



Shilpa Medicare Limited
Registered office: # 12-6-214/A-1, Hyderabad Road, Raichur- 584135
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CIN No. - L85110KA1987PLC008739

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(Rs. In Lakhs, except per equity share data)

Sl. No	Particulars	Quarter ended			Nine months ended		Previous year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	Revenue from operations *	21,692.91	23,653.25	15,717.13	60,803.83	49,286.10	66,387.88
	Other Income	246.64	245.35	432.76	837.66	1,222.91	1,578.98
	Total Income	21,939.55	23,898.60	16,149.89	61,641.49	50,509.01	67,966.86
2	Expenses						
	a) Cost of material consumed	7,329.94	8,006.96	5,398.44	22,253.84	19,063.54	23,754.67
	b) Purchase of stock-in-trade	80.86	285.37	12.67	375.93	416.25	725.26
	c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	-1,596.80	534.63	990.03	-2,720.23	-2,326.31	-992.38
	d) Employee benefits expense	3,838.23	3,910.57	3,421.52	11,538.45	10,025.77	13,622.34
	e) Finance cost	109.45	62.99	95.64	304.11	179.65	289.32
	f) Depreciation and amortisation expenses	951.45	945.17	1,002.91	2,842.32	2,795.46	3,716.91
	g) Other expenses	4,359.89	3,820.76	2,974.50	10,678.72	8,602.00	11,913.25
	Total Expenses	15,073.02	17,566.45	13,895.71	45,273.14	38,756.36	53,029.37
3	Profit before tax and exceptional items (1)-(2)	6,866.53	6,332.15	2,254.18	16,368.35	11,752.65	14,937.49
4	Exceptional items- (Income)/Expenses (Pl see # below)	-	-	574.91	-	-1,420.08	-622.46
5	Profit Before Tax (3+4)	6,866.53	6,332.15	1,679.27	16,368.35	13,172.73	15,559.95
6	Tax Expense	1,205.39	1,022.26	112.19	2,786.93	2,432.18	3,149.32
	-Current tax	1,200.99	978.11	474.58	2,863.69	2,920.29	3,664.82
	-Deferred tax (Net of MAT credit)	4.40	44.15	(362.39)	(76.76)	(488.11)	(515.50)
7	Profit for the Period (5)-(6)	5,661.14	5,309.89	1,567.08	13,581.42	10,740.55	12,410.63
8	Other comprehensive income (OCI)						
	A. Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of the defined benefit (liability)/asset	-	-	-	-	8.44	4.01
	B. Items that will be reclassified subsequently to profit or loss						
	Gain / (Loss) on derivative instrument (net)	(6.19)	(14.64)	(55.08)	29.62	90.02	41.96
	Total other comprehensive income (net of tax)(A+B)	(6.19)	(14.64)	(55.08)	29.62	98.46	45.97
9	Total comprehensive income for the period / year (7)+(8)	5,654.95	5,295.25	1,512.00	13,611.04	10,839.01	12,456.60
10	Paid up equity share capital (par Value Rs.1/- each, fully paid)	815.27	815.27	815.27	815.27	815.27	815.27
11	Reserves i.e Other equity						1,27,339.28
12	Earnings per equity share (par value Rs.1/- each)	annualised	annualised	(Not annualised)	(Not annualised)	(Not annualised)	(Annualised)
	Basic (Rs.)	6.94	6.51	1.92	16.66	13.17	15.22
	Diluted (Rs.)	6.94	6.51	1.92	16.66	13.17	15.22

* Revenue from operations for the quarter ended on 30.09.2019 and nine months ended 31.12.2019 includes an amount of Rs.3,525.00 Lakhs with regard to sale of product licences

The above Exceptional Item includes the followings:

- Rs. 1,955.47 lakhs (net of related expenses) related to gain on sale of 24% investment in the equity shares of Raichem Medicare Private Limited ("RMPL" - Earlier classified as "Joint Venture") for the year ended March 31, 2019. The Company has entered into sale agreement to dispose off its balance equity shares by end of Q4 of FY19-20. Accordingly the value of equity shares has been reclassified under " Asset held for sale".
- As part of treasury management, the Company has invested in Commercial paper of Infrastructure Leasing & Financial Services Limited (IL&FS) amounting to Rs. 1,437.38 lakhs which was due for redemption on January 02, 2019. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there is significant uncertainty on recovery of the entire amount, the management has made a provision of full amount Rs. 1,437.38 lakhs as at March 31, 2019 and Rs. 574.91 lakhs (i.e 40% of investment) during quarter ended December 31, 2018. The Company, however, continues to monitor developments on this matter and is committed to take steps including further legal actions that may be necessary to ensure full recoverability.
- Rs.559.60 Lakhs has been written-off on account of accrued dividend on Investment in preference shares of Raichem Medicare Private Limited ("RMPL" - Earlier classified as "Joint Venture") as on March 31, 2019 due to accumulated losses in RMPL and uncertainty in receiving the payment from RMPL. The Company sold its investment of 1,85,00,000 number of redeemable preference shares of RMPL of face value of Rs.10/- each at a premium of Rs.3.35 each and recognised gain of Rs.619.87 lakhs.

For and on behalf of the Board of Directors

Date: 10.02.2020
Place: Hubli

Vishnu Kant C. Bhutani
Managing Director

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(Rs. In Lakhs, except per equity share data)

Sl No	Particulars	Quarter ended			Nine months ended		Previous year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	Revenue from operations *	23,685.40	28,991.65	17,342.52	68,776.16	53,386.95	73,338.77
	Other Income	325.40	582.08	312.96	1,105.74	1,064.05	1,373.74
	Total Income	24,010.80	29,573.73	17,655.48	69,881.90	54,451.00	74,712.51
2	Expenses						
	a) Cost of material consumed	7,796.38	7,999.29	5,607.29	23,100.98	19,897.32	24,911.84
	b) Purchase of stock-in-trade	82.30	534.55	19.14	626.67	420.57	723.44
	c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	-1,503.33	684.26	985.23	-2,910.38	-2,135.83	22.03
	d) Employee benefits expense	4,838.47	4,979.17	4,446.59	14,482.61	12,930.25	17,640.42
	e) Finance cost	126.94	81.75	106.64	354.98	227.05	367.56
	f) Depreciation and amortisation expenses	1,096.64	1,066.22	1,125.34	3,228.45	3,151.73	4,206.15
	g) Other expenses	5,097.14	7,994.12	3,666.55	16,421.67	10,432.77	14,458.88
	Total Expenses	17,534.54	23,339.36	15,956.78	55,304.98	44,923.86	62,330.33
3	Profit before share of profit of joint venture and associates, exceptional items and tax (1)-(2)	6,476.26	6,234.37	1,698.70	14,576.92	9,527.14	12,382.18
4	Share of Profit / (loss) of Joint venture and associates, net of tax	68.29	-68.06	2.03	35.70	-850.78	-801.70
5	Profit before tax and exceptional items (3-4)	6,544.55	6,166.31	1,700.73	14,612.62	8,676.36	11,580.49
6	Exceptional items- (Income)/Expenses(pl see ## below)	-	-	574.91	-	-2,033.02	-1,987.32
7	Profit Before Tax (5+6)	6,544.55	6,166.31	1,125.82	14,612.62	10,709.38	13,567.81
8	Tax Expense	1,052.59	1,118.54	-46.05	2,576.67	2,056.98	2,617.63
	-Current tax	1,201.43	978.54	474.94	2,865.21	3,040.63	3,789.51
	-Deferred tax (Net of MAT credit)	-148.84	140.00	-520.99	-288.54	-983.65	-1,171.88
9	Profit for the Period / year before non-controlling interest (7)-(8)	5,491.96	5,047.77	1,171.87	12,035.95	8,652.40	10,950.18
10	Share of (loss)/profit attributable to non-controlling interest	-14.21	-29.74	-75.37	-121.96	-185.59	-276.00
11	Profit after taxes attributable to owners of the Parent Company for the period / year (9-10)	5,506.17	5,077.51	1,247.24	12,157.91	8,837.99	11,226.18
12	Other comprehensive income (OCI)						
	A. Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of the defined benefit liability/asset Gain/(Loss) (net of tax)	-	-	-	-	8.43	1.11
	B. Items that will be reclassified subsequently to profit or loss						
	Gain / (Loss) on derivative instrument (net of tax)	-6.19	-14.64	-55.08	29.62	90.02	41.96
	Total other comprehensive income(net of tax)(A+B)	-6.19	-14.64	-55.08	29.62	98.45	43.07
13	Total comprehensive income for the period / year (11)+(12)	5,499.98	5,062.87	1,192.16	12,187.53	8,936.44	11,269.25
14	Paid up equity share capital (par Value Rs.1/- each, fully paid)	815.27	815.27	815.27	815.27	815.27	815.27
15	Reserves i.e other equity						1,18,943.06
16	Earnings per equity share (par value Rs.1/- each)	(Not)	(Not)	(Not)	(Not)	(Not)	(Annualised)
	Basic (Rs.)	6.75	6.23	1.53	14.91	10.84	13.77
	Diluted (Rs.)	6.75	6.23	1.53	14.91	10.84	13.77

* Revenue from operations for the quarter ended 30.09.2019 and nine months ended 31.12.2019 includes an amount of Rs. 7,256.75 Lakhs with regard to sale of product licence and further other expenses includes an amount of Rs. 3,368.89 Lakhs related to the said licence fees

The above Exceptional Item includes the followings:

- a) Rs.2,568.42 lakhs is recognized as gain on sale of 24% investment in Raichem Medicare Private Limited ("RMPL" – earlier classified as Joint Venture) as at year ended March 31, 2019 which is net of related expenses and includes additional gain of Rs. 612.95 Lakhs recognized due to diminishing in the value of equity investment against earlier year losses in previous period. The Company has entered into sale agreement to dispose off its balance equity shares by end of Q4 FY19-20. Accordingly, the value of equity shares has been reclassified as " Asset held for sale" as per Ind-AS 105 and share in loss of RMPL has been considered under equity method upto quarter ended June 30, 2018.
- b) As part of treasury management, the Company has invested in Commercial paper of Infrastructure Leasing & Financial Services Limited (IL&FS) amounting to Rs. 1,437.38 lakhs which was due for redemption on January 02, 2019. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there is significant uncertainty on recovery of the entire amount, the management has made a provision of full amount Rs. 1,437.38 lakhs as at March 31, 2019 and Rs. 574.91 lakhs (i.e 40% of Investment) during quarter ended December 31, 2018. The Company, however, continues to monitor developments on this matter and is committed to take steps including further legal actions that may be necessary to ensure full recoverability.
- c) Rs.559.60 Lakhs which has been written-off on account of accrued dividend on investment in preference shares in Raichem Medicare Private Limited ("RMPL" – earlier classified as Joint Venture) as on March 31, 2019 due to accumulated losses in RMPL and uncertainty in receiving the payment from RMPL. The Company sold its investment of 1,85,00,000 redeemable preference shares of RMPL at a premium and recognised gain of Rs.1371.79 lakhs which is net of related expenses and includes an additional gain of Rs.751.92 Lakhs recognised due to diminishing in the value of preference share investment against earlier period losses.

Notes:

- 1. The above unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 in respect of Shilpa Medicare Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on February 10, 2020.
- 2. These financial results have been prepared in accordance with Indian Accounting Standards('Ind-AS') notified under section 133 of the Companies Act, 2013 read with the relevant rules there under and in terms of Regulation 33 of SEBI (Listing Obligation and Other Disclosure Requirements) Regulations,2015 and SEBI Circular dated July 5, 2016.

3. Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method with practical expedient. There is no impact on retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31 2019 have not been retrospectively adjusted. The effect of this adoption did not have a material impact on the results for the quarter and nine months ended December 31, 2019
4. During the quarter and period ended December 31, 2019 the Maia Pharmaceutical Inc. ('Associate') has recorded a profit/(loss) of Rs (380.35) lakhs and Rs. (766.19) Lakhs respectively. The Loss incurred due to major expenses on R&D and filing fee which have been charged to P&L account in their financials. Whereas in consolidation financials as per Ind AS 28, the losses has been recognized to the extent of the company's interest in associate. Accordingly, loss of Rs. Nil lakhs and loss of Rs. (47.37) lakhs for the quarter and period ended December 31, 2019 respectively have been considered.
5. The Operating segment of the Company is " Pharmaceuticals", as the Chief Operating Decision Maker review business performance at an overall Company level as one segment. Therefore, segment reporting as per Ind-AS 108 is not applicable to the Company.
6. The results for the quarter and nine months ended December 31.2019 presented were subjected to a " Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.
7. Figures for the previous periods have been regrouped, wherever necessary, to correspond with the figures of the current period.

For and on behalf of the Board of Directors

Date: 10.02.2020

Place: Hubli


Vishnukant C. Bhutaga
Managing Director





Limited Review Report – Standalone Financial Results

To the Board of Directors of Shilpa Medicare Limited,

1. We have reviewed the accompanying statement of unaudited standalone financial results of SHILPA MEDICARE LIMITED ("the Company") for the quarter ended 31st December, 2019 and year-to-date results for the period from 1st April, 2019 to 31st December, 2019 ("the statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial information performed by the Independent Auditor of the Entity*, issued by Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **BRAHMAYYA & CO.**

Chartered Accountants

Firm's Regn No. 000513S



K. Shrawan
(K.SHRAVAN)

Partner

Membership No. 215798

UDIN: **20215798AAAAAP6499**

Camp : Hubli
Date : 10.02.2020



Limited Review Report – Consolidated Financial Results

To the Board of Directors of Shilpa Medicare Limited,

1. We have reviewed the accompanying statement of unaudited consolidated financial results of SHILPA MEDICARE LIMITED ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net profit after tax and total comprehensive income of its associates and joint Venture for the quarter ended 31st December, 2019 and year-to-date results for the period from 1st April, 2019 to 31st December, 2019 (the "statement"), being submitted by the parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This statement is the responsibility of the Parent's Management and has been approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial information performed by the Independent Auditor of the Entity*, issued by Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.
4. The Statement includes the result of the following Subsidiaries/ Associates/Joint Venture:
 - a. Koanaa Healthcare Limited, UK (Wholly owned subsidiary Company)
 - b. Koanaa Healthcare Limited, Austria (Wholly owned subsidiary Company)
 - c. Zatortia Holdings Limited (Wholly Owned Subsidiary Company)
 - d. Shilpa Therapeutics Private Limited (Wholly Owned Subsidiary Company)
 - e. INM Technologies Private Limited (Subsidiary Company)
 - f. INM Nuvent Paints Private Limited (Step down Subsidiary Company)
 - g. Loba Feinchemie, GmbH (Step down Subsidiary Company)
 - h. Makindus, Inc (Subsidiary Company)
 - i. MAIA Pharmaceuticals, Inc (Associate Company)
 - j. Reva Medicare Private Limited (Joint Venture Company)
 - k. Reva Pharmachem Private Limited (Associate Company)
 - l. Shilpa Pharma Inc (Wholly owned subsidiary Company)
 - m. Sravathi Advance Process Technologies Private Limited (Subsidiary Company)





CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial statements of four subsidiaries included in the consolidated unaudited financial results, whose interim financial statements total revenue of Rs. 156.06 lakhs and Rs. 705.90 lakhs, total net loss after tax of Rs. (380.11) lakhs and Rs. (1187.54) lakhs, and total comprehensive loss of Rs. (380.11) lakhs and Rs. (1187.54) lakhs, for the quarter ended 31st December 2019 and for the period from 1st April 2019 to 31st December 2019, respectively, as considered in the consolidated unaudited financial results. The statement also include the Group's share of net profit after tax of Rs. 68.29 lakhs and Rs. 83.07 lakhs and total comprehensive income of Rs. 68.29 lakhs and Rs. 83.07 lakhs for the quarter ended 31st December, 2019 and for the period from 1st April 2019 to 31st December 2019, as considered in the consolidated unaudited financial results, in respect of one joint venture and one associate, whose interim financial statements have not been reviewed by us. These interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matters.
7. The Statement includes the interim financial statements of six subsidiaries which have not been reviewed, whose interim financial statements reflect total revenue of Rs. 2224.09 lakhs and Rs. 11885.68 lakhs, total net profit/ (loss) after tax of Rs. 204.21 lakhs and Rs. (166.86) lakhs, and total comprehensive income/(loss) of Rs. 204.21 lakhs and Rs. (166.86) lakhs, for the quarter ended 31st December, 2019 and for the period from 1st April 2019 to 31st December 2019, respectively, as considered in the consolidated unaudited financial results. The statement also include the Group's share of net loss after tax of Rs. Nil lakhs and Rs. (47.37) lakhs and total comprehensive loss of Rs. Nil lakhs and Rs. (47.37) lakhs for the quarter ended 31st December, 2019 and for the period from 1st April 2019 to 31st December 2019, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial statement which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

for **BRAHMAYYA & CO.**

Chartered Accountants

Firm's Regn No. 000513S



K. Shraavan

(K.SHRAVAN)

Partner

Membership No. 215798

UDIN: 20215798AAAAA07873

Camp : Hubli
Date : 10.02.2020