Directors' Report

To,

The Members,

Your Directors have pleasure in presenting herewith the 33rd 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	**21,233.99**	**18,840.32**	**17,349.59**	**14,369.51**
Provision for taxes				
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)
Profit after tax from continuing operations	**16,819.43**	**15,491.14**	**13,574.97**	**11,751.78**
Profit/(Loss) after tax from discontinued operations	**2,552.41**	**-**	**(1,164.33)**	**-**
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
Total Comprehensive Income	**19,251.68**	**15,510.79**	**12,456.61**	**11,269.15**

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.

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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 adjuant 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.

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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

API					
Particulars	**Filed in 2019-20**	**Cumulative Filed**	**Status**	**Planning to file in 2020-21**	**Remarks**
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	-
Formulation					
Particulars	**Filed in 2019-20**	**Cumulative Filed**	**Status**	**Planning to file In 2020-21**	**Remarks**
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/1mL, 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.

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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 MAbs 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 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 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 . 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 12th 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 11th 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, thermalheating systems, filmslitting 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.

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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: Hydrophillic, 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 vmarketing 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 30th 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 01st April, 2019 and the said appointment was approved by the shareholders at the Annual General Meeting held on 20th September, 2019 and he holds office as such upto 30th 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 01st April, 2019 and the said appointment was approved by the shareholders at the Annual General Meeting held on 20th September, 2019 and she holds office as such upto 30th 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 01st 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 09th November, 2019. His appointment as a director under independent category is being proposed, seeking the approval of shareholders, at the ensuring Annual General Meeting.

Mr. Vishnukant Chaturbhuj Bhutada (DIN: 01243391) Managing Director has been reappointed for a period of 5 years w.e.f. 01st October, 2019 with the approval of shareholder at the Annual General Meeting held on 20th 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 30th 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 10th 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.

01st April, 2019	08th May, 2019	27th May, 2019	13th August, 2019	10th September, 2019
09th November, 2019	04th January, 2020	10th February, 2020	24th February, 2020	06th 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 30th Annual General Meeting as the Statutory Auditors of the Company for a term of five years to hold office till the conclusion of the 35th Annual General Meeting of the Company. They have confirmed their eligibility for the F.Y. 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 15th 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.

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.

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, Cananda.
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

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 31st 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 31st 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.

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

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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

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: 8th August, 2020