



Investor Update

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Mumbai, July 22, 2010

UNICHEM LABORATORIES LIMITED

Q1, 2010-11: Financial Performance

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Financial Highlights:

Q1 – FY 2010-11

- The company's revenue from operations stood at Rs.187.5 crs for the quarter ended June 30, 2010 against Rs. 169.3 crs recorded during the corresponding quarter of the previous year, reflecting overall growth of 10.7%.
 - Domestic Formulation business grew at 10.7% and API business grew at 21.0% compared to the corresponding quarter of the previous year. Further, API exports grew at 45.8% during the current quarter compared to the corresponding quarter of the previous year.
 - A sharp fall in the generic-generic business resulted in overall growth of 10.7%. However, the domestic branded formulations grew at 15.7%.
- The company's EBIDTA margins for the quarter is lower compared to the corresponding quarter of the previous year, essentially due to increased field headcount related expenses, R & D expenses (Bioequivalence studies) and commissioning of new plants at Baddi and Sikkim.
- The company posted Profit before tax of Rs. 43.4 crs for the quarter ended June 30, 2010 compared to Rs. 40.8 crs during the corresponding quarter of the previous year, reflecting growth of 6.4 %.
- The net profit for the quarter ended June 30, 2010 stood at Rs. 33.3 crs compared to Rs. 32.4 crs during the corresponding quarter of the previous year, due to increased tax provision on account of higher rate of MAT.
- The EPS for the quarter stood at Rs. 9.25 for the quarter ended June 30, 2010 compared to Rs. 8.98 during the corresponding quarter of the previous year.



Investor Update

Financials

UNICHEM LABORATORIES LTD

Analysis of Quarterly and Annual Financial results for Quarter ended 30th June, 2010.

STAND ALONE FINANCIALS

Particulars	For three months ended Jun 30, 2010	For three months ended Jun 30, 2009	% Growth
Sales Income from Operations:			
<i>Domestic Operations</i>			
Formulations	14,716.23	13,290.62	10.7%
API	682.95	564.33	21.0%
<i>International Operations</i>			
Formulations	2,060.86	2,093.29	-1.5%
API	1,184.59	812.73	45.8%
Other Operating Income	104.85	172.15	-39.1%
Contract Manufacturing			
Total Income	18,749.48	16,933.12	10.7%
Expenditure:			
Material Consumption	5,985.15	5,861.60	2.1%
<i>% Sales Income</i>	31.9%	34.6%	
Staff Cost	2,582.76	2,265.98	14.0%
Depreciation	657.84	523.89	25.6%
Other Expenditure	5,357.40	4,269.68	25.5%
Interest	25.40	3.23	686.8%
Total Expenditure	14,608.55	12,924.38	13.0%
<i>% Total Income</i>	77.9%	76.3%	
Operating Income	4,140.93	4,008.74	3.3%
<i>% Total Income</i>	22.1%	23.7%	
Other Income	195.77	68.04	187.7%
Profit before Tax	4,336.70	4,076.78	6.4%
<i>% Total Income</i>	23.1%	24.1%	
Prior period expenses / (income)	-	0.43	-100.0%
Income Tax	1,002.00	815.00	22.9%
Excess / (short) provision for tax of earlier year	-	22.00	-100.0%
Net Profit	3,334.70	3,239.35	2.9%
<i>% Total Income</i>	17.8%	19.1%	
Earning Per Share (Rs.)			
Basic	9.25	8.98	3.0%
Diluted	9.19	8.96	2.6%



Investor Update

Niche Generics Limited, the 100% UK Subsidiary recorded sales of **GBP 2.24 millions** and Net Loss of **GBP 0.06 Millions** for the quarter ended June 30, 2010.

Unichem Pharmaceuticals USA Inc., the 100% US Subsidiary recorded sales of **USD 0.68 Millions** and Net Loss of **USD 0.26 Millions** for the Quarter ended June 30, 2010.

Unichem Pharmaceuticals Do Brasil Ltda, Our Brazil Subsidiary recorded sales of **Brazilian Reals 0.07 Millions** and Net Loss of **Brazilian Reals of 0.29 Millions** for the Quarter ended June 30, 2010.

Ratios:

	Quarter ended June 30, 2010	Quarter ended June 30, 2009	Previous year ended March 31, 2010	Previous year ended March 31, 2009
Debt / Equity Ratio:	0.04	0.03	0.04	0.05
Net worth (Rs. Mn)	6442.69	5525.71	6106.71	5199.61
Total Debt (Rs. Mn)	269.95	193.39	229.64	255.32
Book Value (Rs./Share)	178.62	153.24	169.33	144.21
Net Sales / Net fixed assets ratio	0.49	0.48	1.82	1.84
Current assets ratios:	2.51	1.87	2.36	2.03
Net Current assets (Rs. Millions)	3413.3	2720.2	2905.6	2670.7
Current Liabilities (Rs. Millions)	1357.8	1456.4	1229.4	1312.4
ROCE %	30.4	30.2	29.4	30.2
RONW %	21.0	24.0	21.9	24.0



Investor Update

India Formulation Business

Key Highlights

ORG-IMS

Domestic Formulation market on MAT May, 2010 is estimated at Rs. 43,177 crs by IMS, reflecting a growth of 19.6 % over MAT May, 2009. Unichem Laboratories revenue is estimated at Rs. 655 crs (*MAT May, 2010*) and growing at 24.7% with a market share of 1.52%. Unichem's current ranking is 25, while it ranks 8th position in the covered market.

The division-wise break-up is as follows:

	MAT MAY'10		APRIL-MAY'10	
	VALUE (Rs.)	% GROWTH	VALUE (Rs.)	% GROWTH
Total Domestic Market	43,177	19.6	7,721	22.3
Total Unichem Laboratories	655	24.8	117	21.4
Unisearch - Cardiovascular Division	243	24.2	45	24.8
UVA Division	148	19.8	23	(2.3)
Unisearch - Cardiovascular Diabetology Division	82	41.5	17	58.8
UniKare Division	55	46.4	10	39.7
Pharma Division	50	18.2	7	(7.1)
Neu Foreva - Neuro Psychiatry Division	48	32.0	10	52.2
Unisearch - Integra (Nephrology) Division	20	14.9	4	25.7
Total Unichem Formulations Business	646	26.5	116	22.5
Others	9	(36.3)	1	(38.9)

Brand Position

Three Unichem brands feature among the top 100 Indian pharmaceutical brands during MAT May, 2010.

1. Ampoxin – Rs.79 crs. (Rank 40th)
2. Losar-H – Rs.62 crs. (Rank 61st)
3. Losar – Rs.58 crs. (Rank 71st)



Investor Update

Unichem Laboratories Represented / Covered Market

	VALUE (Rs. Crs)			% GROWTH		
	MAT MAY'10	April'10	May'10	MAT MAY'10	April'10	May'10
REPRESENTED MARKET	21,250	1,907	1,802	21.7	25.9	21.0
CARDIAC CARE	3,010	293	279	26.1	30.8	27.2
ANTI-INFECTIVES	5,171	422	395	19.2	22.8	15.0
NEURO-PSYCHIATRY	1,604	149	143	25.0	27.0	23.4
GASTRO INTESTINALS	1,501	145	139	16.8	21.9	17.9
NUTRACEUTICALS	1,591	153	149	22.6	33.5	30.2
MUSCULO-SKELETALS	1,894	171	163	16.9	20.5	16.2
ANTI-DIABETIC	1,213	121	117	36.8	41.2	38.2
RESPIRATORY	2,328	175	147	23.3	21.5	14.4
DERMATOLOGICALS	1,101	101	98	25.0	21.3	20.5
HAEMATINICS	823	80	79	16.8	29.6	23.0
OTHERS	1,014	96	93	13.9	22.5	17.4

Unichem in Represented / Covered sub-segments

Unichem formulations are represented in 262 therapeutic sub-groups out of the total 1370 therapeutic sub-groups covered by IMS. These represented subgroups constitute appx 50% of the total market by value.

	VALUE (Rs. Crs)			% Mkt Share			% GROWTH		
	MAT MAY'10	April'10	May'10	MAT MAY'10	April'10	May'10	MAT MAY'10	April'10	May'10
UNICHEM	655	60	57	3.1	3.2	3.2	24.8	25.2	17.7
CARDIAC CARE	280	27	26	9.3	9.4	9.4	26.3	34.8	30.5
ANTI-INFECTIVES	126	8	7	2.4	2.0	1.9	11.0	(15.8)	(25.5)
NEURO-PSYCHIATRY	88	9	8	5.5	5.7	5.8	26.1	30.5	29.0
GASTRO INTESTINALS	45	4	4	3.0	3.1	3.1	35.1	30.4	20.7
NUTRACEUTICALS	39	4	4	2.5	2.8	2.7	35.5	54.7	35.0
MUSCULO-SKELETALS	21	2	2	1.1	1.0	0.9	15.3	8.7	(3.6)
ANTI-DIABETIC	24	3	2	2.0	2.1	2.1	50.0	72.0	51.4
RESPIRATORY	20	2	1	0.8	0.9	1.0	37.6	26.5	19.7
DERMATOLOGICALS	13	1	1	1.1	1.2	1.2	41.2	39.6	39.0
HAEMATINICS	1	0	0	0.1	0.3	0.1	31.6	428.8	7.3
OTHERS	0	0	0	0.0	0.0	0.1	(63.4)	(61.8)	18.2



Investor Update

Total Represented / Covered Market Growth and Unichem Growth Progression:

Indicators	Month	MAT MAY'10	June'09	July'09	Aug'09	Sept'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10	April'10	May'10
Market Size (Rs. Crs.)	1,802	21,250	1,564	1,691	1,781	1,782	1,875	1,768	1,930	1,714	1,727	1,709	1,907	1,802
Value Growth (%)	21.0	21.7	22.0	10.8	19.5	11.9	32.3	23.7	31.5	19.5	23.0	21.1	25.9	21.0
Unichem (Rs. Crs.)	57	655	50	55	55	54	56	52	57	52	54	53	60	57
Value Growth (%)	17.7	24.8	19.9	18.5	23.3	22.9	43.4	26.5	32.8	21.1	28.2	21.5	25.2	17.7

Brand Group Scenario

	MAT MAY'10			April'10 + May'10		
	VALUE (Rs. Crs)	% Mkt Share	% GROWTH	VALUE (Rs. Crs)	% Mkt Share	% GROWTH
LOSAR Group	140	30.8	20.5	25	30.7	20.4
AMPOXIN Group	81	42.7	7.1	9	37	-31.2
TRIKA Group	38	25.6	14.8	7	24.8	5.1
UNIENZYM E	29	11.1	44.1	6	12.2	42.6
TELSAR Group	28	8.7	59.1	6	9.4	77.1
TG-TOR Group	26	4	25.1	5	4.4	46.2
VIZYLAC	18	34.5	37.1	4	36	46.4
METRIDE Group	17	3.3	47.2	3	3.4	57
CORVADIL Group	12	2.3	8	2	2.4	20.2
CLODREL Group	12	5.5	14.8	2	5.9	33.2

Prescription audit - CMARC

As per the latest CMARC 4-monthly November'09 – February'10 report, Unichem ranks 24th corporate in terms of overall prescriptions generation.

Unichem is ranked 5th among Psychiatrists.



Investor Update

Major Brands of the Company

LOSAR

LOSAR-The flagship brand of Unisearch CV (Cardiovascular Division) continues to excel in 13th year since launch and provides a strong foundation to the division. **LOSAR** continues to drive LOSARTAN market – the market added 1.2 crore units over last year and **LOSAR** have added 34 lac units, the highest contributor to unit growth. **LOSAR** remains the LEADER in Losartan market with 32% market share followed with 12% market share of nearest competitor REPACE. The “Lead” over others is only going to increase as **LOSAR** is recording a higher growth than market and competitors.

The successful retention of prescribers at consultant level together with the initiation of aggressive expansion at Family Physician level is driving the growth of **LOSAR**.

TGTOR:

After bouncing back to positive growth in Q-4 last year, **TGTOR** group continues on its revival track to redeem its past glory and is showing a MAT growth of 23%. The fixed dose combination of Atorvastatin & Fenofibrate- **TGTOR F**, the 42nd brand to be launched in the combination market in April 2009 is now ranked **11th brand** in latest MAT.

TRIKA

Amongst the Alprazolam brands, **TRIKA** shows the maximum growth. **TRIKA** continues to be the #1 Alprazolam brand prescribed at Cardiologist, Diabetologist and physician level. The gap with leaders ALPRAX has reduced to only Rs. 2 crores and with a higher growth of 15% compared to 3% of ALPRAX, LEADERSHIP in Alprazolam market is a realistic GOAL in 2010-11.

Co-promotion with all Unisearch-CV brands has increased the in-clinic time for **TRIKA** and is showing positive results. One day exclusive promotion - **TRIKA TRANQUILITY DAY** is being conducted every month to pledge our continued support to doctors in alleviate anxiety and bring back tranquility and recent months have shown an improved implementation by field force.

OLSAR

OLSAR has taken up the mantle of Growth – Driver of Unisearch CV. A milestone of **1 crore monthly sales** was recorded in April and repeated in May. Launch of first time in India, a combination of two most prescribed molecules, Olmesartan & Metoprolol extended release- **OLSAR M** is expected to add more “value’ to OLSAR group. Currently all the 3 SKUs of **OLSAR- OLSAR, OLSAR H** and **OLSAR A** have gained significant market share and OLSAR group is now **ranked #3** in MAT.



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Communicating the message of role of Olmesartan in aggressive BP control to physicians across the country through scientific literature and CMEs involving Key Opinion Leaders (KOLs) clubbed with ARB conclave with international Faculty has helped **OLSAR** to gain momentum.

SERTA

Serta (Sertraline) is used in all depressive disorders and it is highly safe & efficacious. Besides psychiatric disorders, it is also used in underlying depression with other concomitant disorders.

Serta contributes around 23% to Neuro Psychiatry (Neu Foreva) division and has crossed Rs. 11 crores revenue as per IMS MAT MAY, 2010. Serta is growing higher than the market growth in its operative segment and is the number #2 brand in terms of Value & number #1 in terms of units in the Sertraline market. 'Serta DGM' (Serta Doctor Group Meet), an innovative program across the country is conducted to increase the awareness of "Depression" among the Family Physicians (GPs), through renowned Psychiatrists, which will drive the Serta growth in 2010-11, by increasing the prescriber base and prescriptions."

Telsar

Telsar and its combination (with hydrochlorothiazide/ amlodipine) are products for the control of hypertension and prevention of long standing damages caused by hypertension. The different combinations of Telsar are used for treating the different severities of hypertension and/ or different hypertensive patient profiles. The key ingredient, telmisartan is one of the most studied molecules which belong to the class of ARB.

Currently, Telsar is the second largest brand of Telmisartan in units and value as per ranking in the IMS Monthly May 2010. The brand has been able to cross the Rs 25 Cr revenue in 5 years since launch.

Both Telsar (telmisartan) and Telsar H (telmisartan + HCT) are growing faster than the respective segments (60% vs. 41%) and (53% vs. 51%). Market Shares of both Telsar and Telsar H saw a 1% jump in the monthly IMS data.

Metride

Metride is a combination of Glipmipride, Metformin (and Pioglitazone in case of Metride Plus) and is used to achieve euglycemia in Type 2 diabetic patients. Each molecule in the combination achieves a sum total benefit in increasing the insulin sensitivity, reducing hepatic glucose output and increasing the insulin generation from the insulin producing beta cells of the pancreas.



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Metride is currently the 7th largest brand in its respective segment in terms of value and units. In the last 5 months alone, the brand has climbed up 3 ranks in a market segment which is by far the fiercest in the Anti-diabetic domain.

Metride is far ahead in its growth compared to the market (52% vs. 43%). Metride Plus is growing almost at par with the respective market (43% vs. 44%). In the last financial year, Metride has shown the highest consolidation since the time it was launched.

Corvadil A

Corvadil A is a combination of Amlodipine and Atenolol (both established agents in controlling hypertension and ischemic heart disease). The combination is approximately 14 years old and still remains one of the highest prescribed combination anti – hypertensive for the control of hypertension with IHD.

Corvadil A stands at rank 8, despite suffering de-growth for two years, is now back at a strong positive growth of 7% with a monthly growth rate of 31%, which is exactly double the rate of growth of the market segment.

Ampoxin Group

Ampoxin is #1 brand in the Ampicillin + Cloxacillin combination market with 40% market share. Ampoxin is #1 brand in injectable market with 45.6% market share. In Ampicillin + Cloxacillin combination liquid market Ampoxin is #1 brand with 73% market share. IMS MAT May' 10 reflects overall growth of 7% for Ampoxin group, while the growth in the months of April' 10 and May' 10 is negative for all the companies in Ampicillin + Cloxacillin market. There are marketing programs in place to get back growth into positive trajectory.

Megapen from Aristo has got 32% and 37% market share in solid and injectable market respectably.

Unienzyme group

Unienzyme is a digestive enzyme preparation. Unienzyme is ranked 208 among the Top # 300 brands of the industry. Unienzyme is the #1 brand in the solid market with 25% market share and growing at 46%. Unienzyme liquid is ranked 6th in the digestive enzyme liquid market with market share of 1.8% and growing at 29%. Top 3 brands i.e., Unienzyme (Unichem), Creon (Solvay) and Pepfiz (Ranbaxy Consumer Health Care) drive the entire digestive enzyme market.

Vizylac

Vizylac is a Lactobacillus preparation. Vizylac is #1 brand in Lactobacillus solid market with 37.5% market share and growing by 42%. Vizylac is 3rd highest brand in Lactobacillus liquid market with 28% market share and growing by 24%. Major Competitors are Sporlac (Unisankyo) and Nutrolin B (Cipla).



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Myclav

The amoxyclav market is extremely attractive depicting a sales value Rs 630 Crs and a robust growth of 34%. However the competition in this market is very intense, as there are as many as 89 players in this market.

Myclav was a late entry in this attractive market, the focus has been on differentiating Myclav from competitive clutter by building a strong quality perception that has been proven through evidence based medicine. The very fact that Myclav is approved and marketed in 12 countries including UK, Australia, is testimony to the fact that Myclav meets the stringent quality norms of these countries and truly classifies International Quality. Myclav is manufactured at US FDA approved facility also strengthens the quality perception. Myclav is promoted by a strong field force of 400 Clinical Business Associates (CBA) to eminent customers like ENTs, Surgeons, and Physicians who are quality conscious and selective when recommending brands to patients.

About Unichem Laboratories Limited.

Unichem Laboratories Limited is an international, integrated, specialty pharmaceutical company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in India and several other markets across the world. In India, the company is a leader in niche therapy areas of cardiology, neurology, orthopedics and anti-infectives. The company has strong skills in product development, process chemistry and manufacturing of complex API as well as dosage forms. More information about the company can be found at www.unichemlabs.com.

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This press release includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such factors include, but are not limited to, changes in local and global economic conditions, our ability to successfully implement our strategy, the market acceptance of and demand for our products, our growth and expansion, technological change and our exposure to market risks. By their nature, these expectations and projections are only estimates and could be materially different from actual results in the future.

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