
Demat ISIN No. for NSDL & CDSL	INE790G01031	

G. Market Price Data & Share Performance of the Company

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2018-19 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2018	492.00	450.05	49,618	494.80	448.00	4,69,737
May, 2018	473.00	395.00	54,958	471.55	390.10	4,28,461
June, 2018	413.45	374.10	68,722	413.45	371.00	4,97,744
July, 2018	433.90	357.95	1,11,364	434.00	359.30	12,95,038
August, 2018	525.35	391.00	1,45,591	527.00	390.00	12,46,421
September, 2018	546.95	398.00	75,090	548.90	393.30	4,70,939
October, 2018	422.30	375.00	48,137	423.30	366.70	3,67,928
November, 2018	410.00	365.05	37,357	414.00	366.05	3,81,971
December, 2018	400.00	364.35	19,472	401.00	370.00	2,74,004
January, 2019	413.30	374.95	25,975	418.80	373.50	3,18,265
February, 2019	390.00	335.00	27,262	390.95	340.70	2,62,735
March, 2019	386.00	336.90	39,941	391.00	322.90	4,18,187

H. Share Performance of the Company in Comparison with broad based indices BSE SENSEX & NSE CNX NIFTY



- I. During the reporting period there are no instances of suspension of trade in securities of the company.
- J. All Services relating to share transfer/transmissions and information may be addressed to:

Registrar and Share Transfer Agent

M/s. Karvy Fintech Private Limited (Formally known as M/s. Karvy Computershare Private Limited),
Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500 032

Tel: 91 040 67161510, 040-67161512 Fax: 040-23420814/23420857

Email: mailmanager@karvy.com Website: www.karvycomputershare.com

K. Share Transfer System

Share Transfers requests shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

The SEBI has barred the transfer of shares in physical form w.e.f. 01 April, 2019. Any investor desirous of transferring shares (which are in physical form) after 01 April 2019 can do so only after shares are dematerialized vide SEBI Circular LIST/COMP/15/2018

L. Distribution of Equity Shares as on 31 March, 2019.

SHILPA MEDICARE LTD

Distribution of Shareholding as on 31 March, 2019 (Physical + Electronic)

Sl. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	16162	97.61	42,15,977	5.17
2	5001 - 10000	182	1.10	13,42,495	1.65
3	10001 - 20000	101	0.61	13,36,569	1.64
4	20001 -30000	23	0.14	6,03,276	0.74
5	30001 - 40000	14	0.08	4,69,729	0.58
6	40001 - 50000	6	0.04	2,78,305	0.34
7	50001 - 100000	17	0.10	12,22,800	1.50
8	100001 and above	53	0.32	7,20,57,747	88.39
	Total	16558	100.00	8,15,26,898	100.00

M. Shareholding Pattern as on 31 March, 2019.

Category	No. of Shares held	% of Capital
Indian Promoters	4,38,64,092	53.80
Banks, Financial institutions, Insurance Companies & Mutual Funds	1,24,896	0.16
Foreign Portfolio Investors	1,55,32,890	19.05
Indian Public & HUFs	89,01,860	10.91
Private Corporate Bodies	46,81,088	5.74
NRI/OCBs/FCBs	80,48,211	9.87
Others	3,73,861	0.47
Total	8,15,26,898	100

N. Dematerialization of Shares and Liquidity.

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31 March, 2019, 99.47% of the Company's Equity Shares are in dematerialized form.. Shareholders can open account with any of the depository participants registered with any of these depositories.

O. Foreign exchange risk and hedging activities: As your company is mostly involved in exporting it has engages in hedging of foreign exchange risk in natural ways.

The company hedges on import payables and export receivables, keeping in view the exchange parity at the time of export or import, as the case may be.

P. Plant Locations:

Unit I	Unit-II
Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur.	100% EOU, Plot Nos. 33-33A,40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chiksugur Cross, Chiksugur-584134, Raichur.
Unit-III	
Plot No. S-20 to S-26, Pharma SEZ TSHC Green Industrial Park, Pollepally Village, Jadcherla Mandal, Dist - Mahabubnagar - 509301, Telangana	

Units Under construction:

Unit-IV	Unit - V
Plot No- 532-A, Belur Industrial Area, Dharwad, Karnataka – 580011	Plot No 29-A5, Avverahalli Industrial Area, Bengaluru (Bangalore) Rural, Karnataka - 562117

R&D UNITS**R & D Unit- Raichur**

Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre, Wadloor Road, Chiksugur Cross, Chiksugur-584134, Raichur, Karnataka, India

R & D Unit- Hubli

(formerly known as Navya Biologicals Pvt Ltd) Navdisha STEP Building, K.L.E Technological University, Vidyanagar, Hubballi, Dharwad, Karnataka, 580031

R & D Unit-Vizianagaram

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

Wind Mills

Machine-No.1	Machine-No.2	Machine-No.3	Machine-No.4	Machine-No.5
Madkaripura, Dist. Chitradurga.	Jogimatti, Dist. Chitradurga.	Vanivilas Sagar, Dist. Chitradurga.	Kodameedipalli, Dist. Kurnool.	Kalaspura Dist.Gadag

Q. Since the company does not have debt instrument or fixed deposit program obtaining of credit rating is not required.

R. Subsidiaries

- i) LOBA FEINCHEMIE GmbH, (Step-down Subsidiary)
Fahragasse 7, A- 2401, Fischamend, Austria.
- ii) ZATORTIA HOLDINGS LIMITED
70 Kennedy, 4th Floor, 1076 Nicosia, Cyprus, P.O Box- 20971, 1662
- iii) SHILPA THERAPEUTICS PRIVATE LIMITED,
Plot No.118 Phase-III, IDA, Cherlapalli, Hyderabad - 500051
- iv) INM TECHNOLOGIES PRIVATE LIMITED
#4, T M Industrial Estate, 12th KM, Mysore Road, Bangalore - 560059.
- v) MAKINDUS INC
206 Avondale Drive, North Wales, Pennsylvania 19454, Montgomery.
- vi) KOANAA HEALTHCARE LIMITED
4th Floor Cavendish House, 369 burnt Oak Broadway, Edgware Middlesex, England, HA8 5AW
- vii) KOANAA HEALTHCARE GmbH
Fehrgasse 7, 2401 Fischamend, Austria
- viii) SHILPA PHARMA INC.
1980 S, Easton Road, Suite 220, Doylestown, PA, 18901, Bucks County
- ix) INM NUVENT PAINTS PRIVATE LIMITED (Step Down Subsidiary)
#4, T M Industrial Estate, 12th KM, Mysore Road, Bangalore - 560059.

S. Address of correspondence

The Chief Financial Officer & Compliance Officer
Shilpa Medicare Limited
12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka – 584 135

For and on behalf of the Board of Directors

Place: Raichur
Date: 13 August, 2019

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Managing Director's and CFO's Certification

To
The Board of Directors
Shilpa Medicare Limited

We, Vishnukanth C. Bhutada, Managing Director and Sushil Bajaj, Chief Financial Officer of Shilpa Medicare Limited, certify that:

1. We have reviewed the Standalone and Consolidated Financial Statements and Cash Flow Statements for the financial year ended 31 March 2019 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c) That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Place: Raichur
Date: 27 May, 2019

Sd/-
Sushil Bajaj
Chief Financial Officer

Sd/-
Vishnukanth C. Bhutada
Managing Director

Declaration Regarding Compliance by Board Members and Senior Managerial Personnel with The Company's Code of Conduct

I, Vishnukanth C. Bhutada, Managing Director, hereby declare that the Company has received declarations from all the Board Members and Senior Managerial Personnel affirming Compliance with the Code of Conduct for the Members of the Board and Senior Managerial Personnel for the year ended 31 March, 2019.

Place: Raichur
Date: 13 August 2019

Sd/-
Vishnukanth C. Bhutada
Managing Director

Practicing Company Secretaries' Certificate on Corporate Governance

To
The members
SHILPA MEDICARE LIMITED
Raichur

We have examined the compliance of the conditions of Corporate Governance by Shilpa Medicare Limited for the year ended March 31, 2019, as stipulated in Chapter IV of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing regulations.

We further state that such compliance is neither an assurance as to the financial viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Place: Hyderabad
Date: 13 August, 2019

Sd/-
D S RAO
Company Secretary
ACS No: 12394
C P No: 14487

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
SHILPA MEDICARE LIMITED
#12-6-214/A1,
Hyderabad Road, Raichur
Karnataka- 584135

We have examined the relevant records, forms, returns and disclosures received from the Directors of **SHILPA MEDICARE LIMITED** having CIN: L85110KA1987PLC008739 and having registered office at #12-6-214/A1, Hyderabad Road, Raichur, Karnataka- 584135 (hereinafter referred to as “the Company”) produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read sub-clause 10(i) of Para C of Schedule V to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and the explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company for the financial year ended 31 March, 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other statutory authority.

Sl. No.	Name of Director	Nature/ Category of Directorship	DIN
1.	Vishnukanth Chaturbhuj Bhutada	Managing Director	01243391
2.	Om Prakash Innani	Chairman, Non- Executive Promoter	01301385
3.	Carlton Gerard Pereira	Independent Director	00106962
4.	Narinder Pal Singh	Independent Director	00023160
5.	Rajender Sunki Reddy	Independent Director	02284057
6.	Pramod Kasat	Independent Director	00819790
7.	Naresh Patwari	Non- Executive Director	03319397
8.	Ajeet Singh Karan ¹	Independent Director	00183622
9.	Namrata Bhutada ²	Non- Executive Director	05133614
10.	Amit Chander ³	Independent Director	02406965
11.	Sirisha Chintapalli ⁴	Independent Director	08407008

¹ Ceased to be Director w.e.f. 15 April, 2019

² Ceased to be Director w.e.f. 27 May, 2019

³ Co-opted as Additional Director w.e.f. 1 April, 2019

⁴ Co-opted as Additional Director w.e.f. 1 April, 2019

Ensuring eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Sd/-

D.S. RAO

Practising Company Secretary

C.P. NO. 14487

Place: Hyderabad
Date: 13 August, 2019

Independent Auditor's Report

To
The Members
SHILPA MEDICARE LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of **SHILPA MEDICARE LIMITED** (“the company”), which comprise the Balance Sheet as at 31 March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as “the financial statements”)

In our opinion and to the best of our information and according to the explanations given to us the accompanying standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Key Audit Matters

Impairment of Investment in Subsidiaries, Associates and Joint Ventures

As at 31 March, 2019, the carrying amount of investment in subsidiaries, associates and joint ventures is ₹ 4,513.35 Lakhs. Further, the Company has also invested in preference share capital of the Subsidiaries, the carrying amount of which as at 31 March, 2019 is 4,286.77 Lakhs.

The carrying value of investment in subsidiaries, associates and joint ventures will be recovered through future cash flows and there is inherent risk that these assets will be impaired if these cash flows do not meet the Company's expectations.

Refer to note 1.1 (q) in the Standalone Financial Statements for details of accounting policies on impairment of assets and related disclosures.

Valuation of investment in subsidiaries, associates and joint ventures is a key audit matter due to:

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditors responsibility for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Auditor's Response

Principal audit procedures

Our audit procedures include the following substantive procedures:

- Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment under Ind AS, and around valuation of the business to determine recoverable value of the said investment;
- Assessed the appropriateness of methodology and valuation model used by the management to estimate the recoverable value of investment;
- Assessed cash flow forecasts to ensure consistency with current operations of the Company and performed sensitivity analysis on key assumptions used in management's calculated recoverable value

- The inherent complexity in auditing the forward looking assumptions applied to recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates.
- Assessed the reasonableness of assumptions relating to revenue growth rate, gross margins, discount rates etc. based on historical results, current developments and future plans of the business estimated by management using expertise of our valuation specialist on required parameters;
- Performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether selection of these key assumptions is appropriate;
- Based on our procedures, we also considered the adequacy of disclosures in respect of investment in the said subsidiaries, associates and joint ventures in the notes to the standalone financial statements.

Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets

The Company pays Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March, 2019 is ₹ 4,159.18 Lakhs (refer note 17 to the standalone financial statements).

The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.

Reasonableness of carrying amount of assets held for sale

The application of Ind AS 105 'Non-Current Asset Held for Sale and Discontinued operations' is significant to our audit because the assessment of the classification is complex, the transaction and its accounting is non-routine and involves significant management judgements that affects timing, presentation of the income statement and measurement of balance sheet items. These judgments may, have an effect on reported EBITDA for the continuing operations and other Key Performance Indicators.

Assets held for sale are to be measured at lower of Carrying amount and fair value less cost to sell, fair value have been estimated using significant unobservable inputs including non-binding offers from and negotiations held with prospective buyers as a result of which fair value is sensitive to changes in input assumptions.

Refer Note 1.1 (f) of Standalone Financial Statement.

Principal audit procedures

In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:

- Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized.
- assessing any restriction in use of the MAT credit entitlement and
- determining when the MAT credit entitlement will expire.

Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams, including reliability of future income projections.

We validated the appropriateness of the related disclosures in the standalone financial statements.

Principal audit procedures

Our audit included but was not limited to the following activities:

- Read the sale agreements and assessed whether the classification was in accordance with accounting standards.
- Our audit procedures consisted of challenging management's assumptions and expectation of outcome of negotiations with prospective buyers.
- Assessed the valuation of the Non-Current Assets held for sale as the lower of the carrying amount and fair value less cost to sell, the presentation of the assets in the financial statements and the date as of which is classified as held for sale.

Based on our Audit procedures we conclude that the assumptions and inputs have been appropriately considered in estimating the fair value.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account,

- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act
- f) With respect to the adequacy of internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
(K.SHRAVAN)

Partner

Place : Hyderabad
Date : 27 May, 2019

Membership No. 215798

Annexure - A to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of **SHILPA MEDICARE LIMITED**, for the year ended 31 March, 2019.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. According to the information and explanation given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - a. The terms and conditions of such loans granted are not prejudicial to the interest of the Company.
 - b. The schedule of repayment of principal and payment of interest has been stipulated in the agreement and repayments or receipts of principal amounts and interest have been made as per stipulations.
 - c. There were no overdue amounts in respect of the loan granted to a Company covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the records, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at 31 March, 2019 for a period more than six months from the date they became payable.
 - b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
9. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Term loans availed were applied for the purposes for which those are raised.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the

Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
(K.SHRAVAN)

Place : Hyderabad
Date : 27 May, 2019

Partner
Membership No. 215798

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SHILPA MEDICARE LIMITED** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
(K.SHRAVAN)

Place : Hyderabad
Date : 27 May, 2019

Partner
Membership No. 215798

Standalone Balance Sheet

As at 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at	
		31 March, 2019	31 March, 2018
A ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	46,048.92	43,780.94
(b) Capital work- in- progress	3	28,480.10	13,100.27
(c) Goodwill		2,653.06	2,653.06
(d) Intangible assets	4	2,381.55	2,434.87
(e) Intangible assets under development	5	11,641.39	6,998.94
(f) Financial assets	6		
(i) Investments		8,904.11	11,134.59
(ii) Loans		7,211.16	3,374.89
(iii) Other financial assets		726.61	307.27
(g) Other non-current assets	7	6,739.96	5,604.99
Total Non-Current Assets		1,14,786.86	89,389.82
Current Assets			
(a) Inventories	8	17,670.41	16,771.84
(b) Financial assets	9		
(i) Investments		-	11,954.27
(ii) Trade receivables		18,168.27	21,813.71
(iii) Cash and cash equivalents		3,066.23	7,295.74
(iv) Other bank balances		6,026.65	18.69
(v) Loans		389.71	699.83
(vi) Others financial assets		1,641.09	1,560.01
(c) Other current assets	10	3,838.50	4,645.43
(d) Current tax assets (net)	11	451.59	562.33
(e) Assets held for sale	12	789.21	-
Total Current Assets		52,041.66	65,321.85
Total Assets		1,66,828.52	1,54,711.67
B EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	815.27	815.27
(b) Other equity	14	1,27,339.28	1,14,882.68
Total Equity		1,28,154.55	1,15,697.95
Liabilities			
Non- Current Liabilities			
(a) Financial Liabilities	15		
(i) Borrowings		8,109.56	6,810.72
(b) Provisions	16	535.80	508.35
(c) Deferred tax liabilities (net)	17	5,600.16	6,106.73
(d) Other non-current financial liabilities	18	1,469.69	482.49
Total Non-Current Liabilities		15,715.21	13,908.29
Current Liabilities			
(a) Financial liabilities	19		
(i) Borrowings		7,871.60	9,294.62
(ii) Trade payables			
- due to other than micro enterprises & small enterprises.		6,307.08	9,608.17
- due to micro enterprises & small enterprises.		829.87	278.27
(iii) Other financial liabilities		6,377.88	4,955.21
(b) Other current liabilities	20	1,275.01	712.42
(c) Provisions	21	297.32	256.74
Total Current Liabilities		22,958.76	25,105.43
Total Equity & Liabilities		1,66,828.52	1,54,711.67

The accompanying notes form an integral part of the standalone financial statements 01 to 51

As per our report of even date attached

For Brahmaya & Co.,

Chartered Accountants

Firm's Registration No.: 000513S

Sd/-

K. Shravan

Partner

M. No.: 215798

For and on behalf of the Board of Directors

Shilpa Medicare Limited

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Sd/-

Sushil Bajaj

Chief Financial Officer

M.No.: 206501

Sd/-

Vishnukant C. Bhutada

Managing Director

DIN: 01243391

Place: Hyderabad

Date: 27 May, 2019

Standalone Statement of Profit and Loss

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2019	For the year ended 31 March, 2018
INCOME			
(a) Revenue from operations	22	63,361.08	70,792.65
(b) Other operating revenues	23	3,026.80	3,601.94
Total Revenue from operations		66,387.88	74,394.59
(c) Other income	24	1,578.98	2,331.53
Total Revenue		67,966.86	76,726.12
EXPENSES			
(a) Cost of materials consumed	25	23,754.67	29,867.96
(b) Purchases of stock-in trade	26	725.27	586.46
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	27	(992.39)	4,720.58
(d) Employee benefits expense	28	13,622.34	11,329.08
(e) Finance costs	29	289.33	212.21
(f) Depreciation and amortisation expenses	1&2	3,716.91	3,277.70
(g) Excise duty expenses		-	265.41
(h) Other expenses	30	11,913.25	9,718.20
Total Expenses		53,029.38	59,977.60
Profit before Exceptional item and tax		14,937.48	16,748.52
Exceptional income / (expense)	31	622.47	-
Profit before tax		15,559.95	16,748.52
Tax Expenses			
a) Current Tax		3,664.82	3,494.19
b) Deferred Tax		394.98	687.95
Less: Mat Credit Entitlement		(910.48)	(757.49)
Net Deferred Tax		(515.50)	(69.54)
Total Tax Expenses		3,149.32	3,424.65
Profit for the year		12,410.63	13,323.87
Other comprehensive Income/(Expenses)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		4.01	16.87
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		41.96	91.42
Total Other Comprehensive Income / (Loss) for the year		45.97	108.29
Total Comprehensive Income for the year.		12,456.60	13,432.16
Earning per equity share, par value of ₹ 1/- each			
Basic (₹)		15.28	16.68
Diluted (₹)		15.28	16.68

The accompanying notes form an integral part of the standalone financial statements 01 to 51

As per our report of even date attached

For Brahmayya & Co.,

Chartered Accountants

Firm's Registration No.: 000513S

Sd/-

K. Shravan

Partner

M. No.: 215798

Place: Hyderabad

Date: 27 May, 2019

For and on behalf of the Board of Directors

Shilpa Medicare Limited

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Sd/-

Sushil Bajaj

Chief Financial Officer

M.No.: 206501

Sd/-

Vishnukant C. Bhutada

Managing Director

DIN: 01243391

Standalone Statement of Changes in Equity

As at 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)	Gain on forfeiter of equity shares	Share Capital Merger Scheme	Total	
				Financial instrument measured at fair value through OCI	Remeasurement of defined benefit plan			
Balance at 01 April, 2017	35,877.96	4,682.68	54,958.68	(180.12)	(187.60)	8.76	6,999.97	1,02,160.34
Addition / Deletion during the year	6,985.97	500.00	(500.00)	91.42	16.87	-	(6,999.97)	94.29
Profit for the year	-	-	13,323.89	-	-	-	-	13,323.89
Dividend including dividend distribution tax	-	-	(695.80)	-	-	-	-	(695.80)
Balance at the end of 31 March, 2018	42,863.93	5,182.68	67,086.77	(88.70)	(170.73)	8.76	-	1,14,882.68
Addition / Deletion during the year	-	-	-	41.96	4.01	-	-	45.97
Profit for the year	-	-	12,410.63	-	-	-	-	12,410.63
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-
Balance at the end of 31 March, 2019	42,863.93	5,182.68	79,497.37	(46.74)	(166.72)	8.76	-	1,27,339.28

The accompanying notes form an integral part of the standalone financial statements 01 to 51

Note:

- Securities premium: This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
- General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings: This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
- Remeasurements of the net defined benefits plan reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.: 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

Place: Hyderabad
Date: 27 May, 2019

For and on behalf of the Board of Directors
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Standalone Statement of Cash Flow

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A. Cash flows from/(used in) operating activities		
Profit before tax (PBT)	15,559.95	16,748.52
Adjustments for :		
Depreciation and amortisation expenses	3,716.91	3,277.70
Interest earned	(842.57)	(482.39)
Liabilities written back	(9.70)	(42.26)
Provision written back	(12.24)	(0.69)
Dividend income	(282.91)	(404.95)
Gain on Investment in Mutual Fund	(336.16)	(1,286.54)
Corporate Guarantee Fees (RMPL)	(10.49)	(19.64)
Capital Subsidy (Grants)	(26.04)	(56.24)
Finance costs	289.33	212.21
Foreign exchange fluctuation (gain)/loss (net)	77.53	(367.22)
Advance Written-off (incl. Capital Advances)	52.53	14.26
Bad debts / Advance written-off	280.04	6.25
Loss on sale /discard of assets	39.65	17.29
Net gain recognized on sale of stake in Associate Company	(2,575.34)	-
Preference Dividend written off	559.59	-
Provision for Diminution in the value of Investment	1,437.39	-
Operating Profit before changes in operating assets and liabilities	17,917.47	17,616.30
Adjustments for changes in operating assets and liabilities:		
(Increase) / Decrease in Inventories	(898.57)	724.01
(Increase) / Decrease in Trade receivables	3,394.42	(4,868.80)
(Increase) / Decrease in Loans	(3,691.79)	(696.05)
(Increase) / Decrease in Other financial assets	(498.65)	166.74
(Increase) / Decrease in Other assets	878.63	(4,186.85)
Increase / (Decrease) in Trade payables	(1,511.53)	36.47
Increase / (Decrease) in Other financial liabilities	44.47	585.44
Increase / (Decrease) in Other liabilities	562.59	164.16
Increase / (Decrease) in Provisions	72.03	(49.82)
Cash generated from Operations	16,269.07	9,491.60
Income tax paid (net)	(3,545.16)	(4,045.17)
Net Cash generated from operating activities (A)	12,723.91	5,446.43
B. Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	233.16	52.21
Purchase of property, plant and equipment including capital advances	(27,442.59)	(12,656.24)
(Increase)/ Decrease in Current Investment	10,853.05	11,794.52
Investments/Acquisition of non-current investment	(1,021.65)	(957.02)
Investment in fixed deposits	(6,003.56)	(7.94)
Proceeds from sale of stake in Associate Company	5,038.29	-
Dividend received	18.62	22.31
Interest received	545.49	468.72
Net Cash generated from/(used in) investing activities (B)	(17,779.19)	(1,283.44)
C. Cash flows from/(used in) financing activities		
Dividend paid incl. Dividend Tax	-	(723.63)
Repayment of borrowings	(7,101.45)	(5,717.58)
Proceeds from Borrowings	7,131.40	490.52
Proceeds from Government Grant/Capital subsidy	1,100.00	33.14
Interest paid	(313.06)	(198.92)

Standalone Statement of Cash Flow (Contd.)

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Net cash used in financing activities (C)	816.89	(6,116.47)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(4,238.39)	(1,953.48)
Cash and cash equivalents as at the beginning of the year	7,314.44	9,267.92
Cash and cash equivalents as at the end of the year	3,076.04	7,314.44

Components of Cash and Cash Equivalents	As at 31 March, 2019	As at 31 March, 2018
Cash on Hand	13.80	16.48
Cash at Banks		
a) In Current accounts	3,052.44	3,771.16
b) In Fixed Deposits Accounts with original maturity of less than 3 months	-	3,508.11
c) In Unpaid dividend account	23.09	18.69
d) Books overdraft	(13.29)	-
Total Cash and Cash Equivalents	3,076.04	7,314.44

Note:

1. Previous year figures have been reclassified where ever necessary.
2. Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015.

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration No.: 000513S

Sd/-

K. Shravan

Partner

M. No.: 215798

Place: Hyderabad

Date: 27 May, 2019

For and on behalf of the Board of Directors

Shilpa Medicare Limited

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Sd/-

Sushil Bajaj

Chief Financial Officer

M.No.: 206501

Sd/-

Vishnukant C. Bhutada

Managing Director

DIN: 01243391

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

CORPORATE INFORMATION

Shilpa Medicare Limited (SML) is a listed Company engaged in the manufacturing of API, Formulation and Development service. Shilpa Medicare Limited (SML) started its operations as API manufacturer way back in 1987 at Raichur, Karnataka- India. The Company started its commercial production in November 1989. In November 1993, Shilpa Medicare Limited was converted into a Public Limited Company. The Company was listed on Bombay Stock Exchange on June 19, 1995 and National Stock Exchange (NSE) on December 03, 2009. Subsequently Shilpa Medicare has gained World Health Organization-Good Manufacturing Practices (GMP) Certificate recognition.

SML is presently dealing in high-quality Active Pharmaceutical Ingredients (APIs), Intermediates, Formulations, New Drug Delivery Systems, Peptides / Biotech products and Specialty Chemicals etc. using sophisticated technology meticulously in order to comply with laid down international standards/specifications. Today SML is among the world's leading suppliers of Oncology/Non- Oncology APIs and intermediates.

1. Basis of Preparation of Financial Statements

I. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Standalone financial statements of the Company for the year ended 31 March, 2019 were approved by the Board of Directors on 27 May, 2019.

II. Basis of Measurement

The financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Defined Benefit Plan's at fair value.

III. Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency for the Company. All amounts have been rounded-off to the nearest lakhs unless otherwise stated.

IV. Current v/s Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

- (i) Expected to be settled in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

1.1 Significant Accounting Policies

a) Critical accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))
- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.

- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and Goodwill:

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any

non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Non-Current asset held for sale:

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as Held for Sale".

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Employee Benefits:

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution plans

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) Dividends to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases:

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit & Loss on a straight-line basis over the lease term.

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each milestones as per term of the agreement.

(iii) Recognition of Export benefits:

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

are recognized in the period in which they are approved.

the grant will be received and the Company will comply with all attached conditions.

m) Other Income:

- i. Interest Income is recognized using the Effective interest rate (EIR) method.
- ii. Dividend income is recognized when right to receive is established.
- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below- market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

n) Foreign Currency Transactions/Translations:

Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant:

Grants from the government are recognized at their fair value where there is a reasonable assurance that

p) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

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for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other financial assets

(b) Financial Assets Measured at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized

cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The classification is made on initial recognition and is irrevocable

Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.

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- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability:

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III) Derivative financial instrument and hedge accounting:

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest

rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

- i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- iii. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

s) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of

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money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earning per share:

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period.

1.2 Recent accounting pronouncements:

Ind AS 116 – Leases

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 01 April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, Income Taxes

On 30 March 2019, the Ministry of Corporate Affairs (MCA) made certain amendments to Ind AS 12, Income taxes by including Appendix C, Uncertainty over Income Tax Treatments. This appendix clarifies how the recognition and measurement requirements of Ind AS 12 are applied where there is uncertainty over income tax treatments.

Appendix C explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The amendment provides specific guidance in several areas where previously Ind AS 12 was silent.

Appendix C applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The amendment is effective for annual reporting periods beginning on or after 1 April 2019. An entity can, on initial application, elect to apply this amendment either:

- retrospectively applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, if possible without the use of hindsight; or
- retrospectively, with the cumulative effect of initially applying the interpretation recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

The Company believes that the adoption of amendments to Ind AS 12 in the form of Appendix C will not have a material impact on its financial statements.

Notes Forming Part of Standalone Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT.

Particulars	Gross Block		Deduction/ Adjustment during the year	As at 31 March, 2019	Depreciation / Adjustment		As at 31 March, 2019	Net Block As at 31 March, 2019
	As at 01 April, 2018	As at 01 April, 2018			For the year	Deduction/ Adjustment during the year		
i) Owned								
a) Borewell	19.50	5.89	-	25.39	14.86	1.37	16.23	9.16
b) Building	10,491.81	793.94	-	11,285.74	1,968.06	335.00	2,303.06	8,982.69
c) Canteen Equipment	17.07	0.69	-	17.76	6.88	2.80	9.68	8.08
d) Computer	693.67	100.43	(2.96)	791.14	504.66	103.47	605.32	185.82
e) Network Server equipment	81.35	48.54	-	129.89	21.41	14.96	36.37	93.52
f) Electrical Installation	3,556.58	249.96	(21.36)	3,785.18	1,618.28	353.23	1,951.76	1,833.42
g) ETP Building	565.85	-	-	565.85	152.29	17.73	170.02	395.83
h) ETP Machinery	506.04	2.61	-	508.65	112.90	22.85	135.74	372.91
i) Furniture	1,256.52	195.97	-	1,452.48	420.39	123.62	544.01	908.47
j) Lab Equipments	7,564.12	1,166.75	(32.11)	8,698.77	2,733.02	712.01	3,431.54	5,267.23
k) Office Equipment	131.08	39.10	(0.70)	169.48	55.40	25.49	80.23	89.25
l) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	1,899.96	103.97	2,003.93	1,839.11
m) Pipeline	3,390.43	300.14	(50.82)	3,639.75	878.84	188.63	1,036.47	2,603.29
n) Plant & Machinery	26,918.58	2,918.54	(311.02)	29,526.10	6,581.55	1,239.74	7,708.42	21,817.68
o) Pollution Control Equip.	37.07	-	-	37.07	29.74	0.42	30.16	6.92
p) Vehicle	378.05	-	(114.61)	263.44	145.83	38.24	98.55	164.89
q) Weigh bridge	8.42	-	-	8.42	3.92	0.93	4.85	3.57
r) EHS Equipment	40.67	5.59	-	46.27	7.93	4.03	11.96	34.30
s) Vehicles Electrical Operated	34.31	-	-	34.31	16.71	4.20	20.91	13.40
Total (i)	59,534.15	5,828.16	(533.58)	64,828.73	17,172.60	3,292.69	20,199.19	44,629.54
ii) Leased Assets								
a) Leaschold Land & Green Field	1,419.38	-	-	1,419.38	-	-	-	1,419.38
Total (ii)	1,419.38	-	-	1,419.38	-	-	-	1,419.38
Total (i + ii)	60,953.54	5,828.16	(533.58)	66,248.11	17,172.60	3,292.69	20,199.19	46,048.92

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Gross Block			Depreciation			Net Block	
	As at 01 April, 2017	Additions	Deduction/ Adjustment during the year	As at 31 March, 2018	For the year# during the year	Deduction/ Adjustment during the year	As at 31 March, 2018	As at 31 March, 2018
i) Owned								
a) Borewell	19.04	0.46	-	19.50	2.34	-	14.86	4.64
b) Building	9,971.47	520.34	-	10,491.81	324.13	-	1,968.06	8,523.76
c) Canteen Equipment	10.52	6.55	-	17.07	2.27	-	6.88	10.19
d) Computer	609.57	84.10	-	693.67	91.21	-	504.66	189.01
e) Network Server equipment	78.35	3.00	-	81.35	12.86	-	21.41	59.94
f) Electrical Installation	3,271.69	284.89	-	3,556.58	323.81	-	1,618.28	1,938.31
g) ETP Building	565.85	-	-	565.85	17.72	-	152.29	413.56
h) ETP Machinery	504.79	1.24	-	506.04	22.79	-	112.90	393.14
i) Furniture	1,124.94	131.58	-	1,256.52	115.46	-	420.39	836.13
j) Lab Equipments	6,423.12	1,141.00	-	7,564.12	647.38	-	2,733.02	4,831.11
k) Office Equipment	103.72	27.36	-	131.08	20.68	-	55.40	75.68
l) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	101.12	-	1,899.96	1,943.08
m) Pipeline	2,761.55	628.88	-	3,390.43	131.06	-	878.84	2,511.59
n) Plant & Machinery	23,561.82	3,398.81	(42.05)	26,918.58	1,082.00	(18.96)	6,581.55	20,337.03
o) Pollution Control Equip.	37.07	-	-	37.07	0.42	-	29.74	7.34
p) Vehicle	311.38	117.25	(50.58)	378.05	35.43	(16.33)	145.83	232.22
q) Weigh bridge	8.42	-	-	8.42	0.87	-	3.92	4.50
r) EHS Equipment	40.67	-	-	40.67	3.86	-	7.93	32.74
s) Vehicles Electrical Operated	34.31	-	-	34.31	4.20	-	16.71	17.60
Total (i)	53,281.32	6,345.46	(92.62)	59,534.15	2,939.61	(35.29)	17,172.60	42,361.56
ii) Leased Assets								
a) Leasehold Land & Green Field	1,415.35	4.04	-	1,419.38	-	-	-	1,419.38
Total (ii)	1,415.35	4.04	-	1,419.38	-	-	-	1,419.38
Total (i+ii)	54,696.67	6,349.50	(92.62)	60,953.54	2,939.61	(35.29)	17,172.60	43,780.94

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at	
	31 March, 2019	31 March, 2018
a) Machinery under erection	167.53	326.02
b) Projects under erection	26,142.60	10,190.17
c) Pre-operative expenses	2,169.97	2,584.08
Total	28,480.10	13,100.27

4 INTANGIBLE ASSETS

Particulars	Gross Block		Deduction/ Adjustment during the Year	Depreciation / Adjustment		Net Block
	As at 01 April, 2018	As at 31 March, 2019		As at 01 April, 2018	For the Year	
Computer software	815.99	123.48	-	188.37	138.65	612.44
DMF/ Patents Fees	1,190.64	262.64	(6.57)	267.69	135.31	1,045.51
Non compete Agreement	1,045.00	-	-	160.70	160.70	723.60
Total	3,051.63	386.12	(6.57)	616.76	434.66	2,381.55

Particulars	Gross Block		Deduction/ Adjustment during the Year	Depreciation		Net Block
	As at 01 April, 2017	As at 31 March, 2018		As at 01 April, 2017	For the Year#	
Computer software	249.18	566.81	-	98.21	90.17	627.62
DMF/ Patents Fees	786.91	409.73	(6.00)	179.45	88.43	922.95
Non compete Agreement	1,045.00	-	-	-	160.70	884.30
Total	2,081.09	976.54	(6.00)	277.66	339.30	2,434.87

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5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at	As at
	31 March, 2019	31 March, 2018
a) Software under installation	-	29.96
b) Product under development	11,300.46	6,968.98
c) DMF/ANDA /Patents Fees	340.93	-
Total	11,641.39	6,998.94

6 FINANCIAL ASSETS

(i) Non-Current Investment

Particulars	As at	As at
	31 March, 2019	31 March, 2018
a) Investments in Equity Instruments (Unquoted)		
I) In Subsidiary Companies		
i) 2,000 (2,000) Shares of Euro 1.71 each - Zatortia Holdings Ltd, Cyprus.	2,028.91	2,028.91
ii) 18,37,634 (18,37,634) Shares of ₹ 10/- each - Shilpa-Therapeutic (P) Ltd, Hyderabad.	1,033.76	1,033.76
iii) 11,25,000 (11,25,000) Shares of ₹ 10/- each - INM Technologies Pvt. Ltd. Bengaluru.	112.50	112.50
iv) 100 (100) shares of 1 GBP each - Koanna Healthcare Limited, UK	0.10	0.10
v) Investment in Koanna Healthcare GmbH, Austria	77.63	77.63
vi) Share Application Money - Koanna Healthcare GmbH, Austria	-	75.22
vii) 100 Shares of US\$ 1 each in Shilpa Pharma INC. USA	0.07	-
II) In Associate Companies		
i) 1,00,000 (1,00,000) Equity Shares of ₹ 10/- each - Reva Pharmachem (P) Ltd, Raichur.	10.00	10.00
III) In Joint Venture Companies		
i) CY NIL (8,70,755) of ₹ 10/- each- Raichem Medicare (P) Ltd, Raichur.	-	1,402.13
ii) 5,001 (5,001) Equity share of ₹ 10/- each - Reva Medicare Pvt Limited, Raichur.	0.50	0.50
b) Investments in Preference Instruments (Unquoted)		
I) In Subsidiaries Companies		
i) 4,00,000(4,00,000) Cumulative Preference shares of ₹ 10/- each - Shilpa Therapeutic (P) Ltd Hyderabad.	40.00	40.00
ii) 3,25,37,670 (3,25,37,670) Cumulative Preference shares of ₹ 10/- each - INM Technologies Pvt. Ltd., Bengaluru.	3,253.77	3,253.77
iii) 9,93,000 (NIL) Non Cumulative Preference shares of ₹ 10/-each - INM Technologies Pvt. Ltd., Bengaluru.	993.00	-
II) In Joint Venture/Associates Companies		
i) NIL (1,85,00,000) Shares of ₹ 10/- each- Raichem Medicare Pvt. Ltd., Raichur.	-	1,850.00
ii) 14,00,000 (14,00,000) Preferred Stock at par value of 0.0001 US\$ - MAIA Pharmaceuticals INC., USA.	795.69	795.69
c) Investments in Common Stock (Unquoted)		
I) In Subsidiaries Companies		
i) 18,92,308 (18,92,308) common stock @ par value of 0.001 - Makindus LLC., USA .	454.20	454.20
d) In Government Securities (Unquoted)		
I) Investment in National Savings Certificate.	0.20	0.20

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
c) Others		
D) Investments in Equity Instruments (Unquoted)		
i) 7,41,362 (NIL) Shares of ₹ 14/- Each of Prathijna Sustainable Solutions Pvt Limited. Bangalore	103.78	-
	8,904.11	11,134.59
Less: Provision for diminution in the value of investments	-	-
Total value of unquoted investment	8,904.11	11,134.59
Aggregate value of unquoted investment	8,904.11	11,134.59

(ii) Loan

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Shilpa Therapeutics Pvt. Ltd. (Wholly owned subsidiary.)	3,497.02	1,226.12
b) Raichem Medicare Pvt Ltd. (Joint venture)	-	254.32
c) Koanna Healthcare GmbH-Austria (Wholly owned subsidiary)	3,001.30	1,276.61
d) Koanna Healthcare Limited - UK (Wholly owned subsidiary)	712.84	617.84
Total	7,211.16	3,374.89

(iii) Other Financial Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Security deposits (unsecured considered good)		
i) Electricity deposits	367.98	204.12
ii) Rental deposits	41.01	26.98
iii) Telephone deposits	0.79	0.67
iv) Miscellaneous deposits	88.10	75.50
Total (a)	497.88	307.27
b) Cross currency swap account	228.73	-
Total (b)	228.73	-
Total (a+b)	726.61	307.27

7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Capital advances		
i) Unsecured, considered good	4,251.52	3,035.58
Less: Written-off	(52.53)	-
Total (a)	4,198.99	3,035.58
b) Others		
i) Income Tax paid under protest	43.32	43.32
ii) VAT on capital goods & others item (Refer note 47)	42.67	41.78
iii) Prepaid expenses	2,454.11	2,483.45
iv) Excise duty	0.86	0.86
Total (b)	2,540.96	2,569.41
Total (a+b)	6,739.96	5,604.99

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

8 INVENTORIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Raw materials	9,993.49	10,515.96
b) Work-in-progress	1,696.82	1,814.25
c) Finished goods		
i) Finished goods	3,675.24	2,816.31
ii) Goods-in transit	-	0.04
d) Stock-in-trade	295.45	44.56
e) Stores and spares	1,361.96	1,230.74
f) Packing materials	647.45	349.98
Total	17,670.41	16,771.84

9 FINANCIAL ASSETS

i) Current Investments

Particulars	As at 31 March, 2019	As at 31 March, 2018
Investment in mutual funds/Bonds		
a) HDFC mutual fund	-	356.48
b) ICICI prudential mutual fund	-	859.51
c) Tempelton india ultra short bond	-	356.37
d) SBI mutual fund	-	2,543.52
e) Birla sun life mutual fund	-	894.14
f) Frankline templetone mutual fund	-	5,530.46
g) Edelweiss Arbitrage fund	-	403.40
h) Kotak Equity Arbitrage fund	-	504.89
i) Reliance Arbitrage Advantage fund	-	505.50
j) Investment in Bonds	1,437.39	-
Total	1,437.39	11,954.27
Less : Provision for diminishing in the value of Investment	(1,437.39)	-
Total value of unquoted investment	-	11,954.27
Aggregate value of unquoted investments	-	11,954.27

ii) Trade Receivables (Refer Note 50)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured		
a) Considered good	18,168.27	21,813.71
Total (a)	18,168.27	21,813.71
b) Significant increase in credit risk	280.04	6.25
Less: Written-off	(280.04)	(6.25)
Total (b)	-	-
Total (a+b)	18,168.27	21,813.71

Note: Trade receivable in note no: 9 (ii) (a) includes ₹ 409.47 (P.Y ₹ 6,132.63) is receivable from related parties (refer note no: 45 Related Party Transaction)

iii) Cash And Cash Equivalents

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Cash on hand	13.80	16.48
b) Balance with banks in current account	3,052.43	3,771.16
c) Deposit with original maturity of less than 3 month	-	3,508.10
Total	3,066.23	7,295.74

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

iv) Other Bank Balances

Particulars	As at 31 March, 2019	As at 31 March, 2018
Earmarked Balances		
a) Unclaimed dividend accounts	23.09	18.69
b) Restricted fixed deposits	6,003.56	-
Total	6,026.65	18.69

v) Loans

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Unsecured, considered good		
i) Zatortia Holdings Ltd (Wholly owned subsidiary)	1.17	1.21
ii) Raichem Medicare Pvt Ltd (Joint Venture)	-	508.63
iii) Reva Pharmachem Pvt Ltd (Associate)	105.01	189.99
iv) Shilpa Pharma INC - USA (Wholly owned subsidiary)	283.53	-
Total	389.71	699.83

vi) Other Financial Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Income accrued and due	10.08	98.39
b) CST receivable	117.73	117.73
c) Staff advance	165.37	109.12
d) Tender deposits	4.84	2.09
e) Fixed deposits having maturity less than 12 months held as margin money	27.37	25.71
f) Interest accrued on fixed deposits / others	330.79	33.71
g) Export incentives in hand	304.69	197.73
h) Dividend accrue on preference shares	680.22	975.53
Total	1,641.09	1,560.01

10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) CENVAT receivable	60.57	71.60
b) Service tax receivable	-	0.94
c) Prepaid expenses	419.24	350.01
d) Advances to supplier/ receivables	531.44	3,209.97
e) CGST /IGST /SGST receivables	2,827.25	1,012.91
Total	3,838.50	4,645.43

11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
Income tax (Net)	451.59	562.33
Total	451.59	562.33

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

12 ASSETS HELD FOR SALE

Particulars	As at 31 March, 2019	As at 31 March, 2018
4,52,793 (NIL) Equity Shares of ₹ 10/- each - Raichem Medicare (P) Ltd, Raichur. (Associate)	789.21	-
Total	789.21	-

13 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2019	As at 31 March, 2018
Authorised Share Capital.		
9,50,00,000 (P.Y. 9,50,00,000) shares Face value ₹ 1/- each	950.00	950.00
	950.00	950.00
Issued, Subscribed & Fully Paid Up Capital		
Opening Balance	815.27	801.27
Changes During the year	-	14.00
Closing Balance	815.27	815.27
8,15,26,898 (P.Y. 8,15,26,898) shares Face value ₹ 1/- each		
	815.27	815.27

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	8,15,26,898	815.27	8,01,26,904	801.27
Add : Issued during the year face value ₹ 1/- each	-	-	13,99,994	14.00
Shares outstanding at the end of the year	8,15,26,898	815.27	8,15,26,898	815.27

(b) Rights, preference and restriction attached to each class of shares:

Equity Shares:

The Company has only one class of equity shares having par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share.

The Board of Directors have declared and paid interim dividend of ₹ Nil and recommended final dividend ₹ 1/- (P.Y. ₹ 0.70 interim and final) per equity of face value of ₹ 1/- per share

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No of Shares	% Holding	No of Shares	% Holding
i) Vishnukant .C. Bhutada	80,86,012	9.92	80,86,012	9.92
ii) Kantadevi Inani	64,55,736	7.92	64,55,736	7.92
iii) Dharmavati Bhutada	62,07,796	7.61	62,07,796	7.61
iv) Tano Mauritius India FVCI II	61,79,506	7.58	61,79,506	7.58
v) Baring India Private Equity III Limited	60,00,000	7.36	60,00,000	7.36
vi) Kamalkishor Inani	48,23,828	5.92	48,23,828	5.92

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- (d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
(i) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 1 share allotted as Bonus in the last five year.	-	-	-	-	1,22,62,085
(ii) Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger.	13,99,994	-	-	-	-

14 OTHER EQUITY

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Security Premium	42,863.93	42,863.93
b) General Reserves	5,182.68	5,182.68
c) Retained Earning	79,497.37	67,086.77
d) Other comprehensive income(OCI)		
i) Financial instrument measured at fair value through OCI	(46.74)	(88.70)
ii) Remeasured of defined benefit plan	(166.72)	(170.73)
e) Gain on Forfeiter of equity shares	8.76	8.76
Total	1,27,339.28	1,14,882.68

15 FINANCIAL LIABILITIES

- i) Long Term Borrowings

Particulars	As at 31 March, 2019	As at 31 March, 2018
Term loans		
a) From Banks (secured)		
I) External Commercial Borrowings	4,539.37	6,707.67
Nature of Security		
a) ECB of US\$ 15 MN is taken from Standard Chartered Bank, London(SCB) and the said facility is secured by hypothecation of movable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit, including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said facility.		
Terms of Repayment & Interest Rate:		
Repayment of ECB Loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60 th month from the date of grant of loan. The loan is repayable of ₹ 623.43 Lakhs quarterly. Further the Company has hedge principal amount of US\$ 15 MN @ 66.50 with fixed interest at 8.90% payable monthly.		
II) HSBC - Term Loan	3,500.00	-
Nature of Security		
a) Term loan of ₹ 1000 MN taken from HSBC,Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by 02 of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 625.00 Lakhs with the final installment falling due at the end of the January- 2024. Applicable rate of interest is @ 6 month MCLR. payable monthly.		

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
b) From others (unsecured)		
I) Loan under SBIRI Scheme	70.19	84.86
Loan from Department of Biotechnology, Ministry of Science and Technology New Delhi. Under Scheme Small Business Innovation Research Initiative (SBIRI)		
Terms of Repayment & Interest Rate:		
The Loan is repayable in 10 equal yearly installments starting from 17.08.2013 of ₹ 21.05 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A on amount drawn upto ₹ 100 Lakhs and @ 2% above ₹ 100 Lakhs, and is payable in 02 equal installment after principal repayment.		
II) Loan under BIPP Scheme	-	18.19
Loan from Department of Biotechnology, Ministry of Science and Technology New Delhi. under scheme Biotechnology Industry Partnership Programme (BIPP)		
Repayment & Interest Rate:		
The Loan is repayable in 10 equal half yearly installments with moratorium period of 12 months after completion of project Interest is payable @ 2% P.A.		
Total	8,109.56	6,810.72

16 PROVISIONS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Provision for gratuity	485.68	457.86
b) Provision for leave encashment	50.12	50.49
Total	535.80	508.35

17 DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Deferred tax liability	10,027.64	9,617.93
(Difference in tax base of property, plant, equipment & others)		
b) Deferred tax asset	(268.29)	(262.49)
(On account of disallowable items under Income Tax Act)		
c) MAT credit entitlement	(4,159.19)	(3,248.71)
Total	5,600.16	6,106.73

18 OTHER NON -CURRENT LIABILITY

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Deferred revenue.	191.45	-
b) Capital subsidy / Deferred Government grant	1,272.23	172.54
c) Corporate guarantee liability	6.01	16.50
d) Cross currency swap	-	293.45
Total	1,469.69	482.49

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

19 FINANCIAL LIABILITY

i) Borrowing

Particulars	As at 31 March, 2019	As at 31 March, 2018
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank [refer note 'a' 'f' (i) below]	216.68	-
ii) Standard Chartered Bank (PCFC) [refer note 'a' & 'f' (ii) below]	1,590.94	6,486.24
iii) Citi Bank (PCFC) [refer note 'b' & 'f' (iii) below]	2,649.26	2,808.38
iv) Axis Bank - Deposit Loan (Refer note 'c')	1,003.29	-
v) HDFC- Deposit Loan (Refer note 'd')	1,911.06	-
vi) Lakshmi Vilas Bank - Deposit Loan (Refer note 'e')	500.37	-
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors		
b) Working capital loan from Citi Bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors . The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge		
c) Loan from Axis Bank Ltd is taken against fixed deposit and interest is chargeable @ 1% above the rate of fixed deposit interest, and is repayable before or on the redemption of fixed deposit		
d) loan from HDFC Bank is taken against Fixed deposit and interest is chargeable @ 1% above the fixed deposit interest rate and is repayable before or on the redemption of fixed deposit		
e) loan from Lakshmi Vilas Bank Ltd Raichur is taken against fixed deposit and interest is chargeable @ 1% above the fixed deposit interest rate and is repayable before or on the redemption of fixed deposit		
f) Interest rate as at 31 March, 2019 is as under:		
(i) On overdraft MCLR+1%		
(ii) On PSFC/PCFC - Libor+0.75%		
(iii) On PSFC/PCFC - Libor + 1.5%		
Total	7,871.60	9,294.62

ii) Trade Payables (Refer Note No. 46 & 50)

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Trade paybles due to other than micro enterprises & small enterprises	6,307.08	9,608.17
b) Trade paybles due to micro enterprises & small enterprises	829.87	278.27
Total	7,136.95	9,886.44

Note: Trade payable in above note no: 19 (ii)(a) includes ₹ 316.20 (P.Y ₹ 282.82) is payable to related parties (refer note no: 45 Related Party Transaction)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

iii) Other Financial Liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Current maturities of long-term debts	2,634.94	2,480.81
b) Interest accrued but not due on borrowings.	52.79	76.53
c) Unclaimed dividends	23.09	17.77
d) Employee benefit liability	1,817.89	1,753.80
e) Books overdraft	13.28	-
f) Interim dividend payable	-	0.92
g) Custom duty payable	46.81	5.47
h) Capital creditors	1,789.08	619.91
Total	6,377.88	4,955.21

20 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Advances from customers	499.29	57.69
b) Tax deduction at source	553.43	537.52
c) ESI, Professional Tax Etc.	6.37	6.12
d) Security trade deposit	112.90	11.00
e) Provident fund payable	75.48	66.34
f) Unclaimed bonus & salary	27.54	33.75
Total	1,275.01	712.42

21 PROVISIONS

Particulars	As at 31 March, 2019	As at 31 March, 2018
Provision for expenses	297.32	256.74
Total	297.32	256.74

22 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Sales of products	61,531.08	68,392.35
b) Export Incentives	1,248.16	1,867.33
c) Energy sales	581.84	532.97
Total	63,361.08	70,792.65
Abstract		
i) Bulk Drugs / Intermediates	43,720.32	57,853.12
ii) Formulation	16,600.69	8,908.67
iii) Export Incentives	1,248.16	1,867.33
iv) Power	581.84	532.97
v) Trading	730.60	955.48
vi) Others	479.47	675.09
Total	63,361.08	70,792.65

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

23 OTHER OPERATING REVENUE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Product development revenue	3,026.80	3,601.94
Total	3,026.80	3,601.94

24 OTHER INCOME

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Interest Income on :		
i) Deposit with bank	467.16	172.67
ii) Others	375.41	309.72
b) Liabilities written back	9.70	42.26
c) Provision written back	12.24	0.69
d) Income from sale of carbon credits (Net)	-	0.87
e) Dividend on current investments	19.40	22.31
f) Gain on investment in mutual fund/bonds	336.16	1,286.54
g) Corporate guarantee fees	10.49	19.64
h) Government grant	26.04	56.24
i) Dividend on preference shares	263.50	382.64
j) Miscellaneous income	58.88	37.95
Total	1,578.98	2,331.53

25 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Inventory at the beginning of the year	10,865.93	7,162.13
Add: Purchases	23,529.68	33,571.76
Less: Inventory at the end of the year	10,640.94	10,865.93
Cost of raw materials and packing materials consumed	23,754.67	29,867.96
Material consumed comprises of :		
i) Raw material	23,228.57	29,537.53
ii) Packing material	526.10	330.43
Total	23,754.67	29,867.96

26 PURCHASE OF STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Purchase of Medicines/Bulk Drugs/ Others	725.27	586.46
Total	725.27	586.46

27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Opening Inventories		
i) Finished goods	2,860.87	87.44
ii) Work-in-process	1,814.25	9,308.27
Closing Inventories		
i) Finished goods	3,970.69	2,860.87
ii) Work-in-process	1,696.82	1,814.26
(Increase) / decrease in inventory	(992.39)	4,720.58

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

28 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Salaries, wages and bonus	12,770.01	10,544.41
b) Contribution to provident fund /gratuity and other funds	649.00	599.53
c) Staff welfare expenses	203.33	185.14
Total	13,622.34	11,329.08

29 FINANCE COSTS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Interest expense on:		
a) Working capital facility	275.36	192.87
b) Others	13.97	19.34
Total	289.33	212.21

30 OTHER EXPENSES

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Power and fuel	3,163.17	2,700.44
b) Repairs and maintenance		
i) Buildings	249.15	256.71
ii) Plant and machinery	2,071.99	1,328.02
iii) Others	121.74	143.02
c) Rent	172.89	154.68
d) Exchange loss/(gain) net	(161.89)	(1,120.59)
e) Rates and taxes	105.54	64.51
f) Insurance	167.39	107.13
g) Travelling and conveyance	228.01	248.67
h) Contract labour charges	1,011.63	884.93
i) Legal and professional fees	664.77	363.38
j) Facility fees	317.23	258.72
k) Payments to auditors (Refer note 41)	15.50	15.50
l) Research and development expenses	1,725.28	2,345.28
m) Transportation charges	77.48	243.00
n) Brokerage and commission	371.97	165.79
o) Job work charges	1.16	16.23
p) Directors sitting fees	2.00	2.31
q) Sales promotion and advertisement	74.30	66.58
r) Bad debts written-off	280.04	20.52
s) Clearing and forwarding expenses	203.98	355.48
t) (Profit)/Loss on sale /discard of assets	39.65	17.30
u) VAT and entry tax	0.71	12.26
v) CSR expenses	293.91	245.64
w) Capital advances written-off	52.53	-
x) Miscellaneous expenses	663.12	822.69
Total	11,913.25	9,718.20

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31 EXCEPTIONAL INCOME / (EXPENSES)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Provision for diminishing in the value of bonds (IL&FS) (refer below note)	(1,437.39)	-
b) Gain on sale of equity instrument	1,955.47	-
c) Gain on sale of preference shares (RMPL)	619.87	-
d) Preference share dividend written-off (RMPL)	(559.59)	-
e) Insurance claim	44.11	-
Total	622.47	-

Note : As part of treasury management, the Company has invested in Commercial paper of Infrastructure Leasing & Financial Services Limited (IL&FS) amounting to ₹ 1,437.39 lakhs which was due for redemption on 02 January 2019. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there is significant uncertainty on recovery of the entire amount, the management has made a provision for full amount of ₹ 1,437.39 lakhs as at 31 March, 2019.

32 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Foreign letter of credit	2,165.30	368.60
b) Bank guarantees / Corporate guarantee*	4210.00	10712.86
c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	9927.90	5922.37
d) Others	160.49	160.49
Total	16463.69	17164.32

*Out of the guarantee given of ₹ 4,200.00 (₹ 10493.80) the outstanding liabilities against corporate guarantee given to banks for its Associates & Subsidiary for the financial year ended 31.03.2019 is ₹ 407.78 (₹ 5,614.20).

33 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

Particulars	As at 31 March, 2019	As at 31 March, 2018
Defined Contribution Plan		
Provided fund	420.72	387.57
Movement of present value of the defined benefit obligation		
i) Change in defined benefit obligation		
Obligations at year beginning	836.59	691.17
Service cost	148.52	141.44
Interest on defined benefit obligation	63.10	50.79
Benefits settled	(49.04)	(9.62)
Actuarial (gain)/loss	(9.61)	(37.19)
Obligations at year end	989.56	836.59
ii) Change in plan assets		
Plans assets at year beginning, at fair value	153.60	162.92
Adjustment to opening fund	1.97	-
Expected return on plan assets	16.41	11.70
Actuarial gain/(loss)	(7.58)	(11.41)
Employer contribution	164.28	-
Benefits payout	(49.03)	(9.61)
Plans assets at year end, at fair value	279.65	153.60
iii) Amount recognised in the balance sheet		
Closing BPO	989.56	836.59

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at	
	31 March, 2019	31 March, 2018
Closing fair value of plan assets	279.65	153.60
Net asset/(liability) recognized in the balance sheet	709.91	682.99
iv) Expenses recognised in the statement of P & L account		
Service cost	148.51	141.44
Interest cost	63.10	50.79
Expected return on plan assets	16.41	(11.70)
Expenses recognised in the statement of Other Comprehensive income.		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	96.53	(28.96)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(124.79)	126.61
Actuarial (Gain) / Losses due to Experience on DBO	18.65	(134.83)
Return on Plan Assets (Greater) / Less than Discount rate	5.60	11.40
Total actuarial (gain)/loss included in OCI	(4.01)	(25.78)
v) Assets Information		
i) Insured (fund is managed with Life Insurance Corporation of India)	279.65	153.60
%	39.39	22.49
ii) Non fund based (Company manages at its own)	430.26	529.38
%	60.61	77.51
vi) Principal actuarial assumptions		
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.77%	7.40%
Expected rate of return on assets	7.77%	7.40%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10% F5Y & 7% there after	10%
Attrition rate of employees	8.00%	8.00%
Retirement age of employees (years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Decrease	Increase	Decrease	Increase
Discounted rate	9.12	10.55	8.02	9.24
Salary increase	8.25	9.10	6.99	7.64
Attrition rate	0.70	0.67	1.84	2.05

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

34 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	Carrying Amount	As at 31 March, 2019			Carrying Amount	As at 31 March, 2018		
		Level of Input used in (Fair value)				Level of Input used in (Fair value)		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
FINANCIAL ASSETS								
I. At Amortized Cost								
Non-current investments	8,904.11	-	-	-	11,134.59	-	-	-
Loans	7,600.87	-	-	-	4,074.72	-	-	-
Trade receivables	18,168.27	-	-	-	21,813.71	-	-	-
Cash & bank balances	3,066.23	-	-	-	7,295.74	-	-	-
Other bank balances	6,026.65	-	-	-	18.69	-	-	-
Other financial assets	2,138.98	-	-	-	1,867.30	-	-	-
Total	45,905.11	-	-	-	46,204.75	-	-	-
II. At FVTPL								
Current investments	-	-	-	-	-	11,954.27	-	-
	-	-	-	-	-	11,954.27	-	-
FINANCIAL LIABILITIES								
Borrowings	11,371.60	-	-	-	9,294.62	-	-	-
Trade payables	7,136.95	-	-	-	9,886.44	-	-	-
Other financial liabilities	6,377.88	-	-	-	4,955.21	-	-	-
	24,886.42	-	-	-	24,136.27	-	-	-
III. At FVTPL								
Borrowings	-	-	4,609.55	-	-	-	6,810.72	-
Other financial liabilities	-	-	2,634.93	-	-	-	2,480.80	-
	-	-	7,244.48	-	-	-	9,291.52	-

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

35 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in US\$, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	US\$	EURO	GBP	US\$	EURO	GBP
Loan	4.00	39.64	6.70	-	15.85	6.70
Trade receivables	140.20	3.27	0.07	164.67	11.86	0.11
Cash and cash equivalents	15.70	-	-	0.09	-	-
Short-term borrowings	(61.30)	-	-	(128.72)	-	-
Trade payables	(36.46)	(1.86)	-	(105.62)	(0.06)	(0.01)
Net Foreign Currency Risk	62.14	41.05	6.77	(69.58)	27.65	6.80

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
USD-Sensitivity				
Increase by 1% (gain/(loss))	42.98	(45.46)	-	-
Decrease by 1% (gain/(loss))	(42.98)	45.46	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	31.90	22.30	-	-
Decrease by 1% (gain/(loss))	(31.90)	(22.30)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	6.13	6.28	-	-
Decrease by 1% (gain/(loss))	(6.13)	(6.28)	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2019 and 31 March, 2018 respectively.

Particulars	As at 31 March, 2019	As at 31 March, 2018
Change in 0.50% interest on WCL	39.36	46.47

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Note :

- The Company has hedge ECB loan availed from Standard Chartered Bank. Therefore not subject to interest risks defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

B) Credit Risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controle by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered, under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more than 10% of the trade receivable as of 31 March, 2019 and Two customer for 31 March, 2018. Since the Company is dealing with the customer from past several years, hence there is no concordent risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses . Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 March, 2019	31 March, 2018
Impairment loss recognised - trade receivable	280.04	6.25
%	1.54	0.03

C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2019:

Particulars	On Demand	< 01 year	01 to 05 years	> 05 years
Short term borrowings	7,871.60	-	-	-
Long term borrowings	-	2,634.94	8,109.56	-
Trade and other payables	-	7,136.95	-	-
Total	7,871.60	9,771.89	8,109.56	-

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2018:

Particulars	On Demand	< 01 year	01 to 05 years	> 05 years
Short term borrowings	9,294.62	-	-	-
Long term borrowings	-	2,480.81	6,810.72	-
Trade and other payables	-	9,886.43	-	-
Total	9,294.62	12,367.24	6,810.72	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

36 CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio is as follows

Particulars	As at	As at
	31 March, 2019	31 March, 2018
Total equity attributable to the equity shareholders of the Company	1,28,154.55	1,15,697.95
As a percentage of total capital		
Long-term borrowings	10,744.50	9,291.53
Short-term borrowings	7,871.60	9,294.62
Total Debts	18,616.10	18,586.15
Net Debt to Equity Ratio	0.14	0.16

37 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended	For the year ended
	31 March, 2019	31 March, 2018
Profit for the year after OCI	12,456.60	13,432.16
Shares		
Weighted average shares used for computing basic EPS	8,15,26,898	8,05,33,478
Weighted average shares used for computing diluted EPS	8,15,26,898	8,05,33,478
Earning Per Shares		
Basic (in ₹)	15.28	16.68
Diluted (in ₹)	15.28	16.68

38 RESEARCH AND DEVELOPMENT EXPENSES ELIGIBLE FOR WEIGHTED DEDUCTION UNDER INCOME TAX ACT 1961

Particulars	For the year ended 31 March, 2019			For the year ended 31 March, 2018		
	Raichur Facility	Vizag Facility	Hubli Facility	Raichur Facility	Vizag Facility	Hubli Facility
A) ELIGIBLE EXPENSES						
a) Capital Expenditure	275.20	253.34	514.88	421.08	91.93	544.10
b) Revenue Expenditure						
i) Employee Cost	1,086.19	1,649.95	1,149.60	909.02	1,365.31	512.94
ii) Research & Development expenses	285.55	486.18	226.24	196.83	964.04	131.88
iii) Equipment Maintenance	100.54	68.59	30.37	86.74	59.27	49.31
iv) Power & Fuel	-	77.13	24.42	-	90.11	25.89
v) Lease Rent	-	-	-	-	94.00	10.14
vi) Other Expenses	52.99	87.12	48.36	155.85	83.34	41.25
Total	1,800.47	2,622.31	1,993.87	1,769.52	2,748.00	1,315.51
Less : Revenue Income	-	286.75	-	-	3.50	-
Total (A)	1,800.47	2,335.56	1,993.87	1,769.52	2,744.50	1,315.51
B) INELIGIBLE EXPENSES						
a) Revenue Expenditure						
i) Misc. Expenses	17.33	214.28	(5.74)	18.71	206.82	39.26
ii) Depreciation	191.17	216.01	315.55	161.66	205.34	278.86
	208.50	430.29	309.81	180.37	412.16	318.12
b) Capital Expenditure	5.60	8.91	4.49	-	2.26	36.71
Total (B)	214.10	439.20	314.30	180.37	414.42	354.83
Total (A+B)	2,014.57	2,774.76	2,308.17	1,949.89	3,158.92	1,670.34

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

39 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a Company, has to spend 2% of its average net profits of three immediate preceding financial year. The Company has formed trust by name 'Shilpa Foundation' to commit the expenditure under the various activity like pure and safe drinking water, Orphanage home, Education promotion, Hospital / Medical facility. Swatch bharat, Green Projects with local bodies/NGO to make eco-friendly environment etc.

Particulars	For the year 2018-19	For the year 2017-18
Gross amount required to be spent	326.33	293.91
Construction/acquisition of any asset	-	-
Amount spent / transfer to trust during the year	293.91	245.63

The Company has transferred ₹ 293.91 (₹ 245.63) to "Shilpa Foundation". The amount of earmarked fund is insufficient to kick start the project, the committee has set aside the fund to take on the project when sufficient fund are available for initiating the project.

40 RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Current tax on profit for the year	3,664.82	3494.19
MAT Credit Entitlement	(910.47)	(757.51)
Origination and reversal of temporary differences	394.97	687.96
	3,149.32	3,424.64
Amount recognised in statement of profit & loss account	15,559.95	16,748.54
Tax at enacted tax rate in India C.Y. @ 34.944% (P.Y. 34.608%)	5,437.27	5,796.34
Weighted deduction on research and development expenditure	(1,495.76)	(1,376.36)
Exempt income and other deductions (net)	(1,394.46)	(1,130.33)
Non-deductible expenses	694.69	143.65
Tax effect which is chargeable at different rate	(308.22)	-
Tax effect due to change in tax rate	91.20	-
Others	124.62	(8.66)
	3,149.32	3,424.64

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2019	As at 31 March, 2018
Deferred Tax Liabilities		
Property, plant and equipment and intangible assets	10,011.87	9,160.73
Investments to be recognised at Fair Value through profit & loss	-	417.99
Gross Currency Swap (Through Profit & Loss A/c)	14.66	10.96
Others	1.10	28.25
Gross Deferred Tax Liabilities	10,027.63	9,617.93
Deferred Tax Assets		
Defined benefit obligations (Through Profit & Loss)	248.04	245.02
Employees benefit liability (Through Profit & Loss)	20.25	17.47
MAT Credit Entitlement Benefit	4159.18	3248.71
Gross Deferred Tax Assets	4,427.47	3511.20
Net Deferred Liabilities	5,600.16	6,106.73

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of Deferred Tax Assets / Deferred Tax Liabilities	As at 01 April, 2018	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2019
Deferred Tax Assets				
Defined benefit obligations	245.02	3.02	-	248.04
Employees benefit liability	17.47	2.78	-	20.25
MAT Credit Entitlement Benefit	3248.71	910.47	-	4159.18
Deferred Tax Liabilities				
Property, plant and equipment and intangible assets	9,160.73	851.14	-	10,011.87
Investments to be recognised at Fair Value through profit & loss	417.99	(417.99)	-	-
Cross Currency Swap	10.96	-	3.70	14.66
Tax effect due to change in tax rate	8.92	82.28	-	91.20
Others	28.25	(118.45)	-	(90.20)
Net Deferred Liabilities recognised	6,106.73	(519.19)	3.70	5,600.16

41 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Statutory Audit	15.50	15.50
b) Reimbursement of expenses	0.44	0.34
Total	15.94	15.84

Note : Excluding applicable tax.

42 SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical products". In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Pharmaceutical product and services	64,557.88	71,994.29
Power sales	581.84	532.97
others	1,248.16	1,867.33
Total	66,387.88	74,394.59

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(i) Revenues		
(A) Within India	26,632.76	32,185.33
(B) Outside India		
(i) USA	15,586.94	11,227.61
(ii) Europe	14,672.57	25,919.79
(iii) ROW	9,495.61	5,061.86
Total	66,387.88	74,394.59

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
ii) Non-current Assets		
(A) Within India	97,944.98	74,573.06
Total	97,944.98	74,573.06

Note: Non-current Assets excludes financial assets

(c) Information about major customer

The Company has two customers who contributed more than 10% of the Company's total revenue during the current and previous year

43 OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2019	As at 31 March, 2018
Not later than one year	37.99	52.40
Later than one year and not later than five year	151.96	150.23
Later than five years	2,287.75	2,319.45
Total	2,477.70	2,522.08

(b) Building

Particulars	As at 31 March, 2019	As at 31 March, 2018
Not later than one year	92.23	121.74
One to Five year	-	78.75
Total	92.23	200.49

44 FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Earning in Foreign Currency

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Products & Services	39,755.12	42,209.26
Others	113.42	50.34
Total	39,868.54	42,259.60

(ii) Expenditure in foreign currency

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Import of raw material	16,332.25	24,857.17
Others	1,346.20	1,670.19
Total	17,678.45	26,527.36

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Dividend remitted in foreign currency

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Number of share holders	-	1
(b) Number of equity shares held	-	-
(i) 2017-18	-	60,00,000
(ii) 2018-19	-	-
(c) Amount of Dividend Paid	-	-
(i) 2017-18	-	42.00
(ii) 2018-19	-	-

45 RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during financial year 2018-19 are listed below;

List of Related Parties

1. Associates

- Reva Pharmachem Pvt. Ltd.
- Maia Pharmaceuticals INC. USA
- Raichem Medicare Pvt. Ltd.

2. Subsidiaries

- Zatoria Holdings Ltd. (Wholly- owned Subsidiary)
- Loba Feinchemie GmbH (Step-down Subsidiary)
- Shilpa Therapeutics Pvt. Ltd. (Wholly-owned Subsidiary)
- INM Technologies Pvt. Ltd. (Subsidiary)
- INM Nuvent Paint Pvt Ltd. (Step-down Subsidiary)
- Koanna Healthcare Ltd. U.K (Wholly-owned Subsidiary)
- Koanna Healthcare GmbH. Austria (Wholly- owned Subsidiary)
- Makindus LLC. USA. (Subsidiary)
- Shilpa Pharma Inc. USA. (Subsidiary)

3. Joint Venture (JV)

- Reva Medicare Pvt. Ltd.

4. (i) Key Management Personnel-(KMP)

- Vishnukant C. Bhutada - Managing Director
- Sushil Bajaj - Chief Financial Officer
- Madhusudhan Reddy - Company Secretary

(ii) Remuneration paid to other Directors

- Omprakash Inani - Non-executive 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
- Namrata Bhutada- Non-executive Director

5. Relatives

- Deepak Kumar Inani
- Keshav Bhutada
- Madhav Bhutada
- Triveni Inani

6. Enterprises having common Directors/ Board of Trustees

- Shilpa Foundation
- Mohini Infra (P) Ltd

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2018 to March 2019 (Income) / Expenses & Other Transaction	Balance as at 31 March 2019 Payable / (Receivable)	April 2017 to March 2018 (Income) / Expenses & Other Transaction	Balance as at 31 March 2018 Payable / (Receivable)
A	Remuneration paid to Key Management Personnel						
i)	Vishnukant C. Bhutada	Managing Director	Salary and perquisites*	746.98	379.12	805.49	426.69
ii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	42.77	2.53	17.58	1.50
iii)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	6.73	0.47	5.46	0.40
B	Remuneration paid to Directors						
i)	Omprakash Inani	Non-executive Director	Sitting fees	0.20	-	0.40	-
ii)	Ajeet Singh Karan	Independent Director	Sitting Fees	0.40	-	0.40	-
iii)	Carlton Felix Pereira	Independent Director	Sitting Fees	0.40	-	0.40	-
iv)	Pramod Kasat	Independent Director	Sitting Fees	0.30	-	0.40	-
v)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.20	-
vi)	N.P.S Shinh	Independent Director	Sitting Fees	0.20	-	0.30	-
vii)	Namrata Bhutada	Non-executive Director	Sitting Fees	0.30	-	0.30	-
C	Relative						
i)	Deepak Kumar Inani	Relative to Director	Salary	29.72	2.33	31.32	8.02
ii)	Keshav Bhutada	Relative to Managing Director	Salary	13.10	0.87	10.18	1.45
iii)	Madhav Bhutada	Relative to Managing Director	Salary	13.10	0.87	10.18	1.45
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.15	-	3.60	0.81
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.15	-	3.60	0.81
vi)	Triveni Inani	Relative to Director	Rent	3.21	-	2.55	0.57
D	Others						
i)	Koanna Healthcare GmbH, Austria	Wholly owned Subsidiary	Sales of product / others	(252.72)	-	(447.29)	-
			Interest	(77.18)	-	(23.80)	-
			Purchases of goods	-	-	0.60	-
			Loan	-	(3,001.30)	-	(1,276.61)
			Trade Receivable	-	(186.66)	-	(933.84)
			Trade Payable	-	0.58	-	0.60
ii)	Koanna Healthcare Ltd, United Kingdom	Wholly owned Subsidiary	Interest	(29.40)	-	(26.54)	-
			Loan	-	(712.84)	-	(617.85)
iii)	Shilpa Therapeutics Pvt. Ltd.	Wholly owned Subsidiary	Purchases of goods	2.75	-	11.61	-
			Sales of product / others	(421.54)	-	(55.76)	-
			Interest Received (Loan)	(178.02)	-	(87.63)	-
			Interest Received (Preference shares)	(3.20)	-	(3.20)	-
			Corporate Guarantees to Banks***	-	(200.00)	-	(200.00)

Notes Forming Part of Standalone Financial Statement

for the Year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2018 to March 2019 (Income) / Expenses & Other Transaction	Balance as at 31 March 2019 Payable / (Receivable)	April 2017 to March 2018 (Income) / Expenses & Other Transaction	Balance as at 31 March 2018 Payable / (Receivable)
iv)	Zatortia Holdings Limited	Wholly owned Subsidiary	Trade Receivable	-	(16.11)	-	(55.76)
			Loan Receivable	-	(3,497.02)	-	(1,226.12)
			Trade Payable	-	-	-	12.65
			Interest Receivable/accrued (Preference shares)	-	(16.01)	-	(12.80)
			Advances	-	(1.17)	-	(1.21)
v)	INM Technologies Pvt. Ltd.	Subsidiary	Purchases of goods / service	171.33	-	468.23	-
			Expenses incurred on behalf of the related party	(1.42)	-	0.75	-
			Sales	(8.01)	-	(14.48)	-
			Interest Received (Preference shares)	(260.30)	-	(212.95)	-
			Trade Receivable	-	(12.16)	-	-
			Trade Payable	-	90.24	-	250.15
			Interest Receivable/accrued (Preference shares)	-	(663.81)	-	(403.51)
vi)	INM Nuvent Pains Private Limited	Step-down Subsidiary	Purchases of goods / service	12.03	-	-	-
			Sales	(21.48)	-	-	-
			Trade Receivable	-	(0.06)	-	-
			Trade Payable	-	-	-	-
			Sales	-	-	-	-
			Expenses incurred on behalf of the related party	-	-	(7.57)	-
			Trade Receivable	-	-	-	-
			Purchases of goods	731.10	-	85.29	-
			Sales of product / others	(1,179.02)	-	(645.26)	-
			Interest Received (Loan)	(38.38)	-	(142.36)	-
			Interest Received (Preference shares)	-	-	(166.50)	-
			Trade receivable	-	(26.43)	-	(4,986.10)
			Trade payable	-	141.50	-	-
			Loan	-	-	-	(762.95)
vii)	Loba Ferchemie, GmbH.	Step-down Subsidiary	Sales	-	-	-	-
			Expenses incurred on behalf of the related party	-	-	(7.57)	-
			Trade Receivable	-	-	-	-
viii)	Raichem Medicare Pvt. Ltd.	Associates	Purchases of goods	731.10	-	85.29	-
			Sales of product / others	(1,179.02)	-	(645.26)	-
			Interest Received (Loan)	(38.38)	-	(142.36)	-
			Interest Received (Preference shares)	-	-	(166.50)	-
			Trade receivable	-	(26.43)	-	(4,986.10)
			Trade payable	-	141.50	-	-
			Loan	-	-	-	(762.95)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2018 to March 2019 (Income) / Expenses & Other Transaction	Balance as at 31 March 2019 Payable / (Receivable)	April 2017 to March 2018 (Income) / Expenses & Other Transaction	Balance as at 31 March 2018 Payable / (Receivable)
			Corporate Guarantees to Banks**	-	(4,000.00)	-	(10,493.80)
			Interest Receivable/accrued (Preference shares)	-	-	-	(559.20)
ix)	Reva Pharmachem Pvt. Ltd.	Associates	Commission	-	-	13.30	-
			Expenses Reimbursement	(0.08)	-	-	-
			Support services	(3.00)	-	(3.00)	-
			Interest Income	(16.69)	-	(16.27)	-
			Loan Receivable	-	(105.01)	-	(189.99)
			Trade Payable	-	-	-	-
			Trade Receivable	-	(0.87)	-	-
x)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission	188.16	-	32.24	-
			Support services	(1.00)	-	-	-
			Trade Payable	-	83.47	-	15.59
			Trade Receivable	-	(0.29)	-	-
			Trade Receivable	-	(166.89)	-	(156.93)
xii)	Shilpa Pharma INC. USA	Subsidiary	Interest	(6.85)	-	-	-
			Interest accrued but not received	-	-	-	-
			Loan	-	(283.53)	-	-
xiii)	Shilpa Foundation	Trust in which key management are the board of trustees or Director are	Corporate Social Responsibility Expenses	293.91	-	245.64	-
xiv)	Mohini Infra (P) Ltd	Company in which key management are the board of Director	Godown Rent	14.64	-	7.12	-
			Trade Payable	-	0.47	-	3.83

Note:

a) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

*payable includes commission provision (net)

** the outstanding liabilities against corporate guarantee given to banks on behalf of Raichem Medicare Pvt Ltd is for the financial period ended 31.03.2019 is ₹ 402.47 (P.Y. ₹ 5578.51)

*** the outstanding liabilities against corporate guarantee given to banks on behalf of Shilpa Therapeutics Pvt. Ltd. is for the financial period ended 31.03.2019 is ₹ 5.31 (P.Y. ₹ 35.69)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- 46 A sum of ₹ 829.87 Lakhs is payable to micro enterprises and small enterprises as at 31 March, 2019 (₹ 278.27 Lakhs as at 31 March, 2018). There are no micro enterprises and small enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31 March, 2019. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.
- 47 Out of the sum of ₹ 42.67 Lakhs (P.Y. ₹ 41.78 Lakhs) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to ₹ 26.48 Lakhs (P.Y. ₹ 26.48 Lakhs) and ₹ 2.43 Lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003. The same is shown under note 07b(ii)
- 48 During the year, the Company sold its 24% investment in Equity shares of Raichem Medicare Private Limited (“RMPL”) (Associates) and entered into a sale agreement to dispose off its balance equity shares. The company is in the process of seeking necessary regulatory approval and the sale is expected to be completed in the near future. Accordingly, it has been presented as non-current assets held for sale(refer note 1.1(f)). The Carrying value as on 31 March, 2019 is ₹ 789.19 Lakhs.
- 49 Equity shares allotted during CY NIL (PY 1,399,994) are considered for computing weighted EPS
- 50 Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation
- 51 Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No.: 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

Place: Hyderabad
Date: 27 May, 2019

For and on behalf of the Board of Directors
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

Sd/-
Vishnukant C. Bhutada
Managing Director
DIN: 01243391

Independent Auditor's Report

To
The Members
SHILPA MEDICARE LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **SHILPA MEDICARE LIMITED** (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group and its associates and joint venture as at 31 March 2019, and its consolidated

profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets

The Holding Company pays Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Holding Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2019 is ₹ 4,294.58 Lakhs (refer note 16 to the consolidated financial statements).

The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Holding Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.

Reasonableness of carrying amount of assets held for sale

The application of Ind AS 105 'Non-Current Asset Held for Sale and Discontinued operations' is significant to our audit because the assessment of the classification is complex, the transaction and its accounting is non-routine and involves significant management judgements that affects timing, presentation of the income statement and measurement of balance sheet items. These judgments may, have an effect on reported EBITDA for the continuing operations and other Key Performance Indicators.

Assets held for sale are to be measured at lower of carrying amount and fair value less cost to sell, fair value have been estimated using significant unobservable inputs including non-binding offers from and negotiations held with prospective buyers as a result of which fair value is sensitive to changes in input assumptions.

Refer Note 1.1 (f) of Consolidated Financial Statement

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Response

Principal audit procedures

In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:

- Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized.
- Assessing any restriction in use of the MAT credit entitlement and
- Determining when the MAT credit entitlement will expire.

Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams

We validated the appropriateness of the related disclosures in the consolidated financial statements.

Principal audit procedures

Our audit included but was not limited to the following activities:

- Read the sale agreements and assessed whether the classification was in accordance with accounting standards.
- Our audit procedures consisted of challenging management's assumptions and expectation of outcome of negotiations with prospective buyers.
- Assessed the valuation of the Non-Current Assets held for sale as the lower of the carrying amount and fair value less cost to sell, the presentation of the assets in the financial statements and the date as of which is classified as held for sale.

Based on our Audit procedures we conclude that the assumptions and inputs have been appropriately considered in estimating the fair value.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture companies covered under

the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a. We did not audit the financial statements of four subsidiaries whose financial statement reflect total assets of ₹ 7,938.70 Lakhs as at 31 March, 2019 and total revenue of ₹ 476.26 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss)/profit of ₹ 39.00 Lakhs year ended 31 March, 2019, in respect of one Joint Venture (JV) and one Associate Company which were not audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint venture covered under the Act, is based solely on the reports of the other auditors.

We did not audit the financial statements of five subsidiaries whose financial statement reflect total assets of ₹ 6,147.28 Lakhs as at 31 March, 2019 and total revenue of ₹ 7,276.69 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the financial results also include the company's share of net (loss)/profit

of (₹ 506.55) Lakhs year ended 31 March, 2019, in respect of one Associate which has not been audited by us.

These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of subsection (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate to the extent covered under the Act, are based solely on such unaudited financial statements.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint venture as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act read with relevant rules issued there under and other accounting principles generally accepted in India,
- (e) On the basis of written representations received from the directors of the Holding Company as on 31 March, 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its

subsidiaries, associate and joint venture incorporated in India, none of the directors of the Group Companies, associate and joint venture companies incorporated in India is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Companies Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiaries, associates and joint venture covered under the act, and the operating effectiveness of such controls, refer to our separate report in “Annexure A”.
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associate and joint venture incorporated in India, the managerial remuneration for the year ended 31 March 2019 has been paid / provided by the Holding Company, its subsidiaries, associate and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditors on the separate financial statements

and other financial information of the subsidiaries, associate and joint ventures

- i. The Consolidated financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.

for **Brahmayya & Co.**
Chartered Accountants
Firm’s Regn No. 000513S

Sd/-
(K. Shravan)

Partner

Membership No. 215798

Place : Hyderabad
Date : 27 May, 2019

Annexure – A to the Auditor's Report

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the **SHILPA MEDICARE LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint Venture as at for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiaries, associates and joint venture which are incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of Holding Company, its Subsidiaries, associates and joint venture which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls systems over financial reporting with reference to these financial statements and that such internal financial controls over financial reporting with reference to these

financial statements were operating effectively as at 31 March, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies, one joint venture and one associate company, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for **Brahmayya & Co.**
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
(K. Shravan)

Partner

Membership No. 215798

Place : Hyderabad

Date : 27 May, 2019

Consolidated Balance Sheet

as at 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at	
		31 March, 2019	31 March, 2018
A ASSETS			
Non- Current Assets			
(a) Property, plant & equipment	2	49,450.48	47,183.04
(b) Capital work- in- progress	3	30,446.01	13,505.50
(c) Goodwill		3,675.26	3,688.82
(d) Intangible assets	4	2,675.18	2,547.65
(e) Intangible assets under development	5	12,465.78	7,479.29
(f) Financial assets	6		
(i) Investments		225.45	2,078.92
(ii) Loans		-	254.32
(iii) Other financial assets		803.58	352.26
(g) Other non-current assets	7	6,754.72	5,626.30
Total Non-Current Assets		1,06,496.46	82,716.10
Current Assets			
(a) Inventories	8	18,766.94	18,870.61
(b) Financial assets	9		
(i) Investments		0.12	11,954.39
(ii) Trade receivables		20,372.82	22,027.26
(iii) Cash and cash equivalents		3,427.15	7,364.09
(iv) Other bank balances		6,026.65	18.69
(v) Loans		62.76	632.06
(vi) Others financial assets		962.48	1,142.83
(c) Other current assets	10	4,505.18	4,621.26
(d) Current tax assets (net)	11	391.79	565.85
Total Current Assets		54,515.89	67,197.05
Total Assets		1,61,012.35	1,49,913.15
B EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	815.27	815.27
(b) Other equity	13	1,18,943.06	1,07,688.04
Equity attributable to owners of the Company		1,19,758.33	1,08,503.31
(c) Non-Controlling Interest		(761.94)	(522.44)
Total Equity		1,18,996.39	1,07,980.87
Liabilities			
Non- Current Liabilities			
(a) Financial Liabilities	14		
(i) Borrowings		8,109.56	6,811.84
(b) Provisions	15	2,177.16	2,032.01
(c) Deferred tax liabilities (net)	16	4,767.32	5,930.47
(d) Other non-current financial liabilities	17	1,607.66	573.76
Total Non-Current Liabilities		16,661.70	15,348.08
Current Liabilities			
(a) Financial liabilities	18		
(i) Borrowings		8,657.99	9,811.56
(ii) Trade payables			
- due to other than micro enterprises & small enterprises.		7,364.24	10,095.47
- due to micro enterprises & small enterprises.		894.15	278.27
(iii) Other financial liabilities		6,471.55	5,004.89
(b) Other current liabilities	19	1,514.27	954.52
(c) Provisions	20	452.06	439.49
Total Current Liabilities		25,354.26	26,584.20
Total Equity & Liabilities		1,61,012.35	1,49,913.15

The accompanying notes form an integral part of the consolidated financial statements 01 to 47

As per our report of even date attached
for Brahmayya & Co.,
Chartered Accountants
Firm's Registration No. 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

Place: Hyderabad
Date: 27 May, 2019

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN : 01301385

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

Sd/-
Vishnukant Bhutada
Managing Director
DIN : 01243391

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2019	For the year ended 31 March, 2018
INCOME			
(a) Revenue from operations	21	70,147.08	75,182.88
(b) Other operating revenues	22	3,191.69	3,970.51
Total Revenue from operations		73,338.77	79,153.39
(c) Other income	23	1,373.74	2,167.76
Total Revenue		74,712.51	81,321.15
EXPENSES			
(a) Cost of materials consumed	24	24,911.84	30,794.70
(b) Purchases of stock-in trade	25	723.44	588.70
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	26	22.03	4,204.16
(d) Employee benefits expense	27	17,640.42	14,934.86
(e) Finance costs	28	367.56	266.12
(f) Depreciation and amortisation expenses	1&2	4,206.15	3,722.20
(g) Excise duty expenses		-	270.75
(h) Other expenses	29	14,458.89	12,143.88
Total Expenses		62,330.33	66,925.36
Profit before Share of Profit/(loss) in Associate/Joint Venture, Exceptional item and tax		12,382.18	14,395.78
Share of Profit / (loss) in Associate/ Joint Venture, net of tax		(801.70)	(719.03)
Profit before exceptional item and tax		11,580.48	13,676.75
Exceptional income / (expense)	31	1,987.32	-
Profit before tax		13,567.80	13,676.75
Tax Expenses			
(a) Current Tax		3,789.51	3,495.73
(b) Deferred Tax		(128.48)	652.34
Less: MAT Credit Entitlement		(1,043.40)	(757.50)
Net Deferred Tax		(1,171.88)	(105.16)
Total Tax Expenses		2,617.63	3,390.57
Profit for the year		10,950.17	10,286.18
Other Comprehensive Income/(Expenses)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		1.11	18.13
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		41.96	91.42
Total Other Comprehensive Income / (Loss) for the year		43.07	109.55
Total Comprehensive Income for the year.		10,993.24	10,395.73
Profit for the year attributable to:			
(a) Owners of the Company		11,226.17	10,524.18
(b) Non Controlling Interest		(276.00)	(238.00)
Other Comprehensive Income for the year attributable to:			
(a) Owners of the Company		43.07	109.55
(b) Non Controlling Interest		-	-
Total Comprehensive Income for the year attributable to:			
(a) Owners of the Company		11,269.24	10,633.73
(b) Non Controlling Interest		(276.00)	(238.00)
Earning per equity share, par value of ₹ 1/- each			
Basic (₹)		13.82	13.20
Diluted (₹)		13.82	13.20

The accompanying notes form an integral part of the consolidated financial statements 01 to 47

As per our report of even date attached
for **Brahmayya & Co.**,
Chartered Accountants
Firm's Registration No. 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

Place: Hyderabad
Date: 27 May, 2019

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN : 01301385

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

Sd/-
Vishnukant Bhutada
Managing Director
DIN : 01243391

Consolidated Statement of Changes in Equity

as at 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)			Gain on forfeiter of equity shares	Share Capital Merger Scheme	Total
				Financial instrument measured at fair value through OCI	Remeasurement of defined benefit plan	Foreign Currency Monetary Translation Difference Account			
Balance at 1 April, 2017	35,877.96	4,682.68	50,193.96	(180.12)	(187.61)	492.80	8.76	6,999.97	97,888.40
Addition / Deletion during the year	6,985.97	500.00	(500.00)	91.42	18.12	(124.22)	-	(6,999.97)	(28.68)
Profit for the Year	-	-	10,524.18	-	-	-	-	-	10,524.18
Dividend including dividend distribution tax	-	-	(695.86)	-	-	-	-	-	(695.86)
Balance at the end of 31 March, 2018	42,863.93	5,182.68	59,522.28	(88.70)	(169.49)	368.58	8.76	-	1,07,688.04
Addition / Deletion during the year	-	-	-	41.96	1.11	(14.22)	-	-	28.86
Profit for the Year	-	-	11,226.17	-	-	-	-	-	11,226.17
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-	-
Balance at the end of 31 March, 2019	42,863.93	5,182.68	70,748.45	(46.74)	(168.39)	354.36	8.76	-	1,18,943.06

Note:

- Securities premium: This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
- General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings: This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
- Remeasurements of the net defined benefits plan reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.
- The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income, net of taxes and is presented within equity in the foreign currency translation reserve.

The accompanying notes form an integral part of the consolidated financial statements 01 to 47

As per our report of even date attached
for Brahmaya & Co.,
Chartered Accountants
Firm's Registration No. 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

Place: Hyderabad
Date: 27 May, 2019

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN : 01301385

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

Sd/-
Vishnukant Bhutada
Managing Director
DIN : 01243391

Consolidated Statement of Cash Flow

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A. Cash flows from/(used in) operating activities		
Profit before tax (PBT)	13,567.80	13,676.75
Adjustments for :		
Depreciation and amortisation expenses	4,206.15	3,722.20
Interest earned	(562.64)	(350.50)
Liabilities written back	5.28	(42.26)
Provision written back	(142.52)	(0.69)
Dividend income	(19.40)	(188.81)
Gain on Investment in Mutual Fund	(336.16)	(1,286.54)
Corporate Guarantee Fees (RMPL)	(10.49)	(19.64)
Capital Subsidy (Grants)	(27.37)	(57.57)
Finance costs	367.56	266.12
Foreign exchange fluctuation (gain)/loss (net)	75.25	(201.92)
Advance Written-off (incl. Capital Advances)	52.53	14.26
Bad debts /Advance written-off	333.09	12.06
Loss on sale /discard of assets	45.66	16.55
Net gain recognized on sale of stake in Associate Company	(3,940.21)	-
Preference Dividend written off	559.59	-
Provision for Diminution in the value of Investment	1,437.39	-
Operating Profit before changes in operating assets and liabilities	15,610.91	15,560.01
Adjustments for changes in operating assets and liabilities:		
(Increase) / Decrease in Inventories	103.68	128.96
(Increase) / Decrease in Trade receivables	1,351.14	(4,651.55)
(Increase) / Decrease in Loans	658.13	484.85
(Increase) / Decrease in Other financial assets	(530.05)	159.70
(Increase) / Decrease in Other assets	146.58	(3,996.96)
Increase / (Decrease) in Trade payables	(2,054.89)	(262.51)
Increase / (Decrease) in Other financial liabilities	1,479.40	585.66
Increase / (Decrease) in Other liabilities	559.75	217.77
Increase / (Decrease) in Provisions	157.73	367.73
Cash generated from Operations	17,482.38	8,593.66
Income tax paid (net)	(3,606.73)	(4,101.70)
Net Cash generated from operating activities (A)	13,875.65	4,491.96
B. Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	258.13	55.67
Purchase of property, plant and equipment including capital advances	(29,997.48)	(13,797.64)
(Increase)/ Decrease in Current Investment	421.24	720.22
Investments/Acquisition of non-current investment	10,853.05	11,794.51
Investment in fixed deposits	(6,003.56)	(7.94)
Proceeds from sale of stake in Associate Company	5,372.44	-
Dividend received	16.29	22.31
Interest received	265.24	336.81
Net Cash generated from/(used in) investing activities (B)	(18,814.65)	(876.06)

Consolidated Statement of Cash Flow (Contd.)

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
C. Cash flows from/(used in) financing activities		
Dividend paid incl. Dividend Tax	-	(723.05)
Repayment of borrowings	(6,834.15)	(5,610.55)
Proceeds from Borrowings	7,131.40	462.78
Proceeds from Goernment Grant/Capital subsidy	1,100.00	33.14
Interest paid	(391.29)	(252.84)
Net cash used in financing activities (C)	1,005.96	(6,090.52)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(3,932.45)	(2,474.63)
Effect of exchange rate on Consolidated Financial Statements	(14.22)	(140.08)
Cash and cash equivalents as at the beginning of the year	7,382.78	9,997.49
Cash and cash equivalents as at the end of the year	3,436.11	7,382.78

Components of Cash and Cash Equivalents	As at 31 March, 2019	As at 31 March, 2018
Cash on Hand	35.66	33.37
Cash at Banks		
a) In Current accounts	3,389.44	3,820.69
b) In Fixed Deposits Accounts with original maturity of less than 3 months	2.04	3,510.03
c) In unpaid dividend account	23.09	18.69
d) Books overdraft	(14.12)	-
Total Cash and Cash Equivalents	3,436.11	7,382.78

Note:

1. Previous year figures have been reclassified where ever necessary.
2. Cash Flow statement has been prepared under Indirect Method as per Ind AS-7 "Statement of Cash Flows" as prescribed under Companies (Accounting Standard) Rules, 2015.

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration No.: 000513S

Sd/-

K. Shravan

Partner

M. No.: 215798

Place: Hyderabad

Date: 27 May, 2019

For and on behalf of the Board of Directors

Shilpa Medicare Limited

Sd/-

Omprakash Inani

Chairman

DIN: 01301385

Sd/-

Sushil Bajaj

Chief Financial Officer

M.No.: 206501

Sd/-

Vishnukant C. Bhutada

Managing Director

DIN: 01243391

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company. The accounting policies are applied consistently to all the periods presented in the financial statements.

The consolidated financial statements of the Company for the year ended March 31, 2019 were approved by the Board of Directors on May 27, 2019

II. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Defined Benefit Plan's at fair value

III. Current Vs non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria :

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

- (i) Expected to be settled in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are treated as non-current

IV. Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ('the Group'). The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group Companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 –

The Company accounts for its share of post acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.99%
3	Shilpa Therapeutics Pvt. Ltd. (Shilpa Therapeutics')	India	100.00%
4	Makindus. Inc ('Makindus')	Delaware (USA)	55.78%
5	INM Technology Private Limited ('INM')	India	75.00%
6	INM Nuvent Paint Pvt Ltd (Step-down Subsidiary)	India	75.00%
7	Koanna Healthcare Limited	United Kingdom	100.00%
8	Koanna Healthcare GmbH	Austria	100.00%
9	Shilpa Pharma Inc.	USA	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Associate	Country	Extent of Holding
1	Reva Pharmachem Pvt. Ltd.	India	33.33%
2	Maia Pharmaceuticals INC. USA	New Jersey (USA)	34.79%
3	Raichem Medicare Pvt. Ltd.	India	26.00%

III) The Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Joint Venture	Country	Extent of Holding
1	Reva Medicare Pvt. Ltd.	India	50.001%

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1.1 Significant Accounting Policies

a) Critical accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))
- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.

- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and Goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net

recognised amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Non-Current assets held for sale:

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as Held for Sale".

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Employee Benefits:

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution plans

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) Dividends to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases:

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term.

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each milestones as per term of the agreement.

(iii) Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) Other Income

i. Interest Income is recognized using the Effective interest rate (EIR) method.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- ii. Dividend income is recognized when right to receive is established.
- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

n) Foreign Currency Transactions/Translations:

Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Degerred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below- market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other Financial Assets

(b) Financial Assets Measured at fair value through other comprehensive income (FVTOCL)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at

FVOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition :

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III) Derivative financial instrument and hedge accounting

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

- i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.

- ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- iii. Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

s) Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

u) Earning per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

1.2 Recent accounting pronouncements:

Ind AS 116 – Leases

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116.

Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, Income Taxes

On 30 March 2019, the Ministry of Corporate Affairs (MCA) made certain amendments to Ind AS 12, Income taxes by including Appendix C, Uncertainty

over Income Tax Treatments. This appendix clarifies how the recognition and measurement requirements of Ind AS 12 are applied where there is uncertainty over income tax treatments.

Appendix C explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The amendment provides specific guidance in several areas where previously Ind AS 12 was silent. Appendix C applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The amendment is effective for annual reporting periods beginning on or after 1 April 2019. An entity can, on initial application, elect to apply this amendment either:

- retrospectively applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, if possible without the use of hindsight; or
- retrospectively, with the cumulative effect of initially applying the interpretation recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

The Company believes that the adoption of amendments to Ind AS 12 in the form of Appendix C will not have a material impact on its financial statements.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2. PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation / Amortisation			Net Block		
	As at 1 April, 2018	Additions	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2019	For the year April, 2018	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2019
i) Owned									
a) Borewell	19.50	5.89	-	-	25.39	14.86	1.37	-	16.23
b) Building	13,817.80	832.08	-	(112.74)	14,537.14	4,669.02	410.46	-	4,980.92
c) Canteen Equipment	17.07	0.69	-	-	17.76	6.88	2.80	-	9.68
d) Computer	789.28	135.32	(2.96)	-	921.64	559.54	134.60	(2.81)	691.33
e) Network Server Equipment	81.35	48.54	-	-	129.89	21.41	14.96	-	36.37
f) Electrical Installation	3,653.11	325.54	(21.36)	-	3,957.28	1,638.95	366.12	(19.74)	1,985.33
g) ETP Building	565.85	-	-	-	565.85	152.29	17.73	-	170.02
h) ETP Machinery	506.04	2.61	-	-	508.65	112.90	22.84	-	135.74
i) Furniture	3,346.98	360.53	(13.84)	(71.96)	3,621.72	2,141.17	199.40	(12.47)	2,266.14
j) Lab Equipments	9,233.23	1,260.80	(32.11)	-	10,461.93	3,033.15	876.93	(13.48)	3,896.60
k) Office Equipment	228.48	80.50	(17.05)	(3.95)	287.97	128.04	43.44	(15.83)	153.13
l) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	1,899.96	103.97	-	2,003.93
m) Pipeline	3,390.43	300.14	(50.82)	-	3,639.75	878.84	188.63	(31.00)	1,036.47
n) Plant & Machinery	30,655.40	2,999.52	(342.92)	(111.07)	33,200.94	9,626.78	1,323.07	(139.42)	10,706.51
o) Pollution Control Equip.	37.34	-	-	-	37.34	29.79	0.44	-	30.23
p) Vehicle	412.65	-	(140.86)	(0.96)	270.82	155.30	42.54	(93.87)	103.97
q) Weigh Bridge	8.42	-	-	-	8.42	3.92	0.93	-	4.85
r) EHS Equipment	41.15	5.60	-	-	46.74	8.02	4.08	-	12.10
s) Vehicle Electrical Operated	34.87	-	-	-	34.87	16.69	4.20	-	20.88
Total (a)	70,681.99	6,357.76	(621.92)	(300.68)	76,117.14	25,097.52	3,758.51	(328.63)	28,260.44
ii) Leased Assets									
a) Leasehold Land & Green Field	1,598.57	-	-	(4.80)	1,593.78	-	-	-	-
Total (b)	1,598.57	-	-	(4.80)	1,593.78	-	-	-	-
Total (a+b)	72,280.56	6,357.76	(621.92)	(305.48)	77,710.92	25,097.52	3,758.51	(328.63)	28,260.44
									49,450.48

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Gross Block				Depreciation			Net Block		
	As at 01st April, 2017	Additions	Deduction/ Adjustment during the year	FCTR	As at 31st March, 2018	For the year#	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2018	As at 31 March, 2018
i) Owned										
a) Borewell	19.04	0.46	-	-	19.50	2.34	-	-	14.86	4.64
b) Building	12,863.19	523.63	(2.38)	433.36	13,817.80	403.07	-	367.49	4,669.02	9,148.78
c) Canteen Equipment	10.52	6.55	-	-	17.07	2.27	-	-	6.88	10.19
d) Computer	702.91	86.37	-	-	789.28	117.49	-	-	559.54	229.74
e) Network Server equipment	78.35	3.00	-	-	81.35	12.86	-	-	21.41	59.94
f) Electrical Installation	3,368.22	284.89	-	-	3,653.11	333.06	-	-	1,638.95	2,014.15
g) ETP Building	565.85	-	-	-	565.85	17.72	-	-	152.29	413.56
h) ETP Machinery	504.79	1.24	-	-	506.04	22.79	-	-	112.90	393.14
i) Furniture	2,888.08	236.19	(32.52)	255.24	3,346.98	186.06	(33.52)	234.03	2,141.17	1,205.81
j) Lab Equipments	7,931.26	1,301.98	-	-	9,233.23	797.64	-	-	3,033.15	6,200.08
k) Office Equipment	185.48	43.17	(12.32)	12.14	228.48	33.46	(12.32)	9.82	128.04	100.44
l) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	101.12	-	-	1,899.96	1,943.08
m) Pipeline	2,761.55	628.88	-	-	3,390.43	131.06	-	-	878.84	2,511.59
n) Plant & Machinery	26,821.64	3,525.53	(116.11)	424.34	30,655.40	1,157.79	(93.02)	403.93	9,626.78	21,028.63
o) Pollution Control Equip.	37.34	-	-	-	37.34	0.44	-	-	29.79	7.55
p) Vehicle	342.34	117.25	(50.72)	3.77	412.65	39.52	(16.47)	0.45	155.30	257.35
q) Weigh Bridge	8.42	-	-	-	8.42	0.87	-	-	3.92	4.50
r) EHS Equipment	41.15	-	-	-	41.15	3.91	-	-	8.02	33.13
s) Vehicle Electrical Operated	34.87	-	-	-	34.87	4.20	-	-	16.71	18.16
Total (a)	63,008.04	6,759.14	(214.04)	1,128.85	70,681.99	3,367.67	(155.33)	1,015.72	25,097.52	45,584.47
ii) Leased Assets										
a) Leasehold Land & Green Field	1,575.87	4.04	-	18.67	1,598.57	-	-	-	-	1,598.57
Total (b)	1,575.87	4.04	-	18.67	1,598.57	-	-	-	-	1,598.57
Total (a+b)	64,583.91	6,763.18	(214.04)	1,147.51	72,280.56	3,367.67	(155.33)	1,015.72	25,097.52	47,183.04

Notes Forming Part of Consolidated Financial Statement

for the year ended 31st March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

3. CAPITAL WORK-IN-PROGRESS

Particulars	As at	
	31 March, 2019	31 March, 2018
a) Machinery under erection	2,133.45	731.24
b) Projects under erection	26,142.60	10,190.17
c) Pre-operative expenses	2,169.96	2,584.09
Total	30,446.01	13,505.50

4. INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation / Amortisation			Net Block		
	As at 1 April, 2018	Additions	Deduction/ Adjustment during the year	As at 31 March, 2019	As at 1 April, 2018	For the year during the year	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2019
a) Computer software	961.55	154.84	-	1110.42	302.47	160.54	-	(4.91)	458.10
b) DMF/ Patents Fees	1,200.53	262.64	(6.57)	1,456.60	271.10	136.30	(1.80)	-	405.60
c) Non compete Agreement	1,045.00	-	-	1,045.00	160.70	160.70	-	-	321.40
d) Other	147.31	177.51	-	318.11	72.47	-	-	(2.63)	69.84
Total	3,354.39	594.99	(6.57)	3,930.13	806.74	457.54	(1.80)	(7.54)	1,254.95

Particulars	Gross Block			Depreciation / Amortisation			Net Block		
	As at 1 April, 2017	Additions	Deduction/ Adjustment during the year	As at 31 March, 2018	As at 1 April, 2017	For the Year	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2018
a) Computer software	365.88	576.37	-	961.55	182.01	105.72	-	(14.74)	302.47
b) DMF/ Patents Fees	796.80	409.73	(6.00)	1,200.53	181.87	89.43	(0.20)	-	271.10
c) Non compete Agreement	1,045.00	-	-	1,045.00	-	160.70	-	-	160.70
d) Other	62.25	70.30	-	147.31	62.25	-	-	(10.22)	72.47
Total	2,269.93	1,056.40	(6.00)	3,354.39	426.13	355.85	(0.20)	(24.97)	806.74

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Software under installation	-	29.96
b) Product under development	11,214.90	6,884.33
c) DMF/ANDA /Patents Fees	1,250.88	565.00
Total	12,465.78	7,479.29

6. FINANCIAL ASSETS

(i) Non-Current Investment

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade Investments (At Cost) Fully paid up		
I) In Joint Venture/Associates Companies		
a) Investments in Equity Instruments (Unquoted)		
i) 5,001 (5,001) Equity shares of ₹ 10/- each -Reva Medicare Pvt Ltd., Raichur	74.08	59.38
b) Investments in Preference Instruments (Unquoted)		
i) NIL (1,85,00,000) of ₹ 10/- each - Raichem Medicare Pvt. Ltd., Raichur	-	1,432.24
ii) 14,00,000 (14,00,000) Preferred Stock at par value of 0.0001 USD - MAIA Pharmaceuticals INC., USA	47.38	553.94
II) Others		
i) 7,41,362 (NIL) Shares of ₹ 14/- Each - Prathijna Sustainable Solutions Pvt Ltd., Bangalore	103.79	-
ii) Repurchase value reinsurance	-	33.16
	225.25	2,078.72
Less: Provision for diminution in the value of investments	-	-
Net Amount of investments	225.25	2,078.72
III) In Government securities (Unquoted)		
i) National Savings Certificate	0.20	0.20
Total value of unquoted investment	225.45	2,078.92
Aggregate value of unquoted investment	225.45	2,078.92

(ii) Loan

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Raichem Medicare Pvt Ltd. (Joint venture)	-	254.32
Total	-	254.32

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Other Financial Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Security Deposits (Unsecured Considered Good)		
(i) Electricity deposits	381.98	208.27
(ii) Rental deposits	94.64	58.81
(iii) Telephone deposits	0.79	0.67
(iv) Miscellaneous deposits	97.44	84.51
Total (a)	574.85	352.26
b) Cross currency swap account	228.73	-
Total (b)	228.73	-
Total (a+b)	803.58	352.26

7. OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Capital Advances		
i) Unsecured, considered good	4,208.28	3,049.37
Less: Written-off	-	-
Total (a)	4,208.28	3,049.37
b) Others		
i) Income Tax paid under protest	43.33	43.33
ii) VAT on capital goods & others item (Refer note 43)	47.37	46.48
iii) Prepaid expenses	2,454.89	2,486.27
iv) Excise duty	0.85	0.85
Total (b)	2,546.44	2,576.93
Total (a+b)	6,754.72	5,626.30

8. INVENTORIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Raw materials	10,089.83	10,605.06
b) Work-in-progress	1,719.67	1,838.57
c) Finished goods		
i) Finished goods	4,612.24	3,982.23
ii) Goods-in transit	-	0.04
d) Stock-in-trade	295.45	827.48
e) Stores and spares	1,362.13	1,231.09
f) Packing materials	687.62	386.14
Total	18,766.94	18,870.61

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

9. FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2019	As at 31 March, 2018
Investment in mutual funds/bonds		
a) HDFC mutual fund	-	356.48
b) ICICI prudential mutual fund	-	859.51
c) Tempelton india ultra short bond	-	356.37
d) SBI mutual fund	0.12	2,543.63
e) Birla sun life mutual fund	-	894.14
f) Frankline templetone mutual	-	5,530.46
g) Edelweiss arbitrage fund	-	403.40
h) Kotak equity arbitrage fund	-	504.89
i) Reliance arbitrage advantage fund	-	505.51
j) Investment in bonds	1,437.38	-
	1,437.50	11,954.39
Less : Provision for diminishing in the value of investment	(1,437.38)	-
Total value of unquoted investment	0.12	11,954.39
Aggregate value of unquoted investments	0.12	11,954.39

(ii) Trade Receivables (Refer Note 46)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured		
a) Considered good	20,372.82	22,027.26
Total (a)	20,372.82	22,027.26
b) Significant increase in credit risk	312.67	25.64
Less: Written-off	(312.67)	(25.64)
Total (b)	-	-
Total (a+b)	20,372.82	22,027.26

Note: Trade Receivable in above note no: 9 (ii) (a) includes ₹ 193.32 (P.Y ₹ 5,143.03) is receivable from related parties (refer note no: 40 Related Party Transaction)

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Cash on hand	35.66	33.37
b) Balance with banks in current account	3,389.44	3,820.70
c) Deposit with original maturity of less than 3 month	2.05	3,510.03
Total	3,427.15	7,364.09

(iv) Other Bank Balance

Particulars	As at 31 March, 2019	As at 31 March, 2018
Earmarked Balances		
a) Unclaimed dividend accounts	23.09	18.69
b) Restricted fixed deposits	6,003.56	-
Total	6,026.65	18.69

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(v) Loans

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Unsecured, considered good		
i) Raichem Medicare Pvt Ltd (Associates)	-	508.63
ii) Reva Pharmachem Pvt Ltd (Associate)	62.76	123.43
Total	62.76	632.06

(vi) Other Financial Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Income accrued and due	10.08	98.39
b) CST receivable	117.73	117.73
c) Staff advance	166.25	110.60
d) Tender deposits	4.84	2.09
e) Fixed deposited having maturity less than 12 months held as margin money	27.37	25.71
f) Interest accrued on fixed deposit / others	331.12	33.71
g) Export incentives in hand	304.69	197.73
h) Dividend accrude on preference shares	0.40	556.87
Total	962.48	1,142.83

10. OTHER CURRENT ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) CENVAT receivable	60.57	71.60
b) Service tax receivable	-	0.94
c) Prepaid expenses	467.34	416.64
d) Entry Tax , ESI & Professional Tax	32.29	95.88
e) Advances receivable	732.80	2,921.68
f) CGST /IGST /SGST receivable	3,212.18	1,114.52
Total	4,505.18	4,621.26

11. CURRENT TAX ASSETS

Particulars	As at 31 March, 2019	As at 31 March, 2018
Income tax (net)	391.79	565.85
Total	391.79	565.85

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

12. EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2019	As at 31 March, 2018
Authorised Share Capital		
9,50,00,000 (P.Y. 9,50,00,000) shares of ₹ 1/- each	950.00	950.00
	950.00	950.00
Issued, Subscribed & Fully Paid Up Capital		
Opening balance	815.27	801.27
Changes during the year	-	14.00
Closing balance	815.27	815.27
8,15,26,898 (P.Y. 8,15,26,898) shares face value of ₹ 1/- each	815.27	815.27

(a) Reconciliation of the number of shares

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	8,15,26,898	815.27	8,01,26,904	801.27
Add : Issued during the year face value ₹ 1/- each	-	-	13,99,994	14.00
Shares outstanding at the end of the year	8,15,26,898	815.27	8,15,26,898	815.27

(b) Rights, preference and restriction attached to each class of shares:

Equity Shares:

The Company has only one class of equity shares having par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share.

The Board of Directors have declared and paid interim dividend of ₹ Nil and recommended final dividend ₹ 1/- (P.Y. ₹ 0.70 interim and final) per equity of face value of ₹ 1/- per share

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
i) Vishnukant .C. Bhutada	80,86,012	9.92	80,86,012	9.92
ii) Kantadevi Inani	64,55,736	7.92	64,55,736	7.92
iii) Dharmavati Bhutada	62,07,796	7.61	62,07,796	7.61
iv) Tano Mauritius India FVCI II	61,79,506	7.58	61,79,506	7.58
v) Baring India Private Equity III Limited	60,00,000	7.36	60,00,000	7.36
vi) Kamalkishor Inani	48,23,828	5.92	48,23,828	5.92

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
(i) Bonus Shares in the ratio of 2:1. i.e. for every 02 shares 01 share allotted as Bonus in the last five year.	-	-	-	-	1,22,62,085
(ii) Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger.	13,99,994	-	-	-	-

13. OTHER EQUITY

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Security Premium	42,863.93	42,863.93
b) General Reserves	5,182.68	5,182.68
c) Retained Earning	70,748.45	59,522.28
d) Other comprehensive income(OCI)		
i) Financial instrument measured at fair value through OCI	(46.74)	(88.70)
ii) Remeasured of defined benefit plan	(168.39)	(169.49)
e) Foreign Currency Monetary Translation Difference Account	354.36	368.57
f) Gain on Forfeiter of Equity shares	8.77	8.77
Total	1,18,943.06	1,07,688.04

14. FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars	As at 31 March, 2019	As at 31 March, 2018
Term loans (Secured)		
a) From Banks (secured)		
I) External Commercial Borrowings	4,539.37	6,707.67
Nature of Security		
a) ECB of USD 15 MN is taken from Standard Chartered Bank, London(SCB) and the said facility is secured by hypothecation of moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit , including proposed capex created out of such loan and personal guarantees given by 02 of its Directors. The Company had entered into hedge contract with bank on the said facility.		
Terms of Repayment & Interest Rate:		
Repayment of ECB Loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installment with the final installment falling due at the end of the 60 th month from the date of grant of loan. The loan is repayable of ₹ 623.43 Lakhs quarterly. Further the Company has hedge principal amount of USD 15 MN @ 66.50 with fixed interest at 8.90% payable monthly.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
II) HSBC Limited	3,500.00	-
Nature of Security		
a) Term loan of ₹ 1,000 MN taken from HSBC, and is secured by first pari passu charge on the Fixed Assets of Unit -I situated at Deosugur and EOU Unit situated at Chicksugur and personal guarantees given by 02 of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC have a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 625.00 lakhs with the final installment falling due at the end of the January-2024 Applicable rate of interest is 6 month MCLR payable monthly.		
III) Term Loan - Vehical Loan	-	1.13
The loan is taken from Bank of Baroda, secured By Hyp. of Car		
Terms of Repayment & Interest Rate:		
Repayable of Vehicle loan is in EMI and interest on such loan is charged @ 11.50%		
b) From Others (Unsecured)		
I) Loan under SBIRI Scheme	70.19	84.86
Loan from Department of Biotechnology, Ministry of Science and Technology New Delhi. Under Scheme Small Business Innovation Research Initiative (SBIRI).		
Terms of Repayment & Interest Rate:		
The Loan is repayable in 10 equal yearly installments starting from 17.08.2013 of ₹ 21.05 Lakhs with final installments falling due on 17.08.2022. Interest is payable @ 1% P.A on amount drawn upto ₹ 100 Lakhs and @ 2% above ₹ 100 Lakhs, and is payable in 02 equal installment after principal repayment.		
II) Loan under BIPP Scheme	-	18.18
Loan from Department of Biotechnology, Ministry of Science and Technology New Delhi. Under scheme Biotechnology Industry Partnership Programme (BIPP)		
Terms of Repayment & Interest Rate:		
The Loan is repayable in 10 equal half yearly installments with moratorium period of 12 months after completion of project Interest is payable @2% P.A .		
Total	8,109.56	6,811.84

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

15. PROVISIONS

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Provision for gratuity	2,127.05	1,981.52
b) Provision for leave encashment	50.11	50.49
Total	2,177.16	2,032.01

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Deferred tax liability (Difference in tax base of property, plant, equipment & others)	10,120.06	9,700.42
b) Deferred tax asset (On account of disallowable items under Income Tax Act)	(1,058.16)	(518.65)
c) MAT credit entitlement	(4,294.58)	(3,251.30)
Total	4,767.32	5,930.47

17. OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Capital subsidy/Deferred government grant	1,283.64	185.29
b) Corporate guarantee liability	6.02	16.50
c) Cross currency swap	-	293.44
d) Deferred revenue	191.45	-
e) DDT payable on Pref Shares dividend	126.55	78.53
Total	1,607.66	573.76

18. FINANCIAL LIABILITIES

(i) Borrowing

Particulars	As at 31 March, 2019	As at 31 March, 2018
Secured Loan		
a) Working capital loan.		
From Banks		
i) Standard Chartered Bank [Refer note 'a' 'h' (i) below]	216.68	-
ii) Standard Chartered Bank (PCFC) [Refer note 'a' & 'h' (ii) below]	1,590.94	6,486.24
iii) Citi Bank (PCFC) [Refer note 'b' & 'h' (iii) below]	2,649.26	2,808.38
iv) Axis Bank - [refer note 'd' & 'h' (v) below]	5.31	35.69
v) Erste Bank Austria [Refer note 'c' & 'h' (iv) below]	781.08	481.25
vi) Axis Bank - Deposit Loan (Refer note 'e')	1,003.29	-
vii) HDFC- Deposit Loan (Refer note 'f')	1,911.06	-
viii) Lakshmi Vilas Bank - Deposit Loan (Refer note 'g')	500.37	-

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors . The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge.		
c) Working Capital loan from EREST"bank Austria for foreign subsidiary is secured against movable & immovable Assets of the said subsidiary.		
d) Working capital loan from Axis bank by STPL of 20 MN is secured against current Assets, Land & Building, Corporate guarantee from Shilpa Medicare & personal guarantee of STPL Director		
e) Loan from Axis Bank Ltd is taken against fixed deposit and interest is chargeable @ 1% above the rate of fixed deposit interest, and is repayable before or on the redemption of fixed deposit		
f) Loan from HDFC Bank is taken against fixed deposit and interest is chargeable @ 1% above the fixed deposit interest rate and is repayable before or on the redemption of fixed deposit		
g) Loan from Lakshmi Vilas Bank Ltd is taken against fixed deposit and interest is chargeable @ 1% above the fixed deposit interest rate and is repayable before or on the redemption of fixed deposit		
h) Interest rate as at 31 March, 2019 is as under:		
(i) On overdraft MCLR+1%		
(ii) On PSFC/PCFC - Libor + 0.75%		
(iii) On PSFC/PCFC - Libor + 1.5%		
(iv) On Export -0.5% and on WCL-2.75%		
(v) 3 Months MCLR + 1.35%		
Total	8,657.99	9,811.56

(ii) Trade Payables (Refer Note No. 42 & 46)

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Trade payables due to other than micro enterprises & small enterprises	7,364.24	10,095.47
b) Trade payables due to micro enterprises & small enterprises	894.15	278.27
Total	8,258.39	10,373.74

Note: Trade payable in above note no: 18 (ii)(a) includes ₹ 225.44 (P.Y ₹ 19.42) is payable to related parties (refer note no: 40 Related Party Transaction)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Other Financial Liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Current maturities of long-term debts	2,636.27	2,483.16
b) Interest accrued but not due on borrowings.	52.79	76.53
c) Unclaimed dividends	23.09	17.77
d) Employee benefit liability	1,906.26	1,799.80
e) Books overdraft	14.13	0.00
f) Interim dividend payable	-	0.92
g) Custom duty payable	46.81	5.47
h) Capital creditors	1,790.31	620.22
i) Others	1.89	1.02
Total	6,471.55	5,004.89

19. OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
a) Advances from customers	587.18	148.84
b) Tax deduction at source	652.90	633.60
c) ESI, Professional Tax Etc.	16.70	6.85
d) Provident fund & other funds payable	117.05	120.50
e) Security trade deposit	112.90	11.00
f) Unclaimed bonus & salary	27.54	33.73
Total	1,514.27	954.52

20. PROVISIONS

Particulars	As at 31 March, 2019	As at 31 March, 2018
Provision for expenses	452.06	439.49
Total	452.06	439.49

21. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Sales of Products	68,317.08	72,782.58
b) Export Incentives	1,248.16	1,867.33
c) Energy Sales	581.84	532.97
Total	70,147.08	75,182.88
Abstract		
i) Bulk Drugs / Intermediates	49,373.43	62,145.53
ii) Formulation	17,715.70	9,004.66
iii) Export Incentives	1,248.16	1,867.33
iv) Power	581.84	532.97
v) Trading	730.60	955.48
vi) Others	497.35	676.91
Total	70,147.08	75,182.88

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

22. OTHER OPERATING REVENUE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Product development revenue	3,191.69	3,970.51
Total	3,191.69	3,970.51

23. OTHER INCOME

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Interest Income on :		
i) Deposit with bank	467.18	172.69
ii) Others	95.47	177.81
b) Liabilities written back	10.54	42.26
c) Provision written back	142.52	0.69
d) Income from sale of carbon credits (net)	-	0.87
e) Dividend on current investments	19.40	22.31
f) Miscellaneous income	264.61	220.88
g) Gain on investment in mutual fund/bonds	336.16	1,286.54
h) Corporate guarantee fees	10.49	19.64
i) Government grant	27.37	57.57
j) Dividend on preference shares	-	166.50
Total	1,373.74	2,167.76

24. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Inventory at the beginning of the year	10,984.74	7,448.45
Add: Purchases	24,694.88	34,330.99
Less: Inventory at the end of the year	10,767.78	10,984.74
Cost of raw materials and packing materials consumed	24,911.84	30,794.70

25. PURCHASE OF STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Purchase of Medicines/Bulk Drugs/ Others	723.44	588.70
Total	723.44	588.70

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Opening Inventories		
i) Finished goods	4,610.25	1,317.36
ii) Work-in-progress	1,814.25	9,311.30
Closing Inventories		
i) Finished goods	4,686.28	4,610.25
ii) Work-in-progress	1,716.19	1,814.25
(Increase) / decrease in inventory	22.03	4,204.16

27. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Salaries, wages, and bonus	16,064.66	13,450.59
b) Contribution to provident fund /gratuity and other funds	1,260.65	1,192.96
c) Staff welfare expenses	315.11	291.31
Total	17,640.42	14,934.86

28. FINANCE COSTS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Interest expense on :		
a) Working capital facility	292.60	204.45
b) Term loan	0.17	0.31
c) Others	29.09	19.34
d) Dividend on cumulative redeemable pref shares (including DDT)	45.70	42.02
Total	367.56	266.12

29. OTHER EXPENSES

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Power and fuel	3,354.60	2,885.98
b) Repairs and maintenance		
i) Buildings	395.80	375.28
ii) Plant and machinery	2,239.30	1,472.11
iii) Others	221.57	218.81
c) Rent	288.62	227.09
d) Exchange loss/(gain) net	(183.34)	(1,093.82)
e) Rates and taxes	253.87	370.31
f) Insurance	245.16	201.71
g) Traveling and conveyance	320.11	364.91
h) Contract labour charges	1,011.63	899.32

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
i) Legal and professional fees	1,254.35	805.56
j) Facility fees	321.57	258.72
k) Payments to auditors (Refer note 38)	18.31	18.10
l) Research and development expenses	2,090.19	2,727.66
m) Transportation charges	136.40	286.77
n) Brokerage and commission	373.40	165.79
o) Job work charges	1.16	16.23
p) Directors sitting fees	2.00	2.31
q) Sales promotion and advertisement	88.05	102.88
r) Bad debts written-off	333.09	26.33
s) Clearing and forwarding expenses	203.98	355.48
t) (Profit)/Loss on sale /discard of assets	45.66	16.55
u) VAT and entry tax	0.71	13.28
v) CSR expenses	291.42	245.64
w) Capital advances written-off	52.53	-
x) Miscellaneous expenses	1,097.73	1,179.93
y) Product filing fees /patent application fees	1.02	0.95
Total	14,458.89	12,143.88

30. EXCEPTIONAL INCOME/ (EXPENSES)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Provision for diminishing in the value of bonds (IL&FS) (refer below note)	(1,437.39)	-
b) Gain on sale of equity instrument	2,568.42	-
c) Gain on sale of preference shares (RMPL)	1,371.79	-
d) Preference share dividend written-off (RMPL)	(559.59)	-
e) Insurance claim	44.10	-
Total	1,987.33	-

Note : As part of treasury management, the Company has invested in Commercial paper of Infrastructure Leasing & Financial Services Limited (IL&FS) amounting to ₹ 1,437.39 lakhs which was due for redemption on 02 January 2019. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there is significant uncertainty on recovery of the entire amount, the management has made a provision for full amount of ₹ 1,437.39 lakhs as at 31 March 2019.

31. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Foreign letter of credit	2165.30	368.60
b) Bank guarantees / Corporate guarantee*	4010.00	10,512.86
c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	9,927.90	6,147.75
d) Others	160.49	160.49
Total	16,263.69	17,189.70

* Out of the guarantee given of ₹ 4,000 (10,493.80) the outstanding liabilities against corporate guarantee given to banks for one of its Associate for the financial year ended 31.03.2019 is ₹ 402.47 (PY ₹ 5,578.51).

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

32. EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

i) Provident Fund

Particulars	As at 31 March, 2019	As at 31 March, 2018
Defined Contribution Plan		
Provided fund	444.16	402.36

ii) Defined benefit Plan (Gratuity)

a) Holding Company

Movement of present value of the defined benefit obligation	As at 31 March, 2019	As at 31 March, 2018
i) Change in defined benefit obligation		
Obligations at year beginning	836.59	691.17
Service cost	148.52	141.44
Interest on defined benefit obligation	63.10	50.79
Benefits settled	(49.04)	(9.62)
Actuarial (gain)/loss	(9.61)	(37.20)
Obligations at year end	989.56	836.58
ii) Change in plan assets		
Plans assets at year beginning, at fair value	153.60	162.92
Adjustment to opening fund	1.97	-
Expected return on plan assets	16.41	11.70
Actuarial gain/(loss)	(7.58)	(11.41)
Employer contribution	164.28	-
Benefits payout	(49.03)	(9.61)
Plans assets at year end, at fair value	279.65	153.60
iii) Amount recognised in the balance sheet		
Closing BPO	989.56	836.58
Closing fair value of plan assets	279.65	153.60
Closing funded status	709.91	682.98
Unrecognised actuarial (gains)/losses		
Net asset/(liability) recognized in the balance sheet	709.91	682.98
iv) Expenses recognised in the statement of P & L account		
Service cost	148.51	141.44
Interest cost	63.10	50.79
Expected return on plan assets	16.41	(11.70)
Expenses recognised in the statement of Other Comprehensive income.		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	96.53	(28.96)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(124.79)	126.61
Actuarial (Gain)/ Losses due to Experience on DBO	18.65	(134.83)
Return on Plan Assets (Greater) / Less than Discount rate	5.60	11.40
Total actuarial (gain)/loss included in OCI	(4.01)	(25.78)
v) Assets Information		
i) Insured (fund is managed with Life Insurance Corporation of India)	279.65	153.60
%	39.39	22.49
ii) Non fund based (Company manages at its own)	430.26	529.38
%	60.61	77.51

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Movement of present value of the defined benefit obligation		
vi) Principal actuarial assumptions		
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.77%	7.40%
Expected rate of return on assets	7.77%	7.40%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10% F5Y & 7% there after	10%
Attrition rate of employees	8%	8%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

b) Indian Subsidiaries Companies

	As at 31 March, 2019	As at 31 March, 2018
Defined benefit Plan (Gratuity)		
i) Change in defined benefit obligation		
Obligations at year beginning	34.55	34.41
Service cost	13.29	15.07
Interest on defined benefit obligation	2.69	2.62
Actuarial (gain)/loss	3.21	(17.55)
Obligations at year end	53.74	34.55
ii) Change in plan assets		
Actuarial gain/(loss)	(0.50)	(17.55)
Plans assets at year end, at fair value	(0.50)	(17.55)
iii) Reconciliation of Present Value of the obligation and Fair Value of the Plan Assets:		
Closing BPO	53.74	34.55
Closing fair value of plan assets	0.50	-
Closing funded status	54.24	(1.92)
Unrecognised actuarial (gains)/losses	-	-
Net asset/(liability) recognized in the balance sheet	54.24	(1.92)
iv) Expenses recognised in the statement of Profit & Loss account		
Service cost	13.29	15.89
Interest cost	2.68	2.62
Actuarial (Gain)/Loss	(0.50)	(17.55)
Net Gratuity Cost	15.47	0.96

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

c) Principal actuarial assumptions

Defined benefit Plan (Gratuity)	As at 31 March, 2019	As at 31 March, 2018
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.78%	7.59%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	9.50%	13%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

33. FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	Carrying Amount	As at 31 March, 2019			As at 31 March, 2018			
		Level of Input used in (Fair value)			Level of Input used in (Fair value)			
		Level 1	Level 2	Level 3	Carrying Amount	Level 1	Level 2	Level 3
FINANCIAL ASSETS								
I. At Amortized Cost								
Non-current investments	225.45	-	-	-	2,078.92	-	-	-
Loans	62.76	-	-	-	886.38	-	-	-
Trade receivables	20,372.82	-	-	-	22,027.26	-	-	-
Cash & bank balances	3,427.15	-	-	-	3,855.99	-	-	-
Other bank balances	6,026.65	-	-	-	3,526.80	-	-	-
Other financial assets	1,766.07	-	-	-	1,495.09	-	-	-
Total	31,880.90	-	-	-	33,870.44	-	-	-
II. At FVTPL								
Current investments	-	0.12	-	-	-	11,954.39	-	-
		0.12	-	-		11,954.39	-	-
FINANCIAL LIABILITIES								
Borrowings	12,157.99	-	-	-	9,811.56	-	-	-
Trade payables	8,258.39	-	-	-	10,373.73	-	-	-
Other financial liabilities	3,836.63	-	-	-	2,524.99	-	-	-
	24,253.01	-	-	-	22,710.28	-	-	-
III. At FVTPL								
Borrowings	-	-	4,609.55	-	-	-	6,811.84	-
Other financial liabilities	-	-	2,634.93	-	-	-	2,483.17	-
		-	7,244.48	-			9,295.01	

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

34. FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liabilities may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	As at 31 March, 2019			As at 31 March, 2018		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	140.20	31.05	0.07	164.67	0.46	-
Cash and cash equivalents	16.48	2.19	0.19	0.09	0.10	0.15
Short-term borrowings	(61.30)	(10.05)	-	(128.72)	-	-
Trade payables	(37.43)	(9.11)	(0.10)	(105.62)	(11.32)	(0.09)
Net Foreign Currency Risk	57.95	14.08	0.16	(69.58)	(10.76)	0.06

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
USD-Sensitivity				
Increase by 1% (gain/(loss))	40.08	(45.26)	-	-
Decrease by 1% (gain/(loss))	(40.08)	45.26	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	10.94	(8.67)	-	-
Decrease by 1% (gain/(loss))	(10.94)	8.67	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	0.14	0.06	-	-
Decrease by 1% (gain/(loss))	(0.14)	(0.06)	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2019 and 31 March, 2018 respectively.

Particulars	As at	As at
	31 March, 2019	31 March, 2018
Change in 0.50% interest on WCL	43.29	49.06

Note :

- The Company has hedge ECB loan availed from Standard Chartered Bank. Therefore not subject to interest risks defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk , as there is no market based equity investment made by the Company.

B) Credit Risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controle by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered, under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more than 10% of the trade receivable as of 31 March, 2019 and Two customer for 31 March, 2018. Since the Company is dealing with the customer from past several years, hence there is no concordent risk in dealing with said customers.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	As at 31 March, 2019	As at 31 March, 2018
Impairment loss recognised - trade receivable	312.67	12.06
%	1.54	0.05

C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2019:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowings	8,657.99	-	-	-
Long term borrowings	-	2,634.93	8,109.56	-
Trade and other payables	-	8,258.40	-	-
Total	8,657.99	10,893.33	8,109.56	-

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2018:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowings	9,811.56	-	-	-
Long term borrowings	-	2,483.16	6,811.84	-
Trade and other payables	-	10,373.74	-	-
Total	9,811.56	12,856.90	6,811.84	-

35. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Total equity attributable to the equity shareholders of the Company	1,18,996.39	1,07,980.57
As a percentage of total capital		
Long-term borrowings	10,744.93	9,295.01
Short-term borrowings	8,657.99	9,811.56
Total Debts	19,402.92	19,106.57
Net Debt to Equity Ratio	0.16	0.18

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

36. EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018*
Profit for the year after OCI	11,269.24	10,633.73
Shares		
Weighted average shares used for computing basic EPS	8,15,26,898	8,05,33,478
Weighted average shares used for computing diluted EPS	8,15,26,898	8,05,33,478
Earning Per Shares		
Basic (in ₹)	13.82	13.20
Diluted (in ₹)	13.82	13.20

*weighted average shares

37. RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Current tax on profit for the year	3,789.51	3,495.73
MAT Credit Entitlement	(1,043.40)	(757.51)
Origination and reversal of temporary differences	(128.48)	652.34
	2,617.63	3,390.56
Amount recognised in statement of profit & loss account	13,567.80	13,676.75
Share of Profit/(Loss) of Associates / Joint Ventures	801.70	719.03
	14,369.51	14,395.78
Tax at enacted tax rate in India C.Y. @ 34.944% (P.Y. 34.608%)	5,021.28	4,982.09
Amount of Non taxable subsidiaries	157.47	378.74
Weighted deduction on research and development expenditure	(1,495.76)	(1,376.36)
Exempt income and other deductions (net)	(1,394.46)	(1,130.33)
Non-deductible expense	694.69	147.47
Tax effect which is chargeable at different rate	(308.22)	-
Tax effect due to change in tax rate	91.20	-
Unrecognised Deferred Tax Assets	-	330.95
Others (net)	(148.56)	57.58
Income tax rate	2,617.63	3,390.14
Effective tax rate	18.22	23.55

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2019	As at 31 March, 2018
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	10,184.48	9,254.17
Investments to be recognised at Fair Value through profit & loss	-	417.99
Cross Currency Swap (Through Profit & Loss)	14.66	10.96
Others	(77.68)	19.55
Gross Deferred Tax Liabilities	10,121.47	9,702.67
Deferred Tax Assets		
Defined benefit obligations (Through Profit & Loss)	252.06	226.87
Employees benefit liability (Through Profit & Loss)	20.25	20.18
On unabsorbed loss of subsidiaries	787.25	273.85
MAT Credit Entitlement	4,294.59	3,251.30
Gross Deferred Tax Assets	5,354.15	3,772.20
Net Deferred Liabilities	4,767.31	5,930.47

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of Deferred Tax Assets / Deferred Tax Liabilities	As at 31 March, 2018	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2019
Deferred Tax Assets				
Defined benefit obligations	226.87	25.19	-	252.06
Employees benefit liability	20.18	0.07	-	20.25
On unabsorbed loss of subsidiaries	273.85	513.40	-	787.25
MAT Credit Entitlement	3,251.30	1,043.29	-	4,294.59
Deferred Tax Liabilities				
Property, plant and equipment, and intangible assets	9,254.17	930.31	-	10,184.48
Investments to be recognised at Fair Value through profit & loss	417.99	(417.99)	-	-
Cross Currency Swap (Through Profit & Loss)	10.96	-	3.70	14.66
Others	19.55	(98.55)	-	(77.68)
Net Deferred Liabilities recognised	5,930.47	(1,168.18)	3.70	4,767.31

38. PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
a) Statutory Audit	18.13	17.85
b) Tax Audit	0.13	0.15
c) Certification	0.05	0.10
d) Reimbursement of expenses	0.44	0.34
Total	18.75	18.44

Note : Excluding applicable tax.

39. SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of “pharmaceutical products”. In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Pharmaceutical product and services	71,508.77	76,753.09
Power sales	581.84	532.97
others	1,248.16	1,867.33
Total	73,338.77	79,153.39

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(i) Revenues		
(A) Within India	26,559.18	32,142.11
(B) Outside India		
(i) USA	15,586.94	11,227.61
(ii) Europe	17,574.22	28,438.58
(iii) ROW	13,618.43	7,345.09
Total	73,338.77	79,153.39

Particulars	As at 31 March, 2019	As at 31 March, 2018
(ii) Non-current Assets		
(A) Within India	1,02,378.98	77,983.41
(B) Outside India	3,088.46	2,047.19
Total	1,05,467.44	80,030.60

Note: Non-current Assets excludes financial assets

(c) Information about major customer

The Company has two customers who contributed more than 10% of the Company's total revenue during the current and previous year.

Notes Forming Part of Consolidated Financial Statement

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40. RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during financial year 2018-19 are listed below;

List of Related Parties

1. Associates

- a) Reva Pharmachem Pvt. Ltd.
- b) Maia Pharmaceuticals INC. USA
- c) Raichem Medicare Pvt. Ltd.

2. Joint Venture (JV)

- a) Reva Medicare Pvt. Ltd.

3. (i) Key Management Personnel-(KMP)

- a) Vishnukant C. Bhutada - Managing Director
- b) Sushil Bajaj - Chief Financial Officer
- c) Madhusudhan Reddy - Company Secretary

(ii) Remuneration paid to other Directors

- a) Omprakash Inani - Non-executive Director
- b) Ajeet Singh Karan-Independent Director
- c) Carlton Felix Pereira-Independent Director
- d) Pramod Kasat-Independent Director
- e) Rajender Sunki Reddy-Independent Director
- f) N.P.S Shinh-Independent Director
- g) Namrata Bhutada- Non-executive Director

4. Relatives

- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

5. Enterprises having common Directors/ Board of Trustees

- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

Notes Forming Part of Consolidated Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2018 to March 2019	Balance as at 31 March, 2019	April 2017 to March 2018	Balance as at 31 March, 2018
				(Income) / Expenses & Other Transaction	Payable / (Receivable)	(Income) / Expenses & Other Transaction	Payable / (Receivable)
A Remuneration paid to Key Management Personnel							
i)	Vishnukant C. Bhutada	Managing Director	Salary and perquisites*	746.98	379.12	805.49	426.69
ii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	42.77	2.33	17.58	1.50
iii)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	6.73	0.47	5.46	0.40
B Remuneration paid to other Directors							
i)	Omprakash Inani	Non-executive Director	Sitting fees	0.20	-	0.40	-
ii)	Ajeet Singh Karan	Independent Director	Sitting fees	0.40	-	0.40	-
iii)	Carlton Felix Pereira	Independent Director	Sitting fees	0.40	-	0.40	-
iv)	Pramod Kasat	Independent Director	Sitting fees	0.30	-	0.40	-
v)	Rajender Sunki Reddy	Independent Director	Sitting fees	0.20	-	0.20	-
vi)	NPS Shinh	Independent Director	Sitting fees	0.20	-	0.30	-
vii)	Namrata Bhutada	Non-executive Director	Sitting fees	0.30	-	0.30	-
C Relative							
i)	Deepak Kumar Inani	Relative to Director	Salary	29.72	2.33	31.32	8.02
ii)	Keshav Bhutada	Relative to Managing Director	Salary	13.10	0.87	10.18	1.45
iii)	Madhav Bhutada	Relative to Managing Director	Salary	13.10	0.87	10.18	1.45
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.15	-	3.60	0.81
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.15	-	3.60	0.81
vi)	Triveni Inani	Relative to Director	Rent	3.21	-	2.55	0.57
D Others							
i)	Raichem Medicare Pvt. Ltd.	Associates	Purchases of goods	731.10	-	85.29	-
			Sales of product / others	(1,179.02)	-	(645.26)	-
			Interest Received (Loan)	(38.38)	-	(142.36)	-
			Interest Received (Preference shares)	-	-	(166.50)	-
			Trade receivable	-	(26.43)	-	(4,986.10)
			Trade payable	-	141.50	-	-
			Loan	-	-	-	(762.95)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2019

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 2018 to	Balance as	April 2017 to	Balance as
				March 2019 (Income) / Expenses & Other Transaction	at 31 March, 2019 Payable / (Receivable)	March 2018 (Income) / Expenses & Other Transaction	at 31 March, 2018 Payable / (Receivable)
			Corporate Guarantees to Banks **		(4,000.00)		(10,493.80)
			Interest Receivable/accrued (Preference shares)		-		(559.20)
ii)	Reva Pharmachem Pvt. Ltd.	Associates	Commission	-		13.30	
			Expenses Reimbursement	(0.08)			
			Support services	(3.00)		(3.00)	
			Interest Income	(16.69)		(16.27)	
			Loan Receivable		(105.01)		(189.99)
			Trade Payable		-		
			Trade Receivable		(0.87)		
iii)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission	188.16		32.24	
			Support services	(1.00)			
			Trade Payable		83.47		15.59
			Trade Receivable		(0.29)		
iv)	Maia Pharmaceuticals INC. USA	Associates	Trade Receivable		(166.89)		(156.93)
v)	Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trustee	Corporate Social Responsibility Expenses	293.91		245.64	-
			Godown Rent	14.64		7.12	
vi)	Mohini Infra (P) Ltd	Company in which key management are the board of or Director	Trade Payable		0.47		3.83

a) The above disclosures include related parties as per Ind AS 24 on “Related Party Disclosures” and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

*payable includes commission provision (net)

** the outstanding liabilities against corporate guarantee given to banks on behalf of Raichem Medicare Pvt Ltd is for the financial period ended 31.03.2019 is ₹ 402.47 (P.Y. ₹ 5,578.51)

Notes Forming Part of Consolidated Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

41. OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at	As at
	31 March, 2019	31 March, 2018
Not later than one year	37.99	52.40
Later than one year and not later than five year	151.96	150.23
Later than five years	2287.75	2,319.45
Total	2477.70	2,522.08

(b) Building

Particulars	As at	As at
	31 March, 2019	31 March, 2018
Not later than one year	112.81	229.62
One to five years	16.05	128.91
Total	128.86	358.53

42. A sum of ₹ 894.15 lakhs is payable to micro enterprises and small enterprises as at 31 March, 2019 (₹ 278.27 lakhs as at 31 March, 2018). There are no micro enterprises and small enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31 March, 2019. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.
43. Out of the sum of ₹ 47.37 lakhs (P.Y. ₹ 46.48 lakhs) the Company is in the process of filing appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to ₹ 26.48 lakhs (P.Y. ₹ 26.48 lakhs) and ₹ 2.43 lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003. The same is shown under note 07b(ii).
44. During the year, the Company sold its 24% investment in Equity shares of Raichem Medicare Private Limited (“RMPL”) (Joint Venture) and entered into a sale agreement to dispose off its balance Equity Shares. The Company is in the process of seeking necessary regulatory approval and the sale is expected to be completed in the near future. Accordingly, it has been presented as non-current assets held for sale (refer note 1.1(f)). The Carrying value as on March 31, 2019 is 789.19 Lakhs.
45. Equity shares allotted during CY NIL (PY 1,399,994) are considered for computing weighted EPS
46. Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation
47. Figures of the previous year have been regrouped/rearranged where ever necessary.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

Sd/-
K. Shravan
Partner
M. No.: 215798

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN : 01301385

Sd/-
Vishnukant Bhutada
Managing Director
DIN : 01243391

Place: Hyderabad
Date: 27 May, 2019

Sd/-
Sushil Bajaj
Chief Financial Officer
M.No.: 206501

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF COMPANY CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

		Net Assets i.e. Total Assets minus Total Liabilities				Share in Profit & Loss Account		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/Loss	Amount	As % of Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount	Amount	
A	Parent - Indian										
	Shilpa Medicare Limited	107.70	128,154.55	110.55	12,410.63	106.74	45.97	110.54	12,456.60		
B	(a) Subsidiaries - Indian										
1	Shilpa Therapeutics Private Ltd.	(0.20)	(232.93)	(3.30)	(370.22)	(8.61)	(3.71)	(3.32)	(373.93)		
2	INM Technology Private Ltd.	(2.47)	(2,940.33)	(9.84)	(1,104.83)	1.87	0.81	(9.80)	(1,104.02)		
	(b) Subsidiaries - Foreign										
1	Makindus Inc.	(0.29)	(339.33)	(0.15)	(16.88)	-	-	(0.15)	(16.88)		
2	Koanaa Healthcare Limited (UK)	(0.45)	(540.24)	(0.30)	(33.28)	-	-	(0.30)	(33.28)		
3	Koanaa Healthcare GmbH (Austria)	(1.60)	(1,908.27)	(1.70)	(190.46)	-	-	(1.69)	(190.46)		
4	Zatortia Holding Limited	2.16	2,570.50	(0.03)	(3.77)	-	-	(0.03)	(3.77)		
5	Loba Ferchemie GmbH	1.15	1,374.11	0.12	13.71	-	-	0.12	13.71		
6	Shilpa Pharma Inc.	(0.20)	(237.06)	(2.15)	(241.36)	-	-	(2.14)	(241.36)		
C	Non Controlling Interests in all Subsidiaries										
		(0.64)	(761.94)	(2.46)	(276.00)	0.46	0.20	(2.52)	(283.62)		
D	(a) Associates (Investment as per equity method) - Indian										
1	Reva Pharmachem Private Ltd.	(0.10)	(114.83)	0.22	24.31	-	-	0.22	24.31		
2	Raichem Medicare Private Ltd.	0.62	734.67	(2.98)	(334.22)	-	-	(2.97)	(334.22)		
	(a) Associates (Investment as per equity method) - Foreign										
1	MAIA Pharmaceuticals Inc.	(1.03)	(1,220.68)	(4.51)	(506.56)	-	-	(4.50)	(506.56)		
	(c) Joint Ventures (Investment as per equity method) - Indian										
1	Reva Medicare Private Ltd.	0.12	147.92	0.13	14.70	-	-	0.13	14.70		

(Amount in ₹ Lakhs)

Notice

Notice is hereby given that the 32nd Annual General Meeting of the members of Shilpa Medicare Limited is scheduled to be held on Friday, the 20th day of September, 2019 at 12:15 P.M. at the registered office of the Company at #12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur- 584135, Karnataka India, to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended 31 March, 2019, together with the report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Naresh Patwari, (DIN: 03319397), who retires by rotation and being eligible, offers himself for re- appointment.

SPECIAL BUSINESS:

4. **Appointment of Mr. Amit Chander (DIN: 02406965) as an Independent Director:**

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 Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Amit Chander (DIN: 02406965), who was co-opted as an Additional Director (Independent) on 1 April, 2019 pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 on the recommendation of the Nomination and Remuneration Committee 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, proposing his candidature for the office of Director of the Company and who has submitted a declaration that he meets the criteria of independence as stated under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, to continue to hold office upto 30 September, 2021.”

5. **Appointment of Ms. Sirisha Chintapalli (DIN: 08407008) as an Independent Director:**

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 Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Ms. Sirisha Chintapalli (DIN: 08407008) who was co-opted as an Additional Director (Independent) on 1 April, 2019 pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 on the recommendation of the Nomination and Remuneration Committee 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, proposing her candidature for the office of Director of the Company and who has submitted a declaration that she meets the criteria of independence as stated under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, to continue to hold office upto 30 September, 2021.”

6. **Appointment of Mr. Sharath Reddy Kalakota (DIN: 03603460) as Whole time director:**

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 Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Sharath Reddy Kalakota (DIN: 03603460), in respect of whom the Company has received a notice in writing under Section 160, proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, as well as a Whole-time Director

of the Company for a period of 3 (Three) years w.e.f 01 October, 2019, on the terms and conditions and at the remuneration as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Sharath Reddy Kalakota as the Whole-time Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall limits specified herein and under the Companies Act, 2013.”

7. Ratification of remuneration of 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 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 1,25,000 (One Lakh Twenty Five Thousand Only) (excluding taxes, as applicable), in addition to reimbursement of out of pocket expenses at actuals, if any, 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 31 March, 2020, be and is hereby approved and ratified.”

“RESOLVED FURTHER THAT Mr. Vishnukant Chaturbhuj Bhutada, Managing Director of the Company (DIN: 01243391) be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper and expedient for the purpose of giving effect to this resolution.”

8. Approval under section 188 of the Companies Act 2013 for appointment of Mr. Deepak Kumar Inani as General Manager - Projects.

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 188 of the Companies Act, 2013 (“the Act”) and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration

Committee and approval accorded by the Audit Committee and Board of Directors and subject to such other requisite approvals, if any, consent of the Company be and is hereby accorded to Mr. Deepak Kumar Innani to hold office or place of profit w.e.f. 1 September, 2019 as a General Manager – Projects in the monthly pay scale of ₹ 3,50,000/- (Three Lakhs Fifty Thousand Only) subject to the annual increment of minimum 5% and maximum as per the HR policies. and such perquisites as generally applicable to the respective designated employees, or at such designation as the Board of Directors of the Company may, from time to time, decide within the said pay scale.”

9. Approval for granting loans to 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 the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors to grant loan(s) or any 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 the Company’s subsidiaries, joint ventures and/ or associate companies upto an amount of ₹ 50 Crores each, subject to such terms and conditions, with or without any security, as the Board may deem expedient in this regard.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to finalize and vary the terms of such loan(s), its repayment and other conditions as it may deem fit and proper in the best interests of the Company.”

10. Appointment of Mr. Vishnukanth Chaturbhuj Bhutada (DIN: 01243391) as a Managing Director

To consider and if thought fit to pass with or without modification(s) the following resolution as special resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196,197 and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and in supersession of the shareholders’ resolution passed at 28th Annual General Meeting held on 28 September, 2015 in relation to

the appointment of Mr. Vishnukanth Chaturbhuj Bhutada, as the Managing Director, the consent of the Company be and is hereby accorded to re-appoint Mr. Vishnukanth Chaturbhuj Bhutada (DIN: 01243391), as the Managing Director of the Company for a term of five(5) years w.e.f. 01 October, 2019 on such remuneration and other prerequisites as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to this notice.”

“RESOLVED FURTHER THAT the Board of directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Vishnukanth Chaturbhuj Bhutada (DIN: 01243391), Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the

overall limit specified under the Companies Act, 2013..”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, the said remuneration shall be payable as minimum remuneration under Schedule V read with Section 197 of the Companies Act, 2013.

“RESOLVED FURTHER THAT the consent of the shareholders under this resolution shall be deemed to be accorded under the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as well.”

“RESOLVED FURTHER THAT this resolution is effective from 01 October,2019 until when previous resolution passed at the 28th Annual General Meeting held on 28 September, 2015 shall be in force,

Registered Office

Shilpa Medicare Limited,
12-6-214/A1, Shilpa House, Hyderabad Road,
Raichur, Karnataka- 584135.
CIN: L85110KA1987PLC008739.
Website: <https://www.vbshilpa.com/>
Email : cs@vbshilpa.com

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

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 13 August, 2019

Notes:

An explanatory statement setting out all the material facts

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') and Secretarial Standard (SS-2), wherever applicable, and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 wherever applicable are 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 14.09.2019 to 20.09.2019 (both days inclusive) for the purpose of payment of dividend and Annual General meeting.
5. M/s. Karvy Fintech 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 32nd 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 2011-12 to 2017-18 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 the 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 32nd Annual General Meeting is available on the website of the Company www.vbshilpa.com and website of the 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 125 of the Companies Act, 2013, the Company will transfer the unclaimed or un-encashed dividends for financial year 2011-12 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 the 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 (5) of the Companies Act, 2013 read with IEPF Rules, the Company has transferred 18154 shares belonging to shareholders who did not claim dividend continuously for seven years starting from financial year 2010-11. to IEPF Account.
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 2018-19 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 Fintech 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 2018-19 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 Fintech Private Limited for facilitating e-voting to enable the

User ID

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 Fintech 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.

For Members holding shares in Demat form

For NSDL: 8 character DP ID followed by 8 digit Client ID

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 "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@vbsilpa.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_EVENT 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 17.09.2019 at 09.00 A.M and ends on 19.09.2019 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.

- 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. 13.09.2019. 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. 13.09.2019 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.
19. 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.
20. 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.
21. 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, they cannot vote physically and vice versa. However, in case shareholders cast their vote physically as well as through e-voting, voting done through e-voting will prevail and voting done physically will be treated as invalid.
22. The Board of Directors have appointed Ajay Vemuri, Proprietor of M/s. VCAN & Associates, a Practicing Company Secretary as the Scrutinizer to process the e-voting and submit the report to the Chairman.
23. 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 Email: cs@vbshilpa.com, Phone No: 08532-238704.
24. 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>.
25. Brief Profile of Directors seeking appointment and re-appointment at the 32nd Annual General Meeting (pursuant to Regulation 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

EXPLANATORY STATEMENT IN ACCORDANCE WITH SECTION 102 OF THE COMPANIES ACT, 2013

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

Item 4:

In accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 (“the Act”), Mr. Amit Chander (DIN: 02406965) who was co-opted as an Additional Director (Independent) w.e.f 01 April, 2019 and who holds office as such up to the date of this Annual General Meeting, is proposed to be appointed as an Independent Director subject to the approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Mr. Amit Chander be appointed as an Independent Director on the Board of the Company.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Amit Chander (DIN: 02406965) for the office of Director of the Company. Mr. Amit Chander (DIN: 02406965) has consented to act as a Director and given a declaration stating that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act and that he meets the criteria of independence as prescribed under both, sub-section (6) of Section 149 of the Act and regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In the opinion of the Board, Mr. Amit Chander (DIN: 02406965) fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Amit Chander (DIN: 02406965) is independent of the management and possesses appropriate skills, experience and knowledge.

Mr. Amit Chander, is an Engineering graduate from the Indian Institute of Technology (IIT), Delhi. He holds accomplishment of receiving the Director’s Silver Medal for being Rank #1 in his department. He also holds an MBA degree from the Indian Institute of Management (IIM), Lucknow. He has work experience as a financial advisor and business consultant with leading Indian and multi-national companies. He is frequently quoted in the print media for his views on the healthcare industry in India. He was profiled in 2014 as one amongst the Top 5 Rising & Successful Fund Managers by leading Indian business daily “The Economic Times”. He has served as manager of CRISIL, world’s fourth largest and India’s most influential credit rating agency. He has experience in advising private and public sector clients on equity divestments, financial restructuring, and business strategy.

Subsequently he worked with Accenture – a leading global management consulting, technology, and outsourcing services company. As part of their India operations, he assisted public sector clients in India in implementing technology-led large-scale business transformations ranging from e-governance to e-commerce.

As per the provisions of section 149 and 152 of the Companies Act, 2013 consent of the members by way of ordinary resolution is required for the said appointment.

The relevant particulars of Mr. Amit Chander (DIN: 02406965) as required under the provisions of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this notice.

Copy of draft letter of appointment of Mr. Amit Chander (DIN: 02406965) setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Except Mr. Amit Chander none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice. Mr. Amit Chander does not hold directorships in any other company.

The Board recommends the resolution set forth in Item No.4 for approval of the members.

Item 5:

In accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 (“the Act”), Ms. Sirisha Chintapalli (DIN: 08407008) who was co-opted as an Additional Director (Independent) w.e.f 01 April, 2019 and who holds office as such up to the date of this Annual General Meeting, is proposed to be appointed as an Independent Director subject to the approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Ms. Sirisha Chintapalli, be appointed as an Independent Director on the Board of the Company.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Ms. Sirisha Chintapalli (DIN: 08407008) for the office of Director of the Company. Ms. Sirisha Chintapalli (DIN: 08407008) has consented to act as a Director and given a declaration stating that she is not disqualified from being appointed as a Director in terms of Section 164 of the Act and that she meets the criteria of independence as prescribed under both sub-section (6) of Section 149 of the Act and regulation 16 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In the opinion of the Board, Ms. Sirisha Chintapalli (DIN: 08407008) fulfils the conditions of her appointment as an Independent Director as specified in the Act and the Listing Regulations. Ms. Sirisha Chintapalli (DIN: 08407008) is independent of the management and possesses appropriate skills, experience and knowledge.

Ms. Sirisha Chintapalli is

An Associate Member of The Institute of Company Secretaries of India.

An Associate member of The Institute of Cost Accountants of India.

A Semi Qualified CA from The Institute of Chartered Accountants of India.

She bagged all India 7th Rank and 1st Rank in South India in Company Secretary final-level examinations.

Job Profile:

As a Company Secretary:

She had been associated with L&T Shipbuilding Ltd, Chennai - Renowned Shipbuilding Company – engaged in construction of Defence Vehicles, Interceptor Boats, Offshore Patrol Vessels, Floating Dock;

International Seaport Dredging Limited, Chennai, a joint venture dredging between Larsen & Toubro Ltd and Dredging International – DEME Group, Belgium.

CCL Products (India) Ltd, Hyderabad - Instant Coffee Manufacturing Company

Professional Experience and Exposure:

Having more than 10 years of good exposure and experience in the fields of legal, financial, secretarial regulatory compliance matters particularly in relation to the Companies Act, laws applicable to the Capital Markets and other statutes. She has successfully handled and completed various issues/ assignments/ mergers and got well versed with various statutes involved in the day to day operations of the Company.

As per the provisions of section 149 and 152 of the Companies Act, 2013 consent of the members by way of ordinary resolution is required for the said appointment. the relevant particulars of Ms. Sirisha Chintapalli (DIN: 08407008) as required under the provisions of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this notice.

Copy of draft letter of appointment of Ms. Sirisha Chintapalli (DIN: 08407008) setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Except Ms. Sirisha Chintapalli None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Ms. Sirisha Chintapalli holds directorship in Sai Silks (Kalamandir) Limited.

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

Item 6:

The Company has received a notice in writing under Section 160, proposing the candidature of Mr. Sharath Reddy Kalakota (DIN: 03603460) for the office of Director of the Company. The Nomination and Remuneration committee, at its meeting held on 13.08.2019, has reviewed and recommended the appointment of Mr. Sharath Reddy Kalakota (DIN: 03603460) as the Whole-time Director and made its recommendations to the Board for his appointment. Accordingly, based on the recommendations of the Nomination and Remuneration Committee, the Board, at its meeting held on 13.08.2019, has considered the said appointment and recommended necessary resolution for appointing him as Whole-time Director of the Company for a period of 3 (Three) years w.e.f 01 October, 2019, to the members at the ensuing Annual General meeting, as per the terms and conditions stated herein below:

Brief Profile: Mr. Kalakota Sharath Reddy, has acquired enriched experience of over 28 years in API manufacturing, Operations & Execution of Greenfield & brown field Projects by being associated with Shilpa Medicare Ltd since 1991, with diverse focus on Active Pharmaceutical Ingredients intermediate, Effluent Treatment R&D, quality Control Facilities designing commissioning & Operations. His vision of teamwork, mutual respect, innovative thinking and, excellence has resulted in developing a highly motivated team. His team's dedicated commitment is well aligned to achieve the mission of the Company.

Mr. Kalakota Sharath Reddy is a Post graduate in Pharmacy from Birla Institute of Technology & Science, Philani, Rajasthan. He obtained his bachelor's Degree from Raichur Gulbarga University. Mr. Kalakota Sharath Reddy joined the Company in the year 1991 and has been with the Company in its long successful journey and has grown along the Company.

Achievements: Joining the company as a chemist Mr. Kalakota Sharath Reddy, due to his will for self-learning and with the guidance of the management headed the team for the time bound implementation of the greenfield & brown field Projects. He is instrumental in building state of art API oncology & Non Oncology Facilities with quality Control Facilities of the Company at Deosugur Industrial Area, Raichur- Unit-1 & at Industrial Growth Centre, Chicksugur, Raichur. As a Team leader he undertook the Energy Conservation which won the company 1st National energy Conservation Award, from Bureau of Energy Efficiency, Govt. of India in the Year 2012. He is also a part in building Biomass based steam Generation Project which has been registered with UNFCC Reg. No: 3926, under Clean Development Mechanism under Kyoto protocol & which reduced the greenhouse Gasses emissions.

During his tenure as the Whole-time Director, he will be paid a maximum monthly remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs Only) inclusive of all perquisites and subject to an annual increment of minimum 5% and maximum as per the HR policies.

In addition to the above said remuneration he is also entitled to leave encashment, gratuity and other benefits as applicable to other employees as per the policy of the Company

Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of his service, the remuneration specified here-in-above shall be paid as minimum remuneration to him as per the provisions of Section II of Part of II of Schedule V to the Act, including any statutory modification(s) thereof.

Mr. Sharath Reddy Kalakota (DIN: 03603460) satisfies all the conditions set out in Part-I of Schedule V to the Act and also the conditions set out in Section 196 of the Act for being eligible for his appointment as the Whole-time Director of the Company. In terms with sub-section (2) of Section 164 of the Act, he is not disqualified to be appointed as a director and the Company has received from him a declaration to such effect.

The terms and conditions as set out herein above may be treated as written memorandum setting out the terms of appointment of Mr. Sharath Reddy Kalakota (DIN: 03603460) under the provisions of Section 190 of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013 consent of the members by way of ordinary resolution is required for the said appointment.

The relevant particulars as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this notice.

Copy of relevant resolutions of the Board with respect to above said appointment is available for inspection by members at the registered office during working hours on any working day till the date of the Annual General Meeting.

Except Mr. Sharath Reddy Kalakota, none of the other Directors/ Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

He does not hold directorship in any other company.

The Board recommends the resolution set forth in Item No.6 for approval of the members.

Item 7:

The Board, on the recommendations of the Audit Committee, has approved the appointment of the M/S V.J. Talati & Co, Cost Accountants (Regd. No. M/2203) and the remuneration payable to them for conducting the audit of the cost records of the Company for the financial year 2019-20.

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, the consent of the members is sought for ratification of the remuneration payable to the cost auditors for the financial year ending 31 March, 2020.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the resolution set forth in Item No.7 for approval of the members.

Item 8:

Mr. Deepak Kumar Inani, General Manager - Projects who is related to Mr. Omprakash Inani, Director (DIN: 01301385), holds office/ place of profit in the Company, with the approval of Board of Directors, at a remuneration of up to ₹ 2,50,000/- per month in accordance with the provisions of Section 188 of the Companies Act, 2013. The Nomination and Remuneration Committee has recommended his increment equating to the contribution he is making to the Company which are within the applicable scale limits as the salary currently being paid to him is not commensurate with the present market trends for an individual with his qualification, experience and job responsibilities. Considering the recommendations of the Nomination and Remuneration Committee, the Audit Committee and the Board have approved the same.

As per the recommendations, the pay scale per month shall be ₹ 3,50,000/- (Three Lakhs Fifty Thousand Only) is subject to the annual increment of minimum 5% and maximum as per the HR policies.

In addition to the above-said remuneration he is also entitled for leave encashment, gratuity and other benefits as applicable to other employees as per the policy of the Company.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, consent of the members is sought by way of a Special

Resolution for the said appointment. Except Mr. Omprakash Inani, being related to the appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

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

Item No. 9:

Statement setting out the facts of the resolution to be passed:

Lender	Borrower	Type of financial assistance	Maximum amount of loan/ guarantee/ security to be granted/ provided to each	Rate of interest/ commission	Particulars of loan/ guarantee/ security	Purpose for granting loan
Shilpa Medicare Limited	Subsidiaries/ Joint ventures/ Associate companies	Loan/ Guarantee/ Security	₹ 50 Cr.	As may be decided by the Board from time to time	N.A.	To meet the principle business objects of the borrower.

Your Company has been investing in various projects/ventures either directly or through subsidiaries/joint ventures/associate companies formed on its own or in collaboration with technocrats/marketing pioneers. The Company sometimes needs to infuse funds immediately by way of loan or other form of debt for the said projects for the scheduled implementations.

As per the provisions of Section 185 of the Companies Act, 2013, the Company may provide loans to its subsidiaries (which are not wholly owned)/ joint ventures/ associate companies with the approval of the shareholders by way of a special resolution.

Considering the above requirement, the Board proposes the resolution set out at Item No. 9 for the approval of the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item 10:

Mr. Vishnukanth Chaturbhuj Bhutada, who is 57 years old and has been on the Board of the Company since incorporation i.e. 20-11-1987, is a key and an instrumental person in promoting and steering the Company to its present position. He is basically a pharmacy graduate and the main guiding force behind the progress of Shilpa Medicare Limited. Due to his untiring & constant efforts and planning, the Company has reached to its present level of operations in API and Oncology segments. With his foresightedness now, the Company successfully entered into formulation by setting-up Innovative Formulations Unit at Forma SEZ, TSIIC Green Industrial Park, Jadcherla, Mahabunagar District, Telangana, India. The Company achieved various prestigious awards under his stewardship. His vision, foresightedness and planning has always been giving a good path to the Company in its new ventures. He has been heading the Company with his vast experience in pharmaceutical industry and international marketing.

The Company, under the leadership of Mr. Vishnukanth Chaturbhuj Bhutada, has grown up leaps and bounds and has successfully initiated and implemented various new business plans. Under his supervision the Company achieved better performance, efficiency improvement, quality enhancement and cost reduction.

The Board feels that he should be re-appointed for a further period of five (5) years w.e.f 01 October, 2019, considering the contribution he has made to the Company and the push he would give to implement the projects and products in pipeline.

With regard to the trend in the pharmaceutical industry and remuneration packages of peers, the Nomination and Remuneration Committee, in its meeting held on 13 August, 2019, recommended the undermentioned remuneration, in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Minimum annual remuneration recommended by Nomination and Remuneration is ₹ 3,50,00,000/- (Rupees Three Crores Fifty Lakhs only) inclusive of allowances and perquisites and subject to minimum annual increment of 5% and maximum as per the HR policy.

The remuneration mentioned above shall be exclusive of the managerial commission on net profits.

However, the total remuneration shall be subject to maximum 5% of the Net Profits as calculated under section 198 of the Companies Act, 2013.

Mr. Vishnukanth Chaturbhuj Bhutada holds 80,86,012 equity shares of ₹ 1/- each in individual capacity and 13,36,130 equity shares of ₹ 1/- each in name of HUF in the share capital of the Company.

His directorships in other companies are as follows:

Name of company	Date of Appointment	Remarks
INM Technologies Private Limited	23.01.2015	Subsidiary of Shilpa Medicare Limited
INM Nuvent Paints Private Limited	07.03.2018	Step down subsidiary to Shilpa Medicare Limited
Raichem Medicare Private Limited	01.06.2009	Associate of Shilpa Medicare Limited
Shilpa Therapeutics Private Limited	07.09.2011	Wholly Owned subsidiary of Shilpa Medicare Limited
Sravathi Advance Process Technologies Private Limited	28.02.2019	Subsidiary of Shilpa Medicare Limited
Dharamkeshav Infra Private Limited	03.01.2012	Group company
Mohiniradha Infra Private Limited	27.12.2013	Group company
Mohini Infra Private Limited	01.04.2014	Group company
KMN Investments Private Limited	03.05.2018	Group company

Except Mr. Vishnukant Chaturbhuj Bhutada None of the Directors or Key managerial personnel is interested, financially or otherwise, directly or indirectly, in the above-mentioned resolution.

The board recommends the resolutions set forth in Item: 10 for approval of the members by way of special resolution in accordance with the provisions of Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, duly amended, and the Companies Act, 2013.

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

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 13 August, 2019

ANNEXURE

Details of directors seeking appointment/re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the Director	Mr. Naresh Patwari	Ms. Sirisha Chintapalli	Mr. Amit Chander	Mr. Sharath Reddy Kalakota	Mr. Vishnukanth Chaturbhuj Bhutada
Date of Birth	25 April, 1978	04 th June, 1980	25 January, 1979	25 August 1967	25 September, 1962
Date of Initial Appointment	26 December 2016	01 st April, 2019	01 April, 2019	01 October, 2019	20 November, 1987
Relationship with Directors	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director	No relation with directors but is promoter of the company
Expertise in specific functional Area	Having good experience in advising on investments in India and other emerging markets. He has deep domain experience in healthcare and pharma, consumer-facing industries and media.	Having more than 10 years of good exposure and experience in the fields of legal, financial, secretarial regulatory compliance matters particularly in relation to the Companies Act, laws applicable to the Capital Markets and other statutes. She has successfully handled and completed various issues/ assignments/ mergers and got well versed with various statutes involved in the day to day operations of the Company.	He has work experience of total 18 years, 15 Years in the area of Health care and Technology Private Equity and 3 Years of experience in the area of Management Consulting and Financial Advisory. He has been a financial advisor and business consultant with leading Indian and multi-national companies. He has experience of advising private and public sector clients on equity divestments, financial restructuring, and business strategy. He has assisted public sector clients in India in implementing technology-led large-scale business transformations ranging from e-governance to e-commerce.	Mr. Kalakota Sharath Reddy, is having an enriched experience in pharmaceutical API manufacturing, Operations & Execution of Greenfield & brown field Projects for over 28 years being with the Shilpa Medicare Ltd since 1991, with diverse focus on Active Pharmaceutical Ingredients intermediate, Effluent Treatment R&D, quality Control Facilities designing commissioning & Operations. His vision of teamwork, mutual respect, innovative thinking and excellence has resulted in developing highly motivated team. His team's dedicated commitment is well aligned to achieve the mission of the Company	Mr. Vishnukant Chaturbhuj Bhutada is a graduate in B. Pharmacy. He has been associated with the since incorporation and has been the key driver of the development of Shilpa Medicare Limited. He has tremendously exhibited strategic skills in formulation of business and product strategies. He is seasoned in negotiation Joint Ventures which are beneficial to the company. He has been associated with business, administration and strategic planning of the company.
Qualification	B. Tech (IIT), MBA (Tuck School of Business at Dartmouth)	1. Qualified Company Secretary 2. Qualified Cost Accountant 3. Semi-qualified Chartered Accountant	1. Engineering Graduate from IIT (Delhi) 2. MBA Graduate from IIM (Lucknow)	1. Bachelor's Degree from Raichur Gulbarga University 2. Post graduate in Pharmacy from Birla Institute of Technology & Science, Philani, Rajasthan,	Bachelor in Pharmacy
Board Membership of other Listed companies	TCNS Clothing Co. Ltd.	NIL	NIL	NIL	NIL
Chairman/ Member of the Committee of the Board of Directors Of Shilpa Medicare Limited	NIL	NIL	NIL	NIL	Chairman: Risk Management committee Member: Stakeholder Relationship Committee & Corporate Social responsibility committee
Chairman/ Member of the committee of Directors of other listed companies in which he is a director	1	NIL	NIL	NIL	NIL
a) Audit Committee	TCNS Clothing Co. Ltd.	NIL	NIL	NIL	NIL
b) Stakeholders' Relationship Committee	NIL	NIL	NIL	NIL	NIL

Name of the Director	Mr. Naresh Patwari	Ms. Sirisha Chintapalli	Mr. Amit Chander	Mr. Sharath Reddy Kalakota	Mr. Vishnukanth Chaturbhuj Bhutada
c) Nomination and Remuneration Committee	NIL	NIL	NIL	NIL	NIL
Number of shares held in the Company as on 31 March 2019	NIL	NIL	NIL	28089	80,86,012 equity shares in individual capacity & 13,36,130 equity shares as Karta of HUF.

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

Sd/-
Omprakash Innani
Chairman
DIN: 01301385

Place: Raichur
Date: 13 August, 2019



Innovating for
affordable healthcare

SHILPA MEDICARE LIMITED

CIN: L85110KA1987PLC008739

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

Email: info@vbshilpa.com Website: www.vbshilpa.com

32nd ANNUAL GENERAL MEETING

Admission Slip

Date:
20 September, 2019

Venue:
#12-6-214/A1, Shilpa House, Hyderabad Road,
Raichur, Karnataka 584135, India

Time: 12:15 PM

Name and Address of the Member: _____

I hereby certify that I am a member of Shilpa Medicare Limited and hold _____ shares.

Person attending (please strike off the category attendee belongs to)

- Member
- Proxy

Name of Proxy in Block Letters

Signature of member/ proxy

Notes:

- Member or proxy should bring the duly filled Attendance slip to the AGM venue and deposit it before commencement of meeting.
- Duplicate attendance slip shall not be issued at venue of meeting.



Admission Slip

Electronic Voting

Electronic voting (e voting) facility is being provided in respect of resolution proposed at the 32nd AGM, in accordance with the provisions of section 108 of Companies Act, 2013 read with rule 20 of companies (Management and administration) rules, 2014. Please see note no 17 to the Notice dated 13 August, 2019 convening the AGM for the procedure with respect to e-voting.

Your e voting user id and password are provided hereunder

Electronic voting event number (EVEN)	User ID	Password



AGM Route MAP



Shilpa Medicare Limited
“Shilpa House”
12-6-214/A-1, Hyderabad Road,
RAICHUR - 584 135, Karnataka, India



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SHILPA MEDICARE LIMITED

CIN: L85110KA1987PLC008739

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

Email: info@vbshilpa.com Website: www.vbshilpa.com

32nd ANNUAL GENERAL MEETING

Members Proxy Form:

Form No: MGT-11

1. Name of member (including joint holder) if any: _____

2. Registered address of the member: _____

3. E mail id: _____

4. DP ID No, Registered folio no or client id no: _____

I/We, being the member of _____ Shares of Shilpa
Medicare Limited hereby appoint(s)

Mr _____ address: _____

Email id: _____ Signature: _____

Or failing him

1) Mr _____ address: _____

Email id: _____ Signature: _____

Or failing him

2) Mr _____ address: _____

Email id: _____ Signature: _____

Or failing him

3) Mr _____ address: _____

Email id: _____ Signature: _____

as my proxy to attend and vote for me/us on my behalf at 32nd Annual General Meeting of Shilpa Medicare Limited to be held on 20 September, 2019 at 12:15 P.M. India at the registered office of the company being #12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka 584135 in respect of resolution mentioned hereunder.



Resolution No	Description	Optional	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the standalone and consolidated financial statements of the company for the financial year ended 31 March, 2019, together with the report of the Board of Directors and Auditors thereon.		
2	To declare final dividend for the Financial Year 2018-19.		
3	To appoint a director in place of Mr. Naresh Patwari, (DIN: 03319397), who retires by rotation and being eligible, offers himself for re- appointment as Director		
Special Business			
4	To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution: Appointment of Mr. Amit Chander (DIN: 02406965) as an Independent Director.		
5	To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution: Appointment of Ms. Sirisha Chintapalli (DIN: 08407008) as an Independent Director.		
6	To Consider and if thought fit pass the following resolution with or without modification as Ordinary resolution: Appointment of Sharath Reddy Kalakota (DIN: 03603460) as a Whole Time Director:		
7	To consider and if thought fit pass the undermentioned resolution with or without modification as ordinary resolution: Ratification of Remuneration of Cost Auditors		
8	To Consider and if thought fit pass the undermentioned resolution with or without modification as special resolution: Approval under section 188 of the Companies Act, 2013 for appointment of Mr. Deepak Kumar Inani as General Manager - Projects.		
9	To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution: Approval for granting loans to Subsidiaries, Joint Ventures and Associate Companies.		
10	To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution: Reappointment of Mr. Vishnukant Chaturbhuj Bhutada as Managing Director		

Affix ₹
1/- Revenue
Stamp

Signed on _____

Signature of Shareholder _____

Note:

- 1 This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2 A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 3 During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
- 4 In line with Secretarial Standards on general meetings, no gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Meeting.



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“Shilpa House”

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Telephone: 08532 - 238704 | Fax: 08532 - 238876

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