



# ADDING AFFORDABILITY TO EFFICACY



API  
MANUFACTURING



BIOLOGICAL



RESEARCH &  
DEVELOPMENT



ORAL DISSOLVING  
FILMS



ONCOLOGY  
FORMULATION



OPHTHALMICS/DERMA  
FORMULATION

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To know more about us, please visit,  
[www.vbshilpa.com](http://www.vbshilpa.com)

#### Forward-Looking Statement

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

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

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

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



# About Shilpa Medicare

## Who we are

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

## What we do

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

## Where we stand today

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

## What makes us unique

### Our Strengths



#### Manufacturing Excellence

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



#### R&D Competence

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



#### Technology Edge

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



#### Rich Scientific Talent

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



300+  
Scientists

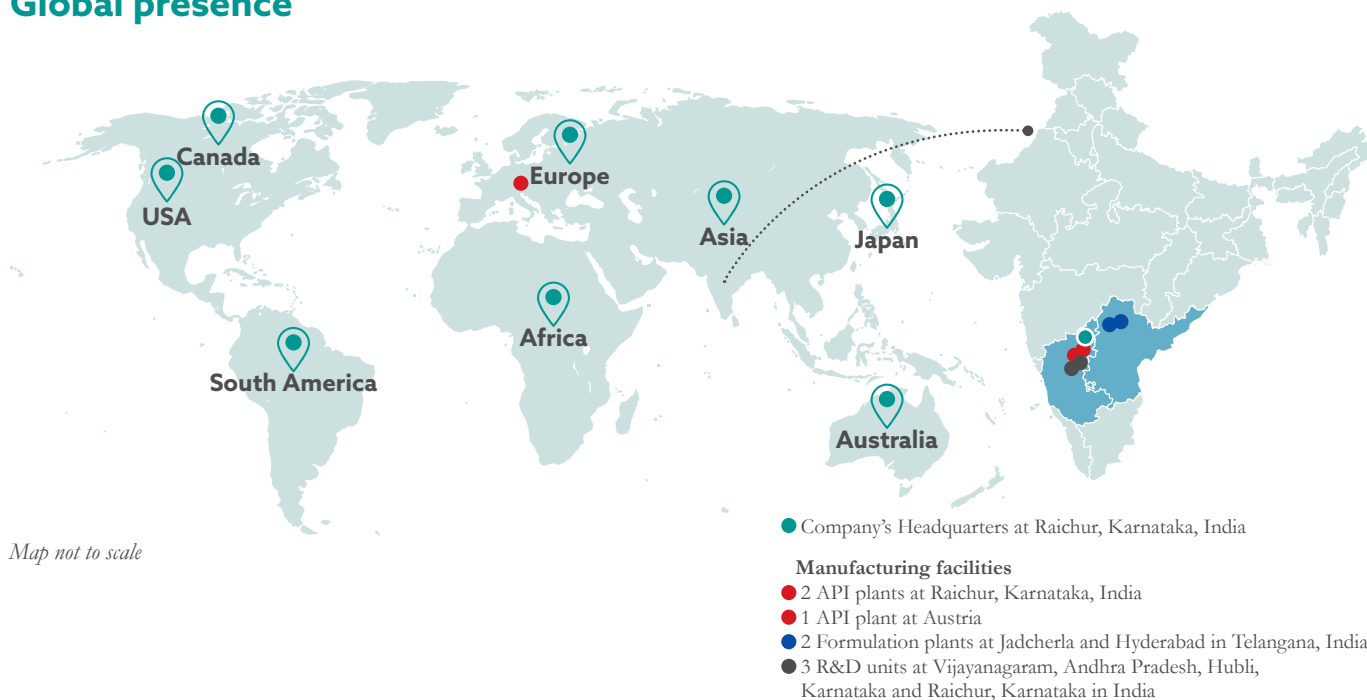


250+  
Patents Filed



100+  
High-quality Products

## Global presence



## FY 2018-19 Highlights (Standalone)

₹ **67,966.86** Lakhs  
Revenues

₹ **12,410.63** Lakhs  
PAT

₹ **19,566.19** Lakhs  
EBITDA

## Filings and launches

### General Filings

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

### Regulatory Filings

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

# Chairman's Message



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

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

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



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



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

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

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

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

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

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

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

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

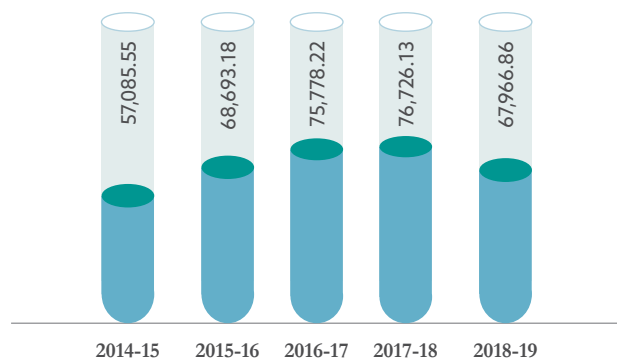
Warm Regards,  
**Omprakash Inani**  
*Chairman*



# Key Financial Metrics

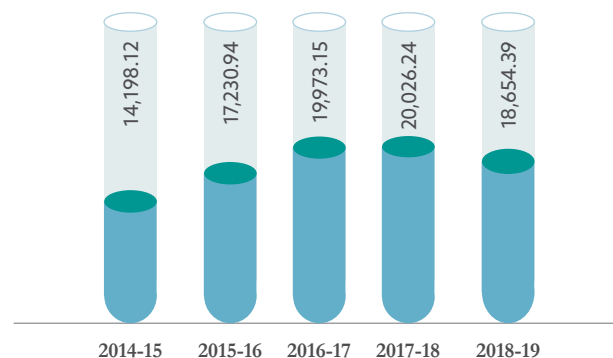
## Gross Revenue

(₹ in Lakhs)



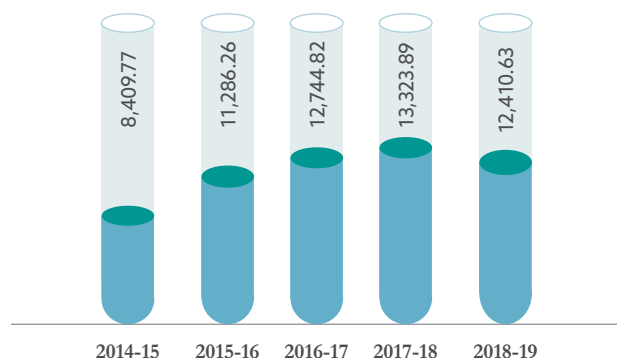
## Profit Before Depreciation, Exceptional Item & Taxes

(₹ in Lakhs)



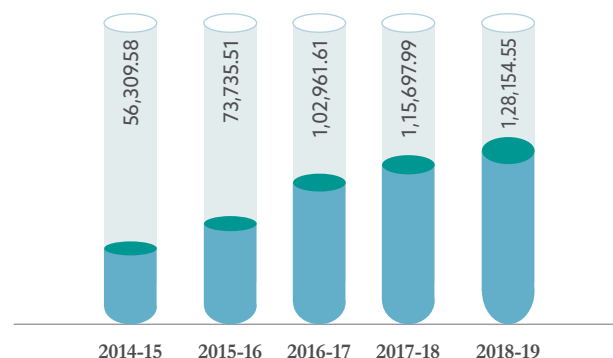
## PAT

(₹ in Lakhs)

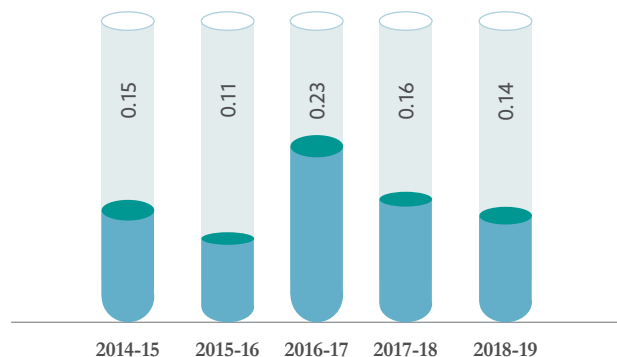


## Net Worth

(₹ in Lakhs)

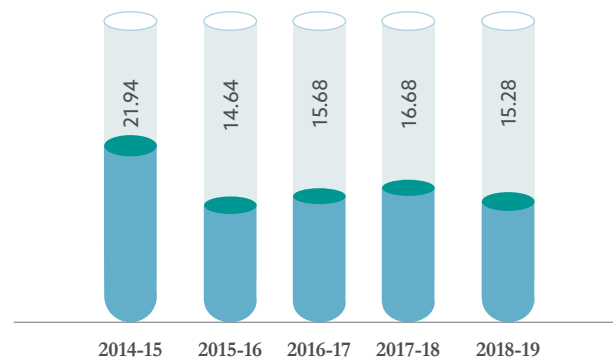


## Debt Equity Ratio



## Earnings Per Share

(₹)





# Creating Value for Our Communities

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

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

## Water Conservation

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



## Education and Child Welfare

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



## Environment

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



## Animal Welfare

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



## Healthcare

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



# Board Profile



**Omprakash Inani**  
*Chairman & Director*

Mr. Omprakash Inani has more than 30 years of business experience. He monitors business and functional aspects of the Company along with the operations of all the plants. Additionally, he is a member of the Audit Committee and Nomination and Remuneration Committee of Shilpa Medicare Limited. Currently, he is also a Council Member the Academy of Medical Education, Dental College & V. L. College of Pharmacy, “Taranath Shikshana Samsthe “Raichur” and a trustee in “Akhil Bhartiya Maheswari Education Trust, Pune”. Mr. Omprakash Inani is also the Managing Committee Member of “Karnataka State Cotton Assn., Hubli”.



**Vishnukanth Chaturbhuj Bhutada**  
*Managing Director*

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



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

Mr. Ajeet Singh Karan has more than 15 years of experience in consumer goods, Branding, investment advice, general management and Seeding up companies. Prior to joining Private Equity, he was the CEO of Karnataka Antibiotics & Pharmaceuticals Limited before selling it to SC Johnson, where he helped build the fastest growing FMCG Company in India and one of the most trusted brands “All Out” in the country. He played a key role in the operation of KAPL's Joint Venture with SC Johnson. Before joining KAPL, Ajeet had very successful stints with several multinationals including Hindustan Lever and PepsiCo India.

He is currently a partner with a leading private equity fund, mentoring and guiding the portfolio companies in scaling up. He sits on the boards of several companies in India and this gives him an unparalleled network and valuable insights into several industries operating in India. He holds an MBA degree from the Indian Institute of Management, Ahmedabad.



**Carlton Gerard Pereira**  
*Independent Director*

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