

Chairman's Message



Dear Shareholders

Our annual report comes to you at a time when the entire world is fighting an unprecedented pandemic. I am sure that you and your dear ones are staying safe and taking all necessary precautions. Few days prior to finalising this report the total number of Covid-19 cases in India was 2.03 Million. Over 1.8 Crore are infected across the world and an unfortunate 7 lakhs lost the battle. My sincere sympathies for those who lost their dear ones.

Across the world, healthcare warriors are working tirelessly to provide the best treatment to those who have been tested positive. A bigger effort is also ongoing by the various governments to contain the spread. Medical research is also progressing at a breakneck speed to develop a vaccine against Covid-19. In the recent times, efforts for developing a therapeutic cure has resulted in few products visible at the end of the innovation value chain.

Damages the outbreak has created on the global economy is far-reaching.

I am confident that the united world will overcome this pandemic with the combined power of human will and science. Innovation will become increasingly important keeping in view of the emerging challenges in healthcare such as Covid-19.

At the onslaught of the pandemic at Shilpa Medicare Ltd. we took all necessary precautions to protect our employees through a combination of social distancing at our workplaces and work from home option for a large number of our staff.

How We Performed in FY 2019-20

SML made substantial growth in FY 2019-20. We launched important products and increased our capacity. Our key strategies includes organic and inorganic diversifications to strengthen our research and operations. Our total revenue on a consolidated basis improved 24 % year on year to 925 Crores.

Profit After Tax in FY 2019-20 is 156 crores which is 39% growth year on year. Our revenue from APIs and Formulations increased 13% and 40% respectively year on year.

Strengthening SML's core purpose

At SML our core purpose is to innovate and deliver affordable healthcare for all. We are one of the leading players in APIs and an emerging player in oncology formulations. Globally, cancer is the second leading cause of death. According to a WHO report cancer caused an estimated 9.6 million deaths in 2018. Globally, about 1 in 6 deaths is due to cancer. Approximately 70% of deaths from cancer occur in low- and middle-income countries. Limited access to timely diagnosis, affordable and effective treatment, and access to high-quality care are just some of the factors that lead to disparities in cancer survival. According to a recently published report, spending on all medicines used in the treatment of cancer patients worldwide reached nearly US\$150 billion in 2018, with two-digit growth as compared with the previous year. There is, therefore, a crucial need to develop innovative medicinal products (InMP) to provide oncology patients with better treatment alternatives at potentially lower cost. SML is committed to creating affordable drug solutions in oncology.

Our branded generic version for Lenvatinib Mesylates, an anti-cancer drug with a brand name 'LENSHIL' is able to reduce the treatment cost by more than the 50% when compared to cost of other innovator drugs in the market. While we aim to commercialise 3-4 molecules every year, in our API facilities, we are also in the process of debottlenecking oncology production blocks by enhancing capacity by 40-70%. During the year we also launched the Indian branded generic of Ibrutinib, an anti-cancer drug under the brand name IBRUSHIL. IBRUSHIL is used in the treatment of patients suffering from Chronic Lymphocytic Leukaemia (CLL), Mantle Cell Lymphomas (MCL) and other related cancers.

As on 31st, March 2020 our total patents filing stands at 357 with 47 granted. Our Formulation product pipeline consists of 61 with 38 approvals.

Key Outcomes and Initiatives

The Company has received two Establishment Inspection Reports (EIR) for our API unit-I and one EIR for our formulations facility at Jadcherla from the US Food and Drug Administration (USFDA). API Unit 1 & 2 also received various GMP Certification based on inspections.

Tranexamic Acid is a medicine that controls bleeding. It helps blood clotting and is used for nosebleeds. We increased our API facility for Tranexamic Acid by nearly 100%.

We would continue to explore organic and inorganic growth to strengthen our manufacturing and research. While stepping into FY2021 we acquired FTF Pharma an integrated drug development company.

Going forward we are also aggressively pursuing growth from biologicals, oral dissolving films, transdermal products and dermatological formulations.

Governance and Social Responsibility

SML continues to observe the highest standards of regulatory compliance. It's systems and processes are attuned to adhere to the evolving requirements of regulators in the geographies where it operates. Past instances of regulatory observations have all be successfully closed with favourable outcome.

Corporate Social Responsibility is akin to our business model. We continue to help farmers through water conservation, environment, animal welfare etc. Due to impact of COVID-19 and increase in unemployment of daily wages worker, the Company supported the under-privileged people by distributing groceries, food to quarantined migrants, undertook distribution of masks, sanitizers and temperature reading equipment. Donation was made to PM Cares Fund. For our social initiatives, we had an outlay of ₹ 326 lakh during this year.

SML is at the cusp of a major growth trajectory. On behalf of the Board of Directors, I take this opportunity to thank our partners in growth – our valued shareholders, partners, customers, suppliers for their continued support. Last but not the least I congratulate our dedicated team at SML for the enthusiastic efforts and aligning with the SML vision.

Do stay safe.

Warm Regards,

Omprakash Inani
Chairman