



SHILPA MEDICARE LIMITED

POSTAL BALLOT NOTICE

SHILPA MEDICARE LIMITED

CIN: L85110KA1987PLC008739

Regd. Office: #12-6-214/A1, Hyderabad Road, Raichur – 584135,
Karnataka, India. Telephone: 08532 – 238704 Fax: 08532 – 238876 Email: info@vbshilpa.com

POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013 and applicable rules made thereunder)

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the “Rules”), read with the General Circular No: 14/2020 dated 08th April, 2020, The General Circular No: 17/2020, dated 13th April, 2020, the General Circular No: 22/2020 dated 15th June, 2020, the General Circular No: 33/2020 dated 28th September, 2020, the General Circular No: 39/2020 dated 31st December, 2020 and General Circular No: 10/2021 dated 23rd June, 2021 issued by the Ministry of Corporate Affairs (MCA Circulars)(Including any statutory modification or reenactment thereof for the time being in force, as amended from time to time) and pursuant to other applicable laws and regulations, the resolutions appended below for transfer of Active Pharmaceutical ingredients (API) unit along with the intermediates, polymers, peptides & CDMO business (together known as “the Business”) of the Company consisting of Unit-1 and Unit-2 situated at Raichur, Karnataka by way of slump sale to Wholly Owned Subsidiary of the Company a separate legal entity which is to be incorporated in the name of “Shilpa Lifesciences Private Limited (a company under incorporation) is proposed for approval of the members of the Company through postal ballot process by remote electronic voting (“E-voting”).

Pursuant to Sections 102 and 110 of the Act, the Explanatory Statement pertaining to the said Resolution setting out the material facts and the reasons thereof is annexed to this Postal Ballot Notice, for your consideration.

The Board of Directors in its meeting held on 12th July, 2021 has appointed M/s VCAN & Associates, Practicing Company Secretaries, represented by its Partner Mr. Ajay Vemuri bearing FCS F11106 as the scrutinizer (“Scrutinizer”) for conducting the Postal Ballot only through E-voting process in a fair and transparent manner.

In accordance with the provisions of the MCA Circulars, shareholders can vote only through the remote e-voting process. Accordingly, the Company is pleased to offer a remote e-voting facility to all its shareholders to cast their votes electronically. Shareholders are requested to read the instructions in the Notes under the section “General information and instructions relating to e-voting” in this postal ballot notice (“Postal Ballot Notice”) to cast their vote electronically. Shareholders are requested to cast their vote through the e-voting process not later than 05:00 pm on 18th August, 2021 to be eligible for being considered, failing which it will be strictly considered that no vote has been received from the shareholder.

In accordance with the provisions of the MCA Circulars, the Company has made arrangements for the shareholders to register their e-mail addresses. Therefore, those

shareholders who have not yet registered their e-mail addresses are requested to register the same by following the procedure set out in the notes to this Postal Ballot Notice.

The Scrutinizer will submit his report to the Chairman or any person authorized by him after the completion of scrutiny of the E - Voting, and the result of the voting by Postal Ballot will be announced by the Chairman or any person authorized by him, on or before 20th August, 2021.

The results along with the report of the Scrutinizer shall be displayed on the Company's website: www.vbshilpa.com and on the website of <https://www.kfintech.com/> and shall also be communicated to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

PROPOSED SPECIAL RESOLUTION

TO CONSIDER AND APPROVE TRANSFER OF ACTIVE PHARMACEUTICAL INGREDIENT (API) BUSINESS OF THE COMPANY BY WAY OF SLUMP SALE AS "GOING CONCERN" TO SHILPA LIFESCIENCES PRIVATE LIMITED (COMPANY UNDER INCORPORATION) A WHOLLY OWNED SUBSIDIARY OF THE COMPANY.

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and the Memorandum and Articles of Association of the Company and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and any other applicable laws for the time being in force and subject to other applicable rules, regulations, guidelines and also subject to requisite approvals, sanctions, consent and observations from secured creditors, customers, any government or regulatory authorities and any other person, as may be applicable, and such terms and conditions as may be imposed by them, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which shall be deemed to include any Committee of or Director(s) or official(s) of the Company for the time being authorized by the Board to exercise the powers conferred on the Board by this resolution) to transfer, sell, assign, deliver or otherwise dispose of the API Business of the Company on a slump sale basis as a going concern along with its, assets, liabilities, working capital pertaining thereto, all licenses, rights, regulatory approvals, permits and contracts, as identified by the Board, to Shilpa Lifesciences Private Limited (A Company Under Incorporation), a wholly owned subsidiary ("WOS") of the Company, at such consideration of not less than the Fair Market Value of the net assets as per the Rule 11 UAE of the Income Tax Rules, 1962, which will be based on a report to be obtained from an independent valuer of the API business and upon such other terms and conditions as may be determined by

the Board, by way of Business Transfer Agreement ("BTA") to be executed between the Company and Shilpa Lifesciences Private Limited (A Company Under Incorporation).

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to undertake all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this Resolution, to any Director(s), or to any committee of Directors or any other officer(s) / Authorized Representative(s) of the Company, or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary to give effect to this Resolution."

For Shilpa Medicare Limited

V V Krishna Chaitanya
Company Secretary
M. No: 49415
Date: 12th July, 2021
Raichur.

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 for the above items of business is annexed to this Notice.
2. In compliance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to the members to exercise votes through electronic voting system ('remote e-voting') on the e-voting platform provided by Kfin Technologies Private Limited ('Kfin Technologies').
3. The voting rights of the members shall be reckoned on the equity shares held by them as on 16th July, 2021 (End of Day), being the 'cut-off date' fixed for this purpose.
4. The Board of Directors in its meeting held on 12th July, 2021 has appointed M/s VCAN & Associates, Practicing Company Secretaries, represented by its Partner Mr. Ajay Vemuri bearing FCS F11106 as the scrutinizer ("Scrutinizer") for conducting the Postal Ballot only through E-voting process in a fair and transparent manner..
5. The postal ballot notice is also being uploaded on the Company's website viz., www.vbshilpa.com and on the website of Kfintech viz., <https://evoting.kfintech.com/>
6. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their

Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

7. Members may note that pursuant to the MCA Circulars, the Company has additionally enabled a process for the limited purpose of receiving shareholder communications during the financial year 2021-22 and the Members may update their email address by accessing the link <https://ris.kfintech.com/clientservices/postalballot/registration.aspx>
8. In accordance with the provisions of the MCA Circulars, Shareholders can vote only through the remote e-voting process. Physical copies of the Postal Ballot Notice and pre-paid business reply envelopes are not being sent to shareholders for this Postal Ballot. Shareholders whose names appear on the Register of Members/List of Beneficial Owners as on 16th July, 2021 will be considered for the purpose of e-voting.
9. Resolutions passed by the shareholders through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the shareholders.
10. In compliance with Sections 108 and 110 of the Act and the rules made there under, the MCA Circulars and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided the facility to the shareholders to exercise their votes electronically and vote on the resolutions through the e-voting service facility arranged by KFin Technologies Private Limited. The instructions for e-voting are provided as part of this Postal Ballot Notice.
11. Shareholders desiring to exercise their vote through the e-voting process are requested to read the instructions in the Notes under the section "General information and instructions relating to e-voting" in this Postal Ballot Notice. Shareholders are requested to cast their vote through the e-voting process not later than 17:00 Hours IST on 18th August, 2021 to be eligible for being considered, failing which it will be strictly considered that no vote has been received from the shareholder.
12. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny, and the result of the voting by postal ballot through the e-voting process will be announced by the Chairman or any Director of the Company duly authorized, on or before 20th August, 2021 and will also be displayed on the website of the Company (www.vbshilpa.com), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent.
13. Members can cast their vote online from **20th July, 2021** from 09:00 hours IST till **18th August, 2021** to 17:00 hours Voting beyond the said date shall not be allowed and the e-voting facility shall be blocked
14. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on 18th August, 2021 i.e., the last date specified for receipt of votes through the e-voting process.
15. All the material documents referred to in the explanatory statement will be available for inspection electronically until the last date for receipt of votes through the e-voting

process. Members seeking to inspect such documents can send an email to cs@vbshilpa.com.

General information and instructions relating to e-voting

e-Voting procedure for Individual shareholders holding securities in Demat:

As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

| NSDL | CDSL |
|--|---|
| <p>User already registered for IDeAS facility:</p> <ul style="list-style-type: none"> • URL: https://eservices.nsd.com • Click on the “Beneficial Owner” icon under ‘IDeAS’ section. • On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting”. • Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. | <p>Existing user who have opted for Easi / Easiest</p> <p>URL:https://web.cdslindia.com/myeasi/home/login</p> <p>or</p> <ul style="list-style-type: none"> • URL: www.cdslindia.com • Click on New System Myeasi • Login with user id and password. • Option will be made available to reach e-Voting page without any further authentication. • Click on e-Voting service provider name to cast your vote. |
| <p>User not registered for IDeAS e-Services</p> <ul style="list-style-type: none"> • To register click on link: https://eservices.nsd.com • Select “Register Online for IDeAS” • Proceed with completing the required fields. | <p>User not registered for Easi/Easiest.</p> <ul style="list-style-type: none"> • Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration • Proceed with completing the required fields. |
| <p>User not registered for IDeAS e-Services</p> <ul style="list-style-type: none"> • To register click on link: https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp • Proceed with completing the required fields. | <p>By visiting the e-Voting website of CDSL</p> <ul style="list-style-type: none"> • URL: www.cdslindia.com • Provide demat Account Number and PAN No. • System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. |
| <p>By visiting the e-Voting website of NSDL</p> <ul style="list-style-type: none"> • URL: https://www.evoting.nsd.com/ • Click on the icon “Login” which is available under ‘Shareholder/Member’ section. • Enter User ID (i.e. 16-digit demat | <p>After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress</p> |

account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.

- Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.

Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Method of Login for individual shareholders holding the securities in demat mode through their depository participants:

Shareholders can also login using the login credentials of their demat account through Depository Participant registered with NSDL/CDSL for e-Voting facility. Once logged in, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important Notice:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forgot Password option available at above mentioned website.

For technical Assistance

Members facing any technical issue in login can contact the respective helpdesk by sending a request on the email id's or contact on the phone no's provided below:

| NSDL | CDSL |
|--|--|
| Email: evoting@nsdl.co.in Toll free no.'s: 1800 1020 990 1800 22 44 30 | Email : helpdesk.evoting@cdslindia.com Phone No: 022- 23058738 022-23058542-43 |

e-Voting procedure for Institutional Shareholders and shareholders holding securities in Physical form:

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108,110 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules, the Shilpa Medicare Limited is pleased to provide e-voting facility to all its shareholders holding securities in physical form and to the Institutional Shareholders, to enable them to cast their votes electronically. The Shilpa Medicare Limited has engaged the services of M/s KFin

Technologies Private Limited for the purpose of providing e-voting facility to all its members.

- I. The details of the process and manner for e-voting are given below:
 - a) Initial password is provided in the body of the email.
 - b) Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
 - c) Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with M/s KFin Technologies Private Limited for e-voting, you can use your existing User ID and password for casting your votes.
- II. After entering the details appropriately, click on LOGIN.
- III. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (09) and a special character (@, #, \$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- IV. You need to login again with the new credentials.
- V. On successful login, the system will prompt you to select the EVENT i.e. Shilpa Medicare Limited.
- VI. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR' / 'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- VII. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- VIII. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- IX. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who is/are authorized to vote, to the Scrutinizer through e-mail to ajay@vcancs.com marking CC to cs@vbshilpa.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'CLIENT EVENT No.'
- X. Members can cast their vote online from **20th July, 2021** from 09:00 hours IST till **18th August, 2021** to 17:00 hours Voting beyond the said date shall not be allowed and the e-voting facility shall be blocked.



- XI. For Members who have not registered their email addresses, kindly register the same and their mobile numbers at the link <https://ris.kfintech.com/clientservices/postalballot/registration.aspx> as the postal ballot form and any other documents will not be sent to them in physical mode. The same shall be sent only by email, in view of the COVID-19 (Corona virus) pandemic and the Applicable Circulars.
- XII. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

The nature of risk and opportunities inherent in the Active Pharmaceutical Ingredient (API) and formulation businesses are distinct from one another and would require different strategies for growth, investment and management focus. To optimize the available opportunities in each of the businesses the Board of Directors ("the Board") of Shilpa Medicare Limited ("the Company"), at its meeting held on 12th July, 2021 approved the transfer of the API Business along with the intermediates, polymers, peptides & CDMO business (together known as "the Business") and all related assets situated at Unit 1 located at Deosugur, Raichur & Unit 2, Chiksugur, Raichur, on a going concern basis by way of slump sale to Shilpa Lifesciences Private Limited (A Company Under Incorporation). ("the Transferee") in accordance with the terms of Business Transfer Agreement to be entered into by the Company and the Transferee. The sale of the Business will be along with its employees, assets, liabilities, working capital pertaining thereto, all licenses, rights, regulatory approvals, permits and contracts, as identified by the Board, by way of 'slump sale' for a lump sum cash consideration which shall not be than the Fair Market Value of the net assets as per the Rule 11 UAE of the Income Tax Rules, 1962 which will be based on the report to be obtained from an Independent Valuer subject to necessary adjustment in working capital of the business.

The Audit Committee of the Board of Directors of the Company has also reviewed the above transaction in their meeting held on 12th July, 2021 to understand financial and accounting impact of the said transaction on the company's books of accounts.

Proposed transfer will create API Business into a separate entity which will interalia benefit the whole Shilpa group. The sale of the Business unit would:

- a. result into operational synergies and lead to overall cost optimization
- b. result in a focused approach with the desired management band width and operational plans for each business of the Company separately
- c. provide greater flexibility in pursuing long-term growth plans and strategies.
- d. help the management to efficiently exploit the available funding opportunities for each business independently.

In terms of the provisions of Section 180 (1) (a) of the Companies Act, 2013 (the "Act"), consent of the Members would be required in this regard to sell/ transfer the said

Business of the Company. In terms of the provisions of Section 110 of the Act read with Companies (Management and Administration) Rules, 2014 the approval of the Members is sought , mandatorily through Postal Ballot process. The Board therefore, places the proposed resolution for your consideration and recommends that it be passed as a Special Resolution.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

For Shilpa Medicare Limited

V V Krishna Chaitanya
Company Secretary
M. No: 49415
12th July, 2021
Raichur