



Investor Update

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Mumbai, January 15, 2011

UNICHEM LABORATORIES LIMITED

Q3 FY 2010-11 – Financial Performance

Table of Contents

Financial Highlights

ORG / IMS Ranking

Major Brands



Investor Update

Financial Highlights:

Q3 – FY 2010-11

REVENUE

- The company's revenue from operations stood at Rs. 197.10 crs for the quarter ended Dec 31, 2010 against Rs. 172.76 crs recorded during the corresponding quarter ended Dec 31, 2009, reflecting overall growth of 14.1%.

Formulation Business:

- Domestic Formulation Business grew by 11.0%, while International Formulation Business grew by 35.9% compared to the corresponding quarter of the previous year.
- Domestic Branded Formulations grew by 11.9%, while chronic care segment products grew by 13.8%. Generic products sales were in line with corresponding quarter of the previous year.

API Business:

- Domestic API business grew by 39.1%, while the International API Business grew by 1.6% compared to the corresponding quarter of the previous year.

MATERIAL COMSUMPTION

- Material consumption as a ratio to sales stood at 34.0% for the current quarter compared to 32.9% for the corresponding quarter of the previous year. Higher API sales and adverse product mix led to higher material consumption as a ratio to total revenue.

EBIDTA

- The company's EBIDTA margins for the current quarter is lower at 20.0% (Previous corresponding quarter: 26.6%) due to increased headcount related expenses, higher Sales & Marketing expenses, and commissioning of new plants at Baddi and Sikkim.



Investor Update

PBT & PAT

- Profit before tax for the quarter ended Dec 31, 2010 stood at Rs. 33.64 crs compared to Rs. 41.54 crs during the corresponding quarter ended Dec 31, 2009, reflecting negative growth of 19%. The lower PBT is due to higher operating expenses during this quarter.
- The net profit for the quarter ended Dec 31, 2010 stood at Rs. 25.6 crs compared to Rs. 33.7 crs during the corresponding quarter ended Dec 31, 2009, due to higher operating expenses and increased tax provision on account of higher rate of MAT.
- The EPS-Diluted for the quarter stood at Rs. 2.82 for the quarter ended Dec 31, 2010 compared to Rs. 3.72 during the corresponding quarter of the previous year.

Year-To-Date - FY 2010-11:

REVENUE

- The company's revenue from operations stood at Rs.586.64 crs for the nine months ended Dec 31, 2010 against Rs. 517.75 crs recorded during the corresponding nine months of the previous year, reflecting overall growth of 13.5%.

Formulation Business:

- Domestic Formulation Business grew at 12.2%, while International Formulation Business grew at 21.7% compared to the corresponding nine months of the previous year.
 - Domestic Branded Formulations grew at 15.67%, while chronic care segment products grew at 19.9%. However, a sharp fall in the generic-generic business resulted in overall growth of 12.2% in Domestic Formulation Business.



Investor Update

API Business:

- Domestic API business grew at 15.7%, while International API Business grew at 13.1% compared to the corresponding nine months of the previous year.

MATERIAL CONSUMPTION

- Material consumption as a ratio to sales stood at 32.7% for the current nine months compared to 34.3% for the corresponding nine months of the previous year.

EBIDTA

- The company's EBIDTA margins for the current nine months is lower at 23.5% (corresponding previous year: 26.7%) due to increased headcount related expenses, higher spending on Sales & Marketing expenses, R & D expenses and commissioning of new plants at Baddi and Sikkim.

PBT & PAT

- Profit before tax for the nine months ended Dec 31, 2010 stood at Rs. 121.73 crs compared to Rs. 124.71 crs during the corresponding nine months of the previous year, reflecting negative growth of 2.4 %. The lower PBT is due to higher operating expenses during the quarter ended Dec 31, 2010.
- The net profit for the nine months ended Dec 31, 2010 stood at Rs. 93.65 crs compared to Rs.100.04 crs during the corresponding nine months of the previous year, due to higher operating expenses and increased tax provision on account of higher rate of MAT.
- The EPS-Diluted for the quarter stood at Rs.10.32 for the nine months ended Dec 31, 2010 compared to Rs.11.04 during the corresponding nine months of the previous year.



Investor Update

Financials

UNICHEM LABORATORIES LTD						
Analysis of Quarterly and Annual Financial results for three months and Nine Months ended 31st Dec, 2010.						
Particulars	STAND ALONE FINANCIALS					
	For three months ended Dec 31, 2010	For three months ended Dec 31, 2009	% Growth	For Nine months ended Dec 31, 2010	For Nine months ended Dec 31, 2009	% Growth
Sales Income from Operations:						
<i>Domestic Operations</i>						
Formulations	14,908.64	13,425.62	11.0%	45,357.24	40,419.67	12.2%
API	565.55	406.47	39.1%	1,641.92	1,419.17	15.7%
<i>International Operations</i>						
Formulations	2,684.05	1,975.02	35.9%	7,688.16	6,315.72	21.7%
API	1,350.39	1,329.02	1.6%	3,473.50	3,070.63	13.1%
Other Operating Income	201.88	140.30	43.9%	502.86	449.49	11.9%
Contract Manufacturing						
Total Income	19,710.51	17,276.43	14.1%	58,663.68	51,674.68	13.5%
Expenditure:						
Material Consumption	6,708.56	5,675.34	18.2%	19,162.54	17,738.43	8.0%
Staff Cost	2,776.99	2,199.10	26.3%	8,123.74	6,472.40	25.5%
Depreciation	686.80	536.50	28.0%	2,014.68	1,588.88	26.8%
Other Expenditure	6,285.50	4,809.89	30.7%	17,589.01	13,681.38	28.6%
Interest	17.25	9.20	87.4%	59.68	43.04	38.7%
Total Expenditure	16,475.10	13,230.03	24.5%	46,949.65	39,524.13	18.8%
Operating Income	3,235.41	4,046.40	-20.0%	11,714.03	12,150.55	-3.6%
% Sales Income	16.4%	23.4%		20.0%	23.5%	
Other Income	128.72	107.75	19.5%	459.57	320.77	43.3%
Exceptional Items (Gain/-Loss)	0.00	0.00		0.00	0.00	
Profit before Tax	3,364.13	4,154.15	-19.0%	12,173.60	12,471.32	-2.4%
% Total Income	17.1%	24.0%		20.8%	24.1%	
Prior period expenses / (income)	0.04	0.00		1.31	0.75	
Income Tax	804.00	786.00	2.3%	2,807.00	2,444.00	14.9%
Excess / (short) provision for tax of earlier year	0.00	0.00		0.00	-22.00	-100.0%
Net Profit	2,560.09	3,368.15	-24.0%	9,365.29	10,004.57	-6.4%
% Total Income	13.0%	19.5%		16.0%	19.4%	
Earning Per Share						
Bsaic EPS Rs.	2.84	3.74		10.38	11.1	
Diluted EPS Rs.	2.82	3.72		10.32	11.04	



Investor Update

Niche Generics Limited, the 100% UK Subsidiary recorded **sales of GBP 2.168 Million** and **Net Loss of GBP 0.376 Million** for the quarter ended December 31, 2010 and **sales of GBP 6.770 Million** and **Net Loss of GBP 0.653 Million** for the nine months period ended December 31, 2010.

Unichem Pharmaceuticals USA Inc., the 100% US Subsidiary recorded **sales of USD 0.786 Million** and **Net Loss of USD 0.206 Million** for the quarter ended December 31, 2010 and **sales of USD 2.24 Million** and **Net Loss of USD 0.63 Million** for the nine months period ended December 31, 2010.

Unichem Pharmaceuticals Do Brasil Ltda, the 100% Brazil Subsidiary recorded **sales of Brazilian Reals 'Nil' Million** and **Net Loss of Brazilian Reals 0.342 Million** for the quarter ended December 31, 2010 and **sales of Brazilian Reals 0.101 Million** and **Net Loss of Brazilian Reals 0.927 Million** for the nine months period ended December 31, 2010.

Ratios:

	Quarter ended Dec 31, 2010	Quarter ended Dec 31, 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)	6925.84	6059.65	6106.71	5199.61
Total Debt (Rs. Mn)	298.87	236.21	229.64	255.32
Book Value (Rs./Share)	76.75	67.22	67.73	57.69
Net Sales / Net fixed assets ratio	0.47	0.47	1.82	1.84
Current assets ratios:	1.59	1.68	2.36	2.03
Net Current assets (Rs. Millions)	3704.30	2691.00	2905.60	2670.70
Current Liabilities (Rs. Millions)	2326.00	1600.20	1229.40	1312.40
ROCE % (not annualized)	22.90	30.10	29.40	30.20
RONW % (not annualized)	15.00	22.40	21.90	24.00



Investor Update

India Formulation Business

Key Highlights

IMS

Domestic Formulation market on MAT November, 2010 is estimated at Rs. 46,530 crs by IMS, reflecting a growth of 18.4 % over MAT November, 2009. However, AWACS data for the same period indicate the Domestic Formulations Market at Rs. 46,304 crs with a growth of 16.5%.

Unichem Laboratories revenue is estimated at Rs. 699 crs (*IMS MAT Nov, 2010*) and growing at 18.4% with a market share of 1.5%.

The division-wise break-up is as follows:

	MAT NOV.'10		SEPT- NOV'10		APRIL- NOV'10	
	VALUE (Rs.Crs)	% GROWTH	VALUE (Rs.Crs)	% GROWTH	VALUE (Rs.Crs)	% GROWTH
Total Domestic Market	46530	18.4	12214	12.3	32251	17.1
Total Unichem Laboratories	699	18.4	179	11.2	482	15.2
Unisearch - Cardiovascular Division	261	20.4	66	12.1	178	17.7
UVA Division	151	6.9	39	2.7	105	2.3
Unisearch - Cardiovascular Diabetology Division	96	41.7	25	31.1	69	41.9
Unikare Division	60	25.6	16	19.9	42	21.6
Neu-Foreva - Neuro-Psychiatry Division	54	31.4	14	22.3	38	34.1
Pharma Division	50	(4.7)	13	(13.9)	32	(15.0)
Unisearch - Integra (Nephrology) Division	24	23.7	6	24.0	17	25.4
Total Unichem Formulations Business	696	18.7	179	11.5	481	15.4
Others	3	(17.6)	0	(50.9)	2	(21.3)

Brand Position

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

1. Ampoxin – Rs.74 crs. (Rank 53rd)
2. Losar-H – Rs.65 crs. (Rank 65th)
3. Losar – Rs.61 crs. (Rank 79th)
4. Trika – Rs. 39 crs. (Rank 150th)
5. Unienzyme – Rs. 33 crs. (Rank 192th)



Investor Update

Unichem Laboratories Represented / Covered Market

	VALUE (Rs.Crs)		% GROWTH	
	MAT NOV.'10	SEP.-NOV.'10	MAT NOV.'10	SEP.-NOV.'10
UNICHEM LABS REPRESENTED MKT.	22909	6365	19.8	11.7
ANTI-INFECTIVES	5945	1657	19.0	10.5
CARDIAC CARE	3306	850	22.6	15.0
RESPIRATORY	1903	577	20.9	7.8
MUSCULO-SKELETALS	2351	698	17.2	12.1
ANTI-DIABETICS	1251	357	29.3	20.5
NEURO-PSYCHIATRY	1299	326	20.8	11.9
NUTRACEUTICALS	2617	604	19.5	10.0
GASRO INTESTINALS	1807	621	15.6	9.0
DERMATOLOGICALS	1190	319	18.5	12.8
HAEMATINICS	778	229	19.0	11.9
OTHERS	462	126	15.7	19.3

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 49% of the total market by value.

	VALUE (Rs.Crs)		% MKT. SHARE		% GROWTH	
	MAT NOV.'10	SEP.-NOV.'10	MAT NOV.'10	SEP.-NOV.'10	MAT NOV.'10	SEP.-NOV.'10
UNICHEM FORMULATIONS	699	179	3.0	3.0	18.4	11.2
CARDIAC CARE	307	79	9.3	9.3	25.3	17.5
ANTI-INFECTIVES	120	32	2.0	1.9	(4.6)	(6.6)
NEURO-PSYCHIATRY	89	22	6.9	6.9	21.0	13.2
GASRO INTESTINALS	49	12	2.7	1.9	25.3	15.1
NUTRACEUTICALS	39	9	1.5	1.5	22.8	5.9
MUSCULO-SKELETALS	25	6	1.1	0.8	2.9	(11.9)
ANTI-DIABETICS	28	7	2.3	2.1	47.2	33.1
RESPIRATORY	22	7	1.2	1.2	27.9	24.5
DERMATOLOGICALS	14	4	1.2	1.2	31.2	34.2
HAEMATINICS	1	0	0.2	0.2	126.6	123.7
OTHERS	4	1	0.8	0.8	47.7	60.2

Total Represented / Covered Market Growth and Unichem Growth Progression:

	MAT Nov.'10	Dec'09	Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10	Jul'10	Aug'10	Sep'10	Oct'10	Nov'10
Represented Market Size (Rs.Crs)	22909	1918	1696	1711	1697	1911	1815	1886	2040	2140	2149	1992	1954
% Value Growth	19.8	31.9	19.6	22.9	20.5	26.2	21.5	20.4	20.7	20.2	21.0	7.0	11.4
Unichem Formulations (Rs.Crs)	699	57	52	54	53	61	58	59	62	64	63	59	58
% Value Growth	18.4	33.1	21.5	29.0	22.4	25.9	18.5	17.8	12.5	15.3	15.4	6.7	12.3



Investor Update

Brand Group Scenario

	MAT NOV'10			SEPT-NOV'10			APRIL-NOV'10		
	VALUE (Rs. Crs)	% SHARE	% GROWTH	VALUE (Rs. Crs)	% SHARE	% GROWTH	VALUE (Rs. Crs)	% SHARE	% GROWTH
LOSAR Grp	148	32	17	37	33	9	100	32	14
AMPOXIN Grp	75	40	(11)	20	39	(11)	51	39	(17)
TRIKA Grp	39	26	7	10	25	2	26	25	5
TELSAR Grp	35	9	65	10	10	61	26	10	67
UNIENZYME	33	12	39	7	11	20	24	12	35
TG-TOR Grp	29	4	27	7	4	18	20	4	26
METRIDE Grp	20	3	43	5	3	29	14	3	42
VIZYLAC	19	28	24	4	28	9	14	28	23
CLODREL Grp	13	5	13	3	5	2	9	6	14
CORVADIL Grp	12	2	8	3	2	(4)	8	2	7

Prescription audit - CMARC

As per the latest CMARC 4-monthly July' 2010 to October' 2010 report, Unichem ranks 24th corporate in terms of overall prescriptions generation.

Unichem is ranked 5th among Psychiatrists.

Major Brands of the Company

LOSAR

LOSAR-The flagship brand of Unisearch CV (Cardiovascular Division) sustains a strong performance in the 13th year since its launch. **LOSAR** consolidates its LEADERSHIP position in Antihypertensive market by growing faster than the market and extends its lead over nearest competitor CARDACE from Rs. 15 crores last year to Rs. 27 crs. In terms of units, **LOSAR** has replaced **ATEN** from monthly LEADERSHIP to become the No.1 Antihypertensive in terms of units in the month of September and repeated the feat in October and November. This augurs well since it indicates even today there are significant generation of new Rxs of **LOSAR** at all specialties.

TGTOR:

TGTOR group continues on its revival track to redeem its past glory and showed a MAT growth of 25% as per IMS MAT November, 2010. The fixed dose combination of Atorvastatin & Fenofibrate - **TGTOR F** launched in April 2009 has become a Rs. 2.8 crs



Investor Update

brand and has strengthened our presence in the statin and combination market. From being a 42nd brand being launched in April 2009, **TGTOR F** today is ranked 11th.

TGTOR is celebrating a decade of Lipid control and the emotional campaign to celebrate 10 years of the popular campaign – ***Decade of Control.***

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 MAT November, 2010 the gap with leader brand ALPRAX has reduced to only Rs. 1.8 crs. **TRIKA** is showing higher growth than market and the leader brand ALPRAX.

One day exclusive promotion - **TRIKA** TRANQUILITY DAY is being conducted every month to pledge our continued support to doctors in alleviate anxiety to bring back tranquility, and remind doctor about our association of more than two decades.

OLSAR

OLSAR has taken up the mantle of growth as driver of Unisearch CV. All the 3 SKUs of **OLSAR - OLSAR, OLSAR H** and **OLSAR A** have gained significant market share and OLSAR group is now **ranked No.3** in IMS MAT November, 2010. Launch of **OLSAR M** have strengthened our portfolio and has added "value" to the group.

Consistently communicating the message of the role of Olmesartan in aggressive BP control to physicians across the country through scientific literature, CMEs has helped **OLSAR** to gain momentum. We recently conducted a webcast with Prof. Roland Scheimeder, a renowned Nephrologist of Netherlands. While speaking on advances in Hypertension Management, he specifically highlighted the increasing usage of Olmesartan worldwide and how its usage only going to increase in times to come.

SERTA

The flagship brand of Neuro-Psychiatry (Neu Foreva) Division continues to excel in performance with a growth of 19.8% (Market growth: 12.3%) as per IMS MAT November, 2010. **SERTA** (Sertraline) is used in all depressive disorders, psychiatric disorders and also in underlying depression with concomitant disorders. It is highly safe and efficacious.

SERTA is currently No. 1 brand in terms of units and No. 2 in terms of value in Sertraline market with a market share of 29.4% as per IMS MAT November, 2010.



Investor Update

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 India in units and value as per ranking in the IMS MAT November, 2010. The **TELSAR** brand has become Rs 35 crs brand. Both, **TELSAR** (Telmisartan) and **TELSAR H** (Telmisartan + HCT) are growing faster than the respective segments (62% vs. 45%) and (54% vs. 46%).

Telsar Beta (combination of Telmisartan & Metoprolol extended release), that was launched in the middle of this year has already registered revenue of Rs 1 cr and strengthened our portfolio to add “value” to the group.

In addition to the aggressive strategy that is being followed for Telsar to reach out to 9600 doctors, currently, the focus is on Telsar Beta. As the brand is first in the market, the strategy is to dissipate knowledge about this convenient combination to as many doctors as possible. This is being done through CME programs across the country where KOLs speak on this combination to a predominantly physician audience.

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.

The Metride is now an impressive Rs 20 crs franchise and the second largest contributing brand for Unisearch CD.

METRIDE continues to stay ahead of its represented market in terms of growth (53.5% vs. 39%).



Investor Update

METRIDE PLUS growth has weakened due to adverse reports about Rosiglitazone (similar molecule as Pioglitazone, which is a component in the Metride Plus Combination).

Metride continues to be a high priority brand for Unisearch CD and all the strategies of brand promotion and customer engagement programs conducted so far, bringing the desired results .

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 4%. Although, the growth rate has slightly weakened adequate corrective steps have been taken to boost the revenue. As a measure towards this, **CORVADIL M** (combination of Amlodipine with Metoprolol) was launched in the middle of this year and is now expected to strengthen the portfolio and contribute to the overall Corvadil A sales.

AMPOXIN Group

Ampoxin continues to hold the fort as #1 brand in the Ampicillin + Cloxacillin combination market, #1 brand in injectable market and #1 brand in solid market with sizable market shares of 43% and 38% respectively. Although the growth is negative, corrective steps have been taken to arrest de-growth. The entire Ampicillin + Cloxacillin combination market is de-growing. The injectable market de-grew by 4%, while the solid market de-grew by 2.6% as per IMS MAT November, 2010.

UNIENZYME Group

UNIENZYME is a digestive enzyme preparation. Unienzyme tablet is the No. 1 brand in the solid market with Market share of 26% and growing at 33.3% compared to market growth of 16.5% as per IMS MAT November, 2010. Unienzyme liquid is ranked 6th in the digestive enzyme liquid market with market share of 2.6% growing at 96.2% compared to market growth of 8.4%.



Investor Update

VIZYLAC

VIZYLAC is a Lactobacillus preparation. Vizylac is #1 brand in Lactobacillus solid market with 30.3% market share and growing at 28.1% as per IMS MAT November, 2010. Vizylac is 3rd highest brand in Lactobacillus liquid market with 22.3% market share and growing at 14.2%.

The quarter (August to October, 2010) has brought pride to Unichem for Vizylac which has broken its own record of 25th position to be the 16th best prescribed brand in pharmaceutical industry as per CMARC. The launch of another formulation with the Zinc advantage recommended by WHO & Unicef will further give the brand an additional boost.

New Launches

UVA has been in the forefront in launching the latest H2 receptor antagonist in the Indian market – Lafuditine by the brand name – **Lafudac**. **Lafudac** is ready to take the PPI market in India head-on. Plans are on the anvil to storm the market with a contemporary antibiotic combination. This will further excel the top line and strengthen the GP portfolio.

MYCLAV:

Myclav, in its very first year of launch has registered revenue of Rs. 3.1 crs with a market share of 0.4% as per IMS MAT November, 2010.

Currently, Myclav performance is driven by the solid dosage formulation. In the months to come, it will be important to consolidate the solid formulation performance and drive the IV formulation by ensuring penetration into private institutions and nursing homes.

In most institutions the protocol is to initiate amoxyclav IV and then step down to the oral formulation. Thus, institutional presence will also have a spill-over effect on the oral formulation as well.

The strategy for the brand will be continued focus on customer engagement (ENT Specialists) and the communication plank to reinforce the quality of Myclav.



Investor Update

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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