



UNICHEM
LABORATORIES LIMITED

Investor Update

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Mumbai, May 10, 2010

UNICHEM LABORATORIES LIMITED

Q4 & FY 09-10: Financial Performance

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Financial Highlights:

Q4 – FY 2009-10

- The company's revenue from operations stood at Rs. 173.85 crs for the quarter ended Mar 31, 2010 against Rs. 146.39 crs recorded during the corresponding quarter of the previous year, reflecting overall growth of 18.76%. The growth is essentially driven by domestic operations. Domestic Formulation business grew at 26.1% and domestic API business grew at 56.47% compared to the corresponding quarter of the previous year.
- The company continued to improve its operating margins during the quarter under review.
- The company posted Profit before tax of Rs. 39.26 crs for the quarter ended Mar 31, 2010 compared to Rs. 28.47 crs during the corresponding quarter of the previous year, reflecting growth of 37.93%.
- The net profit for the quarter ended Mar 31, 2010 stood at Rs. 33.88 crs compared to Rs. 28.19 crs during the corresponding quarter of the previous year, reflecting growth of 20.2%. The lower net profit growth is due to increased tax provision on account of higher rate of MAT.

FY 2009 –10

- The company's revenue from operations stood at Rs. 690.59 crs for the year ended Mar 31, 2010 against Rs. 656.86 crs recorded during the previous year, reflecting overall growth of 5.1%. The growth is essentially driven by domestic operations. Domestic Formulation business grew at 9.2% and domestic API business grew at 29.6% compared to the previous year ended Mar 31, 2009.
- The company continued to improve its operating margins during the year under review.
- The company posted Profit before tax of Rs. 163.98 crs for the year ended Mar 31, 2010 compared to Rs. 144.09 crs during the previous year, reflecting growth of 13.8%.
- The net profit for the year ended Mar 31, 2010 stood at Rs. 133.93 crs compared to Rs. 124.75 crs during the previous year, reflecting growth of 7.35%. The lower net profit growth is due to increased tax provision on account of higher rate of MAT.



Investor Update

UNICHEM LABORATORIES LTD

Analysis of Quarterly and Annual Financial results for the year ended 31st March, 2010.

STAND ALONE FINANCIALS

Rs. In Lacs

Particulars		For three months ended Mar 31, 2010	For three months ended Mar 31, 2009	% Growth	Year ended Mar 31, 2010	Year ended Mar 31, 2009	% Growth
Sales Income from Operations:							
Domestic Operations							
	Formulations	13,139.34	10,419.40	26.10%	53,559.01	49,038.61	9.22%
	API	784.36	501.28	56.47%	2,203.53	1,700.46	29.58%
International Operations							
	Formulations	2,043.28	1,933.98	5.65%	8,359.00	8,312.12	0.56%
	API	1,191.37	1,636.76	-27.21%	4,262.00	5,835.60	-26.97%
Other Operating Income							
		226.64	147.31	53.85%	676.13	799.87	-15.47%
	Total Income	17,384.99	14,638.73	18.76%	69,059.67	65,686.66	5.14%
Expenditure:							
	Material Consumption	5,599.06	4,904.27	14.17%	23,337.49	24,225.93	-3.67%
	% Sales Income	32.2%	33.5%		33.8%	36.9%	
	Staff Cost	2,123.83	2,098.33	1.22%	8,596.23	7,922.09	8.51%
	Depreciation	555.67	607.72	-8.57%	2,144.55	1,992.38	7.64%
	Other Expenditure	5,510.05	4,554.04	20.99%	19,191.43	18,123.24	5.89%
	Interest	7.45	(47.04)	-115.84%	50.49	63.98	-21.08%
	Total Expenditure	13,796.06	12,117.32	13.85%	53,320.19	52,327.62	1.90%
	% Total Income	79.36%	82.78%		77.21%	79.66%	
Operating Income							
		3,588.93	2,521.41	42.34%	15,739.48	13,359.04	17.82%
	% Total Income	20.64%	17.22%		22.79%	20.34%	
Other Income							
		337.59	325.26	3.79%	658.36	1049.92	-37.29%
Exceptional Items (Gain/-Loss)							
		0.00	0.00		0.00	0.00	
Profit before Tax							
		3926.52	2846.67	37.93%	16397.84	14408.96	13.80%
	% Total Income	22.59%	19.45%		23.74%	21.94%	
Prior period expenses / (income)							
		0.11	0.00		0.86	0.00	
Income Tax							
		593.00	70.00	747.14%	3,037.00	1,920.00	58.18%
Excess /(short) provision for tax of earlier year							
		54.63	42.03	29.98%	32.63	-13.81	-336.21%
Net Profit							
		3,388.04	2,818.70	20.20%	13,392.61	12,475.15	7.35%
	% Total Income	19.49%	19.26%		19.39%	18.99%	
Earning Per Share							
	Basic EPS- Rs.	9.40	7.82		37.14	34.61	
	Diluted EPS- Rs	9.34	7.81		36.92	34.59	



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Ratios:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Previous year ended March 31, 2010	Previous year ended March 31, 2009
Debt / Equity Ratio:	0.03	0.05	0.03	0.05
Net worth (Rs. Mn)	6400.94	5199.61	6400.94	5199.61
Total Debt (Rs. Mn)	204.8	255.32	204.8	255.32
Book Value (Rs./Share)	177.49	144.21	177.49	144.21
Net Sales / Net fixed assets ratio	0.46	0.41	1.83	1.84
Current assets ratios:	2.45	2.03	2.45	2.00
Net Current assets (Rs. Millions)	2948.30	2670.70	2948.30	2670.70
Current Liabilities (Rs. Millions)	1201.50	1312.40	1201.50	1312.40
ROCE %	27.40	25.00	29.00	30.20
RONW %	21.00	21.40	21.60	24.00

Subsidiaries:

Niche Generics Limited, the 100% UK subsidiary recorded sales of GBP 2.82 million for the quarter ended Mar 31, 2010 and GBP 10.41 million for the year ended Mar 31, 2010 as compared to GBP 3.21 million for the quarter ended Mar 31, 2009 and GBP 11.46 million for the previous year ended Mar 31, 2009. During the year, there is a considerable improvement in the working of the company and accordingly the loss for the year ended March 31, 2010 stood at GBP 0.189 million compared to the loss of GBP 1.3 million for the year ended March 31, 2009.



Investor Update

Unichem Pharmaceuticals (USA) Inc recorded sales of USD 749,000 for the year ended March 31, 2010 and incurred loss of USD 1.24 million for the same period compared to the loss of USD 1.17 million for the year ended March 31, 2009.

Unichem Farmaceutica Do Brasil Ltda incurred loss equivalent to Indian Rupees 32 million for the year ended March 31, 2010 compared to the loss equivalent to Indian Rupees 22.5 million for the year ended March 31, 2009.

India Formulation Business

Key Highlights

ORG-IMS

Domestic Formulation market on MAT March, 2010 is estimated at Rs. 41701 crs by ORG-IMS, reflecting a growth of 17.7 % over MAT March, 2009. Unichem Laboratories revenue is estimated at Rs. 630 crs (*MAT Mar, 2010*) and growing at 22.1% with a market share of 1.5%. Unichem's current ranking is 25.

The division-wise break-up is as follows:

	MAT-March'10		Jan-March'10	
	Value (Rs.crs)	% Growth	Value (Rs.crs)	% Growth
Total Domestic Market	41701	17.7	10372	18.5
Total Unichem Labs	630	22.1	155	20.6
Cardiovascular Division	229	21.4	59	23.0
Pharma Division	202	20.7	45	12.7
Cardiovascular-Diabetology Divis	75	32.5	19	36.6
Unikare Division	52	34.1	13	28.0
Neu-Foreva Division	44	22.5	11	20.3
Integra Division	20	7.6	5	17.0
Total Unichem Formulations Business	622	23.0	153	21.3
Others	8	(20.1)	2	(16.5)



Investor Update

Brand Position

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

1. Ampoxin – Rs.83 crs. (Rank 30th)
2. Losar-H – Rs.60 crs. (Rank 61st)
3. Losar – Rs.56 crs. (Rank 73rd)

Unichem Laboratories Represented / Covered Market

	REPRESENTED MARKET							
	Value (Rs.Crores)				% Growth			
	MAT Mar'10	Jan'10	Feb'10	Mar'10	MAT Mar'10	Jan'10	Feb'10	Mar'10
REPRESENTED MKT.	20322	1694	1707	1690	20.1	19.4	22.9	21.1
CARDIAC CARE	2890	255	251	255	23.2	22.2	24.8	26.1
ANTI-INFECTIVES	4926	395	399	382	17.2	20.2	22.7	16.3
NEURO-PSYCHIATRY	1149	100	100	100	24.3	22.2	24.4	22.5
GASTROENTEROLOGICALS	1434	111	114	118	14.0	9.0	14.8	15.5
NEUTRACEUTICALS	1510	118	121	128	18.4	13.5	17.4	22.8
MUSCULOSKELETALS	2306	182	189	192	18.7	15.0	20.6	17.9
ANTI-DIABETOCs	1143	102	102	103	34.2	35.5	38.0	34.9
RESPIRATORY	2276	216	209	187	23.8	27.6	30.5	27.1
DERMATOLOGY	1011	82	84	85	24.9	15.9	17.2	17.9
OTHERS	889	76	77	76	14.3	14.6	19.1	17.4
HAEMATINICS	788	56	61	65	14.1	6.1	16.1	18.4

Unichem in Represented / Covered sub-segments

Unichem formulations are represented in 262 therapeutic sub-groups out of the total 1356 therapeutic sub-groups covered by ORG-IMS. These represented subgroups constitute appx 49% of the total market by value.



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	Value (Rs.crores)				% Growth			
	MAT Mar'10	Jan'10	Feb'10	Mar'10	MAT Mar'10	Jan'10	Feb'10	Mar'10
UNICHEM	630	51	53	51	22.1	19.5	25.8	19.0
CARDIAC CARE	264	23	23	23	20.6	22.4	26.7	23.8
ANTI-INFECTIVES	130	9	10	9	16.0	2.3	10.4	5.8
NEURO-PSYCHIATRY	75	6	7	6	23.8	15.2	28.1	18.4
GASTROENTEROLOGICALS	41	3	4	3	27.7	32.7	42.5	13.9
NEURACEUTICALS	37	3	3	3	28.0	24.5	25.6	32.0
MUSCULOSKELETALS	30	2	2	2	18.2	35.8	32.0	13.2
ANTI-DIABETOCS	22	2	2	2	41.1	43.1	55.7	41.3
RESPIRATORY	19	2	2	1	37.1	41.7	46.7	15.1
DERMATOLOGY	12	1	1	1	42.6	26.8	22.8	20.2
OTHERS	0	0	0	0	-25.4	(51.4)	(46.2)	(55.3)
HAEMATINICS	1	0	0	0	51.1	17.7	(6.1)	103.7

Total Represented / Covered Market Growth and Unichem Growth Progression:

Indicators	Month	MAT	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10
Market Size (Crs Rs.)	1690	20322	1499	1475	1548	1673	1761	1764	1854	1750	1910	1694	1707	1690
Value Growth (%)	21.1	20.1	12.6	13.3	22.1	11.0	19.5	12.2	32.4	23.9	31.7	19.4	22.9	21.1
Unichem (Crs Rs.)	51	630	48	49	50	55	55	54	56	52	57	51	53	51
Value Growth (%)	18.1	22.1	20.0	7.8	14.2	30.1	19.0	21.1	27.4	34.6	40.3	19.1	23.2	21.4

Brand Group Scenario

Rank	Brand Group	All India MAT-March'10			Jan-March'10		
		Value (Rs.crs)	Val M.S.%	Gr. %	Value (Rs.crs)	Val M.S.%	Gr. %
1	Losar group	134	30.4	16.7	34	30.4	19.2
2	Ampoxin group	85	43.9	15.9	18	43.0	(2.2)
3	Trika Group	35	24.0	20.8	9	24.8	16.5
4	Unienzyme	26	10.2	32.9	7	11.4	39.5
5	TG-TOR group	25	8.5	50.5	7	4.0	24.4
6	Telsar group	25	3.8	14.9	7	8.1	56.9
7	Vizylac group	16	33.9	28.9	4	34.3	22.1
8	Metride group	15	3.2	37.8	4	3.0	42.3
9	CorvadiI group	12	2.3	2.5	3	2.1	1.6
10	Clodrel group	12	5.5	8.0	3	5.2	12.3

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.



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Major Brands of the Company

LOSAR:

The flagship brand of Unisearch CV (Cardiovascular Division) becomes the 1st brand of Unichem to cross the milestone of **100 Crs in primary sales**. Last year, the brand has been consistently showing a **double digit growth** and the MAT growth is a healthy 17%. Market share has also improved from 31% to 32%. LOSAR consolidates its position as No.1 Antihypertensive of India increasing the gap to 21 Crs with the nearest competitor CARDACE in the Antihypertensive market. A strong performance in 2009-10, has also seen LOSAR (including brand extensions) moving up to No.12 rank amongst leading brands in IPM and the only Cardiac brand amongst top 15.

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:

TGTOR group bounced back to positive growth in Qtr-4 '10 and reflects MAT growth of 14%. The fixed dose combination of Atorvastatin & Fenofibrate- **TGTOR F** was the 42nd brand to be launched in the combination market in April 2009. An impressive performance in 2009-10, saw **TGTOR F** registering **13th rank** in ORG IMS MAT Mar '10.

TGTOR Lipid camps helped in higher generation of prescription for the product.

TRIKA:

Amongst the Alprazolam brands, **TRIKA** shows the maximum growth. **TRIKA** continues to be the No. 1 Alprazolam brand prescribed at Cardiologist, Diabetologist and Physician level. **TRIKA SR** is prescribed by Neurologists and Psychiatrists. Overall prescriptions have increased in the last bi-monthly audit and this has helped us to reduce the gap with leader brand **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.



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OLSAR:

Unisearch CV consolidated ARB leadership with **OLSAR**. All 3 SKUs of **OLSAR- OLSAR, OLSAR H** and **OLSAR A** have gained significant market share and OLSAR group is now **ranked No.3** in ORG IMS MAT Mar '10. OLSAR ranks No.1 in terms of incremental gain amongst all existing brands of Olmesartan. A consistent increasing monthly trend is observed in OLSAR with February month recording the highest ever primary sales.

Video conferencing with International key Opinion leaders and communicating their message of role of Olmesartan in aggressive BP control to physicians across the country through scientific literature has helped OLSAR to gain momentum. Division focus to see that both the ARB's emerge as strong brands in Antihypertensive market is steadily but consistently gaining momentum.

TELSAR group

TELSAR and its combination (with Hydrochlorthiazide/ 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 third in terms of value.

TELSAR is growing faster than the molecule Telmisartan (53% vs. 50%). However, the combination with Amlodipine is growing slower than the market (82.5% vs 114%), as is the combination with Hydrochlorthiazide (43% vs. 52%).

Because hypertension is an indication which is treated by Consulting Physicians, Cardiologists and Diabetologists, an elaborate program which addresses maintaining the current core prescribers and developing new prescribers is underway.

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 10th largest brand in its respective segment in terms of value and 8th in terms of units.

METRIDE is ahead in its growth compared to the market (41% vs. 40%). Metride Plus is however behind in its growth (35% vs. 42%). In 2009-10, 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 9 currently and despite suffering de-growth for two years, is now back at positive growth situation (1.5%). However, the market for this combination is growing faster (13.5%) than the brand.

Being a major contributor to the total business, CORVADIL A has been on major focus since last 1 year which is continuing even this year. The customer profile for CORVADIL A constitutes more of family physicians and consulting physicians and hence, a mass based promotion covering all listed doctors in our portfolio, is underway with a day dedicated every week for special promotion of CORVADIL A.

SERTA:

SERTA (Sertraline) is used in all kinds of 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 24% to Neuro Psychiatry (Neu Foreva) division and has crossed Rs. 10 Crs revenue as per ORG-IMS MAT March, 2010. Serta is growing higher than the market growth in its operative segment. Although, in terms of rupee revenue it is the number 2 brand, while in units it is the number 1 brand.

AMPOXIN Group:

Ampoxin is an anti infective and participates in the Ampicillin + Cloxacillin market. Ampoxin is ranked #30 amongst the Top # 300 brands of the industry. Ampoxin (all sku's) is No. 1 brand in the market and growing at 20% compared to the market growth of 10%.

Ampoxin Injectables is growing at 31% with a market share of 46.7%, while Ampoxin Caps is growing at 10.9% with a market share of 41%. Ampoxin liquid (dry Syrup) commands 75% of market share. Megapen (Injectables & Caps) of Aristo Pharma is



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growing marginally higher than Ampoxin. Differentiated marketing strategy is helping in not only sustaining the market share, but also growing in highly price sensitive and competitive segment of the market.

UNIENZYME group:

Unienzyme is a digestive enzyme preparation. Unienzyme is ranked #242 among the Top # 300 brands of the industry. Unienzyme is the No. 1 brand in oral solid market with 24% market share and growing at 38% compared to market growth of 18%. Creon (Solvay Pharma) and Pepfiz (Ranbaxy) are growing at 16% and 11% respectively. These top 3 brands command with 40% market share.

Increased exposure to targeted doctors and highlighting the role of ingredients, *which* provides relief from flatulence & abdominal discomfort due to dyspepsia, is helping in sustaining Unienzyme leadership position.

MYCLAV:

MYCLAV, a combination of Amoxicillin & Clavulanic acid is indicated for treatment of Otitis Media, LRTIs and other dental infections. The total Amoxy + Clav market is valued at Rs 600 Crs and is growing at 40%. The target specialists for Myclav include ENTs, Surgeons, Dentists and Physicians. Myclav was launched in October 2009 and has registered MAT Sales of Rs 1.5 Crs. The top companies in Amoxy+Clav market are Glaxo (Augmentin Rs. 145 Crs), Alkem (Clavam Rs. 83 Crs), Mankind (Moxikind-CV Rs. 63 Crs), Ranbaxy (Moxclav Rs. 42 Crs) and Aristo (Mega-CV Rs 18 Crs). Key strategic actions and marketing programs are in place to gain market share. This is just the beginning.

VIZYLAC:

Vizylac is a Lactobacillus preparation. Among all brands of Unichem, Vizylac gets the highest prescriptions. Vizylac is # 1 brand in its market with 34% market share and growing at 29%. Major Competitors are Sporlac (Unisankyo) growing at 16.6%, while Nutrolin B (Cipla) has stagnated at 0%



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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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