



Innovating for
affordable healthcare

Shilpa Medicare Limited

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CIN: L85110KA1987PLC008739

Dated 10th August, 2020

To
Corporate Relationship Department
BSE Limited,
1st Floor, Rotunda Building,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

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

Dear Sir,

Sub: Presentation made to analysts and investors.

Ref: Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

Scrip Code: BSE- 530549 / **Stock Symbol:** NSE – SHILPAMED

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, please find herewith enclosed copy of 01st Quarter of Financial Year 2020-21 Results presentation made to analysts and Investors.

This is for your information and Records.

For Shilpa Medicare Limited

V.V.K. Chaitanya

V V Krishna Chaitanya
Company Secretary and Compliance Officer



Q1 FY21
Results Presentation

Shilpa Medicare Limited (SML)

Biological Facility - Dharwad



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affordable healthcare

Disclaimer



Certain statements in this document may be forward-looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Shilpa Medicare Limited (SML) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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Company Overview



Financial Performance



Way Forward



Annexure



Company Overview



Established presence in Active Pharmaceutical Ingredients (APIs) and Formulations for domestic & international markets

Very strong R&D background in biologics development, pathway engineering and characterization of biologics

Robust research orientation resulting in innovative products

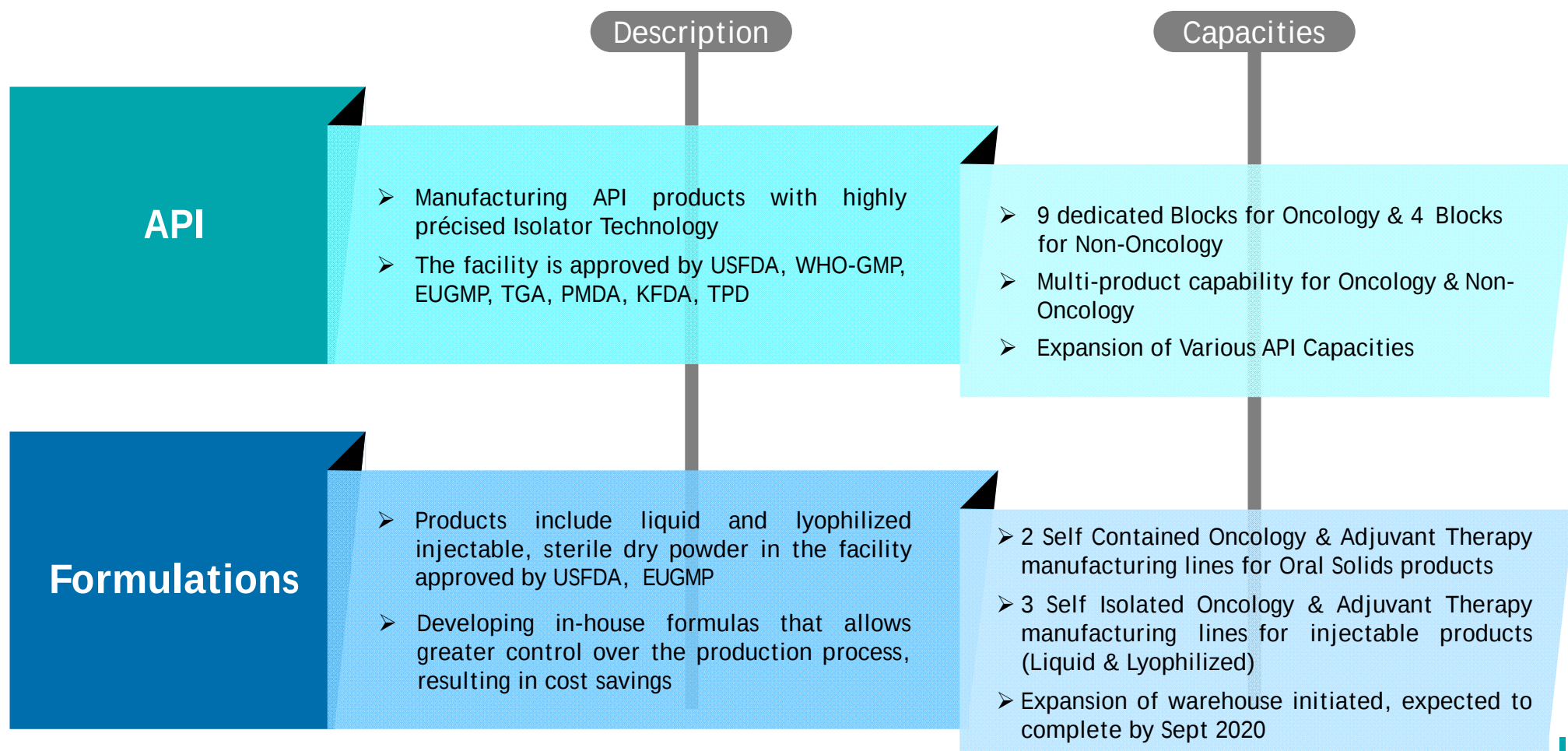
Pursuing niche growth businesses like Transdermal, Oral Dissolving Films and Dermatological Formulations

Best in class manufacturing and supply of high-quality affordable drugs

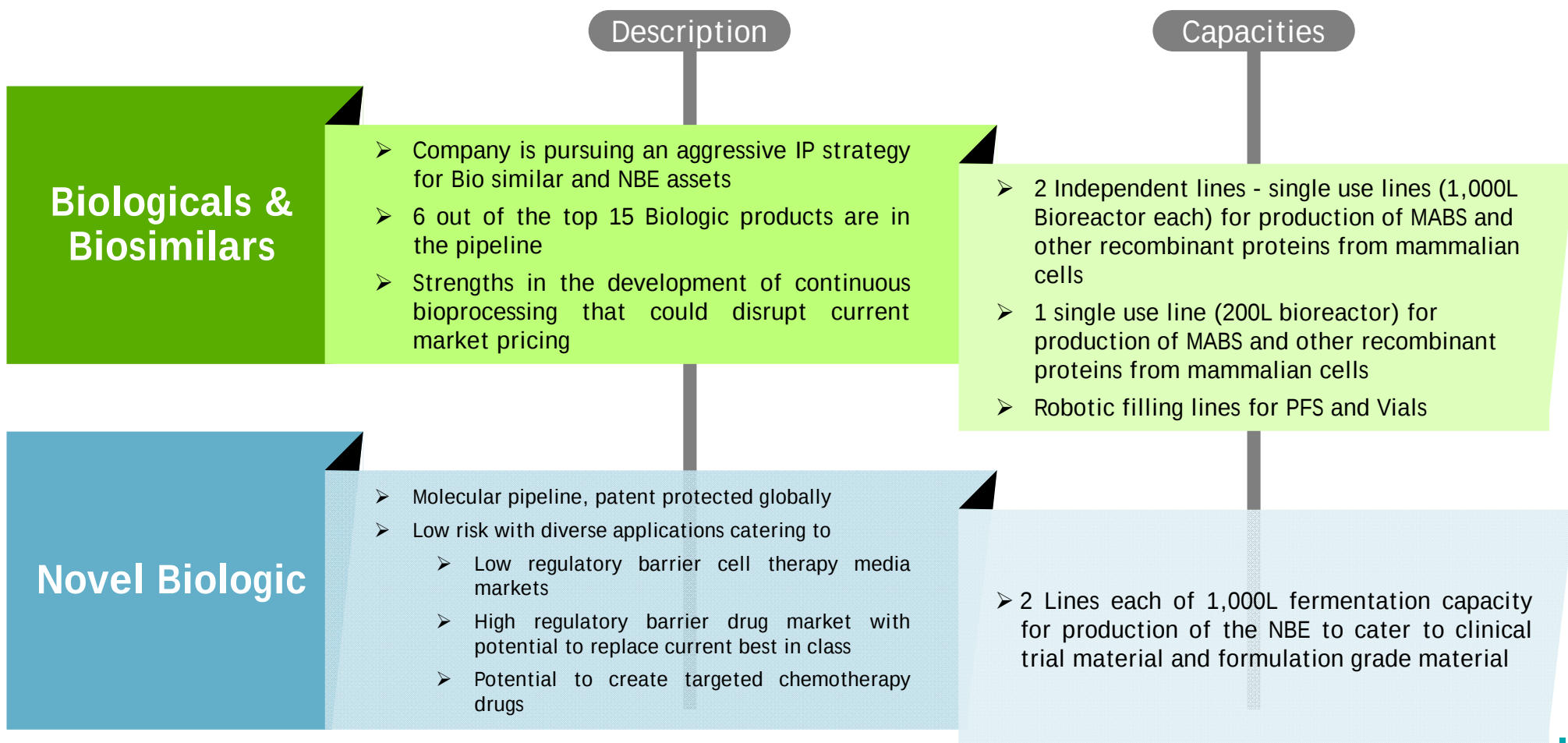
Affordable & Effective Pharmaceutical Solutions



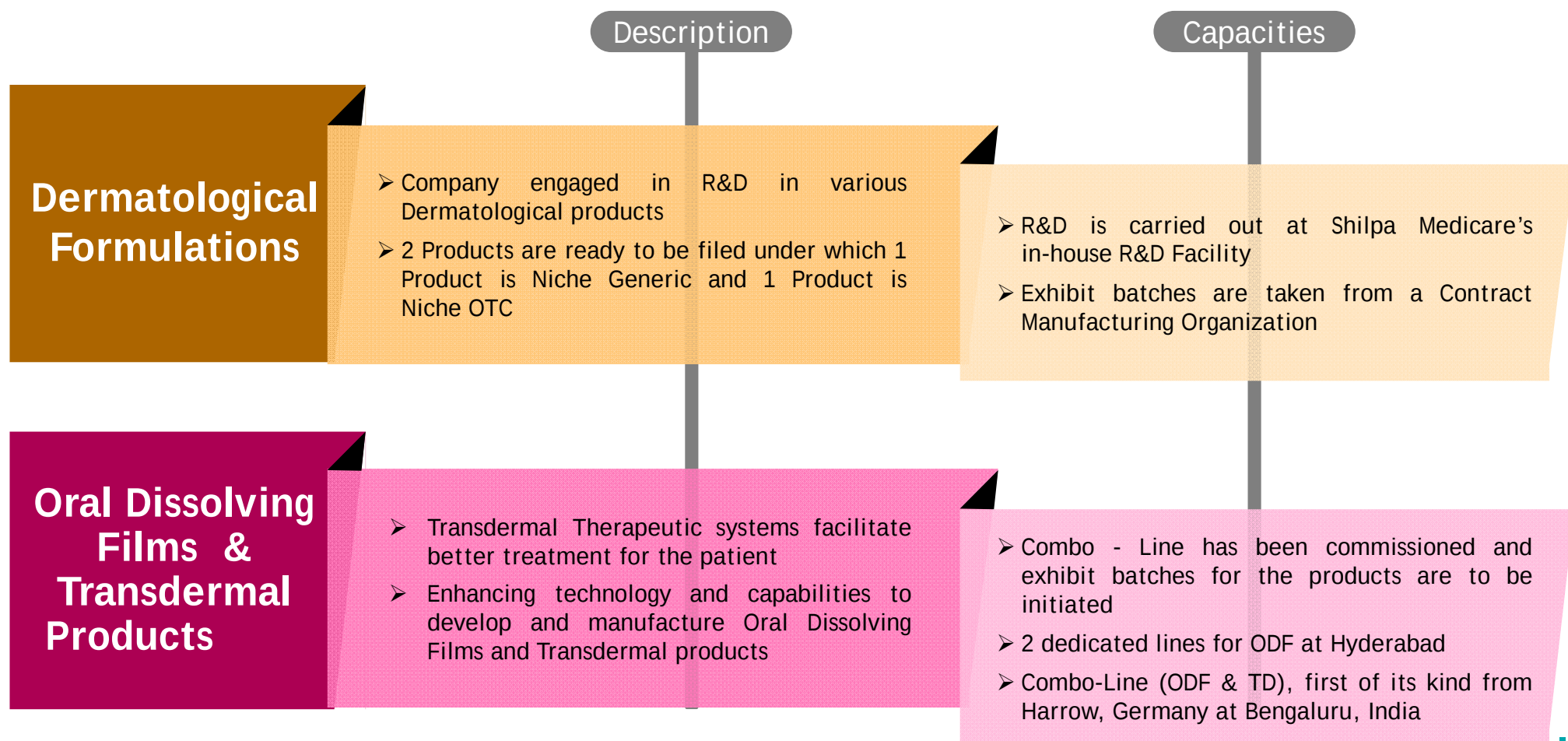
Established Business Segments

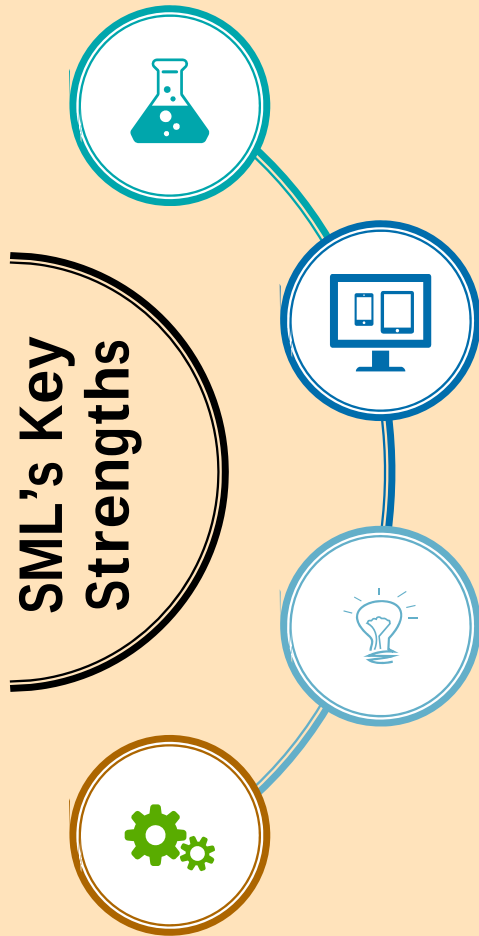


Established Business Segments



Growth Business Segments





R&D Competence

Technology Edge

Rich Scientific Talent

Manufacturing Excellence

Biologicals Research & Development Competence

R&D
capabilities, a
vital component
providing a
sustainable,
long-term
competitive
advantage



- Pathway Engineering of cells – Novel cell lines with novel characteristics, high yield
- HT Biologics characterization – Potential to reduce the iterations/cost in the latter stages of development and clinic
- Multi-parallel Bioprocessing platforms with incorporation of continuous bioprocessing – Reduces the cost of commercial product with high quality



- Novel Delivery technology platform – Marries novel patentable formulations with delivery devices
- Differentiated offering to customers in Lifestyle disorders – Leading to better patient compliance and outcomes



- Novel biologics media manufacturing platform – Leads to complete backward integration – Potential to be the lowest cost player in the biologics market with significant competitive moat

Technology Edge



Cell Banking - Fully Automated



- Fully automated world class biomanufacturing facility at Karnataka based on Single Use technology
- Low footprint leading to low COGS
- Flexibility to incorporate continuous processes with high density fed batch processes
- Environment friendly, zero liquid discharge
- Multiproduct capability with DS and DP lines - 3 no's

- Backward integration - Clone Development to Marketing model
- Own cell lines, vectors, process development strengths
- Complete inhouse characterisation of biologics with high end, high throughput analytical instrumentation
- Own Cell banking, cell line characterisation facility upcoming
- Experienced R&D, Scaleup and Manufacturing / Regulatory / Quality team

Rich Scientific Talent (Biologicals)

50+

Scientists

7+

Patents filed

2+

Patents Granted

The NBE complements the MABs development platform in all phases of growth

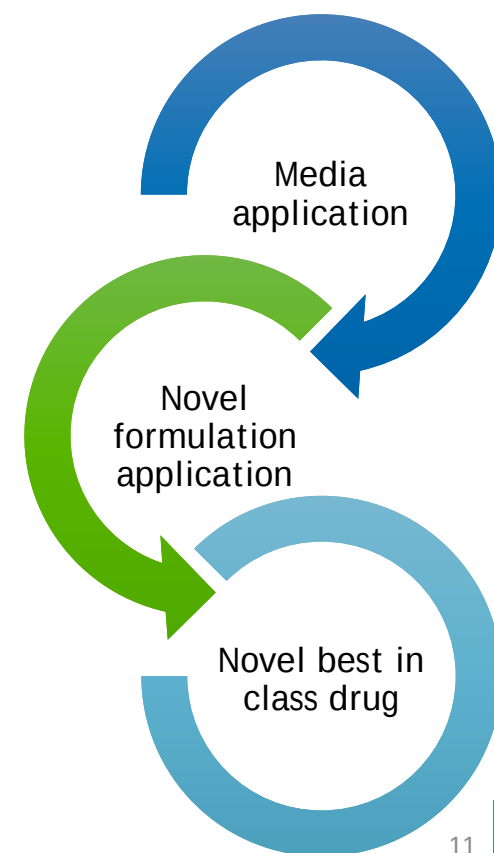
Biosimilars in AI disorders and Ophthalmology

Biosimilars with novel formulations and delivery technologies

Novel Biologics - Higher potency / safety profile compared to current best in class therapies

Cell & Gene therapies

Current NBE Platform
- Pipeline in Molecule



Patents Status as on June 30, 2020



Patents	Filings	Granted	Pending
- API	201	35	166
- Formulation	104	11	93
- Films Topical & Transdermal	46	2	44
- Biologicals	7	2	5
- Others	22	1	21
TOTAL	380	51	329

Formulation Product Pipeline as on June 30, 2020

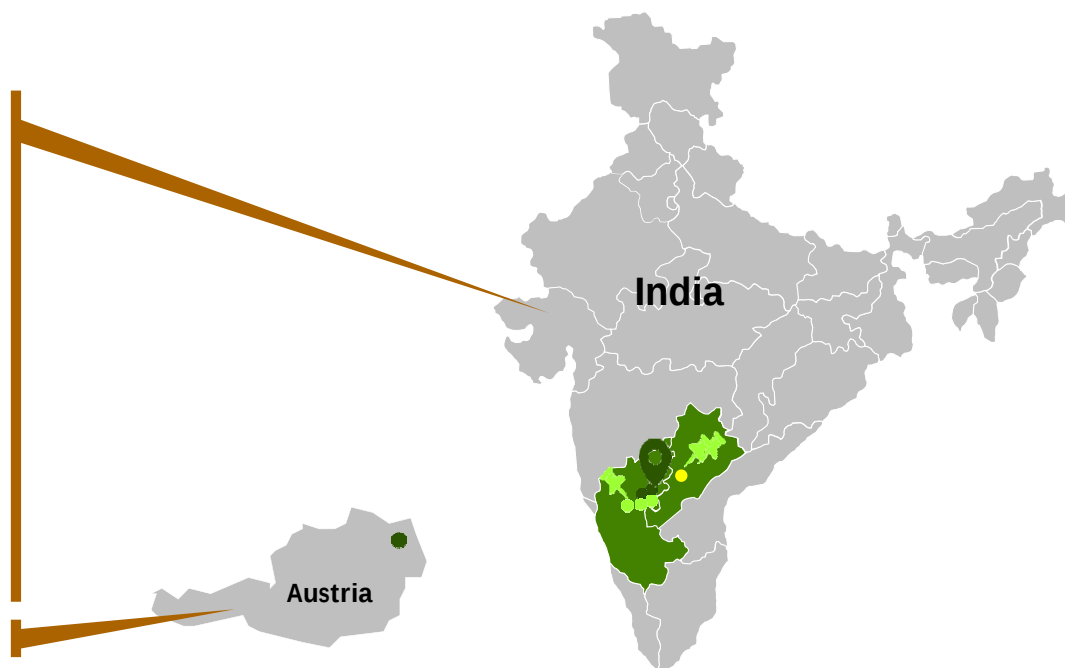


Patents	Filings	Approved (Including Tentative)	Pending
US ANDA			
- On SML's Name	22	13	9
- On Customer's Name	20	12	8
TOTAL (In US)	42	25	17
- EU Filing	19	13	6
TOTAL (In US & EU)	61	38	23

Manufacturing Excellence



Facility Location	Facility Type
Dharwad	Biologicals Manufacturing plant
Bengaluru	R & D (All segments except Biologics)
Raichur Unit I	API (Onco – Non Oncology)
Raichur Unit II	API (Onco – Non Oncology) and R & D API
Jadcherla Unit	Formulations (Onco & Adjuvant Therapy of Onco – Injectable & Oral)
Hyderabad Unit	Formulations (Oral Dissolving Films)
Hubli	Biologicals Manufacturing Site and R & D
Hyderabad	Bio Analytical & Pharmacovigilance R & D
Austria	API Manufacturing



- Currently 5 manufacturing facilities for API's & Formulations products in India & 1 manufacturing facility for API in Austria
- World-class manufacturing unit of Transdermal Patch and Oral Films at Bengaluru, Karnataka,
- The manufacturing equipment are state of the art and with all necessary machine controls to maintain quality and consistency
- Four single use and one multi use best in class Bio reactor



Company's Headquarters at Raichur, Karnataka, India

Manufacturing Facilities

- 2 API plants at Raichur, India
- ★ 4 R&D units. (Bangalore, Dharwad Hubli and Raichur, India)
- 1 Manufacturing site for Biologicals at Hubli, India
- 2 Formulation plants at Jadcherla and Hyderabad, India
- 1 API plant at Austria

Microbial Products Upstream Facility



Financial Performance

Pandemic Covid-19 relief



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

Mask, sanitizer and temperature reading equipment distributed to medical teams in rural areas

Grocery kit distribution to under privileged families and daily wages earners

Provided food to migrants from other states who were under quarantine



Pandemic Covid-19 relief



Abridged P&L Statement -Standalone



(Rs. In Lakhs)

Particulars	Q1 FY21	Q1 FY20	Q-o-Q Change (%)
Total Income (A+B+C+D+E)	21,927	15,800	39%
Total Revenue from Operations (A+B+C+D)	21,664	15,456	40%
• API (A)	14,708	11,048	33%
• Formulations (B)	5,619	3,150	78%
• Service Income & License Fees (C)	626	700	-11%
• Others (D)	710	559	27%
• Other Income (E)	264	343	-23%
Total Expenditure	13,905	11,159	25%
EBITDA (Continued & Discontinued Operations)	8,022	4,158	93%
<i>EBITDA margin (%) to Total Income</i>	37%	26%	+1,027 Bps
Exceptional (Income) (Net of Tax)	(4,124)	-	-
Finance Cost	354	132	169%
Depreciation and Amortization	991	857	16%
Tax Expense	2,187	559	291%
PAT (Continued & Discontinued Operations)	8,614	2,610	230%
<i>PAT Margins (%)</i>	39%	17%	+ 2,277 Bps
Other Comprehensive Income	(19)	50	-
PAT Including OCI	8,595	2,661	223%

Abridged P&L Statement - Consolidated

(Rs. In Lakhs)

Particulars	Q1 FY21	Q1 FY20	Q-o-Q Change (%)
Total Income (A+B+C)	22,835	16,297	40%
• Revenue from operations (A)	21,532	15,399	40%
• Service Income and License fees (B)	755	700	8%
• Other Income (C)	548	198	176%
Total Expenditure	15,712	13,219	19%
Share of Profit / (loss) of Joint venture and associates, net of tax	(62)	35	-
EBITDA	7,061	3,114	127%
<i>EBITDA margin (%) to Total Income</i>	<i>31%</i>	<i>19%</i>	<i>+ 1,181 Bps</i>
Exceptional (Income) (Net of Tax)	(4,913)	-	-
Finance Cost	400	146	174%
Depreciation and Amortization	1,233	1,066	16%
Tax Expense	1,743	406	330%
Share of (loss)/profit attributable to non-controlling interest	(33)	78	-
PAT Excluding OCI	8,631	1,574	448%
<i>PAT Margins (%)</i>	<i>38%</i>	<i>10%</i>	<i>+ 2,814 Bps</i>
Other Comprehensive Income	(3)	50	-
PAT Including OCI	8,628	1,625	431%

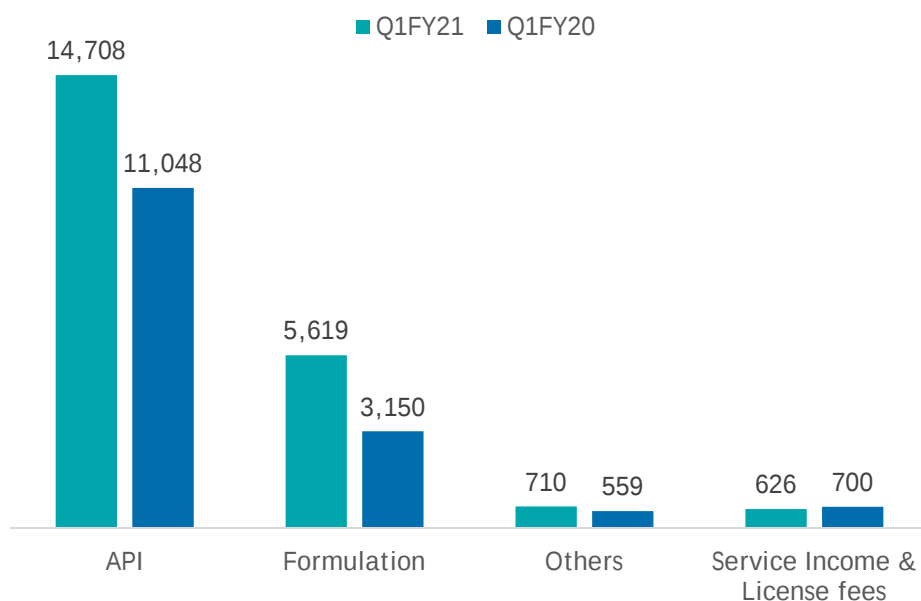
Results Snapshot (Standalone)



Key Highlights

- Formulation revenues were higher due to an increase in the sales of products
- API revenues were higher on account of delivering a better growth in the Oncology API business

Revenue Breakup (In Lakhs)

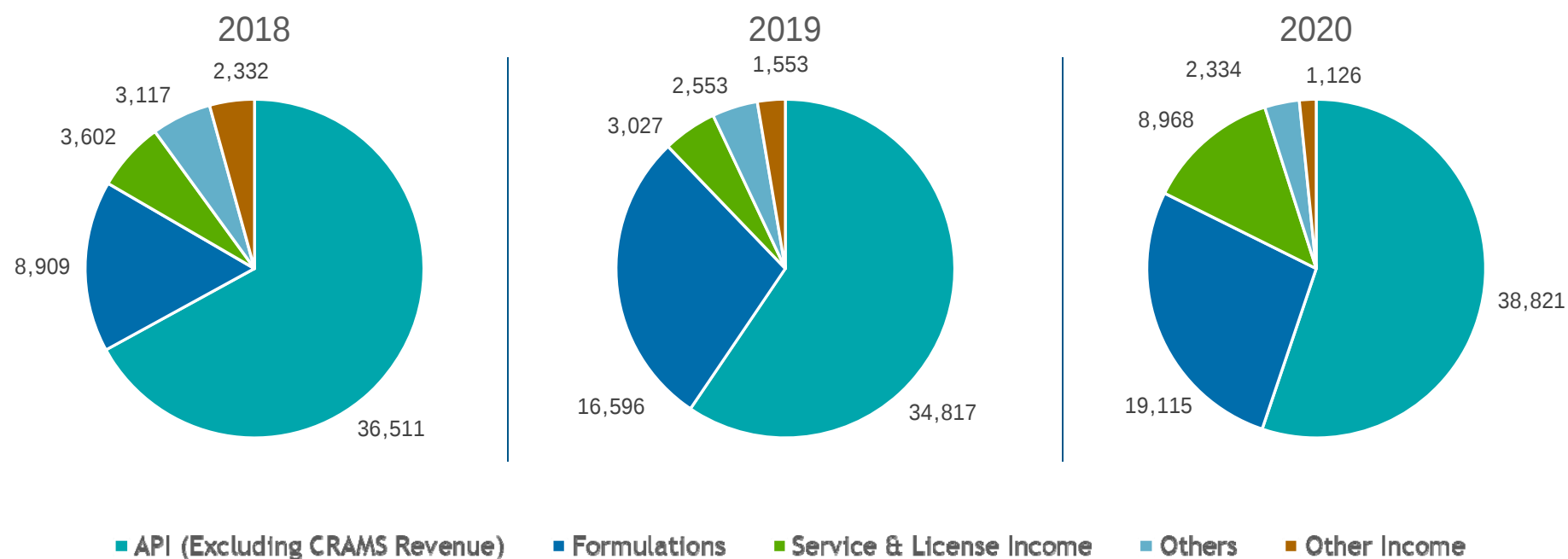


Historical Revenue Statement – Standalone



Total Revenue -13.66% CAGR in last 3 years

(Rs. In Lakhs)



Strong trends in underlying performance ex of CRAMS over the past few years



API

- Stringently adhering and complying to Global safety guidelines across all API facilities
- Applied for WHO Geneva GMP for Two Products



Formulations

- USFDA held an audit from 13 February to 25 February at the finished Dosage Formulation Facility in Jadcherla, **Form 483 issued with 15 observations, SML is working with USFDA to address the observations in a comprehensive manner**
- Launched 3 new products in the Oncology segment in the Indian market at affordable costs
 - Ibrushil “Ibrutinib”
 - Used to treat patients suffering from Chronic Lymphocytic Leukemia (CLL) & Mantle Cell Lymphomas (MCL)
 - Dasashil “Dasatinib”
 - Used to treat patients suffering from Chronic Myeloid Leukemia (CML)
 - Axishil “Axitinib”
 - Used to treat patients suffering from Advanced Renal Cell Carcinoma (RCC)



Future Growth Businesses

- R&D Facility at Bangalore is state of Art Centralized Research and Development Centre for Formulation Development. This Facility is involved in the development of Oncology and Non - Oncology Injectable, Oncology and Non - Oncology ODF, Transdermal or topical applications, Ophthalmic and Orally Disintegrating Films formulation
- Driving innovation and maximizing value through its Research and Development operations - the Centre is well equipped for development of Generics, Complex Generics and new dosage forms involving Nano and micro technologies like liposomes, Nano particles and specialty products

Managing Director's Message



Commenting on Q1 FY'21 performance, Mr. Vishnukant Chaturbhuj Bhutada, Managing Director Shilpa Medicare Limited said

"We are pleased to deliver a steady performance during the quarter despite of facing a volatile and challenging macro-environment. We delivered a revenue growth of 40% and a net profit growth of 431%.

We continue to emphasize on driving our formulations business and are optimistic on gaining new order wins in the quarters to come. We also focusing on developing a special marketing team across the key markets of Russia, Europe, Brazil, and other geographies. Our efforts towards ensuring sustainable growth are resulting in better margins.

We continue to place importance on the investments in Biologicals and are optimistic that they will start showing results in the coming years. This business will be driven through our wholly owned subsidiary where it can be scaled up to potential. Further our interest in other growth segments will support the enhancement in earnings as we go forward."

Microbial Products Purification Suite



Way Forward

Way Forward



API

- Plan to commercialize 3-4 new molecules each year
- To enhance capacity by 40 -70 % via debottlenecking in all Oncology production blocks
- To install dedicated intermediate blocks to make intermediates available in a shorter delivery period



Formulations

- To attain economies of scale by increasing batch sizes
- Expanding reach by entering different geographies/markets
- Further optimizing costs by enhancing operational efficiencies



Future Growth Businesses

- Diversification into other therapeutic areas like Biologics, portfolio expansion to Transdermal Dosage Forms and Oral thin films formulations
- Initiated a Biologics manufacturing plant equipped with best in class technologies at Karnataka
 - o Phase I of the facility is on schedule to be commissioned in Qtr-2 2020
- Planning for Powder Filling line in Oncology Segment
- Focus on expanding presence in emerging markets and ROW through strong business associations will be a growth driver going forward
- In Formulations, developing other therapeutic areas like Dermatology and Ophthalmology

Mab Fermentation Facility



Annexures

Biologicals Key Highlights :



Filling facility – Fully Automated



MAb purification suite – fully automated

- 6 of top 15 drugs in pipeline, with first set for market release in late 2022 & every year thereafter
- World class, fully integrated development cum flexible, future proof bio manufacturing infrastructure with regulatory backup
- Lowest Cost, High quality player
- Experienced team with global exposure

Historical R&D Expenditure Trends



(Rs. In Lakhs)

Particulars	FY18	FY19	FY20
Total R&D Expenditure	7,813	8,751	12,883
R&D Revenue Expenditure	5,386	4,004	6,948
R&D Intangible Assets (incl. CWIP)	2,427	4,747	5,935
<i>R&D as a % of Revenue</i>	<i>10%</i>	<i>13%</i>	<i>16%</i>

Strong orientation on R&D to sustain growth performance

About Shilpa Medicare Ltd.



Shilpa Medicare Limited (SML) started its operations as API manufacturer way back in 1989 at Raichur, Karnataka- India. Today Shilpa Medicare Limited is a global brand in manufacturing and supplying of affordable API and Formulation globally in different regulated markets.

Shilpa Medicare has been on path of expansion ever since its inception. With a regulatory recognized manufacturing set up and excellent scientific expert team in place, Shilpa Medicare has since been on a steady growth path. Currently they are one of the leaders in the Oncology market and offer a complete range of products in this segment spanning across APIs, formulations both in terms of R&D and manufacturing capabilities. Further to consolidate in field of Oncology, API and formulations, they are striving to put in efforts in field of novel drug delivery systems and biotech products along with widening their focus to other therapy areas. Where Shilpa Medicare is today is the result of their constant endeavors for more than two decades.



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Biological Division Team



Thank You