UNICHEM
LABORATORIES LTD.

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CIN : L99999MH1962PLC012451.

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

Ref: ULL/SEC/2016-17
Date : February 6, 2017

Corporate Relation Department
Bombay Stock Exchange Ltd.
1st Floor, Rotunda Bulding
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra– Kurla Complex
Bandra (East), Mumbai – 400 051

Sub: Investor Presentation for Unichem Laboratories Limited for Q3 FY17 Results
Ref: BSE Scrip Code: 506690 : NSE Symbol – UNICHEMLAB

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter and nine months ended December 31, 2016 for your information and records.

Please take the above on record.

For UNICHEM LABORATORIES LIMITED

NEEMA THAKORE
Head – Legal & Company Secretary

Encl .: As above

Unichem Laboratories Limited

Investor Presentation
Q3 & 9M 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 25th in the Domestic Formulations market as per AWACS MAT Dec 2016
  - Amongst the top # 18 companies in representative (covered) market
  - Domestic Operations contribute ~57% of Consolidated Revenues
  - International Operations contribute ~43% 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 Dec, 2016)*
  - Largest brand / brand extensions in excess of Rs170Cr
  - Over 25 brands with Rs. 10cr + Revenues
  - Over 19 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 47 therapeutic sub-groups

- Uninterrupted Dividend track record and cash generating operations

Source: AWACS MAT Dec 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, Pithampur and Roha plants, thereby enabling business continuity in US
- Commissioned expanded capacities at Goa Formulation plant. Significantly increasing the capacities
- Entered over the counter market by launching Unienzyme via Wellness Division

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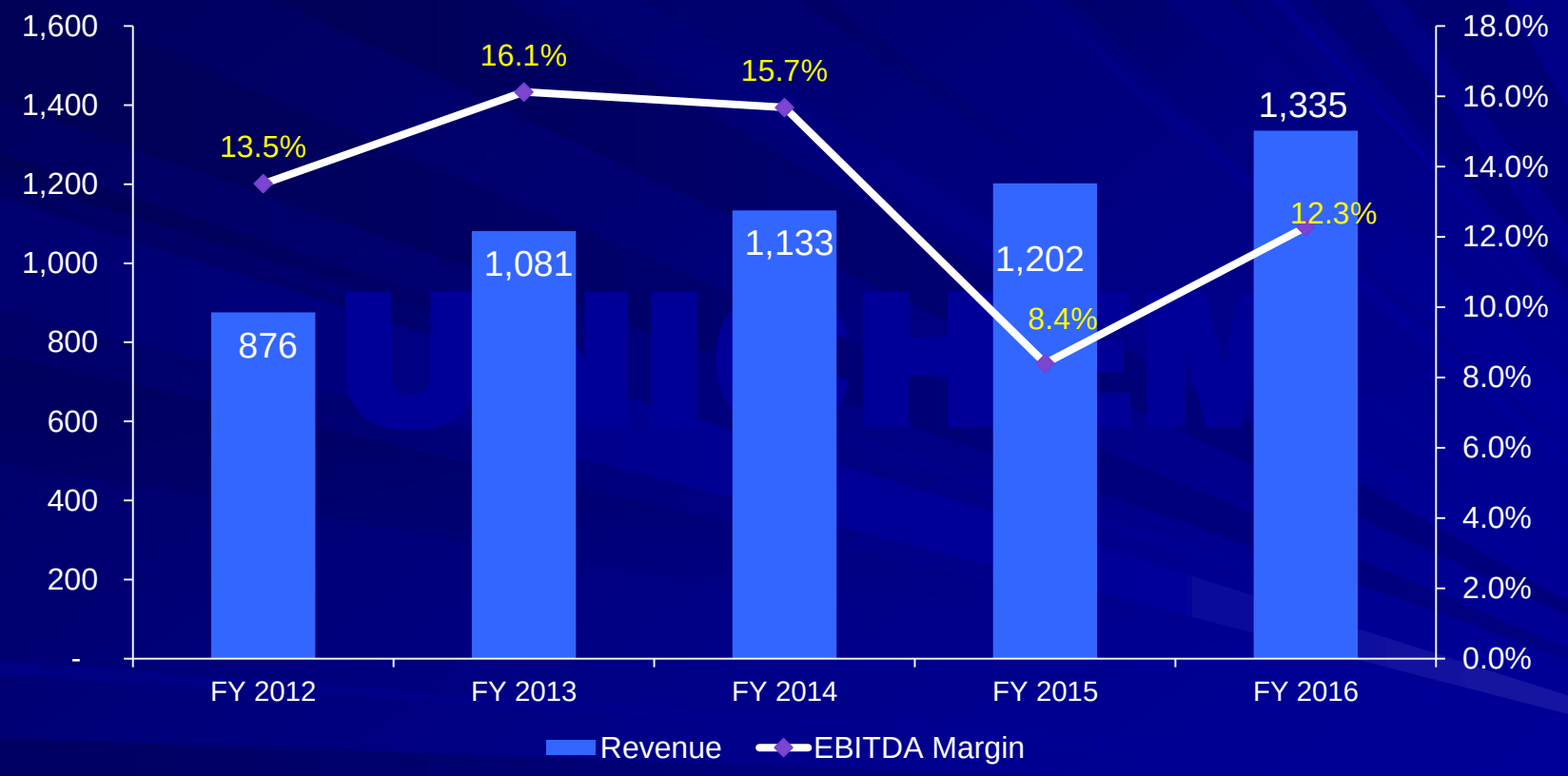
Consolidated Financials {Rs. Crores}



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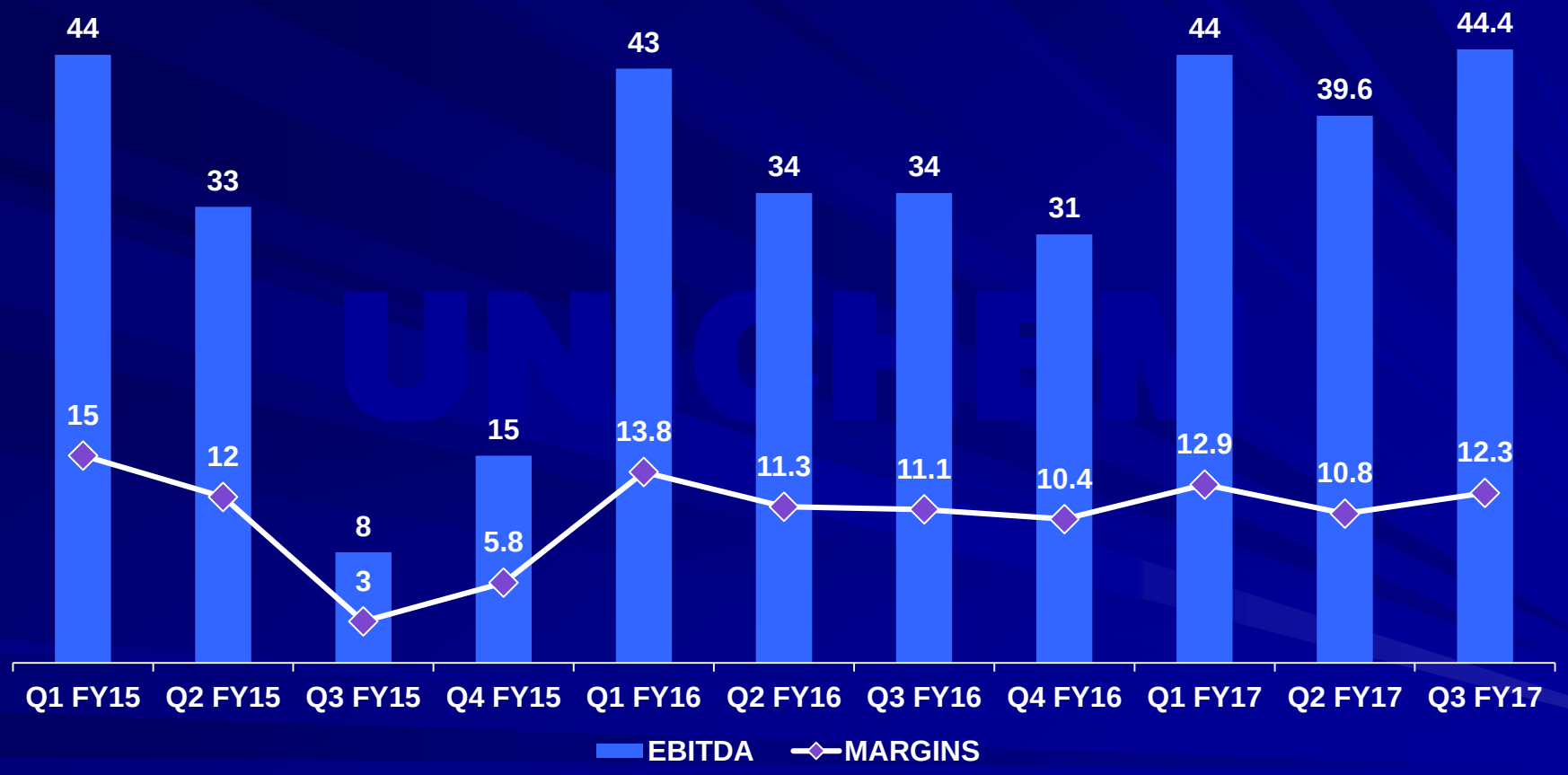
Standalone EBITDA Profile from FY 15 onwards



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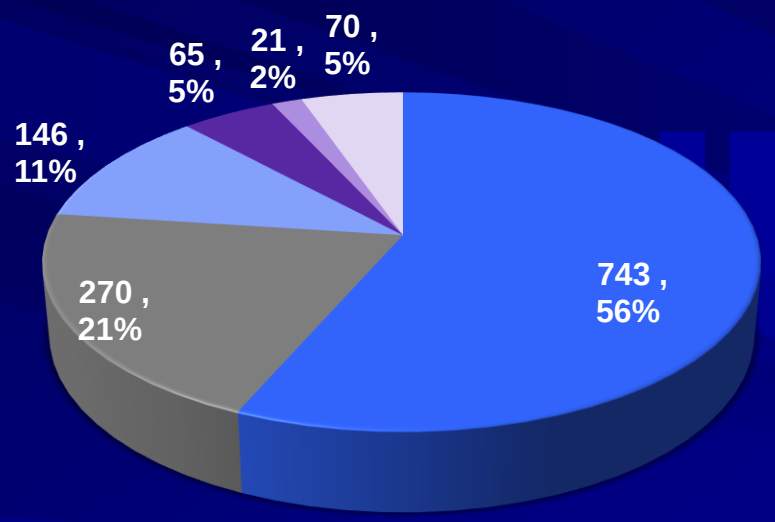
Revenue & Business areas break-up

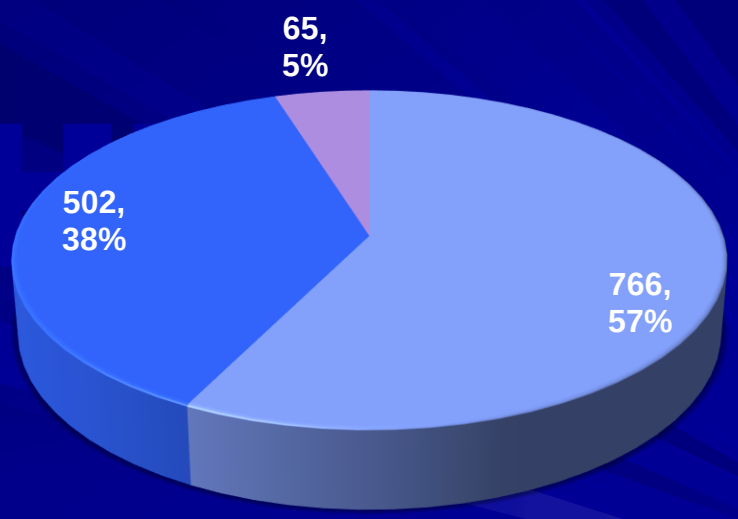
Consolidated – FY 2016

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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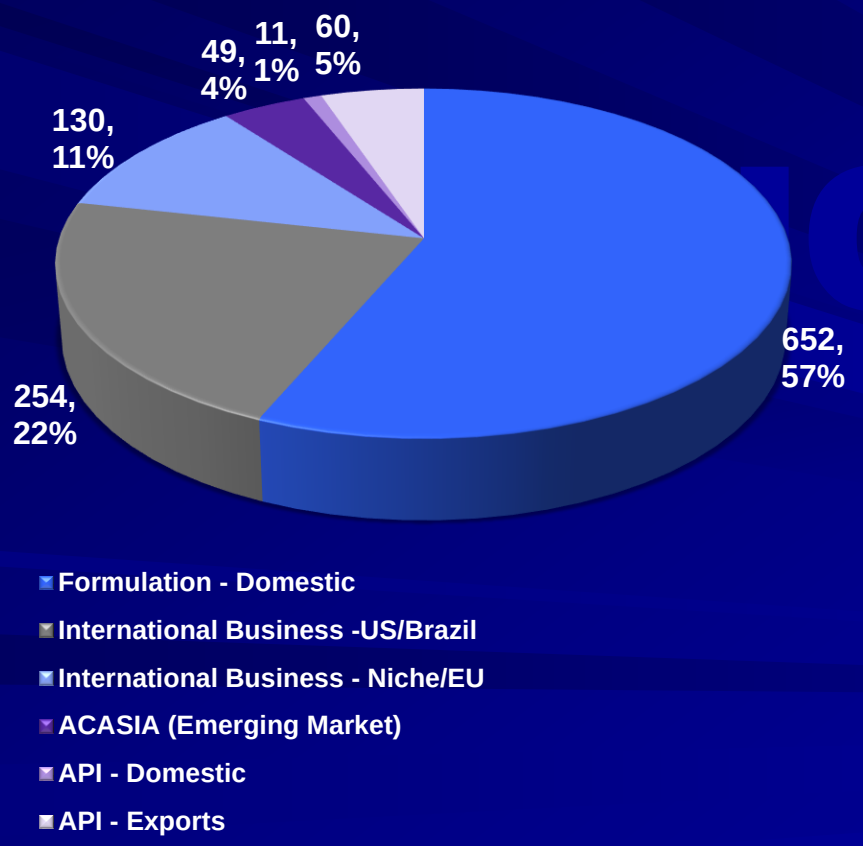
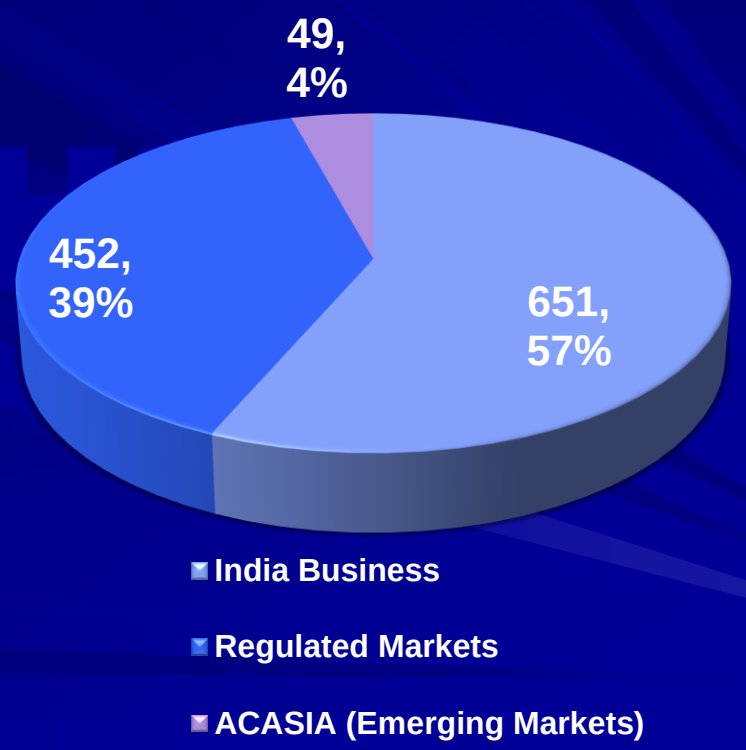
Revenue & Business areas break-up

Consolidated – 9M FY 2017

Revenue Break-up by Region
Rs. Crores



Revenue Break-up by Region
Rs. Crores



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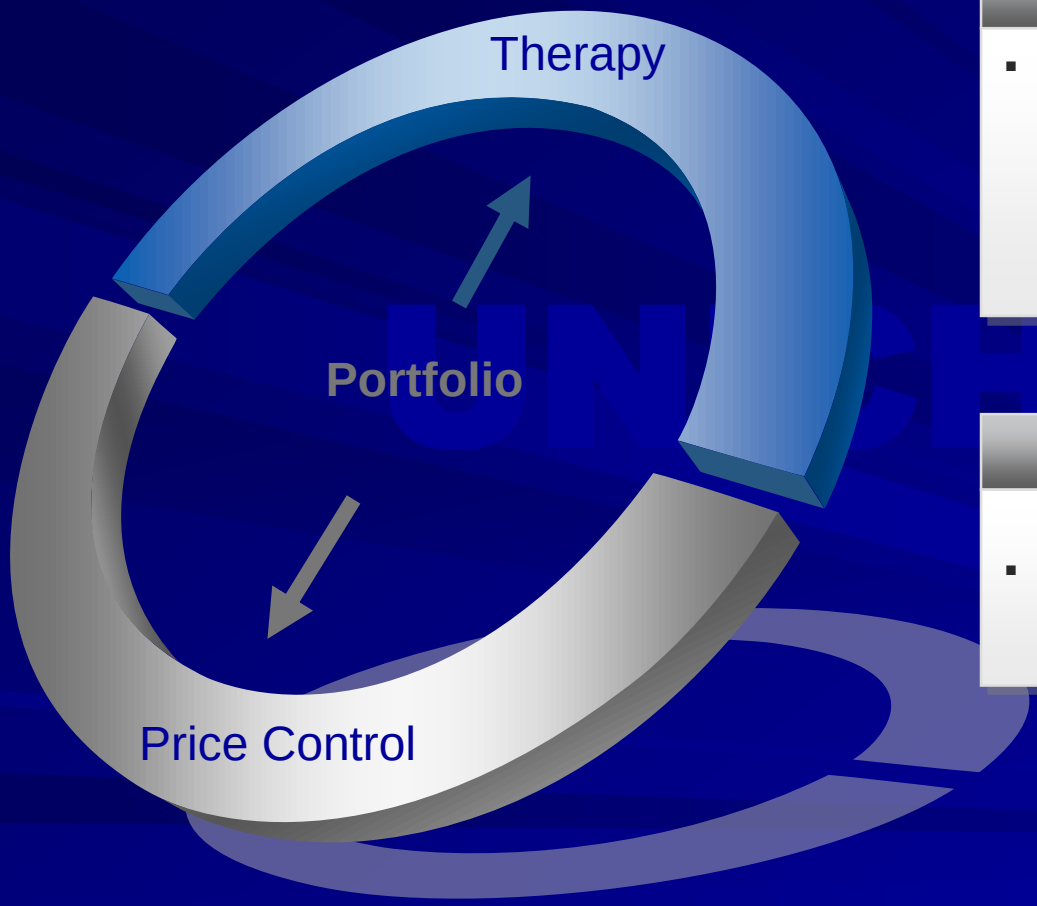
Portfolio
Therapy Dominance & Price Control



Therapy

- Major Revenue contributors:
  - Chronic care accounts for ~59%* of Domestic Formulation Revenues
  - Acute portfolio accounts for ~41%* of Domestic Formulation Revenues

Price Control

- Less than 20% of Domestic Portfolio (in value terms) under NLEM 2013. Will reduce to less than 10% under NLEM 2015.

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** primary Sales – MAT Dec, 2016*

Unichem in The Indian Pharma Market

Rs. Crores

	Indian Pharmaceutical Market	MAT Dec, 2016	% Growth
	Total Size of the Market	*107819*	*10.4*
	Unichem Represented (Covered) Market	*51260*	*9.8*
Sr. No	**Top Companies in Covered Market**		
1	Sun Pharma + Ranbaxy	*5529*	*11.4*
2	Alkem	*3021*	*15.3*
3	Mankind	*2456*	*12.9*
4	Cipla	*2208*	*8.5*
5	Zydus	*2191*	*9.3*
6	Lupin	*2015*	*9.0*
7	Macleods	*1931*	*7.4*
8	Abbott Healthcare	*1863*	*4.7*
9	Aristo	*1776*	*10.8*
10	Intas	*1575*	*12.5*
18	Unichem Labs	*972*	*14.3*

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Source: AWACS MAT Dec, 2016

Unichem's Therapy Gaps in the market

	MAT Dec' 16 Value Rs. Crs	% of Total Value	No. of Sub-Segments	% of Total No. of Segments
Unichem Non-Represented Segments	56,559	52.5%	2,644	87.6%
Unichem Represented Segments	51,260	47.5%	374	12.4%
Total Market	107,819	100.0%	3,018	100.0%

- Unichem is represented in 374 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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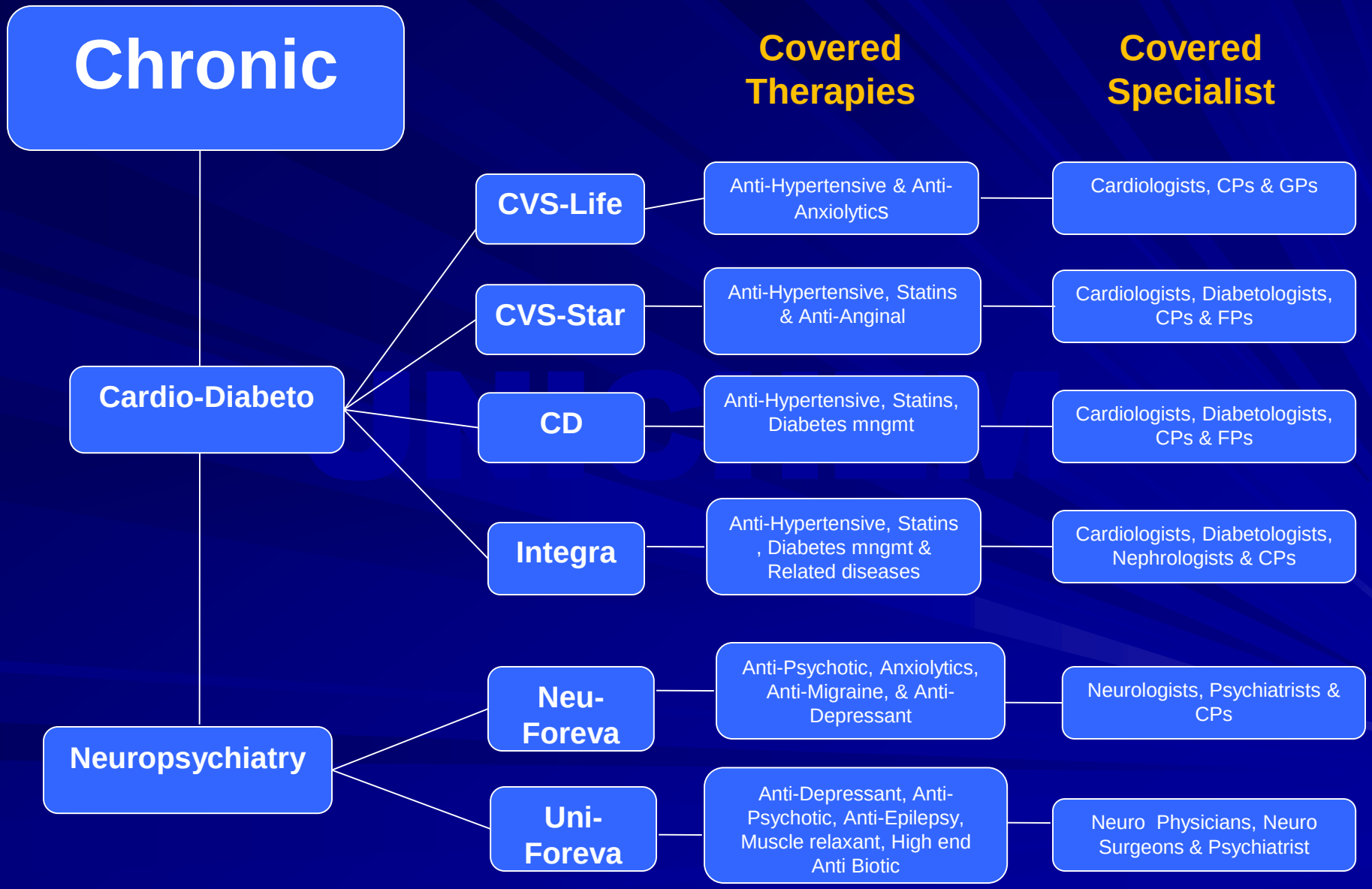
Source: AWACS MAT Dec, 2016

Domestic Formulations: Divisions



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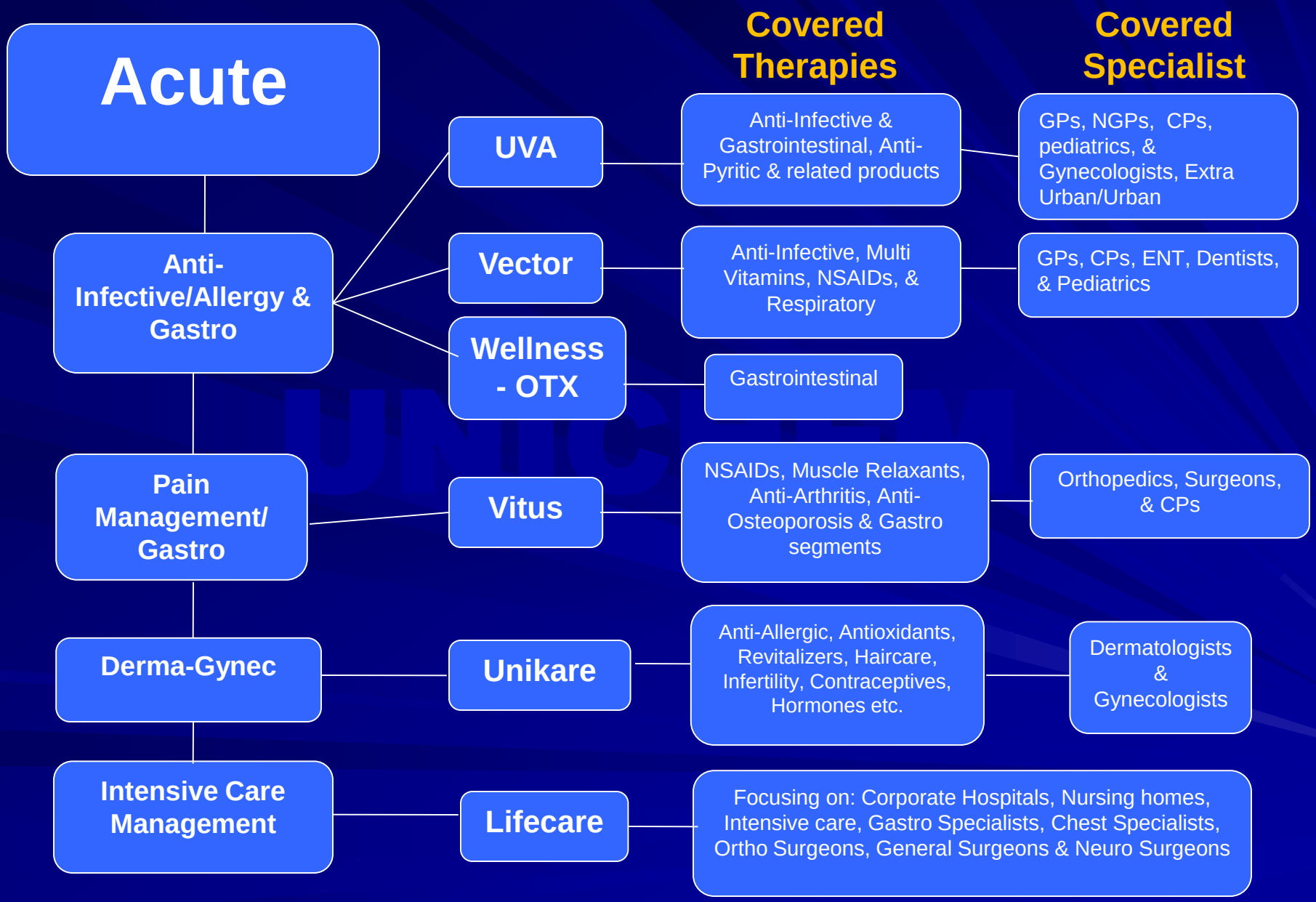
Domestic Formulations: Divisions



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Domestic Business: Customer Coverage

- **Penetration**
  - Distinct vertical catering to Chronic segment manned by ~ 1300 +CBAs
  - Distinct vertical dedicated to Acute segment 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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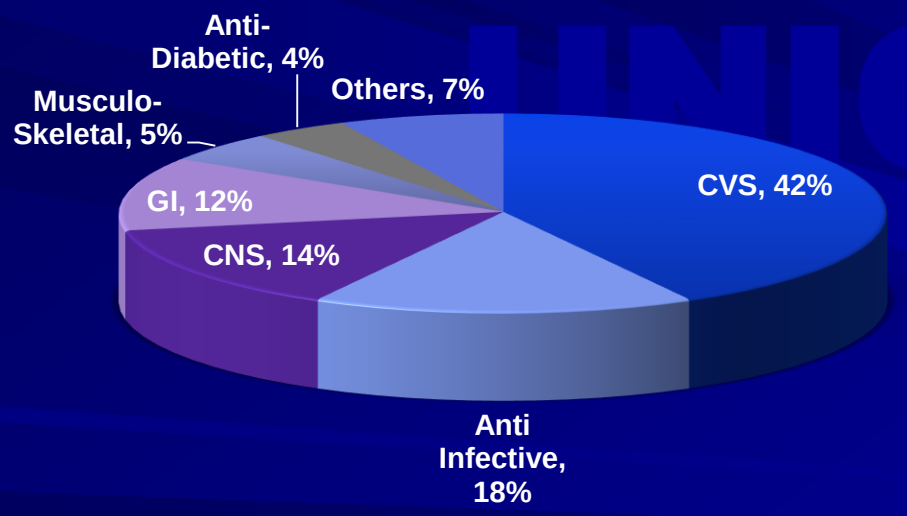
Domestic Formulations Business

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 47 therapeutic sub-groups
- Healthy balance between chronic *(~59%)* & acute *(~41%)*

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Source: AWACS MAT Dec, 2016

Brand Building – Focus Brand Portfolio

- # Top 10 Brands contributes ~45% of the company's domestic revenues
  - *Losar H, Ampoxin, Losar, Unienzyme, Vizylac, Trika, Serta, Unistar, Arkamin and Telsar*

- Top 50 Brands contributes ~79% of the company's domestic revenues
  - # 4 - Rs. 50+ crore brands
  - # 1 - Rs. 30 - 50 crore brand
  - # 3 - Rs. 20 - 30 crore brands
  - # 16- Rs.10 - 20 crore brands
  - # 44 - Rs. 3 - 10 crore brands

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Source: AWACS MAT Dec, 2016

Top 10 Product Groups Performance

Rs. Crores

	MAT Dec, 2016	% Growth	% Market Share	% Contribution to Revenue
Total Revenue	**972**	**14.3**	**0.9**	**100.0**
Losar Group	**196**	**16.3**	**38.0**	**20.1**
Ampoxin Group	**87**	**5.8**	**4.5**	**8.9**
Unienzyme	**58**	**-7.0**	**15.6**	**6.0**
Telsar Group	**57**	**13.3**	**3.0**	**5.8**
Vizylac	**42**	**21.9**	**5.5**	**4.3**
Olsar Group	**38**	**16.7**	**5.3**	**3.9**
Pregaba Group	**32**	**34.2**	**5.6**	**3.3**
Trika Group	**26**	**-12.2**	**18.9**	**2.7**
Serta	**23**	**11.0**	**27.0**	**2.3**
Unistar	**20**	**18.4**	**30.6**	**2.1**

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Source: AWACS MAT Dec, 2016

AWACS Data – MAT Dec, 2016

Therapy Market Segment	Representative Market		Unichem Laboratories		
	Size (Rs. Crs)	*% Growth*	Sales (Rs. Crs)	*% Share*	*% Growth*
Cardiac Care	8340	8.9	411	4.9	16.2
Anti-Infectives	11364	3.6	159	1.4	5.5
Neuro-Psychiatry	3603	11.3	132	3.7	19.5
Gastro Intestinal	6334	10.3	112	1.8	1.0
Musculoskeletals	4193	21.5	46	1.1	69.5
Anti – Diabetic	4620	11.9	40	0.9	23.4
Others	12806	11.3	71	0.6	11.1
TOTAL	51260	9.8	972	1.9	14.3

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Source: AWACS MAT Dec 2016

Globally Accredited State of the art Manufacturing Facilities

- Formulations
  - Baddi (HP) – essentially catering to Domestic and Emerging market
    - Regulatory approvals – MHRA & ANVISA
  - Ghaziabad (UP) – catering to Regulated, Emerging and Domestic markets
    - Regulatory approvals – USFDA (Re-Certified recently), ANVISA, TGA, MHRA
  - Goa – catering to Regulated and also Emerging 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
- 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
  - Over the Counter - In Gastrointestinal market with Unienzyme through Wellness division

  - **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 state of the art R&D centre and API plants for captive consumption to support international business
- Company is in process of further augmenting it's 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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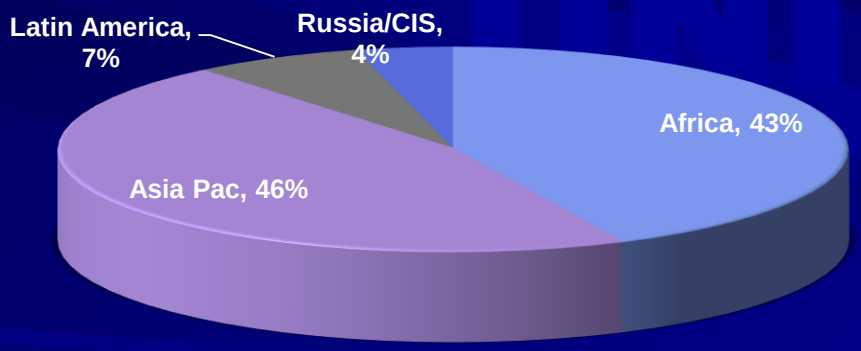
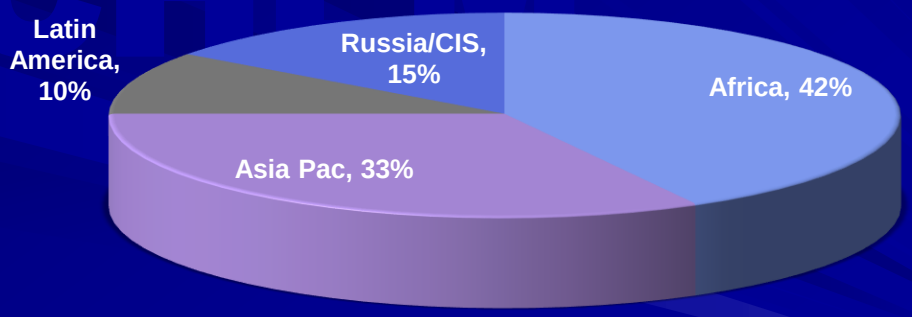
International Business – Formulations
ACASIA : Emerging Global Markets

Geographic Mix – FY 16



Geographic Mix – 9M FY 17



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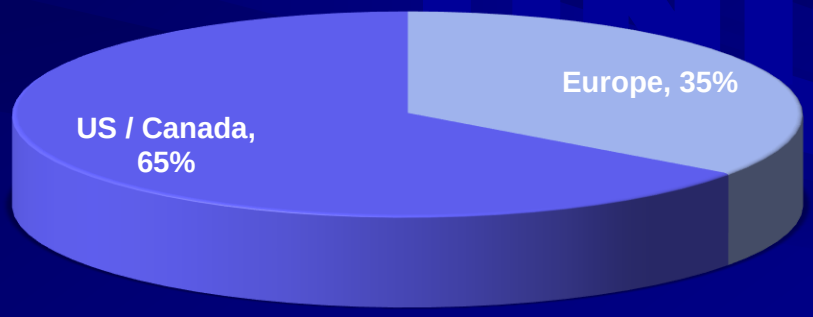
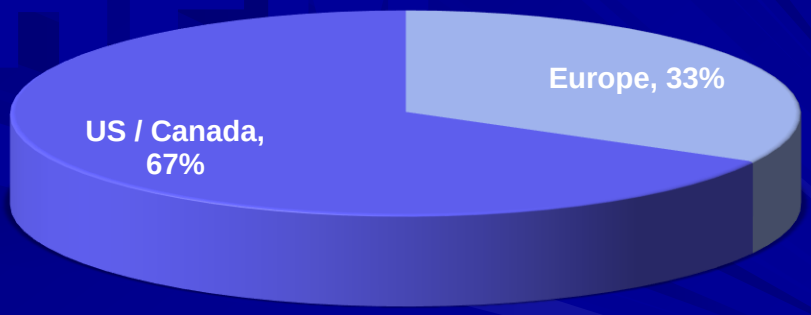
International Business – Formulations

Regulated Markets

Geographic Mix – FY 16



Geographic Mix – 9M 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)

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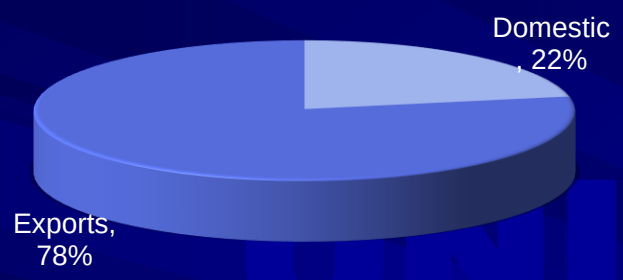
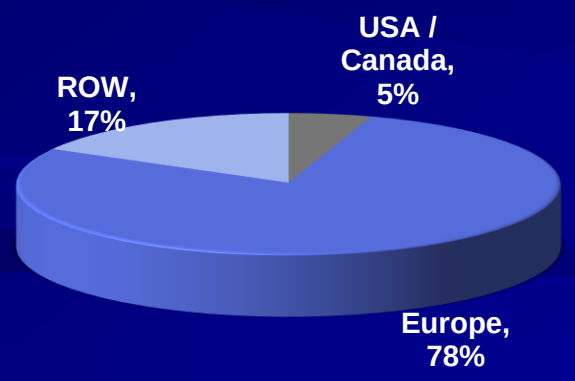
Revenue Break-up by Segment



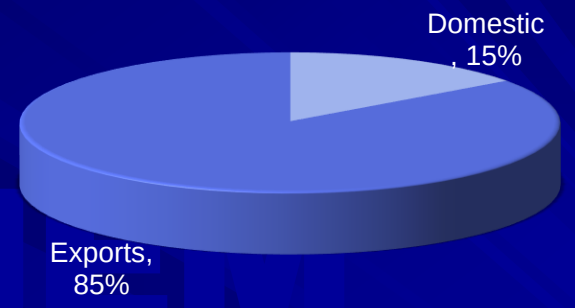
Export Revenue Break-up by Region



Total API Revenue : Rs.93 Crores

F Y 9M 2017

Revenue Break-up by Segment



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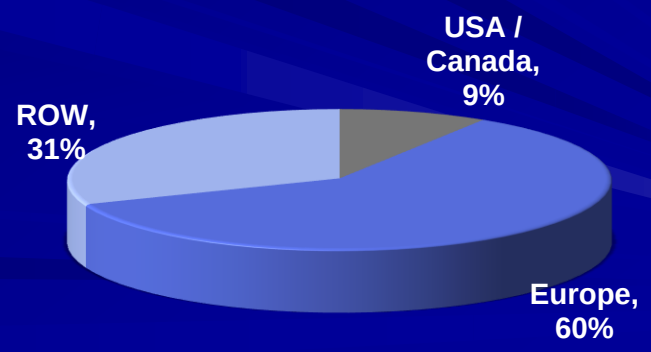

Total API Revenue : Rs. 71 Crores

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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 # 325 Scientists (including more than # 30 PhDs) in R & D activities

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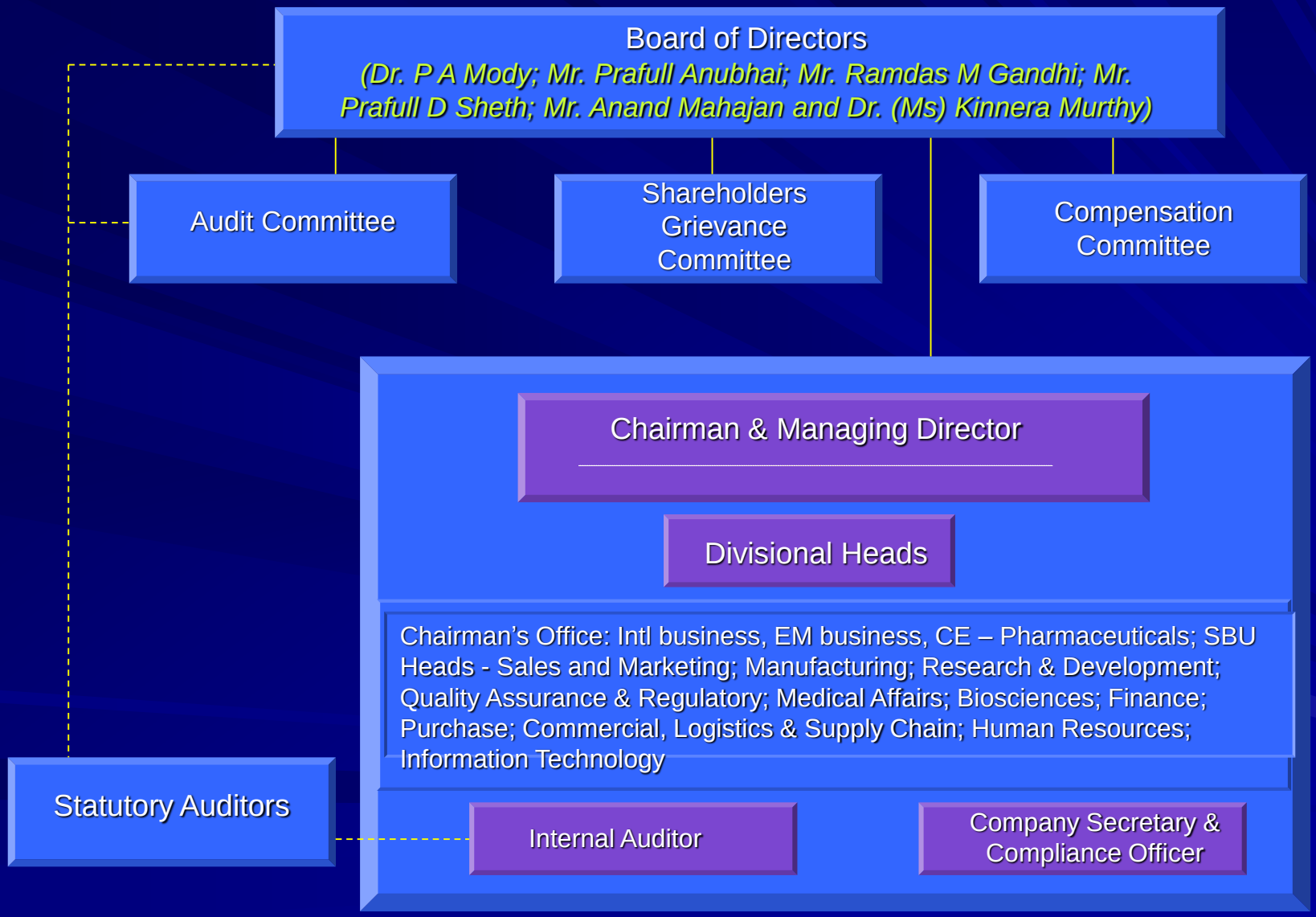
Management & Governance



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)*

Analysis of Standalone results for Quarter and Nine month ended 31st December, 2016						Figures in INR Lakhs
	STANDALONE FINANCIALS			STANDALONE FINANCIALS		
Particulars	**Three months ended December 31, 2016**	**Three months ended December 31, 2015**	***% Growth***	**Nine Months ended December 31, 2016**	**Nine Months ended December 31, 2015**	***% Growth***
Sales Income from Operations:						
Domestic Operations						
Formulations	20,364	19,152	*6%*	65,213	58,036	*12%*
API	368	437	*-16%*	1,062	1,951	*-46%*
International Operations						
Formulations	12,331	9,379	*31%*	33,384	26,731	*25%*
API	2,165	1,721	*26%*	5,999	5,536	*8%*
Other Operating Income	764	233	*228%*	1,334	868	*54%*
Total Income	**35,992**	**30,922**	***16%***	**106,993**	**93,121**	***15%***
Expenditure:						
Material Consumption	12,597	10,837	*16%*	38,175	34,420	*11%*
% Sales Income	***35.0%***	***35.0%***		***35.7%***	***37.0%***	
Staff Cost	7,076	5,894	*20%*	20,300	16,926	*20%*
Other Expenditure	11,878	10,782	*10%*	35,694	30,630	*17%*
EBITDA	**4,441**	**3,409**	***30%***	**12,823**	**11,144**	***15%***
% Total Income	**12.3%**	**11.0%**		**12.0%**	**12.0%**	
Finance Costs	46	45	*3%*	167	151	*11%*
Depreciation	1,044	872	*20%*	3,068	2,618	*17%*
Total Expenditure	**32,641**	**28,429**	***15%***	**97,405**	**84,746**	***15%***
% Total Income	***90.7%***	***91.9%***		***91.0%***	***91.0%***	
Operating Income	**3,351**	**2,492**	***34%***	**9,588**	**8,375**	***14%***
% Total Income	***9.3%***	***8.1%***		***9.0%***	***9.0%***	
Other Income	414	472	*-12%*	1,267	1,701	*-26%*
Profit before Tax	**3,765**	**2,965**	***27%***	**10,854**	**10,076**	***8%***
% Total Income	***10.5%***	***9.6%***		***10.1%***	***10.8%***	
Income Tax	1,154	620		3,614	2,519	
Net Profit After Tax	**2,611**	**2,345**	***11%***	**7,240**	**7,557**	***-4%***
% Total Income	***7.3%***	***7.6%***		***6.8%***	***8.1%***	
Other Comprehensive Income - Net of Tax	0	(278)		(20)	(289)	
Total Comprehensive Income after Tax	**2,611**	**2,067**	***26%***	**7,220**	**7,268**	***-1%***
% Total Income	***7.3%***	***6.7%***		***6.7%***	***7.8%***	
Earning per Share (In Rupees)						
Basic	*2.87*	*2.28*	*26%*	*7.95*	*8.00*	*-1%*
Diluted	*2.87*	*2.27*	*26%*	*7.93*	*7.99*	*-1%*

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Thank You

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