



UNICHEM
LABORATORIES LIMITED

Investor Update

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Mumbai, October 16, 2010

UNICHEM LABORATORIES LIMITED

Q2 FY 2010-11 / 1st Half FY 2010-11 – Financial Performance

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Financial Highlights:

Q2 – FY 2010-11

REVENUE

- The company's revenue from operations stood at Rs.202.04 crs for the quarter ended Sept 30, 2010 against Rs. 174.65 crs recorded during the corresponding quarter of the previous year, reflecting overall growth of 15.7%.

Formulation Business:

- Domestic Formulation Business grew at 14.8%, while International Formulation Business grew at 31% compared to the corresponding quarter of the previous year.
 - Domestic Branded Formulations grew at 19.1%. However, a sharp fall in the generic generic business resulted in overall growth of 14.8% in Domestic Formulation Business.

API Business:

- Domestic API business de-grew by 12.3%, while the growth of International API Business was flat compared to the corresponding quarter of the previous year.

MATERIAL COMSUMPTION

- Material consumption as a ratio to sales stood at 32% for the current quarter compared to 35.5% for the corresponding quarter of the previous year.

EBIDTA

- The company's EBIDTA margins for the current quarter grew by 7.1% due to increased headcount related expenses, higher Sales & Marketing expenses, R & D expenses and commissioning of new plants at Baddi and Sikkim.



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PBT & PAT

- Profit before tax for the quarter ended Sept 30, 2010 stood at Rs. 44.72 crs compared to Rs. 42.4 crs during the corresponding quarter of the previous year, reflecting growth of 5.5 %.
- The net profit for the quarter ended Sept 30, 2010 stood at Rs. 34.70 crs compared to Rs. 33.97 crs during the corresponding quarter of the previous year, due to increased tax provision on account of higher rate of MAT.
- The EPS-Diluted for the quarter stood at Rs. 9.56 for the quarter ended Sept 30, 2010 compared to Rs. 9.38 during the corresponding quarter of the previous year.

1st Half - FY 2010-11:

REVENUE

- The company's revenue from operations stood at Rs.389.53 crs for the six months ended Sept 30, 2010 against Rs. 343.98 crs recorded during the corresponding six months of the previous year, reflecting overall growth of 13.2%.

Formulation Business:

- Domestic Formulation Business grew at 12.8%, while International Formulation Business grew at 15.3% compared to the corresponding six months of the previous year.
 - Domestic Branded Formulations grew at 17.4%. However, a sharp fall in the generic generic business resulted in overall growth of 12.8% in Domestic Formulation Business.

API Business:

- Domestic API business grew at 6.3%, while International API Business grew at 21.9% compared to the corresponding six months of the previous year.



Investor Update

MATERIAL CONSUMPTION

- Material consumption as a ratio to sales stood at 32% for the current six months compared to 35.1% for the corresponding six months of the previous year.

EBIDTA

- The company's EBIDTA margins for the current six months grew by 7.2% due to increased headcount related expenses, higher Sales & Marketing expenses, R & D expenses and commissioning of new plants at Baddi and Sikkim.

PBT & PAT

- Profit before tax for the six months ended Sept 30, 2010 stood at Rs. 88.09 crs compared to Rs. 81.04 crs during the corresponding six months of the previous year, reflecting growth of 5.9 %.
- The net profit for the six months ended Sept 30, 2010 stood at Rs. 68.05 crs compared to Rs. 66.36 crs during the corresponding six months of the previous year, due to increased tax provision on account of higher rate of MAT.
- The EPS-Diluted for the quarter stood at Rs. 18.75 for the six months ended Sept 30, 2010 compared to Rs. 18.32 during the corresponding six months of the previous year.



Investor Update

Financials

UNICHEM LABORATORIES LTD						
Analysis of Quarterly and Half yearly unaudited Financial results for the period ended 30th September, 2010.						
Rs. Lakhs						
Particulars	STAND ALONE FINANCIALS					
	For three months ended Sep 30, 2010	For three months ended Sep 30, 2009	% Growth	For six months ended Sep 30, 2010	For six months ended Sep 30, 2009	% Growth
Sales Income from Operations:						
<i>Domestic Operations</i>						
Formulations	15,732.37	13,703.44	14.8%	30,448.60	26,994.06	12.8%
API	393.42	448.37	-12.3%	1,076.37	1,012.70	6.3%
<i>International Operations</i>						
Formulations	2,943.25	2,247.41	31.0%	5,004.11	4,340.70	15.3%
API	938.52	928.87	1.0%	2,123.11	1,741.60	21.9%
Other Operating Income	196.13	137.04	43.1%	300.98	309.19	-2.7%
Contract Manufacturing						
Total Income	20,203.69	17,465.13	15.7%	38,953.17	34,398.25	13.2%
Expenditure:						
Material Consumption	6,468.83	6,201.49	4.3%	12,453.98	12,063.09	3.2%
% Sales Income	32.0%	35.5%		32.0%	35.1%	
Staff Cost	2,763.99	2,043.57	35.3%	5,346.75	4,273.30	25.1%
Depreciation	670.04	528.49	26.8%	1,327.88	1,052.38	26.2%
Other Expenditure	6,011.46	4,589.83	31.0%	11,303.51	8,871.49	27.4%
Interest	17.03	30.61	-44.4%	42.43	33.84	25.4%
Total Expenditure	15,931.35	13,393.99	18.9%	30,474.55	26,294.10	15.9%
% Total Income	78.9%	76.7%		78.2%	76.4%	
Operating Income	4,272.34	4,071.14	4.9%	8,478.62	8,104.15	4.6%
% Total Income	21.1%	23.3%		21.8%	23.6%	
Other Income	200.43	169.25	18.4%	330.85	213.02	55.3%
Exceptional Items (Gain/-Loss)	0.00	0.00		0.00	0.00	
Profit before Tax	4,472.77	4,240.39	5.5%	8,809.47	8,317.17	5.9%
% Total Income	22.1%	24.3%		22.6%	24.2%	
Prior period expenses / (income)	1.27	0.32		1.27	0.75	
Income Tax	1,001.00	843.00	18.7%	2,003.00	1,658.00	20.8%
Excess / (short) provision for tax of earlier year	-	-		-	22.00	-100.0%
Net Profit	3,470.50	3,397.07	2.2%	6,805.20	6,636.42	2.5%
% Total Income	17.2%	19.5%		17.5%	19.3%	
Earning Per Share -Basic (Rs.)	9.62	9.42		18.86	18.40	
Earning Per Share -Diluted (Rs.)	9.56	9.38		18.75	18.32	

The Board declared an interim dividend of Rs.1.20 [60%] on post split value of equity share of Rs.2/- each.

Niche Generics Limited, the 100% UK Subsidiary recorded sales of **GBP 4.60 Million** and Net Loss of **GBP 0.28 Million** for the six months ended Sept 30, 2010.



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Unichem Pharmaceuticals USA Inc., the 100% US Subsidiary recorded sales of **USD 1.45 Million** and Net Loss of **USD 0.42 Million** for the six months ended Sept 30, 2010.

Unichem Pharmaceuticals Do Brasil Ltda, Our Brazil Subsidiary recorded sales of **Brazilian Reals 0.10 Million** and Net Loss of **Brazilian Reals of 0.58 Million** for the six months ended Sept 30, 2010.

Ratios:

	Six Month ended Sept, 2010	Six Month ended Sept, 2009	Previous year ended March 31, 2010	Previous year ended March 31, 2009
Debt / Equity Ratio:	0.04	0.04	0.04	0.05
Net worth (Rs. Mn)	6794.09	5847.23	6106.71	5199.61
Total Debt (Rs. Mn)	240.51	217.95	229.64	255.32
Book Value (Rs./Share)	188.40	162.14	169.33	144.21
Net Sales / Net fixed assets ratio	0.99	0.96	1.84	1.87
Current assets ratios:	2.82	2.47	2.01	2.23
Current assets (Rs. Millions)	3787.38	2934.95	3218.36	2922.40
Current Liabilities (Rs. Millions)	1344.80	1190.47	1603.83	1312.35
ROCE %	13.75	14.66	29.40	27.27
RONW %	10.02	11.35	21.90	24.02



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India Formulation Business

Key Highlights

IMS

Domestic Formulation market on MAT August, 2010 is estimated at Rs. 45,122 crs by IMS, reflecting a growth of 20.4 % over MAT May, 2009. However, AWACS data for the same period indicate the Domestic Formulations Market at Rs. 48,629 crs with a growth of 14.9%.

Unichem Laboratories revenue is estimated at Rs. 681 crs (*IMS MAT Aug, 2010*) and growing at 23.0% with a market share of 1.52%.

The division-wise break-up is as follows:

	MAT AUG'10		JUNE - AUG'10		APRIL - AUGUST'10	
	VALUE (Rs.Crs)	% GROWTH	VALUE (Rs.Crs)	% GROWTH	VALUE (Rs.Crs)	% GROWTH
Total Domestic Market	45122	20.4	12227	18.2	23478	19.8
Total Unichem Laboratories	681	23.2	185	15.2	356	18.4
Unisearch - Cardiovascular Division	254	24.6	67	18.4	133	21.8
UVA Division	150	13.7	42	4.1	77	3.5
Unisearch - Cardiovascular Diabetology Division	90	45.0	26	43.1	50	47.4
Unikare Division	57	29.6	16	15.8	30	22.1
Neu-Foreva - Neuro-Psychiatry Division	52	35.3	14	35.6	28	39.9
Pharma Division	48	5.5	11	(18.4)	22	(11.0)
Unisearch - Integra (Nephrology) Division	22	20.9	6	24.7	12	25.4
Total Unichem Formulations Business	672	23.7	183	15.5	352	18.8
Others	8	(4.8)	2	(11.8)	4	(7.7)

Brand Position

Five Unichem brands feature among the top 300 Indian pharmaceutical brands during MAT Aug, 2010.

1. Ampoxin – Rs.76 crs. (Rank 55th)
2. Losar-H – Rs.64 crs. (Rank 63rd)
3. Losar – Rs.60 crs. (Rank 74th)
4. Trika – Rs. 39 crs. (Rank 143rd)
5. Unienzyme – Rs. 32 crs. (Rank 165th)



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Unichem Laboratories Represented / Covered Market

	VALUE (Rs.Crs)		% GROWTH	
	MAT AUGUST'10	June - Aug'10	MAT AUGUST'10	June - Aug'10
UNICHEM LABS REPRESENTED MKT.	23451	6390	21.9	19.4
ANTI-INFECTIVES	5925	1647	19.8	19.4
CARDIAC CARE	3153	832	24.2	19.4
RESPIRATORY	1861	459	26.2	21.8
MUSCULO-SKELETALS	2693	737	20.4	17.1
ANTI-DIABETIC	1246	342	34.0	29.5
NEURO-PSYCHIATRY	1315	347	23.7	18.8
NUTRACEUTICALS	2253	625	24.7	21.6
GASTRO INTESTINALS	2090	597	15.7	14.5
DERMATOLOGICALS	1145	308	22.5	19.2
HAEMATINICS	918	269	17.1	18.5
OTHERS	852	227	18.9	18.4

Unichem in Represented / Covered sub-segments

Unichem formulations do not cover each and every therapeutic sub-groups covered by IMS. Unichem's representation is restricted to approximately 52% of the total market by value.

	VALUE (Rs.Crs)		% MKT. SHARE		% GROWTH	
	MAT AUGUST'10	June - Aug'10	MAT AUGUST'10	June - Aug'10	MAT AUGUST'10	June - Aug'10
UNICHEM FORMULATIONS	681	185	3.2	3.2	23.2	15.2
CARDIAC CARE	296	80	9.4	9.6	29.1	24.4
ANTI-INFECTIVES	122	32	2.3	2.1	2.7	(10.4)
NEURO-PSYCHIATRY	86	23	7.1	7.2	23.6	21.8
GASTRO INTESTINALS	47	14	2.5	2.5	30.9	22.0
NUTRACEUTICALS	41	11	2.4	2.4	31.0	13.3
MUSCULO-SKELETALS	26	7	1.1	1.0	11.9	(5.0)
ANTI-DIABETIC	26	8	2.2	2.4	54.1	50.0
RESPIRATORY	21	6	1.3	1.4	32.8	19.3
DERMATOLOGICALS	13	4	1.2	1.1	33.6	24.7
HAEMATINICS	1	0	0.1	0.2	73.0	121.1
OTHERS	1	0	0.2	0.3	151.4	375.9

Total Represented / Covered Market Growth and Unichem Growth Progression:

INDICATIONS	MAT Aug'10	Sep.'09	Oct.'09	Nov.'09	Dec.'09	Jan.'10	Feb.'10	Mar.'10	Apr.'10	May '10	Jun.'10	Jul.'10	Aug.'10
Represented Market Size (Rs.Crs.)	15014	1184	1254	1195	1311	1165	1178	1159	1292	1222	1261	1364	1430
% Value Growth	25.1	13.8	35.3	26.8	35.5	22.9	26.7	24.0	29.0	24.5	22.2	21.8	21.5
Unichem Formulations (Rs.Crs.)	681	54	55	52	57	52	54	53	61	58	59	63	64
% Value Growth	23.4	23.5	43.7	27.0	33.1	21.5	29.0	22.4	25.9	18.5	17.8	12.5	15.3



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Brand Group Scenario

	MAT AUG'10			JUNE-AUG'10			APRIL - AUGUST'10		
	VALUE (Rs.Crs)	% MKT. SHARE	% GROWTH	VALUE (Rs.Crs)	% MKT. SHARE	% GROWTH	VALUE (Rs.Crs)	% MKT. SHARE	% GROWTH
LOSAR Group	145	31.3	22.4	38	32.2	15.0	63	31.5	17.2
AMPOXIN Group	78	41.3	(3.3)	21	40.3	(13.8)	30	39.1	(20.1)
TRIKA Group	39	25.8	9.0	10	25.4	5.3	16	25.4	6.3
UNIENZYME	32	11.8	46.2	10	12.5	42.8	16	12.4	42.7
TELSAR Group	32	9.0	64.7	10	10.0	66.2	16	9.7	70.2
TG-TOR Group	28	4.1	28.3	7	4.4	23.0	13	4.4	31.7
METRIDE Group	19	3.3	50.0	6	3.5	47.7	9	3.4	51.1
VIZYLAC	19	27.7	32.9	5	26.2	15.0	10	28.0	29.7
CLODREL Group	13	5.5	16.6	3	5.7	13.8	6	5.8	21.2
CORVADIL Group	13	2.3	11.3	3	2.3	9.3	6	2.3	13.6

Prescription audit - CMARC

As per the latest CMARC 4-monthly March' 2010 to June' 2010 report, Unichem ranks 26th corporate in terms of overall prescriptions generation.

Unichem is ranked 5th among Psychiatrists.

Major Brands of the Company

LOSAR

The flagship brand of Unisearch CV (Cardiovascular Division) continues to excel in performance with a strong showing in Q-2, 2010-11. **LOSAR** remains the undisputed LEADER in Losartan market with 32.2% market share. Monthly sales show a positive trend and have resulted in further increasing the gap with competitors. All four SKUs **LOSAR**, **LOSAR H**, **LOSAR A**, **LOSAR Beta** registering higher growth compared to our competitors.

Expansion at Family Physician level is yielding results - Rx share has increased amongst Family Physicians.

TGTOR:

TGTOR group continues on its revival track and showed a MAT growth of 25%+. The fixed dose combination of Atorvastatin & Fenofibrate - **TGTOR F**



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launched in April 2009 has become a **2.5 crore brand** and has strengthened our presence in the Statin & combination market.

TGTOR is celebrating a decade of Lipid control and the emotional campaign to celebrate 10 years of the popular campaign – *Diet, Exercise & Tg-tor* is helping to generate new prescriptions of **TGTOR**.

TRIKA

TRIKA continues to be the No. 1 Alprazolam brand prescribed at consultants' level. But even at Family Physician level, **TRIKA** is bridging the gap with **APLRAX**. In IMS, the gap with leader brand **ALPRAX** has reduced to only 12 lacs in monthly sales and with a **higher growth of 10%** compared to 1% of **ALPRAX**.

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.

OLSAR

OLSAR is consistently registering monthly sales of **1 crore**. **OLSAR M** combination of Olmesartan & Metoprolol extended release, the first brand to be launched is gaining acceptance and is expected to add more "value" to **OLSAR** group. Currently all the 3 SKUs **OLSAR**, **OLSAR H** and **OLSAR A** have gained significant market share and **OLSAR** group is now **ranked No.3** in MAT.

Consistently communicating the message of role of Olmesartan in aggressive BP control to physicians across the country through scientific literature has helped **OLSAR** to gain momentum. We recently conducted a CME with Prof. Herman Haller, Principal Investigator of landmark **ROADMAP study** on Olmesartan and it was the 1st time that any doctor in India was exposed to the interim results of the ongoing study which further enhanced their confidence on Olmesartan.

SERTA

The flagship brand of Neuro-Psychiatry (Neu Foreva) Division continues to excel in performance (IMS MAT August' 2010 growth of 24% and monthly growth of 32%). **SERTA** (Sertraline) is used in all depressive disorders,



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psychiatric disorders and also in underlying depression with concomitant disorders. It is highly safe and efficacious.

SERTA is currently No. 1 brand in Sertraline market and has crossed Rs. 12 crores revenue as per IMS MAT August, 2010 and is growing higher than the market growth in its operative segment.

We continue to conduct "Serta DGM" (Serta Doctor Group Meet) across the country to increase the awareness of Depression among Family Physicians (GPs), through renowned Psychiatrists to drive growth and to increase prescriber base.

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 August, 2010. The brand has been able to cross the Rs 30 Cr figure in 6 years since launch. Both, **TELSAR** (Telmisartan) and **TELSAR H** (Telmisartan + HCT) are growing faster than the respective segments (64% vs. 48%) and (56% vs. 49%). Both **TELSAR** and **TELSAR H** have improved their market share by 1% as per IMS MAT August, 2010.

Promotional program with increased noise levels have been created to showcase the brand as the only one which matches the International brand in all parameters of quality and efficacy. Major customer engagement programs are ongoing for the brand and are being ably supported by a well designed promotional campaign. Currently, **TELSAR** is being aggressively promoted to 9600 doctors across the country with touch points occurring once every fortnight. As an additional measure, **TELSAR** is now being promoted to Nephrologists. This strategy shall continue well into the next year as a sustained campaign. To further augment Telmisartan franchise, **TELSAR BETA**, (combination of Telmisartan & Metoprolol extended release), was launched and is gaining acceptance and is expected to add more "value" to **TELSAR** group.



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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.

METRIDE is currently the 7th largest brand in its respective segment in terms of value and units. In the last 8 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 (57% vs. 43%). **METRIDE PLUS** is growing almost at par with the respective market (44% vs. 46%). In the last financial year, **METRIDE** has shown the highest consolidation since the time it was launched.

Amongst the oral anti-diabetic brands, **METRIDE Group** is priority #1 and the brand promotion reaches out 10000 doctors across the country. Very high end customer engagement programs like *Metabolic Syndrome Conclaves* are routinely held in all states for academic oriented Diabetologists and Endocrinologists who form the support pillars for the brand. Just recently, the third edition of Metabolic Syndrome Conclave was conducted in Mumbai and was attended by the top most doctors in the field of diabetology and endocrinology.

CORVADIL

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 is growing around 10% despite suffering de-growth for two years.



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The customer profile for **CORVADIL A** constitutes more of family physicians and consulting physicians and hence, a mass based promotion with a day dedicated every week for special promotion of Corvadil A. We recently launched **CORVADIL M** (combination of Amlodipine with Metoprolol) to give further boost to this segment. Metoprolol is a modern and well studied beta blocker and the combination happens to be one of the growth drivers of anti-hypertensive market.

AMPOXIN Group

AMPOXIN is #1 brand in the Ampicillin + Cloxacillin combination market, #1 brand in injectable market and #1 brand combination liquid market with dominant market shares in all segments. Although, IMS MAT August' 10 reflects 2% negative growth of Ampoxin, the monthly growth is positive at 4%. The **UVA Division** is focusing on sustained marketing programs for **AMPOXIN** to get back to higher growth.

UNIENZYME Group

UNIENZYME is a digestive enzyme preparation. Unienzyme is the No. 1 brand in its category with 25% market share and has grown at 46% (IMS MAT August, 2010). Unienzyme liquid is ranked 6th in the digestive enzyme liquid market with market share of 1.8%. 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 33% (IMS MAT August, 2010). Vizylac is 3rd highest brand in Lactobacillus liquid market with 28% market share and growing at 38.6%. Major Competitors are Sporlac (Unisankyo) and Nutrolin B (Cipla).

MYCLAV:

The **Amoxyclav** market (Value Rs. 630 crs) is extremely attractive with 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.



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MYCLAV was a late entry in to this attractive market and hence the focus has been on differentiating it from competitive clutter by building a strong quality perception. **MYCLAV** is manufactured at US FDA approved plants also strengthens the quality perception. Further, to strengthen the quality claim an independent study has demonstrated that Myclav is 96.96 % bioequivalent to the international Co-Amoxyclav (The minimum benchmark for bioequivalence being 90 %).

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 prescribing brands to patients. Interestingly this international quality is provided to the patients at an India friendly price (Price Index is 47 as compared to the leader Brand). Promotional strategies such as 'Customer Engagement Programs' an academic initiative will be one of the key drivers for **MYCLAV**.

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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