UNICHEM
LABORATORIES LTD.

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CIN : L99999MH1962PLC012451.

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

August 16, 2016

Department of Corporate Services
Bombay Stock Exchange,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Mr. Hari K.
Asst. Vice President - Operations
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

Dear Sir,

Ref: BSE Scrip Code – 506690 : NSE Symbol – UNICHEMLAB
Sub.: Investor Presentation for the Quarter Ended June 30, 2016

Please find enclosed the investor presentation on the unaudited financial results for the quarter year ended June 30, 2016.

Please take the above on record.

For UNICHEM LABORATORIES LIMITED

N. N. Thakore

Neema Thakore
Head - Legal & Company Secretary

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Investor Presentation
Q1 & 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

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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 June 2016
  - Amongst the top # 19 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 June, 2016)*
  - Largest brand / brand extensions in excess of Rs170Cr
  - Over 20 brands with Rs. 10cr + Revenues
  - Over 20 brands with Rs. 5cr + Revenues and over 25 brands waiting to cross this threshold
  - In 19 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

Source: AWACS MAT June 2016

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History - Key Milestones
(Last 10 Years)

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2005-06

- USFDA certification of Goa Plant
- Acquisition of 100% stake in Niche Generics
- New PTD at Goa
- Baddi II commissioned
- Acquisition of API plant at Pithampur

2007-08

- USFDA certification of Ghaziabad Plant
- EDQM certification of Roha Plant
- Goa BioScience R&D commissioned
- Launch of Unikare - Derma Division

2009

- USFDA certification of API plant at Pithampur
- Sikkim Factory construction started
- Establishment of packing unit at Ireland

2010-11

- USFDA re-certification of Goa Plant & Roha Plant
- Commencement of Sikkim & Baddi – Formulation Plant
- Commencement of US sales
- Modernization of Betalactum Plant - Baddi
- SEZ Pithampur construction started
- Reorganization of Acute Business

2012

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

2013-14

- 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
- 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
- Acquiring API facility in Kolhapur, Maharashtra

2015-16

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

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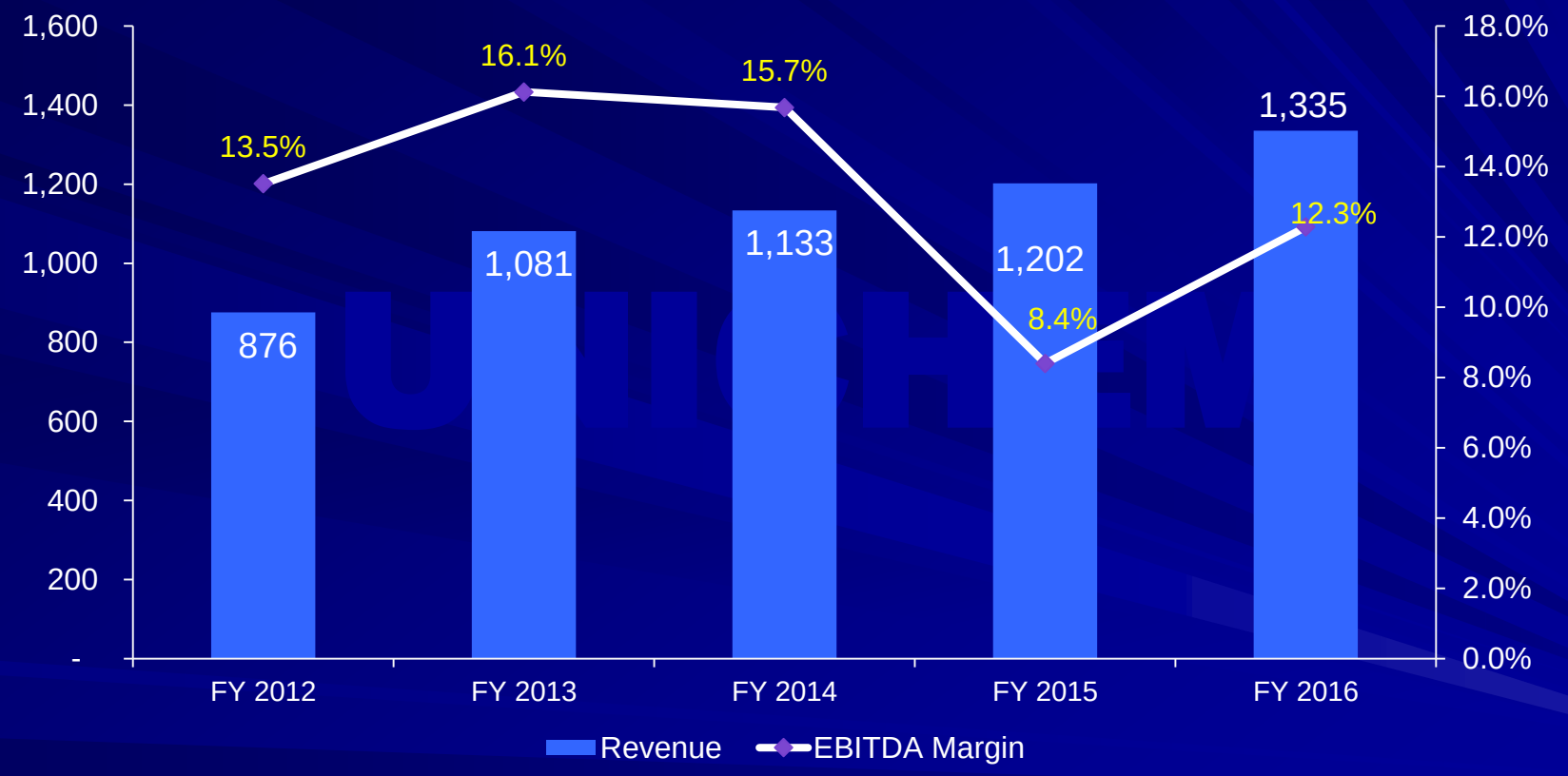
Consolidated Financials {Rs. Crores}



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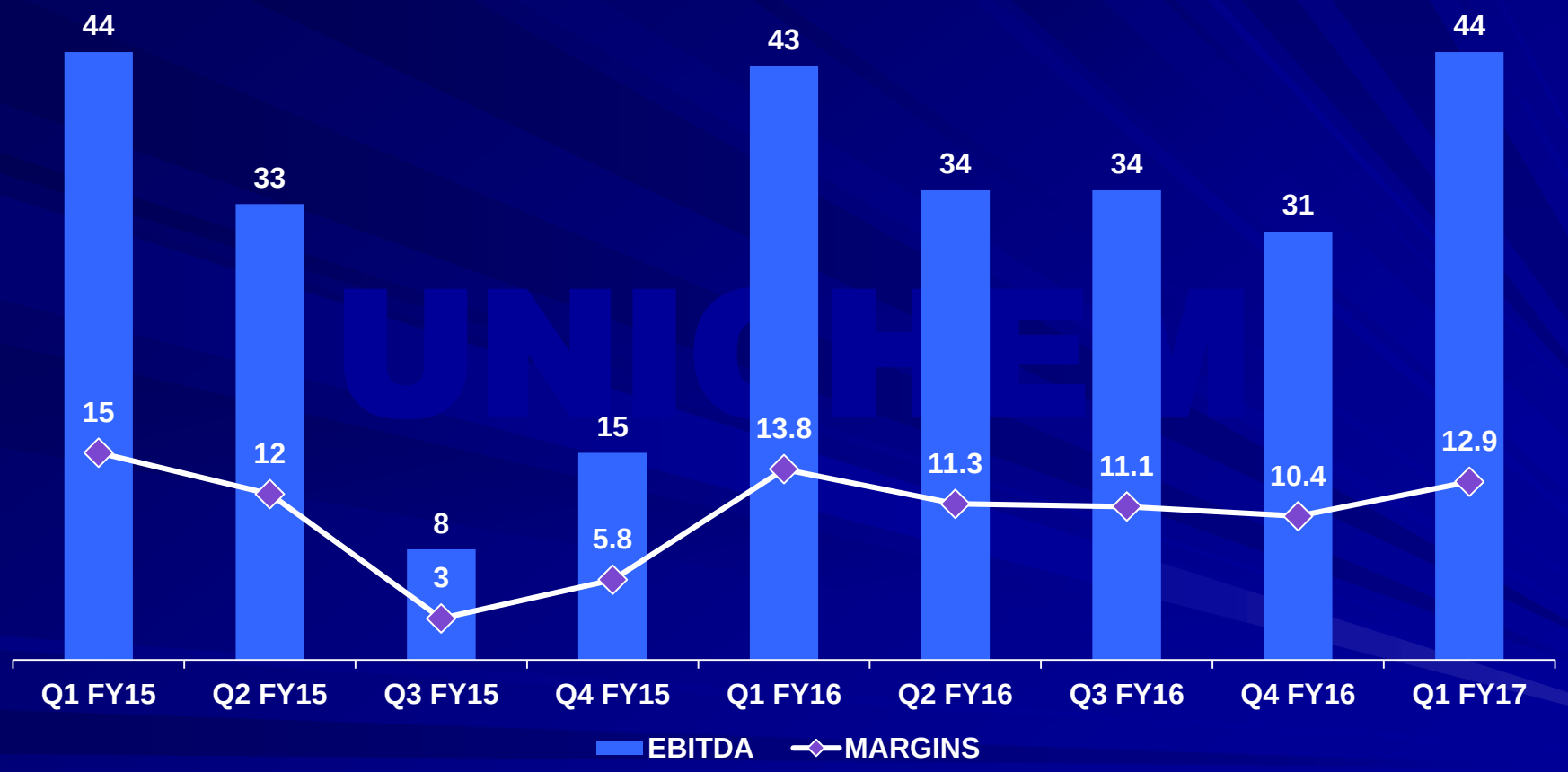
Standalone EBITDA Profile from FY 15 onwards



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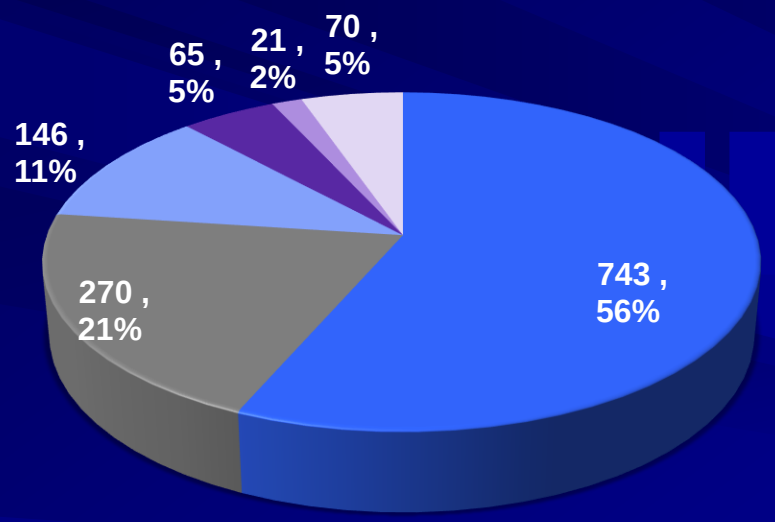
Revenue & Business areas break-up

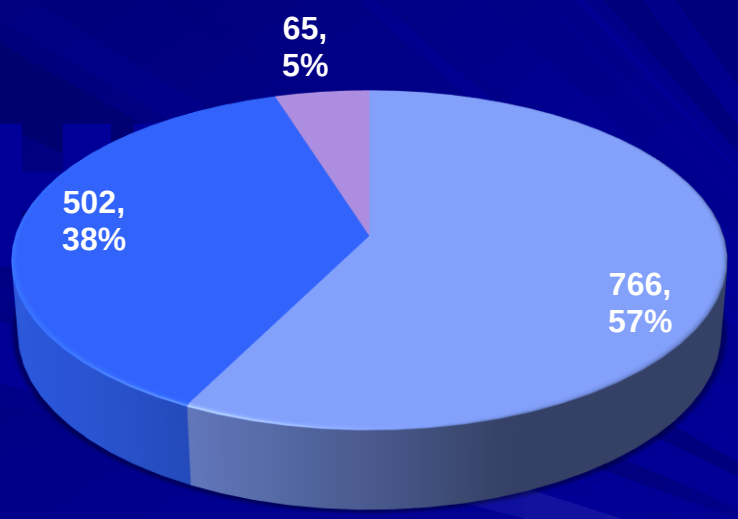
Consolidated – FY 2016

Revenue Break-up by Segment
Rs. Crores



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

Revenue Break-up by Region
Rs. Crores



India Business | Regulated Markets | Emerging Markets

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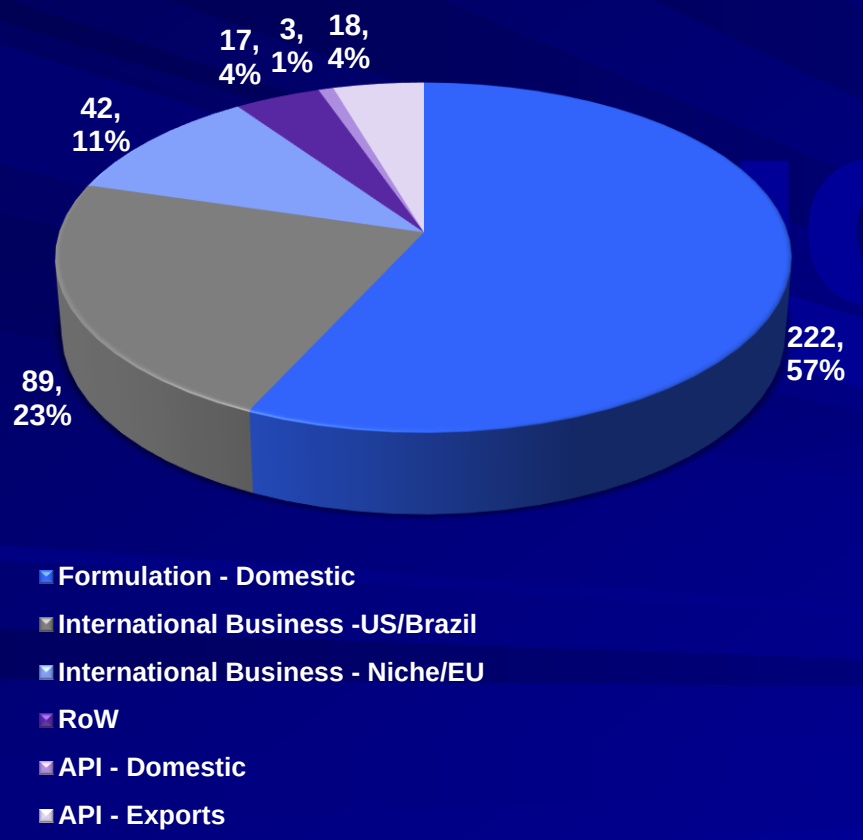
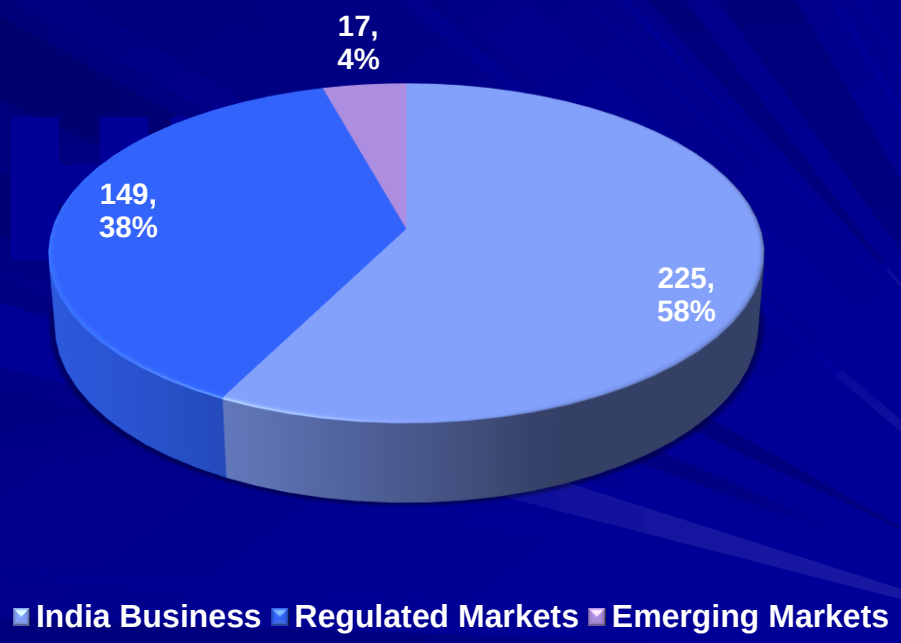
Revenue & Business areas break-up

Consolidated – Q1 FY 2017

Revenue Break-up by Region
Rs. Crores



Revenue Break-up by Region
Rs. Crores



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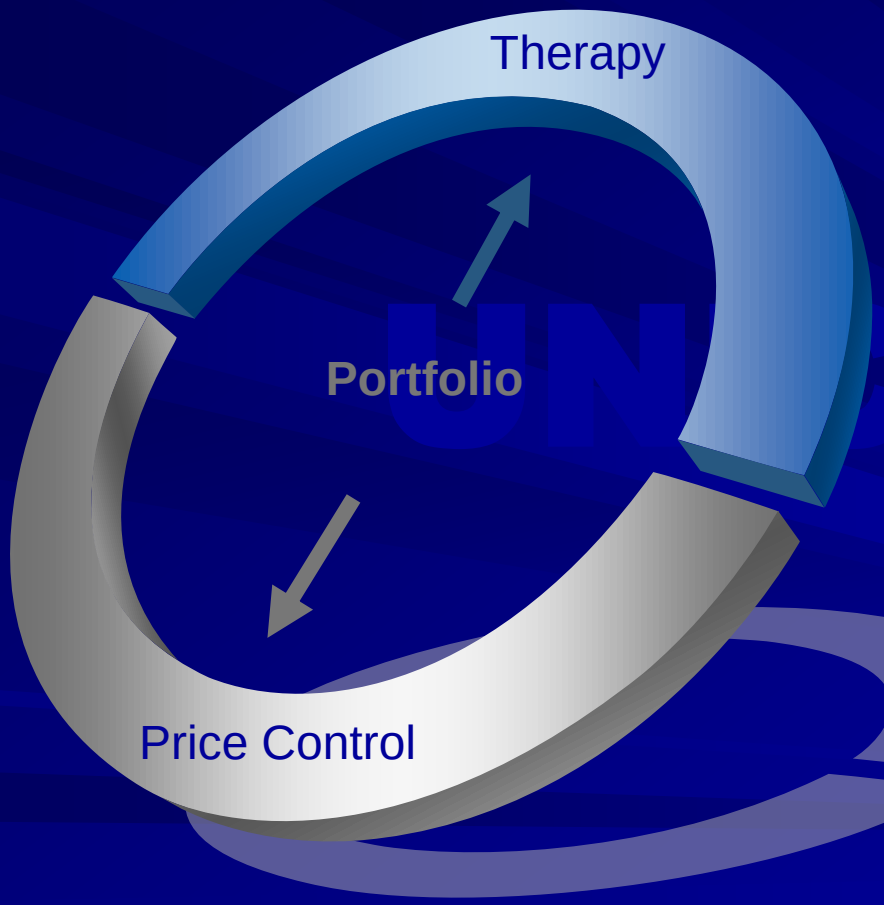
Portfolio
Therapy Dominance & Price Control



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.

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** primary Sales – MAT June, 2016*

Unichem in The Indian Pharma Market

Rs. Crores

	Indian Pharmaceutical Market	MAT June, 2016	% Growth
	Total Size of the Market	*100,017*	*10.6*
	Unichem Represented (Covered) Market	*48,056*	*9.7*
Sr. No	**Top Companies in Covered Market**		
1	Sun Pharma + Ranbaxy	*5,224*	*11.1*
2	Alkem	*2,634*	*8.3*
3	Mankind	*2,311*	*15.5*
4	Cipla	*2,088*	*9.4*
5	Zydus	*2,086*	*7.0*
6	Lupin	*1917*	*9.5*
7	Macleods	*1,849*	*6.9*
8	Abbott Healthcare	*1,791*	*7.6*
9	Aristo	*1,631*	*8.7*
10	Intas	*1,534*	*15.4*
18	Unichem Labs	*908*	*9.8*

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Source: AWACS MAT June, 2016

Unichem's Therapy Gaps in the market

	MAT Mar' 16 Value Rs. Crs	% of Total Value	No. of Sub-Segments	% of Total No. of Segments
Unichem Non-Represented Segments	51,961	52.0%	2,611	87.7%
Unichem Represented Segments	48,056	48.0%	366	12.3%
Total Market	100,017	100%	2,977	100%

- Unichem is represented in 365 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

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Source: AWACS MAT June, 2016

Domestic Formulations: Divisions

		Covered Therapies	Covered Specialist
Chronic (6)			
Cardio-Diabeto (4)	**CVS-Life**	Anti-Hypertensive & Anti-Anxiolytics	Cardiologists, CPs & GPs
	CVS-Star	Anti-Hypertensive, Statins & Anti-Anginal	Cardiologists, Diabetologists, CPs & FPs
	CD	Anti-Hypertensive, Statins, Diabetes mngmt	Cardiologists, Diabetologists, CPs & FPs
	Integra	Anti-Hypertensive, Statins , Diabetes mngmt & Related diseases	Cardiologists, Diabetologists, Nephrologists & CPs
Neuropsychiatry (2)	**Neu-Foreva**	Anti-Psychotic, Anxiolytics, Anti-Migraine, & Anti-Depressant	Neurologists, Psychiatrists & CPs
	Uni-Foreva	Anti-Depressant, Anti-Psychotic, Anti-Epilepsy, Muscle relaxant, High end Anti Biotic	Neuro Physicians, Neuro Surgeons & Psychiatrist

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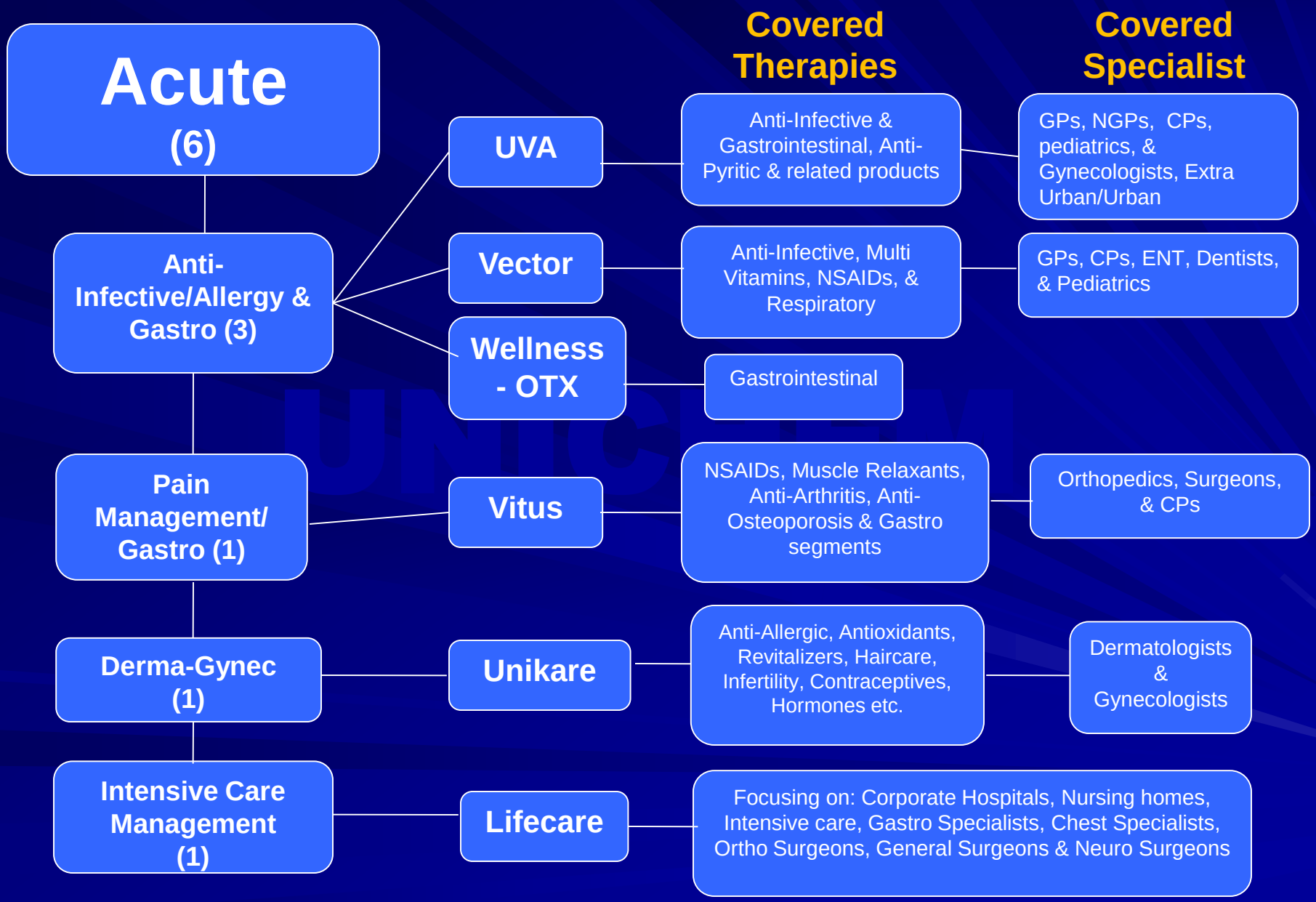
Domestic Formulations: Divisions



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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.*

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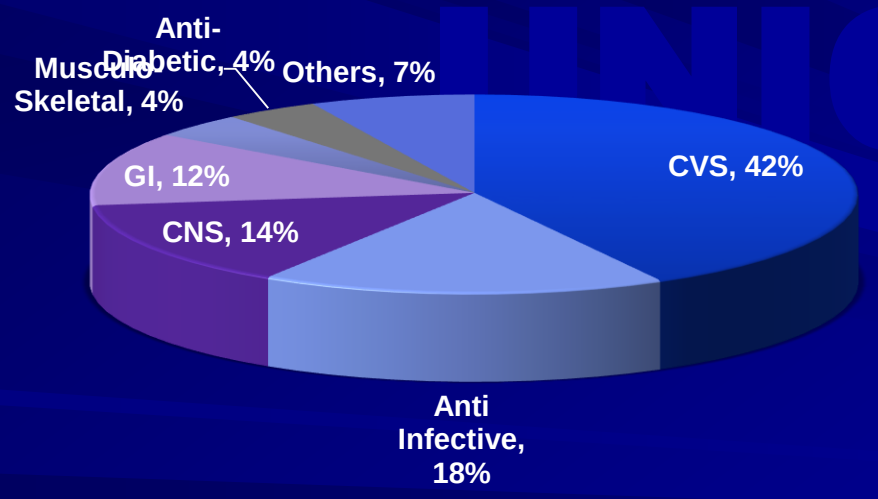
Domestic Formulations Business

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 19 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%)*

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Source: AWACS MAT June, 2016

Brand Building – Focus Brand Portfolio

- # Top 10 Brands contributes ~46% of the company's domestic revenues
  - *Losar H, Ampoxin, Losar, Unienzyme, Vizylac, Trika, Serta, Unistar, Telsar, and Arkamin*

- 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
  - # 13- Rs.10 - 20 crore brands
  - # 46 - Rs. 3 - 10 crore brands

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Source: AWACS MAT June, 2016

Top 10 Product Groups Performance

Rs. Crores

	MAT June, 2016	% Growth	% Market Share	% Contribution to Revenue
Total Revenue	**908**	**9.8**	**0.9**	**100.0**
Losar Group	**178**	**8.0**	**35.8**	**19.6**
Ampoxin Group	**75**	**5.9**	**45.6**	**8.3**
Unienzyme	**58**	**-5.5**	**15.1**	**6.4**
Telsar Group	**55**	**11.9**	**3.1**	**6.0**
Olsar Group	**37**	**17.2**	**5.5**	**4.1**
Vizylac	**34**	**12.4**	**13.3**	**3.7**
Pregaba Group	**28**	**33.7**	**6.0**	**3.1**
Trika Group	**27**	**-9.4**	**19.8**	**3.0**
Serta	**23**	**13.6**	**28.8**	**2.5**
Metride Group	**20**	**6.9**	**0.8**	**2.2**

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Source: AWACS MAT June, 2016

AWACS Data – MAT June, 2016

Therapy Market Segment	Representative Market		Unichem Laboratories		
	Size (Rs. Crs)	*% Growth*	Sales (Rs. Crs)	*% Share*	*% Growth*
Cardiac Care	7,964	10.8	384	4.8	10.2
Anti-Infectives	10,981	3.4	153	1.4	2.6
Neuro-Psychiatry	3,527	13.9	123	3.5	18.6
Gastro Intestinal	6,092	11.8	109	1.8	1.1
Musculoskeletals	4,091	11.9	37	0.9	21.5
Anti – Diabetic	3,724	17.0	34	0.9	25.6
Others	11,677	9.9	69	0.6	12.8
TOTAL	48,056	9.7	908	1.9	9.8

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Source: AWACS MAT June 2016

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 Baldoyle
    - 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"

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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
  - Entering the OTX in Gastrointestinal market with Unienzyme

  - **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 it 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
- # 38 US ANDAs filed so far and # 21 of which already approved (Incl 1 PARA IV)
  - Many more filings in the pipeline

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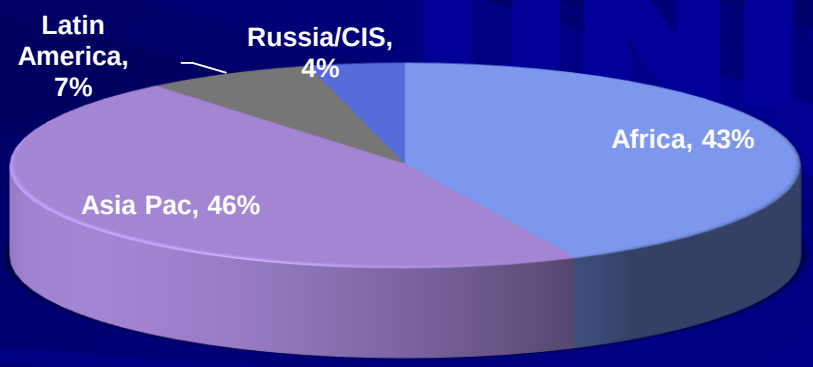
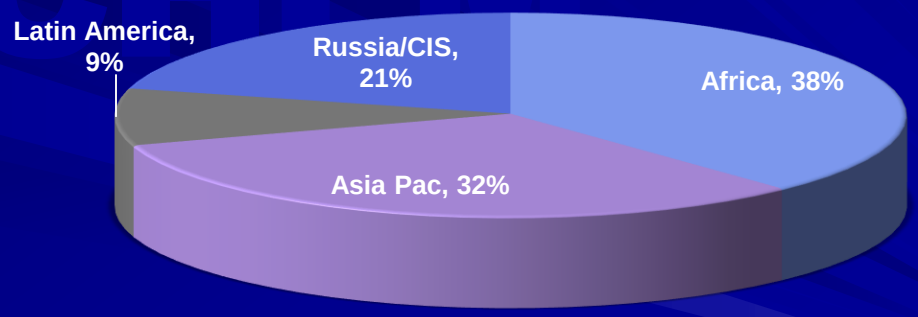
International Business – Formulations
Zone 1 : Emerging Global Markets

Geographic Mix – FY 16



Geographic Mix – Q1 FY 17



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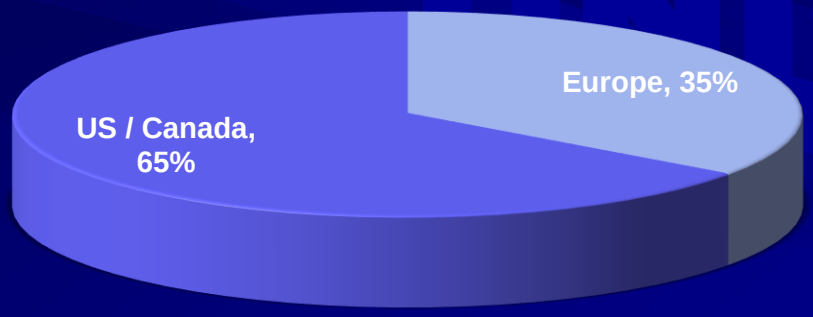
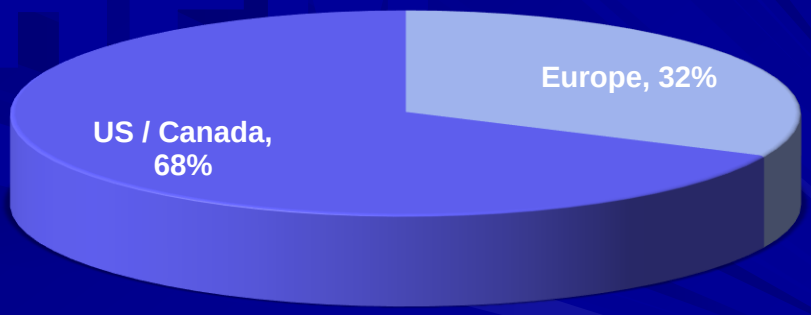
International Business – Formulations

Regulated Markets

Geographic Mix – FY 16



Geographic Mix – Q1 FY 17



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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 # 38 and development in progress for further filings
    - Total ANDAs approved so for # 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

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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)

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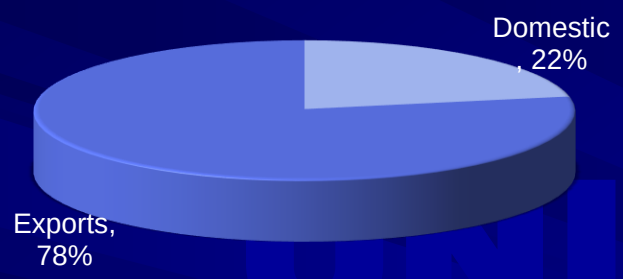
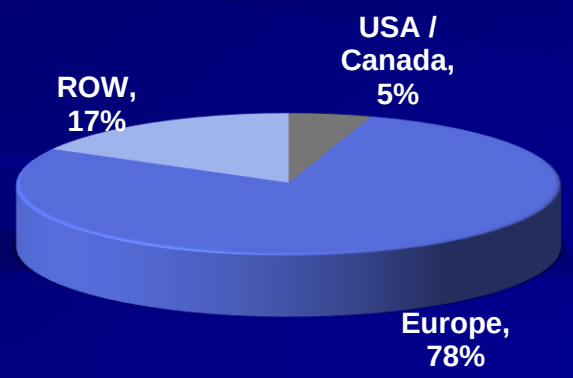
API - Total Revenue (Excluding Captive)

F Y 2016

Revenue Break-up by Segment



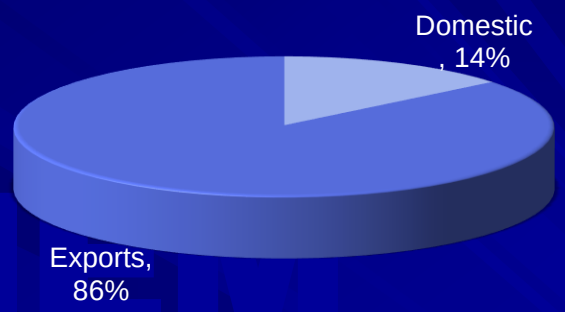
Export Revenue Break-up by Region



Total API Revenue : Rs.93 Crores

F Y Q1 2017

Revenue Break-up by Segment



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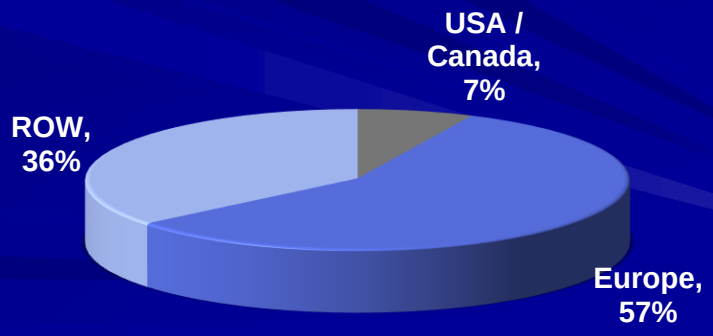

Total API Revenue : Rs. 18 Crores

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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-excepient 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 # 30 PhDs) in R & D activities

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4. Research & Development
5. Management & Governance
6. Financials

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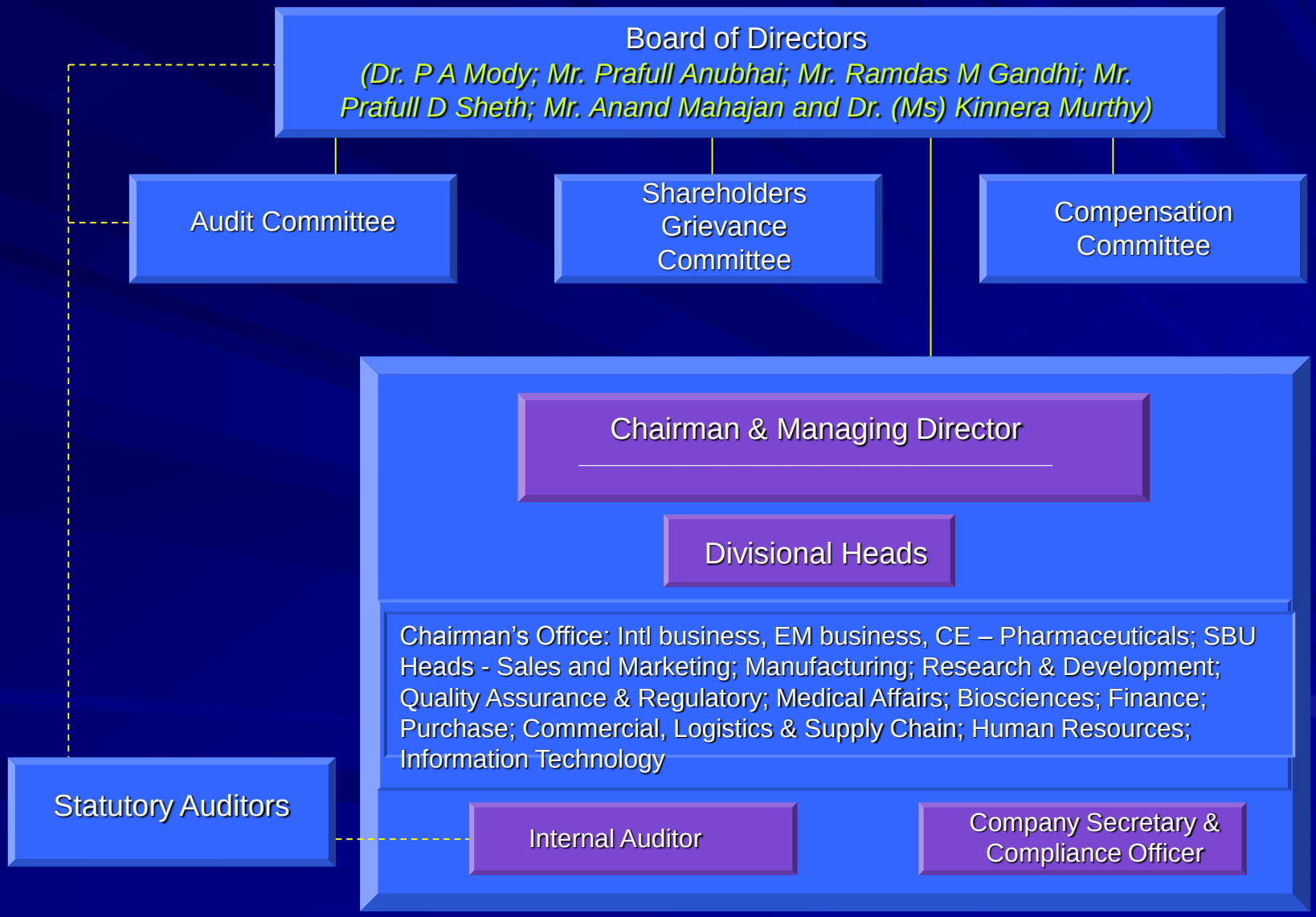
Management & Governance



Maintains high standards of Corporate Governance

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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

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Standalone Financials *(INR Lakhs)*

STAND ALONE FINANCIALS - IND-AS (INR Lakhs)			
Particulars	Three months ended June 30, 2016	Three months ended June 30, 2015	% Growth
Sales Income from Operations:			
Domestic Operations			
Formulations	22,154	19,696	12%
API	295	657	-55%
International Operations			
Formulations	9,715	8,328	17%
API	1,780	2,127	-16%
Other Operating Income	253	432	-41%
Total Income	**34,197**	**31,240**	9%
Expenditure:			
Material Consumption	12,384	11,469	8%
% Sales Income	**36.2%**	**36.7%**	
Staff Cost	6,323	5,480	15%
Other Expenditure	11,066	9,999	11%
EBITDA	**4,424**	**4,292**	
% Total Income	**12.9%**	**13.7%**	
Interest	60	54	11%
Depreciation	976	880	11%
Total Expenditure	**30,808**	**27,881**	10%
% Total Income	**90.1%**	**89.2%**	
Operating Income	**3,389**	**3,358**	
% Total Income	**9.9%**	**10.8%**	
Other Income	504	618	-18%
Profit before Tax	**3,893**	**3,976**	-2%
% Total Income	**11.4%**	**12.7%**	
Income Tax	1,316	1,077	22%
Net Profit before Exceptional Items	**2,577**	**2,899**	-11%
% Total Income	**7.5%**	**9.3%**	
Other Comprehensive Income - Net of Tax	-22.33	37.60	
Total Comprehensive Income after Tax	**2,555**	**2,937**	-13%
% Total Income	**7.5%**	**9.4%**	
Earning Per Share- Basic	**2.84**	**3.19**	-11%
Earning Per Share- Diluted	**2.83**	**3.19**	-11%
Notes: The previous period figures have been regrouped wherever necessary.			

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Thank You

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