



Innovating for  
affordable healthcare

## Shilpa Medicare Limited

### Corporate & Admin Office :

"Shilpa House", # 12-6-214/A-1, Hyderabad Road,  
Raichur-584 135, Karnataka, India

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

Email: info@vbshilpa.com, Web: www.vbshilpa.com

CIN: L85110KA1987PLC008739

Date: 15<sup>th</sup> August, 2020

To  
Corporate Relationship Department  
BSE Limited,  
1<sup>st</sup> Floor, Rotunda Building,  
P.J. Towers, Dalal Street,  
**Mumbai - 400 001.**

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

Dear Sir,

**Sub:** Notice for the 33<sup>rd</sup> Annual General Meeting and Annual Report for the  
Financial Year 2019-20

**Ref:** Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements)  
Regulations 2015

**Scrp Code:** BSE- 530549/ **Stock Symbol:** NSE - SHILPAMED

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 33<sup>rd</sup> Annual General Meeting of Shilpa Medicare Limited is scheduled to be held on Wednesday the 09<sup>th</sup> day of September, 2020 at 11:00 AM.

The Company is providing remote e-voting facility before the AGM as well as e-voting facility during the AGM as per the calendar given below:

Cut-off date for voting by the members and participation in AGM through VC.(The members of the record as on cut-off date would be eligible to cast their votes through remote e-voting and e-voting during the AGM)	02 <sup>nd</sup> September, 2020
Remote e-voting will commence on	06 <sup>th</sup> September, 2020 at 09:00 am
Remote e-Voting will end on	08 <sup>th</sup> September, 2020 at 05:00 pm
Day, date and time of AGM	Wednesday, 09 <sup>th</sup> Day of September, 2020 at 11:00 am

V.V.K. char



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CIN: L85110KA1987PLC008739

Service provider for e-voting platform and e-AGM	KFin Technologies Private Limited
Website of the service provider (Kfin) for e-voting	evoting.karvy.com

Also please find attached herewith Annual report 2019-20.

**For and on behalf of  
Shilpa Medicare Limited.**

*V.V.Krishna Chaitanya*

**V V Krishna Chaitanya  
Company Secretary and Compliance Officer.**



# UNLEASHING THE POWER OF RESEARCH FOR A BETTER MEDICARE



Innovating for  
affordable healthcare

**Shilpa Medicare Limited**

33<sup>rd</sup> Annual Report 2019-20



# Table of Contents

## Management Review

Unleashing the power of research for better Medicare	<b>1</b>
Shilpa Medicare Limited at a Glance	<b>2</b>
Our Global Footprints	<b>3</b>
Corporate Information	<b>5</b>
Chairman's Message	<b>6</b>
Key Highlights in FY2020	<b>8</b>
Review by Managing Director	<b>10</b>
Key Drivers of the Business & Strategy	<b>12</b>
Our Key Strategies KPIs and Goals	<b>13</b>
Consolidated Financial Highlights	<b>14</b>
Standalone Ratios	<b>15</b>
Manufacturing Capability Matrix	<b>16</b>
R&D Units	<b>20</b>
Biologicals	<b>21</b>
Our People	<b>22</b>
How We Create Value	<b>23</b>
Board of Directors	<b>24</b>
Environment, Health & Safety	<b>26</b>
Corporate Social Responsibility	<b>28</b>
Awards	<b>30</b>

## Statutory Reports

Management Discussion & Analysis	<b>31</b>
Directors' Report	<b>37</b>
Business Responsibility Report	<b>55</b>
Corporate Governance Report	<b>96</b>
Notice	<b>234</b>

## Financial Statements

Independent Auditor's Report	<b>118</b>
Standalone Balance Sheet	<b>127</b>
Standalone Statement of Profit and Loss	<b>128</b>
Standalone Statement of Changes in Equity	<b>129</b>
Standalone Statement of Cash Flow	<b>130</b>
Notes Forming Part of Standalone Financial Statement	<b>132</b>
Independent Auditor's Report	<b>179</b>
Consolidated Balance Sheet	<b>187</b>
Consolidated Statement of Profit and Loss	<b>188</b>
Consolidated Statement of Changes in Equity	<b>189</b>
Consolidated Statement of Cash Flow	<b>190</b>
Notes Forming Part of Consolidated Financial Statement	<b>192</b>

### Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/images of our facilities, products or of any such nature/kind.



# Unleashing the power of research for better Medicare

Shilpa Medicare Ltd (SML) is known for its strong pharma value chain strengthened by its state-of-the-art manufacturing and research facilities. Over the years since its inception, SML has shifted its focus towards creating a niche in oncology generics. In the process, the Company has developed a strong capability in manufacturing oncology APIs and formulations. Besides this, SML is investing in novel drug delivery systems (NDDS) and biotechnology, two R&D Centres with capabilities of NDAs, DMFs and NDDS. SML is in the cusp of the major transformation by unleashing the power of research.

About Us

# Shilpa Medicare Limited at a Glance

SML is one of the leading APIs and Formulations manufacturers with strong capabilities in the therapeutic area of oncology and non-oncology. In the recent years the Company has also forayed into Formulations, Biologics, Oral Dissolving Films and Transdermal Patches.

Major share of SML's APIs and Formulations is marked in the most regulated markets like US and Europe.



SML was incorporated in 1987 at Raichur, Karnataka, India. SML is one of the leading API and formulations manufacturers with strong capabilities in the therapeutic area of oncology. SML supplies more than 30 oncology APIs including key products such as Capecitabine, Gemcitabine Hydrochloride, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride for various regulated markets including USA, Europe, Japan, South Korea, Russia, Mexico, Brazil, and other emerging markets. While SML's underlying expertise is in the field of oncology, it also derives a small part of its revenue from sale of non-oncology APIs. With key products being Ambroxol (Mucolytic agent) in Europe and Tranexmic Acid and Ursodeoxycholic acid in India.

## 5

Manufacturing Units  
(4 in India and 1 in Austria)

# Our Global Footprints



**265+**

Scientists

**357**

Patents filed

**44+**

High quality products

SML's Global Markets 



About Us

**SML's product range includes over 44 oncology and non-oncology APIs. The Company's formulation product range consists of 16 injectable dosage forms, 19 oral solid dosage forms under SML and 13 Formulations under SML's wholly owned subsidiary Shilpa Therapeutics Private Limited.**

### Product Range



Oncology and Non-Oncology APIs



Ophthalmics



Oncology Formulations



Oral Dissolving Films



Biosimilars



Biochemical Diagnostics



Transdermal Patches



Organic Intermediates



Pilot and Production Scales



# Corporate Information

## Board of Directors:

**Mr. Omprakash Inani** - Chairman

**Mr. Vishnukant C. Bhutada** – Managing Director

**Mr. Sharath Reddy Kalakota** – Whole Time Director<sup>2</sup>

**Mr. Pramod Kasat** – Independent Director

**Mr. Rajender Sunki Reddy** – Independent Director

**Mr. Naresh Patwari** - Non Executive Director

**Mr. Amit Chander** – Independent Director

**Ms. Sirisha Chintapalli** – Independent Woman Director

**Mr. Piyush Goenka** – Independent Director<sup>1</sup>

<sup>1</sup> Appointed as an Additional Director in independent capacity with effect from 11<sup>th</sup> November, 2019.

<sup>2</sup> Appointed with effect from 01<sup>st</sup> October, 2019.

## Board Committees

### Audit Committee

**Mr. Rajender Sunki Reddy** – Chairman

**Mr. Omprakash Inani** – Member

**Mr. Pramod Kasat** – Member

### Nomination and Remuneration Committee

**Mr. Pramod Kasat** – Chairman

**Mr. Omprakash Inani** – Member

**Ms. Sirisha Chintapalli** – Member<sup>1</sup>

<sup>1</sup> Appointed as Member with effect from 11<sup>th</sup> November, 2019

### Stakeholders' Relationship Committee

**Mr. Omprakash Inani** - Chairman

**Mr. Vishnukant C. Bhutada** - Member

**Mr. Rajender Sunki Reddy** - Member

### Corporate Social Responsibility Committee

**Mr. Rajender Sunki Reddy** - Chairman

**Mr. Omprakash Inani** - Member

**Mr. Vishnukant C. Bhutada** – Member

### Risk Management Committee

**Mr. Vishnukant C. Bhutada** - Chairman

**Mr. Pramod Kasat** - Member

**Mr. Sharath Reddy Kalakota** – Member<sup>1</sup>

**Mr. Sushil Bajaj** - Member<sup>2</sup>

<sup>1</sup> Appointed as Member with effect from 11<sup>th</sup> November, 2019.

<sup>2</sup> Appointed as Member with effect from 27<sup>th</sup> May, 2019.

### Chief Financial Officer

**Mr. Sushil Bajaj**

### Company Secretary:

**Mr. V.V. Krishna Chaitanya** –

Appointed with effect from 10<sup>th</sup> September, 2019.

## Secretarial Auditors:

**M/s P.S. Rao & Associates**

**Company Secretaries**

6-3-347-22/2, Flat No. 10, 4<sup>th</sup> Floor, Iswarya Nilayam, Dwarakapuri Colony, Punjagutta, 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<sup>1</sup>

**PKF Sridhar and Santhanam LLP**

**Chartered Accountants**

8-2-577/B/5F, 5<sup>th</sup> Floor, Maas Heights, Road No. 8, Banjara Hills, Hyderabad - 500 034, Telangana, India

<sup>1</sup> Ceased to be Internal Auditors with effect from 01<sup>st</sup> April, 2020.

**M. Bhaskara Rao & Co.,**

**Chartered Accountants**

6-3-652, 5<sup>th</sup> Floor,

Kautilya, Somajiguda,

Hyderabad - 500 082

Appointed in the Board Meeting held on 15<sup>th</sup> June, 2020.

## Bankers

Standard Chartered Bank Ltd

The Hongkong and Shanghai Banking Corporation Limited

Citi Bank NA

State Bank of India

Axis Bank Ltd

The Lakshmi Vilas Bank Ltd

HDFC Bank

Canara Bank

## Registrar and Share Transfer Agent

M/s. KFin Technologies 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

# 12-6-214/A-1,

Shilpa House Hyderabad Road

Raichur – 584 135 Karnataka, India

Phone: 08532-238704

Fax: 08532-238876

Email: info@vbsilpa.com

Web: www.vbsilpa.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 TSIIIC Green Industrial Park, Pollepally Village, Jadcherla Mandal, Dist - Mahabubnagar - 509 301, Telangana, India

### Works Under Progress:

Plot No. 29-A5, Awerahalli Industrial Area, Bengaluru (Bangalore) Rural - 562 117, Karnataka, India

### Quality Control and Bio Analytical Division:

01<sup>st</sup> and 02<sup>nd</sup> Floor, Plot No. 79, Road No. 15, Survey No. 125, IDA Mallapur, Nacharam, Uppal Mandal Medchal, Malkajgiri Dist - 500 076, Hyderabad, Telangana, India

### R&D Units

Raichur R&D

Bangalore R&D

### Subsidiaries (India):

INM Technologies Private Limited

Shilpa Therapeutics Private Limited

INM Nuvent Paints Private Limited (Step-Down Subsidiary)

Shilpa Albumin Private Limited

Shilpa Biologicals Private Limited.

Shilpa Corporate Holdings Private Limited. (with effect from 08/05/2020)

### Joint Ventures:

Sravathi Advance Process Technologies Private Limited.

Reva Medicare Private Limited

Sravathi AI Technology Private Limited. (with effect from 27/05/2020)

### Associate Companies:

Reva Pharmachem Private Limited.

Maia Pharmaceuticals Inc.

### Foreign Subsidiaries:

Makindus Inc, U.S.A

Koanaa Healthcare Limited, UK

Koanna Healthcare GmbH, Austria

Loba Feinchemie GmbH, Austria (Step-Down Subsidiary)

Shilpa Pharma Inc., U.S.A

Koanna Healthcare Spain,

Koanna Healthcare, Canada

Zatortia Holdings Limited

# Chairman's Message



## Dear Shareholders

Our annual report comes to you at a time when the entire world is fighting an unprecedented pandemic. I am sure that you and your dear ones are staying safe and taking all necessary precautions. Few days prior to finalising this report the total number of Covid-19 cases in India was 2.03 Million. Over 1.8 Crore are infected across the world and an unfortunate 7 lakhs lost the battle. My sincere sympathies for those who lost their dear ones.

Across the world, healthcare warriors are working tirelessly to provide the best treatment to those who have been tested positive. A bigger effort is also ongoing by the various governments to contain the spread. Medical research is also progressing at a breakneck speed to develop a vaccine against Covid-19. In the recent times, efforts for developing a therapeutic cure has resulted in few products visible at the end of the innovation value chain.

Damages the outbreak has created on the global economy is far-reaching.

I am confident that the united world will overcome this pandemic with the combined power of human will and science. Innovation will become increasingly important keeping in view of the emerging challenges in healthcare such as Covid-19.

At the onslaught of the pandemic at Shilpa Medicare Ltd. we took all necessary precautions to protect our employees through a combination of social distancing at our workplaces and work from home option for a large number of our staff.

## How We Performed in FY 2019-20

SML made substantial growth in FY 2019-20. We launched important products and increased our capacity. Our key strategies includes organic and inorganic diversifications to strengthen our research and operations. Our total revenue on a consolidated basis improved 24 % year on year to 925 Crores.

Profit After Tax in FY 2019-20 is 156 crores which is 39% growth year on year. Our revenue from APIs and Formulations increased 13% and 40% respectively year on year.

### Strengthening SML's core purpose

At SML our core purpose is to innovate and deliver affordable healthcare for all. We are one of the leading players in APIs and an emerging player in oncology formulations. Globally, cancer is the second leading cause of death. According to a WHO report cancer caused an estimated 9.6 million deaths in 2018. Globally, about 1 in 6 deaths is due to cancer. Approximately 70% of deaths from cancer occur in low- and middle-income countries. Limited access to timely diagnosis, affordable and effective treatment, and access to high-quality care are just some of the factors that lead to disparities in cancer survival. According to a recently published report, spending on all medicines used in the treatment of cancer patients worldwide reached nearly US\$150 billion in 2018, with two-digit growth as compared with the previous year. There is, therefore, a crucial need to develop innovative medicinal products (InMP) to provide oncology patients with better treatment alternatives at potentially lower cost. SML is committed to creating affordable drug solutions in oncology.

Our branded generic version for Lenvatinib Mesylates, an anti-cancer drug with a brand name 'LENSHIL' is able to reduce the treatment cost by more than the 50% when compared to cost of other innovator drugs in the market. While we aim to commercialise 3-4 molecules every year, in our API facilities, we are also in the process of debottlenecking oncology production blocks by enhancing capacity by 40-70%. During the year we also launched the Indian branded generic of Ibrutinib, an anti-cancer drug under the brand name IBRUSHIL. IBRUSHIL is used in the treatment of patients suffering from Chronic Lymphocytic Leukaemia (CLL), Mantle Cell Lymphomas (MCL) and other related cancers.

**As on 31st, March 2020 our total patents filing stands at 357 with 47 granted. Our Formulation product pipeline consists of 61 with 38 approvals.**

### Key Outcomes and Initiatives

The Company has received two Establishment Inspection Reports (EIR) for our API unit-I and one EIR for our formulations facility at Jadcherla from the US Food and Drug Administration (USFDA). API Unit 1 & 2 also received various GMP Certification based on inspections.

Tranexamic Acid is a medicine that controls bleeding. It helps blood clotting and is used for nosebleeds. We increased our API facility for Tranexamic Acid by nearly 100%.

**We would continue to explore organic and inorganic growth to strengthen our manufacturing and research. While stepping into FY2021 we acquired FTF Pharma an integrated drug development company.**

**Going forward we are also aggressively pursuing growth from biologicals, oral dissolving films, transdermal products and dermatological formulations.**

### Governance and Social Responsibility

SML continues to observe the highest standards of regulatory compliance. It's systems and processes are attuned to adhere to the evolving requirements of regulators in the geographies where it operates. Past instances of regulatory observations have all been successfully closed with favourable outcome.

Corporate Social Responsibility is akin to our business model. We continue to help farmers through water conservation, environment, animal welfare etc. Due to impact of COVID-19 and increase in unemployment of daily wages worker, the Company supported the under-privileged people by distributing groceries, food to quarantined migrants, undertook distribution of masks, sanitizers and temperature reading equipment. Donation was made to PM Cares Fund. For our social initiatives, we had an outlay of ₹ 326 lakh during this year.

SML is at the cusp of a major growth trajectory. On behalf of the Board of Directors, I take this opportunity to thank our partners in growth – our valued shareholders, partners, customers, suppliers for their continued support. Last but not the least I congratulate our dedicated team at SML for the enthusiastic efforts and aligning with the SML vision.

Do stay safe.

Warm Regards,

Omprakash Inani  
Chairman

# Key Highlights in FY2020

- In FY 19-20, SML filed four ANDAs and one NDA [505(b)(2)] including one as a First to File (FTF).
- SML's number of First to File products filings now stands at 6.
- Initiated settlement discussions for one ANDA and are nearing to execution.
- In FY 19-20, SML and its group companies have filed 72 patent applications taking the cumulative total to 357 patent applications in India and other countries. SML received grants for 14 patents during FY 19-20.

Total Income

₹ **925** crore  
Up by 24%

EBITDA

₹ **237** crore  
Up by 40%

EBITDA Margin

**26**%  
Up by 13%

PAT

₹ **156** crore  
Up by 39%



**April, 2019**

Received U.S. Food and Drug Administration approval for one ANDA, Busulfan Injection, 60 mg/10 ml.- a generic equivalent of Reference Listed Drug (RLD), Busulfex Injection, 60 mg/10 ml, used in the treatment of chronic myelogenous leukemia. Also received tentative approval for 'Bortezomib for injection 3.5 mg/vial.

**May, 2019**

Received U.S Food and Drug Administration final approval for its ANDA, Zoledronic Acid Injection - a bisphosphonate indicated for the treatment of Hypercalcemia of malignancy, patients with multiple myeloma and patients with documented bone metastases from solid tumors, in conjunction with standard antineoplastic therapy as recommended in the label approved by FDA.

Received U.S Food and Drug Administration final approval for its ANDA, Docetaxel Injection Docetaxel Injection is a generic equivalent of Reference Listed Drug (RLD) TAXOTERE used in the treatment of Breast Cancer, Non-Small Cell Lung Cancer, Prostate Cancer, Gastric Adenocarcinoma, Head and Neck Cancer as recommended in the label approved by FDA.

**August, 2019**

Received CEP from EDQM for Tranexamic Acid.

Received U.S Food and Drug Administration tentative approval for its ANDA, Pirfenidone Tablets, -filed as 'First to File' submission on NCE -1 date. Pirfenidone Tablets is a generic equivalent used in the treatment of idiopathic pulmonary fibrosis as recommended in the label approved by FDA. Pirfenidone tablets tentative approval received on 30 Jan 2020.

**October 2019**

Gemcitabine injection 38 mg/ml approved by US FDA.

**November 2019**

Erlotinib Tablets approved by US FDA.

**January, 2020**

SML's Formulation (Oral Solids & Injections) manufacturing facility located at Jadcherla, Telangana, has been successfully inspected by AGES, Austria during during 13 to 17 Jan 2020, for which EU GMP was issued.

**February, 2020**

Successfully completed USFDA inspection at both API sites located at Raichur (Unit-1 & Unit-2) with ZERO 483s.

Form 483 issued with 15 observations, the Company is working with USFDA to address the observations in comprehensive manner (Formulation Unit).

# Review by Managing Director



## Dear Shareholders

Extraordinary times demand extraordinary actions. Need of the hour is to take all precautions to prevent the pandemic spreading. Each one of us becoming conscious of our personal and social responsibilities in this regard is the best safeguard. I request all of you to stay safe. At Shilpa Medicare we are taking all precautions to keep our employees and immediate associates safe from the outbreak.

## On Performance

Financial Year 2019-20 has been a landmark year for us with our revenue and margins improved. We continue to expand our operations through our ongoing capex and inorganic brownfield projects. In FY 2019-20 the Company reported consolidated revenues of ₹ 925 crores and PAT ₹ 156 crores as against ₹ 747 crores revenue and PAT ₹ 110 crores in FY 2018-19. Both Revenue and PAT margins improved year on year. While revenue grew 24% year on year, PAT margins improved by 39%. Strategic focus on

Formulations has resulted in improved income from newly launched and licensed products. Vertical integration aided us in improving our bottomlines. Our financial profile is characterized by our focus on margins and a comfortable debt protection metrics. Our liquidity position is sufficient.

Our strong pipeline of products is helping us in diminishing the revenue loss from the strategic exit from CRAMS JV. Our oncology APIs segment has delivered as per plan and will continue to progress based on our attractive pipeline and diversified base of intermediates.

During the year we have made significant progress in the field of 'Targeted Therapy,' which has enabled the identification of neoplastic cells and the development of novel targeted therapies.

## On Expansions

Over the years we have grown through our greenfield projects, capacity expansion of the existing facilities as

well as brownfield projects. We are the first company in India to launch ODF and among the first few in Nano. R&D has been our key driving force since our inception. Today we are a globally recognized niche player in oncology APIs and a fast emerging player in oncology and non-oncology formulations. We have several oncology APIs and few non-oncology APIs developed under our R&D and successfully passed on to commercial production. Over the years we have been able to garner the investor and funding support to aid our expansions because of our strong execution, research capabilities and strong product pipeline.

**Ongoing investments in novel areas like biosimilars, transdermal patches and fast-disintegrating oral strip technology are our initiatives to stay ahead of the curve. In Biologicals we have 4 of the top 15 products in the pipeline.**

Oral Disintegrating Film is an emerging and novel platform for effective drug delivery. The first of its kind in India – a combo line at our upcoming facility in Bangalore for Oral Disintegrating Films and Transdermal patches will be commissioned soon. Our state-of-the-art centralized R&D center at Bengaluru for the development of Formulations, will be fully commissioned by September 2020.

### **Strong ANDA pipeline**

In the recent years we have successfully entered regulated markets with our formulations. We started supplying to the US generic formulations market through the launch of Capecitabine and Azacitidine in FY2016-17.

**In FY 2019-20 we received approval (including tentative approval) for ANDAs for the generic versions of Pirfenidone, Zoledronic Acid, Busulfan & Erlotinib and Bortezomib. We expect to launch the same in the US market shortly. Further, our strong pipeline of 9 ANDAs pending approval and ongoing investment in R&D are expected to support scale-up in the US market. We plan to file for more oncology products in Europe from our ANDA pipeline.**

The Annual Report theme of this year is unleashing the Power of Research for better Medicare. We will

continue to make progress in core purpose which is making medicare affordable for millions across the world. We are committed to innovate, create affordable medicare with focus on ease in drug administration.

My sincere thanks to our Board of Directors, Senior Management, Customers, Suppliers, Shareholders, Regulatory bodies across the globe, Central and State Governments of India and communities in touch with us for their continued support and guidance. Congratulations to our team who worked behind our performance.

Once again request all of you to stay safe.

**Vishnukant Chaturbhuj Bhutada**

Managing Director

# Key Drivers of the Business & Strategy

## EXTERNAL DRIVERS

### Global Oncology Market

The oncology market is substantial and compelling for both human and business reasons. According to a report by PWC, simple projections of demand, suggest that there will be approximately 18m patients in the US alone by 2020, a 31% increase from 13.8m in 2010. Global spending on therapeutic and supportive care for cancer is expected to rise from US\$133bn in 2017 to as much as \$200bn in 2022, at which point it will account for roughly 14% of total global medical expenditure. The current pharmaceuticals pipeline is

disproportionately focused on cancer. Of the 15,267 assets across all phases of development, about 34% are oncolytics, up from 30% in 2013. The growth in the industry has the potential to have a positive impact on the quality of life of millions of patients.

### Industry Trends

Impending pricing reform will lead to cost pressure and expanded outsourcing with increased public scrutiny on the price and accessibility of pharmaceuticals worldwide, there will be continued focus on bringing pharmaceutical prices down, which has the potential to dismantle long-standing pricing models for drug developers. To preserve profitability, pharmaceutical companies are expected to continue expanding the use of outsourced partners to drive down costs. Sales and R&D are likely to be the only functions retained in-house, with all other critical operations in the distribution channel outsourced. As a result, more alliances between packaging, transportation and contract manufacturing providers to leverage best-in-class capabilities to support increasingly cost-conscious global pharmaceutical manufacturing companies is expected.

The Company has been developing molecules in generic oncology for regulated markets for more than a decade now.

### SML'S INNOVATIVE STRATEGY

The Company has been developing molecules in generic oncology for regulated markets for more than a decade now. It has filed 22 ANDAs and 36 DMFs till date. Most DMFs filed are in the chemotherapy category. New APIs under development are for drugs that target specific pathway in growth and development of tumor.

Having built a good base in the area of oncology, SML has forged strategic sales in non-oncology areas in niche products like Ambroxol HCl and Tranexamic Acid.





# Our Key Strategies

## KPIs and Goals

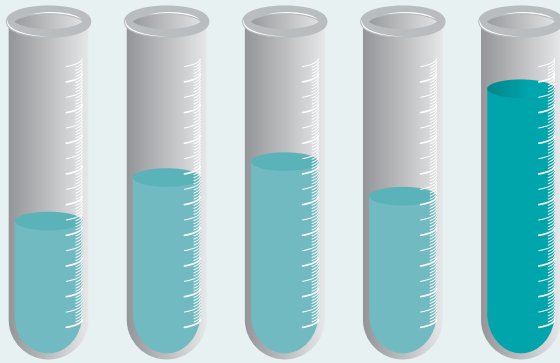
Strategic Priorities	Major - Achievements during the year	Plans for the forthcoming year / years
<b>Capacity Expansion / Capex to aid future growth in APIs and Formulations and R&amp;D.</b>	<p>Increased capacity of API facility for Tranexamic Acid by nearly 100%.</p> <p>In FY 2020-21 acquired FTF Pharma an integrated drug development company.</p>	<p>In the process of debottlenecking oncology production blocks by enhancing capacity by 40-70%.</p>
<b>Launching new products/ formulations across the globe.</b>	<p>Launched the first Indian Branded Generic of Lenvatinib Mesylate under the brand name Lenshil which is used for the treatment of differentiated thyroid cancer (DTC) and hepatocellular carcinoma.</p>	<p>Pursuing growth from Biologicals, oral dissolving films, transdermal products and dermatological formulations.</p>
<b>Expanding sales distribution network for generic formulations.</b>	<p>Stepping into FY 2020-21 established wholly owned subsidiaries in Canada &amp; Spain .</p>	<p>Expanding sales partnerships for sales of generic formulations.</p> <p>Developing a marketing team across Russia, Europe, Brazil, and other geographies.</p>
<b>8-9 ANDA filings every year.</b>	<p>In FY 19-20, SML filed four ANDAs and one NDA including one as a First to File (FTF).</p> <p>Received approval (including tentative approval) for its ANDAs for the generic versions of Pirfenidone, Zoledronic acid, Erlotinib &amp; Busulfan and Bortezomib in FY 2019-20.</p>	<p>16 ANDAs pending approval as on December 31, 2019.</p> <p>Expecting to launch soon in USA.</p>
<b>Research focus on developing APIs with non-infringing process and development of finished dosage forms.</b>	<p>As on 31st March, 2020 our total patents filing stands at 357 with 47 granted. Our Formulation product pipeline consists of 61 with 38 approvals.</p>	

# Consolidated Financial Highlights

## Operating Revenue

(₹ in Lakhs)

72,216   78,356   79,153   73,389   90,791



FY16

FY17

FY18

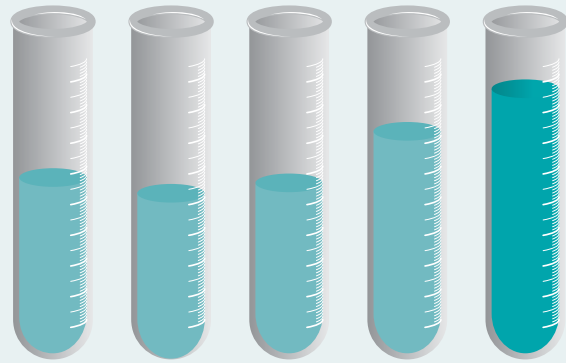
FY19

FY20

## PAT

(₹ in Lakhs)

10,834   10,262   10,395   10,993   15,615



FY16

FY17

FY18

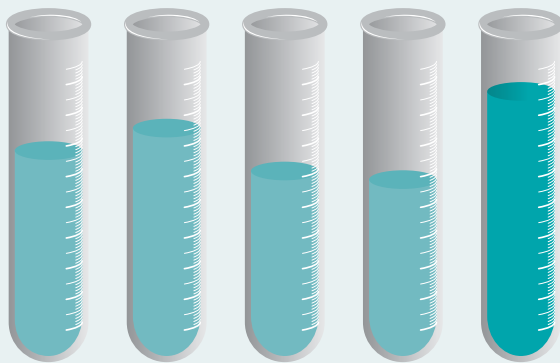
FY19

FY20

## PBT

(₹ in Lakhs)

14,036   15,104   13,677   13,568   18,805



FY16

FY17

FY18

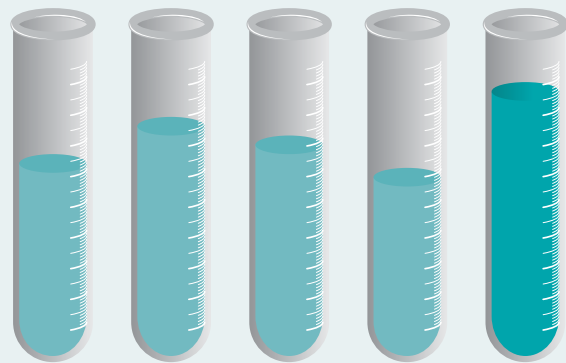
FY19

FY20

## EBITDA

(₹ in Lakhs)

17,135   19,095   18,384   16,956   23,673



FY16

FY17

FY18

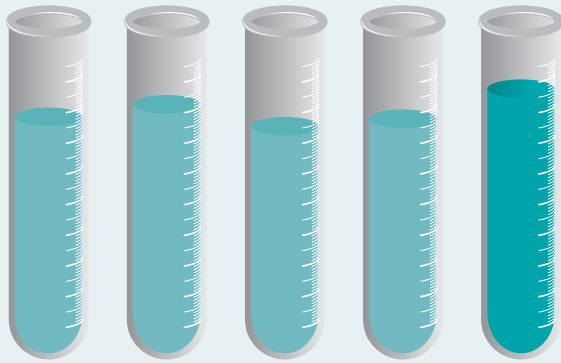
FY19

FY20

# Standalone Ratios

## Operating Profit (%)

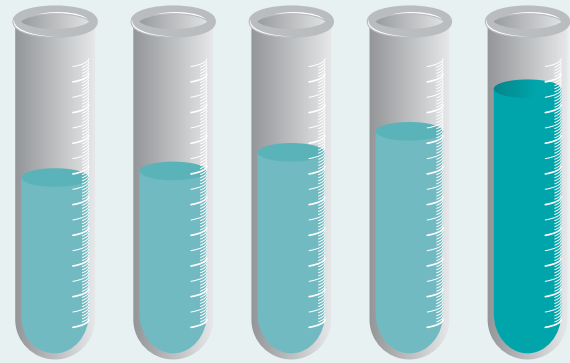
22.48    23.21    22.11    22.40    27.07



FY16    FY17    FY18    FY19    FY20

## PAT (%)

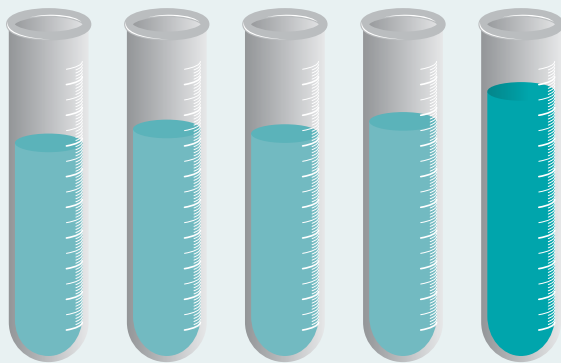
16.43    16.82    17.37    18.26    23.70



FY16    FY17    FY18    FY19    FY20

## EBITDA (%)

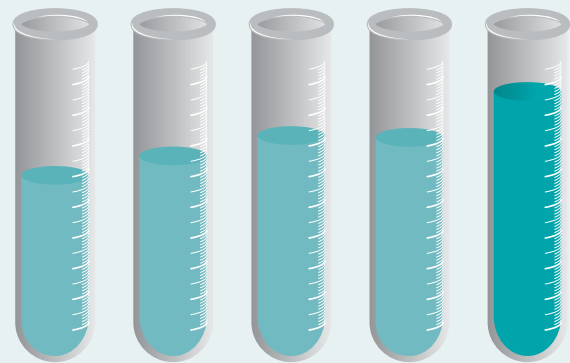
25.08    26.36    26.10    27.45    31.35



FY16    FY17    FY18    FY19    FY20

## EPS (₹)

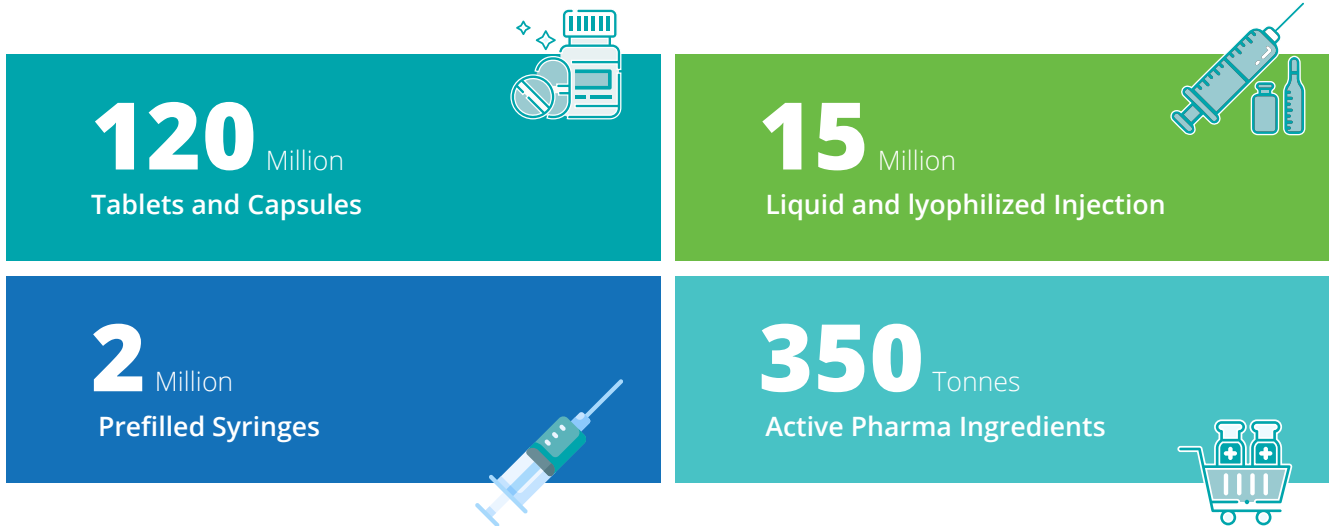
14.65    15.68    16.68    16.65    20.63



FY16    FY17    FY18    FY19    FY20

# Manufacturing Capability Matrix

## CAPACITY



## FACILITIES

**2**  
Self contained Oncology & Adjuvant Therapy  
Manufacturing lines for Oral Solids products.

**9**  
Dedicated Blocks for Oncology.

**2**  
Self Isolated Oncology & Adjuvant Therapy  
Manufacturing lines for Injectable products  
(Liquid & Lyophilized).

**4**  
Blocks for Non-Oncology.

**1**  
Injectable line (Lyophilized / Liquid /  
Sterile Dry Powder).



Manufacturing Capability

# State-of-the-art Manufacturing Facilities - Four in India One in Austria

Shilpa Medicare Ltd. has five manufacturing facilities, out of which four are located in India and one in Austria with regulatory approvals from various prominent international regulatory bodies, including the USFDA.



Manufacturing Capability

## ACTIVE PHARMA INGREDIENTS

### API Facility, Unit-1

Raichur, Karnataka, India

#### Products

To cater Oncology & Non-Oncology API's

**Approvals:** USFDA, EUGMP, PMDA, Cofepris, KFDA, WHO GMP

Unit I is an API facility catering to Oncology/Non-Oncology APIs and CRAMS functions. It has world-class six manufacturing blocks (Oncology -03 and Non-Oncology -03) competence for gram-to-kilo scale synthesis. The total Non-Oncology products manufacturing reactor volume is 38000L and Oncology products manufacturing reactor volume is 28000L.

### API Facility, Unit-2

Raichur, Karnataka, India

#### Products

To cater Oncology & Non-Oncology API's

**Approvals:** USFDA, EUGMP, PMDA, Cofepris, WHO GMP

This world class manufacturing facility is a 100% Export Oriented API Unit. This Unit have state-of-the-art ten manufacturing blocks (Oncology - 05 and Non-Oncology - 05). The total Non-Oncology products manufacturing reactor volume is 53000L and Oncology products manufacturing reactor volume is 122000L.

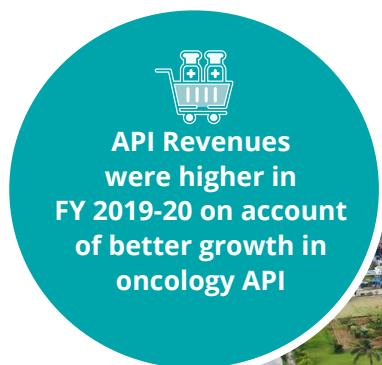
### LOBA Feinchemie GmbH, Austria

#### Products

Biochemical Diagnostics, Organic intermediates, Pilot and Production Scales, API's.

**Approvals:** USFDA and EUGMP

Loba Feinchemie GmbH, is a subsidiary of Shilpa Medicare Ltd. The product range manufactured in this unit covers 500 organic compounds. This unit has its own R&D, pilot and commercial operations and the products range from APIs, intermediates, reagents & diagnostics and control substances. Loba also provides custom manufacturing. 80% of products synthesized are exported world-wide.



Total Revenue (API)

₹ **38,821** Lakhs  
+11.50% Y-o-Y





Manufacturing Capability

**FORMULATIONS**

**Formulation Facility, Unit-4**

Jadcherla, Telengana, India

**Products**

Lyophilisation, tablets & capsules large ad small volume parenteral injectables.

**Approvals:** USFDA, EUGMP, Anvisa, Cofepris, DIGIMED-Peru, WHO GMP, etc

The facility is designed for manufacturing of potent products (including Oncology products) for various regulatory markets. This facility consists of Oral solid block with two commercial scale tablet manufacturing and one commercial scale capsule manufacturing line approved by USFDA. Separate Injectable blocks consists of two liquid-lyophilization commercial scale manufacturing lines approved by USFDA and 3rd Injectable combi-line for handling of liquid, lyophilized and Dry Powder Injectable are operational.

**Formulation Facility Unit -5**

Hyderabad, Telengana, India

**Products**

Orally Disintegrating Strips.

**Approvals:** WHO-GMP, Pharmacy Poison Board-Kenya, National Drug Authority Uganda

Shilpa Therapeutics (A subsidiary of Shilpa Medicare Ltd.) is a unit that manufactures oral fast dissolving thin strip dosage forms of drugs using Fast Disintegration Technology. This facility is equipped with a layering machine and an 8-track packing machine with an output of 800,000 units /day. Further aggressive capacity expansions plans are being pursued. First launched product from this facility- Ondansetron- oral disintegrating strips has received rave patient and prescriber response in India.



  
**Formulations revenues were higher in FY20 on account of product launches in USA**

Total Revenue Formulations\*  
**₹27,510** Lakhs  
**+40% Y-o-Y**

Including service and licence fee\*

Research & Development

## R&D Units

### R&D Unit Raichur

The Shilpa Medicare R&D centre in Raichur has shown good progress in terms of new projects taken for development and the projects which were successfully transferred to plant.

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.

### R&D Unit Bangalore

SML's state-of-the-art Centralized Research and Development Centre at Bangalore is dedicated for Formulation Development. The Research and Development Centre is involved in development of Oncology and Non – Oncology Injectable, Oncology and Non – Oncology ODF, Transdermal or Topical Applications, Ophthalmic and Orally Disintegrating Films formulation.

This Centre is well equipped for development of Generics, Complex Generics and new dosage forms involving Nano and Micro Technologies like Liposomes, Nano particles and speciality products.

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. A one point stop to customers for product development, this new facility can cater to the product development along with analytical method validation, stability studies, characterization of impurities, evaluating extractable & leachable for packing components. Process Development Lab is meeting the cGMP requirement for manufacture scale – up batches to optimize the process variables and to manufacture of clinical batches. This R&D unit will also to for CRO for Non – Oncology products along with analytical support and as CRAMS for Oncology portfolio of customers.



Research &amp; Development

## Biologicals

The Company at its biologicals unit in Hubli, Karnataka is pursuing an aggressive IP strategy for Biosimilar and NBE assets. 4 of the top 15 Biologic products are in the pipeline.



### Capabilities

2 Lines independent - single use lines (1000L Bioreactor each) for production of MABS from mammalian cells. 1 single use line (200L bioreactor) for production of MABS from mammalian cells. 1 multi use SS line (1000Lx2nos) for production of recombinant proteins from microbial cells.

SML's biological R&D is currently focusing on Metabolic pathway engineering of cells to enable them to produce more protein per cell.

- **High density fermentation process development that can bring down the cost of production significantly.**
- **High throughput protein characterization engine to reduce the time for development.**

The facility includes clone and bioassay development platforms, high throughput multi parallel fermentation units, conventional and continuous chromatography units, high end/high throughput analytical platform, and formulation development engine.

The Biologics SBU is also part funded by the National Biopharma Mission to Setup a worldclass, flexible cGMP Biologics Pilot facility catering to Clinical Grade Drug Substance and Drug Product requirements of customers for Human Clinical Trials and early commercial batches. This facility is in compliance EHRMP requirements of the NBM program. This new facility helps bridge the gap between R&D and large scale GMP manufacturing requirements of biopharma customers.



# Our People

At SML, our people are our key intellectual assets which help us to make our business sustainable and reach our goals. Employee welfare, talent management, training and creating a favorable working atmosphere to take responsibilities, perform and grow are our important human resource priorities.

Our Approach: We place great value on diversity and inclusion and foster an environment of equal opportunity. We also empower our employees to take responsible risks to help us live up to our promises and achieve our goals. We firmly believe that for success of an organization, nothing is more important than its employees. We make sure that skills of our employees are continuously upgraded thus supporting the sustainable growth of the organization. We are constantly focused on making our work-place one that is ambient for the best performance of our employees.

Employees

**1915**

Training Programs in FY 2019-20

**150+**

Training Beneficiaries

**2500+**



# How We Create Value

## PATIENTS AND HEALTHCARE PROVIDERS

Improving health and quality of life for patients that use our medicines.

Provision of quality and affordable treatment options and medicines to patients and healthcare professionals.

## OUR PEOPLE

Providing of employment in the geographic regions in which we operate.

Opportunities for growth and development.

Diverse and inclusive working environment, free of discrimination and harassment.

## SOCIO ECONOMIC IMPACTS

Economic stimulus through procurement of goods and services.

Contribution to governments through taxes.

Contribution to society through our CSR initiatives.

## OUR VISION & MISSION

To maintain best quality by continuous improvement in the system to ensure regulatory compliance to meet the international standards, simultaneously keeping in mind the environmental health. In accomplishing our mission we shall stand by our values.

## OUR VALUES

### Commitment

Innovate for providing affordable healthcare-beyond any discrimination or boundaries, so as to bring a pleasant difference to patient's lives.

### Focus

Quality for our Customers. We strive to exceed customer expectations, ensuring the delivery of high quality products and services in a time bound manner.

### Respect and Integrity

We believe it is important to act responsibly and doing the right things in a right manner. We believe in being truthful and strive to maintain the trust and respect of all of our stakeholders by acting with integrity at all times.

Salaries Paid

₹ **14,928** Lakhs

Tax Expenses

₹ **4,415** Lakhs

CSR Expenditure

₹ **326** Lakhs

# Board of Directors



**Mr. Omprakash Inani**  
Chairman



**Mr. Vishnukant Chaturbhuj Bhutada**  
Managing Director



**Mr. Sharath Reddy**  
Whole Time Director



**Mr. Amit Chander**  
Independent Director



**Mr. Pramod Badrinarayan Kasat**  
Independent Director



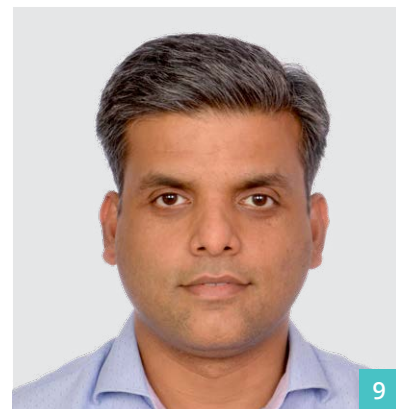
**Mr. Rajender Sunki Reddy**  
Independent Director



**Ms. Sirisha Chintapalli**  
Independent Woman Director



**Mr. Piyush Goenka**  
Independent Director



**Mr. Naresh Patwari**  
Non-Executive Director

**1 Omprakash Inani**  
Chairman

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. He is also a Council Member in "Academy of Medical Education, Dental College & V.L. College of Pharmacy", "Taranath Shikshana Samsthe, Raichur" and a trustee in "Akhil Bhartiya Maheshwari Education Trust, Pune". He is also Managing Committee Member of "Karnataka State Cotton Association.

**2 Vishnukant Chaturbhuj Bhutada**  
Managing Director

Mr. Vishnukant C. Bhutada holds bachelor's degree in Pharmacy and has 31 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited and the main guiding force behind the progress of Shilpa Medicare Limited. His analytical vision and splendid knowledge of not only domestic but also international medicare market made this Company one of the biggest exporter of specialized medical ingredients and medicines. Meteoric rise of this Company and success is hugely attributed to him.

**3 Sharatha Reddy**  
Whole Time Director

Kalakota Sharatha Reddy is a PG in Pharmacy from BITS, Pilani. He obtained his bachelor's degree from Raichur, Gulbarga University. He joined Shilpa Medicare Limited in 1991 and is having an enriched experience in API manufacturing, operations & execution of greenfield & brownfield projects, quality and projects.

**4 Amit Chander**  
Independent Director

An Engg Graduate from IIT, Delhi and an MBA from IIM Lucknow, 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 in CRISIL and Accenture, where he assisted public sector clients in India in implementing technology-led solutions.

**5 Pramod Badrinarayan Kasat**  
Independent Director

Mr. Pramod Kasat, holds an Engineering Degree from BITS Pilani and a Master's in Finance from Sydenham Institute of Management Studies, Mumbai University. He is currently the Managing Director of Intellectap Advisory Services. His previous stint includes senior positions related to capital market and investment banking in IndusInd Bank, Pioneer Investcorp Ltd. (PINC) and IL&FS Group, Citibank NA.

**6 Rajender Sunki Reddy**  
Independent Director

A PG in Pharma, 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 were equipped with modern facilities. He is a member of several associations and a Syndicate Member of Rajiv Gandhi University of Health Sciences, Bangalore.

**7 Sirisha Chintapalli**  
Independent Woman Director

Ms. Sirisha Chintapalli is An Associate Member of The Institute of Company Secretaries of India and Associate member ICAI and a Semi Qualified CA from The Institute of Chartered Accountants of India. She has experience of working with L&T Shipbuilding Limited, Chennai and International Seaport Dredging Limited, Chennai and CCL Products (India) Ltd, Hyderabad. She is also a registered Insolvency Professional from IBBI.

**8 Piyush Goenka**  
Independent Director

Piyush Goenka has 20 years of experience in Private Equity investing and other financial services. He is currently a partner at an independent mid-market Private Equity Fund Manager, which manages over USD 200 million across two funds. He is responsible for making investments across a bunch of sectors and has led most of the Fund's investments in consumer, pharmaceuticals and financial services.

By qualification, he is an MBA and CFA.

**9 Naresh Patwari**  
Non-Executive Director

Mr. Patwari, is a Bachelor's Degree in Technology in Mechanical Engineering from the IIT Kharagpur and a Master's Degree in Business Administration from the Tuck School of Business at Dartmouth College, United States. He is currently employed with TA Associates Advisory as a Director. He was previously employed with Schlumberger, McKinsey & Company and ICICI Venture.



# Environment, Health & Safety

SML aims to achieve the highest standards of environmental performance in the interest of its stakeholders including our employees, communities living around our facilities, and the natural ecology around our facilities.

To achieve our environment goal the Company has integrated economic, environment and societal aspects into it's business strategy for our business model to be sustainable.

## ENVIRONMENT & ENERGY HIGHLIGHTS



### Effluent treatment

All our plants & facilities are equipped with zero discharge effluent treatment plant and continuously monitor & improve operations.



### Renewable Energy

We are using renewable energy like wind power for our electrical energy requirements & bio mass fuels for thermal energy requirements. The Company has registered the biomass Fired Boiler with UNFCC Clean Development Mechanism , under Kyoto Protocol Reg. no: 3926.



### Water

We use recycled treated waste water & reduced fresh water consumption by 40%.



### Recycle /Reuse

We segregate effluents to generate the solid waste usable by other industries, thereby reducing the solid waste disposal to the TSDF.



### Green Chemistry

We have invested in developing green chemistry to reduce waste generation & develop clean & efficient processes wherever possible.



**ENVIRONMENT PERFORMANCE INDICATORS FY 2019-20**

Non compliance of environment norms / fines during the year if any:

**Nil**

**15%**

Reduction in energy consumption from air-handling units blowers by changing to EC fans.

**10%**

Reduction in energy from auto cleaning systems for chiller condensers.

**5%**

Energy conserved by adopting utility management systems for monitoring & controlling energy.

**40%**

Reduced fresh water consumption by recycling the waste water.

**25%**

Greenbelt at all SML facilities.

**25000** Ton

YoY Reduction in GHC emissions.

**HEALTH & SAFETY**

The Company recognizes that health & safety is an integral part of the business. We recognize our responsibility to provide and maintain safe environment without risks to health of the personnel. The Company safety systems are certified by ISO 18001-2007.

**Health & Safety Highlights FY 2019-20**

**6**

Mock Drills.

**25**

OHS Training Programmes.

**2**

Medical Camps for Employees.

Number of Accidents recorded during the year.

**Nil**

**3**

Number of Minor injuries.



# Corporate Social Responsibility

Through Shilpa Foundation, Shilpa Medicare Limited implements many of the Company's social initiatives. Shilpa Foundation has a long reputation of carrying out holistic social and environmental activities among communities and locations around the Company's facilities.

Key highlights of the activities of the Foundation during the year are listed below.



## Pandemic Covid-19 relief

Supported COVID-19 relief measure PAN - INDIA by contributing to PM CARES & CM's Relief Fund.

Provided grocery kits among the under privileged and daily wages earners.

Providing masks, sanitizers and temperature detecting equipments to the hospitals, police, and to the other frontline warriors against covid.

Provided food to migrants from other states who were under quarantine.



On 31 March 2020 SML donated ₹ 10 lakh to CM's Relief Fund - Covid-19 cheque handing over to DC, Raichur.



Mask, sanitizer and temperature reading equipments distribution to medical team in rural areas.



Mask, sanitizer distribution to District Police Department.



Grocery kits distribution to under privileged families and daily wages earners.



**Flood Relief:**

Donated to Karnataka State Disaster Management Authority /CM's Relief Fund for relief measures.



**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 fertile sludge to farmers to enhance the soil richness. Raichur and Yadigiri districts in Karnataka were selected for this project. As part of our social efforts to conserve water in lakes, ponds and thereby increase the ground water level, we extended our corporate contribution under the scheme 'Sujalam Suphalam', a district-level model developed by corporate bodies, government and NGOs.

Malayabad was suffering with drought from many years and villagers and dairy animals were facing scarcity of water especially during summer. Shilpa Foundation enhanced water resources in Malayabad by removal of accumulated silt in the ponds and utilized the silt removed for improving the fertility of the agriculture lands in the near vicinity. With these efforts availability of water for agriculture and dairy animals were enhanced.



Shahapur Taluk of Yadgiri District Lake is restored with full water after 12 years helping farmers and animals.



Supported with 5,000 tree guards under the massive plantation in Telangana State "Telangana Ku Haritha Haram"



Vehicle Key handing over to the School Authority by Deepak Kumar Inani GM – Project



**Social Environmental Sustainability:**

Shilpa Foundation try to safeguard the surrounding environment by developing green belt in and around the city and villages. Shilpa Foundation is committed to the protection of environment. During the year the foundation took initiative and planted 13,000 tree saplings in the rural/urban belts. Since the last three years 33,000 tree saplings were planted in association with 'Green Raichur' an NGO. The growth rate of the planted sapling is 90% to 95% with continued monitoring, trimming, and watering.



**Vehicle Donated to School of Disabled Children**

Shilpa Foundation donated a Vehicle to "PARIVARTAN SPECIAL SCHOOL" in NGO Colony RAICHUR (for Disabled Children), this program organized at the school premises presided by our Managing Director, Shri Vishnukant Bhutada, in the presence of other local dignitaries and staff members..

CSR Expenditure in FY20

₹ **326** Lakh



# Awards



# Management Discussion & Analysis

Shilpa Medicare Ltd ( SML) is a global pharma company and operates in the Active Pharma Ingredients and Formulations segments. SML has also forayed into Oral Dissolving Films, Transdermal Patches and Biosimilars. The Company derive its business from International and domestic markets. SML is active in oncology and non-oncology therapeutics.

## CURRENT OPERATING SCENARIO

Due to COVID-19 pandemic, the global economy is expected to contract by 3% in 2020 (as estimated by IM). It is further expected that the impact of COVID-19 may subside in the second half of 2020 and the global economic activity may resume to normalcy and grow by 5.8% in 2021. India is expected to register 1.9% growth in 2020 and 7.4% in 2021. Effective policies are essential to forestall the possibility of worse outcomes. Necessary measures to reduce contagion and protect lives are important investments for long-term human and economic health.

### 1. Global Pharmaceutical Sector

By 2023, the world wide pharma market is expected to exceed US\$ 1.5 trillion from an estimated 1,2 trillion in 2018. US with a share of 38% is the largest pharmaceutical market in the world.

#### Key Trends in the Global Pharma Sector

##### PHARMA M&A

CY2019 was a landmark year for the global pharma sector 2019 looks set to become a record year for pharma M&A – deals announced in the first alone amounted to around \$195 billion. M&A activities are aimed at broadening the product pipelines and improve the profit-making capabilities.

##### NEW PRODUCTS

Average spending level on new pharma products launched in 2019-2023 is expected to reach \$45.8 billion, slightly greater than the \$43.4 billion observed for products launched in 2014-2018. This year and the next one are expected to show the bigger number of new launches, especially in the specialty, orphan, biologics and oncology areas. A study by IQVIA, as quoted by many media channels, expects the launch of some 70-90 new oncology

products in the next five years, out of the more than 700 currently in late clinical development. Other emerging therapeutic areas that might see the launch of new products include nonalcoholic steatohepatitis (NASH), migraines, neuromuscular diseases, autism and other developmental disorders, and a range of molecular targets for cell and gene therapies.

## PATENTS CLIFF OFF

Many branded products are losing their exclusivity with the corresponding generic or biosimilar product versions of the drug being launched. The impact on the market for small molecule-based products is expected to exceed **\$121 billion in the next five years** (+15%) in the developed areas, and to reach \$17.0 billion in 2023 for biologics.

## BIOSIMILARS

The US is expected to present the greater growth of the biosimilar market, even if introduction of new biosimilars should continue to occur more rapidly in Europe. The **introduction of incentives** for this sort of medicinal products and an improved communication of their benefits to patients and providers are also envisaged by the report.

## SPECIALITY MEDICINES

With aging number of patients suffering from chronic diseases are also increased across the world. Increasing chronic diseases with complex and rare diseases, is the target of specialty medicines. A market that will represent around 50% of the total in 2023, when spending for specialty products is expected to reach \$475-505 billion. Oncology, autoimmune, immunology, HIV and multiple sclerosis are the most interesting therapeutic areas, says IQVIA, covering 74% of the expected growth in developed countries.

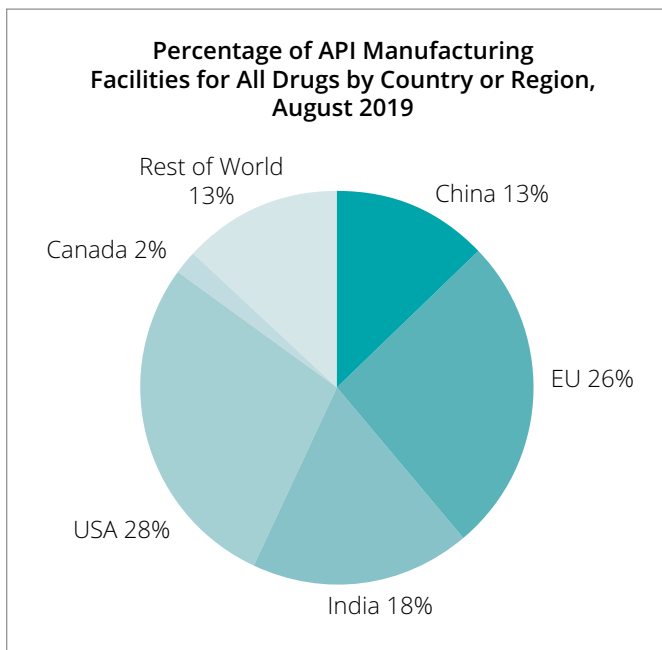
## APIS – GLOBAL SCENARIO

The global active pharmaceutical ingredient market is estimated to reach USD 245.2 billion by 2024 from USD 182.2 billion in 2019, at a CAGR of 6.1 per cent during the forecast period. Global Small Molecule API Market is expected to rise from its



initial estimated value of USD 151.30 billion to an estimated value of USD 254.38 billion by 2026, registering a CAGR of 6.71 per cent in the forecast period of 2019-2026. (Galus Asutralis).

Many countries in Asia, Middle-East, Easter Europe and Latin America are engaged in building up or expanding their generic pharmaceutical industry. According to an article by Daara Patel, Secretary General of Indian Drugs Manufacturers Association (IDMA) in Express Pharma on 20 June 2020, Indian generic industry will see a growth of 15 per cent to \$55-bn by 2020 as against global growth of 5 per cent. API for these generic manufacturing expansion across the globe will come from India and China as 80% of the API supply demand is expected to be met by these two countries. Industry analysts predict that there is an emerging trend among large MNC captive API manufacturers to withdraw from API manufacturing and outsourcing the production. If this trend gains momentum it's a large opportunity for API manufacturers in India.



Courtesy USFDA

## 2. Indian Pharmaceutical Sector

India is a source of about 20% of the world's generic drugs supply. India's pharma spend expected to grow to around US\$ 32 billion from US\$ 20 billion in 2018. Drug and pharma exports from India rose 11.7% on year to touch \$19.15 billion in the 11 months to February 2020.

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

Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards therapies for chronic diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

Indian pharmaceutical sector is expected to grow to US\$ 100 billion by 2025. Pharmaceuticals exports from India stood at US\$ 19.14 billion in FY19 and US\$ 13.69 billion in FY20 (up to January 2020). Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals. Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017 and received a total of 415 product approvals in 2018 and 73 tentative approvals. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market. India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. India's domestic pharmaceutical market turnover reached ₹ 1.4 lakh crore in 2019, growing 9.8 per cent year-on-year (in ₹) from ₹ 1.29 lakh crore in 2018. As on August 2019, the moving annual turnover (MAT) for biosimilar molecules sold in the domestic market stood at ₹ 1,498 crore.

Unlike the developed markets like US, where drug prices are market-controlled, In India the government and regulators play a pivotal role in the entire process. Regulators fix both the price

companies pay for bulk drugs and the price at which they sell their products in the market, leaving little leeway to build profitable businesses. The list of price-controlled drugs, by the department of pharmaceuticals under the ministry of health and family welfare, has swelled from 74 in 1995 to almost 860 in 2019.

This regulated environment has a twin effect on the sector - The pressure on margins have left the India pharma players battling in their pursuit to increase the R&D capabilities and persistently find ways to streamline the operations through cost control and lean manufacturing methodologies.

Indian pharma companies are also investing in building their specialty drugs pipelines. Specialty drugs are high value prescription medications used in the treatment of chronic, complex or rare diseases, and require advanced scientific research and innovation. While specialty drugs are more expensive to develop compared to generics, limited competition with fewer players in this space mean better margins (around 20 to 40 per cent, compared to eight to ten per cent from generics).

### PHARMA EXPORTS

India is a source of about 20% of the world's generic drugs supply. Drug and pharma exports from India rose 11.7% on year to touch \$19.15 billion in the 11 months to February 2020.

Exports of APIs from India increased by around 11 per cent in 2019 compared to the previous year and the global API market is expected to reach US\$ 245 billion (6.1 per cent CAGR) by 2024. This growth is encouraging the Indian pharma industry to focus on timely development and commercialisation of APIs, expanding the scale and scope of API operations, and developing reliable relationships with global customers.

In response to the erosion of generic drugs prices in the US and Europe, generic drug manufacturers in India are exiting drug portfolios where margins are deemed unsustainable. Currently the leading pharma companies like SML are focusing on developing differentiated complex generics (including biosimilars). IQVIA predicts that, by 2023, the developed market will see the share of specialty drugs rise to 50 per cent of overall pharma spend, demonstrating the attractiveness of this market for the Indian Pharma sector

This shift in focus is primarily due to the fact that complex generics are harder to develop, face less competition and command higher margins than generics. Indian pharma companies also aim to be the first-to-file and first-to-market complex generics and generics to gain a competitive advantage. In 2019, the FDA approved 110 complex generics drugs (11 per cent of the generic drug approvals) and 107 applications for first generics with no generic competition (30 per cent of which were application from Indian companies).

For consolidating the respective positions in the global markets India pharma companies are focusing on the following.

- improving R&D productivity through getting products filed, approved and launched expeditiously, while rationalizing and releasing generic resources to be deployed in specialty business
- Reducing selling, general and administrative (SG&A) expenses
- Building agility in supply chain
- Bringing efficiency in raw material procurements.
- Prudent risk management

### EXPORT PERFORMANCE IN FY2020

The exports started doing well in 2019-20 and it has been a good year for the first three quarters with cumulative growth rate of 11.5 per cent during April-December 2019, the growth rate in February and March has gone down recording 7.7 per cent and -23.24 per cent respectively, resulting in the negative growth of - 2.97 per cent in the fourth quarter.

As an impact of the COVID-19 lockdown and resultant supply chain breakdowns, the exports were \$20.58 billion during the year as against the targeted \$22 billion. Despite this, there was 7.57 per cent overall growth in exports in FY '20 over 2018-19.

### REGULATORY COMPLIANCE

Historically, compliance lapses have remained a pain-point for the Indian pharma industry and the past few years saw increased regulatory scrutiny

and compliance challenges to meet Current Good Manufacturing Practice (cGMP) guidelines, which provide systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Indian pharma companies have started to address the quality and compliance issues by deploying India-specific interventions coupled with global best practices.

### KEY STRATEGIES OF INDIAN PHARMA COMPANIES

The Indian pharma industry's current strategies and priorities are focused on growth. Some of these strategies, such as rationalising their generic drugs portfolio, increasing specialty products in the pipeline, cost optimisation, and focus on quality and compliance, will deliver results in the near future. Other strategies, like API business revamping, intensification of R&D investment, and long term strategic investments, will likely take longer to deliver results. Nevertheless, these steps should strengthen the industry's global footprints.

Indian pharma companies are currently betting on inorganic growth through mergers and acquisitions (M&A), collaborations, partnerships, joint ventures and in-licensing to create high-value and high-margin asset pipelines. As global pharma companies are looking to reshape their portfolios through divestments, Indian pharma companies are looking to build their specialty drugs and complex generics pipeline.

### POLICY INITIATIVES

The Indian government has taken several steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies. The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion have become off-patent during 2017-2019. Under Budget 2020-21, allocation to the Ministry of Health and Family Welfare is ₹ 65,012 crore. The government has allocated ₹ 34,115 crore towards the National Health Mission under which rural and urban people will get benefited. ₹ 6,400 crore has been allocated to health insurance scheme

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). As per Economic Survey 2018-19, government expenditure (as a percentage of GDP) increased to 1.5 per cent in 2018-19 from 1.2 per cent in 2014-15 for health. The National Health Protection Scheme is the largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to ₹ 5 lakh per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19. 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.

### 3. Review of Operations

The Company carries on business operations relating to pharmaceuticals and related activities which is identified as a single segment for operational reviews.

#### KEY DEVELOPMENTS DURING THE YEAR

- In FY 19-20, Shilpa and its group companies have filed 72 patent applications taking the cumulative total to 357 patent applications in India and other countries. Shilpa received grants for 14 patents during FY 19-20.
- In FY 19-20, Shilpa filed 4 ANDAs & 1 NDA including one as a First to File (FTF).
- We increase our API facility for Tranexamic Acid by nearly 100%.
- The Company has received 2 Establishment Inspection Reports (EIR) for our API unit-I and 1 EIR for our formulations facility at Jadcherla from the US Food and Drug Administration (USFDA). API Unit 1 & 2 also received various GMP Certification based on inspections.
- Aggressively pursuing growth from Biologicals, Oral Dissolving Films, Transdermal Products and Dermatological Formulations.

- For better operational synergies and strategic focus, our Biologicals unit was transferred to our wholly owned subsidiary Shilpa Biologicals Pvt. Ltd.
- Stepping into FY2021 we acquired FTF Pharma an integrated drug development company.

## REVIEW OF FINANCIAL PERFORMANCE

During the year Company made significant progress. The launched important products and increased research and manufacturing capacity. Our key strategies includes organic and inorganic diversifications to strengthen our research and operations. Our total revenue on a consolidated basis improved 24 % year on year to 925 Crores. Profit After Tax in FY20 is 155 Crores which is 41% improvement year on year. Our revenue from APIs and Formulations increased year on year 15% and 15% respectively.

### Key Financial Ratios

Particulars	2019-20	2018-19	% change	Explanations for material change
Debtors Turnover	3.56	3.65	-3%	NA
Inventory Turnover	3.91	3.76	4%	NA
Interest Coverage Ratio	54.78	56.86	-4%	NA
Current Ratio	2.52	2.27	11%	NA
Debt-Equity Ratio	0.26	0.15	80%	i) During the period Company has availed Term Loan's from Bank for its existing ongoing project to complete in time frame.  ii) Additional working capital has been availed from bank to fulfill working capital requirement of the business.
Operating Profit margin	29.42	23.93	23%	Revenue from operation has shown substantial growth of 20% with incremental growth in Formulation Segment (including Services & License Fee) by 43.08% which is key drive during the year under review, and gain from discontinued operation on sale of Biological division.
Net Profit margin	23.56	18.33	28%	
Return on Net Worth	13.25	9.72	36%	

## 4. Internal control systems and their adequacy

The Company has implemented various internal control systems with an object to have reliability of financial reporting, timely feedback of the operations and compliance with laws and regulations. SAP has been set-up for better financial reporting and to have proper checks to plug loopholes in financial leakages. Apart from implementation of various monitoring software systems, several other information and control systems have been implemented to have proper checking and reporting at production, materials and marketing departments. The Company has internal audit on regular basis to check the proper working of the internal controls and their as their effectiveness. Internal Auditors as part of their regular checking of internal control systems, also identify the risks to plug. Periodically the controls will be evaluated and improved to make systems more effective and efficient.

## 5. Human Resources/ Industrial Relations

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. The Company currently has 2015 full-time employees. 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. During the year under review, the Company has maintained cordial and harmonious industrial relations.

## 6. Opportunities, risks, concerns and threats

It is assumed that the COVID-19 would altogether change the conventional business models forcing the companies to work on new dynamics. The Government's recent decision on promotion of domestic manufacturing of critical APIs and Key Starting Materials shall be good potential for the growth of the pharmaceutical industry. Increased domestic supply shall also help greatly in stabilizing the API prices. The Government has been working to revise the National List of Essential Medicines hoping that it would result in better quality of medical care, better management of medicines and cost-effective use of healthcare resources.

Apart from the general business risks and industry related risks, there would be several other risks such as foreign exchange fluctuations, regulatory policy changes etc. As and when the risk is identified the same will be reviewed at the concerned department level to take necessary steps or will be brought to the notice of management to address the issue.

The Company has a Risk Management Committee to periodically review the risks and report its recommendations to the Board.



# Directors' Report

To,  
The Members,

Your Directors have pleasure in presenting herewith the 33<sup>rd</sup> Annual Report on the business of your Company together with the Audited Standalone and Consolidated Accounts for the Financial Year ended 31 March, 2020.

## FINANCIAL SUMMARY

(All figures are in Rupees in Lakhs)

Particulars	Financial Year 2019-20		Financial Year 2018-19	
	Standalone	Consolidated	Standalone	Consolidated
Operating revenue	80,597.12	90,790.98	66,387.88	73,338.77
Other Income	1,126.28	1,693.95	1,553.35	1,372.29
Profit before Interest, Depreciation, Tax and after exceptional Items from continuing operations	25,162.61	23,673.75	21,030.34	18,943.22
Interest	432.89	455.75	279.39	367.56
Depreciation	3,495.73	4,377.68	3,401.36	4,206.15
Net profit before tax	<b>21,233.99</b>	<b>18,840.32</b>	<b>17,349.59</b>	<b>14,369.51</b>
<b>Provision for taxes</b>				
a. Current tax	3,909.38	3,987.24	4,050.31	3,789.51
b. Deferred Tax( Net of MAT Credit)	505.18	(638.06)	(275.69)	(1,171.78)
<b>Profit after tax from continuing operations</b>	<b>16,819.43</b>	<b>15,491.14</b>	<b>13,574.97</b>	<b>11,751.78</b>
<b>Profit/(Loss) after tax from discontinued operations</b>	<b>2,552.41</b>	<b>-</b>	<b>(1,164.33)</b>	<b>-</b>
Share of profit/(Loss) in Associates/ Joint Ventures	-	(35.09)	-	(801.70)
Share of profit/(Loss) in Non-Controlling interest	-	(159.29)	-	(276.00)
Other comprehensive incomes (expenses)	(120.16)	(104.55)	45.97	43.07
<b>Total Comprehensive Income</b>	<b>19,251.68</b>	<b>15,510.79</b>	<b>12,456.61</b>	<b>11,269.15</b>

## 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 6 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 ₹ 80,597.12 Lakhs as against ₹ 66,387.88 Lakhs and Total Comprehensive Income of ₹ 19,251.68 Lakhs as against ₹ 12,456.61 Lakhs in the previous year, whereas consolidated gross revenues of ₹ 90,790.98 Lakhs as against ₹ 73,338.77 Lakhs and Total Comprehensive Income of ₹ 15,510.79 Lakhs as against ₹ 11,269.15 Lakhs in the previous year.

The Company registered a growth of over 21% & 56% on standalone basis and 24% & 41% on consolidated basis in gross income and profit after tax, respectively.

Launching of new product lines and formulations improved the margins. Effective utilization of working capital credit facilities reduced the interest costs. Investments made over the period in various product lines have started giving good results. Management's efforts in exploring new markets has resulted in registering good growth in top line and is expected to yield further growth in the coming years.

### **SHILPA MEDICARE API FACILITIES**

Shilpa Medicare Ltd. has two world class state of art API manufacturing facilities at Raichur with 11 non-oncology & 8 oncology manufacturing blocks. All the oncology blocks are designed with Containment; products are handled in highly précised isolators to take care of people and environment.

Non-oncology facility is upgraded to increase the capacity by 25%,with this, the project could increase its production volume to almost 3 times of present volume. All oncology plants capacity got enhanced about 30% by operational efficiency (like enhancing the batch size). API facilities are designed and organized to handle minimum of 300 gm to 350 kg batch size with minimum, moderate, medium and highest batch size scale up facility.

Facility is supported by strong and efficient team of R&D, IPM, production, engineering, quality control, quality assurance and regulatory functions with other supportive functions & well administered human resource management. The facilities are cGMP complaint and approved by many national & international regulatory bodies like USFDA, EU, Cofepris- Mexico, PMDA-Japan, Korean FDA, TPD Canada & TGA-Australia.

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 new technologies & better efficient systems in the following.

- High efficiency structured packing columns for separation of intermediates.
- Introduced ultrasonic technology for sieving of the API.
- Introduced electronic descaling technologies to reduce the scaling in heat transfer equipments which increase process and utility efficiencies.

- Double Helix agitators to cater to the distillation till dryness.
- Introduced KBAR power factor correction system for heavy electrical load equipment's (above 50HP) to conserve electrical energy by 10%.
- Introduced motion sensors for energy conservation non process areas.
- Converted all lightings to LED.
- Organization introduced new R&D for developing the process by using enzymes to improve the process efficiency and developing non infringing process.
- Introduced R&D facility for developing the novel biopolymers and commercial polymers.

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 and RO systems to treat the waste and make it re-usable in applicable places.

The Company has positioned fractional distillation columns, where solvents from products which requires to purify and separate to get pure material which can be re used, with this all solvents are recycled.

The Company given high level safety importance and designed to train all the employees involved to make them aware about the risk involved, its consequences and 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 safety vents, interlocks, alarms and firefighting systems.

The API facilities are designed to provide complete utility services and purified water systems. All utilities are designed to provide to support required the manufacturing without any interruption. Well-designed coolers are used to support the systems like process cooling & HVAC and also compressed air and nitrogen facility.

All API facilities are having quality control unit with a capability of method development, method validation and testing of RM, IM and 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 & qualified staff.

### SHILPA MEDICARE –R&D (API)

The Company views its R&D capabilities as a vital component of its business strategy that will provide a sustainable, long-term competitive advantage. The Company is among the 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 medicine.

We will continue to promote affordability in significant ways and work to expand our product offering of generics, focusing on increasing access to products 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 center 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 Company R&D center in Raichur has shown good progress in terms of new projects taken-up for development and the projects which were successfully transferred to plant.

For further strength of our business strategy to depend less on external customers 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 starting material synthesis in-house initiated and taken some trial at plant/lab scale & some are the under lab development/process optimization.

The manpower attrition was controlled across all the departments and ensured that right work environment was established.

### SHILPA MEDICARE- FINISHED DOSAGE FORMULATION FACILITY

The Company's – 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 injectable in vials (under qualification stage), oral solid

dosage form (Tablets and hard gelatine capsules). The facility is designed for handling of potent drug products (including Oncology products or adjuvant therapies) for various regulatory markets in a highly contained manner. Facility is designed to handle potent molecules up to OEL 4 level of containment.

The facility is approved by various regulatory agencies including USFDA, EUGMP- AGES-Austria, ANVISA, Cofepris, Peru, Argentina and South Africa. Etc.

This facility consists of Oral Solid block with two commercial scale tablet manufacturing and one commercial scale capsule manufacturing line.

Three separate injectable blocks consists of liquid-lyophilization commercial scale manufacturing lines approved by USFDA and 3rd Injectable combi-line for handling of liquid, lyophilized and Dry Powder Injectables. (Dry powder is under qualification.)

Fully automatic packaging lines for Injectables and Oral solids (Bottles and Blister packs)/ Onco. safe packaging for Injectables. Serialization (Track and Trace) is in place and implemented for all commercial supplies.

### Commercial presence in Regulatory/ROW/Domestic markets.

#### Contract Manufacturing:

The Company manufactures many 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.

### FORMULATION R&D

The Company soon going to commissioned the State of Art Centralized Formulation R&D Centre at Dobaspet near Bangalore. The R&D Centre is involved in development Onco and Non-Onco Injectable formulation, Onco, & Non – Onco oral formulations. R&D also develops Transdermal patch and topical applications.

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. state-of-the-art infrastructure is built for Extractable & Leachable studies for all the products. Facility is capable of carrying out validations for both in-house and customer products. Analytical R&D has capabilities of characterization of API, impurities, excipients and packing components.

The new R&D Centre is one stop solution to customers for product development, 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 meets the cGMP requirement for manufacturing scale-up batches to optimize the process variables and to manufacture clinical batches.

New R&D Centre can be catering for CRO for Non-Onco products along with analytical support and as CRAMS for Oncology portfolio of customers.

#### **SHILPA MEDICARE LIMITED INTELLECTUAL PROPERTY MANAGEMENT (IPM) TEAM**

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

The Company's 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 for developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for APIs is based on difficult-to-make API molecules and novel polymorphic forms of certain APIs 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 and other countries with significant market value.

#### **Highlights FY 19-20:**

- In FY 19-20, Shilpa filed 4 ANDAs including one as a First to File (FTF).
- Shilpa's number of first to file products-filings now stands at 6.
- Initiated settlement discussions for at least one ANDA and are nearing to execution.
- In FY 19-20, Shilpa and its group companies have filed 72 patent applications taking the cumulative total to 357 patent applications in India and other countries. Shilpa received grants for 14 patents during FY 19-20.



**REGULATORY FILINGS SUMMARY**

<b>API</b>					
<b>Particulars</b>	<b>Filed in 2019-20</b>	<b>Cumulative Filed</b>	<b>Status</b>	<b>Planning to file in 2020-21</b>	<b>Remarks</b>
US DMF	2 Numbers	36 Numbers	All CA listed	3 Numbers	-
CEP-EDQM	4 Numbers	16 Numbers	13 CEP Approved 3 CEPs under review	1 Number	-
EDMF	5 Numbers	-	All procedures are under review	4 Numbers	-
<b>Formulation</b>					
<b>Particulars</b>	<b>Filed in 2019-20</b>	<b>Cumulative Filed</b>	<b>Status</b>	<b>Planning to file In 2020-21</b>	<b>Remarks</b>
US ANDA (On Shilpa Name)	1 NDA 4 ANDAs	1 NDA 21 ANDAs	10 - Final approvals 3 - Tentative approvals 9 - Under assessment 1- NDA under review	2 NDAs 6 ANDAs	Cumulative 6 ANDAs are filed as "First to File" Submissions. Out of which, 2 ANDAs are tentatively approved. 1 NDA filed. Following products are approved during these period: * Busulfan Injection 6 mg/mL * Zoledronic acid injection 4mg/5ml * Docetaxel Injection USP 20 mg/1 mL, 80 mg/4mL and 160 mg /8mL * Gemcitabine Injection 38 mg/mL (200 mg, 1 g & 2 g) * Erlotinib Tablets 25 mg, 100 mg & 150 mg * Bortezomib for Injection, 3.5 mg/vial (tentative) * Pirfenidone Tablets 267 mg & 801 mg (tentative)
US ANDA (Customer Name)	1 ANDA	20 ANDAs	6 - Final approvals 6 - Tentative approvals 8 - Under assessment	-	-
EU Filing	4 Numbers	19 Numbers	13 - Approved 6 - Under assessment	3 Numbers	Following products are approved during these period: * Azacitidine for injection 100 mg/vial * Docetaxel injection 20 mg/ml (1 ml, 4 ml & 8 ml fill) * Erlotinib 25 mg/100 mg/150 mg film-coated tablets * Clofarabine 1 mg/ml concentrate for solution for infusion * Capecitabine 150 mg & 500 mg film-coated tablets * Bendamustine for Injection 100 mg/vial & 25 mg/vial * Gemcitabine injection 38 mg/ml * Melphalan 50 mg Powder and solvent for solution for injection/infusion.

### Regulatory Inspections and approvals (API units).

In July 2019, two API facilities located at Raichur, Karnataka, i.e. Unit-1: Deosugur Industrial Area, Deosugur, Raichur, Karnataka, India and Unit-2: Raichur Industrial Growth Centre, Chicksugur, Raichur, Karnataka, India, inspected by USFDA. EIR received on October 16, 2019.

In February 2020, two API facilities located at Raichur, Karnataka, i.e. Unit-1: Deosugur Industrial Area, Deosugur, Raichur, Karnataka, India and Unit-2: Raichur Industrial Growth Centre, Chicksugur, Raichur, Karnataka, India, inspected by USFDA with **ZERO 483s**. EIR received.

### Regulatory Inspections and approvals (Formulation unit).

Competent Authority/ Country	Date of inspection	GMP Issuance
FDA, USA	29 Aug 2019 to 06 Sep 2019	24 Oct 2019
FDA, USA	13 Feb 2020 - 20 Feb 2020 & 24-25 Feb 2020	Form 483 issued with 15 observations, the Company is working with USFDA to address the observations in comprehensive manner.
AGES, Austria (EU)	13 to 17 Jan 2020	31 Mar 2020
GCC, Saudi	08 to 10 Apr 2019	19 Nov 2019
Sudan, MOH	09 to 12 Dec 2019	No observations. GMP yet to receive.

### Biologics SBU – Shilpa Biologicals Pvt Ltd (SBPL) Shilpa

#### Background –

The previous 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's in the oncology markets is also being noticed in the EU. As for the US market for biosimilars – while number of approvals have increased significantly, the market still remains under-catered to by biosimilars, mainly on account of non-availability of automatic substitution.

Patient/activist groups, coupled with advances in analytical technologies and novel Clinical Trial strategies are expected to be at the forefront of enabling drivers in all regulated markets.

The current ongoing Covid 19 crisis, while being a challenge in the near term for all businesses, is expected to contribute to the opening up of the market in the medium to long term, as pressure builds on government bodies to open up the tap and streamline/hasten pathways for repurposed biologics that have the potential to fight the pandemic currently and enable a similar pathway for the future.

#### Opportunity and drivers –

a) The Company is in advanced stage for setting up of a world class biologics manufacturing facility for Monoclonal antibodies and biologics in Belur,

Dharwad. The facility consists of two production lines for Drug Substance. The first, second lines are currently in qualification and expected to be completed by 2020. Your Company is awaiting commercial production license from the Drug Controller's Office (post inspection) at this point in time for its first molecule. The expected cost of setup of this facility is amongst the lowest anywhere. The incorporation of best-in-class technologies lower the foot print of the facility, thereby reducing the operational expenses and is also environmentally friendly.

- b) 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 1-2 years, to drive the business in regulated markets with the development and manufacturing from the Unit situated at Belur.
- c) Opportunity in RoW markets – The NBM grant that has been utilised for the setup of a GMP pilot facility, is expected to help the Company in being recognised in the international markets, especially the RoW markets, where WHO tenders are expected to play an important role in widening the impact of the biosimilars. Apart from this, this also enables the Company to target co-development partnerships with global startups - which helps in expanding your Company's footprint globally.

- d) 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 this coming financial year (FY 20-21). This is expected to be major revenue driver from 2022-23 onwards – both, through direct sales and licensing opportunities for the Company.

#### **Where we are –**

With a view to unlock value in the biologics business as well as attract focused biopharmaceutical, your Company has formed a 100% subsidiary company – Shilpa Biologics Pvt Ltd (SBPL), where all the biologics asset currently reside as a result of a slump sale executed in March 2020 and approved via a EGM on 30th March 2020.

SBPL now has 6 biosimilars and one New Biological Entity in its pipeline and is dominated by drugs catering to the autoimmune 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, while 1 other is expected to complete preclinical studies. The combined market size of these drugs today is about \$20 billion. 2 more are expected to be added in the next financial year to the clinical trial pipeline, with market size of about \$12 billion. The revenues from sales of the first commercialised biosimilar is expected to accrue from FY 2022-23 onwards.

Got one patent in multiple geographies while the other is on the verge of being granted . Your Company will pursue an aggressive IP strategy to ring fence its biosimilar and NBE assets.

#### **US Business Plan – Shilpa Pharma Inc (SPI)**

Shilpa Pharma Inc, the US Operating company is in its second year of operations. SPI has successfully hired staff, added a local Regulatory Affairs professional who acts as the Company's agent with the USFDA. Now all communications regarding the Company's regulatory filings are directly answered. Our regulatory executive has good contacts with the agency and is leading us in many discussions with them pertaining to product development activities. This has added an additional dimension to the Company's profile. SPI's commercial

relations in the US continue to mature and grow. SPI has launched through partnerships a total of eight products. Contacts have been established with all the major US wholesalers and a majority of Hospital GPO buying groups and Chain Drug Stores. Receptivity of our products has been strong with market shares growing for our products. SPI plays an important role with our partners in managing commercial forecasts, developing market strategies and pricing, securing factory orders and communicating shipments to our partners. Supply Chain is essential for customers who give preference to those companies that consistently supply with minimal backorders. During the year under review . The Company's customers have never been backordered.

The strong product pipeline of the Company using smart formulation development and manufacturing techniques will lead to valuable products. SPI will work closely in order to develop strategies which optimize future product launches. Key to this will be our developing relationship with USFDA, strategic distribution partners, customer relations and flawless supply chain execution.

The US market is controlled by a cluster of customers in each of its segments i.e., hospital, retail, wholesaler and GPO's. Each one of these clusters have unique programs for their membership base and are driven by multiyear contracts. SPI in the next year will target certain programs for base business products and develop unique programs for new product launches.

Business development is another important part of our strategy to augment the Company's own product development efforts by identifying opportunities either closer to approval or identifying products not in our R&D portfolio that are attractive. In this case, SPI works with customers in identifying and evaluating business development opportunities. Both teams have complementing skills and experience. We use a strict process consisting of defining the market, developing commercial forecasts.

#### **Shilpa's Russia Business Plan**

The Company is planning to participate in tenders to supply our products so that we can achieve the target faster. For Onco products Russian government often conduct tenders and usually the orders are very big. Russia is expected to be a big potential market for us. Oral Films is on priority for marketing. As soon as we will

get our products we will start on to make it available in National distribution chain and in Pharmacy chains.

#### **Domestic market overview:**

**NEW SHIFT IN CANCER TREATMENT-** There is a major shift in cancer management by use of approved immunotherapy in various tumour types like Breast, Cervical, Colorectal, Bladder Cancer, Kidney Cancer, Head and Neck Cancer, Non-Hodgkin's Lymphoma, Non-small-cell lung cancer, Liver Cancer. Today the major immunotherapies for cancer are- Ipilimumab, Nivolumab, Pembrolizumab, Atezolizumab, Avelumab, and Duralumab.

#### **New Markets in Cancer Care India:**

Cancer Care is an emerging market in India owing to the introduction of various cancer care centers by both, government & private hospitals . Moreover, the introduction of Day Care Centres, which are private set-ups managed privately by group of consulting oncologists, has widened the scope of this newly emerging market.

In cancer treatment landscape, due to extensive opportunities, there is a spurt of launches to treat cancer. The major entry is of generics which has been launched post patent expiration. Companies are at a great pace to launch these products as branded generic as a result of which there is a huge price erosion. In addition to that, the number of entrants in the market are also more which increases the competition. To tackle this scenario, we are trying to launch products as the first time introduction of branded generic having global quality with great affordability for Indian patients. One such true example is the launch of LENSHIL (Lenvatinib Capsules 10/4 mg), the first Indian brand, which improved accessibility and reach to the needy patients suffering from Thyroid, Renal & Hepatic Cancers. The launch of LENSHIL will empower the Oncologists to pass on the benefit of Lenvatinib to more patients due to its affordability which will help more patient to get treated.

Second such example is launch of DASASHIL (DASATINIB tablets- 20/50/70/100). We are the first Indian generic to launch all the four strengths.

#### **Key Strengths to Market Dasashil are as follows:**

- 1st Indian and only Brand of Dasatinib to have complete range- 20/50/70/100 mg.
- Only Brand to be manufactured in a state of art US FDA approved Facility.

Since there is a great preference by Medical Oncologists to treat patients with the targeted therapy, MABs, & Immunotherapy lot of these drugs are orals which has an excellent patient compliance in treatment of cancer. Moreover, orals/ targeted products provide great amount of efficacy as well as safety unlike chemotherapy where safety is a major concern to medical oncologists. Therefore, we are clearly shifting our focus to orals which are the ongoing trend and since being a chronic disease patient will be consuming our brands from 6 months to two years.

#### **SUBSIDIARIES, ASSOCIATES & JOINT VENTURES**

The Company has direct and step down subsidiaries in India and overseas. Consolidated financial statements have been prepared by the Company in accordance with the requirements of Ind AS 27 issued by Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Companies Act, 2013 ("the Act").

As per the provisions of Section 136 of the Act, separate audited financial statements of subsidiaries are placed by the Company on its website at [www.vbshilpa.com](http://www.vbshilpa.com) . Statement containing the salient features of the financial statement of subsidiaries and associate company for the year ending March 31, 2020 in Form AOC-1 (Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) is attached at the end of the notes to "Accounts to Financial Statements.

#### **RAICHEM MEDICARE PRIVATE LIMITED (RMPL)**

As the Company has entered into Share Purchase Agreement (SPA) dated 12<sup>th</sup> July, 2018 with joint venture partner, ICE S.p.A to disinvest the entire shareholding held in the Raichem Medicare Private Limited. In the Board Meeting Held on 11<sup>th</sup> June, 2020, the remaining 26 percentage stake was transferred to ICE S.p.A, Upon obtaining the approval by RMPL for transfer of balance shares from Central Government under the provisions of Foreign Direct Investment Policy the balance 26% shares were transferred on June 19, 2020 at the agreed revised consideration. . With this the sale transaction is completed and the RMPL will not be an Associate of the Company.

#### **SHILPA THERAPEUTICS PRIVATE LIMITED (STPL)**

#### **(WHOLLY OWNED SUBSIDIARY)**

**Shilpa Therapeutics Pvt. Ltd.** , a progressive novel drug delivery company with an international outlook is



dedicated to the development and commercialization of innovative and patient compliant novel drug delivery systems such as fast disintegrating oral strips.

**STPL is the first company to commercialize prescription products as oral thin strips/films in India.**

**Strong technical expertise to develop thin strips/films for oral/sub-lingual/buccal delivery**

As a result of continued efforts in the research and product development, STPL had developed the most sought after novel drug delivery dosage form- orally disintegrating strip/film and obtained the manufacturing and marketing licenses for this dosage form in India and abroad.

The orally disintegrating formulation resembling a postage stamp in size and shape is a taste masked, fast dissolving, convenient and potentially effective dosage form.

The oral strip/film cannot be removed from the mouth upon application. The target patient population includes:

- One who cannot swallow e.g., Dysphagic & Dynophagic
- One who does not want to swallow e.g., pediatric, geriatric and psychotic patients
- Who should not swallow e.g., Dialysis patients (due to liquid intake restrictions)

The oral strip/film is a convenient, discrete oral delivery form which when placed on the patient's tongue is instantly wetted by saliva and then it rapidly disintegrates and dissolves within seconds to release the medication for its therapeutic benefits without the need of water.

**The plant has recently upgraded to carter Regulated Markets like ROW and European countries**

**Vertically integrated GMP facility from Research to Commercialization**

STPL facility is capable of meeting the regular commercial supply demand from manufacturing to secondary packing with its compliance to meet the latest Schedule 'M', cGMP/WHO GMP compliant systems, procedures and practices.

The infrastructure includes major production equipment including formulation processing line with built-in high speed stirrers, homogenizers & de-aeration systems, layering and drying machinery, thermal heating systems, film slitting units and custom made pouch packing units.

**Products available in the Domestic Market**

STPL had 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.

Molecule	Category
Ondansetron Hydrochloride 2mg, 4mg & 8mg Orally Disintegrating Strips	For the prevention of chemotherapy induced nausea and vomiting (CINV)
Simethicone 62.5mg Orally Disintegrating Strips	Anti-Flatulent.
Sildenafil Citrate 25mg & 50mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Tadalafil 5 mg, 10mg & 20mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Methylcobalamin 1500 mcg Orally Disintegrating Strips	For the treatment of Diabetic Neuropathy and Peripheral Neuropathy
Montelukast Sodium 4 mg, 5 mg & 10 mg Orally Disintegrating Strips	For the Prophylaxis and Chronic Asthama
Melatonin 3 mg Orally Disintegrating Strips	For the treatment Jet Lag
Vitamin D3 2000 IU Orally Disintegrating Strips	Vitamin D3 Supplement
Betahistine 16mg & 24 mg	For the treatment of Menier's syndrome characterised by unilateral or bilateral Vertigo, sensorineural hearing loss.
Menthol Mouth Freshener in different flavour	Mouth Fresheners

**Strong Intellectual Property Management Team/ Profile**

In FY 2019-20, our patent filing grew further with 7 new patent filings including Indian and international filings. Since its inception, STPL/NU has filed more than 25 patents across a wide global network.

The patent applications filed during FY 2019-20 includes novel pharmaceutical formulations, international filing of a unique formulation of green tea films.

### Regulatory Approvals

Applications are made with National Pharmaceutical Regulatory Agency (NPRA) Malaysia, which is an PIC/S member (Pharmaceutical **Inspection Co-operation Scheme**), **Ministry of Health Thailand, Pharmacy Poison Board – Kenya, National Drug Authority – Uganda, Regulatory Authority of DR Congo and Supreme Board Of Yemen** and many of the products are under screening process with the above Ministries of Health and are on verge of the approval.

### INM TECHNOLOGIES PRIVATE LIMITED (INMT) (Subsidiary)

INMT has been promoted as a joint venture company with a vision to develop products using Nano technology. INM over the period has carried out research operations on various products and process in the fields of materials engineering / pharmaceutical technology and service in advanced technology and product development with scale up process for the developed micro / nano-materials. INM has developed state-of-the-art facility for synthesis, characterization and analytical testing of nanotechnology based products and created various departments for the purpose of holding Company (i.e. Shilpa) involving major disciplines namely Biotechnology, Bio-Medical, Analytical and Pharmaceutical, Chemical, Polymer, Coatings, Electronics and Smart materials. INM Technologies R&D lab has been recognized by DSIR, New Delhi. **INMT** has filed patents on dental formulations namely: root canal sealant powder composites (Mineral Trioxide Aggregate) having nanostructured with non-toxic nature and highly biocompatible, Hemostatic gels based on Tranexamic acid and Tranexamic acid gingival based and Chitosan-Tranexamic acid loaded dicalcium silicate scaffold formulation for blood clotting and drug delivery. **INMT** has been working on Hydroxy apatite oral thin films for calcium supplement have been formulated and bio-studies are yet to be initiated. Paracetamol oral thin films have been initiated and have shown very interesting result in batch process.

### INM NUVENT PAINTS PRIVATE LIMITED (NUVENT) (Step down Subsidiary)

All the coatings and paints developed in the department has been spin off from INMT to a wholly owned subsidiary company, INM Nuvent Paints Private Limited.

Innovated nanostructured transparent coatings (6 Nos) namely: Hydrophilic, Hydrophobic, UV-absorbing, Heat Reflective, Fire retardant, multi protect 3 layer coating structures for SS surfaces are marketed through Nuvent. On the other hand, nanostructured paints (5 Nos) with enhanced performance have also been developed and under commercialization through Nuvent. These are anti-corrosion paint for MS surfaces, Heat Reflective paint for roof tops, High temperature (600°C) anti-corrosion paint, fire retardant paint, Pigeon repellent paint. The developed paints are eco-friendly, low VOC, highly reliable and durable and cost effective.

### LOBA FEINCHEMIE GmbH, AUSTRIA (LOBA) (Step Down Wholly Owned Subsidiary)

Dr. Walter Erber took over the responsibility as CEO/ Managing Director for LOBA Finechemie GmbH from May 2016 and is leading and guiding and developing the LOBA. 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 key of 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 is compared to the fine chemical business 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.

Loba's strategic imperatives for the next year(s) are:

- B&D (Business Development)
- L&L (LOBA Investments)
- LLI (LOBA Legal Intelligence)
- HR (Human Resources)

With all these 4 imperatives, LOBA will increase substantially sales, LOBA will invest in the adaptation of the factory, LOBA will continue to improve all legal requirements and LOBA will improve the performance of the team.

### **SHILPA PHARMA INC., USA (Wholly Owned Subsidiary)**

Shilpa Pharma Inc has been promoted with the vision to register, create and develop marketing network for the products of the Company in North American countries, particularly aimed at USA and also to co-ordinate with the USFDA authorities directly on a regular basis for obtaining approvals. The business plan of the Company in USA has been enumerated above.

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

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

### **KOANNA HEALTHCARE GmbH, AUSTRIA (KOANNA, AUSTRIA) (Wholly owned subsidiary)**

Koanna Healthcare GmbH has been founded to register and develop the market for, the products of the Company in Austria and adjacent countries..

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.

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 (RVMPL) (Joint Venture)**

The Company achieved higher than its target goals for the financial year on Sales and Business Development. The Market Access planning has structured into formidable projects and would like to report each vertical as under:

#### **a. DOSAGE FORM:**

As a strategy we have positioned in the Emerging Market by formalizing a supply consortium supporting Reva. The module has been successful and Tender supply of medicine for MOH (Afghanistan) was awarded to Reva. The supply was scheduled for Q4 2019-20, but due to COVID-19, it was shipped by May/June 2020. We plan to extend the strategy for market of Vietnam which still holds opportunity for new drugs and the registration timeline is short.

Licensing as a vertical was structured last year and success has been achieved in the markets of Europe, US & China.

We are evaluating partners in Women HealthCare to forge partnerships for licensing in the Emerging Markets.

#### **b. API (GENERIC):**

- The business has progressed with commercial supplies of Oncology, Anti-Infective and Cardio into markets of Japan, Korea, Europe and Emerging Nations.

The Company has made Japan as its key market and build in-roads with main Industry Associations namely; (KPIA – Kansai Pharmaceutical Industries Association) and

(JPMA – Japan Pharmaceutical Manufacturer Association). Reva Medicare is a joint venture between Shilpa Medicare Ltd and Akira Pharma (P) Ltd.

### **SRAVATHI ADVANCE PROCESS TECHNOLOGIES PRIVATE LIMITED (SAPTPL) (Joint Venture)**

Sravathi Advance Process Technologies Private Limited has established its Research & Development Labs in Rajajinagar, Bengaluru-10 in the month of December 2019. We have created state of art facilities for doing research in the area of “Process Intensification” flow chemistry. Established both Lab & as well as pilot stage flow reactors for multiple type of reactions and similarly established synthesis Lab for synthesis of molecules & analytical Lab with all state-of-the-art safety systems in place. Created all required infrastructure like IT, gas lines, exhaust system, DG set, UPS etc. We have hired required technical and operations teams – now presently ~25 people onboard. It has started operations from January 2020 and obtained approval from Pollution Control Board for next years (CFE first and later CFO). We have received all required approvals/certificates like MSME, GST, IEC, PF, PT etc. We have contacted number of potential customers and signed NDAs with more than 6 companies.

### **SHILPA BIOLOGICALS PRIVATE LIMITED (A WHOLLY OWNED SUBSIDIARY)**

With a view to unlock value in the biologics business as well as attract focused biopharmaceutical, your Company has formed a 100% subsidiary company – Shilpa Biologicals Pvt Ltd (SBPL), where all the biologics asset currently reside as a result of a slump sale executed in March 2020 and approved via a EGM on 30<sup>th</sup> March 2020.

### **SHILPA ALBUMIN PRIVATE LIMITED**

Your Company has formed wholly owned subsidiary Shilpa Albumin Private Limited (SAPL), to setup a unit to manufacture “Recombinant Human Albumin (RHS), recombinant peptides, analogues and polymers”

### **SHILPA CORPORATE HOLDINGS PRIVATE LIMITED (SCHL)**

During the current financial year 2020-21 (SCHL), a wholly owned subsidiary company has been incorporated to invest and hold the investments in group companies.

### **SRAVATHI AI TECHNOLOGIES PRIVATE LIMITED (SAITECH)**

During the current financial year 2020-21 SAITECH has been formed as a Joint Venture Company between the SCHL and technocrats with the shareholding ratio of 55:45 to carry on the Research & Development on specific manufacturing process technologies.

#### **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:**

The Company, based on the Board’s recommendation, paid an interim dividend of ₹ 1.10 per share (i.e. 110% of the face value) for the Financial Year (FY) 2019-20. The Board does not recommend any final dividend, and therefore the 110% interim dividend paid is to be considered as the dividend for the FY 2019-20.

The Dividend Distribution Policy of the Company is set out as Annexure-11 to this report 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 was 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 the IEPF Rules, the Company has transferred 18,154 shares belonging to the shareholders who did not continuously claim dividend for seven years from the financial year 2011-12 to IEPF Account, the details of which are placed on the website of the Company.

#### **LISTING OF EQUITY SHARES**

The securities of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the Company has no equity shares carrying differential rights.

#### **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. Omprakash Inani (DIN No.01301385), Non-Executive Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Amit Chander (DIN: 02406965), had been co-opted on to the Board as an Additional Director in Independent capacity with effect from 01<sup>st</sup> April, 2019 and the said appointment was approved by the shareholders at the Annual General Meeting held on 20<sup>th</sup> September, 2019 and he holds office as such upto 30<sup>th</sup> September, 2021.

Ms. Sirisha Chintapalli (DIN: 08407008) had been co-opted on to the Board as an Additional Director in Independent Capacity with effect from 01<sup>st</sup> April, 2019 and the said appointment was approved by the shareholders at the Annual General Meeting held on 20<sup>th</sup> September, 2019 and she holds office as such upto 30<sup>th</sup> September, 2021.

Mr. Kalakota Sharath Reddy (DIN: 03603460) has been appointed as a Whole - Time Director of the Company for a period of three years with effect from 01<sup>st</sup> October, 2019.

Mr. Piyush Goenka (DIN: 02117859 ) has been co-opted onto the Board as an Additional Director (under the Independent Category) with effect from 09<sup>th</sup> November, 2019. His appointment as a director under independent category is being proposed, seeking the approval of shareholders, at the ensuing Annual General Meeting.

Mr. Vishnukant Chaturbhuj Bhutada (DIN: 01243391) Managing Director has been reappointed for a period of 5 years w.e.f. 01<sup>st</sup> October, 2019 with the approval of shareholder at the Annual General Meeting held on 20<sup>th</sup> September, 2019.

Mr. Carlton Gerard Pereira (DIN: 00106962) and Mr. Narinder Pal Singh (DIN: 0023160) ceased to be Directors of the Company with effect from 30<sup>th</sup> September, 2019 as per their terms of appointment and provisions of Section 149(10) of the Companies Act, 2013.

Mr. V V Krishna Chaitanya, Member of Institute of Company Secretaries of India has been appointed as Company Secretary with effect from 10<sup>th</sup> September, 2020.

**NUMBER OF MEETINGS OF THE BOARD**

During the financial year, six Board Meetings were held as detailed below which are in compliance with the provisions of the Companies Act, 2013, the Listing Regulations and Secretarial Standards on Board meeting.

01 <sup>st</sup> April, 2019	08 <sup>th</sup> May, 2019	27 <sup>th</sup> May, 2019	13 <sup>th</sup> August, 2019	10 <sup>th</sup> September, 2019
09 <sup>th</sup> November, 2019	04 <sup>th</sup> January, 2020	10 <sup>th</sup> February, 2020	24 <sup>th</sup> February, 2020	06 <sup>th</sup> March, 2020

**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. Brahmayya & Co., Chartered Accountants (Firm Registration No. 000513S), were appointed at the 30<sup>th</sup> Annual General Meeting as the Statutory Auditors of the

Company for a term of five years to hold office till the conclusion of the 35<sup>th</sup> Annual General Meeting of the Company. They have confirmed their eligibility for the F.Y. 2020-21 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 2020-21. 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 the said Cost Auditors.

### **Secretarial Auditors:**

M/s. P.S. Rao & Associates, Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Company for the financial year 2019-20, 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 2019-20 forms part of this Report as Annexure - 10.

The Board has appointed M/s P.S. Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2020-21.

### **Internal Auditor:**

M/s M. Bhasakara Rao and Co., Chartered Accountants, were appointed in the Board meeting held on 15<sup>th</sup> June, 2020, as recommended by the Audit Committee, to conduct the Internal Audit of the Company for the financial year 2020-21 as required under section 138 of the Companies Act, 2013 and rules made thereunder.

### **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 - 9

### **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](http://www.vbshilpa.com).

A Risk Management Committee has been constituted as per the terms of Regulation 21 of SEBI (LODR) Regulations, 2015 to monitor and review the major risks faced by and the risk management plan of the Company periodically.

### **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, form part of this Annual Report.

In accordance with Rule 8 (1) of Companies (Accounts) Rules 2014, the highlights of performance of the Subsidiaries, Associates and Joint Ventures and their contribution to the overall performance of the Company have been detailed in Annexure - 6 enclosed to this report.

Further, the annual accounts of all the subsidiary companies are available on the Company's website - [www.vbshilpa.com](http://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 Internal Control Systems, 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 systems of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports, the concerned department/ unit undertakes corrective action in the respective areas and strengthens 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 has 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.

#### **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 took place during the year under review which need to be reported in accordance with Rule 8(5)(iv) of Companies (Accounts) Rules, 2014:

- a. Your Company has sold its stake of 26% and exit from in Raichem Medicare Private Limited, erstwhile Joint Venture, in the month of June, 2020.
- b. Your Company has incorporated Shilpa Albumin Private Limited and Shilpa Biologicals Private Limited as Wholly Owned Subsidiaries .
- c. During the current FY 2020-21, your Company has formed Sravathi AI Technology Private Limited, Shilpa Corporate Holdings Private Limited and Koanna Helathcare, Canada.
- d. During the current financial year 2020-21, your Company has acquired stake of about 33 percent in FTF Pharma Private Limited through Share Purchase Agreement.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

In terms of 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 – 5.

The CSR Policy of the Company and other details as required is are placed on the Company's website at [https://vbshilpa.com/pdf/CSR\\_Policy.pdf](https://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 Directors, Board and Individual Directors is carried out by the Board.

The Nomination and Remuneration Policy of the Company is placed on the Company's website at <https://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 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 the 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:

- a) In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2020 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) 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<sup>st</sup> March, 2020 and of the profit and loss of the Company for the year;
- c) 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;
- d) The Directors had prepared the annual accounts on a 'going concern' basis;
- e) 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
- f) 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 2019-20 in the format as prescribed is enclosed as Annexure-2.

The extract of the Annual Return is also hosted on the Company's website at [www.vbshilpa.com](http://www.vbshilpa.com).

#### **OTHER DISCLOSURES:**

##### **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 Practicing Company Secretary's Certificate on compliance with the conditions of Corporate Governance specified in Schedule V(E) of SEBI (LODR) Regulations, 2015 as well as a certificate as specified in Schedule V(C)(10)(i) of SEBI (LODR) 2015 forms part of the Annual report as Annexure- 12.

##### **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>. 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) and illegal or unethical behavior 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-3.

#### **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 – 4 to the Board's Report.

#### **A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:**

During the year under review the following Independent Directors were appointed on the Board of the Company.

- a. Mr. Amit Chander
- b. Mr. Piyush Goenka
- c. Ms. Sirisha Chintapalli

In the opinion of the Board, the appointed Independent Directors possess the required qualities as mentioned in Section 149(6) of the Companies Act, 2013. The Board opines that directors appointed practice honesty and show consistent and uncompromising adherence to strong moral and ethical principles in the decisions made.

Mr. Amit Chander has, in total 15 years of experience in Health Care and Technology. He has worked as a financial advisor and business consultant with leading Indian and multinational companies.

Mr. Piyush Goenka has more than 20 years of experience in financial services. He is responsible for making investments across a bunch of sectors, including consumer, pharmaceuticals and financial services.

Ms. Sirisha Chintapalli has more than 10 years of good exposure and experience in the fields of legal, financial, secretarial, regulatory and compliance matters.

#### **COST RECORDS AND COST ACCOUNTS:**

The Company is maintaining cost records and accounts as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

#### **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 to 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 - 7.

Related Party disclosures as per Schedule V of SEBI (LODR) Regulations, 2015 are enclosed herewith as Annexure - 8.

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](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 - 1.

### **GENERAL**

- a) 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.

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  
Shilpa Medicare Limited.

**Omprakash Inani**

Chairman

DIN: 01301385

Place: Raichur

Date: 8<sup>th</sup> August, 2020

**Annexure-1**

# 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/A1, Hyderabad Road, Raichur – 584 135, Karnataka, India
4	Website	www.vbshilpa.com
5	E-mail id	info@vbshilpa.com
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceutical: NIC Code 21001
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	<b>National:</b>
	(a) Number of International Locations (Provide details of major 5)	<b>Unit I:</b> Plot Nos 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur. <b>Unit -II:</b> 100% EOU and Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur.
	(b) Number of National Locations	<b>Unit III:</b> Plot No. S-20 to S-26, pharma SEZ TSIC Green Industrial Park, Pollepally village, Jadcherla Mandal, Dist, - Mahaboobnagar - 509301, Telangana. <b>R &amp; D Unit- Raichur:</b> Plot Nos. 33-33A, 40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chicksugur Cross, Chicksugur- 584134, Raichur <b>R&amp;D Unit - Bangalore: Plot No. 29 A5, 4th Phase (Avverahalli) Sompura Industrial Area, Honnenahalli Village, Dobaspet, Nelamangala, Bangalore Rural – 562 111, Karnataka, India.</b>

**International:**

**Loba Feinchemie GmbH**, (Step-down Subsidiary)Fahragasse 7, A-2401, Fischamend, Austria.

**Zatortia Holdings Limited**

70 Kennedy, 4th Floor, 1076 Nicosia, Cyprus, P.O Box- 20971, 1662

**Koanna Healthcare Limited**

4TH Floor Cavendish House, 369 burnt Oak Broadway, Edgware Middlesex, England, HA8 5AW

**Koanna Healthcare GmbH**

Fehrgasse 7, 2401 Fischamend, Austria,

**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
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**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR)	₹ 815.26 Lakhs
2	Total Operating Revenue (INR)	₹ 80,597.11 Lakhs
3	Total profit after taxes (INR)	₹ 19,371.84- 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 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. During the year under purview, the CSR amount of ₹ 326.46 Lakhs to be spent for the year 2019-20, has been transferred to Shilpa Foundation. As the amount of earmarked fund is insufficient to kick start the envisaged project, the committee has set aside the fund to take up the project when sufficient funds are available for its initiation.

**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.**

1. DIN Number : 01243391
2. Name : Mr. Vishnukant Chaturbhuj Bhutada
3. Designation : Managing Director

**(b) Details of the BR head –**

No.	Particulars	Details
1	DIN Number	01243391
2	Name	Mr. Vishnukant Chaturbhuj Bhutada
3	Designation	Managing Director
4	Telephone number	08532-238704
5	e-mail id	info@vbshilpa.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 conform 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	Y	Y	Y	Y	Y	Y	Y	Y
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 and Principle 2 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 resources available for the task	-	-	-	-	-	-	-	-	-
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 to 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](http://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:

Shilpa Medicare Limited is a global pharmaceutical Company headquartered in Raichur (K.A), India. The Company mainly operates in the regulated markets and while making strategies to establish business in the rest of the continents of the world & its priority is directed towards having a sharper focus on compliance.

The Code of Conduct guides all supervisory, executive and managerial employees of the Company including the Board members. The policy is communicated not only to the employees across all the locations but also extends to our business associates.

The Company has a dedicated R&D facility in India with global filing capabilities.

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.

Three complaints were received from shareholders of the company, Two complaints were received from regulatory authorities and one complaint was received from stock exchange. All the complaints were resolved satisfactorily.

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

Each of our manufacturing locations monitor the energy, water and fuel consumption on periodic basis. API manufacturing locations are certified with ISO Certification for Occupation Health and Safety Analysis System 18001: 2007, Quality Management system 9001: 2015 and Environmental Management System 14001: 2015.

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

Ambroxol Hcl

Tranexamic acid

Tenofovir Disoproxil Fumarate

Capecitabine

Irinotecan Hcl

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

- a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:

The Company is continuously incorporating /strengthening controls in the source of manufacturing & safety norms. Same were considered during product development. We do conduct audit and due diligence prior to sourcing of materials/availing services from the outside vendors & local suppliers as and where possible. Our Company prefers to enter into long term commitments with those suppliers who fulfil their responsibility towards society as well as environment. Product development was done with optimum yield which resulted into less waste generation.

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

The Company emphasizes to reduce the water and energy consumptions that reduce the direct or indirect cost as well as natural resources. The waste generated in the Company's operations is either recycled or disposed off in a responsible way in line with legal requirements.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company endeavours to work with responsible vendors who adhere to the same quality, social and environmental standards. The Company is procuring the material from approved vendors both, local and also international. The company is sourcing Renewable energy, Fuel-Rice husk and briquette from the local vendors near the manufacturing sites.

The Company enters into annual freight contracts with leading transporters for movement of materials. The Company continues to receive unrelenting support from its vendors. The company conduct by monthly audits on key raw material vendors and bulk raw material vendors which are near to manufacturing sites.

**4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of Work:**

We, At Shilpa Medicare Limited procure goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

We believe that it is the local community that is the first to be affected by the production process. At all the manufacturing facilities, as per the convenient availability of resources locally, Company has invested in boilers which will help the local and small producers directly. Electrical, Mechanical, Housekeeping, Consumables and effluent maintenance being sourced from local vendors.

**5. Does the Company have a mechanism to recycle production and waste:**

The manufacturing facilities have state-of-the-art effluent treatment facilities with 'Zero Liquid Discharge' of waste water. It is our endeavour to bring safe, efficient and affordable treatment to global markets, while adhering to the highest standards of compliance.

- 90% of the Solvents are recovered & reused.
- 95% of effluent water is recycled and used in utilities
- STP treated water is used for gardening in company premises there by reducing the usage of fresh water.
- 30% - 35% of Solid waste (ETP Sludge) is co-processed in nearby Cement Industry

**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"

**1. Please indicate the total number of employees.**

The Company has 1972 employees as on March 31, 2020.

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

The Company has over 595 contractual employees as on March 31, 2020.

**3. Please indicate the number of permanent women employees.**

The Company has 03 women employees as on March 31, 2020.

**4. Please indicate the number of permanent employees with disabilities.**

There are nil employees with disabilities as on March 31, 2020.

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

Yes

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

13 % 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.

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	"Non recruitment of children" policy in place	Not Applicable	Not Applicable
2	Forced Labour	We don't have any forced labour	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?

	Unit-1	SEZ Unit	EOU Unit
Permanent Employees	83%	100%	100 %
Permanent Women Employees	Not Applicable	Not Applicable	Not Applicable
Casual/Temporary/Contractual employees	77 %	100%	100 %
Employees with disabilities	Not Applicable	Not Applicable	Not Applicable

**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. The Company has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress.

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

We are cognizant of the fact that the stakeholder engagement is a periodic process that enables us to develop and implement strategies to fulfill the stakeholder expectations and seek their long-term support.

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

Yes, 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 –**

The Company works actively to enhance the employment opportunities in the nearby locations wherever it operates, leading to income generation and economic empowerment in the marginalized sections of the communities.

Various initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of: (i) Pandemic Covid-19 relief (ii) Flood Relief (iii) Water Conservation & Animal welfare (iv) Environmental Sustainability (v) Donated to School of Disable children's.

**Principle 5: Businesses should respect and promote human rights:**

We, At Shilpa Medicare Limited through our Code of Business Conduct, express our commitment to do business ethically and embrace practices that support environment, human rights and labour laws. As a responsible organization, the company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contract staff. The Company also respects human rights at the work place and endeavours to adopt best international practices, which ensure freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour.

**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?**

Our policy on human rights extends to all across the supply chain of our group including suppliers, as well as the local communities and consumers.

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

There were no stakeholder complaints in the reporting period pertaining to human rights.

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

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day to day EHS related activities. Health & Safety are crucial and are most important for sustainable growth of our business.

**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 invested in Clean development Mechanism & registered it's bio

mass fired boiler with UNFCC under Kyoto Protocol Project Reference No: 3926; The Pdd listed at UNFCC site : <http://cdm.unfccc.int/Reference/Documents>; The validation report can be visited at [http://cdm.unfccc.int/EB/044/eb44\\_repan03.pdf](http://cdm.unfccc.int/EB/044/eb44_repan03.pdf)

Apart from the above the company is using Renewable Biomass as fuel for its Steam energy requirements in all its site's

The company is using the energy from windmills & has generated 12100000 Kwh and used 5500000 kwh for captive consumption.

The company is utilizing all the latest technologies to conserve energy, improve the efficiency of the process & equipment.

The company has invested in flow chemistry to minimize consumption, wastes & visualized the opportunity to improve the quality & productivity, there by conserving the resources

**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**

YES, The Company has invested in Clean Development Mechanism & registered its bio mass fired boiler with UNFCC under Kyoto Protocol Project Reference No: 3926. The environmental Compliance report is being submitted to the Karnataka 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 is utilizing the best available technologies, for example Variable Frequency drives are considered & installed to all the necessary equipment; in the conceptual design itself to conserve the energy;

The company recognizes that for its sustainable operations, it has to use the Renewable energy fuel for its energy requirements & has invested in wind mills.



The company uses about 18085000 units per annum power from Renewable energy

The Company recycles waste water for its utility requirements & has Zero Liquid Discharge Plant for treatment of it's Effluent.

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

The Emissions generated are controlled and is in compliance & with in the permissible limits of CPCB/KSPCB. The waste generated is treated in its Zero Liquid Discharge facility & is recycled to its utility requirement & is within the permissible limits of CPCB/KSPCB

**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.**

There are no show cause Notices & Legal notices from KSPCB & CPCB which are pending to be resolved as on the end of Financial Year 19-20.

**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
- Raichur Chamber of Commerce.
- Federation of Karnataka Chambers of Commerce & Industry.

**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 puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to medicines, best practices, corporate governance, corporate social responsibility, etc.

**Principle 8: Businesses should support inclusive growth and equitable development**

We, at Shilpa Medicare Limited always strive to secure the interests of all the stakeholders along with the strong growth of the Company. Community development programs are integral to our sustainability strategy. We have always contributed towards CSR activities.

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

As part of its CSR policy, the company has taken up several initiatives in this regard for the communities or villages around the manufacturing sites. All our programs and initiatives have complemented and supported the development priorities of the local communities.

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

The company through its Public charitable trust i.e from Shilpa Foundation undertakes most of its programs/ Projects directly.

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

In order to ensure that the CSR initiatives are directed towards the objectives and meet the desired results, it is important for us to know the impact that the project creates by monitoring the impact internally & through NGOs like Green Raichur. We regularly meet with the project coordinators, NGOs and stakeholders to assess the impact of our CSR projects.

**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 ₹ 326.46 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. Shilpa Foundation, the charitable trust through which the Company takes up community initiatives, undertakes the CSR activities after conducting detailed assessments and surveys in the areas in and around the region where it operates. Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are continuously consulted with during implementation of initiatives. Further, the Company ensures that community members participate in the initiatives being undertaken / implemented and that they take responsibility for maintenance and sustenance of projects in future.

**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”. We give utmost priority to provide effective, good quality and economically affordable products to our customers.

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

During the financial year ended 31<sup>st</sup> March,2020 there were 7 customer complaints pending for investigation of which 2 are local for API and 5 are Export for Formulation.

**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)**

Yes, Shilpa Medicare Limited displays all the product information on the product label, which are mandatory and as may be required for the use of the products by the consumers.

**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 customers approves us as a qualified vendor after thorough auditing of our facilities. Also, govt. agencies like USFDA, EDQM etc as well as those in other countries audit our facilities periodically to confirm our compliance to their quality systems.

For and on behalf of Board of Directors

**Om Prakash Inani**

Chairman

DIN: 01301385

Place: Raichur

Date: 8<sup>th</sup> August, 2020

**Annexure-2****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31-03-2020

[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:**

<b>CIN</b>	L85110KA1987PLC008739
<b>Registration Date</b>	20-11-1987
<b>Name of the Company</b>	SHILPA MEDICARE LIMITED
<b>Category/Sub-Category of the Company</b>	Public Company Limited by Shares/ Indian Non-Government Company
<b>Address of the Registered office and contact details</b>	12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka – 584135, India Phone: 08532- 238704; Fax: 08532-238876. E-mail id: info@vbsilpa.com Website: www.vbsilpa.com
<b>Whether listed company</b>	Yes
<b>Name, Address and contact details of Registrar and Transfer</b>	M/s. Kfin Technologies Pvt. Ltd., Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India Phone: +91-40-67162222 / 79611000 Fax: 040-23001153

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. 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, SUBSIDIARY, AND ASSOCIATE COMPANIES.**

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate/ Joint Venutre	% of Shares held	Applicable Section
1.	Shilpa Therapeutics Private Limited Plot No.118, Phase-III, IDA, Cherlapalli, Hyderabad, Telangana- 500051	U24239TG2004PTC043005	Wholly Owned Subsidiary	Equity Shares: 100 % Preference Shares: 100.00 %	2(87) (ii)

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate/ Joint Venutre	% of Shares held	Applicable Section
2.	INM Technologies Private Limited. 13-E/13, 01 <sup>ST</sup> Phase, Kumbalagodu Industrial Area, Mysore Road, Kengeri Hobli, Bangalore South, Bangalore 560074, Karnataka	U73100KA2015PTC078494	Subsidiary	Equity Shares: 75 % Preference Shares: 100.00 %	2(87) (ii)
3.	Reva Medicare Private Limited. #12-6-2141A1, Hyderabad Road, Raichur – 584135, Karnataka	U24248KA2016PTC086047	Joint Venture	Equity Shares: 50.01 %	2(6)
4.	Zatortia Holdings Limtied; 70 Kennedy Ave., Papavassiliou Bldg, 4th Floor, 1076 Nicosia, Cyprus	Not Applicable	Wholly Owned Subsidiary	100.00 %	2(87)(ii)
5.	Makindus Inc., USA 206 Avondale Drive, North Wales, Pennsylvania 19454	Not Applicable	Subsidiary	55.78 %	2(87)(ii)
6.	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)
7.	Loba Feinchemie GmbH Fehrgasse 7, 2401 Fischamend, Austria	Not Applicable	Step Down Subsidiary	99.99 %	2(87)(ii)
8.	Reva Pharmachem Private Limited. 12-7-1/4, Industrial Area, Hyderabad Road, Raichur – 584102, Karnataka	U24232KA2009PTC051596	Associate	Equity Shares 33.33 %	2(6)
9	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)
10	Koanaa Healthcare GmbH Fehrgasse 7, 2401 Fischamend, Austria	Not Applicable	Wholly Owned Subsidiaries	100.00 %	2(87) (ii)
11	INM Nuvent Paints Private Limited. 116, 04 <sup>th</sup> Floor, 11 <sup>th</sup> Cross, 03 <sup>rd</sup> Main, Margosa Road, Malleswaram, Bangalore – 560003, Karnataka	U24110KA2018PTC110829	Step Down Subsidiary	75.00 %	2(87) (ii)
12.	Shilpa Pharma Inc. 1980 S, Easton Road, Suite 220, Doylestown, PA, 18901, Bucks County	Not Applicable	Wholly Owned Subsidiary	100.00 %	2(87) (ii)
13.	Shilpa Biologicals Private Limited. Plot No: 532A, Belur Industrial Area, Dharwad, 580011, Karnataka	U24230KA2020PTC131456	Wholly Owned Subsidiary	100.00 %	2(87) (ii)

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate/ Joint Venutre	% of Shares held	Applicable Section
14	Shilpa Albumin Private Limited. 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	U24304KA2020PTC131457	Wholly Owned Subsidiary	100.00 %	2(87) (ii)
15	Sravathi Advance Process Technologies Private Limited 01 <sup>st</sup> Floor, Site No: 40, 02 <sup>nd</sup> Main Road, Industrial Town, Rajaji Nagar, Bangalore, Karnataka – 560010	U24299KA2019PTC121993	Joint Venture	Equity Shares: 65.00 % Preference Shares: 100.00 %	2(87) (ii)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholder	No of Shares Held at the Beginning of the Year				No of Shares Held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	43864092	-	43864092	53.80	43864092	-	43864092	53.80	-
a. Individual / HUF									
Sub Total A(1)	43864092	-	43864092	53.80	43864092	-	43864092	53.80	-
2) Foreign									
Sub Total A(2)									
<b>Total Share Holding of Promoters. A = A(1) + A(2)</b>	<b>43864092</b>	<b>-</b>	<b>43864092</b>	<b>53.80</b>	<b>43864092</b>	<b>-</b>	<b>43864092</b>	<b>53.80</b>	<b>-</b>
<b>B. Public Shareholding</b>									
1) <b>Institutions</b>									
a. Mutual Funds	100437	-	100437	0.12	3900		3900	0.00	-0.12
b. Banks/ FI	24459	-	24459	0.03	387011		387011	0.47	0.44
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FII and FPI	15532890	-	15532890	19.05	15564421		15564421	19.09	0.04
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Beneficial Holdings Under MGT-4	1569	-	1569	0.00	2427	-	2427	0.00	0.00
i. Others – OCB	6000000		6000000	7.36	6000000		6000000	7.36	0.00
<b>SUB TOTAL B(1)</b>	<b>21659355</b>		<b>21659355</b>	<b>26.58</b>	<b>21957759</b>		<b>21957759</b>	<b>26.92</b>	<b>0.34</b>



Category of Shareholder	No of Shares Held at the Beginning of the Year				No of Shares Held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2) Non Institutions</b>									
a. Bodies Corporates	4681088	-	4681088	5.74	4193985	-	4193985	5.14	-0.6
b. Individuals									
Individual shareholders holding nominal share capital upto ₹ 2 lakh	7076742	432124	7508866	9.21	6883089	349624	7232713	8.87	-0.34
Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	1392994	-	1392994	1.71	1692994	-	1692994	2.08	0.37
c. NBFC registered with RBI	900	-	900	0.00	2150	-	2150	0.00	0.00
<b>a. Others</b>									
Directors and their relatives	134,162	-	134,162	0.16	257,850	-	257,850	0.32	0.16
Trusts	1,500	-	1,500	-	1,500	-	1,500	-	-
Non Resident Indians	408,965	-	408,965	0.50	315,002	-	315,002	0.39	(0.11)
Non Resident Indians – Non Repatriable	1,634,412	-	1,634,412	2.00	1,720,422	-	1,720,422	2.11	0.11
Clearing Members	36,994	-	36,994	0.05	77,681	-	77,681	0.10	0.50
IEPF	198,736	-	198,736	0.24	210,736	-	210,736	0.27	0.03
Foreign Nationals	4,834	-	4,834	0.01	14	-	14	-	(0.01)
<b>Sub Total B(2)</b>	<b>16,003,451</b>	<b>-</b>	<b>16,003,451</b>	<b>19.62</b>	<b>15,355,423</b>	<b>349,624</b>	<b>15,705,047</b>	<b>19.28</b>	<b>0.35</b>
<b>Total Public Shareholding (B)=(B) (1)+(B)(2)</b>	<b>37,662,806</b>	<b>-</b>	<b>37,662,806</b>	<b>46.20</b>	<b>37,313,182</b>	<b>349,624</b>	<b>37,662,806</b>	<b>46.20</b>	<b>-</b>
<b>A. Shares held by Custodian for GDRs &amp; ADR</b>									
Grand Total (A+B+C)	<b>81,526,898</b>	<b>-</b>	<b>81,526,898</b>	<b>100.00</b>	<b>81,177,274</b>	<b>349,624</b>	<b>81,526,898</b>	<b>100.00</b>	<b>-</b>

**(ii) Shareholding of Promoters:**

Sl. No	Share Holders Name	Shareholders at the beginning of the year			Shareholders 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	Vishnukant C. Bhutada	8086012	9.92	2.45	8086012	9.92	-	-
2	Dharmavati Bhutada	6207796	7.61	0	6207796	7.61	-	-
3	Kamal Kishore Inani	4823828	5.92	0	2065236	2.53	-	-3.39
4	Nathmal Inani	673412	0.83	0	1131232	1.39	-	0.56
5	Manjulata Inani	2257546	2.77	0	2257546	2.77	-	-
6	Omprakash Inani	1072068	1.31	0.79	3072068	3.77	1.66	2.46
7	Kantadevi Inani	6455736	7.92	0	2540096	3.12	-	-4.8
8	Brijgopal Inani	2174866	2.67	0.52	2174866	2.67	0.91	-
9	Keshav Bhutada	1042924	1.28	0	1042924	1.28	-	--
10	Ravi Kumar Inani	1106370	1.36	0	1106370	1.36	-	-
11	Vishnukant C Bhutada (HUF)	1336130	1.64	0	1336130	1.64	-	-
12	Shakuntalabai Inani	3329186	4.08	0	1129186	1.39	-	2.69
13	Madhav Bhutada	1236674	1.52	0	1236674	1.52	-	-
14	Ramakant Inani	1547778	1.90	1.58	3747778	4.60	1.84	0.26
15	Deepak Kumar Inani	1733960	2.13	1.06	2733960	3.35	1.10	0.04
16	Triveni Inani	294810	0.36	0	294810	0.36	-	-
17	Vishnukanta Inani	212498	0.26	0	212498	0.26	-	-
18	Taradevi Inani	249998	0.31	0	249998	0.31	-	-
19	Namrata Bhutada	22500	0.03	0	22500	0.03	-	-
20	Suraj Kumar Inani	-	-	-	1080695	1.33	-	1.33
21	Keerti Inani	-	-	-	1055021	1.29	-	1.29
22	Priya Inani	-	-	-	1080696	1.33	-	1.33

**(iii) Change in Promoter Shareholdings:**

Sl. No	Name of the Shareholder	Shareholding pattern at the beginning of the year		cumulative Share Holding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% of Total Shares of the Company
1	Mr. Ramakant Inani				
	At the beginning of the Year	1547778	1.9		
	Changes during the year			2200000	2.69
	At the end of the year			3747778	4.6

Sl. No	Name of the Shareholder	Shareholding pattern at the beginning of the year		cumulative Share Holding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% of Total Shares of the Company
2	Mr. Shakuntalaba Inani				
	At the beginning of the Year	3329186	4.08		
	Changes during the year			(2200000)	(2.69)
	At the end of the year			1129186	1.39
3	Mr. Deepak Kumar Inani				
	At the beginning of the Year	1733960	2.13		
	Changes during the year			1000000	1.22
	At the end of the year			2733960	3.35
4	Mr. Omprakash Inani				
	At the beginning of the Year	1072068	1.31		
	Changes during the year			2000000	2.45
	At the end of the year			3072068	3.77
5	Ms. Kantabai Inani				
	At the beginning of the Year	6455736	7.92		
	Changes during the year			(3915640)	(4.80)
	At the end of the year			2540096	3.12
6	Ms. Priya Inani				
	At the beginning of the Year	0	0		
	Changes during the year			1080696	1.33
	At the end of the year			1080696	1.33
7	Mr. Suraj Inani				
	At the beginning of the Year	0	0		
	Changes during the year			1080695	1.33
	At the end of the year			1080695	1.33
8	Mr. Nathmal Inani				
	At the beginning of the Year	673412	0.83		
	Changes during the year			457820	0.56
	At the end of the year			1131232	1.39
9	Mr. Kamal Kishore Inani				
	At the beginning of the Year	4823828	5.92		
	Changes during the year			(2758592)	(3.38)
	At the end of the year			2065236	2.53
10	Ms. Keerthi Inani				
	At the beginning of the Year	0	0		
	Changes during the year			1055021	1.29
	At the end of the year			1055021	1.29

Note with regard to changes during the year: There were interse gift of Equity Shares of the Company between the Promoters' family members.

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31<sup>st</sup> March, 2020:

Sl. No	Share Holders Name	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		
	Changes During the Year			Nil	Nil
	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		
	Changes During the Year			Nil	Nil
	At the end of the year			6000000	7.36
3	PIVOTAL ENTERPRISES PRIVATE LIMITED				
	At the beginning of the year	3225000	3.96		
	Changes During the Year			(850000)	(1.05)
	At the end of the year			2375000	2.91
4	TA FII INVESTORS LIMITED				
	At the beginning of the year	3025000	3.71		
	Changes During the Year			Nil	Nil
	At the end of the year			3025000	3.71
5	BARCLAYS MERCHANT BANK (SINGAPORE) LTD.				
	At the beginning of the year	1613450	1.98		
	Changes During the Year			(1613450)	1.98
	At the end of the year			0	0
6	BARCLAYS MERCHANT BANK (SINGAPORE) LIMITED - ODI				
	At the beginning of the year	0	0		
	Changes During the Year			1613450	1.98
	At the end of the year			1613450	1.98
7	AMAL N PARIKH				
	At the beginning of the year	1515578	1.86		
	Changes During the Year			Nil	Nil
	At the end of the year			1585578	1.94
8	DURO ONE INVESTMENTS LIMITED				
	At the beginning of the year	1157921	1.42		
	Changes During the Year			Nil	Nil
	At the end of the year			1157921	1.42

Sl. No	Share Holders Name	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
9	BARING INDIA PRIVATE EQUITY FUND III LISTED INVEST				
	At the beginning of the year	1107424	1.36		
	Changes During the Year			Nil	Nil
	At the end of the year			1107424	1.36
10	CLSA GLOBAL MARKETS PTE. LTD.				
	At the beginning of the year	959828	1.18		
	Changes During the Year			(157209)	(0.20)
	At the end of the year			802619	0.98
11	PIVOTAL BUSINESS MANAGERS LLP				
	At the beginning of the year	0	0.00		
	Changes During the Year			833767	1.02
	At the end of the year			833767	1.02
12	VINAY KONAJE				
	At the beginning of the year	489768	0.60		
	Changes During the Year			210229	0.25
	At the end of the year			699997	0.85

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Share Holders Name	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	Mr. Vishnukant Chaturbhuj Bhutada				
	At the beginning of the year	8086012	9.92		
	Changes during the year			Nil	Nil
	At the end of the year			8086012	9.92
2	Mr. Omprakash Inani				
	At the beginning of the year	1072068	1.31		
	Changes during the year			2000000	2.45
	At the end of the year			3072068	3.77
3	Mr. Narinder Pal Singh Shinh <sup>1</sup>				
	At the beginning of the year	14192	0.02		
	Changes during the year			Nil	Nil
	At the end of the year			14192	0.02
4	Mr. Carlton Gerard Pereira <sup>1</sup>				
	At the beginning of the year	1470	0.01		
	Changes during the year			Nil	Nil
	At the end of the year			1470	0.01



Sl. No	Share Holders Name	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
5	Mr. Rajender Sunki Reddy				
	At the beginning of the year	25500	0.04		
	Changes during the year			Nil	Nil
	At the end of the year			25500	0.04
6	Mr. Pramod Kasat				
	At the beginning of the year	93000	0.11		
	Changes during the year			Nil	Nil
	At the end of the year			93000	0.11
7	Mr. Sharath Reddy Kalakota <sup>2</sup>				
	At the beginning of the year	28089	0.03		
	Changes during the year			Nil	Nil
	At the end of the year			28089	0.03
8	Ms. Sirisha Chintapalli				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil
9	Mr. Naresh Patwari				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil
10	Mr. Amit Chander				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil
11	Mr. Piyush Goenka <sup>3</sup>				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil
12	Sushil Bajaj (CFO)				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil
13	V V Krishna Chaitanya (CS)				
	At the beginning of the year	Nil	Nil		
	Changes during the year			Nil	Nil
	At the end of the year			Nil	Nil

<sup>1</sup> Mr. Narinder Pal Singh Shinh and Mr. Carlton Gerard Pereira ceased to be the Directors of the Company with effect from 30<sup>th</sup> September, 2019

<sup>2</sup> Mr. Kalakota Sharath Reddy co-opted as Whole-Time Director of the Company with effect from 01<sup>st</sup> October, 2019.

<sup>3</sup> Mr. Piyush Goenka co-opted as Additional Director in Independent capacity with effect from 09<sup>th</sup> November, 2019

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs.in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	18,504.89	111.20	-	<b>18,616.09</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	51.84	0.96	-	<b>52.79</b>
<b>Total (i+ii+iii)</b>	<b>18,556.73</b>	<b>112.16</b>	-	<b>18,668.88</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	19,562.59	-	-	<b>19,562.59</b>
• Reduction	-	112.16	-	<b>112.16</b>
<b>Net Change</b>	<b>19,562.59</b>	<b>(112.16)</b>	-	<b>19,450.43</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	38,024.80	-	-	<b>38,024.80</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	94.52	-	-	<b>94.52</b>
<b>Total (i+ii+iii)</b>	<b>38,119.31</b>	-	-	<b>38,119.31</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:(Rs.in Lacs)

Sl.No	Particulars of Remuneration	Name of the Directors and Designation	Total Amount
1.	Gross Salary	Mr. Vishnukant C Bhutada	99.00
	a. Salary as per the provisions contained in Section 17(1) of the income tax Act, 1961a	Managing Director	
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	56.10
	c. Profits in lieu of Salary under Section 17(3)		
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		825.00
	- as % of profit (Before Tax)		
5.	Provident Fund contribution		11.88
	Perks		0.39
	<b>Total (A)</b>		<b>992.37</b>
	Ceiling as per the Act	The Remuneration is paid according to section 197 of the Companies Act, 2013 not exceeding eleven percent of net profits of the company.	

Sl.No	Particulars of Remuneration	Name of the Directors and Designation	Total Amount
1.	Gross Salary	Mr. Kalakota Sharath Reddy	51.96
	a. Salary as per the provisions contained in Section 17(1) of the income tax Act, 1961		
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-
	c. Profits in lieu of Salary under Section 17(3)		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission - as % of profit (Before Tax)		-
5.	Provident Fund contribution		0.40
	Perks		0.14
	Total (A)		52.50
	Ceiling as per the Act	The Remuneration is paid according to section 197 of the Companies Act, 2013 not exceeding eleven percent of net profits of the company	

**B. Remuneration to other Directors: (Amount in Rupees)**

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1.	Independent Directors for attending Board Meetings	1. Ms. Sirisha Chintapalli	40000
		2. Mr. Pramod Kasat	40000
		3. Mr. Amit Chander	40000
		4. Mr. Rajender Sunki Reddy	40000
		5. Mr. Piyush Goenka	20000
		6. Mr. Carlton Felix Pereira	20000
2.	Other Non Executive Directors	1. Mr. Omprakash Inani	40000

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD (Rs.in Lacs)**

Sl.No	Particulars of Remuneration	Mr. Sushil Bajaj Chief Financial Office	Mr. V V Krishna Chaitanya Company Secretary <sup>1</sup>	Total Amount
1.	Gross Salary	44.04	3.59	47.63
	a. Salary as per the provisions contained in Section 17(1) of the income tax Act, 1961			
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	c. Profits in lieu of Salary under Section 17(3)	-	-	-
	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit (Before Tax)	-	-	-
5.	Provident Fund contribution	1.95	0.17	2.12
	Perks	-	-	-
	Total (A)	45.99	3.76	49.75

<sup>1</sup> Appointed as Company Secretary w.e.f. 10<sup>th</sup> September, 2019.

## 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	-	-	-	-	-
<b>SEBI (LODR) Regulations, 2015</b>					
Penalty	Regulation 13(1)	Failure to take adequate steps to ensure expeditious redressal of investor complaints for the Quarter Ended 30.06.2019	BSE Limited, vide its letter dated 01 <sup>st</sup> August, 2019 levied a penalty of ₹ 23,000/- (Exclusive of GST) on the Company for the said Non Compliance	Bombay Stock Exchange	Nil

For and On behalf of  
Board of Directors of  
Shilpa Medicare Limited.

**Omprakash Inani**

Director

DIN: 01301385

Date: 8<sup>th</sup> August, 2020

Place: Raichur

## Annexure-3

**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 2019-20.**

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

Rs. In Lakhs

S. No	Name of Director / Key Managerial Personnel	Remuneration 2018-19	Remuneration 2019-20	Percentage Change
1	Mr. Vishnukant Chaturbhuj Bhutada	747.37	992.37	32.78
2	Mr. Sharath Reddy Kalakota*	NA	51.96	NA
3	Mr. Sushil Bajaj	40.94	44.04	7.57
4	Mr. V V Krishna Chaitanya <sup>§</sup>	NA	3.76	NA

\* Mr. Sharath Reddy Kalakota appointed as Whole-Time Director with effect from 01st October, 2019.

<sup>§</sup> Appointed with Effect from 10<sup>th</sup> September, 2019

**ii) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20 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 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 salaries of employees in comparison of Increase in Key Managerial Remuneration
1	Mr. Vishnukant C Bhutada	1.98	32.78	9.53	9.53:32.78
2	Mr. Sharath Reddy Kalakota <sup>1</sup>	11	NA	9.53	NA
3	Mr. Omprakash Inani	0.08	NA	9.53	NA
4	Mr. Pramod Kasat	0.08	NA	9.53	NA
5	Mr. Amit Chander	0.08	NA	9.53	NA
6	Mr. Piyush Goenka	0.04	NA	9.53	NA
7	Mr. Naresh Patwari	0	NA	9.53	NA
8	Mr. Rajender Sunki Reddy	0.08	NA	9.53	NA
9	Ms. Sirisha Chintapalli	0.08	NA	9.53	NA
10	Mr. Sushil Bajaj	9	7.57	9.53	9.53:7.57
11	Mr. V V Krishna Chaitanya <sup>2</sup>	1	NA	9.53	NA

<sup>1</sup> Mr. Sharath Reddy Kalakota was appointed as Whole Time Director of the Company with effect from 01<sup>st</sup> October, 2019.

<sup>2</sup> Mr. V V Krishna Chaitanya was appointed as Company Secretary with effect from 10<sup>th</sup> September, 2019

- iii) The median remuneration of employees of the Company during the financial year was ₹ 4.94 Lakhs.
- iv) In the financial year, there was an increase of 9.53% in the median remuneration of employees.
- iv) There were 1754 permanent employees on the rolls of Company as on 31 March, 2020.
- 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 Board of Directors of  
Shilpa Medicare Limited.

Date: 8<sup>th</sup> August, 2020  
Place: Raichur

Omprakash Inani  
Director  
DIN: 01301385



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

Sl.No	Name of the Employee	Designation and Nature of Employment	Educational Qualification	Age	Expe-rience	Date of Joining	Gross Remune-ration Paid (Rs. In Lakhs)	Previous Employment and Designation if any	No of Shares held if any	Remarks
1	Mr. Vishnukant Chaturbhuj Bhutada	Managing Director	B. Pharmacy	58	31	20/11/1987	980.10	-	8086012	Related to other promoters
2.	Mr. Vinay Konaje	Business Head – Biologicals	Bachelor of Engineering	47	25	01/01/2018	462.96	Founder & Director of erstwhile Navya Biologicals Private Limited	699997	Not related to any director or promoter
3.	Ms. Rajyashri Karur	Chief Scientific Officer – Biologicals	Ph.D	56	25	01/01/2018	462.96	Founder & Director of erstwhile Navya Biologicals Pvt Ltd	692997	Not related to any director or promoter
4	Mr. Janak kastia	GM - Marketing Business Development	M.Sc Organic Chemistry, MBA Marketing	58	33	01/04/2010	137.72	Cadila Health Care Ltd. – GM API	--	Not related to any director or promoter
5.	Mr. Sunil Subhash Karpe	Vice President	B. Pharmacy	44	24	22/04/2011	114.53	Division (Eu- rope & Latin America) Hetero Pharma, SEZ	414	Not related to any director or promoter
6.	Mr. Prashant Purohit	Vice President – Research and Development	M.Sc, Diploma in Business Management	65	36	01/01/1995	109.54	Indoco Remedies Ltd, Chemical Operations Manager	30425	Not related to any director or promoter
7	Mr. Sharath Reddy Kalakota	Whole Time Director and Vice President – Technical	M. Pharmacy	53	30	01/06/1991	103.92	-	28089	Not related to any director or promoter
8	Mr. Pradeep Shiva Kumar	Associate VP	M. Pharmacy – Specialisation in Industrial Pharmacy	43	17	18/08/2011	103.48	Agila Specialities Private Limited, Wintac Limited	0	Not related to any director or promoter
9.	Mr. Seshachalam Unnam	Vice President	Ph.D	54	24	03/01/2008	102.00	Matrix Labs; Hyderabad	400	Not related to any director or promoter
10	Mr. Rajkumar Somani	Vice President	Chartered Accountant and Diploma in Central Excise	53	27	15/11/2008	97.42	Vice President - Operations Khandelwal laboratories Pvt Ltd	0	Not related to any director or promoter

For and On behalf of Board of Directors of  
Shilpa Medicare Limited.

Omprakash Inani  
Director  
DIN: 01301385

**Annexure-5****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](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.

1. Setting up of old age/ orphans home and such other facilities;
2. To promote education among rural youth by providing infrastructure facilities, training programs, scholarships and awareness programs;
3. To provide purified drinking water to people living in the villages and areas surrounding its manufacturing facilities;
4. To develop villages nearby the Company's plants by providing funds to have minimum infrastructure facilities like roads, water supply etc;
5. To provide plants and develop agroforestry in consultation with local NGO's/bodies to ensure ecological balance
6. To spend on welfare and protection of animals.
7. To provide medical facilities to people below poverty level.
8. To provide food and other needs to the needy people and to contribute to Disaster Management Authority to combat COVID-19 or other natural calamities.

**Composition of Committee:** A Board Committee has been constituted as CSR Committee that provides oversight of CSR policy executed to ensure that the CSR objectives of the Company are met. Our CSR Committee comprises of:

Mr. Rajender Sunki Reddy	Chairman
Mr. Vishnukant C Bhutada	Member
Mr. Omprakash Inani	Member

**Average Net Profits:** ₹ 16322.79 Lakhs

**Prescribed CSR Expenditure:** 2% of Average Profits i.e : ₹ 326.46 Lakhs

**Details of CSR amount spent during the financial year:** ₹ 326.46 Lakhs

**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: (1) Direct expenditure on projects or pro- grams (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
---------	------------------------------------	--	--	--	--	---	---

The Company, as a policy, is transferring the CSR amount s to Shilpa Foundation, a charitable trust formed for the purpose of taking up envisaged CSR activities. Accordingly, the CSR amount of ₹ 326.46 Lakhs to be spent for the year 2019-20, has been transferred to Shilpa Foundation . As the amount of earmarked fund is insufficient to kick start the envisaged project, the committee has set aside the fund to take up the project when sufficient funds shall be available for its initiation.

Based on the various areas prescribed in Schedule -VII to the 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 implementation of micro and nano projects unscrupulously in several arenas apart from implementation of a macro project, such as building hospitals and old age homes .

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

For and on behalf of board of Directors  
Shilpa Medicare Limited

Place: Raichur  
Date: 8<sup>th</sup> August, 2020

Vishnukant C Bhutada  
Member  
DIN: 01243391

Rajender Sunki Reddy  
Chairman  
DIN: 02284057

(Pursuant to 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 lacs.)

Particulars	Wholly Owned Subsidiary	Subsidiary	Wholly Owned Subsidiary	Wholly Owned Step-down Subsidiary	Subsidiary	Wholly Owned Subsidiary	Step-down Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary
<b>Name of the Companies</b>	Shilpa Therapeutics Private Limited (Audited)	INM Private Limited (Audited)	INM Private Limited (Audited)	Zatortia Holdings Limited (Audited)	Locha Feinchemie GmbH (Unaudited)	Makindus INC (Unaudited)	Koanaa Healthcare GMBH (Unaudited)	Shilpa Pharma Inc. (Unaudited)	Shilpa Biologicals Private Limited (Audited)	Shilpa Albumin Private Limited (Unaudited)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020	31-03-2020
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries:	INR	INR	INR	INR (Refer note below 1 & 2)	INR (Refer note below 3 & 4)	INR (Refer note below 5 & 6)	INR (Refer note below 3 & 4)	INR (Refer note below 5 & 6)	INR	INR
Share capital (Equity + Preference)	223.76	4,396.77	0.09	2.84	594.97	2.56	83.05	1.00	0.08	1.00
Other equity	(1,010.02)	(3,428.42)	(205.62)	2,750.86	1,424.98	(372.37)	(2,531.83)	(299.08)	(677.71)	(2,866.87)
Total assets	5,222.88	1,948.30	844.77	2,757.69	6,760.34	3.14	1,418.59	217.71	66.76	37,383.50
Total Liabilities (Excluding Share Capital & Other Equity)	6,009.14	979.95	1,050.30	3.99	4,740.39	372.95	3,867.37	515.79	744.39	40,249.37
Investments	-	1.00	-	2,754.26	-	-	-	-	-	-
Turnover	571.68	381.39	7,409.99	-	5,019.29	-	380.29	71.63	225.71	-
Profit/(Loss) before taxation	(784.78)	(359.97)	338.21	6.88	888.80	-	(395.69)	(248.07)	(393.71)	(27.17)
Provision for taxation	(189.83)	42.57	-	0.96	312.68	-	0.59	0.55	-	(845.34)
Profit after taxation	(594.95)	(402.54)	338.21	5.92	576.12	-	(396.28)	(248.62)	(393.71)	818.17
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
% of Shareholding	100%	75%	100%	100%	99.99%	55.78%	100%	75%	100%	100%

1 Conversion rate 1 GBP = 93.076 for Balance Sheet & Profit & Loss A/c 1 GBP = 89.88

2 Standalone Financial Statements are prepared in GBP.

3 Conversion rate 1 Euro = 83.0496 for Balance Sheet & Profit & Loss a/c 1 Euro = 78.98

4 Standalone Financial Statements are prepared in Euro.

5 Conversion rate 1 \$=75.3859 for Balance Sheet & Profit & Loss A/c 1 \$= 70.7889

6 Standalone Financials Statements are prepared in USD.

For and on behalf of the board of directors  
Shilpa Medicare Limited

Omprakash Inani  
Director  
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.

Name of Associates/Joint Ventures	(Rs. In Lacs)			
	Maia Pharmaceuticals INC (Associates)	Reva Medicare Private Limited (JV)	Reva Pharmachem Private Limited (Associates)	Sravathi Advance Process Technologies Private Limited (JV)
	(Un-audited)	(Audited)	(Audited)	(Audited)
1. Latest Balance Sheet Date	31-03-2020	31-03-2020	31-03-2020	31-03-2020
2. Shares of Associate/Joint Ventures held by the company on the year end				
No. of Shares (Equity)	1400000	5001	100000	100000
No. of Shares (Preferanec shares)	-	-	-	840000
Amount of Investment in Associates/ Joint Venture in Equity shares	795.69	0.50	10.00	6.50
Extent of Holding %	34.79%	50.01%	33.33%	65.00%
3. Description of how there is Significant influence	Shareholding	Jointly Controlled Entity	Shareholding	Jointly Controlled Entity
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	(515.10)	149.27	3.47	9.18
6. Profit/(Loss) for the year	(172.01)	150.55	125.25	(161.13)
i. Considered in Consolidation	(47.38)	75.29	41.74	(104.74)
ii. Not Considered in Consolidation	-	-	-	-

For and on behalf of the board of directors  
Shilpa Medicare Limited

Omprakash Inani  
Director  
DIN: 01301385

Date: 8<sup>th</sup> August, 2020  
Place: Raichur



## Annexure-7

## 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 31st March, 2020, 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 entered into during the year ended 31 March, 2020, which are 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 (Rs. in Lakhs)	
				Sales	Purchase
<b>Sale/Purchases</b>				Sales	Purchase
Koanaa Healthcare GmbH Austria	Wholly Owned Subsidiary	Not applicable	Not applicable	139.50	-
Koanaa Healthcare Limited United Kingdom	Wholly Owned Subsidiary	Not applicable	Not applicable	3,525.00	-
INM Technologies Private Limited	Subsidiary	Not applicable	Not applicable	3.24	1,089.50
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Not applicable	Not applicable	46.87	13.49
INM Nuvent Paints Private Limited	Step Down Subsidiary	Not applicable	Not applicable	0.13	25.92
<b>Rent Paid</b>					
Mohini Infra Private Limited	Enterprise having common Directors	Not applicable	As per the agreement	8.22	
Triveni Inani	Relative to Director	Not applicable	Not applicable	3.12	
Keshav Bhutada	Relative to Managing Director	Not applicable	Not applicable	4.41	
Madhav Bhutada	Relative to Managing Director	Not applicable	Not applicable	4.41	
<b>Commission Paid</b>					
Reva Medicare Private Limited	Joint Venture	As per the sale Agreement	As per the sale Agreement	405.85	
<b>Remuneration Paid</b>					
Deepak Kumar Inani	Relative to Director	As per the terms of appointment	As per the terms of appointment	36.88	

<b>Nature of contract &amp; Name of the related party</b>	<b>Nature of relationship</b>	<b>Duration of Contracts</b>	<b>Salient Terms</b>	<b>Amount (Rs. in Lakhs)</b>
Keshav Bhutada	Relative to Managing Director	As per the terms of appointment	As per the terms of appointment	16.48
Madhav Bhutada	Relative to Managing Director	As per the terms of appointment	As per the terms of appointment	16.48
<b>Interest Received</b>				
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing	Not applicable	397.33
Reva Pharmachem Private Limited	Associate	Ongoing	Not applicable	4.74
Koanaa Healthcare GmbH, Austria	Wholly Owned Subsidiary	Ongoing	Not applicable	106.12
Koanaa Healthcare Limited, United Kingdom	Wholly Owned Subsidiary	Ongoing	Not applicable	27.89
Shilpa Pharma Inc., USA	Wholly owned Subsidiary	Ongoing	Not applicable	25.86
Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture	Ongoing	Not applicable	2.21
<b>Corporate Guarantee</b>				
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing		200.00
<b>Dividend Accrued</b>				
INM Technologies Private Limited	Subsidiary	Ongoing	As per preference share agreement	263.30
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing	As per preference share agreement	3.2
<b>Reimbursement of expenses</b>				
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing		0.12
INM Nuvent Paints Private Limited	Step Down Subsidiary	Ongoing	As per the terms of the Agreement	0.35
Loba Feinchemie GmbH	Step Down Subsidiary	Ongoing	As per the terms of the Agreement	36.07
Reva Medicare Private Limited	Joint Venture	Ongoing	As per the terms of the Agreement	1.00
Reva Pharmachem Private Limited	Associate	Ongoing	As per the terms of the Agreement	3.00
Shilpa Albumin Private Limited	Wholly Owned Subsidiary	Ongoing	As per the terms of the Agreement	2.37
Shilpa Biologicals Private Limited	Wholly Owned Subsidiary	Ongoing	As per the terms of the Agreement	26.80

<b>Nature of contract &amp; Name of the related party</b>	<b>Nature of relationship</b>	<b>Duration of Contracts</b>	<b>Salient Terms</b>	<b>Amount (Rs. in Lakhs)</b>
Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trustee	Ongoing	As per the terms of the Agreement	0.60
<b>Expenses incurred by related party on behalf of Shilpa</b>				
INM Technologies Private Limited	Subsidiary	Ongoing	As per the terms of the Agreement	5.84

For and on behalf of the board of directors  
Shilpa Medicare Limited

Date: 08<sup>th</sup> August, 2020  
Place: Raichur

Omprakash Inani  
Director  
DIN: 01301385

## Annexure-8

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

(Rs.in Lakhs)

In the accounts of	Particulars	As on 31st March, 2020			Maximum Outstanding during FY 2019-20		
		Loans/Advances	Investment Equity	Investment Preference	Loans/Advances	Investment Equity	Investment Preference
Shilpa Medicare Limited (Holding Company)	Raichem Medicare Private Limited	-	789.19	-	-	789.19	-
	Shilpa Therapeutics Private Limited (Formerly Known as Nu Therapeutics Private Limited)	5,208.55	1,033.76	40.00	5,208.55	1,033.76	40.00
	INM Technologies Private Limited (Including Share Application Money)	-	112.50	4,246.77	-	112.50	4,246.77
	Reva Medicare Private Limited	-	0.50	-	-	0.50	-
	Zatortia Holdings Limited	1.25	2,028.91	-	1.21	2,028.91	-
	Loba Feinchemie GmbH (Step down Subsidiary)	-	2,576.85	-	-	2,576.85	-
	Makindus Inc.	-	454.20	-	-	454.20	-
	Koanaa Healthcare Limited	418.12	0.10	-	812.26	0.10	-
	Reva Pharmachem Pvt.Ltd.	-	10.00	-	105.01	10.00	-
	Koanaa Healthcare GmbH Austria	3,387.99	77.63	-	3,387.99	77.63	-
	Maia Pharmaceuticals Inc.	-	-	795.69	-	-	795.69
	INM Nuvent Paints Pvt Ltd	-	0.75	-	-	0.75	-
	Shilpa Pharma Inc.	602.99	0.07	-	602.99	0.07	-
	Shilpa Albumin Private Limited	-	1.00	-	-	1.00	-
	Shilpa Biologicals Private Limited	-	1.00	-	-	1.00	-
	Sravathi Advance Process Technologies Pvt. Ltd.	-	6.50	890.00	-	6.50	890.00

For and on behalf of the board of directors  
Shilpa Medicare Limited

Date: 8<sup>th</sup> August, 2020  
Place: Raichur

Omprakash Inani  
Director  
DIN: 01301385

**Annexure-9****PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN (EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014)****CONSERVATION OF ENERGY:**

- (i) the steps taken or impact on conservation of energy: The Company is conscious of conservation of energy & conducts energy audits every year at all the sites to explore the scope of energy conservation.

The Following other energy Conservation measures have been adopted

S. No	Description of Activity	Energy Saved In KWh / Year
1	Additional 350KVAR APFC panel installed to improve power factor from 0.97 to 0.99	26000
2	Hot water system pumps RPM optimized based on demand by installing the VFD and pressure transmitter.	18250
3	For AHU's chilled and hot water circulation lines control valve installed for reduce the heat load on chiller by optimize the circulation	40010
4	High pressure pumps with spray taps insatlled to coserve the water in wash rooms and cateen areas.	-
5	About 60 No's energy efficieant IE3 motors procured and installed to conserve energy	58526
6	Cooling tower pumps done auto regulation based on demand, by installing pressure transmitter and VFD's	31060
7	Motion sensors installed in non movement areas to reduce the lamp burning hours	9855
8	Air cooled chiller set point optimized to reduce the power consumption	6250
9	By using the efficieant water cooled common chiller for all AHU's power consumption reduced.	292000
10	Installed the VFD's for air compressors to optimize the required pressure, to avoid the starting load and improve the PF.	7621
	Total	405312
	Total value of savings in Rupees	₹ 332.36 lakhs

- (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 and has registered its Biomass based steam Generation Project with UNFCC Clean Development Mechanism under the Kyoto protocol
- Project Reference No: 3296 & Reducing the GHG emission Reductions
- The Company uses Renewable Wind Energy from its own wind mills to meet its electrical energy requirements. 1.0 Crore units of such wind energy is used at the Company's units at Raichur, the value of which is Rs. 9.8 Crores on a wheeling basis.



Apart from this, the Company also buys about 1.56 Crore units of electrical energy generated from wind mills, valuing approximately Rs. 12.48 Crores, from the market, thereby attempting to reduce its consumption of fossil fuels and resultantly, reducing its ecological foot print.

Conservation of Energy also done through Installation of Liquid Electronic Display Lights, variable frequency drives, brine chillers, motion sensor which saved ₹ 18.33 in the Financial Year 2019-20.

(iii) the capital investment on energy conservation equipment's; ₹ 400 Lakhs

### TECHNOLOGY ABSORPTION:

The efforts made towards technology absorption;

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

- 1) The Company has converted its Power connection from 11KVA to 33KVA substation, there by reducing the power breakdowns because of the distrubances in the 11KVA line , this has enabled the company to cut its diesel consumption upto 144000 Litrs of diesel, thereby reducing its expenses on diesel to the tune of Rs. 55 Lakhs/ annum as well as contributing to reduction of green house gases' generation.
- 2) Installtion of Level-3 transformers have saved on the transformer losses to the tune of 66516 Units per annum & the savings amounts to ₹ 532128/- per annum
- 3) The Company has optimized the Dissolved Oxygen requirement by monitoring the DO continuously & there by reduced the Electrical Consumption for generation of the Air required for biological treatment, This has resulted in savings of 1.314 Lakhs units of electrical energy, amounting to Rs. 10.15 Lakhs.
- 4) The Company has installed Decanter Centrifuge for separation of biological and chemical sludge and has replaced the existing filter press, thereby reducing the quantity of sludge by 30 MT per annum. This has resulted in reduction of foot print on environment
- 5) The Company has installed impulse technology in the cooling towers to prevent the scale formation, there by eliminating cooling tower chemicals consumption & and lessening the blow-down as well as the treatment costs. This has resulted in efficient heat transfer as a result of elimination of scale formation, thereby improving the uptime of the equipment & savings on the process time & the benefits are intangible . This is successfully tested , & will be implemented in all cooling towers to avail the benefits
- 6) The company has achieved a direct energy saving of about 3.42% of the overall electrical energy consumption value
- 7) Installed automatic Silicone oil detection System (Mass spectrometer) to detect minute leak of silicone oil during VLT of Lyo which provides assurance on each batch quality.
- 8) Installed GMP washers for cleaning of product contact and non contact parts and accessories automatically which assures 100% confidence on cleaning of product contact and non contact parts/ also avoid cross contaminations.
- 9) Installed and qualified the SCADA system having 21CFR compliance in all the critical operationg equipments.
- 10) Installed and qualified the recirculation system for maintaining the temperature of bulk solution by which quality of the product increases. Recirculation system has been installed for the product, which will avoid any product stagnation and temperature variation during the time of breakdown of the machine, if any.
- 11) Static and mobile trolleys are procured for all compounding vessels as it avoids the mechanical shock to CV load cell and is easy for in/ out movement of the compounding isolator, which facilitates easy movement of the vessels.

- 12) Bonfiglioli - make leak tester and vials are used for leak testing. Due to this non-destructive method there is saving of 30 vials in every batch
- 13) Nucleation technique in Lyo which will helps to bring an uniformity in all vials chemical and physical characteristics.
- 14) Tangential flow filtration is used for filtration and size reduction in case of nano and liposomal products
- 15) Extrusion, high pressure homogenization and inline homogenization are used for size reduction in case of nano and liposomal products
- 16) Thin film evaporation are used for easy and early removal of inbound solvents or moistures.
- 17) Upstream mixers for easy dissolution of insoluble molecules.
- 18) Serialization is used for traceability of product upto customer level.
- 19) Base cap and sleeving which is used for onco safe packaging- particularly in EU market.
- 20) The Company is recycling the waste water after treatment in it's Zero Liquid Discharge system.

**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,

R&D as well as Analytical Development and Tech transfer 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 by improved

Process efficiencies and Reduction in waste treatment costs, In this process the company is developing the new processes with continuous flow reactions& continuous processes for improving the process efficiencies and reduction of raw materials consumption & control on impurities so that reprocesses are eliminated.

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.

The in house R&D expenditure made excluding expenses made on intangible generated assets and under development ₹ 7367.45 Lakhs.

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NA

(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	NA

**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<sup>st</sup> March 2020.

**For and on behalf of the board of directors  
Shilpa Medicare Limited**

**Date: 8<sup>th</sup> August, 2020  
Place: Raichur**

**Omprakash Inani  
Director  
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 the 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 conducts/ 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 **March 31, 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanisms 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) The 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;
  - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
  - c. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (vi) 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 review:-
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (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. SEZ Act, 2005;
- f. The Water (Prevention and Control of Pollution) Act, 1974;
- g. The Air (Prevention and Control of Pollution) Act, 1981; and
- h. The Environment (Protection) Act, 1986.

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

- (i) Secretarial Standards SS-1 and SS-2 with respect 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.

**We report that,** during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, the regulations of SEBI and other Acts, as specified above, applicable to the industry of the Company.

**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. During the period under review, the following changes took place in the composition of the Board of Directors:

Sr. No.	Name of the Director	Appointment/ Cessation/ Reappointment	Our Comments
1	Mr. Vishnukant Chaturbhuj Bhutada	Re-appointment	Re-appointed as Managing Director for a period of 5 years w.e.f. October 01, 2019
2	Mr. Sharath Reddy Kalakota	Appointment	Appointed as Whole-time Director for a period of 3 years w.e.f. October 01, 2019
3	Mr. Amit Chander	Appointment	Appointed as Independent Director at the 32nd AGM held on September 21, 2019 for a term of 2 years, subsequent to co-option as an Additional Director by the Board w.e.f April 01, 2019.
4	Ms. Sirisha Chintapalli	Appointment	Appointed as Independent Director at the 32nd AGM held on September 21, 2019 for a term of 2 years, subsequent to co-option as an Additional Director by the Board w.e.f April 01, 2019.
5	Mr. Narinder Pal Singh	Cessation	Ceased to be Independent Director of the Company w.e.f September 30, 2019 upon expiry of his term of office.
6	Mr. Carlton Gerard Pereira	Cessation	Ceased to be Independent Director of the Company w.e.f September 30, 2019 upon expiry of his term of office.
7	Mr. Piyush Goenka	Appointment	Co-opted as an Additional Director in the Independent category by the Board w.e.f. November 09, 2019.

Based on our verifications and the declarations received from the respective directors, we further report that, the directors are not disqualified to act as such under the provisions of the Companies Act, Orders/ Circulars/ Regulations issued by SEBI or such other acts, for the time being enforceable.

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**, during the period under review, no prosecutions were initiated and no fines or penalties were imposed during the year under the Companies Act, FEMA, the SEBI Act, the SCRA or other SEBI Regulations on the Company or its directors and officers.

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

**We further report that**, during the year under review, the Company has passed a Special Resolution u/s 180 of the Act on March 30, 2020 approving the sale of the

Biologicals Division of the Company to its wholly owned subsidiary, Shilpa Biologicals Private Limited.

**We further report that** during the period under review in terms of the provisions of section 124(6) of the Act, 12,000 equity shares belonging to 03 shareholders were transferred to the Investor Education and Protection Fund (IEPF), thereby bringing the total shares transferred to IEPF (put together for all years) to 2,10,736.

We further report that, *BSE Limited vide its letter dated August 01, 2019 levied a penalty of Rs. 23,000/- (exclusive of GST) on the Company for the failure to take adequate steps to ensure expeditious redressal of investor complaints as envisaged under Regulation 13(1) of the SEBI (LODR) Regulations, 2015 for the quarter ended 30.06.2019, which was duly paid by the Company.*

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

**D.S. Rao**

Company Secretary

ACS No.: 14487

C.P. No.: 12394

Date : 8<sup>th</sup> August, 2020

Place: Hyderabad

UDIN: A012394B000563571

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 the 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 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. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, 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.
7. Owing to the lockdown measure imposed by the Government in the wake of the COVID-19 pandemic, for certain verifications and cross checks, we have relied on the information/ documents and assurances received from the respective officials of the Company for forming our opinion and for eventual reporting thereof.

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

**D.S. Rao**  
Company Secretary  
ACS No.: 14487  
C.P. No.: 12394  
UDIN: A012394B000563571

Date : 8<sup>th</sup> August, 2020  
Place: Hyderabad

# 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 at 31st March, 2020, 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

1. "Act" shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
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.
3. "Board" shall mean Board of Directors of the Company.
4. "Listed Entity/Company" shall mean Shilpa Medicare Limited.
5. "Dividend" shall mean Dividend as defined under the Companies Act, 2013.
6. "Policy" shall mean Dividend Distribution Policy.

## 3. POLICY

### 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:

1. Whenever the Company undertakes or proposes to undertake, significant expansion plan(s) requiring higher allocation of capital;
2. Requirement of higher working capital for the purpose of business of the Company;
3. To undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., requiring significant allocation of capital;
4. Proposal for buy-back of securities;
5. In the event of inadequacy of profits or whenever the Company has incurred losses

### FINANCIAL PARAMETERS:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

1. Working capital requirement(s);
2. Capital expenditure requirement(s);
3. Business expansion and growth;
4. Additional investment in subsidiaries and associates of the Company;
5. Consolidated net operating profit after tax;
6. Operating cash flow of the Company;
7. Outstanding borrowings;
8. Cost of Borrowing;
9. Profit available for distribution;
10. Past dividend payout ratio.

### 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:**

1. Applicable laws and regulations;
2. Global conditions;
3. Macro-Economic environment;
4. Social/Geo-political factors/risks;
5. Prevalent market practices

**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.

**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

**CONFLICT IN POLICY**

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

**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.

**DISCLOSURE OF POLICY**

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

**Omprakash Inani**  
**Director**  
**DIN: 01301385**

**Date: 8<sup>th</sup> August, 2020**  
**Place: Raichur**

# 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 are listed on:

Sl. No	Name of the Stock Exchange	Date of Listing
1	Bombay Stock Exchange	19.06.1995
2.	National Stock Exchange	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 read with Schedule V thereto.

## 1. CORPORATE GOVERNANCE PHILOSOPHY

- The Company is committed to the highest standards of Corporate Governance Practices.
- The Company relies on strong corporate governance systems and policies of business for healthy growth, accountability and transparency. Good corporate governance will certainly benefit the Board and the 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 highest standards of ethical

conduct are maintained throughout the organization.

- The Company has complied with the requirements of corporate governance in accordance with the applicable Regulations of the 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 Seven (7) are Non-Executive Directors including a Woman Director. The Company has a Non-Executive (promoter) Chairman. The Independent Directors constitute more than 50% of the total number of Directors on the Board, with the Managing Director and Whole Time Director being the only Executive Directors 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.

S.No.	Name of the Director	Category	No of Board Meetings during the Year 2019-20		Attendance at AGM held on 20.09.2019	@No. of Directorships held in other Companies	#Committee	
			Held	Attended			Chairmanship	Membership
1	Omprakash Inani	Chairman, Non-Executive - Promoter	10	10	Yes	4	1	1
2	Vishnukant C Bhutada	Managing Director - Promoter	10	10	Yes	10	0	2
3	Carlton Gerard Pereira \$	Independent Director	10	4	No	10	3	0
4	Narinder Pal Singh\$	Independent Director	10	3	No	8	0	0
5	Rajender Sunki Reddy	Independent Director	10	9	Yes	8	1	1
6	Pramod Kasat	Independent Director	10	7	No	4	1	2
7	Naresh Patwari	Non-Executive Non-Independent	10	7	No	2	NIL	2
8	Amit Chander <sup>3</sup>	Non-Executive Independent	10	8	NA	NIL	NIL	NIL
9	Sirisha Chintapalli <sup>4</sup>	Non-Executive Independent	10	7	NA	2	NA	1
10	Kalakota Sharath Reddy	Whole Time Director	10	5	NA	NIL	NIL	NIL
11	Piyush Goenka <sup>5</sup>	Additional Director	10	4	NA	2	0	1

@ Note: Excluding directorship in foreign companies and companies incorporated u/s. 8 of the 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.

<sup>3</sup> Appointed as an Independent Director for a period of 2 years w.e.f. 01<sup>st</sup> April, 2019

<sup>4</sup> Appointed as an Independent Director for a period of 2 years w.e.f. 01<sup>st</sup> April, 2019

<sup>5</sup> Co -Opted as an Additional Director w.e.f 09<sup>th</sup> November, 2019

\$ Mr. Narinder Pal Singh and Mr. Carlton Gerard Pereira ceased to be the directors of the Company with effect from 30<sup>th</sup> September, 2019

Memberships of the above mentioned directors in other listed Companies:

Sl.No	Name of the Director	Name of the Company	Category for Directorship
1.	Carlton Gerard Pereira **	MIRC Electronics Limited	Independent Director
2.		Sanghvi Brands Limited	Independent Director
3.	Pramod Kasat	Advanced Enzyme Technologies Limited	Independent Director
4.		Natural Capsules Limited	Independent Director
5.	Naresh Patwari	TCNS Clothing Co. Limited	Non Executive Director
6.	Piyush Goenka ***	Safari Industries (India) Limited	Independent Director

\*\* Mr. Carlton Gerard Pereira ceased to be director w.e.f 30th September, 2019.

\*\*\*Co –Opted as an Additional Director w.e.f 09th November, 2019

#### Number of board meetings held during the year under review:

During the year under review, Ten (10) board meetings were held, on the following dates.

01 <sup>st</sup> April, 2019	08 <sup>th</sup> May, 2019	27 <sup>th</sup> May, 2019	13 <sup>th</sup> August, 2019	10 <sup>th</sup> September, 2019
09 <sup>th</sup> November, 2019	04 <sup>th</sup> January, 2020	10 <sup>th</sup> February, 2020	24 <sup>th</sup> February, 2020	06 <sup>th</sup> March, 2020

In compliance with the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the intervening period 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 a listed Company, more than three companies.

#### Disclosure of Relationships between the Directors inter-se:

Except the promoter directors Mr. Vishnukant C Bhutada and Ms. Namrata Bhutada who are related to each other, no other Director has any relationship with any other Director.

#### Number of shares and convertible instruments held by Non-Executive Directors:

None of the Non-Executive Directors hold any equity shares or convertible instruments in the Company except the following:

Sl.No	Name and designation of the director	No of shares held
1.	Mr. Pramod Kasat	93000
2.	Mr. Rajender Sunki Reddy	25500
3.	Mr. Omprakash Inani	3072068

#### Web link where details of familiarization programmes imparted to Independent Directors:

The details of the programmes conducted by the Company for the familiarization of Independent Directors are posted on the Company's website under the weblink: [https://vbshilpa.com/pdf/Familiarisation\\_Programme.pdf](https://vbshilpa.com/pdf/Familiarisation_Programme.pdf)

#### The matrix presenting the directors' area of expertise against their experience in the respective field is specified hereunder:

The list of core skills / expertise / competencies which are identified by the Board of Directors as required in the context of the business of the Company to function effectively are:

- Specialization and expertise
- Finance and accounts



- c. Legal and governance
- d. Industry knowledge
- e. Risk management
- f. Analytical skills
- g. Decision making skills
- h. Leadership skills

Name of Director	Designation	Years of experience	Field of expertise
Vishnukant Chaturbhuj Bhutada	Managing Director	31	Pharmacy and Administration
Omprakash Inani	Chairman	36	Business and Administration
Pramod Kasat	Independent Director	20+	Investment banking and Structured financing
Rajender Sunki Reddy	Independent Director	30+	Pharmacy and Management
Naresh Patwari	Non-Executive Director	10	Healthcare and Pharma
Amit Chander	Independent Director	15	Healthcare and Technology Private equity
		3	Management consulting & Financial advisory
Sirisha Chintapalli	Independent Director	11	Expertise in legal and regulatory matters
Piyush Goenka	Independent Director	20	Financial management and Analysis

**Confirmation that in the opinion of the Board the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management:**

The Board of Directors confirms that in its opinion the Independent Directors fulfill the conditions specified by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

During the year under review no Independent Director has resigned before the expiry of their tenure except for Mr. Ajeet Singh Karan who resigned from his office w.e.f. 15<sup>th</sup> April, 2019 for starting his own business venture.

It is hereby confirmed that the said director has resigned for no material reason other than that mentioned above.

**Meeting of Independent Directors:**

A meeting of the Independent Directors was held on 10<sup>th</sup> February, 2020, inter alia, to review the performance of the Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to 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 its 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.

### 3. COMMITTEES OF DIRECTORS

#### A. Audit Committee

##### Brief description and terms of reference:

The Company has constituted a qualified and independent Audit Committee comprising of 2/3 members as independent directors in accordance with Regulation 18 of the 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 the 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 Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The Managing Director, CFO, internal auditors and statutory auditors are also invited to the meetings, as required, to brief the Committee wherever required. The Company Secretary acts as the secretary of the Committee.

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

##### Composition, name of members and chairperson:

S.No.	Name of the Director	Category	Nature of Directorship
1	Rajender Sunki Reddy	Chairman	Independent
2	Pramod Kasat	Member	Independent
3	Omprakash Inani	Member	Non-Executive

##### Meetings and attendance during the Year 2019-20

During the year, Five (05) meetings of the Audit Committee were held and the details of attendance of the directors in such meetings are as follows:

Date of the Meeting	Number of Directors attended
27 <sup>th</sup> May, 2019	3
13 <sup>th</sup> August, 2019	3
09 <sup>th</sup> November, 2019	3
10 <sup>th</sup> February, 2020	3
24 <sup>th</sup> February, 2020	3

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 (NRC)

The Committee is empowered with the role and powers as prescribed under Regulation 19 of the 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 Nomination and Remuneration Committee reviews the 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 to 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 the following web address.

<https://www.vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>

#### **Composition, name of members and chairperson**

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

<b>S.No.</b>	<b>Name of the Director</b>	<b>Nature of Directorship</b>	<b>Category</b>
1	Pramod Kasat	Independent Director	Chairman
2	Omprakash Inani	Non-Executive Director	Member
3	N.P.S Singh (Ceased to be Director w.e.f from 30 <sup>th</sup> September, 2019)	Independent Director	Member
4	Sirisha Chintapalli (Appointed as members w.e.f.01 <sup>st</sup> October, 2019)	Independent Director	Member

#### **Meetings and attendance during the year 2019-20**

During the year Four (04) meetings of the Nomination and Remuneration Committee were held and the details of attendance of the directors in such meetings are as follows.

<b>Date of the Meeting</b>	<b>Number of Directors Attended</b>
13 <sup>th</sup> August, 2019	2
10 <sup>th</sup> September, 2019	3
09 <sup>th</sup> November, 2019	3
24 <sup>th</sup> February, 2020	3

#### **Performance evaluation criteria for Independent Directors:**

Independent Directors have three key roles to play; those are:

- Governance
- Control
- Guidance

Pursuant to the provisions of the Companies Act, 2013 and the 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 meetings to enable them in giving valuable inputs during meetings.
- The exposure of Independent Directors in different areas of risks the entity faces and advices from them to mitigate the same.

In line with the Corporate Governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is done by the entire Board led by the Chairman with specific focus on the performance and effective functioning of the Board, the Committees of the Board and the individual directors and is reported to the Board. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The entire Board of Directors (excluding the director being evaluated) held the performance evaluation of Independent Directors and on the basis of performance evaluation, the Board decided to continue the term of appointment of Independent Directors.

Performance evaluation was done by the respective bodies on 10<sup>th</sup> February, 2020.

#### Remuneration of Directors:

The details of remuneration and commission paid to the Managing Director and Whole Time Director are as follows:

Category of Payment	Amount in ₹ Lakhs	
	Mr. Vishnukant C Bhutada (Managing Director)	Mr. Kalakota Sharath Reddy (Whole Time Director w.e.f 01 <sup>st</sup> October, 2019)
Fixed Component	99.00	51.96
Performance Linked Incentives	0.00	0.00
Allowances, Perquisites & others	56.10	0.00
Commission	825.00	0.00
Company's Contribution to PF	11.88	0.40
Perks	0.39	0.14
<b>Total</b>	<b>992.37</b>	<b>52.50</b>

Apart from the above, Managing Director is also eligible for the leave encashment, leave travel concession, gratuity, superannuation and other benefits in terms of his appointment and the rules of the Company. The Whole-time Director is also entitled to other benefits as per the HR policies of the Company and in terms of his appointment such as gratuity etc. The contract is terminable by either party on 3 months' notice or pay in lieu thereof;

Sitting Fee 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 31-03-2020
Omprakash Inani	Chairman	40000	3072068
Narinder Pal Singh <sup>2</sup>	Independent Director	-	14,192
Carlton Gerard Pereira <sup>2</sup>	Independent Director	20000	1,470
Pramod Kasat	Independent Director	40000	93,000
Rajender Sunki Reddy	Independent Director	40000	25,500
Naresh Patwari <sup>*</sup>	Non-executive Director	-	-
Amit Chander	Independent Director	40000	-
Piyush Goenka	Independent Director	20000	-
Sirisha Chintapalli	Independent Director	40000	-

<sup>2</sup> Mr. Narinder Pal Singh and Mr. Carlton Gerard Pereira ceased to be Directors w.e.f. 30<sup>th</sup> September, 2019

<sup>\*</sup> Mr. Naresh Patwari, Non-executive director, has renounced sitting fees since his joining the Company as a director.

Other than the sitting fees paid to the Non-Executive Directors, they had 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.

Except Mr. Vishnukant Chaturbhuj Bhutada, Managing Director of the Company who was allowed performance linked incentives, i.e. commission as shown above, no other director was allowed any fixed or performance linked incentives.

There are neither specific contracts nor any severance fees. The terms of appointment are as decided by the Board and the general body.

### C. Stakeholders' Relationship Committee

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

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

The Stakeholders' Relationship Committee is empowered to oversee the redressal of investors' 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 the Company's Registrar and Transfer Agent (RTA) i.e. Kfin Technologies Private Limited (previously known as Kary Fintech Private Limited) to approve the share transfers/ transmissions and to comply with other formalities in relation thereto in coordination with the Compliance Officer of the Company. All the investors' complaints, which cannot be settled at the level RTA and the Compliance Officer, will be placed before the Committee for final settlement.

Name of the Non-Executive Director heading the committee	Mr. Omprakash Inani
Name and designation of the Compliance Officer	Mr. V V Krishna Chaitanya, Company Secretary and Compliance Officer
Number of Shareholders' Complaints received in FY2019-20	3
Number not solved to the satisfaction of shareholders	0
Number of pending complaints	0

### D. Corporate Social Responsibility Committee (CSRC).

The Board constituted a CSR Committee as per the provisions of Section 135 of the Companies Act, 2013 and entrusted the responsibility to comply with the said provisions to such Committee. The composition of the CSRC is as under:

S.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	Vishnukant C Bhutada	Managing Director	Member	1	1
3	Omprakash Inani	Non-Executive Director	Member	1	1

## E. Risk Management Committee:

The Board has constituted a Risk Management committee with the undermentioned members.

S. No	Name of Director/ Designation of Executive	Nature of Directorship/ Responsibility of Executive	Category in Committee
1	Vishnukant C Bhutada	Managing Director	Chairman
2	Pramod Kasat	Independent Director	Member
3	Sharath Reddy Kalakota@	Whole Time Director	Member
4	Sushil Bajaj	Chief Financial Officer (CFO)	Member*

\* Mr. Sushil Bajaj was appointed w.e.f 27.05.2019

@ Mr. Kalakota Sharath Reddy was appointed as a Member of Risk Management Committee with effect from 11<sup>th</sup> November, 2019

The Committee is responsible to monitor and review the major risks faced by and the risk management plan of the Company and 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

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

Financial Year Ended	Date	Venue	Time	Special Resolution Passed
31 <sup>st</sup> March, 2019	20 <sup>th</sup> September, 2019	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	12:15 PM	<ol style="list-style-type: none"> <li>Approval under section 188 of the Companies Act, 2013 for appointment of Mr. Deepak Kumar Inani as General Manager – Projects</li> <li>Approval for granting loans to Subsidiaries, Joint Ventures and Associate Companies.</li> <li>Re-appointment of Mr. Vishnukant Chaturbhuj Bhutada as Managing Director</li> </ol>
31 <sup>st</sup> March, 2018	17 <sup>th</sup> September, 2019	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	12:15 PM	Approval for giving of loans to subsidiaries, Joint Ventures and Associates companies
31 <sup>st</sup> March, 2017	29 <sup>th</sup> September, 2017	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	12:15 PM	NIL



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
31 <sup>st</sup> March, 2020	30 <sup>th</sup> March, 2020	Registered office: 12-6-214/A-1, Hyderabad Road, Raichur – 584135, Karnataka	11:30 AM	To consider and approve sale of Biological Unit of the Company under construction / installation by way of slump sale to Shilpa Biologicals Private Limited, a wholly owned subsidiary of the Company.
31 <sup>st</sup> March, 2017 (as per NCLT Order) <sup>1</sup>	29 <sup>th</sup> April, 2017	Registered office at 12- 6-214/A-1, Hyderabad Road, Raichur-584 135.	10.30 AM	To approve the Scheme of Amalgamation of Navya Biologicals Private. Limited with Shilpa Medicare Limited.

<sup>1</sup> Special Resolution through postal ballot.

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

No resolutions are proposed to be conducted now through postal ballot.

The procedure for postal ballot is as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

#### 4. MEANS OF COMMUNICATION.

##### a. Quarterly Results

Quarterly, half-yearly and annual results are published in two Newspapers- English and Regional language. Annual Reports with audited financial statements are sent to shareholders through permitted mode.

##### b. Newspapers wherein results normally published

The results are normally published by the Company in the newspapers (Business Standard or Business Line) in English version circulating in the whole of India and in regional newspaper (Suddimoola) in the vernacular language in all editions.

##### c. Any website, where displayed.

The results are also published on the Company's website: [www.vbshilpa.com](http://www.vbshilpa.com)

##### d. Whether it also displays official news releases:

The newsletters and press releases made from time to time, if any, are also displayed on the Company's website.

##### e. Presentations made to institutional investors or to analysts:

The presentations made to institutional investors or to analysts are displayed in the Company's website.

## GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting Date and Time:	09th September, 2020; 11:00 AM		
Venue:	#12-6-214/A1, Hyderabad Road, Raichur Karnataka- 584135 (Will be conducted through Video Conferencing Platform as per the Provisions of MCA Circular dated 5 <sup>th</sup> May, 2020 and the conferencing Login-ID and Password will be sent separately to all the shareholders.		
Last Date of Proxy forms submission	Not Applicable (As the meeting will be held thru Video conferencing)		
Period Date for exercising e-voting	06.09.2020 at 9:00 A.M. to 08.09.2020 at 5:00 P.M.		
Financial Year	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020		
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		
Stock Code	Name of the Stock Exchange	Stock Code	Scrip Code
	BSE	530549	SHILPAMED
	NSE	N.A	SHILPAMED

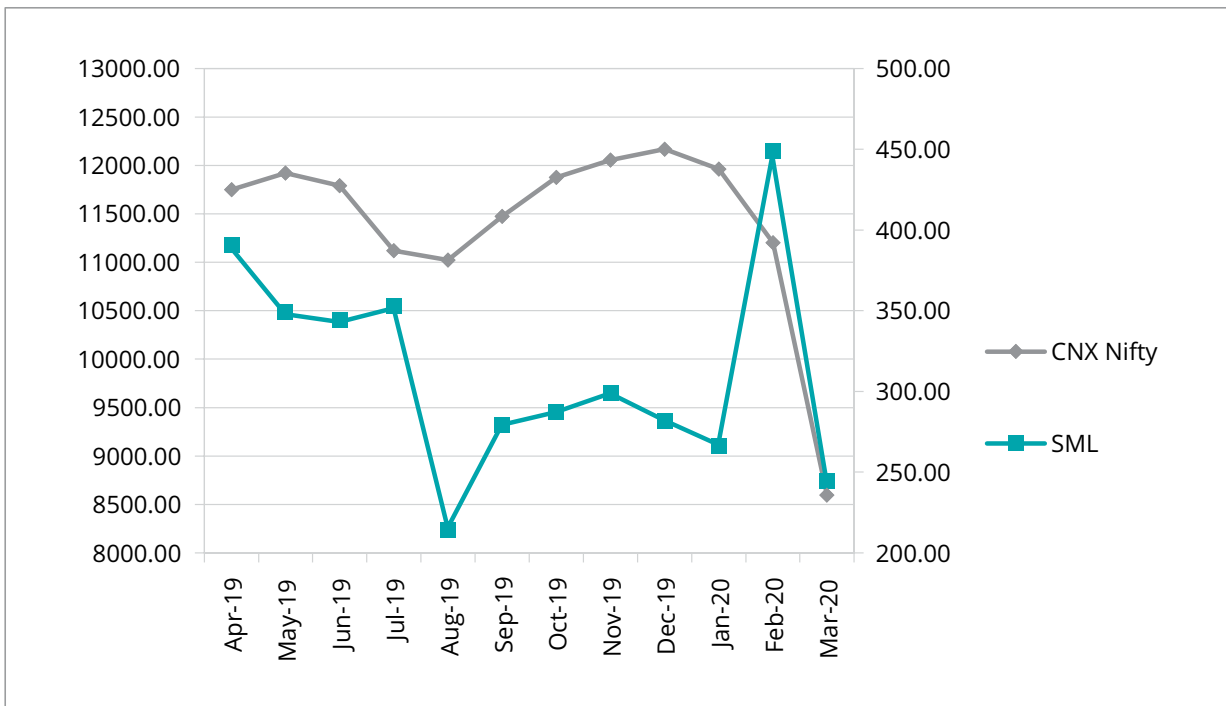
Listing fees to the stock exchanges and Annual custodian fees to depositories for the year 2020-21 have been paid.

### Market price data & Share performance of the Company:

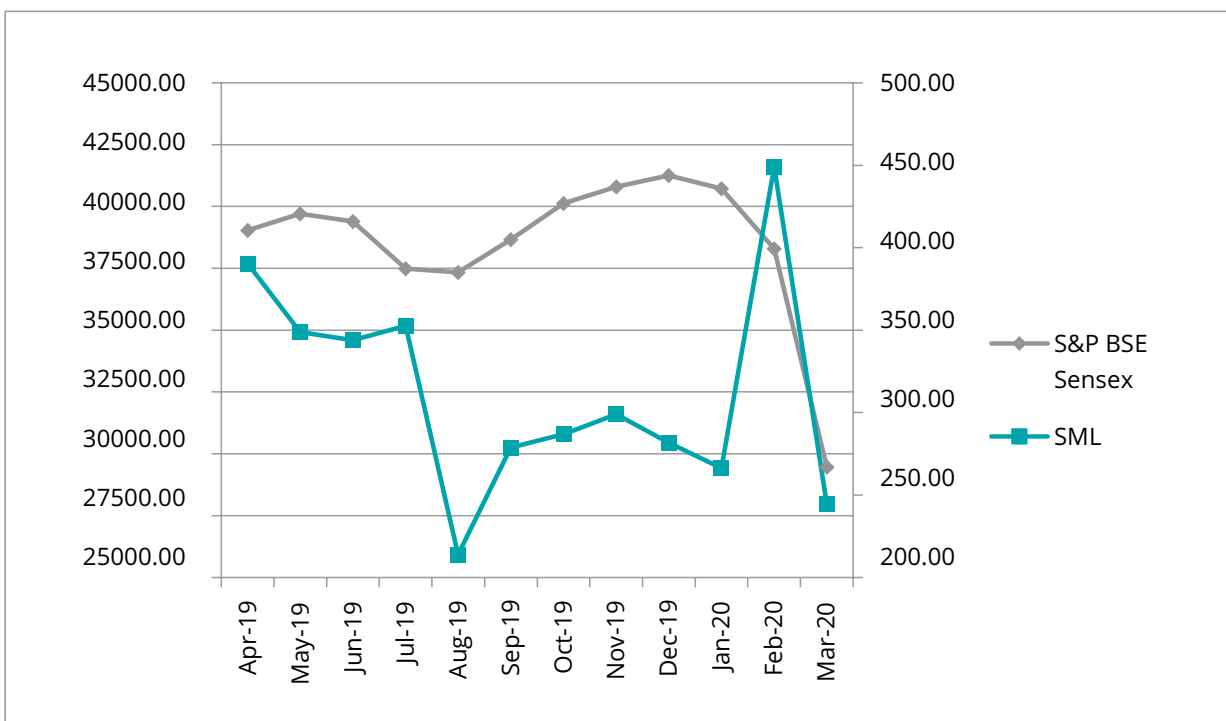
The monthly high, low and trading volumes of the Company's equity shares during the financial year 2019-20 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2019	433.10	328.05	79658	435.05	326.25	1148199
May, 2019	394.50	345.10	27869	398.00	348.00	290247
June, 2019	351.20	330.05	96202	351.80	326.25	1013086
July, 2019	361.65	334.90	51439	361.60	333.05	2210881
August, 2019	360.00	207.90	71095	371.00	208.10	732666
September, 2019	301.00	190.80	39453	305.00	209.00	346669
October, 2019	288.60	248.30	30770	288.25	251.50	224446
November, 2019	334.80	277.70	21058	337.55	280.00	345489
December, 2019	346.00	271.00	15504	326.90	270.00	290403
January, 2020	292.90	253.80	18900	293.80	257.00	260242
February, 2020	538.75	263.70	449949	538.00	262.50	4571470
March, 2020	474.95	240.30	926868	480.15	233.15	1083926

Share Performance of the Company in comparison with broad based indices- S&P BSE SENSEX & CNX NIFTY



CNX NIFTY v/s SML Close Price



SENSEX Vs. SML CLOSING PRICE

In case the securities are suspended from trading, the directors' report shall explain the reason thereof:

During the reporting period there are no instances of suspension of trading in the shares of the Company.

**Registrar to an Issue and Share Transfer Agents:**

<b>Registrar and Transfer Agents (for shares held in both physical and demat mode)</b>	<b>KFin Technologies Private Limited (Unit: Shilpa Medicare Limited.) Selenium Tower B, Plot No 31 &amp; 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana</b>
<b>Telephone Numbers</b>	<b>040-67162222 / 79611000</b>
<b>Contact Person</b>	<b>Ms. Krishnapriya</b>
<b>Email id:</b>	<b>priya.maddula@kfintech.com</b>
<b>Website</b>	<b>www.karvyfintech.com</b>

**Share Transfer System**

KFin Technologies Private Limited, Hyderabad, is the Company's Registrar and Share Transfer Agent. Share transfers are registered and processed in the normal course within a period of less than 15 days from the date of receipt if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations. Request for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrar and Share Transfer Agent has been delegated the power of share transfer to expedite the transfer formalities, which is in line with Schedule VII and Regulation 40 of the SEBI (Listing Obligations and Disclosure Regulations) 2015.

**Distribution of shareholding as on 31<sup>st</sup> March, 2020.**

Sl.No	Category	No of Cases	% of Cases	No of Shares	% to Equity
1.	1-5000	14532	97.32	4079688	5.00
2.	5001- 10000	187	1.25	1396661	1.71
3.	10001- 20000	102	0.68	1346880	1.65
4.	20001- 30000	28	0.19	699536	0.86
5.	30001- 40000	15	0.10	503148	0.62
6.	40001- 50000	4	0.03	183980	0.23
7.	50001- 100000	15	0.10	1148111	1.41
8.	100001& Above	49	0.33	72168894	88.52
	<b>Total</b>	<b>14932</b>	<b>100</b>	<b>81526898</b>	

**Shareholding Pattern as on 31st March, 2020.**

Category	No of Shares Held	Percentage of Capital
Indian Promoters	43864092	53.80
Banks, Financial Institutions, and Mutual Funds	390911	0.48
Foreign Portfolio Investors and Foreign Institutional Investors	15564421	19.09
Indian Public and HUF	8925707	10.95
Private Corporate Bodies	4193985	5.14
NRI/OCB's/FCB and Foreign Nationals	8035438	9.86
Others	552344	0.68
<b>Total</b>	<b>81526898</b>	<b>100.00</b>

**Dematerialization of shares and liquidity.**

Number of shares	% of total shares	Number of shareholders	% of total shareholders
175290160	99.47	14925	99.59

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). The system for getting the shares dematerialized is as under:

- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/ she has opened a Depository Account;
- DP processes the DRF and generates a unique number viz. DRN;
- DP forwards the DRF and share certificates to the Company's Registrar & Share Transfer Agent;
- The Company's Registrar & Share Transfer Agent, after processing the DRF, confirms the request to the depositories by cancellation of physical share certificates; and
- Upon confirmation, the depository gives the credit to shareholder in his/her depository account maintained with DP.

The breakup of Shares in demat and physical form as on 31<sup>st</sup> March, 2020 is as follows.

Particulars	No. of shares of ₹1 /- each	% of Shares
<b>Demat Segment</b>		
NSDL	40427225	49.59
CDSL	40750049	49.98
Sub-total	81177274	99.57
<b>Physical Segment</b>	349624	0.43
<b>Total</b>	<b>81526898</b>	<b>100.00</b>

**Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:**

No GDR/ADRs/ warrants or any convertible instruments have been issued by the Company during the year under review or are outstanding as at the end of the financial year 2019-20.

**Commodity Price Risk or Foreign Exchange Risk and Hedging activities.**

Foreign Exchange risk and hedging activities: As your Company is mostly involved in exporting, it 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.

## Plant Locations:

The Company's plants along with Research and Development Units are located at:

### PLANT LOCATIONS

#### Unit I

Plot Nos. 1A, 1B, 2,  
2A, 3A to 3E & 4A to 4C, 5A, 5B  
Deosugur Industrial Area, Deosugur- 584170, Raichur.

#### Unit II

100% EOU, Plot Nos. 33-33A,40 to 47,  
Raichur Industrial Growth Centre, Wadloor Road,  
Chiksugur Cross, Chiksugur-584134, Raichur

#### Unit IV

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

### PROJECTS UNDER PROGRESS AS ON 31ST MARCH, 2020

#### Unit VI

Plot No: 29-A5, Awerahalli Industrial Area, Bengaluru,  
Karnataka – 562117

#### Unit VII

#### Quality Control and Bioanalytical Division:

01st and 02nd Floor, Plot No. 79, Road No. 15, Survey  
No. 125, IDA Mallapur, Nacharam, Uppal Mandal  
Medchal, Malkajgiri Dist – 500 076, Hyderabad,  
Telangana, India

### RESEARCH AND DEVELOPMENT UNITS

#### R & D Unit- Raichur:

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

#### R&D Unit- Bengaluru

Plot No. 29 A5, 4th Phase (Awerahalli) Sompura  
Industrial Area, Honnenahalli Village, Dobaspet,  
Nelamangala, Bangalore Rural – 562 111, Karnataka,  
India

### WIND MILLS

**Machine-1:** Madkaripura, Dist. Chitradurga

**Machine-2:** Jogimatti, Dist. Chitradurga

**Machine-3:** Vanivilas Sagar, Dist. Chitradurga.

**Machine-4:** Kodameedipalli, Dist. Kurnool

**Machine-5:** Kalasapura; Dist. Gadag

### Address for Correspondence:

Registered Office

#### Shilpa Medicare Limited,

12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur –  
584135, Karnataka

Telephone Numbers

08532-238704

Fax Number

08532-238876

Website

www.vbshilpa.com

Email-id:

cs@vbshilpa.com



**List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:**

ICRA Limited, in its letter dated 17th March, 2020, rated Long Term rating for the Line of Credit at (ICRA)A, and Short Term rating for the captioned Line of Credit at (ICRA) A1.

**5. OTHER DISCLOSURES**

**A. Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of listed entity at large:**

All material transactions entered into with related parties as defined under the Companies Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and these have been approved by the Audit Committee. The Board has approved a Policy for Related Party Transactions which has been uploaded on the Company's website at the following link: [https://vbshilpa.com/pdf/related\\_party\\_policy.pdf](https://vbshilpa.com/pdf/related_party_policy.pdf)

There have been no materially significant related party transactions between the Company and its directors, the management, subsidiaries or relatives, except for those disclosed in the Board's Report.

**B. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:**

Particulars of Non Compliance: *Failure to take adequate steps to ensure expeditious redressal of investor complaints as envisaged under Regulation 13(1) of the SEBI (LODR) Regulations, 2015 for the quarter ended 30.06.2019.*

Action Taken by Regulators: *BSE Limited, vide its letter dated 01<sup>st</sup> August, 2019 levied a penalty of ₹ 23,000/- (exclusive of GST) on the Company for the said non-compliance*

During the Financial Year 2018-19 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. EBI/HO/CFD/CMD/CIR/P/2018/77 issued by the SEBI which was duly paid.

Furthermore, the Company got compounded in the Financial Year 2018-19 for 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. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee;**

The Company has formulated a Whistle Blower Policy and has also established a vigil mechanism for employees and directors to report genuine concerns and instances of fraud/ illegal activities and no personnel had been denied access to the Audit Committee. The Policy is placed on the website of the Company under the web link: [https://vbshilpa.com/pdf/Whistle\\_Blower\\_Policy.pdf](https://vbshilpa.com/pdf/Whistle_Blower_Policy.pdf). As per the Policy and Internal Code of Conduct all personnel of the Company have been given access to the Chairman of Audit Committee.

**D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements enumerated in the Listing Regulations and the Companies Act, 2013 read with the rules made thereunder and is also in compliance with non-mandatory requirements to maximum extent.

**E. Weblink of the Policy for determining “material” subsidiaries is disclosed.**

The Company has formulated a policy for determining ‘material’ subsidiaries and the policy is available on the Company’s website under the web link: [https://vbshilpa.com/pdf/Policy\\_on\\_Material\\_Subsiidiary.pdf](https://vbshilpa.com/pdf/Policy_on_Material_Subsiidiary.pdf)

**F. Web link of the policy on dealing with Related Party Transactions.**

The Board has formulated a policy on Related Party Transactions and has revised it from time to time in the light of amendments to the Listing Regulations and the same is available on the Company’s website under the web link: [https://vbshilpa.com/pdf/related\\_party\\_policy.pdf](https://vbshilpa.com/pdf/related_party_policy.pdf)

**G. Disclosure of Commodity Price Risks and Commodity Hedging Activities:** The Company is not dealing in any commodities. Generally, the risk of raw-material price volatility continues to be there in the pharmaceutical industry depending on the demand, supply and availability substitute products of the product. The Company has a system to book up-front the raw-materials based on the customer orders to mitigate the price volatility in addition to that the Company always maintains raw-materials stocks at certain level based on the past data.

**H. A certificate from Mr. D.S. Rao, P.S. Rao & Associates, Company Secretaries, Hyderabad stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority, has been enclosed separately to this Report**

**I. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) Not Applicable**

**J. Whether the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year: No**

**K. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

Particulars	Amount (In Lakhs)
Name of Auditor	Brahmayya & Co.
Statutory Audit	15.50
Reimbursement of expenses	0.64

**L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

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

The disclosure pertaining to the complaints are given hereunder:

Complaints received during the year	NIL
Complaints disposed off during the year	NIL
Complaints pending as on end of financial year	NIL

**Non-compliance of any requirement of Corporate Governance Report, with reasons thereof shall be disclosed:** All the above requirements w.r.t. this Report have been complied with

**The extent to which the discretionary requirements as specified in the Part E of Schedule II have been adopted.:**

Discretionary Requirements

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

**(i) The Board:**

The office of Mr. Omprakash Inani, Non-Executive Chairperson, is maintained at the expense of the Company and he is allowed reimbursement of expenses incurred in performance of his duties, if any.

**(ii) Shareholders Rights:**

All quarterly financial results are submitted to both the stock exchanges and are simultaneously placed on the website of the Company at [www.vbshilpa.com](http://www.vbshilpa.com) part from being published in the newspapers.

**(iii) Modified opinion(s) in audit report**

There are no modified opinions in the Audit Report for the financial year ended 31<sup>st</sup> March, 2020.

**(iv) Reporting of Internal Auditor:**

The Internal Auditor of the Company reports directly to the Chairman of the Audit Committee, stating his observations, if any.

**The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report:**

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
17A	Maximum Number of Directorship	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	Yes
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

**Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:**

The Company has in place a comprehensive Code of Conduct (the Code) pursuant to Regulation 17(5) of Listing Regulations which is applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities.

A copy of the Code of Conduct has been placed on the Company's website [www.vbshilpa.com](http://www.vbshilpa.com). All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed to this Report.

### **CEO And CFO Certification:**

The Managing Director and Chief Financial Officer have provided a certificate in compliance with the Regulations 17(8) of the SEBI (Listing Obligations and Disclosure Requirements).

### **Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report:**

Compliance Certificate on the compliance of conditions of corporate governance pursuant to Para E of Schedule V to the SEBI (LODR) Regulations, 2015 from Mr. D.S. Rao, P.S. Rao & Associates, Company Secretaries, Hyderabad, is enclosed as an annexure to this Report.

### **Transfer of shares to Investor Education & Protection Fund (IEPF):**

Pursuant to the provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") (as amended from time to time), the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven years continuously, to the IEPF. The Company has transferred 12000 (Cumulative shares as on 31<sup>st</sup> March, 2020 are 210736) equity shares of Re.1/- each to IEPF during the year. Details of these shares are available on the Company's website: [www.vbshilpa.com](http://www.vbshilpa.com).

Further, shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the Investor Education and Protection Fund as required by law. The Company will transfer the said shares, after sending an intimation of such proposed transfer in advance to the concerned shareholders, as well as, publish a public notice in this regard. Names of such transferees will be placed on the Company's website: [www.vbshilpa.com](http://www.vbshilpa.com).

### **Unclaimed Equity Dividends and Shares:**

Section 124(5) of the Companies Act, 2013 and Rules made thereunder mandates that dividends that are not encashed or claimed within seven years from the date of their transfer to the unpaid dividend account of the Company be transferred to the Investor Education and Protection Fund (IEPF).

The Company sends periodic communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders are informed that, in terms of Section 124(6) read with the IEPF Rules, once unclaimed dividend amount is transferred to the IEPF upon expiry of 7 years from the date of transfer to the Company's unclaimed dividend account, no claim shall lie in respect thereof with the Company.

### **Guidance for Investor to file claim:**

The shareholders are requested to note that, after the above referred transfer(s) is made, refunds from the IEPF can be claimed only by complying with the provisions of Rule 7 of the said Rules.

### **Disclosures with respect to demat suspense account/ unclaimed suspense account::**

Since no shares of the Company have been transferred to Demat Suspense Account/ Unclaimed Suspense Account in accordance with Regulation 39 of the SEBI (LODR) Regulations, 2015 read with Schedule VI thereto, disclosures w.r.t. the same are not applicable to the Company..

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

**Omprakash Inani**  
Chairman  
DIN: 01301385

Place: Raichur  
Date: 8<sup>th</sup> August, 2020

## MANAGING DIRECTOR'S AND CFO'S CERTIFICATION

To  
The Board of Directors  
Shilpa Medicare Limited

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

1. We have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2020 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b. 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: 8<sup>th</sup> August, 2020

**Sushil Bajaj**  
Chief Financial Officer

**Vishnukant C. Bhutada**  
Managing Director

## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I, Vishnukant 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<sup>st</sup> March, 2020.

Place: Raichur

Date: 8<sup>th</sup> August, 2020

**Vishnukant C. Bhutada**  
Managing Director

## **PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of the conditions of Corporate Governance by Shilpa Medicare Limited (hereinafter referred to as "the Company") for the year ended March 31, 2020, as stipulated in Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgment, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2020.

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

**D.S. RAO**  
Company Secretary  
ACS No.: 12394  
CP. No.: 14487  
UDIN: A012394B000563582

Date : 8<sup>th</sup> August, 2020  
Place: Hyderabad



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligation 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 with 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](http://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 March 31, 2020 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.

Sr. No.	Name of Director	Nature/ Category of Directorship	DIN
1	Vishnukant Chaturbhuj Bhutada	Managing Director	01243391
2	Omprakash Inani	Chairman, Non-Executive Director	01301385
3	Sharath Reddy Kalakota\$	Whole-time Director	03603460
4	Carlton Gerard Pereira*	Independent Director	00106962
5	Narinder Pal Singh*	Independent Director	00023160
6	Rajender Sunki Reddy	Independent Director	02284057
7	Pramod Kasat	Independent Director	00819790
8	Naresh Patwari	Non-Executive Director	03319397
9	Amit Chander	Independent Director	02406965
10	Sirisha Chintapalli	Independent Director	08407008
11	Piyush Goenka#	Independent Director	02117859

\$ Appointed w.e.f. October 01, 2019

\*Ceased to be Directors w.e.f. September 30, 2019

#Co-opted as Additional Director w.e.f. November 09, 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

**D.S. RAO**  
Company Secretary  
ACS No.: 12394  
CP. No.: 14487  
UDIN: A012394B000563582

Date : 8<sup>th</sup> August, 2020  
Place: Hyderabad

# Independent Auditor's Report

## To the Members of 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 March 31, 2020, 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 notes to the financial statements, including 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 March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### 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.

Key Audit Matters	Auditor's Response
<p><b>Group restructuring and discontinued operations</b></p> <p>As disclosed in note note-49 to the standalone financial statements, during the year following approval by shareholders on 30th March at an Extraordinary General Meeting (EGM), the Company completed the sale of Biologics business to its wholly owned subsidiary Shilpa Biologics Private Limited.</p> <p>The application of Ind AS 105: Non-Current Assets Held for sale and Discontinued Operations" is significant to our audit because of the significance of amount, the transaction and accounting is non-routine and complexities involved in carving out the results of the respective businesses.</p> <p>In accordance with the accounting principles, the company has reclassified the revenue, expenses, tax and gain/loss on disposal arising from these businesses as discontinued operations for current and previous year.</p>	<p><b>Principal audit procedures</b></p> <ul style="list-style-type: none"> <li>• We read the minutes of meetings of Board of directors and Shareholders Extraordinary General Meeting and evaluation of the terms and conditions with respect to the business sale and related agreements.</li> <li>• Our Audit procedure included evaluation of the disposal date balances and assessing the gain on disposal.</li> <li>• We obtained the Company's evaluation of the income-tax impact of the above business transfers (from a seller's perspective) to verify compliance.</li> <li>• Assessing the adequacy of the disclosures in note 49 to the standalone financial statements in accordance with the requirements of Ind AS 105: Non-Current Assets Held for sale and Discontinued Operations.</li> </ul>
<p><b>Impairment of Investment in Subsidiaries, Associates and Joint Ventures</b></p> <p>As at March 31, 2020, the carrying amount of investment in investments in subsidiaries, associates and joint ventures is ₹ 4,067.66 Lakhs. Further, the Company has also invested in preference share capital of the Subsidiaries, the carrying amount of which as at March 31, 2020 is ₹ 5,176.77 Lakhs.</p> <p>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.</p> <p>Refer to note 1.1 (q) in the Standalone Financial Statements for details of accounting policies on impairment of assets and related disclosures.</p> <p>Valuation of investment in subsidiaries, associates and joint ventures is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p><b>Principal audit procedures</b></p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Assessed the appropriateness of methodology and valuation model used by the management to estimate the recoverable value of investments.</li> <li>• 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</li> <li>• 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.</li> <li>• 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.</li> <li>• Based on our procedures, we also considered the adequacy of disclosures in respect of investment in the said joint venture in the notes to the standalone financial statements.</li> </ul>

Key Audit Matters	Auditor's Response
<p><b>Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets</b></p> <p>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 March 31, 2020 is ₹ 4,263.78 Lakhs (refer note 17 to the standalone financial statements).</p> <p>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.</p>	<p><b>Principal audit procedures</b></p> <p><b>In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized.</li> <li>• assessing any restriction in use of the MAT credit entitlement and</li> <li>• determining when the MAT credit entitlement will expire.</li> </ul> <p>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.</p> <p>We validated the appropriateness of the related disclosures in the standalone financial statements.</p>

## 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 Standalone 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 Standalone 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 Act 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 standalone 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 standalone 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 standalone 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 Act 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, Standalone Statement of Changes in Equity and the Standalone 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 Act.
  - e) On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 31, 2020 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 March 31, 2020 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 20215798AAAACD2517

Place : Hyderabad  
Date : 15.06.2020



### 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 March 31, 2020.,

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 March 31, 2020 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 20215798AAAACD2517

Place : Hyderabad  
Date : 15.06.2020

## 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 March 31, 2020 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 Act.

#### 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, 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 March 31, 2020, 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 20215798AAAACD2517

Place : Hyderabad

Date : 15.06.2020

# Standalone Balance Sheet

As at 31 March, 2020

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

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, plant & equipment	2	47,831.47	46,048.92
(b) Right-of-use asset		2,207.88	-
(c) Capital work- in- progress	3	24,417.71	28,480.10
(d) Goodwill		-	2,653.06
(e) Intangible assets	4	1,660.80	2,381.55
(f) Intangible assets under development	5	12,862.89	11,641.39
(g) Financial assets	6		
(i) Investments		9,348.42	8,904.12
(ii) Loans		9,617.65	7,211.16
(iii) Other financial assets		1,047.63	726.62
(h) Other non-current assets	7	2,364.68	6,739.97
<b>Total Non-Current Assets</b>		<b>111,359.13</b>	<b>114,786.89</b>
<b>Current Assets</b>			
(a) Inventories	8	20,623.40	17,670.41
(b) Financial assets	9		
(i) Investments		-	-
(ii) Trade receivables		22,654.41	18,168.27
(iii) Cash and cash equivalents		2,793.67	3,066.24
(iv) Other bank balances other than (iii) above		24.85	6,026.65
(v) Loans		1.25	389.71
(vi) Others financial assets		35,757.24	1,641.09
(c) Other current assets	10	7,261.29	3,838.50
(d) Current tax assets (net)	11	864.02	451.59
(e) Assets held for sale	12	789.19	789.19
<b>Total Current Assets</b>		<b>90,769.32</b>	<b>52,041.65</b>
<b>TOTAL ASSETS</b>		<b>202,128.45</b>	<b>166,828.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	815.27	815.27
(b) Other equity	14	144,526.95	127,339.28
<b>Total Equity</b>		<b>145,342.22</b>	<b>128,154.55</b>
<b>Liabilities</b>			
<b>Non- Current Liabilities</b>			
(a) Financial liabilities	15		
(i) Borrowings		16,448.36	8,109.56
(b) Provisions	16	872.48	535.80
(c) Deferred tax liabilities (net)	17	3,038.84	5,600.17
(d) Other non current liabilities	18	440.41	1,469.70
<b>Total Non Current Liabilities</b>		<b>20,800.09</b>	<b>15,715.23</b>
<b>Current Liabilities</b>			
(a) Financial liabilities	19		
(i) Borrowings		15,640.09	7,871.60
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises		547.98	829.87
- Total outstanding dues of other than micro and small enterprises		7,115.47	6,307.08
(iii) Other financial liabilities		10,112.07	6,331.07
(b) Other current liabilities	20	1,873.39	1,321.81
(c) Provisions	21	697.14	297.33
<b>Total Current Liabilities</b>		<b>35,986.14</b>	<b>22,958.76</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>202,128.45</b>	<b>166,828.54</b>

The accompanying notes form an integral part of the standalone financial statements 01 to 52

As per our report of event date attached for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

**K. Shravan**  
Partner  
M.No. 215798

Place : Raichur  
Date : 15 June, 2020

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

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Standalone Statement of Profit and Loss

for the year ended 31 March, 2020

(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, 2020	For the year ended 31 March, 2019
<b>Continuing operations :</b>			
<b>Income:</b>			
<b>Revenue from operations</b>			
(a) Sales	22	71,628.93	63,361.08
(b) Service and license fees	23	8,968.18	3,026.80
<b>Total revenue from continuing operations</b>		<b>80,597.11</b>	<b>66,387.88</b>
(c) Other Income	24	1,126.28	1,553.35
<b>Total Income</b>		<b>81,723.39</b>	<b>67,941.23</b>
<b>EXPENSES</b>			
(a) Cost of materials consumed	25	27,590.29	23,754.67
(b) Purchases of stock-in trade	26	392.94	725.27
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	27	(1,426.46)	(992.39)
(d) Employee benefits expense	28	14,927.86	12,465.55
(e) Finance costs	29	432.89	279.39
(f) Depreciation and amortisation expenses	2&4	3,495.73	3,401.36
(g) Other expenses	30	14,621.95	11,580.25
<b>Total Expenses</b>		<b>60,035.20</b>	<b>51,214.10</b>
<b>Profit before exceptional item and tax from continuing operations</b>		<b>21,688.19</b>	<b>16,727.13</b>
Exceptional income / (expense)	31	(454.20)	622.46
<b>Profit before tax from continuing operations</b>		<b>21,233.99</b>	<b>17,349.59</b>
<b>Tax expense of continuing operations</b>			
Current tax		3,909.38	4,050.31
Deferred tax (net of MAT credit)		505.18	(275.69)
<b>Total tax expense</b>		<b>4,414.56</b>	<b>3,774.62</b>
<b>Profit for the year from continuing operations</b>		<b>16,819.43</b>	<b>13,574.97</b>
<b>Discontinued operations :</b>			
Profit/ (loss ) before tax from discontinued operation		2,164.83	(1,789.63)
<b>Tax expense/(credit) of discontinued operations</b>		<b>(387.58)</b>	<b>(625.30)</b>
<b>Profit for the year from discontinued operations</b>		<b>2,552.41</b>	<b>(1,164.33)</b>
<b>Profit for the year</b>		<b>19,371.84</b>	<b>12,410.64</b>
<b>Other comprehensive Income / (Expenses)</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of the net defined benefit (liability)/asset ( net of tax )		(124.99)	4.01
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges ( net of tax )		4.83	41.96
<b>Total other comprehensive income / (loss) for the year</b>		<b>(120.16)</b>	<b>45.97</b>
<b>Total comprehensive income for the year</b>		<b>19,251.68</b>	<b>12,456.61</b>
<b>Earning per equity share , par value of ₹1/- each</b>			
<b>Continuing operations :</b>			
Basic (₹)		20.63	16.65
Diluted (₹)		20.63	16.65
<b>Discontinued operations :</b>			
Basic (₹)		3.13	(1.43)
Diluted (₹)		3.13	(1.43)

The accompanying notes form an integral part of the standalone financial statements 01 to 52

As per our report of event date attached  
for **Brahmayya & Co.**,  
Chartered Accountants  
Firm's Registration No. 000513S

**K. Shravan**  
Partner  
M.No. 215798

Place : Raichur  
Date : 15 June, 2020

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

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415



# Standalone Statement of Changes in Equity

for the year ended 31 March, 2020

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

## A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2018	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2019	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	815.27

Refer note 12 for details on equity share capital

## B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Gain on forfeiter of equity shares	Total
				Cash flow hedge reserve	Remeasurement of defined benefit plan		
Balance as at 01 April, 2018	42,863.93	5,182.68	67,086.77	(88.70)	(170.74)	8.76	114,882.68
Addition/Deletion during the year	-	-	-	41.96	4.01	-	45.97
Profit for the year	-	-	12,410.64	-	-	-	12,410.64
Dividend including dividend distribution tax	-	-	-	-	-	-	-
Balance as at 31 March, 2019	42,863.93	5,182.68	79,497.39	(46.74)	(166.73)	8.76	127,339.28
Addition/Deletion during the year	-	-	-	-	(124.99)	-	(124.99)
Profit for the year	-	-	19,371.84	4.83	-	-	19,376.67
Dividend including dividend distribution tax	-	-	(2,063.99)	-	-	-	(2,063.96)
Balance as at 31 March, 2020	42,863.93	5,182.68	96,805.24	(41.91)	(291.72)	8.76	144,526.95

The accompanying notes form an integral part of the standalone financial statements 01 to 52

### 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.
- Cash flow hedge reserve:** 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:** This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Standalone Statement of Cash Flow

for the year ended 31 March, 2020

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>A. Cash Flow From Operating Activities</b>		
Profit/ (Loss) before tax from		
- Continuing Operations	21,233.99	17,349.59
- Discontinued Operations	2,164.83	(1,789.63)
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	3,846.33	3,716.91
Interest income	(701.80)	(841.99)
Liabilities/ Provision written back	(31.94)	(21.94)
Finance cost	437.43	289.33
Dividend income	(263.50)	(282.91)
Gain on investment in mutual fund	-	(336.16)
(Profit) / Loss on sale of asset	5.63	39.65
Advances written off	-	52.53
Bad debts written off	13.73	280.04
Provision for gratuity and compensated absence	271.02	220.21
Corporate guarantee fees	(6.02)	(10.49)
Capital subsidy (Grants)	(20.70)	(26.04)
Unrealised foreign exchange (gain)/loss	(858.43)	77.53
Gain on disposal of discontinued operation (Refer Note 49)	(3,685.04)	-
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-exceptional	454.20	1,437.39
<b>Operating profit before working capital changes</b>	<b>22,859.73</b>	<b>18,138.27</b>
<b>Movement in Working Capital</b>		
Decrease/(increase) in inventories	(3,522.32)	(898.57)
Decrease/(increase) in trade receivables	(3,741.35)	3,394.42
Increase / (decrease) trade payables	378.88	(1,511.53)
Decrease / (Increase) in financial and non financial assets	(3,693.09)	379.98
Increase / (decrease) in financial liabilities and other liabilities	4,782.97	458.28
<b>Cash Generated from Operations</b>	<b>17,064.82</b>	<b>19,960.85</b>
Taxes Paid	4,085.44	3,545.15
<b>Net Cash flow generated /(used) from operating activities (A)</b>	<b>12,979.38</b>	<b>16,415.70</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets	(7,996.81)	(7,420.32)
Expenditure on CWIP	(25,624.03)	(20,022.27)
Proceeds from sale of assets	254.87	233.16
Loan given to subsidiaries and others	(2,259.96)	(4,747.95)
Recovery of loans from subsidiaries and others	513.29	1,056.16
Proceeds from sale of current investments	-	10,853.05
Purchase of investments	(898.50)	(1,021.65)
Proceeds from sale of stake in associate Company	-	5,038.29
Movement in other bank balances	6,003.56	(6,003.56)
Interest received	499.39	545.50
Dividend received	0.40	18.62
<b>Net cash flow generated/(used) from investing activities (B)</b>	<b>(29,507.79)</b>	<b>(21,470.97)</b>

# Standalone Statement of Cash Flow (Cont..)

for the year ended 31 March, 2020

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Cash flows from Financing Activities</b>		
Proceeds from/(repayment of) long-term loans and borrowings (net)	11,714.74	(7,101.45)
Proceeds from/(repayment of) short-term loans and borrowings (net)	7,768.50	7,131.40
Payment of lease liabilities	(13.31)	-
Proceeds from government grant/capital subsidy	-	1,100.00
Dividend paid including DDT	(2,063.98)	-
Interest paid	(395.50)	(313.06)
<b>Net cash flow generated/(used) from financing activities (C)</b>	<b>17,010.45</b>	<b>816.89</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>482.04</b>	<b>(4,238.38)</b>
Cash and cash equivalents at the beginning of the year	3,076.04	7,314.43
Cash balance transferred to discontinued operations	(739.56)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,818.52</b>	<b>3,076.05</b>
<b>Component of Cash and Cash Equivalent</b>	<b>2,818.52</b>	<b>3,076.05</b>
Cash in hand	22.80	13.80
In current account	2,770.87	3,052.44
Unpaid dividend account	24.85	23.09
Books over draft	0.00	(13.28)

The accompanying notes form an integral part of the standalone financial statements 01 to 52

**Note:**

1. Previous year figures have been reclassified wherever 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 event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020 were approved by the Board of Directors on Jun 15, 2020.

### 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 at least 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

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

- (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

#### 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.

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 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).

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 Held for Sale".



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 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.

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:

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- a) The contract involves use of an identified asset;
- b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- c) The Company has the right to direct the use of an asset.

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

### Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the prospective method with practical expedient., Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

### 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 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 mile- stones 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.
- 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

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

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 '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.

### 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.

#### l) 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:

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

- 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.

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 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.

#### 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

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

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) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**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.

**u) Earnings 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 Indian Accounting Standards (Ind AS):**

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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 / Adjustment			Net Block		
	As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	As at 31 March, 2020	As at 01 April, 2019	For the Year		Deduction/ Adjustment during the Year	As at 31 March, 2020
a) Borewell	25.39	0.40	-	19.90	16.23	0.96	-	17.19	2.71
b) Building	11,285.75	223.84	-	11,509.59	2,303.06	358.00	-	2,661.06	8,848.52
c) Canteen Equipment	17.76	-	-	17.76	9.68	2.81	-	12.49	5.27
d) Computer	791.14	38.77	(8.41)	745.80	605.32	65.54	(7.99)	(33.44)	629.43
e) Electrical Installation	3,785.18	680.33	(29.71)	4,374.62	1,951.77	282.21	(27.36)	(14.60)	2,192.02
f) ETP Building	565.85	-	-	565.85	170.02	17.73	-	187.75	378.10
g) ETP Machinery	508.65	21.93	-	530.58	135.75	23.05	-	158.80	371.78
h) EHS Equipment	46.26	4.35	-	50.61	11.96	4.61	-	16.57	34.04
i) Furniture	1,452.49	128.59	(16.67)	1,521.09	544.01	134.28	-	(10.68)	667.61
j) Land & Green Field	1,419.38	-	-	1,092.96	-	-	-	-	1,092.96
k) Lab Equipments	8,698.76	568.93	(111.95)	7,275.24	3,431.55	585.09	(54.84)	(275.85)	3,685.94
l) Network Server equipment	129.89	31.03	-	160.92	36.37	22.39	-	58.76	102.16
m) Office Equipment	169.48	9.46	-	154.14	80.23	22.37	-	(5.82)	96.77
n) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	2,003.93	103.97	-	2,107.90	1,735.14
o) Pipeline	3,639.75	436.53	-	4,076.28	1,036.46	162.07	-	1,198.53	2,877.75
p) Plant & Machinery	29,526.10	5,031.97	(95.04)	34,463.03	7,708.42	1,358.56	(30.61)	9,036.37	25,426.66
q) Pollution Control Equip.	37.07	-	-	37.07	30.16	0.39	-	30.55	6.52
r) Vehicle	263.44	-	(37.69)	225.75	98.55	26.57	(32.02)	93.10	132.65
s) Vehicles Electrical Operated	34.31	6.05	-	40.36	20.91	4.50	-	25.41	14.95
t) Weigh bridge	8.42	-	-	8.42	4.85	0.47	-	5.32	3.10
<b>Total</b>	<b>66,248.11</b>	<b>7,182.18</b>	<b>(299.47)</b>	<b>70,713.01</b>	<b>20,199.19</b>	<b>3,175.56</b>	<b>(152.81)</b>	<b>(340.39)</b>	<b>47,831.47</b>

### 4 INTANGIBLE ASSET

Particulars	Gross Block			Depreciation / Adjustment			Net Block		
	As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	As at 31 March, 2020	As at 01 April, 2019	For the Year		Deduction/ Adjustment during the Year	As at 31 March, 2020
a) Computer software	939.47	94.70	-	1,004.94	327.02	142.56	-	(8.58)	461.01
b) Technical Know How	-	236.78	-	236.78	-	11.51	-	-	11.51
c) DMF/ ANDA/ Patents Fees	1,446.71	-	(4.39)	1,436.96	401.20	145.09	(0.93)	-	545.36
d) Non compete Agreement	1,045.00	-	-	1,045.00	321.40	-	-	(321.40)	-
<b>Total</b>	<b>3,431.18</b>	<b>331.48</b>	<b>(4.39)</b>	<b>2,678.68</b>	<b>1,049.62</b>	<b>299.16</b>	<b>(0.93)</b>	<b>(329.98)</b>	<b>1,017.87</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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 / Adjustment			Net Block	
	As at 01 April, 2018	Additions	Deduction/ Adjustment during the year	As at 31 March, 2019	As at 01 April, 2018	For the year	As at 31 March, 2019	As at 31 March, 2019
a) Borewell	19.50	5.89	-	25.39	14.86	1.37	16.23	9.16
b) Building	10,491.81	793.94	-	11,285.75	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) Electrical Installation	3,556.58	249.96	(21.36)	3,785.18	1,618.28	353.23	1,951.77	1,833.41
f) ETP Building	565.85	-	-	565.85	152.29	17.73	170.02	395.83
g) ETP Machinery	506.04	2.61	-	508.65	112.90	22.85	135.75	372.90
h) EHS Equipment	40.67	5.59	-	46.26	7.93	4.03	11.96	34.30
i) Furniture	1,256.52	195.97	-	1,452.49	420.39	123.62	544.01	908.48
j) Land & Green Field	1,419.38	-	-	1,419.38	-	-	-	1,419.38
k) Lab Equipments	7,564.12	1,166.75	(32.11)	8,698.76	2,733.02	712.01	3,431.55	5,267.21
l) Network Server equipment	81.35	48.54	-	129.89	21.41	14.96	36.37	93.52
m) Office Equipment	131.08	39.10	(0.70)	169.48	55.40	25.49	80.23	89.25
n) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	1,899.96	103.97	2,003.93	1,839.11
o) Pipeline	3,390.43	300.14	(50.82)	3,639.75	878.84	188.63	1,036.46	2,603.29
p) 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
q) Pollution Control Equip.	37.07	-	-	37.07	29.74	0.42	30.16	6.91
r) Vehicle	378.05	-	(114.61)	263.44	145.83	38.24	98.55	164.89
s) Vehicles Electrical Operated	34.31	-	-	34.31	16.71	4.20	20.91	13.40
t) Weigh bridge	8.42	-	-	8.42	3.92	0.93	4.85	3.57
<b>Total</b>	<b>60,953.54</b>	<b>5,828.15</b>	<b>(533.58)</b>	<b>66,248.11</b>	<b>17,172.60</b>	<b>3,292.69</b>	<b>20,199.19</b>	<b>46,048.92</b>

### 4 INTANGIBLE ASSET

Particulars	Gross Block			Depreciation / Adjustment			Net Block	
	As at 01 April, 2018	Additions	Deduction/ Adjustment during the Year	As at 31 March, 2019	As at 01 April, 2018	For the Year	As at 31 March, 2019	As at 31 March, 2019
a) Computer software	815.99	123.48	-	939.47	188.37	138.65	327.02	612.45
b) DMF/ANDA/ Patents Fees	1,190.64	262.64	(6.57)	1,446.71	267.69	135.31	401.20	1,045.51
c) Non compete Agreement	1,045.00	-	-	1,045.00	160.70	160.70	321.40	723.60
<b>Total</b>	<b>3,051.63</b>	<b>386.12</b>	<b>(6.57)</b>	<b>3,431.18</b>	<b>616.76</b>	<b>434.66</b>	<b>1,049.62</b>	<b>2,381.55</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
a) Machinery under erection	2,386.34	167.53
b) Projects under erection	22,031.37	28,312.57
<b>Total</b>	<b>24,417.71</b>	<b>28,480.10</b>

### 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Software under installation	103.07	-
b) Product under development	12,688.30	11,300.46
c) DMF /ANDA/Patents Fees	71.52	340.93
<b>Total</b>	<b>12,862.89</b>	<b>11,641.39</b>

### 6 FINANCIAL ASSETS

#### (i) Non-Current Investments

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>a) Investments in Equity Instruments (Unquoted)</b>		
<b>I) In Subsidiary Companies</b>		
i) 2,000 (2,000) shares of € 1.71 each in Zatortia Holdings Ltd, Cyprus.	2,028.91	2,028.91
ii) 1,837,634 (1,837,634) shares of ₹ 10/- each in Shilpa Therapeutic (P) Ltd, Hyderabad.	1,033.76	1,033.76
iii) 1,125,000 (1,125,000) shares of ₹ 10/- each in INM Technologies Pvt. Ltd., Bangalore.	112.50	112.50
iv) 100 (100) shares of GBP 1 each in Koanaa Healthcare Limited, UK.	0.10	0.10
v) Investment in shares of Koanaa Healathcare GmbH, Austria.	77.63	77.63
vi) 100 (100) shares of US\$ 1 each in Shilpa Pharma INC., USA.	0.07	0.07
vii) 1000 shares of ₹ 100/- each in Shilpa Biologicals Pvt. Ltd., Hubli.	1.00	-
viii) 10,000 shares of ₹ 10/- each in Shilpa Albumin Pvt. Ltd., Raichur.	1.00	-
<b>II) In Associate Companies</b>		
i) 100,000 (100,000) shares of ₹ 10/- each in Reva Pharmachem Pvt. Ltd., Raichur.	10.00	10.00
<b>III) In Joint Venture Companies</b>		
i) 5,001 (5,001) share of ₹ 10/- each in Reva Medicare Pvt. Ltd., Raichur.	0.50	0.50
ii) 65,000 shares of ₹ 10/- each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	6.50	-

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>b) Investments in Preference Instruments (Unquoted)</b>		
<b>I) In Subsidiary Companies</b>		
i) 4,00,000(4,00,000) cumulative shares of ₹ 10/- each in Shilpa Therapeutic Pvt. Ltd., Hyderabad.	40.00	40.00
ii) 3,25,37,670 ( 3,25,37,670) cumulative shares of ₹ 10/- each in INM Technologies Pvt. Ltd., Bangalore.	3,253.77	3,253.77
iii) 9,93,000 (9,93,000) Non-cumulative shares of ₹ 10 each in INM Technologies Pvt. Ltd., Bangalore.	993.00	993.00
<b>II) In Joint Venture/Associate Companies</b>		
i) 1,400,000 (1,400,000) Preferred Stock at par value of US\$ 0.0001 each in MAIA Pharmaceuticals INC., USA.	795.69	795.69
ii) 840,000 (NIL ) Non-cumulative convertible preference shares of ₹100/- each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	840.00	-
iii) Application money for 50,000 (NIL) Non-cumulative shares of ₹ 100/- each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	50.00	-
<b>c) Investments in Common Stock (Unquoted)</b>		
<b>I) In Subsidiary Companies</b>		
i) 1,892,308 (1,892,308) common stock @ par value of US\$ 0.001 in Makindus LLC., USA.	454.20	454.20
<b>d) Investments in Government Securities (Unquoted)</b>		
i) National Savings Certificate.	0.20	0.20
<b>e) Others</b>		
<b>I) Investments in Equity Instruments (Unquoted)</b>		
i) 741,362 (741,362) shares of ₹ 14/- each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.79	103.79
	9,802.62	8,904.12
Less: Provision for diminution in the value of investments	(454.20)	-
<b>Total value of unquoted investment</b>	<b>9,348.42</b>	<b>8,904.12</b>
<b>Aggregate value of unquoted investment</b>	<b>9,348.42</b>	<b>8,904.12</b>
<b>(ii) Loans</b>		
<b>Particulars</b>	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
a) Shilpa Therapeutic Pvt. Ltd. (Wholly owned subsidiary)	5,208.55	3,497.02
b) Koanaa Healathcare GmbH, Austria. (Wholly owned subsidiary)	3,387.99	3,001.30
c) Koanaa Healthcare Limited, UK. (Wholly owned subsidiary)	418.12	712.84
d) Shilpa Pharma INC., USA. (Wholly owned subsidiary)	602.99	-
<b>Total</b>	<b>9,617.65</b>	<b>7,211.16</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
<b>a) Security deposits (unsecured considered good)</b>		
(i) Electricity deposits	401.51	367.98
(ii) Rental deposits	80.76	41.01
(iii) Telephone deposits	0.65	0.79
(iv) Miscellaneous deposits	20.90	88.11
<b>Total (a)</b>	<b>503.82</b>	<b>497.89</b>
<b>b) Cross currency swap account</b>	543.81	228.73
<b>Total (b)</b>	<b>543.81</b>	<b>228.73</b>
<b>Total (a + b)</b>	<b>1,047.63</b>	<b>726.62</b>

### 7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>a) Capital advances</b>		
(i) Unsecured, considered good	2,247.56	4,198.99
Less: Written off	-	-
<b>Total (a)</b>	<b>2,247.56</b>	<b>4,198.99</b>
<b>b) Others</b>		
(i) Income Tax paid under protest	43.33	43.33
(ii) VAT on Capital Goods & Others Item (Refer note: 47)	41.78	42.67
(iii) Prepaid Expenses	32.01	2,454.12
(iv) Excise duty	-	0.86
<b>Total (b)</b>	<b>117.12</b>	<b>2,540.98</b>
<b>Total (a+b)</b>	<b>2,364.68</b>	<b>6,739.97</b>

### 8 INVENTORIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Raw materials	11,158.23	9,993.49
b) Work-in-progress	1,853.85	1,696.82
c) Finished goods	5,005.57	3,675.24
d) Stock-in-trade	234.55	295.45
e) Stores and Spares	1,503.56	1,361.96
f) Packing materials	867.64	647.45
<b>Total</b>	<b>20,623.40</b>	<b>17,670.41</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
Investment in Bonds	1,437.39	1,437.39
<b>Total</b>	<b>1,437.39</b>	<b>1,437.39</b>
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
<b>Total value of unquoted investment</b>	<b>-</b>	<b>-</b>
<b>Aggregate value of unquoted investment</b>	<b>-</b>	<b>-</b>

#### (ii) Trade Receivables (Refer Note 51)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Unsecured</b>		
(a) Considered good	22,654.41	18,168.27
<b>Total (a)</b>	<b>22,654.41</b>	<b>18,168.27</b>
(b) Significant increase in credit risk	13.72	280.04
Less Written-off	(13.72)	(280.04)
<b>Total (b)</b>	<b>-</b>	<b>-</b>
<b>Total (a+b)</b>	<b>22,654.41</b>	<b>18,168.27</b>

Note : Trade receivable in above note no: 9 (ii) (a) includes ₹ 269.14 (PY ₹409.47) is receivable from related parties (refer note no: 45 Related Party Transaction)

#### (iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Cash on hand	22.80	13.80
b) Balance with banks in current account	2,770.87	3,052.44
<b>Total</b>	<b>2,793.67</b>	<b>3,066.24</b>

#### (iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Earmarked Balances</b>		
(i) Unclaimed dividend accounts	24.85	23.09
(ii) Restricted fixed deposits	-	6,003.56
<b>Total</b>	<b>24.85</b>	<b>6,026.65</b>

#### (v) Loans

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>(a) Unsecured, considered good</b>		
(i) Zatortia Holdings Ltd (Wholly owned subsidiary)	1.25	1.17
(ii) Reva Pharma Chem Pvt Ltd (Associate)	-	105.01
(iii) Shilpa Pharma INC - USA (Wholly owned subsidiary)	-	283.53
<b>Total</b>	<b>1.25</b>	<b>389.71</b>



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### (vi) Other Financial Assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Income accrued and due	72.77	10.08
b) CST receivable	34.81	117.73
c) Staff advance	181.73	165.37
d) Tender deposits	8.49	4.84
e) Fixed deposits having maturity less than 12 month held as margin money	92.71	27.37
f) Interest accrued on fixed deposits/others	533.19	330.79
g) Export incentives in hand	230.22	304.69
h) Dividend accrued on preference shares	943.32	680.22
i) Receivable from subsidiary against business sale	33,660.00	-
<b>Total</b>	<b>35,757.24</b>	<b>1,641.09</b>

### 10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) CENVAT receivable	46.92	60.57
b) Prepaid Expenses	597.47	419.24
c) Advances to supplier/ receivables	1,868.52	531.44
d) CGST /IGST /SGST receivables	4,748.38	2,827.25
<b>Total</b>	<b>7,261.29</b>	<b>3,838.50</b>

### 11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Income tax (net )	864.02	451.59
<b>Total</b>	<b>864.02</b>	<b>451.59</b>

### 12 ASSETS HELD FOR SALE

Particulars	As at 31 March, 2020	As at 31 March, 2019
452,793 (452,793) equity shares of ₹ 10/- each in Raichem Medicare Pvt. Ltd., Raichur. (Associate)	789.19	789.19
<b>Total</b>	<b>789.19</b>	<b>789.19</b>

### 13 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Authorised share capital</b>		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	<b>950.00</b>	<b>950.00</b>
<b>Issued, subscribed &amp; fully paid up capital</b>		
<b>Opening balance</b>	<b>815.27</b>	<b>815.27</b>
<b>Changes during the Year</b>	-	-
<b>Closing balance</b>	<b>815.27</b>	<b>815.27</b>
81,526,898 (81,526,898) shares face value of Re. 1/- each.		
	<b>815.27</b>	<b>815.27</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### (a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	No.s	Amount	No.s	Amount
Shares outstanding at the beginning of the year	81,526,898	815.27	81,526,898	815.27
Add : Issued during the year face value of Re. 1/- each.	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>81,526,898</b>	<b>815.27</b>	<b>81,526,898</b>	<b>815.27</b>

### (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 Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

The company has declared and paid final dividend of Re.1/- ( P.Y. NIL) and the Board of Directors have declared and paid interim dividend of Re.1.10 ( P.Y. NIL) per equity of face value of Re.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, 2020		As at 31 March, 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
(i) Vishnukant .C. Bhutada	8,086,012	9.92	8,086,012	9.92
(ii) Kantadevi Inani	-	-	6,455,736	7.92
(iii) Dharmavati Bhutada	6,207,796	7.61	6,207,796	7.61
(iv) Tano Mauritius India FVCI II	6,179,506	7.58	6,179,506	7.58
(v) Baring India Private Equity III Limited	6,000,000	7.36	6,000,000	7.36
(vi) Kamalkishor Inani	-	-	4,823,828	5.92

### (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, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Shares issue to directors of Navya Biological Pvt. Ltd. on account of merger	-	1,399,994	-	-	-

## 14 OTHER EQUITY

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Securities Premium Account	42,863.93	42,863.93
b) General Reserves	5,182.68	5,182.68
c) Retained Earning	96,805.24	79,497.38
d) Other comprehensive income (OCI)		
i) Cash flow hedge reserve	(41.91)	(46.74)
ii) Remeasured of defined benefit plan	(291.72)	(166.73)
e) Gain on forfeiture of equity share	8.76	8.76
<b>Total</b>	<b>144,526.95</b>	<b>127,339.28</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 15 FINANCIAL LIABILITIES

#### (i) Long Term Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Term Loans</b>		
<b>a) From Banks (secured)</b>		
<b>I) SCB-External Commercial Borrowings</b>	2,120.23	4,539.37
<b>Nature of Security</b>		
ECB of USD 15 MN taken from Standard Chartered Bank, London(SCB) and the said facility is secured by first pari passu charge on 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 two (02) of its directors. The Company had entered into hedge contract with bank on the said facility.		
<b>Terms of Repayment &amp; Interest Rate:</b>		
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 <sup>th</sup> month from the date of grant of loan. The loan is repayable of ₹ 62.34 MN quarterly. Further the Company has hedge principal amount of USD 15 MN @ ₹ 66.50 with fixed interest at 8.90% payable monthly.		
<b>II) HDFC - Term Loan</b>	6,828.13	-
<b>Nature of Security</b>		
Term loan of ₹ 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its directors.		
<b>Terms of Repayment &amp; Interest Rate:</b>		
5% repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset every three month.		
<b>III) HSBC - Term Loan</b>	7,500.00	3,500.00
<b>Nature of Security</b>		
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 two (02) of its directors.		

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Terms of Repayment &amp; Interest Rate:</b>		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the January- 2024. Interest payable at 03 month MCLR payable monthly.		
<b>b) From Others (unsecured)</b>		
<b>l) Loan under SBIRI Scheme</b>	-	70.19
Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
<b>Terms of Repayment &amp; Interest Rate:</b>		
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 .00 Lakhs and @ 2% above ₹ 100.00 Lakhs, and is payable in 02 equal installment after principal repayment.		
<b>Total</b>	<b>16,448.36</b>	<b>8,109.56</b>

### 16 PROVISIONS

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Provision for gratuity	797.67	485.68
b) Provision for leave encashment	74.81	50.12
<b>Total</b>	<b>872.48</b>	<b>535.80</b>

### 17 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>a) Deferred tax liability</b>	7,779.26	10,027.64
(Difference in tax base of property, plant, equipment & others)		
<b>b) Deferred tax asset</b>	(476.64)	(268.29)
(On account of disallowable items under income tax act)		
<b>c) MAT Credit Entitlement</b>	(4,263.78)	(4,159.18)
<b>Total</b>	<b>3,038.84</b>	<b>5,600.17</b>

### 18 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Deferred revenue	187.55	191.45
b) Capital subsidy / Deferred government grant	85.73	1,272.23
c) Corporate gurantee liability	-	6.02
d) Lease liability	167.13	-
<b>Total</b>	<b>440.41</b>	<b>1,469.70</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 19 FINANCIAL LIABILITIES

#### (I) Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Secured Loan</b>		
<b>a) Working capital loan</b>		
<b>From Banks</b>		
(i) Standard Chartered Bank [refer note 'a' 'g (i)' below]	-	216.68
(ii) Standard Chartered Bank (PCFC) [refer note 'a' & 'g (ii)' below]	6,350.89	3,873.60
(iii) Citi Bank (PCFC) [refer note 'b' & 'g (iii)' below]	4,674.83	366.60
(iv) HSBC (PCFC) [refer note 'c' & 'g (iv)' below]	4,614.37	-
(v) Axis Bank - Deposit Loan (refer note 'd')	-	1,003.29
(vi) HDFC- Deposit Loan (Refer note 'e')	-	1,911.06
(vii) Lakshmi Vilas Bank - Deposit Loan (refer note 'f')	-	500.37
<b>Nature of Security and Interest</b>		
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 gurantee of two (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 gurantee of two (02) directors . The sanction facility is interchangeably as PCFC/ Cash credit and applicable interest will be charge.		
c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on movable fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of two (02) Directors.		
d) Loan from Axis Bank is taken against fixed deposit and interest is chargable @ 1% above the rate of fixed deposit interest, and is repayble before or on the redumption of fixed deposit		
e) loan from HDFC Bank is taken against fixed deposit and interest is chargable @ 1% above the fixed deposit interest rate and is repayble before or on the redumption of fixed deposit		
f) loan from Lakshmi Vilas Bank is taken against fixed deposit and interest is chargable @ 1% above the fixed deposit interest rate and is repayble before or on the redumption of fixed deposit		
<b>g) Interest rate as at March 31, 2020 is as under:</b>		
(i) On overdraft - MCLR+1%		
(ii) On PSFC/PCFC - LIBOR + 1.15%		
(iii) On PSFC/PCFC - LIBOR + 1.50%		
(vi) On PSFC/PCFC - LIBOR + 1.25%		
<b>Total</b>	<b>15,640.09</b>	<b>7,871.60</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### (II) Trade Payables ( Refer Note 46 & 50)

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Trade payables due to micro and small enterprises	547.98	829.87
b) Trade payables due to other than micro and small enterprises	7,115.47	6,307.08
<b>Total</b>	<b>7,663.45</b>	<b>7,136.95</b>

Note : Trade payable in above note no: 19 (II) (b) includes ₹ 883.21 (PY ₹316.20) is payable to related parties (refer note no: 45 Related Party Transaction)

### (III) Other financial liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Current maturities of long-term debt	5,936.35	2,634.94
b) Interest accrued but not due on borrowings	94.52	52.79
c) Unclaimed dividends	24.85	23.09
d) Employee benefit liability	2,231.02	1,817.89
e) Books overdraft	-	13.28
f) Interim dividend payable	1.18	-
g) Capital creditors	1,824.15	1,789.08
<b>Total</b>	<b>10,112.07</b>	<b>6,331.07</b>

## 20 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Advances from customers	914.60	499.29
b) Tax deduction at source	746.49	553.43
c) ESI, Professional tax, etc.	4.37	6.37
d) Security trade deposit	104.40	112.90
e) Provident fund payable	84.04	75.48
f) Unclaimed bonus & salary	17.92	27.53
g) Custom duty	1.57	46.81
<b>Total</b>	<b>1,873.39</b>	<b>1,321.81</b>

## 21 PROVISIONS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for expenses	697.14	297.33
<b>Total</b>	<b>697.14</b>	<b>297.33</b>



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 22 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Sales of products	70,126.47	61,531.08
b) Export incentives	903.47	1,248.16
c) Energy sales	598.99	581.84
<b>Total</b>	<b>71,628.93</b>	<b>63,361.08</b>
<b>Abstract</b>		
(i) Bulk Drugs/Intermediates	50,180.66	43,720.32
(ii) Formulation	19,114.66	16,600.69
(iii) Export incentives	903.47	1,248.16
(iv) Power	598.99	581.84
(v) Trading	459.40	730.60
(vi) Others	371.75	479.47
<b>Total</b>	<b>71,628.93</b>	<b>63,361.08</b>

### 23 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Product development & License fees	8,968.18	3,026.80
<b>Total</b>	<b>8,968.18</b>	<b>3,026.80</b>

### 24 OTHER INCOME

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Interest Income on :		
i) Deposit with bank	116.16	466.58
ii) Others	585.64	375.41
b) Liabilities written back	31.94	6.30
c) Provision written back	-	12.24
d) Dividend on current investments	-	19.40
e) Gain on investment in mutual fund	-	336.16
f) Corporate guarantee fees	6.02	10.49
g) Capital subsidy (Grants)	20.70	4.39
h) Dividend on preference shares	263.50	263.50
i) Miscellaneous income	102.32	58.88
<b>Total</b>	<b>1,126.28</b>	<b>1,553.35</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 25 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventory at the beginning of the year	10,640.94	10,865.93
Add: Purchases	28,107.58	23,529.68
Less: Inventory at the end of the year	11,158.23	10,640.94
<b>Cost of raw materials and packing materials consumed</b>	<b>27,590.29</b>	<b>23,754.67</b>
<b>Material consumed comprises of:</b>		
i) Raw material	26,870.80	23,228.57
ii) Packing material	719.49	526.10
<b>Total</b>	<b>27,590.29</b>	<b>23,754.67</b>

### 26 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Purchase of Medicines/Bulk Drugs/Others	392.94	725.27
<b>Total</b>	<b>392.94</b>	<b>725.27</b>

### 27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Opening Inventories</b>		
(i) Finished goods	3,970.69	2,860.87
(ii) Work-in-process	1,696.82	1,814.25
<b>Closing Inventories</b>		
(i) Finished goods	5,240.12	3,970.69
(ii) Work-in-process	1,853.85	1,696.82
<b>(Increase) / decrease in inventory</b>	<b>(1,426.46)</b>	<b>(992.39)</b>

### 28 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Salaries, wages and bonus	14,030.80	11,638.22
b) Contribution to provident fund / gratuity and other funds	695.72	632.44
c) Staff welfare expenses	201.34	194.89
<b>Total</b>	<b>14,927.86</b>	<b>12,465.55</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 28 FINANCE COSTS

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Interest expense on :</b>		
a) Working capital facility	382.75	275.36
b) Finance cost on lease liability ( IND AS 116)	11.66	-
c) Others	38.48	4.03
<b>Total</b>	<b>432.89</b>	<b>279.39</b>

### 30 OTHER EXPENSES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Power and fuel	3,531.31	3,138.74
b) Repairs and maintenance		
i) Buildings	353.36	249.15
ii) Plant and machinery	2,064.65	2,041.62
iii) Others	166.34	109.59
c) Rent	96.23	169.65
d) Exchange loss/(gain) (net)	(705.57)	(162.59)
e) Rates and taxes	386.96	105.37
f) Insurance	154.12	165.54
g) Travelling and conveyance	261.54	222.02
h) Contract labour charges	1,008.72	1,010.04
i) Legal & professional fees	1,148.27	657.70
j) Facility fees	410.83	317.23
k) Payments to auditors (Refer Note 41)	15.50	15.50
l) Quality control, research and development expenses	3,121.76	1,550.28
m) Transportation charges	99.52	75.47
n) Brokerage and commission	528.06	371.97
o) Job work charges	0.66	1.16
p) Directors sitting fees	2.40	2.00
q) Sales promotion and advertisement	85.73	74.30
r) Bad debts/advances written off	13.73	280.04
s) Clearing and forwarding expenses	339.87	203.98
t) (Profit)/Loss on sale/discard of assets	(5.63)	39.65
u) VAT and entry tax	50.08	0.71
v) CSR expenses	660.26	293.91
w) Capital advances written off	-	52.53
x) Miscellaneous expenses	833.25	594.69
<b>Total</b>	<b>14,621.95</b>	<b>11,580.25</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020	For the year ended 31 March, 2019
a) Provision for diminishing in the value of bonds (refer below note:02)	-	(1,437.39)
b) Gain on sale of equity instrument	-	1,955.47
c) Gain on sale of preferene shares (RMPL)	-	619.87
d) Preference share dividend written-off	-	(559.59)
e) Insurance claim	-	44.10
f) Provision for diminishing in the value of Investment (refer below note 01)	(454.20)	-
<b>Total</b>	<b>(454.20)</b>	<b>622.46</b>

Note 01:

Exceptional item for the year ended 31 March 2020 represents Provision for impairment of investment in a subsidiary (Makindus LLC, USA) amounting to ₹ 454.2 Lakhs (Previous year Nil)

Note 02:

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, 2020	As at 31 March, 2019
a) Foreign letter of credit	476.91	2,165.30
b) Bank guarantees / Corporate guarantee*	444.50	4,210.00
c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,138.21	9,927.90
d) Others	-	160.49
<b>Total</b>	<b>4,059.62</b>	<b>16,463.69</b>

\* Out of the corporate guaranatee given of ₹ 200.00 (P.Y 4200.00) lakhs, the outstanding liabilities against corporate guarantee given to banks for its Associates & Subsidiary for the financial year ended 31.03.2020 is ₹ NIL (P.Y 407.78) Lakhs

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 33 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Defined Contribution Plan</b>		
Provided fund	468.46	432.24
<b>Movement of present value of the defined benefit obligation</b>		
<b>i) Change in defined benefit obligation</b>		
Obligations at year beginning	989.56	836.59
Service cost	161.77	148.52
Interest on defined benefit obligation	65.44	63.10
Benefits settled	(62.92)	(49.04)
Divestures (Demerger)	(23.19)	-
Actuarial (gain)/loss	188.77	(9.61)
<b>Obligations at year end</b>	<b>1,319.43</b>	<b>989.56</b>
<b>ii) Change in plan assets</b>		
Plans assets at year beginning, at fair value	279.65	153.60
Adjustment to opening fund	-	1.97
Expected return on plan assets	16.95	16.41
Actuarial gain/(loss)	(3.35)	(7.58)
Employer contribution	-	164.28
Benefits payout	(62.92)	(49.03)
<b>Plans assets at year end, at fair value</b>	<b>230.33</b>	<b>279.65</b>
<b>iii) Amount recognised in the balance sheet</b>		
Closing BPO	1,319.43	989.56
Closing fair value of plan assets	(230.34)	(279.65)
<b>Net asset/(liability) recognized in the balance sheet</b>	<b>1,089.09</b>	<b>709.91</b>
<b>iv) Expenses recognised in the statement of P &amp; L account</b>		
Service cost	161.77	148.52
Interest cost	65.44	63.10
Expected return on plan assets	16.95	16.41

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Expenses recognised in the statement of Other Comprehensive income</b>		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(56.13)	96.53
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	268.56	(124.79)
Actuarial (Gain)/ Losses due to Experience on DBO	(23.66)	18.65
Return on Plan Assets (Greater) / Less than Discount rate	3.35	5.60
<b>Total actuarial (gain)/loss included in OCI</b>	<b>192.12</b>	<b>(4.01)</b>
<b>v) Assets Information</b>		
i) Insured (fund is managed with Life insurance corporation of India)	230.34	279.65
<b>%</b>	<b>21.15</b>	<b>39.39</b>
ii) Non fund based	858.75	430.25
<b>%</b>	<b>78.85</b>	<b>60.61</b>
<b>vi) Principal actuarial assumptions</b>		
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)	<b>6.83%</b>	<b>7.77%</b>
Expected rate of return on assets	<b>6.83%</b>	<b>7.77%</b>
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10% FY5 & 8.5% there after	10% FY5 & 7% there after
Attrition rate of employees	14.00%	8.00%
Retirement age of employees (Years)	60	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.



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Decrease	Increase	Decrease	Increase
Discounted rate	8.10	9.34	9.12	10.55
Salary increase	6.94	7.19	8.25	9.10
Attrition rate	1.42	1.57	0.70	0.67

Sensitivity of signification 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.

### 34 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 March, 2020				Total	As at 31 March, 2019				Total
	Carring Amount					Carring Amount				
	Amortized cost	FVTPL				Amortized cost	FVTPL			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3			
<b>FINANCIAL ASSETS</b>										
Investments	9,348.42	-	-	-	<b>9,348.42</b>	8,904.12	-	-	-	<b>8,904.12</b>
Loans	9,618.90	-	-	-	<b>9,618.90</b>	7,600.87	-	-	-	<b>7,600.87</b>
Trade receivable	22,654.41	-	-	-	<b>22,654.41</b>	18,168.27	-	-	-	<b>18,168.27</b>
Cash & bank balance	2,793.67	-	-	-	<b>2,793.67</b>	3,066.24	-	-	-	<b>3,066.24</b>
Other bank balance	24.85	-	-	-	<b>24.85</b>	6,026.65	-	-	-	<b>6,026.65</b>
Other financial assets	36,261.06	-	543.81	-	<b>36,804.87</b>	2,138.98	-	228.73	-	<b>2,367.71</b>
<b>Total</b>	<b>80,701.31</b>	-	<b>543.81</b>	-	<b>81,245.12</b>	<b>45,905.13</b>	-	<b>228.73</b>	-	<b>46,133.86</b>
<b>FINANCIAL LIABILITIES</b>										
Borrowings	29,968.22	-	2,120.23	-	<b>32,088.45</b>	11,371.60	-	4,609.55	-	<b>15,981.15</b>
Trade payables	7,663.45	-	-	-	<b>7,663.45</b>	7,136.95	-	-	-	<b>7,136.95</b>
Other financial liabilities	7,285.10	-	2,826.97	-	<b>10,112.07</b>	3,742.95	-	2,634.93	-	<b>6,377.88</b>
<b>Total</b>	<b>44,916.77</b>	-	<b>4,947.20</b>	-	<b>49,863.97</b>	<b>22,251.50</b>	-	<b>7,244.48</b>	-	<b>29,495.98</b>

**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.

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 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.

#### 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 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.

(Amount in lakhs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	USD	EURO	GBP	USD	EURO	GBP
Loan	8.00	41.81	3.60	4.00	39.64	6.70
Trade receivables	203.58	3.98	-	140.20	3.27	0.07
Cash and cash equivalents	5.72	0.10	0.01	15.73	0.06	0.01
Short-term borrowings	(207.47)	-	-	(61.30)	-	-
Trade payables	(42.05)	(0.35)	-	(36.46)	(1.86)	-
<b>Net Foreign Currency Risk</b>	<b>(32.22)</b>	<b>45.54</b>	<b>3.61</b>	<b>62.17</b>	<b>41.11</b>	<b>6.78</b>

#### 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>USD-Sensitivity</b>				
Increase by 1% (gain/(loss))	(24.29)	43.00	-	-
Decrease by 1% (gain/(loss))	24.29	(43.00)	-	-
<b>Euro-Sensitivity</b>				
Increase by 1% (gain/(loss))	37.82	31.94	-	-
Decrease by 1% ( gain/(loss))	(37.82)	(31.94)	-	-
<b>GBP-Sensitivity</b>				
Increase by 1% (gain/(loss))	3.36	6.13	-	-
Decrease by 1% (gain/(loss))	(3.36)	(6.13)	-	-

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### (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, 2020 and 31 March, 2019 respectively.

Particulars	31 March, 2020	31 March, 2019
Change in 0.50% interest on WCL	78.20	39.36

#### Note :

- The Company has hedge ECB loan availed from Standard Chartered Bank. Therefore not subject to interest risks as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate due to 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 counterparty 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 controlled 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. Three customer are accounted for more than 10% of the trade receivable as of 31 March, 2020 and Two customer for 31 March, 2019. 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, 2020	31 March, 2019
Impairment loss recognised - trade receivable	13.72	280.04
%	0.06	1.54

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 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, 2020 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	15,640.09	-	-	-
Long term borrowings	-	5,936.35	16,448.36	-
Trade and other payable	-	7,663.45	-	-
<b>Total</b>	<b>15,640.09</b>	<b>13,599.80</b>	<b>16,448.36</b>	<b>-</b>

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 borrowing	7,871.60	-	-	-
Long term borrowings	-	2,634.94	8,109.56	-
Trade and other payable	-	7,136.95	-	-
<b>Total</b>	<b>7,871.60</b>	<b>9,771.89</b>	<b>8,109.56</b>	<b>-</b>

### 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 was as follows

Particulars	31 March, 2020	31 March, 2019
Total equity attributable to the equity shareholders of the Company	145,342.22	128,154.55
As a percentage of total capital		
Long-term borrowings	22,384.71	10,744.50
Short-term borrowings	15,640.09	7,871.60
<b>Total Debts</b>	<b>38,024.80</b>	<b>18,616.10</b>
<b>Net Debt to Equity Ratio</b>	<b>0.26</b>	<b>0.15</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 37 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit for the year before OCI from continuing operations	16,819.43	13,574.97
Profit for the year before OCI from discontinued operations	2,552.41	(1,164.33)
<b>Shares</b>		
Weighted average shares used for computing basic EPS	81,526,898	81,526,898
Weighted average shares used for computing diluted EPS	81,526,898	81,526,898
<b>Earning Per Share</b>		
<b>from continuing operations</b>		
Basic (in ₹)	20.63	16.65
Diluted (in ₹)	20.63	16.65
<b>from discontinued operations</b>		
Basic (in ₹)	3.13	(1.43)
Diluted (in ₹)	3.13	(1.43)

### 38 RESEARCH AND DEVELOPMENT EXPENSES ELIGIBLE FOR WEIGHTED DEDUCTION UNDER INCOME TAX ACT 1961

Particulars	For the year ended 31 March, 2020				For the year ended 31 March, 2019		
	Raichur Facility	Vizag Facility	Hubli Facility	Bengaluru Facility	Raichur Facility	Vizag Facility	Hubli Facility
<b>A) ELIGIBLE EXPENSES</b>							
a) Capital Expenditure	61.11	-	157.37	298.52	275.20	253.34	514.88
b) Revenue Expenditure							
i) Employee Cost	1,374.14	1,075.41	770.57	489.37	1,086.19	1,649.95	1,149.60
ii) Research & Development expenses	449.00	312.30	268.11	58.93	285.55	486.18	226.24
iii) Equipment Maintenance	151.66	0.40	49.74	23.65	100.54	68.59	30.37
iv) Power & Fuel	1.15	36.37	36.78	-	-	77.13	24.42
v) Other Expenses	260.34	74.05	31.56	17.15	52.99	87.12	48.36
<b>Total</b>	<b>2,297.40</b>	<b>1,498.53</b>	<b>1,314.13</b>	<b>887.62</b>	<b>1,800.47</b>	<b>2,622.31</b>	<b>1,993.87</b>
Less : Revenue Income	138.17	23.25	-	-	-	286.75	-
Less : Sale of Assets	-	123.23	9.63	5.13	-	-	-
<b>Total (A)</b>	<b>2,159.23</b>	<b>1,352.05</b>	<b>1,304.50</b>	<b>882.49</b>	<b>1,800.47</b>	<b>2,335.56</b>	<b>1,993.87</b>
<b>B) INELIGIBLE EXPENSES</b>							
a) Revenue Expenditure							
i) Misc. Expenses	574.75	300.01	12.84	10.94	17.33	214.28	(5.74)
ii) Depreciation	207.95	146.26	350.60	64.16	191.17	216.01	315.55
<b>Total</b>	<b>782.70</b>	<b>446.27</b>	<b>363.44</b>	<b>75.10</b>	<b>208.50</b>	<b>430.29</b>	<b>309.81</b>
b) Capital Expenditure	-	-	1.67	-	5.60	8.91	4.49
<b>Total (B)</b>	<b>782.70</b>	<b>446.27</b>	<b>365.11</b>	<b>75.10</b>	<b>214.10</b>	<b>439.20</b>	<b>314.30</b>
<b>Total (A+B)</b>	<b>2,941.93</b>	<b>1,798.32</b>	<b>1,669.61</b>	<b>957.59</b>	<b>2,014.57</b>	<b>2,774.76</b>	<b>2,308.17</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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 Project with local bodies/NGO to make eco-friendly environment.

Particulars	For the year 2019-20	For the year 2018-19
<b>Gross amount required to be spent</b>	326.46	326.33
Construction/acquisition of any asset	-	-
Amount spent / transfer to trust during the year	329.08	293.91

The Company has transferred ₹ 326.33 Lakhs ( 293.91 lakhs) to "Shilpa Foundation". The amount of earmarked fund is insufficient to kick start the project, the committee has set aside the fund to take up the project when sufficient fund are available for initiating the project.

### 40 RECONCILIATION OF TAX EXPENSES

#### (I) Income Tax (Continuing and Discontinued Operations)

Particulars	For the year ended 31 March,2020	For the year ended 31 March,2019
Current tax on profit for the year	3,673.01	3,664.82
MAT credit entitlement	(104.60)	(910.47)
Origination and reversal of temporary differences	458.59	394.97
	<b>4,026.99</b>	<b>3,149.32</b>
<b>Amount recognised in statement of profit &amp; loss account</b>	<b>23,398.81</b>	15,559.95
Tax at enacted tax rate in India C.Y.@ 34.944% (P.Y 34.944%)	8,176.48	5,437.27
Weighted deduction on research and development expenditure	(1,028.65)	(1,495.76)
Exempt income and other deductions (net)	(3,331.17)	(1,394.46)
Non-deductible expenses	79.23	694.69
Tax effect which is chargeable at different rate	-	(308.22)
Tax effect due to change in tax rate	-	91.20
Others	131.11	124.60
	<b>4,026.98</b>	<b>3,149.32</b>

#### (II) Recognised Deferred Tax Assets / Liabilities

Movement of deferred tax assets/liabilities	As at 31 March, 2020	As at 31 March, 2019
<b>Deferred tax liabilities</b>		
Property, plant and equipment and intangible assets	7,776.13	10,011.87
Investments to be recognised at fair value through profit & loss	-	-
Cross currency swap (Through profit & Loss)	16.34	14.66
Others	(13.21)	1.11
<b>Gross deferred tax liabilities</b>	<b>7,779.26</b>	<b>10,027.64</b>
<b>Deferred tax assets</b>		
Defined benefit liability	450.50	248.04
Employees benefit liability	26.14	20.25
MAT credit entitlement benefit	4,263.78	4,159.18
<b>Gross deferred tax assets</b>	<b>4,740.42</b>	<b>4,427.47</b>
<b>Net deferred tax liabilities</b>	<b>3,038.84</b>	<b>5,600.17</b>



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2019	Recognised in statement of profit & loss	Recognised in OCI	Transfer on account of Slump Sale	As at 31 March, 2020
<b>Deferred tax assets</b>					
Defined benefit obligations	248.04	135.28	67.18	-	450.50
Employees benefit liability	20.25	5.89	-	-	26.14
MAT credit entitlement benefit	4,159.18	104.60	-	-	4,263.78
<b>Total</b>	<b>4,427.47</b>	<b>245.77</b>	<b>67.18</b>	<b>-</b>	<b>4,740.42</b>
<b>Deferred tax liabilities</b>					
Property, Plant & equipment and intangible assets	10,011.87	623.95	-	(2,859.69)	7,776.13
Cross currency swap	14.66	-	1.68	-	16.34
Others	1.10	(14.31)	-	-	(13.21)
<b>Total</b>	<b>10,027.63</b>	<b>609.64</b>	<b>1.68</b>	<b>(2,859.69)</b>	<b>7,779.26</b>
<b>Net defined tax liabilities recognised</b>	<b>5,600.16</b>	<b>363.87</b>	<b>(65.50)</b>	<b>(2,859.69)</b>	<b>3,038.84</b>

### 41 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Statutory Audit	15.50	15.50
b) Reimbursement of expenses	0.64	0.44
<b>Total</b>	<b>16.14</b>	<b>15.94</b>

### 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, 2020	For the year ended 31 March, 2019
Pharmaceutical product and services	79,094.65	64,557.88
Power sales	598.99	581.84
others	903.47	1,248.16
<b>Total</b>	<b>80,597.11</b>	<b>66,387.88</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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, 2020	For the year ended 31 March, 2019
<b>(i) Revenues</b>		
(A) Within India	28,676.71	26,632.76
(B) Outside India		
(i) USA	19,157.76	15,586.94
(ii) Europe	14,770.09	14,672.57
(iii) Rest of the world	17,992.55	9,495.61
<b>Total</b>	<b>80,597.11</b>	<b>66,387.88</b>

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>ii) Non-current Assets</b>		
(A) Within India	91,345.43	97,944.99
<b>Total</b>	<b>91,345.43</b>	<b>97,944.99</b>

Note: Non-current assets excludes financial assets

### (c') Information about major customer

The Company has three customers who contributed more than 10% of the Company's total revenue during the current year and two customers during the 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, 2020	As at 31 March, 2019
Not later than one year	33.48	37.99
Later than one year and not later than five year	133.90	151.96
Later than five years	1,914.57	2,287.75
<b>Total</b>	<b>2,081.95</b>	<b>2,477.70</b>

### (b) Building

Particulars	As at 31 March, 2020	As at 31 March, 2019
Not later than one year	19.10	92.23
One to Five Year	35.66	-
<b>Total</b>	<b>54.76</b>	<b>92.23</b>

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 44 FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (i) Earning in Foreign Currency

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Products & Services	51,909.87	39,755.12
Others	154.17	113.42
<b>Total</b>	<b>52,064.04</b>	<b>39,868.54</b>

#### (ii) Expenditure in foreign currency

Import of raw material	18,995.73	16,332.25
Others	2,381.53	1,346.20
<b>Total</b>	<b>21,377.26</b>	<b>17,678.45</b>

#### (iii) Dividend remitted in foreign currency

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Number of share holders	1	-
(b) Number of equity shares held		
(i) 2018-19	-	-
(ii) 2019-20	6,000,000	-
(c) Amount of dividend paid		
(i) 2018-19	-	-
(ii) 2019-20	126.00	-

### 45 RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during period 01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 are listed below ;

#### List of Related Parties

##### 1. Associates

- Reva Pharmachem Pvt. Ltd.
- Maia Pharmaceuticals INC. USA
- Raichem Medicare Pvt. Ltd.

##### 2. Subsidiaries

- Zatortia 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 Limited (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. (Wholly-owned Subsidiary)
- Shilpa Albumin Pvt. Ltd. (Wholly-owned Subsidiary) (w.e.f. 09.01.2020)
- Shilpa Biologicals Pvt. Ltd. (Wholly-owned Subsidiary) (w.e.f. 09.01.2020)

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

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

### 3. Joint Venture (JV)

- a) Reva Medicare Pvt. Ltd.
- b) Sravathi Advance Process Technologies Pvt. Ltd. (w.e.f. 22.06.2019)

### 4. (i) Key Management Personnel-(KMP)

- a) Vishnukant C. Bhutada - Managing Director
- b) Sushil Bajaj - Chief Financial Officer
- c) Madhusudhan Reddy - Company Secretary (Resigned w.e.f. 04.04.2019)
- d) V.V. Krishna Chaitanya - Company Secretary (Appointed w.e.f. 10.09.2019)
- e) Kalakota Sharath Reddy - Whole Time Director (Appointed w.e.f. 01.10.2019)

### (ii) Remuneration paid to Directors

- a) Omprakash Inani - Non-executive Director
- b) Ajeet Singh Karan-Independent Director (Resigned w.e.f. 15.04.2019)
- c) Carlton Felix Pereira-Independent Director (Retired w.e.f. 30.09.2019)
- d) Pramod Kasat-Independent Director
- e) Rajender Sunki Reddy-Independent Director
- f) N.P.S Shinh-Independent Director (Retired w.e.f. 30.09.2019)
- g) Namrata Bhutada- Non-executive Director (Resigned w.e.f. 27.05.2019)
- h) Amit Chander - Independent Director (Appointed w.e.f. 01.04.2019)
- i) Sirisha Chintapalli - Independent Woman Director (Appointed w.e.f. 01.04.2019)
- j) Piyush Goenka - Independent Director (Appointed w.e.f. 09.11.2019)

### 5. Relatives

- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

### 6. Enterprises having common Directors/ Board of Trustees

- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
<b>A Remuneration paid to Key Management Personnel</b>							
i)	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites*	991.98	469.52	746.98	379.12
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	52.62	4.85	-	-
iii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	46.00	2.15	42.77	2.33
iv)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	0.06	-	6.73	0.47
v)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	4.08	0.44	-	-
<b>B Remuneration paid to other Directors</b>							
i)	Omprakash Inani	Non-executive Director	Sitting Fees	0.40	-	0.20	-
ii)	Ajeet Singh Karan	Independent Director	Sitting Fees	-	-	0.40	-
iii)	Carlton Felix Pereira	Independent Director	Sitting Fees	0.20	-	0.40	-
iv)	Pramod Kasat	Independent Director	Sitting Fees	0.40	-	0.30	-
v)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.40	-	0.20	-
vi)	N.P.S. Shinh	Independent Director	Sitting Fees	-	-	0.20	-
vii)	Namrata Bhutada	Non-executive Director	Sitting Fees	-	-	0.30	-
viii)	Amit Chander	Independent Director	Sitting Fees	0.40	-	-	-
ix)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	0.40	-	-	-
x)	Piyush Goenka	Independent Director	Sitting Fees	0.20	-	-	-
<b>C Relative</b>							
i)	Deepak Kumar Inani	Relative to Director	Salary and perquisites	36.88	2.43	29.72	2.33
ii)	Keshav Bhutada	Relative to Managing Director	Salary and perquisites	16.48	0.96	13.10	0.87
iii)	Madhav Bhutada	Relative to Managing Director	Salary and perquisites	16.48	0.96	13.10	0.87
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.41	1.03	4.15	-

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.41	1.03	4.15	-
vi)	Triveni Inani	Relative to Director	Rent	3.12	1.17	3.21	-
<b>D Others</b>							
i)	Koanna Healthcare GmbH, Austria	Wholly-owned Subsidiary	Sales of Goods or Service	(139.50)	-	(252.72)	-
			Interest Income	(106.12)	-	(77.18)	-
			Loan Receivable	-	(3,387.99)	-	(3,001.30)
			Trade Receivable	-	(64.91)	-	(186.66)
			Trade Payable	-	-	-	0.58
			Interest accrued but not received	-	(106.12)	-	-
ii)	Koanna Healthcare Ltd, United Kingdom	Wholly-owned Subsidiary	Interest Income	(27.89)	-	(29.40)	-
			Sales of Goods or Service	(3,525.00)	-	-	-
			Loan Receivable	-	(418.12)	-	(712.84)
			Advance from Customer	-	566.29	-	-
			Interest accrued but not received	-	(27.89)	-	-
iii)	Shilpa Therapeutics Pvt. Ltd.	Wholly-owned Subsidiary	Purchases of goods / service	1.42	-	2.75	-



## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
			Purchases of Capital goods	12.07	-	-	-
			Sales of Goods or Service	(3.25)	-	(421.54)	-
			Sales of Capital Goods	(43.62)	-	-	-
			Interest	(397.33)	-	(178.02)	-
			Income (Loan)	(3.20)	-	(3.20)	-
			Interest Income (Preference shares)	-	-	-	-
			Expenses incurred on behalf of the related party	(0.12)	-	-	-
			Corporate Guarantees to Banks ***	-	(200.00)	-	(200.00)
			Trade Receivable	-	(9.12)	-	(16.11)
			Loan Receivable	-	(5,208.55)	-	(3,497.02)
			Trade Payable	-	307.35	-	-
			Advance against purchase	-	(0.20)	-	-
			Interest Receivable/ accrued (Loan)	-	(357.60)	-	-
			Interest Receivable/ accrued (Preference shares)	-	(19.21)	-	(16.01)

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
iv)	Zatortia Holdings Limited	Wholly-owned Subsidiary	Advances	-	(1.25)	-	(1.17)
v)	INM Technologies Pvt. Ltd.	Subsidiary	Purchases of goods / service	44.35	-	171.33	-
			Purchases of Capital goods	1,045.15	-	-	-
			Expenses incurred on behalf of the related party	-	-	(1.42)	-
			Expenses incurred by related party on behalf of Shilpa	5.84	-	-	-
			Sales of Goods or Service	(3.24)	-	(8.01)	-
			Interest Income (Preference shares)	(260.30)	-	(260.30)	-
			Trade Receivable	-	(0.01)	-	(12.16)
			Trade Payable	-	285.02	-	90.24
			Interest Receivable/ accrued (Preference shares)	-	(924.11)	-	(663.81)

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
vi)	INM Nuvent Paints Private Limited	Step-down Subsidiary	Purchases of goods / service	23.36	-	12.03	-
			Purchases of Capital Goods	2.56	-	-	-
			Sales of Goods or Service	(0.01)	-	(21.48)	-
			Sales of Capital Goods	(0.12)	-	-	-
			Expenses incurred on behalf of the related party	(0.35)	-	-	-
			Trade Receivable	-	-	-	(0.06)
			Trade Payable	-	1.94	-	-
vii)	Loba Feinchemie, GmbH.	Step-down Subsidiary	Expenses incurred on behalf of the related party	(36.07)	-	-	-
			Trade Receivable	-	(12.06)	-	-
viii)	Raichem Medicare Pvt. Ltd.	Associates	Purchases of goods / service	-	-	731.10	-
			Sales of Goods or Service	-	-	(1,179.02)	-
			Interest Income (Loan)	-	-	(38.38)	-

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
			Trade Receivable	-	-	-	(26.43)
			Trade Payable	-	-	-	141.50
			Corporate Guarantees to Banks **	-	-	-	(4,000.00)
x)	Reva Pharmachem Pvt. Ltd.	Associates	Expenses incurred on behalf of the related party	-	-	(0.08)	-
			Support services	(3.00)	-	(3.00)	-
			Interest Income	(4.74)	-	(16.69)	-
			Loan Receivable	-	-	-	(105.01)
			Trade Receivable	-	(0.87)	-	(0.87)
x)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission	405.85	-	188.16	-
			Support services	(1.00)	-	(1.00)	-
			Trade Payable	-	288.21	-	83.47
			Trade Receivable	-	(0.29)	-	(0.29)
x)	Maia Pharmaceuticals INC. USA	Associates	Trade Receivable	-	(181.88)	-	(166.89)

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses / Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
xii)	Shilpa Pharma INC. USA	Wholly-owned Subsidiary	Interest Income	(25.86)	-	(6.85)	-
			Interest accrued but not received	-	(20.07)	-	-
			Loan Receivable	-	(603.09)	-	(283.53)
xiii)	Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture	Interest Income	(2.21)	-	-	-
xiv)	Shilpa Albumin Pvt. Ltd.	Wholly-owned Subsidiary	Expenses incurred on behalf of the related party	(2.37)	-	-	-
			Other Receivable	-	(0.01)	-	-
xv)	Shilpa Biologicals Pvt. Ltd.	Wholly-owned Subsidiary	Expenses incurred on behalf of the related party	(26.80)	-	-	-
			Other Receivable	-	(26.80)	-	-
xvi)	Shilpa Foundation	Trust in which key management are the board of trustees	Corporate Social Responsibility Expenses	326.33	-	293.91	-
			Expenses incurred on behalf of the related party	(0.60)	-	-	-

## Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020		01 April, 2018 to 31 March, 2019	
				(Income) / Expenses / (Receivable) / (Payable)	Balance as at 31 March, 2020	(Income) / Expenses / (Receivable) / (Payable)	Balance as at 31 March, 2019
xvii)	Mohini Infra (P) Ltd	Company in which key management are the board of director	Godown Rent	8.22	-	14.64	-
			Trade Payable	-	0.70	-	0.47

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 31.03.2020 is NIL (P.Y. ₹402.47)

\*\*\* the outstanding liabilities against corporate guarantee given to banks on behalf of Shilpa Therapeutics Pvt. Ltd. is for the financial period ended 31.03.2020 is NIL (P.Y. ₹5.31)



- 46 A sum of ₹ 547.98 lakhs is payable to Micro, Small and Medium Enterprises as at 31 March, 2020 (₹ 829.87 lakhs as at 31 March, 2019). There are no Micro, Small and Medium Enterprises, to whom the Company owes, which are outstanding for more than 45 days during the year and also as at 31 March, 2020. 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 ₹ 41.78 lakhs (P.Y. ₹ 42.67 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 (P.Y. ₹ 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 previous 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 31 March, 2020 is ₹ 789.19 Lakhs.

#### 49 Discontinued Operations:

##### Sale of Biologics business

Consequent to the approvals received from the Board of Directors on February 24, 2020 and from the shareholders on March 30, 2020, the Company has transferred the business undertaking related to Biological unit under construction/installation by way of slump sale to its wholly owned subsidiary Shilpa Biologicals Private Limited effective March 30, 2020, for a consideration of ₹ 33,660.00 Lakhs. Gain on disposal of assets/liabilities amounting to ₹ 3,685.03 Lakhs has been disclosed under the discontinued operations

The combined results of the discontinued operations of the activity disposed-off, are set out below. The comparative profit/(loss) from discontinued operations have been presented in the Statement of profit and loss account as if these operations were discontinued in the prior year as well.

**Details of assets and liabilities disposed off, and the calculation of profit or loss on disposal are explained below:**

Particulars	As at 31 March 2020
<b>i) Consideration</b>	
Consideration receivable in cash and cash equivalents	33,660.00
<b>Total consideration</b>	<b>33,660.00</b>
<b>(ii) Carrying value of assets and liabilities as on the date of disposal</b>	
Non-current assets	34,596.68
Current assets	2,785.65
<b>Total assets</b>	<b>37,382.33</b>
Non-current liabilities	4,781.27
Current liabilities	2,626.10
<b>Total liabilities</b>	<b>7,407.37</b>
<b>Net assets disposed off</b>	<b>29,974.96</b>
<b>(iii) Gain on disposal</b>	
Consideration receivable	33,660.00
Net Assets disposed off	29,974.96
<b>Gain on disposal</b>	<b>3,685.04</b>

- 50** In March, 2020, the World Health Organisation declared COVID-19 to be pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions up to the date of approval of financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.
- 51** Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation
- 52** Figures of the previous year have been re-grouped/recalssified wherever necessary to confirm to current year's classification.

As per our report of event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Independent Auditor's Report

**TO THE MEMBERS OF 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 Ventures, which comprise the Consolidated Balance sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including other comprehensive loss), 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 ventures, 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 ventures as at March 31, 2020, 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 (SAs) 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 ventures, 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	Auditor's Response
<p><b>Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets</b></p> <p>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 March 31, 2020 is ₹ 4279.11 Lakhs (refer note 16 to the consolidated financial statements).</p> <p>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.</p>	<p><b>Principal audit procedures</b></p> <p>In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized.</li> <li>• assessing any restriction in use of the MAT credit entitlement and</li> <li>• determining when the MAT credit entitlement will expire.</li> </ul> <p>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.</p> <p>We validated the appropriateness of the related disclosures in the consolidated financial statements.</p>
<p><b>Adoption of Ind AS 116, Leases</b></p> <p>As described in Note 1.1(k) to the consolidated financial statements, during the current year the Group has adopted Ind AS 116, Leases ('Ind AS 116'), the new standard on lease accounting. The application and transition to this accounting standard is complex and is an area of focus in our audit as the Group has certain leases with different contractual terms..</p> <p>Ind AS 116 introduces a new lease accounting model wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. The Group adopted the modified retrospective approach method to transition to Ind AS 116, consequently comparative financial information was not restated.</p> <p>As at 31 March 2020, the carrying amount of ROU asset was INR 2639.19 Lakhs and lease liability was INR 209.64 lakhs.</p>	<p><b>Principal audit procedures</b></p> <ul style="list-style-type: none"> <li>• We assessed the selection of accounting policies and practical expedients applied by the Group.</li> <li>• We evaluated the design and implementation of the processes and internal controls relating to implementation of the new lease standard.</li> <li>• Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Group.</li> <li>• We tested completeness of the lease data by reconciling the Group's operating lease commitments as at 31 March 2019 to data used in computing the ROU asset and related lease liabilities.</li> <li>• We obtained the Group's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Group for a sample of leases through inspection of lease contracts.</li> <li>• We evaluated the appropriateness of the accounting policy, disclosures provided under the new lease standard and assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.</li> </ul>

### 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.

### 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 ventures 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 associates and joint ventures 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 ventures are responsible for assessing the ability of the Group and of its associates and joint ventures 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 ventures 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 through out 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 holding 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 ventures 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 ventures 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 ventures 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 six subsidiaries whose financial statement reflect total assets of ₹ 47533.43 Lakhs as at March 31, 2020, total revenue of ₹ 1336.59 Lakhs, total net (loss)



after tax of ₹ (422.04) Lakhs and net cash inflows amounting to ₹ 633.49 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 ₹ 12.29 Lakhs year ended March 31, 2020, in respect of two Joint Ventures (JV) and one Associate 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 ventures and associate and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures covered under the Act, is based solely on the reports of the other auditors.

We did not audit the financial statements of four subsidiaries whose financial statement reflect total assets of ₹ 8266.96 Lakhs as at March 31, 2020 and total revenue of ₹ 6839.20 Lakhs, total net (loss) after tax of ₹ (213.86) Lakhs and net cash inflows amounting to ₹ 655.60 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 ₹ (47.37) Lakhs year ended March 31, 2020, 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 ventures, 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 Act.
- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2020 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 ventures incorporated in India, none of the directors of the Group Companies, associate and joint ventures companies incorporated in India are disqualified as on March 31, 2020 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 ventures incorporated in India, the managerial remuneration for the year ended March 31, 2020 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, associates and joint venture :
- 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 20215798AAAACE4479

Place : Hyderabad  
Date : 15.06.2020

## 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 Ventures as at for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiaries, associate and joint ventures 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, associate 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 Act.

#### 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 and based on the consideration of the reports of other auditors referred to in the Other matters paragraph below the Holding Company, its Subsidiaries, associate 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 March 31, 2020 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 Six subsidiary companies, two Joint ventures and one associate, 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 20215798AAAACE4479

Place : Hyderabad  
Date : 15.06.2020

# Consolidated Balance Sheet

As at 31 March, 2020

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

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, plant & equipment	2	55,737.28	49,450.48
(b) Right-of-use asset		2,639.19	-
(c) Capital work-in-progress	3	48,208.23	30,446.02
(d) Goodwill		3,700.08	3,675.26
(e) Intangible assets	4	2,967.72	2,675.18
(f) Intangible assets under development	5	18,417.23	12,465.78
(g) Financial assets	6		
(i) Investments		1,045.11	225.45
(ii) Other financial assets		1,147.37	803.59
(h) Other non-current assets	7	2,672.84	6,754.73
<b>Total Non-Current Assets</b>		<b>136,535.05</b>	<b>106,496.49</b>
<b>Current Assets</b>			
(a) Inventories	8	22,643.36	18,766.94
(b) Financial assets	9		
(i) Investments		-	0.12
(ii) Trade receivables		24,372.12	20,372.82
(iii) Cash and cash equivalents		4,431.43	3,427.15
(iv) Other bank balances other than (iii) above		24.85	6,026.65
(v) Loans		-	62.76
(vi) Others financial assets		644.77	962.48
(c) Other current assets	10	9,337.18	4,495.16
(d) Current tax assets (net)	11	624.17	391.79
<b>Total Current Assets</b>		<b>62,077.88</b>	<b>54,505.87</b>
<b>TOTAL ASSETS</b>		<b>198,612.93</b>	<b>161,002.36</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	815.27	815.27
(b) Other equity	13	132,121.00	118,943.06
<b>Equity attributable to owners of the Company</b>		<b>132,936.27</b>	<b>119,758.33</b>
(c) Non-controlling interest		(791.13)	(761.94)
<b>Total Equity</b>		<b>132,145.14</b>	<b>118,996.39</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial liabilities	14		
(i) Borrowings		16,501.85	8,109.56
(b) Provisions	15	2,616.88	2,177.17
(c) Deferred tax liabilities (net)	16	4,198.45	4,767.31
(d) Other non-current liabilities	17	2,376.38	1,607.66
<b>Total Non-Current liabilities</b>		<b>25,693.56</b>	<b>16,661.70</b>
<b>Current Liabilities</b>			
(a) Financial liabilities	18		
(i) Borrowings		16,527.33	8,657.99
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises		1,076.78	832.57
- Total outstanding dues of other than micro and small enterprises		7,869.11	7,239.73
(iii) Other financial liabilities		11,977.91	6,609.83
(b) Other current liabilities	19	2,233.45	1,552.08
(c) Provisions	20	1,089.65	452.07
<b>Total Current Liabilities</b>		<b>40,774.23</b>	<b>25,344.27</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>198,612.93</b>	<b>161,002.36</b>

The accompanying notes form an integral part of the standalone financial statements 01 to 46

As per our report of event date attached  
for **Brahmayya & Co.**,  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Consolidated Statement of Profit and Loss

for the year ended 31 March, 2020

(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, 2020	For the year ended 31 March, 2019
<b>INCOME</b>			
<b>Revenue from operations</b>			
(a) Sales	21	77,203.61	70,147.08
(b) Service and license fees	22	13,587.37	3,191.69
<b>Total revenue from operations</b>		<b>90,790.98</b>	<b>73,338.77</b>
(c) Other income	23	1,693.95	1,372.29
<b>Total Income</b>		<b>92,484.93</b>	<b>74,711.06</b>
<b>EXPENSES</b>			
(a) Cost of materials consumed	24	28,701.52	24,935.69
(b) Purchases of stock-in trade	25	676.29	745.27
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	26	(1,605.28)	22.02
(d) Employee benefits expense	27	19,659.10	17,640.42
(e) Finance costs	28	455.75	367.56
(f) Depreciation and amortisation expense	2 & 4	4,377.68	4,206.15
(g) Other expenses	29	21,379.55	14,411.77
<b>Total Expenses</b>		<b>73,644.61</b>	<b>62,328.88</b>
Profit before Share of Profit / (loss) in Associate/ Joint Venture, Exceptional item and tax		<b>18,840.32</b>	<b>12,382.18</b>
Share of Profit / (loss) in Associate/ Joint Venture, net of tax		(35.09)	(801.70)
<b>Profit before exceptional item and tax</b>		<b>18,805.23</b>	<b>11,580.48</b>
Exceptional (income) / expense	30	-	(1,987.33)
<b>Profit before tax</b>		<b>18,805.23</b>	<b>13,567.81</b>
<b>Tax Expenses</b>			
a) Current tax		<b>3,987.24</b>	<b>3,789.51</b>
b) Deferred tax		(533.46)	(128.48)
Less: Mat credit entitlement		(104.60)	(1,043.30)
<b>Net Deferred tax</b>		<b>(638.06)</b>	<b>(1,171.78)</b>
<b>Total tax expenses</b>		<b>3,349.18</b>	<b>2,617.73</b>
<b>Profit for the year</b>		<b>15,456.05</b>	<b>10,950.08</b>
<b>Other comprehensive income/ (expense)</b>			
(a) <b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of the net defined benefit (liability)/asset ( net of tax )		(109.38)	1.11
(b) <b>Items that will be reclassified to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges ( net of tax )		4.83	41.96
<b>Total Other Comprehensive Income/(Loss) for the year</b>		<b>(104.55)</b>	<b>43.07</b>
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>15,351.50</b>	<b>10,993.15</b>
<b>Profit for the year attributable to:</b>			
a) Owners of the Company		15,615.34	11,226.08
b) Non Controlling Interest		(159.29)	(276.00)
<b>Other Comprehensive Income for the year attributable to:</b>			
a) Owners of the Company		(104.55)	43.07
b) Non Controlling Interest		-	-
<b>Total Comprehensive Income for the year attributable to:</b>			
a) Owners of the Company		15,510.79	11,269.15
b) Non Controlling Interest		(159.29)	(276.00)
<b>Earning per equity share , par value of Re. 1/- each</b>			
Basic (Rs )		19.15	13.77
Diluted (Rs)		19.15	13.77

The accompanying notes form an integral part of the standalone financial statements 01 to 46

As per our report of event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

**K. Shravan**  
Partner  
M.No. 215798

Place : Raichur  
Date : 15 June, 2020

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

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415



# Consolidated Statement of Changes in Equity

As at 31 March, 2020

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

## A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2018	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2019	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	815.27
Refer note 12 for details on equity share capital	

## B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Foreign Currency Monetary Translation Difference Account	Gain on forfeiter of equity shares	Total
				Cash flow hedge reserve	Remeasurement of defined benefit plan			
Balance as at 01 April, 2018	42,863.93	5,182.68	59,522.37	(88.70)	(166.65)	368.58	8.76	107,688.04
Addition/Deletion during the year	-	-	-	-	1.11	(14.22)	-	(13.11)
Profit for the year	-	-	11,226.08	41.96	-	-	-	11,268.04
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-
Balance as at 31 March, 2019	42,863.93	5,182.68	70,748.45	(46.74)	(166.54)	354.36	8.76	118,943.06
Addition/Deletion during the year	(175.23)	-	-	-	(109.38)	(96.45)	-	(381.06)
Profit for the year	-	-	15,615.34	4.83	-	-	-	15,620.17
Dividend including dividend distribution tax	-	-	(2,064.01)	-	-	-	-	(2,064.01)
Balance as at 31 March, 2020	42,688.70	5,182.68	84,299.78	(41.91)	(274.921)	257.91	8.76	132,121.00

The accompanying notes form an integral part of the standalone financial statements 01 to 46

### 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.
- Cash flow hedge reserve:** 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 event date attached for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

**K. Shravan**  
Partner  
M.No. 215798

Place : Raichur  
Date : 15 June, 2020

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

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Consolidated Statement of Cash Flow

for the year ended 31 March, 2020

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>A. Cash Flow From Operating Activities</b>		
<b>Profit/ (Loss) before tax</b>	18,805.23	13,567.81
<b>Adjustments for:</b>		
Depreciation and amortisation expense	4,377.68	4,206.15
Interest income	(149.61)	(562.65)
Liabilities/ Provision written back	(158.49)	(137.24)
Finance cost	455.76	367.56
Dividend income	-	(19.40)
Gain on investment in mutual fund	-	(336.16)
(Profit) / Loss on sale of asset	(1.37)	45.66
Share of (profit)/loss of associates and joint ventures	35.09	801.70
Advances/Bad debts written off	32.81	385.62
Unrealised foreign exchange (gain)/loss	(387.00)	75.25
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-exceptional	-	1,437.39
Corporate guarantee fees	(6.02)	(10.49)
Government grant	(31.68)	(27.37)
<b>Operating profit before working capital changes</b>	<b>22,972.40</b>	<b>16,413.21</b>
<b>Movement in Working Capital</b>		
Decrease/(increase) in inventories	(4,116.07)	103.68
Decrease/(increase) in trade receivables	(3,256.68)	1,351.14
Increase / (decrease) trade payables	540.81	(2,054.89)
Decrease / (Increase) in financial and non financial assets	(994.75)	274.66
Increase / (decrease) in financial liabilities and other liabilities	1,446.40	2,196.88
<b>Cash Generated from Operations</b>	<b>16,592.11</b>	<b>18,284.68</b>
Taxes paid	4,219.63	3,606.73
<b>Net Cash flow generated /(used) from operating activities (A)</b>	<b>12,372.48</b>	<b>14,677.95</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets	(11,553.13)	(8,070.46)
Expenditure on CWIP	(23,374.84)	(21,927.02)
Proceeds from sale of assets	473.50	258.13
(Increase)/ Decrease in investment	(896.50)	10,472.58
Movement in other bank balances	6,003.56	(6,003.56)
Proceeds from sale of stake in associate company	-	5,372.44
Interest received	462.73	265.24
Dividend received	-	16.29
<b>Net cash flow generated/(used) from investing activities (B)</b>	<b>(28,884.68)</b>	<b>(19,616.36)</b>

# Consolidated Statement of Cash Flow (Conti.)

for the year ended 31 March, 2020

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

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Cash flows from Financing Activities</b>		
Proceeds from/(repayment of) long-term loans and borrowings (net)	8,167.20	(6,834.15)
Proceeds from/(repayment of) short-term loans and borrowings (net)	11,191.80	7,131.40
Payment of lease liabilities	(13.31)	-
Proceeds from government grant/capital subsidy	695.00	1,100.00
Dividend paid including DDT	(2,063.98)	-
Interest paid	(426.47)	(391.29)
<b>Net cash flow generated/(used) from financing activities (C)</b>	<b>17,550.24</b>	<b>1,005.96</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,038.04</b>	<b>(3,932.45)</b>
Effect of exchange rate changes on cash and cash equivalents	(17.87)	(14.22)
Cash and cash equivalents at the beginning of the year	3,436.11	7,382.79
<b>Cash and cash equivalents at the end of the year</b>	<b>4,456.28</b>	<b>3,436.12</b>
<b>Component of Cash and Cash Equivalent</b>	<b>4,456.28</b>	<b>3,436.12</b>
Cash in hand	24.79	18.55
In current account	4,406.64	3,408.60
Unpaid dividend account	24.85	23.09
Books overdraft	-	(14.12)

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

**Note:**

1. Previous year figures have been reclassified wherever 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 event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020 were approved by the Board of Directors on Jun 15, 2020.

### 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 at least 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

## 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. Intercompany transactions, balances

## Notes Forming Part of Consolidated Financial Statement for the year ended 31 March, 2020

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

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 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:

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (b) 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.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

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%
10	Shilpa Biologicals Private Limited	India	100.00%
11.	Shilpa Albumin Private Limited	India	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. no.	Name of the Subsidiary	Country	Extent of Holding
1	Reva Pharmachem Pvt. Ltd.	India	33.33%
2	Maia Pharmaceuticals INC.	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%
2	Sravathi Advance Process Tech Private Limited	India	65.00%

### 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



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

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).

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

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

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 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.

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

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 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) Dividend 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

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- a) The contract involves use of an identified asset;
- b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for

leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

### Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the prospective method with practical expedient., Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

### 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.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

(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 mile- stones 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.
- 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.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

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.

### 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.

### l) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in 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 (FVTOCI).

### (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.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

- (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

FVTOCI 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.

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



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

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. 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.
- ii. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset

is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 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.

### u) Earnings 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 Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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 / Adjustment			Net Block			
	As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 01 April, 2019	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 31 March, 2020
a) Borewell	25.39	0.40	-	-	25.79	16.23	2.08	-	-	18.31	7.48
b) Building	14,537.14	1,065.75	(147.08)	219.76	15,675.57	4,980.92	440.17	(147.08)	176.13	5,450.14	10,225.43
c) Canteen Equipment	17.76	2.21	-	-	19.97	9.68	2.88	-	-	12.56	7.41
d) Computer	921.64	297.98	(29.20)	-	1,190.42	691.33	139.66	(18.72)	-	812.27	378.15
e) Electrical Installation	3,957.29	810.94	(30.28)	-	4,737.95	1,985.33	306.32	(27.53)	-	2,264.12	2,473.83
f) ETP Building	565.85	-	-	-	565.85	170.02	17.73	-	-	187.75	378.10
g) ETP Machinery	508.65	21.93	-	-	530.58	135.75	23.05	-	-	158.80	371.78
h) EHS Equipment	46.75	4.35	-	-	51.10	12.10	4.66	-	-	16.76	34.34
i) Furniture	3,621.71	312.54	(74.42)	134.41	3,994.24	2,266.14	229.84	(52.98)	113.94	2,556.94	1,437.30
j) Land & Green Field	1,593.78	-	-	8.78	1,602.56	-	-	-	-	-	1,602.56
k) Lab Equipments	10,461.92	1,148.39	(935.01)	-	10,675.30	3,896.60	889.28	(318.02)	-	4,467.86	6,207.44
l) Network Server equipment	129.89	31.03	-	-	160.92	36.37	22.39	-	-	58.76	102.16
m) Office Equipment	287.98	50.74	(4.11)	7.20	341.81	153.12	46.68	(2.81)	5.47	202.46	139.35
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,003.93	103.97	-	-	2,107.90	1,735.14
o) Pipeline	3,639.75	436.53	-	-	4,076.28	1,036.46	162.07	-	-	1,198.53	2,877.75
p) Plant & Machinery	33,200.93	6,613.65	(238.23)	197.70	39,774.05	10,706.51	1,479.08	(196.11)	184.48	12,173.96	27,600.09
q) Pollution Control Equip.	37.34	-	-	-	37.34	30.23	0.42	-	-	30.65	6.69
r) Vehicle	270.82	-	(37.69)	-	233.13	103.98	27.52	(32.02)	-	99.48	133.65
s) Vehicles Electrical Operated	34.87	6.05	-	-	40.92	20.89	4.50	-	-	25.39	15.53
t) Weigh bridge	8.42	-	-	-	8.42	4.85	0.47	-	-	5.32	3.10
<b>Total</b>	<b>77,710.92</b>	<b>10,802.49</b>	<b>(1,496.02)</b>	<b>567.85</b>	<b>87,585.24</b>	<b>28,260.44</b>	<b>3,902.77</b>	<b>(795.27)</b>	<b>480.02</b>	<b>31,847.96</b>	<b>55,737.28</b>

### 4 INTANGIBLE ASSET

Particulars	Gross Block				Depreciation / Adjustment			Net Block			
	As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 01 April, 2019	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 31 March, 2020
a) Computer software	1,110.42	148.69	(8.76)	11.04	1,261.39	458.10	168.28	(6.64)	9.23	628.97	632.42
b) DMF/ANDA/ Patents Fees	1,456.60	32.88	(4.39)	-	1,485.09	405.60	147.60	(0.93)	-	552.27	932.82
c) Non compete Agreement	1,045.00	-	-	-	1,045.00	321.40	161.14	-	-	482.54	562.46
d) Other	318.11	569.05	-	38.99	926.15	69.84	11.51	-	4.78	86.13	840.02
<b>Total</b>	<b>3,930.13</b>	<b>750.62</b>	<b>(13.15)</b>	<b>50.03</b>	<b>4,717.63</b>	<b>1,254.94</b>	<b>488.53</b>	<b>(7.57)</b>	<b>14.01</b>	<b>1,749.91</b>	<b>2,967.72</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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 / Adjustment				Net Block		
	As at 01 April, 2018	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2019	As at 01 April, 2018	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2019	As at 31 March, 2019
a) Borewell	19.50	5.89	-	-	25.39	14.86	1.37	-	-	16.23	9.16
b) Building	13,817.80	832.08	-	(112.74)	14,537.14	4,669.02	410.46	-	(98.56)	4,980.92	9,556.22
c) Canteen Equipment	17.07	0.69	-	-	17.76	6.88	2.80	-	-	9.68	8.08
d) Computer	789.28	135.32	(2.96)	-	921.64	559.54	134.60	(2.81)	-	691.33	230.31
e) Electrical Installation	3,653.11	325.54	(21.36)	-	3,957.29	1,638.95	366.12	(19.74)	-	1,985.33	1,971.96
f) ETP Building	565.85	-	-	-	565.85	152.29	17.73	-	-	170.02	395.83
g) ETP Machinery	506.04	2.61	-	-	508.65	112.90	22.85	-	-	135.75	372.90
h) EHS Equipment	41.15	5.60	-	-	46.75	8.02	4.08	-	-	12.10	34.65
i) Furniture	3,346.98	360.53	(13.84)	(71.96)	3,621.71	2,141.17	199.40	(12.47)	(61.96)	2,266.14	1,355.57
j) Land & Green Field	1,598.57	-	-	(4.80)	1,593.78	-	-	-	-	-	1,593.78
k) Lab Equipments	9,233.23	1,260.80	(32.11)	-	10,461.92	3,033.15	876.93	(13.48)	-	3,896.60	6,565.32
l) Network Server equipment	81.35	48.54	-	-	129.89	21.41	14.96	-	-	36.37	93.52
m) Office Equipment	228.48	80.50	(17.05)	(3.95)	287.98	128.04	43.44	(15.83)	(2.53)	153.12	134.86
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	1,899.96	103.97	-	-	2,003.93	1,839.11
o) Pipeline	3,390.43	300.14	(50.82)	-	3,639.75	878.84	188.63	(31.01)	-	1,036.46	2,603.29
p) Plant & Machinery	30,655.40	2,999.52	(342.92)	(111.07)	33,200.93	9,626.78	1,323.07	(139.42)	(103.92)	10,706.51	22,494.42
q) Pollution Control Equip.	37.34	-	-	-	37.34	29.79	0.44	-	-	30.23	7.11
r) Vehicle	412.65	-	(140.86)	(0.97)	270.82	155.30	42.54	(93.87)	0.01	103.98	166.84
s) Vehicles Electrical Operated	34.87	-	-	-	34.87	16.70	4.19	-	-	20.89	13.98
t) Weigh bridge	8.42	-	-	-	8.42	3.92	0.93	-	-	4.85	3.57
<b>Total</b>	<b>72,280.56</b>	<b>6,357.76</b>	<b>(621.92)</b>	<b>(305.49)</b>	<b>77,710.92</b>	<b>25,097.52</b>	<b>3,758.51</b>	<b>(328.63)</b>	<b>(266.96)</b>	<b>28,260.44</b>	<b>49,450.48</b>

### 4 INTANGIBLE ASSET

Particulars	Gross Block				Depreciation / Adjustment				Net Block		
	As at 01 April, 2018	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2019	As at 01 April, 2018	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2019	As at 31 March, 2019
a) Computer software	961.55	154.84	-	(5.97)	1,110.42	302.47	160.54	-	(4.91)	458.10	652.32
b) DMF/ ANDA/ Patents fees	1,200.53	262.64	(6.57)	-	1,456.60	271.10	136.30	(1.80)	-	405.60	1,051.00
c) Non compete agreement	1,045.00	-	-	-	1,045.00	160.70	160.70	-	-	321.40	723.60
d) Other	147.31	177.51	-	(6.71)	318.11	72.47	-	-	(2.63)	69.84	248.27
<b>Total</b>	<b>3,354.39</b>	<b>594.99</b>	<b>(6.57)</b>	<b>(12.68)</b>	<b>3,930.13</b>	<b>806.74</b>	<b>457.54</b>	<b>(1.80)</b>	<b>(7.54)</b>	<b>1,254.94</b>	<b>2,675.18</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
(a) Machinery under erection	2,667.98	2,133.45
(b) Projects under erection	45,540.25	28,312.57
<b>Total</b>	<b>48,208.23</b>	<b>30,446.02</b>

### 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Software under installation	120.56	-
(b) Product under development	17,632.42	11,380.68
(c) DMF /ANDA/Patents Fees	664.25	1,085.10
<b>Total</b>	<b>18,417.23</b>	<b>12,465.78</b>

### 6 FINANCIAL ASSETS

#### (i) Non-Current Investment

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Trade Investments ( At Cost) fully paid up</b>		
<b>I) In Joint Venture/Associate Companies</b>		
<b>a) Investments in Equity Instruments (Unquoted)</b>		
i) 5,001 (5,001) share of ₹ 10 each in Reva Medicare Pvt. Ltd., Raichur.	149.36	74.08
<b>b) Investments in Preference Instruments (Unquoted)</b>		
i) Nil (14,00,000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC .USA	-	47.38
ii) 840,000 (NIL ) Non-cumulative convertible preference shares of ₹ 100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	741.76	-
iii) Application money for 50,000 (NIL) Non-cumulative shares of ₹ 100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	50.00	-
<b>II) Investments in Government Securities (Unquoted)</b>		
i) National Savings Certificate.	0.20	0.20
<b>III) Others</b>		
i) 741,362 (741,362) shares of ₹ 14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.79	103.79
<b>Total value of unquoted investment</b>	<b>1,045.11</b>	<b>225.45</b>
<b>Aggregate value of unquoted investment</b>	<b>1,045.11</b>	<b>225.45</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### (ii) Other Financial Asssets

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>a) Security deposits (unsecured considered good)</b>		
(i) Electricity deposits	451.31	381.98
(ii) Rental deposits	121.69	94.64
(iii) Telephone deposits	0.92	0.79
(iv) Miscellaneous deposits	29.64	97.45
<b>Total (a)</b>	<b>603.56</b>	<b>574.86</b>
<b>b) Cross currency swap account</b>	543.81	228.73
<b>Total (b)</b>	<b>543.81</b>	<b>228.73</b>
<b>Total (a + b)</b>	<b>1,147.37</b>	<b>803.59</b>

### 7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>a) Capital advances</b>		
(i) Unsecured, considered good	2,548.43	4,208.28
Less: Written off	-	-
<b>Total (a)</b>	<b>2,548.43</b>	<b>4,208.28</b>
<b>b) Others</b>		
(i) Income tax paid under protest	43.33	43.33
(ii) VAT on capital goods & others Item (Refer note: 43)	46.48	47.37
(iii) Prepaid expenses	34.60	2,454.89
(iv) Excise duty	-	0.86
<b>Total (b)</b>	<b>124.41</b>	<b>2,546.45</b>
<b>Total (a+b)</b>	<b>2,672.84</b>	<b>6,754.73</b>

### 8 INVENTORIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Raw materials	11,299.50	10,089.83
(b) Work-in-progress	1,899.89	1,719.67
(c) Finished goods	6,225.81	4,612.24
(d) Stock-in-trade	234.55	295.45
(e) Stores and Spares	2,073.01	1,362.13
(f) Packing materials	910.60	687.62
<b>Total</b>	<b>22,643.36</b>	<b>18,766.94</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
<b>Investment in mutual funds/ bonds</b>		
a) SBI mutual fund	-	0.12
b) Investment in bonds	1,437.39	1,437.39
<b>Total</b>	<b>1,437.39</b>	<b>1,437.51</b>
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
<b>Total value of unquoted investment</b>	<b>-</b>	<b>0.12</b>
<b>Aggregate value of unquoted investment</b>	<b>-</b>	<b>0.12</b>

#### (ii) Trade Receivables (Refer Note 45)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Unsecured</b>		
(a) Considered good	24,372.12	20,372.82
<b>Total (a)</b>	<b>24,372.12</b>	<b>20,372.82</b>
(b) Significant increase in credit risk	46.35	312.67
Less: Written-off	(46.35)	(312.67)
<b>Total (b)</b>	<b>-</b>	<b>-</b>
<b>Total (a+b)</b>	<b>24,372.12</b>	<b>20,372.82</b>

Note : Trade receivable in above note no: 9 (ii) (a) includes ₹ 183.04 (PY ₹ 194.48) is receivable from related parties (refer note no: 41 Related Party Transaction)

#### (iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2020	As at 31 March, 2019
a) Cash on hand	24.79	18.55
b) Balance with banks in current account	4,404.41	3,406.56
c) Deposit with original maturity of less than 3 months	2.23	2.04
<b>Total</b>	<b>4,431.43</b>	<b>3,427.15</b>

#### (iv) Other Bank Balances other than (iii) above

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Earmarked Balances</b>		
(a) Unclaimed dividend accounts	24.85	23.09
(b) Restricted fixed deposits	-	6,003.56
<b>Total</b>	<b>24.85</b>	<b>6,026.65</b>



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
<b>(a) Unsecured, considered good</b>		
(i) Reva Pharmachem Pvt Ltd (Associate)	-	62.76
<b>Total</b>	<b>-</b>	<b>62.76</b>

### (vi) Other Financial Assets

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Income accrued and due	72.77	10.08
(b) CST receivable	34.81	117.73
(c) Staff advance	187.82	166.25
(d) Tender deposits	8.49	4.84
(e) Fixed deposite having maturity less then 12 month held as margin money	92.71	27.37
(f) Interest accrued on fixed deposit/others	17.95	331.12
(g) Export incentives in hand	230.22	304.69
(h) Dividend accrude on preference shares	-	0.40
<b>Total</b>	<b>644.77</b>	<b>962.48</b>

## 10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) CENVAT receivable	46.92	60.57
(b) Prepaid expenses	688.08	467.34
(c) VAT , Entry Tax ESI, & Professional Tax	25.22	22.28
(d) Advances to supplier/ receivables	1,986.42	732.80
(e) CGST /IGST /SGST receivable	6,590.54	3,212.17
<b>Total</b>	<b>9,337.18</b>	<b>4,495.16</b>

## 11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Income tax (net )	624.17	391.79
<b>Total</b>	<b>624.17</b>	<b>391.79</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
<b>Authorised share capital</b>		
95,000,000 (95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	<b>950.00</b>	<b>950.00</b>
<b>Issued, subscribed &amp; fully paid up capital</b>		
<b>Opening Balance</b>	<b>815.27</b>	<b>815.27</b>
<b>Changes During the Year</b>	-	-
<b>Closing Balance</b>	<b>815.27</b>	<b>815.27</b>
81,526,898 (81,526,898) shares face value of Re. 1/- each.		
	<b>815.27</b>	<b>815.27</b>

#### (a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Nos	Amount	Nos	Amount
<b>Shares outstanding at the beginning of the year</b>	81,526,898	815.27	81,526,898	815.27
Add : Issued during the year face value of Re. 1/- each.	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>81,526,898</b>	<b>815.27</b>	<b>81,526,898</b>	<b>815.27</b>

#### (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 Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

The company has declared and paid final dividend of Re.1/- ( P.Y. NIL) and the Board of Directors have declared and paid interim dividend of Re.1.10 ( P.Y. NIL) per equity of face value of Re.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, 2020		As at 31 March, 2019	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	8,086,012	9.92	8,086,012	9.92
(ii) Kantadevi Inani	-	-	6,455,736	7.92
(iii) Dharmavati Bhutada	6,207,796	7.61	6,207,796	7.61
(iv) Tano Mauritius India FVCI II	6,179,506	7.58	6,179,506	7.58
(v) Baring India Private Equity III Limited	6,000,000	7.36	6,000,000	7.36
(vi) Kamalkishor Inani	-	-	4,823,828	5.92

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Shares issue to directors of Navya Biological Pvt. Ltd. on account of merger	-	1,399,994	-	-	-

### 13 OTHER EQUITY

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Securities Premium	42,688.70	42,863.93
(b) General Reserves	5,182.68	5,182.68
(c) Retained Earning	84,299.78	70,748.45
(d) Other comprehensive income (OCI)		
i) Cash flow hedge reserve	(41.91)	(46.74)
ii) Remeasured of defined benefit plan	(274.92)	(168.39)
(e) Gain on Forfeiture of Equity share	8.76	8.76
(f) Foreign Currency Monetary Translation Difference Account	257.91	354.37
<b>Total</b>	<b>132,121.00</b>	<b>118,943.06</b>

### 14 FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Term Loans</b>		
<b>a) From Banks (secured)</b>		
<b>I) SCB - External Commercial Borrowings</b>	2,120.23	4,539.37
<b>Nature of Security</b>		
ECB of USD 15 MN taken from Standard Chartered Bank, London(SCB) and the said facility is secured by first pari passu charge on 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 two (02) of its directors. The Company had entered into hedge contract with bank on the said facility.		
<b>Terms of Repayment &amp; Interest Rate:</b>		
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 <sup>th</sup> month from the date of grant of loan. The loan is repayable of ₹ 62.34 MN quarterly. Futher 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, 2020

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>II) HDFC - Term Loan</b>	6,828.13	-
<b>Nature of Security</b>		
Term loan of ₹ 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its directors.		
<b>Terms of Repayment &amp; Interest Rate:</b>		
5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset on every three month.		
<b>III) HSBC - Term Loan</b>	7,500.00	3,500.00
<b>Nature of Security</b>		
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 two (02) of its directors.		
<b>Terms of Repayment &amp; Interest Rate:</b>		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the January- 2024. Interest payable at 03 month MCLR payable monthly.		
<b>b) From Others (unsecured)</b>		
<b>I) Loan under SBIRI Scheme</b>	53.49	70.19
Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
<b>Terms of Repayment &amp; Interest Rate:</b>		
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 .00 Lakhs and @ 2% above ₹ 100.00 Lakhs, and is payable in 02 equal installment after principal repayment.		
<b>Total</b>	<b>16,501.85</b>	<b>8,109.56</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	As at 31 March, 2019
(a) Provision for gratuity	2,542.07	2,127.05
(b) Provision for leave encashment	74.81	50.12
<b>Total</b>	<b>2,616.88</b>	<b>2,177.17</b>

### 16 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>(a) Deferred tax liability</b> (Difference in tax base of property, plant, equipment & others)	9,894.24	10,120.06
<b>(b) Deferred tax asset</b> (On account of disallowable items under Income Tax Act)	(1,416.68)	(1,058.16)
<b>(c) MAT Credit Entitlement</b>	(4,279.11)	(4,294.59)
<b>Total</b>	<b>4,198.45</b>	<b>4,767.31</b>

### 17 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Deferred revenue	187.55	191.45
(b) Capital subsidy / Deferred government grant	1,979.19	1,283.64
(c) Corporate guarantee liability	-	6.02
(d) Lease liability	209.64	-
(e) DDT payable on preference shares dividend	-	126.55
<b>Total</b>	<b>2,376.38</b>	<b>1,607.66</b>

### 18 FINANCIAL LIABILITIES

#### (i) Borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Secured Loan</b>		
<b>a) Working capital loan</b>		
<b>From Banks</b>		
(i) Standard Chartered Bank [refer note 'a' 'i' (i)' below]	-	216.68
(ii) Standard Chartered Bank (PCFC) [refer note 'a' & 'i' (ii)' below]	6,350.89	1,590.94
(iii) Citi Bank (PCFC) [refer note 'b' & 'i' (iii)' below]	4,674.83	2,649.26
(iv) HSBC (PCFC) [refer note 'c' & 'i' (iv)' below]	4,614.37	-
(v) Axis Bank - Deposit Loan (refer note 'd')	-	1,003.29
(vi) HDFC- Deposit Loan (Refer note 'e')	-	1,911.06
(vii) Lakshmi Vilas Bank - Deposit Loan (refer note 'f')	-	500.37
(viii) Axis Bank (refer note 'g')	-	5.31
(ix) Erste Bank, Austria (refer note 'h')	887.24	781.08

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Nature of Security</b>		
(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 gurantee of two (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 gurantee of two (02) directors . The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge.		
(c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on movable fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of two (02) Directors.		
(d) Loan from Axis Bank is taken against fixed deposit and interest is chargable @ 1% above the rate of fixed deposit interest, and is repayble before or on the redumption of fixed deposit		
(e) loan from HDFC Bank is taken against Fixed deposit and interest is chargable @ 1% above the fixed deposit interest rate and is repayble before or on the redumption of fixed deposit		
(f) loan from Lakshmi Vilas Bank, Raichur is taken against fixed deposit and interest is chargable @ 1% above the fixed deposit interest rate and is repayble before or on the redumption of fixed deposit		
(g) Working capital loan from Axis bank by STPL of 20 MN is secured against current assets, land & building, corporate gurantee from Shilpa Medicare and personal gurantee of STPL director. Rate of interest @ REPO + 4.20% i.e 9.35% p.a with reset frequency of 3 months.		
(h) Working capital loan from Erste Bank Austria for foreign subsidiary is secured aginst property and open orders for the export promotion credit . Rate of Interest charges on such loan is @ 2.75%		
<b>(i) Interest rate as at March 31, 2020 is as under:</b>		
(i) On overdraft - MCLR+1%		
(ii) On PSFC/PCFC - LIBOR + 1.15%		
(iii) On PSFC/PCFC - LIBOR + 1.50%		
(vi) On PSFC/PCFC - LIBOR + 1.25%		
<b>Total</b>	<b>16,527.33</b>	<b>8,657.99</b>



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### (ii) Trade Payable ( Refer Note 42 & 45)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Trade payables due to micro and small enterprises	1,076.78	832.57
(b) Trade payables due to other than micro and small enterprises	7,869.11	7,239.73
<b>Total</b>	<b>8,945.89</b>	<b>8,072.30</b>

**Note :** Trade payable in above note no: 18 (ii) (b) includes ₹ 288.91 (PY ₹ 225.44) is payable to related parties (refer note no: 41 Related Party Transaction)

### (iii) Other financial liabilities

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Current maturities of long-term debt	5,958.73	2,636.27
(b) Interest accrued but not due on borrowings	88.93	52.79
(c) Unclaimed dividends	24.85	23.09
(d) Employee benefit liability	2,467.47	1,906.26
(e) Books overdraft	0.92	14.13
(f) Capital creditors	3,406.17	1,976.41
(g) Interim dividend payable	1.18	-
(h) Others	29.66	0.88
<b>Total</b>	<b>11,977.91</b>	<b>6,609.83</b>

## 19 OTHER CURRENT LIABILITY

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Advances from customers	398.34	587.18
(b) Tax deduction at source	1,541.18	652.90
(c) ESI, Professional tax etc.	34.03	7.71
(d) Security trade deposit	104.40	112.90
(e) Provident fund and other funds payable	136.01	117.05
(f) Unclaimed bonus & salary	17.92	27.53
(g) Custom duty	1.57	46.81
<b>Total</b>	<b>2,233.45</b>	<b>1,552.08</b>

## 20 PROVISIONS

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for expenses	1,089.65	452.07
<b>Total</b>	<b>1,089.65</b>	<b>452.07</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 21 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Sales of products	75,701.15	68,317.08
(b) Export Incentives	903.47	1,248.16
(c) Energy sales	598.99	581.84
<b>Total</b>	<b>77,203.61</b>	<b>70,147.08</b>
<b>Abstract</b>		
(i) Bulk Drugs/Intermediates	55,440.74	49,373.43
(ii) Formulation	19,429.26	17,715.70
(iii) Export Incentives	903.47	1,248.16
(iv) Power	598.98	581.84
(v) Trading	459.40	730.60
(vi) Others	371.76	497.35
<b>Total</b>	<b>77,203.61</b>	<b>70,147.08</b>

### 22 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Product development & License fees	13,587.37	3,191.69
<b>Total</b>	<b>13,587.37</b>	<b>3,191.69</b>

### 23 OTHER INCOME

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Interest income on :		
i) Deposit with bank	119.73	480.83
ii) Others	29.84	84.37
(b) Liabilities written back	31.94	10.54
(c) Provision written back	126.55	12.24
(d) Dividend on current investments	-	19.40
(e) Gain on investment in mutual fund	-	336.16
(f) Corporate guarantee fees	6.02	10.49
(g) Government grant	31.68	27.37
(h) Claim received	1,125.75	-
(i) Miscellaneous income	222.44	390.89
<b>Total</b>	<b>1,693.95</b>	<b>1,372.29</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 24 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventory at the beginning of the year	10,767.77	10,984.74
Add: Purchases	29,269.97	24,718.72
Less: Inventory at the end of the year	11,336.22	10,767.77
<b>Cost of raw materials and packing materials consumed</b>	<b>28,701.52</b>	<b>24,935.69</b>

### 25 PURCHASE OF STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Purchase of Medicines/Bulk Drugs/Others	676.29	745.27
<b>Total</b>	<b>676.29</b>	<b>745.27</b>

### 26 CHANGES IN INVENTORIES OF FINISHED GOODS,WORK-IN-PROGRESS AND STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Opening Inventories</b>		
(i) Finished goods	4,701.39	4,610.25
(ii) Work-in-process	1,701.08	1,814.25
<b>Closing Inventories</b>		
(i) Finished goods	6,107.86	4,701.39
(ii) Work-in-process	1,899.89	1,701.08
<b>(Increase) / decrease in inventory</b>	<b>(1,605.28)</b>	<b>22.02</b>

### 27 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Salaries, wages and bonus	17,973.60	16,064.66
(b) Contribution to provident fund /gratuity and other funds	1,346.68	1,260.65
(c) Staff welfare expenses	338.82	315.11
<b>Total</b>	<b>19,659.10</b>	<b>17,640.42</b>

### 28 FINANCE COSTS

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Interest expense on :</b>		
(a) Working capital facility	396.57	292.60
(b) Finance cost on lease liability	16.16	-
(c) Term loan	-	0.17
(d) Dividend on cumulative redeemable pref shares	-	45.70
(e) Others	43.02	29.09
<b>Total</b>	<b>455.75</b>	<b>367.56</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 29 OTHER EXPENSES

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Power and fuel	3,876.13	3,356.77
(b) Repairs and maintenance		
i) Buildings	475.28	382.63
ii) Plant and machinery	2,277.50	2,239.30
iii) Others	285.09	221.57
(c) Rent	244.34	288.62
(d) Exchange loss/(gain) (net)	(527.69)	(183.34)
(e) Rates and taxes	586.65	263.95
(f) Insurance	242.43	245.16
(g) Travelling and conveyance	361.84	324.90
(h) Contract labour charges	1,029.69	1,011.63
(i) Legal & Professional fees	5,156.79	1,254.35
(j) Facility fees	412.31	321.57
(k) Payments to auditors ( Refer Note 38)	18.78	18.31
(l) Quality Control, Research and development expenses	3,689.91	2,130.37
(m) Transportation charges	160.91	136.40
(n) Brokerage and commission	528.06	373.40
(o) Job work charges	0.66	1.16
(p) Directors sitting fees	2.40	2.00
(q) Sales promotion and advertisement	114.33	90.44
(r) Bad debts/advance written off	32.81	333.09
(s) Clearing and forwarding expenses	347.33	207.39
(t) (Profit)/Loss on sale/discard of assets	(1.37)	41.72
(u) VAT and entry tax	50.08	0.71
(v) CSR expenses	660.26	293.91
(w) Capital advances written off	-	52.53
(x) Product Filing Fees /patent application fees	-	1.01
(y) Miscellaneous expenses	1,355.03	1,002.22
<b>Total</b>	<b>21,379.55</b>	<b>14,411.77</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 30 EXCEPTIONAL INCOME/ (EXPENSES)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Provision for diminishing in the value of bonds (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
<b>Total</b>	<b>-</b>	<b>1,987.33</b>

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	As at 31 March, 2020	As at 31 March, 2019
a) Foreign letter of credit	476.91	2,165.30
b) Bank guarantees / Corporate guarantee*	444.50	4,210.00
c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	4,177.63	9,927.90
d) Others	-	160.49
<b>Total</b>	<b>5,099.04</b>	<b>16,463.69</b>

\* Out of the corporate guarantee given of 200.00 (P.Y 4200.00) lakhs, the outstanding liabilities against corporate guarantee given to banks for its Associates & Subsidiary for the financial year ended 31.03.2020 is ₹ NIL (P.Y 402.47) Lakhs

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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) Provided fund

Particulars	As at 31 March, 2020	As at 31 March, 2019
<b>Defined Contribution Plan</b>		
Provided fund	490.36	444.16

#### ii) Defined benefit Plan (Gratuity)

a) Holding Company

#### Movement of present value of the defined benefit obligation

	As at 31 March, 2020	As at 31 March, 2019
<b>i) Change in defined benefit obligation</b>		
Obligations at year beginning	989.56	836.59
Service cost	161.77	148.52
Interest on defined benefit obligation	65.44	63.10
Benefits settled	(62.92)	(49.04)
Divestures (Demerger)	(23.19)	-
Actuarial (gain)/loss	188.77	(9.61)
<b>Obligations at year end</b>	<b>1,319.43</b>	<b>989.56</b>
<b>ii) Change in plan assets</b>		
Plans assets at year beginning, at fair value	279.65	153.60
Adjustment to opening fund	-	1.97
Expected return on plan assets	16.95	16.41
Actuarial gain/(loss)	(3.35)	(7.58)
Employer contribution	-	164.28
Benefits payout	(62.92)	(49.03)
<b>Plans assets at year end, at fair value</b>	<b>230.33</b>	<b>279.65</b>
<b>iii) Amount recognised in the balance sheet</b>		
Closing BPO	1,319.43	989.56
Closing fair value of plan assets	230.34	279.65
<b>Net asset/(liability) recognized in the balance sheet</b>	<b>1,089.09</b>	<b>709.91</b>
<b>iv) Expenses recognised in the statement of P &amp; L account</b>		
Service cost	161.77	148.52
Interest cost	65.44	63.10
Expected return on plan assets	16.95	16.41
<b>Expenses recognised in the statement of Other Comprehensive income</b>		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(56.13)	96.53
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	268.56	(124.79)
Actuarial (Gain)/ Losses due to Experience on DBO	(23.66)	18.65
Return on Plan Assets (Greater) / Less than Discount rate	3.35	5.60
<b>Total actuarial (gain)/loss included in OCI</b>	<b>192.12</b>	<b>(4.01)</b>



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

<b>v) Assets Information</b>		
i) Insured (fund is managed with Life insurance corporation of India)	230.34	279.65
%	21.15	39.39
ii) Non fund based	858.75	430.25
%	78.85	60.61
<b>vi) Principal actuarial assumptions</b>		
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)	<b>6.83%</b>	<b>7.77%</b>
Expected rate of return on assets	<b>6.83%</b>	<b>7.77%</b>
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10% FY5 & 8.5% there after	10% FY5 & 7% there after
Attrition rate of employees	14.00%	8.00%
Retirement age of employees (Years)	60	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

Defined benefit Plan (Gratuity)	As at 31 March, 2020	As at 31 March, 2019
<b>i) Change in defined benefit obligation</b>		
Obligations at year beginning	53.74	34.55
Service cost	10.40	13.29
Interest on defined benefit obligation	3.68	2.69
Actuarial (gain)/loss	(20.35)	3.21
<b>Obligations at year end</b>	<b>47.47</b>	<b>53.74</b>
<b>ii) Change in plan assets</b>		
Actuarial gain/(loss)	(20.35)	3.21
<b>Plans assets at year end, at fair value</b>	<b>(20.35)</b>	<b>3.21</b>
<b>iii) Reconciliation of present value of the obligation and fair value of the plan assets</b>		
Closing BPO	47.46	53.74
Closing fair value of plan assets	17.11	4.21
Closing funded status	64.57	57.95
Unrecognised actuarial (gains) / losses	-	-
<b>Net asset/(liability) recognized in the balance sheet</b>	<b>64.57</b>	<b>57.95</b>
<b>iv) Expenses recognised in the statement of P &amp; L account</b>		
Service cost	10.40	13.29
Interest cost	3.68	2.69
Actuarial (gains) / losses	(20.35)	3.21
<b>Net Gratuity Cost</b>	<b>(6.27)</b>	<b>19.19</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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	As at
	31 March, 2020	31 March, 2019
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)	6.83%	7.78%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	13%F5Y & 9%TA	12%F5Y & 10%TA
Attrition rate of employees	5.00%	5.00%
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:

#### Holding Company

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Decrease	Increase	Decrease	Increase
Discounted rate	8.10	9.34	9.12	10.55
Salary increase	6.94	7.19	8.25	9.10
Attrition rate	1.42	1.57	0.70	0.67

Sensitivity of signification 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 Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 33 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 March, 2020					As at 31 March, 2019				
	Carrying Amount					Carrying Amount				
	Amortized cost	FVTPL			Total	Amortized cost	FVTPL			Total
Level 1		Level 2	Level 3	Level 1			Level 2	Level 3		
<b>FINANCIAL ASSETS</b>										
Investments	1,045.11	-	-	-	<b>1,045.11</b>	225.45	0.12	-	-	<b>225.57</b>
Loans	-	-	-	-	-	62.76	-	-	-	<b>62.76</b>
Trade receivable	24,372.12	-	-	-	<b>24,372.12</b>	20,372.82	-	-	-	<b>20,372.82</b>
Cash & bank balance	4,431.43	-	-	-	<b>4,431.43</b>	3,427.15	-	-	-	<b>3,427.15</b>
Other bank balance	24.85	-	-	-	<b>24.85</b>	6,026.65	-	-	-	<b>6,026.65</b>
Other financial assets	1,248.33	-	543.81	-	<b>1,792.14</b>	1,766.07	-	-	-	<b>1,766.07</b>
<b>Total</b>	<b>31,665.65</b>	-	-	-	<b>31,665.65</b>	<b>31,880.90</b>	<b>0.12</b>	-	-	<b>31,881.02</b>
<b>FINANCIAL LIABILITIES</b>										
Borrowings	30,855.46	-	2,173.72	-	<b>33,029.18</b>	12,157.99	-	4,609.56	-	<b>16,767.55</b>
Trade payables	8,945.89	-	-	-	<b>8,945.89</b>	8,072.30	-	-	-	<b>8,072.30</b>
Other financial liabilities	9,129.89	-	2,848.02	-	<b>11,977.91</b>	3,973.56	1.33	2,634.94	-	<b>6,609.83</b>
<b>Total</b>	<b>48,931.24</b>	-	<b>5,021.74</b>	-	<b>53,952.98</b>	<b>24,203.85</b>	<b>1.33</b>	<b>7,244.50</b>	-	<b>31,449.68</b>

**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.

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 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/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 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.

(Amount in lakhs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	201.74	22.97	-	140.20	31.05	0.07
Cash and cash equivalents	6.05	10.47	0.06	16.51	2.19	0.20
Short-term borrowings	(207.47)	(10.68)	-	(61.30)	(10.05)	-
Trade payables	(51.71)	(8.42)	(0.11)	(37.43)	(9.11)	(0.10)
<b>Net Foreign Currency Risk</b>	<b>(51.39)</b>	<b>14.34</b>	<b>(0.05)</b>	<b>57.98</b>	<b>14.08</b>	<b>0.17</b>

#### 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	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2020
<b>USD-Sensitivity</b>				
Increase by 1% ( gain/(loss))	(38.74)	40.11	-	-
Decrease by 1% ( gain/(loss))	38.74	(40.11)	-	-
<b>Euro-Sensitivity</b>				
Increase by 1% ( gain/(loss))	11.91	10.94	-	-
Decrease by 1% ( gain/(loss))	(11.91)	(10.94)	-	-
<b>GBP-Sensitivity</b>				
Increase by 1% ( gain/(loss))	(0.05)	0.15	-	-
Decrease by 1% ( gain/(loss))	0.05	(0.15)	-	-

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### (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, 2020 and 31 March, 2019 respectively.

Particulars	31 March, 2020	31 March, 2019
Change in 0.50% interest on WCL	82.64	43.29

#### Note :

- The Company has hedge ECB loan availed from Standard Chartered Bank. Therefore not subject to interest risks as 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 counterparty 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 controlled 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. Three (03) customer are accounted for more than 10% of the trade receivable as of 31 March, 2020 and Two (02) customer for 31 March, 2019. 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, 2020	31 March, 2019
Impairment loss recognised - trade receivable	46.35	312.67
%	0.19	1.51

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 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, 2020 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	16,527.33	-	-	-
Long term borrowings	-	5,958.73	16,501.85	-
Trade and other payable	-	8,945.89	-	-
<b>Total</b>	16,527.33	14,904.62	16,501.85	-

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 borrowing	8,657.99	-	-	-
Long term borrowings	-	2,636.27	8,109.56	-
Trade and other payable	-	8,072.30	-	-
<b>Total</b>	8,657.99	10,708.57	8,109.56	-

### 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	31 March, 2020	31 March, 2019
Total equity attributable to the equity shareholders of the Company	132,145.14	118,996.39
As a percentage of total capital		
Long-term borrowings	22,460.58	10,745.83
Short-term borrowings	16,527.33	8,657.99
<b>Total Debts</b>	38,987.91	19,403.82
<b>Net Debt to Equity Ratio</b>	0.30	0.16

### 36 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Profit for the year before OCI</b>	15,615.34	11,226.08
<b>Shares</b>		
Weighted average shares used for computing basic EPS	81,526,898	81,526,898
Weighted average shares used for computing diluted EPS	81,526,898	81,526,898
<b>Earning Per Shares</b>		
Basic (in ₹)	19.15	13.77
Diluted (in ₹)	19.15	13.77



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

### 37 RECONCILIATION OF TAX EXPENSES

#### (I) Income Tax

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current tax on profit for the year	3,987.24	3,789.51
<b>Total Current Tax expense</b>	<b>3,987.24</b>	<b>3,789.51</b>
MAT Credit Entitlement	(104.60)	(1,043.40)
Origination and reversal of temporary differences	(533.46)	(128.48)
	(638.06)	(1,171.88)
<b>Total Tax expenses</b>	<b>3,349.18</b>	<b>2,617.63</b>
Amount recognised in statement of profit & loss account	18,805.21	13,567.80
Share of profit / (loss) of Associates / Joint venture	35.09	801.70
	<b>18,840.30</b>	<b>14,369.50</b>
Enacted tax rate in India (%) CY 34.944% (P.Y 34.944%)	6,583.55	5,021.28
Weighted deduction on research and development expenditure	(1,028.65)	(1,495.76)
Exempt income and other deductions (net)	(2,202.19)	(1,394.46)
Non-deductable expense	171.31	694.69
Impact of change in tax rate on Indian subsidiaries	(375.37)	(217.02)
Others	200.53	8.90
	<b>3,349.18</b>	<b>2,617.63</b>

#### (II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets/Liabilities	As at 31 March, 2020	As at 31 March, 2019
<b>Deferred Tax Liabilities</b>		
Property, plant and equipment, and intangible assets	9878.23	10184.48
Corss Currency Swap ( Through profit & Loss A/c)	16.34	14.66
<b>Gross deferred tax Liability</b>	<b>9894.57</b>	<b>10199.14</b>
Defined benefit obligations ( Through Profit & Loss A/c)	445.75	252.06
Employees benefit liability ( Through Profit & Loss A/c)	27.87	20.25
on unabsorbed loss of Subsidiary	1110.81	787.25
MAT Credit Entitlement	4279.1	4174.5
Others	(167.42)	197.77
<b>Gross deferred tax assets</b>	<b>5696.11</b>	<b>5431.83</b>
<b>Net Liability</b>	<b>4198.46</b>	<b>4767.31</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

Recognised Deferred Tax Assets / Liabilities	As at 31st March, 2019	Recognised in statement of profit & loss	Recognised in OCI	As at 31st March, 2020
<b>Movement of Deferred Tax Assets/Liabilities</b>				
<b>Deffered Tax Liabilities</b>				
Property, plant and equipment, and intangible assets	10184.48	(306.25)	-	9878.23
Corss Currency Swap	14.66	1.68	-	16.34
<b>Gross deferred tax Liability</b>	<b>10199.14</b>	<b>(304.57)</b>	<b>0</b>	<b>9894.57</b>
Defined benefit obligations	252.06	116.62	77.07	445.75
Employees benefit liability	20.25	7.62	-	27.87
on unabsorbed loss of Subsidiary	787.25	323.56	-	1110.81
MAT Credit Entitlement	4174.5	104.6	-	4279.1
Others	197.77	(365.19)	-	(167.42)
<b>Gross deferred tax assets</b>	<b>5431.83</b>	<b>187.21</b>	<b>77.07</b>	<b>5696.11</b>
<b>Net Liability</b>	<b>4767.31</b>	<b>(491.78)</b>	<b>(77.07)</b>	<b>4198.46</b>

### 38 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Statutory Audit	18.61	18.13
b) Reimbursement of expenses	0.64	0.44
<b>Total</b>	<b>19.25</b>	<b>18.57</b>
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, 2020	For the year ended 31 March, 2019
Pharmaceutical product and services	89,288.52	71,508.77
Power sales	598.99	581.84
others	903.47	1,248.16
<b>Total</b>	<b>90,790.98</b>	<b>73,338.77</b>

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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, 2020	For the year ended 31 March, 2019
<b>(i) Revenues</b>		
(A) Within India	29,487.26	26,559.18
(B) Outside India		
(i) USA	19,383.47	15,586.94
(ii) Europe	20,169.67	17,574.22
(iii) ROW	21,750.58	13,618.43
<b>Total</b>	<b>90,790.98</b>	<b>73,338.77</b>
Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>ii) Non-current Assets</b>		
(A) Within India	130,930.92	102,378.98
(B) Outside India	3,411.64	3,088.46
<b>Total</b>	<b>134,342.56</b>	<b>105,467.44</b>

Note: Non-current Assets excludes financial assets

### (c) Information about major customer

The Company has three customers who contributed more than 10% of the Company's total revenue during the current year and two customers during the previous year.

## 40 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, 2020	As at 31 March, 2019
Not later than one year	33.48	37.99
Later than one year and not later than five year	133.90	151.96
Later than five years	1,914.57	2,287.75
<b>Total</b>	<b>2,081.95</b>	<b>2,477.70</b>

### (b) Building

Particulars	As at 31 March, 2020	As at 31 March, 2019
Not later than one year	71.27	92.23
One to Five Year	145.94	-
<b>Total</b>	<b>217.21</b>	<b>92.23</b>

# Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

## 41 RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during period 01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 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.
- b) Sravathi Advance Process Technologies Pvt. Ltd. (w.e.f. 22.06.2019)

#### 3. (i) Key Management Personnel-(KMP)

- a) Vishnukant C. Bhutada - Managing Director
- b) Sushil Bajaj - Chief Financial Officer
- c) Madhusudhan Reddy - Company Secretary (Resigned w.e.f. 04.04.2019)
- d) V.V. Krishna Chaitanya - Company Secretary (Appointed w.e.f. 10.09.2019)
- e) Kalakota Sharath Reddy - Whole Time Director (Appointed w.e.f. 01.10.2019)

#### (ii) Remuneration paid to Directors

- a) Omprakash Inani - Non-executive Director
- b) Ajeet Singh Karan-Independent Director (Resigned w.e.f. 15.04.2019)
- c) Carlton Felix Pereira-Independent Director (Retired w.e.f. 30.09.2019)
- d) Pramod Kasat-Independent Director
- e) Rajender Sunki Reddy-Independent Director
- f) N.P.S Shinh-Independent Director (Retired w.e.f. 30.09.2019)
- g) Namrata Bhutada- Non-executive Director (Resigned w.e.f. 27.05.2019)
- h) Amit Chander - Independent Director (Appointed w.e.f. 01.04.2019)
- i) Sirisha Chintapalli - Independent Woman Director (Appointed w.e.f. 01.04.2019)
- j) Piyush Goenka - Independent Director (Appointed w.e.f. 09.11.2019)

#### 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

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
<b>A Remuneration paid to Key Management Personnel</b>							
i)	Vishnukant C. Bhutada	Managing Director	Salary and perquisites*	991.98	469.52	746.98	379.12
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	52.62	4.85	-	-
iii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	46.00	2.15	42.77	2.33
iv)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	0.06	-	6.73	0.47
v)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	4.08	0.44	-	-
<b>B Remuneration paid to other Directors</b>							
i)	Omprakash Inani	Non-executive Director	Sitting Fees	0.40	-	0.20	-
ii)	Ajeet Singh Karan	Independent Director	Sitting Fees	-	-	0.40	-
iii)	Carlton Felix Pereira	Independent Director	Sitting Fees	0.20	-	0.40	-
iv)	Pramod Kasat	Independent Director	Sitting Fees	0.40	-	0.30	-
v)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.40	-	0.20	-
vi)	N.P.S Shinh	Independent Director	Sitting Fees	-	-	0.20	-
vii)	Namrata Bhutada	Non-executive Director	Sitting Fees	-	-	0.30	-
viii)	Amit Chander	Independent Director	Sitting Fees	0.40	-	-	-
ix)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	0.40	-	-	-
x)	Piyush Goenka	Independent Director	Sitting Fees	0.20	-	-	-
<b>C Relative</b>							
i)	Deepak Kumar Inani	Relative to Director	Salary and perquisites	36.88	2.43	29.72	2.33
ii)	Keshav Bhutada	Relative to Managing Director	Salary and perquisites	16.48	0.96	13.10	0.87
iii)	Madhav Bhutada	Relative to Managing Director	Salary and perquisites	16.48	0.96	13.10	0.87

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses Other Transaction	Balance as at 31 March, 2020 Payable / (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses Other Transaction	Balance as at 31 March, 2019 Payable / (Receivable)
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.41	1.03	4.15	-
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.41	1.03	4.15	-
vi)	Triveni Inani	Relative to Director	Rent	3.12	1.17	3.21	-
<b>D Others</b>							
i)	Raichem Medicare Pvt. Ltd.	Associates	Purchases of goods / service	-	-	731.10	-
			Sales of Goods or Service	-	-	(1,179.02)	-
			Interest Income (Loan)	-	-	(38.38)	-
			Trade Receivable	-	-	-	(26.43)
			Trade Payable	-	-	-	141.50
			Corporate Guarantees to Banks **	-	-	-	(4,000.00)
ii)	Reva Pharmachem Pvt. Ltd.	Associates	Expenses incurred on behalf of the related party	-	-	(0.08)	-
			Support services	(3.00)	-	(3.00)	-
			Interest Income	(4.74)	-	(16.69)	-
			Loan Receivable	-	-	-	(105.01)
			Trade Receivable	-	(0.87)	-	(0.87)
iii)	Reva Medicare Pvt. Ltd.	Joint Venture	Commission	405.85	-	188.16	-
			Support services	(1.00)	-	(1.00)	-
			Trade Payable	-	288.21	-	83.47
			Trade Receivable	-	(0.29)	-	(0.29)



## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

(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	01 April, 2019 to 31 March, 2020 (Income) / Expenses Other Transaction	Balance as at 31 March, 2020 Payable (Receivable)	01 April, 2018 to 31 March, 2019 (Income) / Expenses Other Transaction	Balance as at 31 March, 2019 Payable (Receivable)
iv)	Maia Pharmaceuticals INC. USA	Associates	Trade Receivable	-	(181.88)	-	(166.89)
v)	Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture	Interest Income	(2.21)	-	-	-
vi)	Shilpa Foundation	Trust in which key management are the board of Trustee	Corporate Social Responsibility Expenses	329.08	-	293.91	-
			Expenses incurred on behalf of the related party	(0.60)	-	-	-
vii)	Mohini Infra (P) Ltd	Company in which key management are the board of Director	Godown Rent	8.22	-	14.64	-
			Trade Payable	-	0.70	-	0.47

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 31.03.2020 is NIL (P.Y. ₹ 402.47)

## Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

- 42** A sum of ₹ 1076.78 lakhs is payable to Micro, Small and Medium Enterprises as at 31 March, 2020 (Rs. 832.57 lakhs as at 31 March, 2019). There are no Micro, Small and Medium Enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31 March, 2020. 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 ₹ 41.78 lakhs (P.Y. ₹ 42.67 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 (P.Y. ₹ 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:07(b)(ii)
- 44** In March, 2020, the World Health Organisation declared COVID-19 to be pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions up to the date of approval of financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.
- 45** Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation
- 46** Figures of the previous year have been re-grouped/rearranged wherever necessary.

As per our report of event date attached  
for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Registration No. 000513S

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

**K. Shravan**  
Partner  
M.No. 215798

**Omprakash Inani**  
Chairman  
DIN : 01301385

**Vishnukant C. Bhutada**  
Managing Director  
DIN : 01243391

Place : Raichur  
Date : 15 June, 2020

**Sushil Bajaj**  
Chief Financial Officer  
M.No. 206501

**V.V. Krishna Chaitanya**  
Company Secretary  
M.No. 49415

# Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2020

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

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF COMPANY CONSOLIDATED AS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Sl. No.	Name of the Company	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 Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
<b>A</b>	<b>Parent - Indian</b>								
	Shilpa Medicare Limited	109.99	145,342.22	124.06	19,371.82	114.93	(120.16)	124.12	19,251.66
<b>B</b>	<b>(a) Subsidiaries - Indian</b>								
1	Shilpa Therapeutics Private Limited	(0.63)	(826.26)	(3.81)	(594.95)	(1.55)	1.62	(3.83)	(593.33)
2	INM Technology Private Limited	(2.71)	(3,577.49)	(4.17)	(651.16)	(13.38)	13.99	(4.11)	(637.16)
3	Shilpa Biologicals Private Limited	(2.17)	(2,865.87)	5.24	818.17	-	-	5.27	818.17
4	Shilpa Albumin Private Limited	0.00	0.99	(0.00)	(0.01)	-	-	(0.00)	(0.01)
	<b>(b) Subsidiaries - Foreign</b>								
1	Makindus Inc.	(0.28)	(369.81)	-	-	-	-	-	-
2	Koanaa Healthcare Limited	(0.16)	(205.53)	2.17	338.21	-	-	2.18	338.21
3	Koanaa Healthcare GmbH	(1.85)	(2,448.78)	(2.54)	(396.28)	-	-	(2.55)	(396.28)
4	Zatortia Holding Limited	2.08	2,753.70	0.04	5.92	-	-	0.04	5.92
5	Loba Feinchemie GmbH	1.53	2,019.94	3.69	576.12	-	-	3.71	576.12
6	Shilpa Pharma Inc.	(0.51)	(677.63)	(2.52)	(393.71)	-	-	(2.54)	(393.71)
<b>C</b>	<b>Non Controlling Interests in all Subsidiaries</b>	(0.80)	(1,057.63)	(1.04)	(162.79)	(3.35)	3.50	(1.03)	(159.29)
<b>D</b>	<b>(a) Associates ( Investment as per equity method) - Indian</b>								
1	Reva Pharmachem Private Limited	0.01	10.42	0.27	41.74	-	-	0.27	41.74
	<b>(b) Associates ( Investment as per equity method) - Foreign</b>								
1	MAIA Pharmaceuticals Inc.	(1.12)	(1,480.61)	(0.38)	(59.84)	-	-	(0.39)	(59.84)
	<b>(c) Joint Ventures ( Investment as per equity method) - Indian</b>								
1	Reva Medicare Private Limited	0.23	298.47	0.48	75.28	-	-	0.49	75.28
2	Sravathi Advance Process Technologies Private Limited	0.01	14.12	(0.67)	(104.74)	-	-	(0.68)	(104.74)

# Notice

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting (“AGM”) of the members of Shilpa Medicare Limited will be held on Wednesday, the 9<sup>th</sup> day of September, 2020 at 11:00 A.M. through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) to transact the following business:

## ORDINARY BUSINESS:

### 1. Adoption of Financial Statements:

To receive, consider and adopt the audited financial statements including the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the reports of the Board of Directors and Auditors thereon.

### 2. Confirmation of interim dividend paid on equity shares as final dividend:

To confirm the interim dividend paid on equity shares for the financial year 2019-20:

**“RESOLVED THAT** the interim dividend at the rate of 110%, i.e. Rs. 1.10/-, per equity share of Re. 1/- each for the financial year 2019-20 declared by the Board of Directors of the Company at its meeting held on 06<sup>th</sup> March, 2020, aggregating to a sum of Rs. 89679588 /- (Rupees eight crores ninety six lakhs seventy nine thousand five hundred and eighty Eight Only) (excluding all applicable taxes) be and is hereby approved as the final dividend for the financial year ended 31<sup>st</sup> March, 2020.”

### 3. Re-appointment of Director:

To appoint a director in place of Mr. Omprakash Inani (DIN: 01301385), who retires by rotation and being eligible, offers himself for re- appointment.

## SPECIAL BUSINESS:

### 4. Appointment of Mr. Piyush Goenka (DIN: 02117859) 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 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, Mr. Piyush Goenka (DIN: 02117859), who was appointed by the Board as an Additional Director (Non-executive and Independent) w.e.f. 09<sup>th</sup> November, 2019 pursuant to the provisions of Section 161(1) of the Act and who holds office as such up to the date of this Annual General Meeting and who meets the criteria of independence as laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect 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 be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to continue to hold office upto 08<sup>th</sup> November, 2022.”

### 5. Ratification of remuneration of Cost Auditors for the financial year 2020-21:

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 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of Rs. 125000/- (Rupees One Lakhs Twenty Five Thousand Only) (including taxes, as applicable), in addition to reimbursement of all out of pocket expenses at actuals, if any, payable to the Cost Auditors of the Company, 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<sup>st</sup> March, 2021 be and is hereby approved and ratified.”

**6. 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 (“the Act”) read with the Rules made thereunder and in accordance with the applicable provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors 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 aggregate amount not exceeding Rs. 500,00,00,000/- (Rupees Five Hundred Crores Only) with or without any security and subject to such terms and conditions as may be determined by the Board from time to time and that the Board (which term shall include any Committee of the Board authorized on its behalf) may, in its absolute discretion, approve and vary the terms of such loan(s), its repayment and other conditions as it deems fit without being required to seek any further consent or approval of the members and that it shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

By order of the Board of Directors  
For Shilpa Medicare Limited

**Omprakash Inani**  
Chairman

Place: Raichur  
Date: 8<sup>th</sup> August, 2020

## NOTES:

The explanatory statement setting out all the material facts in respect of the special business as set out in the Notice, pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5<sup>th</sup> May, 2020 read with circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 (collectively referred to as “MCA Circulars”) permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (“VC / OAVM”), without physical presence of the Members at a common venue.
2. In compliance with applicable provisions of the Companies Act, 2013 (“the Act”) read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 21<sup>st</sup> Annual General Meeting of the Company is being conducted through Video Conferencing (“VC”) (**hereinafter referred to as “AGM” or “e-AGM”**). In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/ Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM.
3. **e-AGM:** Company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. **Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/ Authorization should be sent electronically through their registered email address to the Scrutinizer at [ajay@vcancs.com](mailto:ajay@vcancs.com) with a copy marked to [cs@vbshilpa.com](mailto:cs@vbshilpa.com)
6. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) is KFin Technologies Private Limited having office at Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500032.
7. **Attending e-AGM :** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com/> by clicking on “Video Conference” and access the shareholders'/ members' login by using the remote e-voting credentials which shall be provided as per Note No. 18 below. Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing.
8. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.
9. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
10. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.



11. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no. 18 below for detailed instruction for remote e-voting.
12. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.
13. The Company has fixed Wednesday, 02.09.2020 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. 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 shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at [www.vbshilpa.com](http://www.vbshilpa.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The same is also available on the website of KFin Technologies Private Limited at the website address <https://evoting.karvy.com/>.
15. **Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)**
  - i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
    - a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.
    - b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.
  - ii. Those members who have not registered their email addresses with the Company / Depository Participants, as the case may be, are requested to visit the website of the Company [www.vbshilpa.com](http://www.vbshilpa.com) and click on '*Click here for temporary registration of email id of [https://ris.kfintech.com/email\\_registration\\_for\\_33rd\\_AGM](https://ris.kfintech.com/email_registration_for_33rd_AGM)*' and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions.  
  
In case of any queries, shareholder may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.

## 16. Instructions to the Members for attending the e-AGM through Video Conference:

- i. **Attending the e-AGM:** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at logging in <https://emeetings.kfintech.com/> using the login credentials and click on "Video Conference". Select the EVENT and click on the camera icon to join the meeting.
- ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 17 below.
- iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
- v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vi. **Submission of Questions / queries prior to e-AGM:**
  - a. Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e. [cs@vbshilpa.com](mailto:cs@vbshilpa.com) at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.

- b. Alternatively, shareholders holding shares as on cut-off date may also visit [https:// evoting.karvy.com](https://evoting.karvy.com) and click on the tab "Post Your Queries Here"" to post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.
- vii. **Speaker Registration before e-AGM:** In addition to above speaker registration may also be allowed during the remote e-voting period. Shareholder who wish to register as speakers are requested to visit <https://evoting.karvy.com/> and click on 'Speaker Registration' during this period. Shareholders shall be provided with a 'queue number' before the e-AGM. Shareholders are requested to remember the same and wait for their turn to be called by the Chairman of the meeting during the Question Answer Session. **Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 16(vi) above.**
- viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink: [www.vbshilpa.com](http://www.vbshilpa.com)
- ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to [cs@vbshilpa.com](mailto:cs@vbshilpa.com)

## 17. Instructions for members for remote e-Voting:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited (**'remote e-voting'**).

Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting (**e-voting**) when window for e-voting is activated upon instructions of the Chairman.

- i. The remote e-voting facility will be available during the following period:
  - a. Day, date and time of commencement of remote e-voting: Sunday, 06.09.2020 at 9:00 a.m.
  - b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Tuesday, 08.09.2020 at 5:00 p.m.
- ii. Details of Website: <https://evoting.karvy.com>
- iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being Wednesday, 02.09.2020. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.
- iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on Friday, 07.08.2020 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires Shares of the Company and becomes Member of the Company after Friday, 07.08.2020 being the date reckoned for the dispatch of the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. Wednesday, 02.09.2020, may obtain the User

Id and password in the manner as mentioned below:

- a) If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS:  
 MYEPWD <space> 'e-Voting Event Number' +Folio number or DPID Client ID to +91-9212993399  
 Example for NSDL:  
 MYEPWD<SPACE>IN12345612345678  
 Example for CDSL:  
 MYEPWD<SPACE>1402345612345678  
 Example for Physical: MYEPWD<SPACE>XXXX1234567890

If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

- b) Member may call KFin's Toll free number 1-800-3454-001.
- c) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).
- v. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFin Technologies Private Limited upon expiry of aforesaid period.
- vi. Details of persons to be contacted for issues relating to e-voting:  
 Ms. Krishna Priya M , Manager - Corporate Registry,  
 KFin Technologies Private Limited,  
 Unit: SHILPA MEDICARE LIMITED.  
 Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda,  
 Hyderabad – 500 032.  
 Contact No. 040-6716 2222/ 7961 1000  
 Toll Free No.: 18003454001,  
 E-mail: [priya.maddula@kfintech.com](mailto:priya.maddula@kfintech.com) .
- vii. Details of Scrutinizer: Mr. Ajay Vemuri, Practicing Company Secretary (Membership

No. ACS 36089) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

viii. The procedure and instructions for remote e-Voting facility are as follows:

- i. Open your web browser during the remote e-voting period and navigate to 'https://evoting.karvy.com'.
- ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. or DP ID /Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".

You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @, 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.

- iv. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the E- Voting Event Number for Company's Name.
- vi. If you are holding shares in Demat form and had logged on to https://evoting.karvy.com and casted your vote earlier for any other Company, then your existing login id and password are to be used.

- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. Wednesday, 02.09.2020 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 as on the cut- off date.
- viii. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- ix. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- xi. 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.
- xii. During the voting period, Members can login any number of times till they cast their vote on the Resolution(s).
- xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, 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 authorised representative(s), to the Scrutinizer at e-mail ID: ajay@vcancs.com with a copy to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual

for Members available at the download section of <https://evoting.karvy.com> or contact Ms. Krishna Priya M of KFin Technologies Private Limited at 040- 6716 1510 or at 1800-3454-001 (toll free).

- ix. The Scrutinizer's decision on the validity of the vote shall be final.
  - x. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.
  - xi. The Scrutinizer after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.
  - xii. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company i.e. [www.vbshilpa.com](http://www.vbshilpa.com) and on the website of KFin Technologies Private Limited i.e. <https://evoting.karvy.com>. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.
  - xiii. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.
18. Instructions for members for Voting during the e-AGM session:
- i. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.
  - ii. E-voting during the AGM is integrate with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.
- iii. Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.
  - iv. Members who have voted through Remote e-Voting will be eligible to attend the e-AGM, however, they shall not be allowed to cast their vote again during the e-AGM.
19. Since the AGM is being held through VC/ OAVM, the route map of the AGM venue is not annexed hereto.
20. Pursuant to the amendments introduced by the Finance Act, 2020, dividend, if any, declared by the Company on or after 01<sup>st</sup> April, 2020 shall be subject to deduction of tax at source at the prescribed rates. Such dividend income is taxable in the hands of the shareholders who are in receipt of dividend exceeding Rs. 5,000/- in a fiscal year. No tax will be deducted on payment of dividend to resident individual shareholders if the total dividend received by them during a year does not exceed Rs. 5.000/-.
- 21. Retirement of Director(s) by rotation:**
- Mr. Omprakash Inani, Chairman & Non-executive Director, retires at the AGM, and being eligible, offers himself for re-appointment.
- The Board of Directors commends the re-appointment of Mr. Omprakash as a Director, liable to retire by rotation.
22. Additional information pursuant to Regulations 26(4) and 36(3) of the Listing Regulations, 2015 and the Secretarial Standards on General Meetings in respect of director(s) seeking appointment/ re-appointment at the AGM is furnished in the **Annexure** enclosed hereto and forms part of this Notice. The Directors have provided their consent/ declaration for their appointment/ re-appointment.
23. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, mandates, nominations, power of attorney and bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares

are held by them in electronic form and to the Company's Registrar, KTPL, in case the shares are held by them in physical form for receiving all future communications from the Company including Annual Reports, Notices, Circulars and other correspondences.

24. Members holding shares in identical order of names in more than one folio are requested to write to KTPL enclosing their share certificates to enable consolidation of their shareholdings in one folio.
25. Members holding shares in physical form may obtain the Nomination Form (SH-13) from the Company's Registrar, KTPL, and members holding shares in electronic form are advised to contact their Depository Participant in respect of the same.
26. Pursuant to the directions/notifications of the SEBI and Depositories, demat account holders can operate their accounts only if they have already provided Income Tax Permanent Account Number either at the time of opening of the account or subsequently. Demat account holders who have not yet furnished Income Tax Permanent Account Number to their Depository Participant ("DP") are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification) so that their frozen demat accounts would be made available for operation and further consequences of non-compliance with the aforesaid directives would be obviated.
27. In accordance with Rule 5 of the Investor Education and Protection Fund Authority (Accounts, Audit, transfer and Refund) Rules, 2016 ("the IEPF Rules"), the dividend which remained unpaid or unclaimed for seven consecutive years or more upto and including the financial year 2011-12 have been transferred by the Company to the Investor Education and Protection Fund ("IEPF"). Consequently, pursuant to Rule 6 of the relevant Rules, all the shares in respect of such dividend have also been transferred by the Company to the IEPF and the statement containing details of such shares transferred is placed on Company's website at <https://vbshilpa.com/transfer-of-shares-to-IEPFA.php>.
28. Pursuant to the provisions of Section 124(5) and (6) of the Act read with the IEPF Rules, the unclaimed equity dividend for the financial year ended 31<sup>st</sup> March, 2013 together with the shares in respect of which such dividend remains unclaimed will be transferred to the Investor Education and Protection Fund ("IEPF") on or after 30<sup>th</sup> September, 2020 upon expiry of 7 years from the date of transfer of the dividend to the Unpaid Dividend Account of the Company. Members who have a valid claim to any such unclaimed dividend amount may claim the same from the Company or its RTA immediately.
29. Members seeking any information or clarification on the accounts and operations of the Company are requested to send their queries to the Company at [cs@vbshilpa.com](mailto:cs@vbshilpa.com) seven days in advance of the meeting so that reply can be made available at the meeting.
30. Brief Profile of Directors seeking appointment and re-appointment at the 33<sup>rd</sup> Annual General Meeting (pursuant to Regulation 26(4) and 36(3) of SEBI (LODR) Regulations, 2015 ) and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India is attached to this Notice as Annexure



## 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 161(1) read with Schedule IV to the Companies Act, 2013 ("the Act"), the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Piyush Goenka (DIN: 02117859) as an Additional Director (Non-executive and Independent) w.e.f. 09<sup>th</sup> November, 2019 to hold office as such upto the date of this AGM and thereafter, subject to the approval of the members at the AGM.

The Company has received a notice in writing from a member under section 160 of the Act proposing the candidature of Mr. Piyush Goenka (DIN: 02117859) for the office of Director of the Company. Mr. Piyush Goenka (DIN: 02117859) 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 17 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mr.Piyush Goenka (DIN: 02117859) fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Piyush Goenka (DIN: 02117859) is independent of the management and possesses appropriate skills, experience and knowledge.

Mr. Piyush Goenka, born on 26<sup>th</sup> July, 1977, is a commerce graduate from St. Xavier's College, Calcutta, a post-graduate in management from the Management Development Institute, Gurugram and also a CFA charter holder. He has two decades of work experience in private equity investing and the financial servicing sector as a business consultant and financial advisor. Mr. Piyush is currently a partner at an independent mid-market Private Equity Fund Manager, which manages over USD 200 Mn. across two funds, prior to which he was associated with IL&FS Limited for over 3 years. Earlier, he worked with other financial services firms including the Import Export Bank of India as a part of their corporate banking team and with First Global Securities as an equity manager.

The relevant particulars of Mr.Piyush Goenka as required under the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Notice.

Copy of the draft letter of appointment of Mr.Piyush Goenka, setting out the terms and conditions of his appointment, is available for inspection by the members at the registered office of the Company.

None of the Directors except Mr.Piyush Goenka or Key Managerial Personnel of the Company or their relatives is in any way deemed to be concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the said Ordinary Resolution set out at Item No. 4 for the approval of the members.

### Item 5:

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. V.J. Talati & Co, Cost Accountants (Regd. No. M/2203), to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2021 at a remuneration of Rs. 125000/- (Rupees One Lakhs Twenty Five Thousand Only).

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

Accordingly, consent of the members is sought for ratification of the remuneration payable to the cost auditors for the financial year ending 31st March, 2021.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way deemed to be concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the said Ordinary Resolution set out at Item No. 5 for the approval of the members.

### Item 6:

#### Statement setting out the facts of the resolution to be passed:

The Company has been investing in various projects/ ventures either directly or through its subsidiaries/ joint ventures/ associate companies or in collaboration with technocrats/ marketing pioneers. For the scheduled

implementations of such projects, the Company may be required to infuse funds from time to time by way of loans or any other form of debt/ financial assistance including by providing corporate guarantees for meeting the capital expenditure of the projects and/ or the working capital requirements of its subsidiaries/ joint ventures/ associate companies for the expansion of their principal business activities and other matters connected or incidental thereto.

As per the provisions of Section 185 of the Companies Act, 2013, granting loans, giving guarantees or providing securities to subsidiaries (other than wholly owned subsidiaries) / joint ventures/ associate companies requires approval of the shareholders by way of a Special Resolution.

In accordance with this, the Board has proposed to seek approval of members for sanction under section 185 of the Companies Act, 2013 upto an amount in aggregate not exceeding Rs. 500,00,00,000/- (Rupees Five Hundred Crores Only)

As the Company operates in the pharmaceuticals sector and requires continuous investment on new products/ process, development, R&D, technology upgradation, etc., the Board proposes the said Special Resolution set out at Item No. 6 for the approval of the members.

None of the Directors/ Key Managerial Personnel of the Company or their relatives is in any way deemed to be concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

By order of the Board of Directors  
For Shilpa Medicare Limited

**Omprakash Inani**  
Chairman

Place: Raichur  
Date: 8<sup>th</sup> August, 2020

**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 and SS-2 (Secretarial Standards on General Meetings):

<b>Name of the Director</b>	<b>Mr. Omprakash Inani</b>	<b>Mr. Piyush Goenka</b>
<b>Brief Resume:</b>		
Age	63 years	42 years
Relationship with directors	Related to Mr. Vishnukant C. Bhutada and Mr. Deepak Kumar Inani	Not related to any Director
Date of initial appointment	23.03.1988	09.11.2019
Qualification	Bachelor of Commerce	1. B.Com (St. Xavier's College, Calcutta) 2. Post-graduate in Management (Management Development Institute, Gurugram) 3. CFA charter holder
Experience and expertise in specific functional area	Over 30 years of experience in all facets of the Company's business and its functional aspects.	19 years of work experience in private equity investing and the financial servicing sector as a business consultant and financial advisor. Deep domain experience in consumer, pharmaceuticals and financial services industries.
Terms and conditions of appointment or re-appointment	As set forth in the resolution pertaining to his initial appointment	As set forth in the resolution
Remuneration sought to be paid and the remuneration last drawn	NIL	NIL
Directorship on the Boards of other companies	1. Srinidhi Cottons Private Limited 2. Jaijanaki Fabrics Private Limited 3. Inok Cottons Private Limited 4. Mohini Infra Private Limited	1. Safari Industries (India) Limited 2. Arohan Financial Services Limited
Chairmanship on the Committees of Boards of other companies	NIL	NIL
Membership on the Committees of Boards of other companies	NIL	1. Audit Committee- Safari Industries (India) Limited 2. Nomination and Remuneration Committee- Safari Industries (India) Limited 3. Stakeholders Relationship Committee- Safari Industries (India) Limited 4. Corporate Social Responsibility Committee- Safari Industries (India) Limited
No. of meetings of the Board attended during the year	10	4
Number of shares held in the Company as on 31 <sup>st</sup> March, 2020	30,72,068 equity shares of Re.1/- each	NIL

By order of the Board of Directors  
For Shilpa Medicare Limited

**Omprakash Inani**  
Chairman

Place: Raichur  
Date: 8<sup>th</sup> August, 2020





Innovating for  
affordable healthcare

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