

# 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		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:

S.No.	Name of the Director	Nature of Directorship	Category
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.

Date of the Meeting	Number of Directors Attended
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:

- a. Governance
- b. Control
- c. 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*	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

\* 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 Karvy 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	1. Approval under section 188 of the Companies Act, 2013 for appointment of Mr. Deepak Kumar Inani as General Manager – Projects 2. Approval for granting loans to Subsidiaries, Joint Ventures and Associate Companies. 3. Re-appointment of Mr. Vishnukant Chaturbhuj Bhutada as Managing Director
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

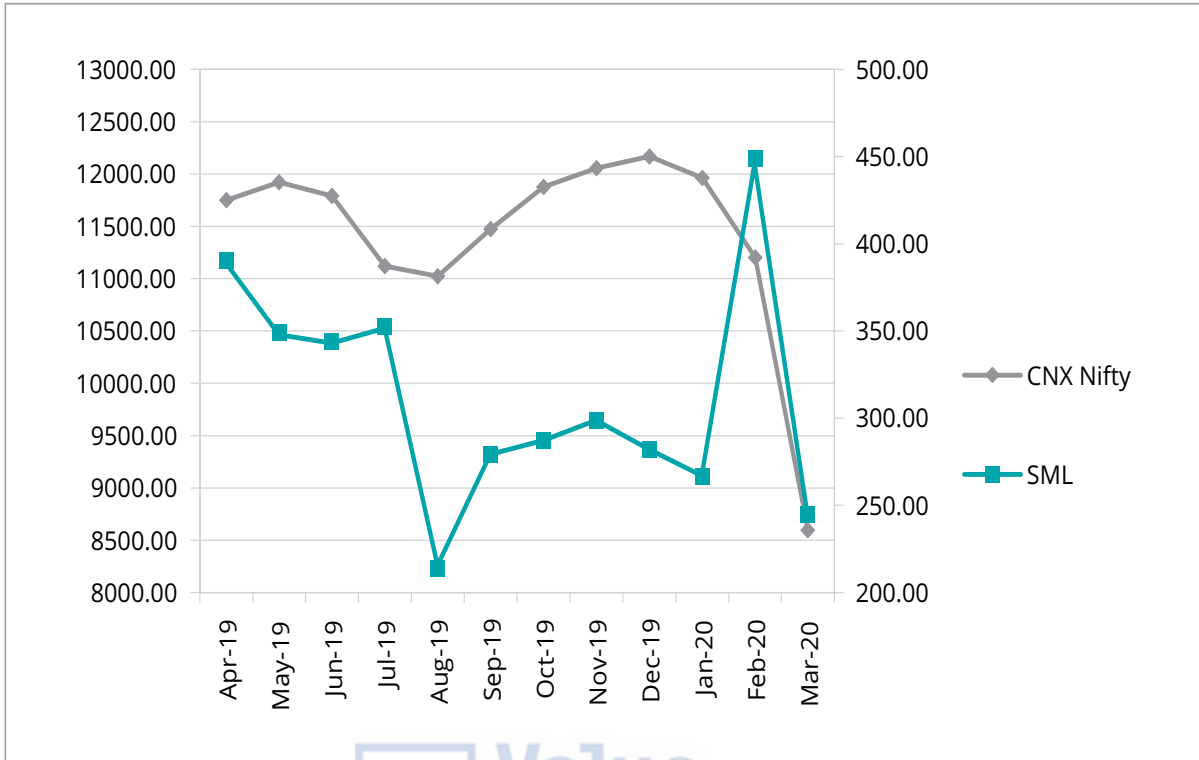
Listing fees to the stock exchanges and Annual custodian fees to depositories for the year 2020-21 have been paid.

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

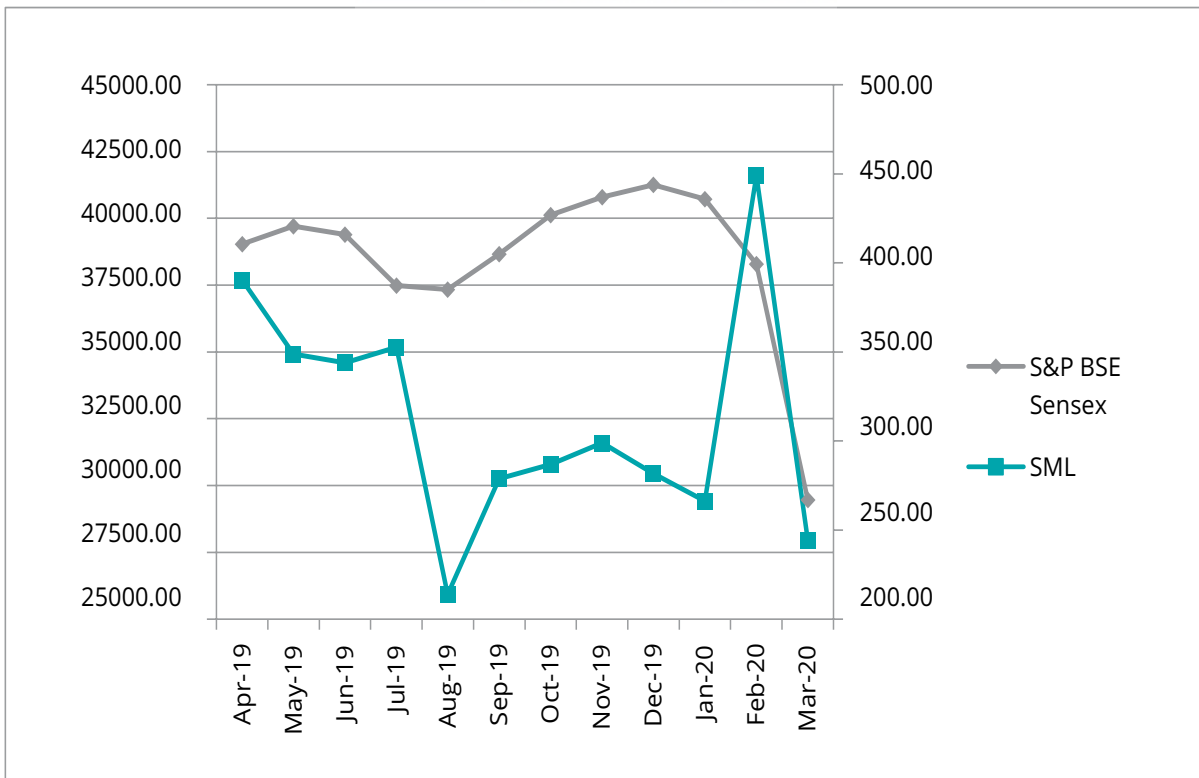
The monthly high, low and trading volumes of the Company's equity shares during the financial year 2019-20 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

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



Value Research  
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