



**UNICHEM
LABORATORIES LTD.**

Fax No : 91 (22) 2678 4391 / 5198
Tel. No. : 91 (22) 66888333
Website : <http://www.unichemlabs.com>
CIN : L99999MH1962PLC012451.

Registered & Corporate Office : Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (West), Mumbai-400102, INDIA.

Ref: ULL/SEC/2016-17

Date : November 4, 2016

Corporate Relation Department
Bombay Stock Exchange Ltd.
1st Floor, Rotunda Building
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra– Kurla Complex
Bandra (East), Mumbai – 400 051

Sub: Investor Presentation for Unichem Laboratories Limited for Q2 FY17 Results
Ref: BSE Scrip Code: 506690 : NSE Symbol – UNICHEMLAB

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter and half year ended September 30, 2016 for your information and records.

Please take the above on record.

For **UNICHEM LABORATORIES LIMITED**


NEEMA THAKORE
Head – Legal & Company Secretary



Encl .: As above

Unichem Laboratories Limited



Investor Presentation
Q2 & H1 FY 2017

Safe Harbor Statement

This presentation may include certain forward-looking statements and information that involve risks, uncertainties and assumptions based on current expectations, within the meaning of applicable laws and regulations. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects” and similar expressions. Actual results could differ materially from those projected in forward looking statements and the company does not guarantee realization of these statements. Any forward looking statement or information contained in this presentation speaks only as of the date of the statements. The company also disclaims any obligation to revise any forward looking statements.

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Agenda

1. Profile & History
2. Growth & Profitability
3. Business Operations
 - Domestic Operations
 - International Operations
 - API Operations
4. Research & Development
5. Management & Governance
6. Financials

Profile

- One of the India's leading integrated Pharmaceutical Companies with a strong presence in domestic formulations market
 - Ranked 26th in the Domestic Formulations market as per AWACS MAT Sept 2016
 - Amongst the top # 18 companies in representative (covered) market
 - Domestic Operations contribute ~58% of Consolidated Revenues
 - International Operations contribute ~42% of Consolidated Revenues
 - US revenues showing a robust growth
 - Dedicated focus on International operations –gaining momentum

- 4 brands featuring among top 300 brands (*AWACS MAT Sept, 2016*)
 - Largest brand / brand extensions in excess of Rs170Cr
 - Over 21 brands with Rs. 10cr + Revenues
 - Over 21 brands with Rs. 5cr + Revenues and over 25 brands waiting to cross this threshold
 - In 18 therapeutic sub-groups Unichem's brand is No 1 brand, over all Unichem's brands rank in the top 5 in 45 therapeutic sub-groups

- Uninterrupted Dividend track record and cash generating operations

History - Key Milestones (Last 10 Years)

- USFDA certification of Goa Plant
- Acquisition of 100% stake in Niche Generics

- USFDA certification of Ghaziabad Plant
- EDQM certification of Roha Plant

- USFDA certification of API plant at Pithampur

- USFDA re-certification of Goa Plant & Roha Plant
- Commencement of Sikkim & Baddi – Formulation Plant
- Commencement of US sales

- Expansion of Packaging facility at Goa Plant
- Construction of R & D Centre at Goa started

- Re-location of R&D from Mumbai to Goa (CoE). Filings commissioned from new R&D Centre
- Sale of Indore SEZ plant to Mylan Laboratories Ltd.
- USFDA re-certification of API plant Pithampur

- USFDA's surprise inspection at 3 plants
- EIR received from USFDA, for Goa, Ghaziabad, Pithampur and Roha plants, thereby enabling business continuity in US
- Commissioned expanded capacities at Goa Formulation plant. Significantly increasing the capacities

2005-06

2007-08

2009

2010-11

2012

2013-14

2015-16

- New PTD at Goa
- Baddi II commissioned
- Acquisition of API plant at Pithampur

- Goa BioScience R&D commissioned
- Launch of Unikare - Derma Division

- Sikkim Factory construction started
- Establishment of packing unit at Ireland

- Modernization of Betalactum Plant - Baddi
- SEZ Pithampur construction started
- Reorganization of Acute Business

- Purchase of additional land at Goa

- Realignment of Chronic business. Commenced further sub divisionalization with increased focus on Chronic, launching new division on Cardio & Neuro.
- Commencement of expansion at API facility in Pithampur

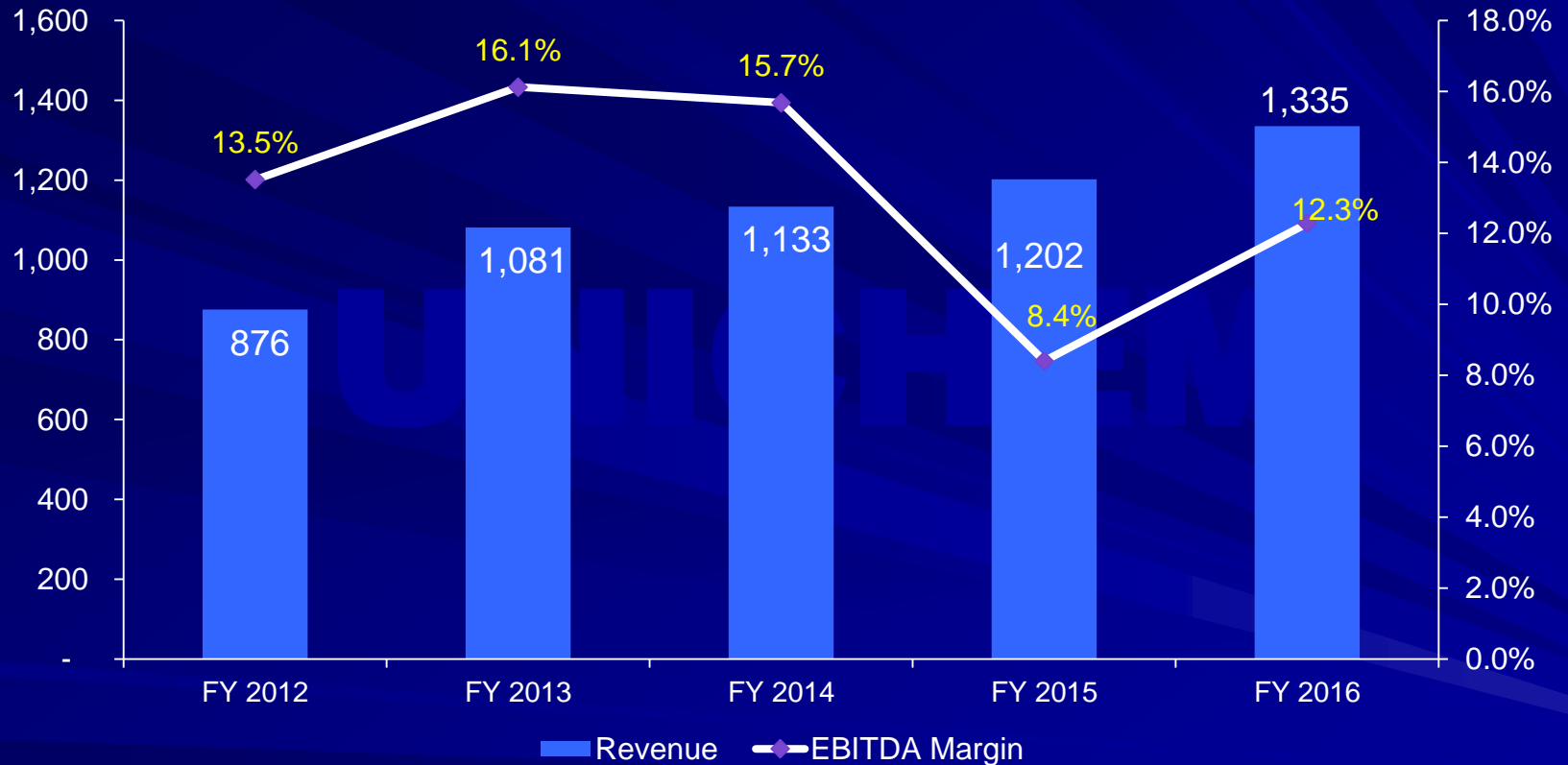
- Entered over the counter market by launching Unienzyme via Wellness Division

- Acquiring API facility in Kolhapur, Maharashtra

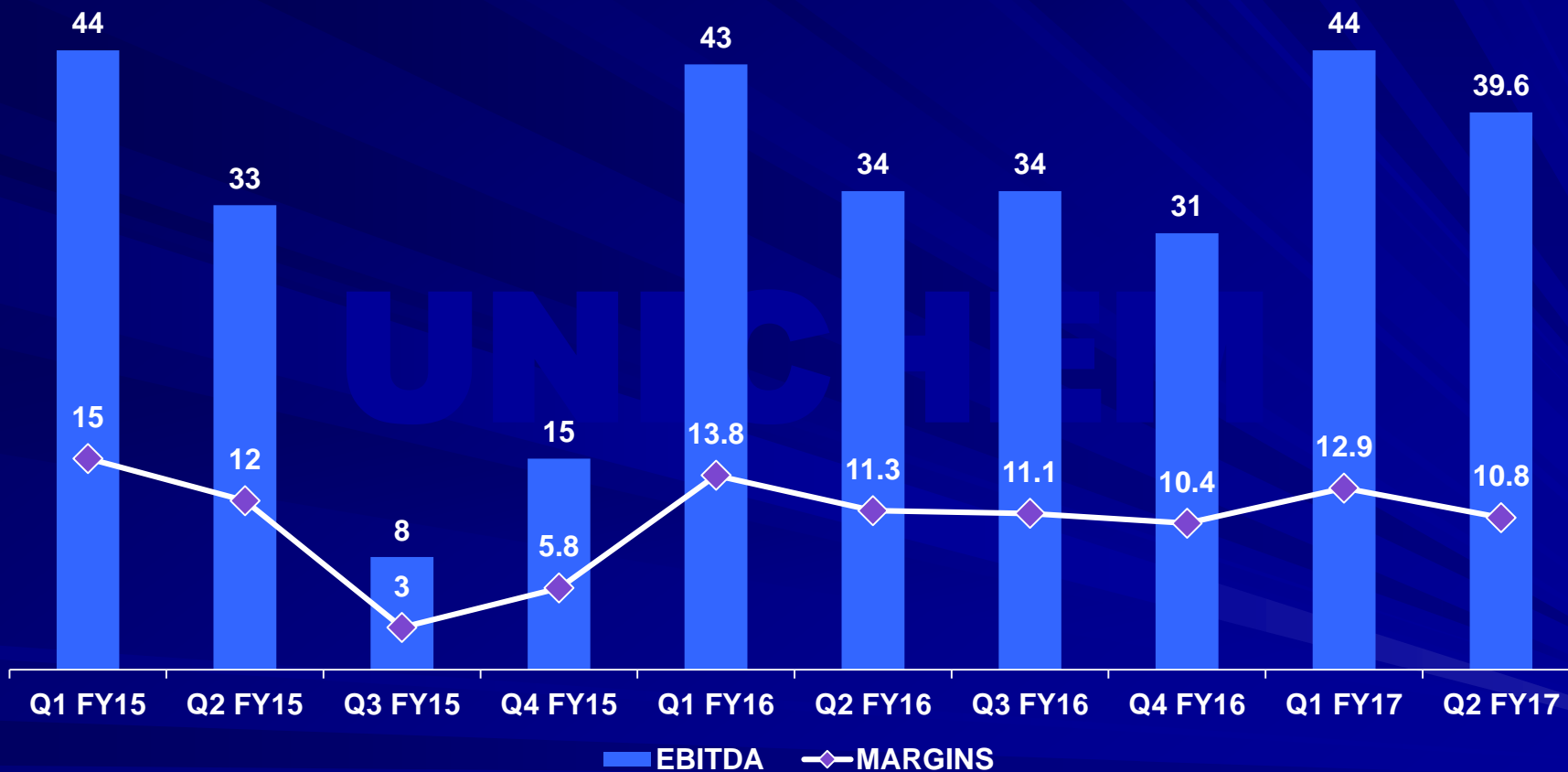
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Consolidated Financials {Rs. Crores}



Standalone EBITDA Profile from FY 15 onwards



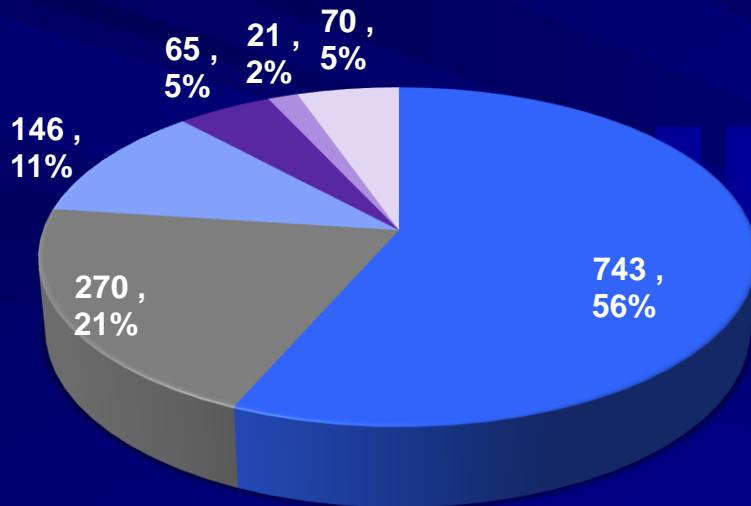
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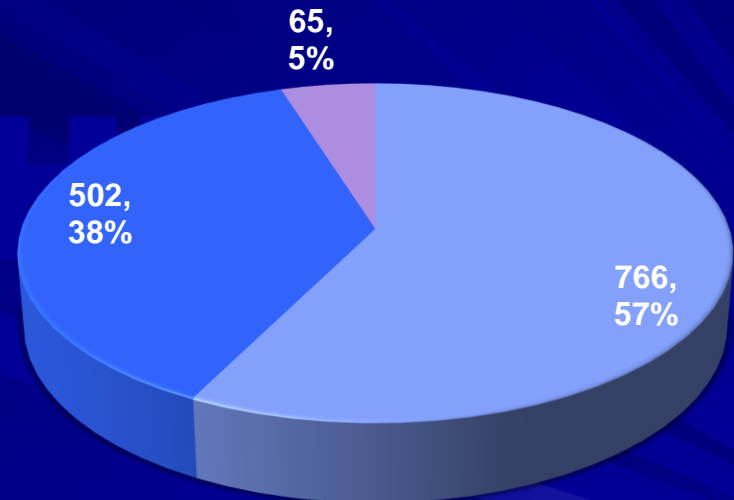
Revenue & Business areas break-up

Consolidated – FY 2016

Revenue Break-up by Segment
Rs. Crores



Revenue Break-up by Region
Rs. Crores



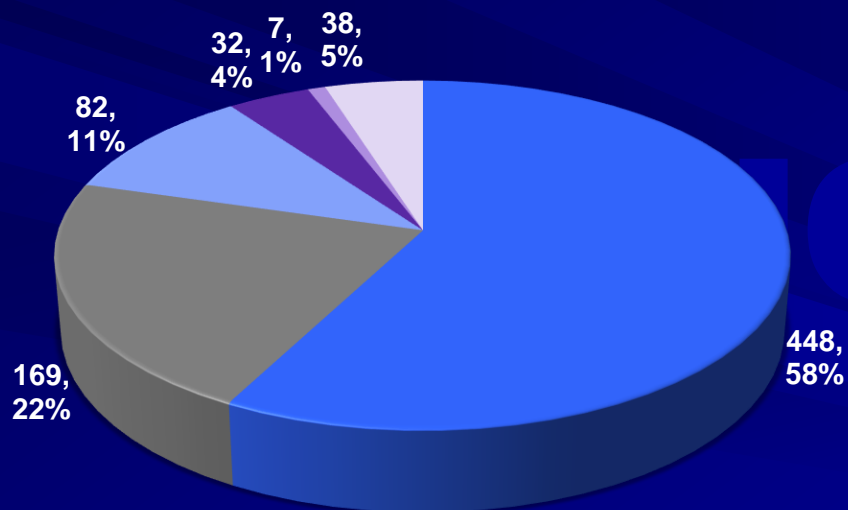
- Formulation - Domestic
- International Business - US/Brazil
- International Business - Niche/EU
- RoW
- API - Domestic
- API - Exports

- India Business
- Regulated Markets
- Emerging Markets

Revenue & Business areas break-up

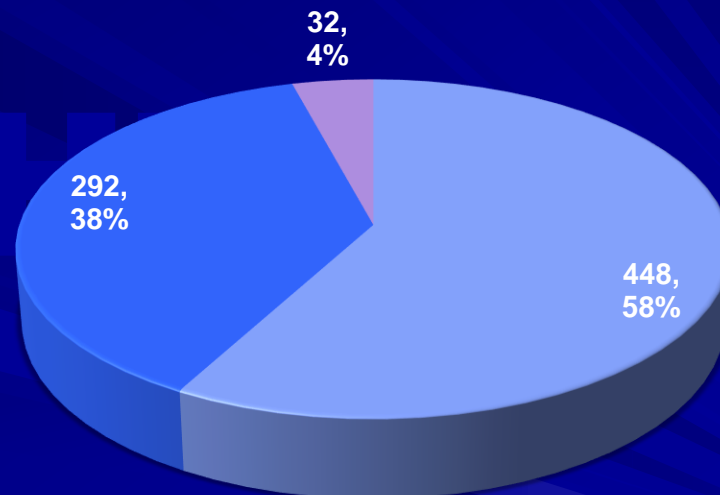
Consolidated – H1 FY 2017

Revenue Break-up by Region
Rs. Crores



- Formulation - Domestic
- International Business -US/Brazil
- International Business - Niche/EU
- ACASIA (Emerging Market)
- API - Domestic
- API - Exports

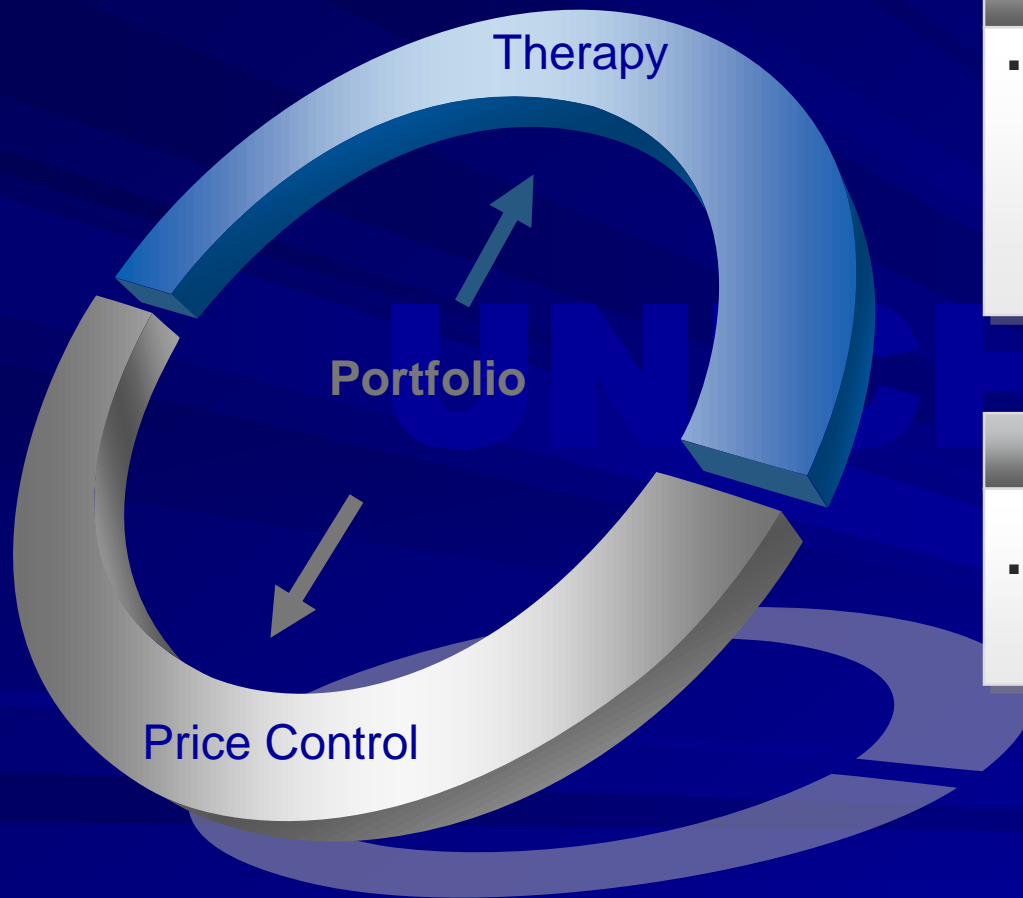
Revenue Break-up by Region
Rs. Crores



- India Business
- Regulated Markets
- ACASIA (Emerging Markets)

Portfolio Therapy Dominance & Price Control

SCENE



Therapy

- Major Revenue contributors:
 - Chronic care accounts for ~58%* of Domestic Formulation Revenues
 - Acute portfolio accounts for ~42%* of Domestic Formulation Revenues

Price Control

- Less than 20% of Domestic Portfolio (in value terms) are under DPCO 2013.

Unichem in The Indian Pharma Market

Rs. Crores

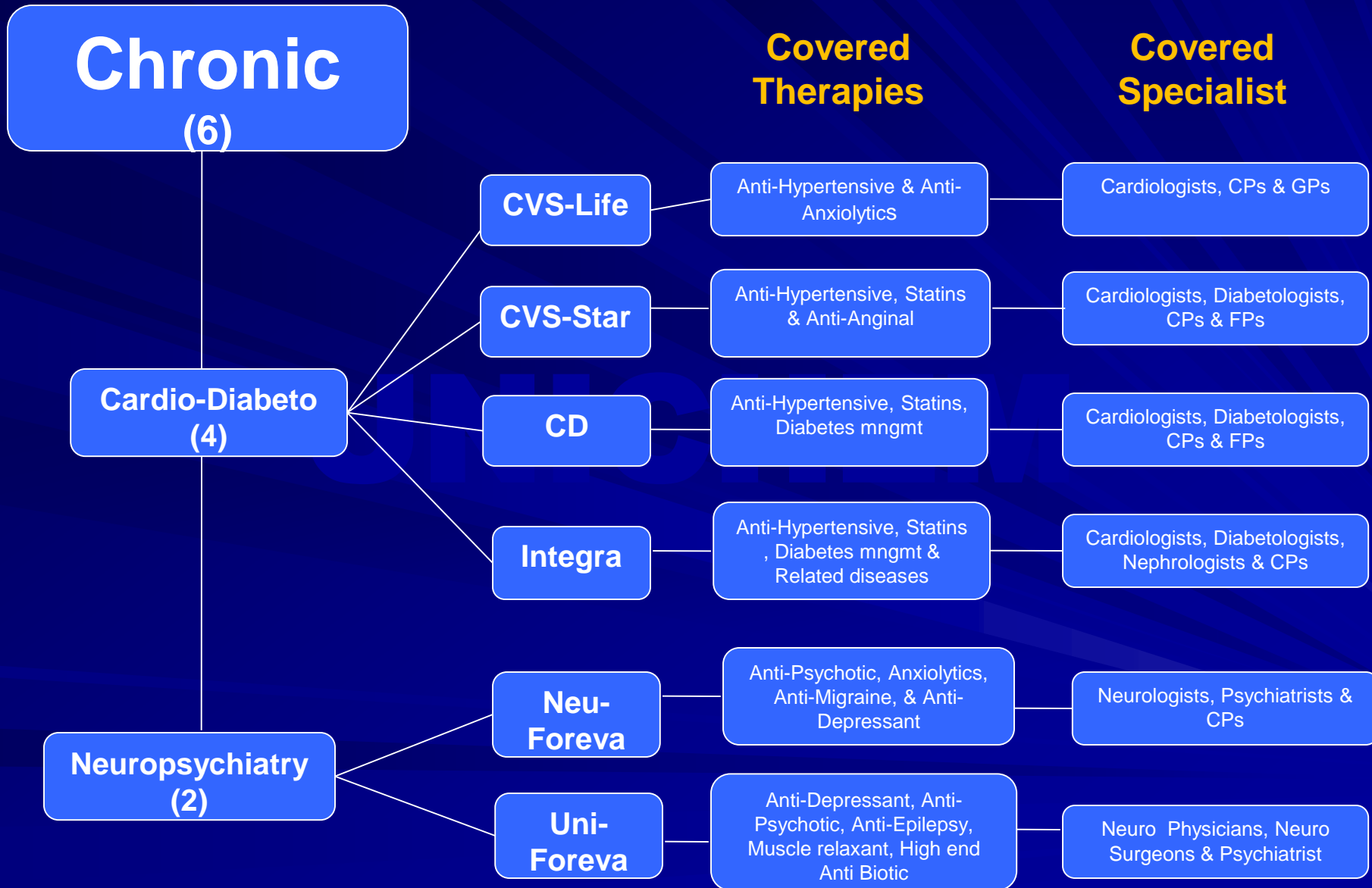
	Indian Pharmaceutical Market	MAT Sept, 2016	% Growth
	Total Size of the Market	103820	10.9
	Unichem Represented (Covered) Market	49777	10.6
Sr. No	Top Companies in Covered Market		
1	Sun Pharma + Ranbaxy	5397	11.2
2	Alkem	2789	10.4
3	Mankind	2433	17.3
4	Cipla	2124	9.8
5	Zydus	2122	7.8
6	Lupin	1976	9.8
7	Macleods	1911	9.3
8	Abbott Healthcare	1839	6.8
9	Aristo	1731	12.7
10	Intas	1540	13.8
18	Unichem Labs	935	13.5

Unichem's Therapy Gaps in the market

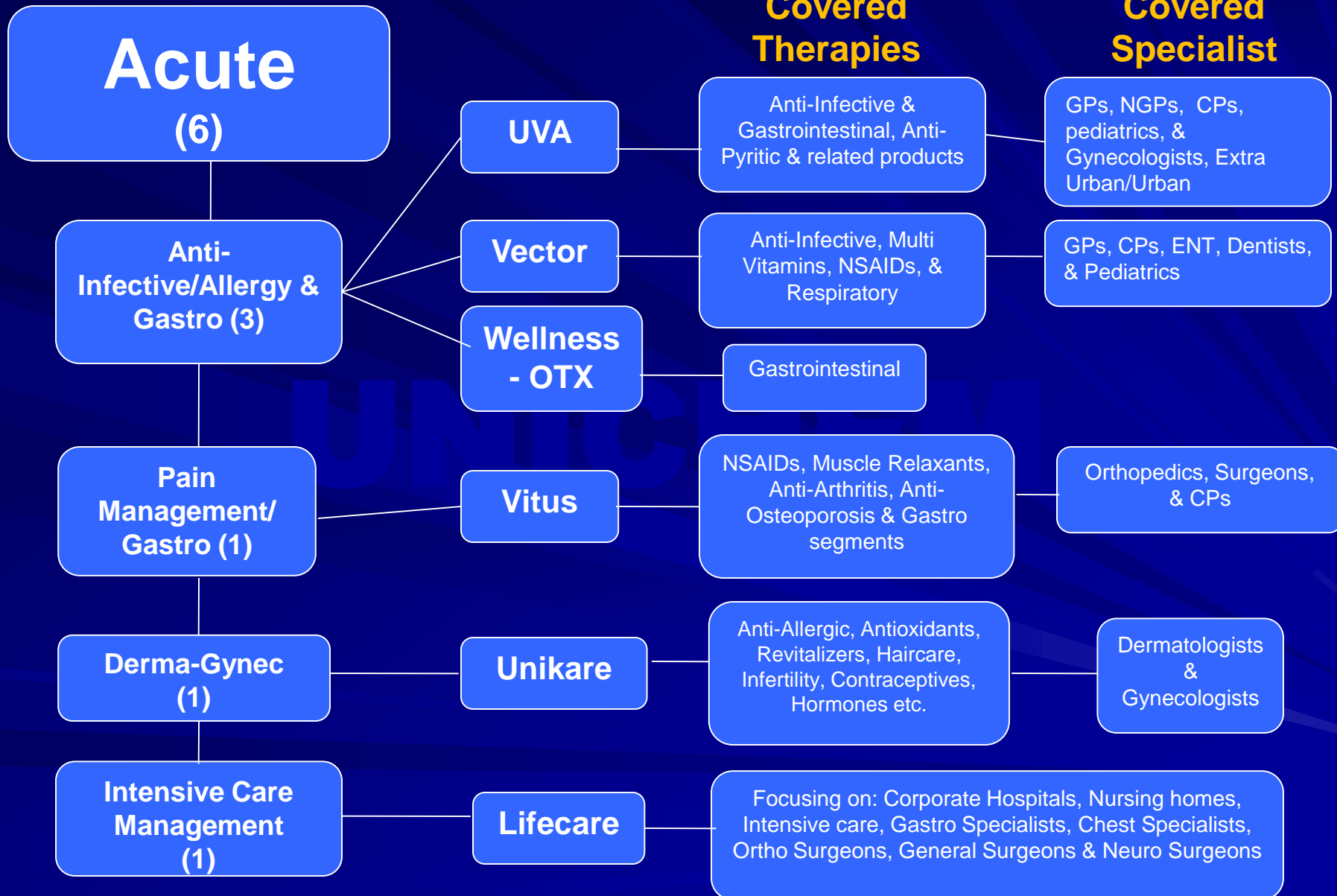
	MAT Sept' 16 Value Rs. Crs	% of Total Value	No. of Sub- Segments	% of Total No. of Segments
Unichem Non-Represented Segments	54,043	52.1%	2,620	87.6%
Unichem Represented Segments	49,777	47.9%	372	12.4%
Total Market	103,820	100.0%	2,992	100.0%

- Unichem is represented in 372 sub-segments (*about ~12 % of total sub-segments*), but covers nearly half of the IPM in value terms
- *However, opportunity does exist for more Unichem introductions in high growth non-represented segments*
- **Opportunity exists in the following Therapeutic Segments:**
 - Hospital Products
 - Women Health
 - Dermatology
 - Nutritional
 - Augmenting product portfolio of -
 - Acute Therapy
 - CNS & Nephrology

Domestic Formulations: Divisions



Domestic Formulations: Divisions



Domestic Business: Customer Coverage

■ Penetration

- 6 Chronic Verticals manned by ~1300 + CBAs
- 6 Acute verticals manned by ~1200 + CBAs

■ Doctor Coverage: Over 100,000 doctors covered

■ Chronic Coverage

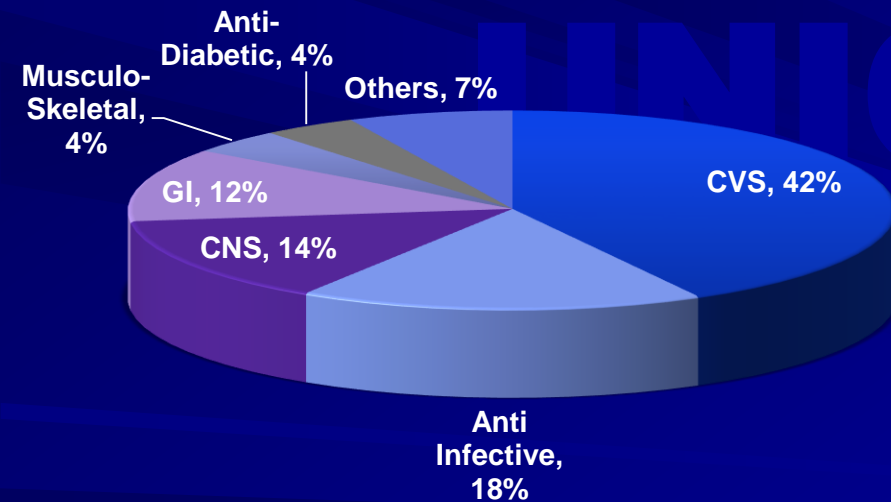
Cardiologists, Diabetologists, Neurologists, Psychiatrists, Nephrologists, Gynaecologists (Infertility treatment), CPs, GPs etc.

■ Acute Coverage

GPs, CPs, NGPs, ENTs, Dentists, Surgeons, Paediatrics, Gynaecologists (General), Dermatologists, etc.

Domestic Formulations Business

Therapeutic Segment-wise break-up



- Leadership position in key participated segments
 - Largest brand / brand extensions in excess of Rs170cr
- # 4 Brands in Top 300 brands
 - Losar H, Ampoxin, Losar & Unienzyme
- In 18 therapeutic groups Unichem's brand is No 1 brand
- Over all Unichem's brands rank in the top 5 in 45 therapeutic sub-groups
- Healthy balance between chronic (~58%) & acute (~42%)

Brand Building – Focus Brand Portfolio

- # Top 10 Brands contributes ~45% of the company's domestic revenues
 - *Losar H, Ampoxin, Losar, Unienzyme, Vizylac, Trika, Serta, Unistar, Arkamin and Telsar*

- Top 50 Brands contributes ~80% of the company's domestic revenues
 - # 4 - Rs. 50+ crore brands
 - # 1 - Rs. 30 - 50 crore brand
 - # 2 - Rs. 20 - 30 crore brands
 - # 14 - Rs. 10 - 20 crore brands
 - # 48 - Rs. 3 - 10 crore brands

Top 10 Product Groups Performance

Rs. Crores

	MAT Sept, 2016	% Growth	% Market Share	% Contribution to Revenue
Total Revenue	935	13.5	0.9	100.0
Losar Group	184	11.5	36.7	19.7
Ampoxin Group	76	1.2	45.8	8.1
Unienzyme	58	-5.5	15.4	6.2
Telsar Group	55	14.4	3.0	5.9
Olsar Group	37	17.3	5.4	4.0
Vizylac	35	15.7	13.2	3.7
Pregaba Group	30	35.8	5.3	3.2
Trika Group	26	-12.5	19.3	2.8
Serta	23	13.2	27.9	2.4
Metride Group	20	8.9	0.8	2.1

AWACS Data – MAT Sept, 2016

Therapy Market Segment	Representative Market		Unichem Laboratories		
	Size (Rs. Crs)	% Growth	Sales (Rs. Crs)	% Share	% Growth
Cardiac Care	8078	9.0	394	4.9	13.6
Anti-Infectives	11364	7.1	157	1.4	8.9
Neuro-Psychiatry	3513	12.1	127	3.6	18.8
Gastro Intestinal	6231	10.8	110	1.8	2.2
Musculosketetals	4467	12.9	39	0.9	28.1
Anti – Diabetic	3955	19.8	38	1.0	44.0
Others	12169	11.1	70	0.6	13.8
TOTAL	49777	10.6	935	1.9	13.5

Globally Accredited State of the art Manufacturing Facilities

■ Formulations

- Baddi (HP) – essentially catering to domestic and developing regulated market
 - Regulatory approvals – MHRA & ANVISA
- Ghaziabad (UP) – for catering to regulated and developing regulated markets
 - Regulatory approvals – USFDA (Re-Certified recently), ANVISA, TGA, MHRA
- Goa – for catering both to regulated and developing regulated markets
 - Regulatory approvals – USFDA (Re-Certified recently), MHRA, ANVISA, TGA
- Sikkim Plant – catering to domestic market
- Ireland – Packaging facility in Baldoye
 - Regulatory Approvals – Irish Medical Board and Kazakhstan Regulatory Authority

■ APIs

- Roha (Maharashtra) – Multiple plants
 - Regulatory approvals – USFDA (Re-Certified recently), EDQM, PMDA, EU GMP, KFDA, ISO, OHSAS
- Pithampur (MP) – Multiple plants
 - Regulatory approvals – USFDA , EUGMP, COFEPRIS

Unichem is built on the foundation of “Quality & Reliability”

Domestic Market – Management Focus

■ Domestic Market

- Enhancing relationship with customers and Focus on Field Productivity
- Brand building through ‘Focused Brand approach’
- Increased coverage and compliance
- Entry into unrepresented / uncovered market segments
- Optimal use of Manufacturing Assets
- Over the Counter - In Gastrointestinal market with Unienzyme through Wellness division

- **Key risks:**
 - Higher competition in the domestic market
 - Regulatory hurdles
 - High concentration risk (*Three products generate ~25% of sales*)

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International Formulation Business

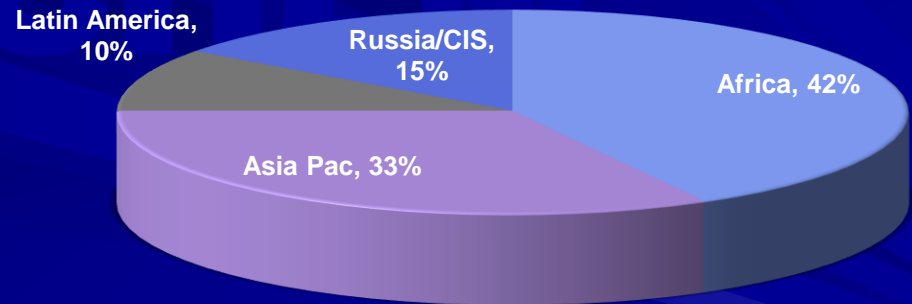
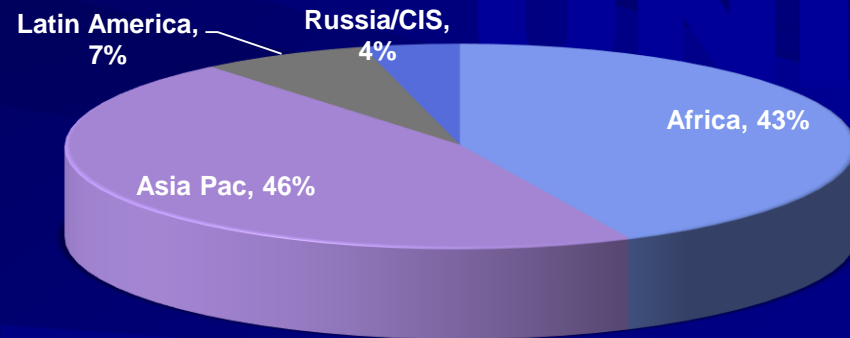
- Company has made significant investments in building infrastructure which includes new R&D centre and API plants for captive consumption to support international business
- Company is in process of further augmenting its API & Formulation capacities for expected future growth
- Regulatory Approvals
 - Goa Plant - USFDA (Re-Certified recently), MHRA, ANVISA, TGA
 - Ghaziabad Plant - USFDA (Re-Certified recently), MHRA, ANVISA, TGA
- More than # 800 product registrations across the world
- # 37 US ANDAs filed so far and # 21 of which already approved (Incl 1 PARA IV)
 - Many more filings in the pipeline

International Business – Formulations

ACASIA : Emerging Global Markets

Geographic Mix – FY 16

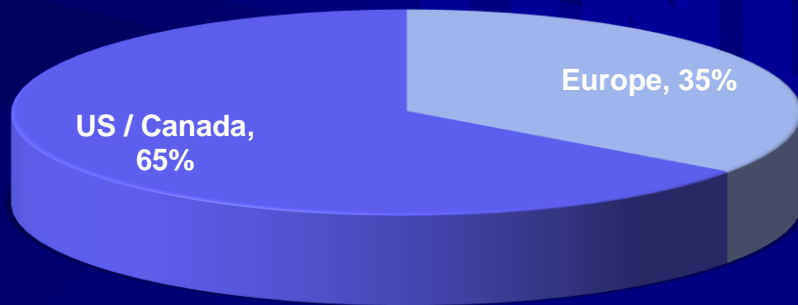
Geographic Mix – H1 FY 17



International Business – Formulations

Regulated Markets

Geographic Mix – FY 16



Geographic Mix – H1 FY 17



International Business – Formulations

Regulated Markets - USA and LATAM

UNITED STATES:

- UNICHEM PHARMACEUTICALS (USA) Inc - wholly owned subsidiary to manage ANDA filings and Business Development
 - Business model is based on leveraging Unichem's technical expertise and production capability with integrated end-to-end value chain
 - Longstanding relationship with large wholesalers and retail chains for products launched
 - Total number of ANDAs filed # 37 and development in progress for further filings
 - Total ANDAs approved so far # 21 including #1 PARA IV approval
- Increase in R & D Investments to support the anticipated further growth
- Company's strategy is to scale-up operations for sustained growth over time

International Business – Formulations

Regulated Markets

EUROPE

- European presence through 100% subsidiary - Niche Generics, UK
- The subsidiary sells these regulatory dossiers and supply agreements to third party companies
 - Total # 37 products {(Own:# 34; In-Licensing: # 3) (Direct marketing by Niche#23)}
 - Packing facility at Ireland
- The subsidiary has direct sales operations in the U.K.
- The subsidiary trades across Europe and also looking to extend into other geographies
- The subsidiary to focus on developing markets for generics and identifying potential products that can drive the business in in UK and Europe
- Direct (Unichem) presence through contract manufacturing and supply agreements
- 2012-13 : 100% subsidiary in Ireland

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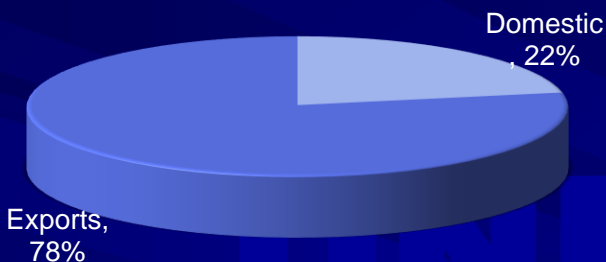
API-World class Manufacturing Facilities and Infrastructure

- Roha (Maharashtra) – Multiple plants
 - Regulatory Approvals – USFDA (Re-Certified recently), EDQM, PMDA, EU GMP, KFDA, ISO, OHSAS
- Pithampur (MP) – Multiple plants
 - Regulatory Approvals – USFDA (Re-Certified recently), EUGMP, COFEPRIS
- More than # 500 Regulatory filings (DMFs, EDMFs, e-CTDs, ACTDs etc)

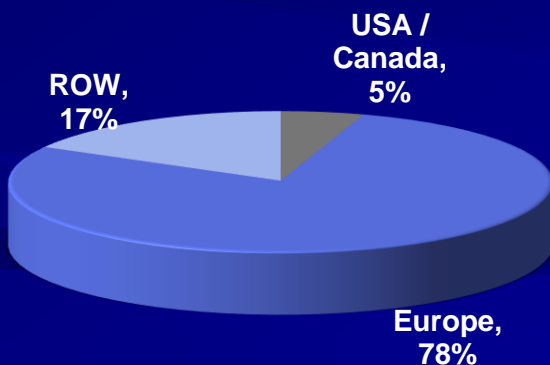
API - Total Revenue (Excluding Captive)

F Y 2016

Revenue Break-up by Segment



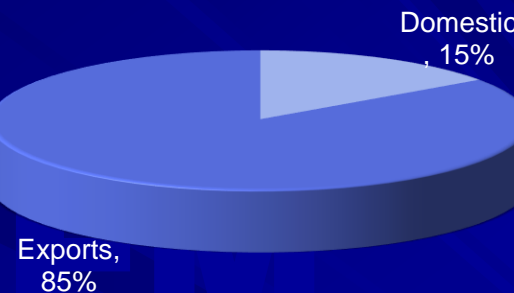
Export Revenue Break-up by Region



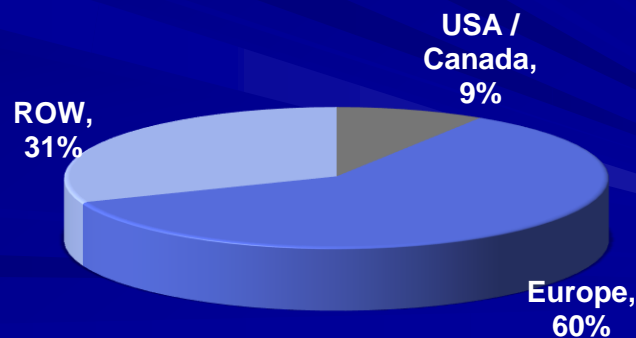
Total API Revenue : Rs.93 Crores

F Y H1 2017

Revenue Break-up by Segment



Export Revenue Break-up by Region



Total API Revenue : Rs. 45 Crores

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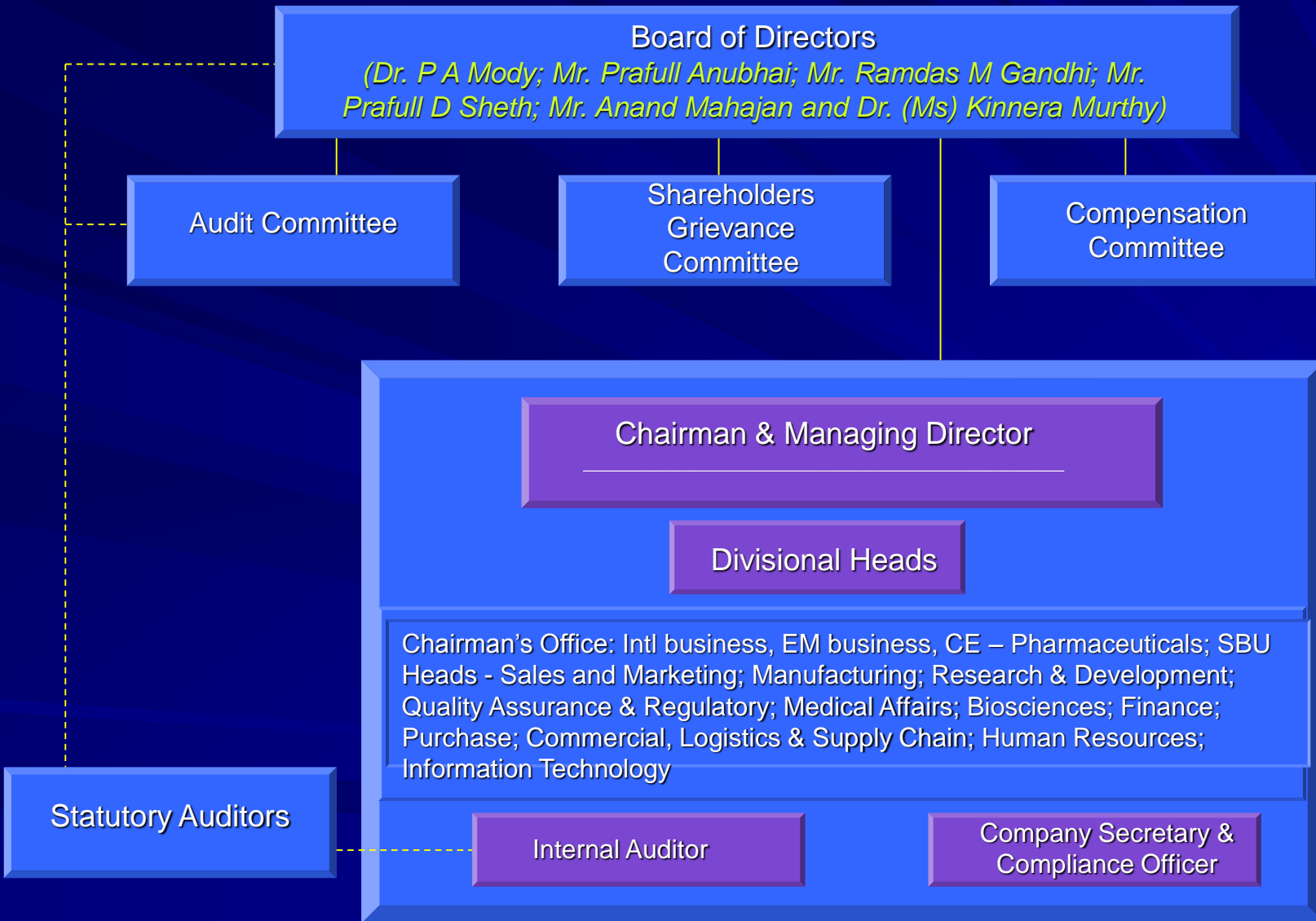
Focus

- Unichem has a two fold R&D strategy
 - Development of patent non-infringing processes for APIs
 - Development of Novel Drug Delivery Systems (NDDS)
- Chemical R&D
 - Centre of Excellence at Goa offering the most conducive environment for value added research
 - Developed novel, innovative & efficient processes for 45 new generation molecules in various therapeutic categories
 - Strong synthesis & analytical team fully equipped with latest facilities
- Formulations R&D
 - State-of-the-art Pharma R & D facilities to undertake formulation development of Tablets, Capsules, Liquid Orals, Creams, Ointments & Injectibles
 - Separate facilities for antibiotics
 - Pre-formulation laboratories to carry out drug-excipient compatibility studies and physical characterization of API regarding compressibility and flow characteristics
 - Formulation services on contract research and development projects for a number of leading European companies
 - Formulation Development and ANDA filings following QbD protocol
- Biosimilar products at various stages of development
 - Recombinant DNA Technique
 - Fermentation based products
 - Monoclonal Anti Bodies
- Total R & D spending of ~5 % of sales
 - More than # 300 Scientists (including more than # 30 PhDs) in R & D activities

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Management & Governance



Maintains high standards of Corporate Governance

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Standalone Financials *(INR Lakhs)*

STAND ALONE FINANCIALS - IND-AS (INR Lakhs)						
Particulars	Three months ended Sept 30, 2016	Three months ended Sept 30, 2015	% Growth	Six Month ended Sept 30, 2016	Six Month ended Sept 30, 2015	% Growth
Sales Income from Operations:						
<i>Domestic Operations</i>						
Formulations	22,695	19,207	18%	44,849	38,903	15%
API	399	857	-53%	694	1,514	-54%
<i>International Operations</i>						
Formulations	11,338	9,025	26%	21,053	17,352	21%
API	2,055	1,688	22%	3,834	3,815	1%
Other Operating Income	317	203	56%	570	635	-10%
Total Income	36,804	30,979	19%	71,001	62,219	14%
Expenditure:						
Material Consumption	13,194	12,115	9%	25,579	23,584	8%
% Sales Income	35.9%	39.1%		36.0%	37.9%	
Staff Cost	6,901	5,553	24%	13,224	11,032	20%
Other Expenditure	12,750	9,869	29%	23,816	19,868	20%
EBITDA	3,958	3,443		8,382	7,735	
% Total Income	10.8%	11.1%		11.8%	12.4%	
Interest	62	52	18%	121	106	14%
Depreciation	1,048	866	21%	2,024	1,746	16%
Total Expenditure	33,955	28,455	19%	64,764	56,336	15%
% Total Income	92.3%	91.9%		91.2%	90.5%	
Operating Income	2,848	2,524		6,237	5,883	
% Total Income	7.7%	8.1%		8.8%	9.5%	
Other Income	348	611	-43%	853	1,229	-31%
Profit before Tax	3,196	3,135	2%	6,811	7,111	-4%
% Total Income	8.7%	10.1%		9.6%	11.4%	
Income Tax	1,144	822	39%	2,460	1,899	30%
Net Profit before Exceptional Items	2,052	2,313	-11%	4,629	5,212	-11%
% Total Income	5.6%	7.5%		6.5%	8.4%	
Other Comprehensive Income - Net of Tax	2.17	-48.57		-20.16	-10.97	
Total Comprehensive Income after Tax	2,055	2,265	-9%	4,609	5,201	-11%
% Total Income	5.6%	7.3%		6.5%	8.4%	
Earning Per Share- Basic	2.26	2.55	-11%	5.10	5.74	-11%
Earning Per Share- Diluted	2.26	2.54	-11%	5.09	5.73	-11%

Notes: The previous period figures have been regrouped wherever necessary.

Thank You