

ELITE PHARMACEUTICALS INC /NV/  
Form 10-Q  
November 09, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2016

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 001-15697

**ELITE PHARMACEUTICALS, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**NEVADA**                      **22-3542636**  
(State or other jurisdiction of    (I.R.S. Employer)

incorporation or organization) Identification No.)

**165 LUDLOW AVENUE**

**07647**

**NORTHVALE, NEW JERSEY**

(Address of principal executive offices) (Zip Code)

**(201) 750-2646**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 905,662,789 shares of common stock were issued and outstanding as of November 4, 2016.

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**PART 1 – FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ELITE PHARMACEUTICALS, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2016 (Unaudited)	March 31, 2016 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash	\$12,579,683	\$11,512,179
Accounts receivable	1,145,503	1,530,296
Inventory	5,635,535	3,293,729
Prepaid expenses and other current assets	301,863	377,752
Total current assets	19,662,584	16,713,956
Property and equipment, net of accumulated depreciation of \$7,064,730 and \$6,726,407, respectively	8,351,757	8,110,721
Intangible assets, net of accumulated amortization of \$-0-	6,417,832	6,411,799
Other assets:		
Restricted cash - debt service for NJEDA bonds	388,959	388,959
Security deposits	48,714	48,714
Total other assets	437,673	437,673
Total assets	\$34,869,846	\$31,674,149
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$2,279,749	\$1,804,429
Accrued expenses	1,429,944	555,352
Deferred revenue, current portion	1,013,333	1,013,333
Bonds payable, current portion (net of bond issuance costs)	70,822	205,822
Line of credit, related party	-	718,309
Loans payable, current portion	341,164	342,944

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Total current liabilities	5,135,012	4,640,189
Long-term liabilities:		
Deferred revenue, net of current portion	2,772,223	3,278,887
Bonds payable, net of current portion and bond issuance costs	1,576,867	1,654,777
Loans payable, net current portion	403,472	520,829
Derivative financial instruments - warrants	2,471,718	10,368,567
Other long term liabilities	35,251	47,422
Total long-term liabilities	7,259,531	15,870,482
Total liabilities	12,394,543	20,510,671

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**ELITE PHARMACEUTICALS, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED BALANCE SHEETS**

## Mezzanine Equity

Series I convertible preferred stock; par value \$0.01; 395.758 shares authorized, -0- issued and outstanding as of September 30, 2016; 495.758 shares authorized, 100 shares issued and outstanding as of March 31, 2016	-	44,285,715
Shareholders' equity (deficit):		
Common stock; par value \$0.001; 995,000,000 shares authorized; 893,670,036 shares issued and 893,570,036 outstanding as of September 30, 2016; 711,544,352 shares issued and 711,444,352 outstanding as of March 31, 2016	893,673	711,546
Additional paid-in capital	159,221,096	109,137,805
Treasury stock; 100,000 shares as of September 30, 2016 and March 31, 2016; at cost	(306,841 )	(306,841 )
Accumulated deficit	(137,332,625)	(142,664,747)
Total shareholders' equity (deficit)	22,475,303	(33,122,237 )
Total liabilities, mezzanine equity and shareholders' equity (deficit)	\$34,869,846	\$31,674,149

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

**ELITE PHARMACEUTICALS, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2016	2015 (As Restated)	2016	2015 (As Restated)
Manufacturing fees	\$2,033,074	\$2,553,195	\$4,584,932	\$4,228,968
Licensing fees	652,624	393,312	1,371,912	880,644
Total revenue	2,685,698	2,946,507	5,956,844	5,109,612
Cost of revenue	1,850,769	1,414,529	4,029,246	2,611,497
Gross profit	834,929	1,531,978	1,927,598	2,498,115
Operating expenses:				
Research and development	1,266,712	4,172,419	2,786,154	6,614,063
General and administrative	667,047	881,566	1,368,562	1,560,630
Non-cash compensation through issuance of stock options	84,785	80,992	174,169	171,470
Depreciation and amortization	20,984	164,340	43,376	325,800
Total operating expenses	2,039,528	5,299,317	4,372,261	8,671,963
Loss from operations	(1,204,599 )	(3,767,339 )	(2,444,663 )	(6,173,848 )
Other income (expense):				
Interest expense and amortization of debt issuance costs	(57,377 )	(63,824 )	(126,320 )	(139,257 )
Change in fair value of derivative instruments	5,496,927	2,149,787	7,896,849	9,364,047
Interest income	3,147	-	6,256	-
Other income (expense), net	5,442,697	2,085,963	7,776,785	9,224,790
Income (loss) before income taxes	4,238,098	(1,681,376 )	5,332,122	3,050,942
Income tax provision	-	-	-	-
Net income (loss)	4,238,098	(1,681,376 )	5,332,122	3,050,942
Change in carrying value of convertible preferred share mezzanine equity	22,857,143	(5,071,406 )	20,714,286	1,357,167
Net income (loss) attributable to common shareholders	\$27,095,241	\$(6,752,782 )	\$26,046,408	\$4,408,109

Basic income (loss) per share attributable to common shareholders	\$0.03	\$(0.01	) \$0.03	\$0.01
Diluted loss per share attributable to common shareholders	\$(0.00	) \$(0.01	) \$(0.00	) \$(0.01
Basic weighted average common shares outstanding	806,868,491	665,330,431	765,055,707	656,141,476
Diluted weighted average common shares outstanding	816,026,737	823,495,279	774,213,953	814,306,324

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*



**ELITE PHARMACEUTICALS, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)****(UNAUDITED)**

	Common Stock			Treasury Stock		Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount	Additional Paid-In Capital	Shares	Amount		
Balance at March 31, 2016	711,544,352	\$ 711,546	\$ 109,137,805	100,000	\$(306,841)	\$(142,664,747)	\$(33,122,237)
Net income						5,332,122	5,332,122
Change in value of convertible preferred mezzanine equity			20,714,286				20,714,286