UNICHEM
LABORATORIES LTD.

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Website : http://www.unichemlabs.com
CIN : L99999MH1962PLC012451.

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

Ref: ULL/SEC/2016-17
Date : November 4, 2016

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 Q2 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 half year ended September 30, 2016 for your information and records.

Please take the above on record.

**For UNICHEM LABORATORIES LIMITED**

**NEEMA THAKORE**
*Head – Legal & Company Secretary*

UNICHEM LABORATORIES LTD. MUMBAI 400 102.

Encl .: As above

# Unichem Laboratories Limited

## *Investor Presentation*
## *Q2 & H1 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 Sept 2016
  - Amongst the top # 18 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 Sept, 2016)*
  - Largest brand / brand extensions in excess of Rs170Cr
  - Over 21 brands with Rs. 10cr + Revenues
  - Over 21 brands with Rs. 5cr + Revenues and over 25 brands waiting to cross this threshold
  - In 18 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 Sept 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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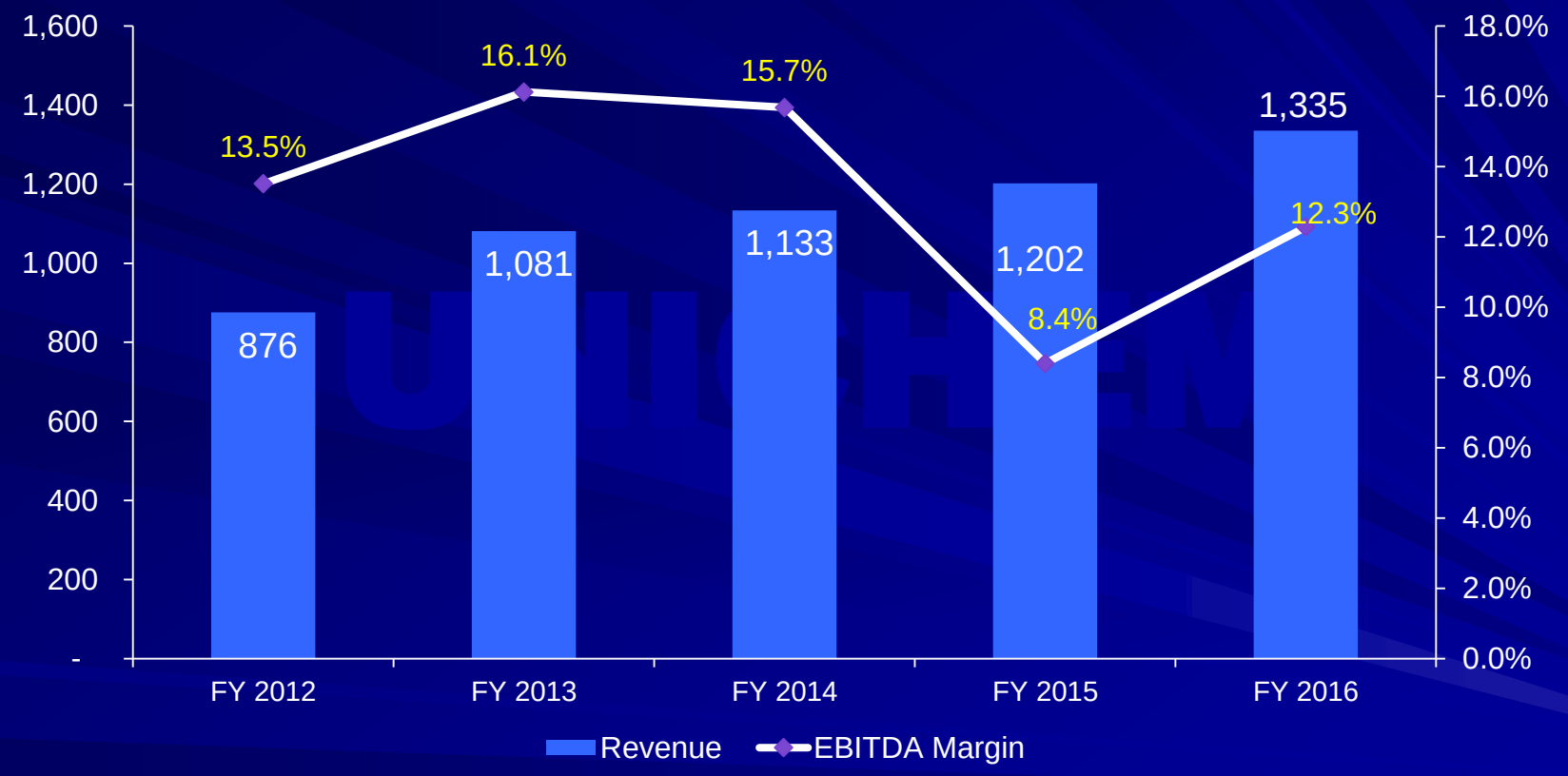
# Consolidated Financials {Rs. Crores}

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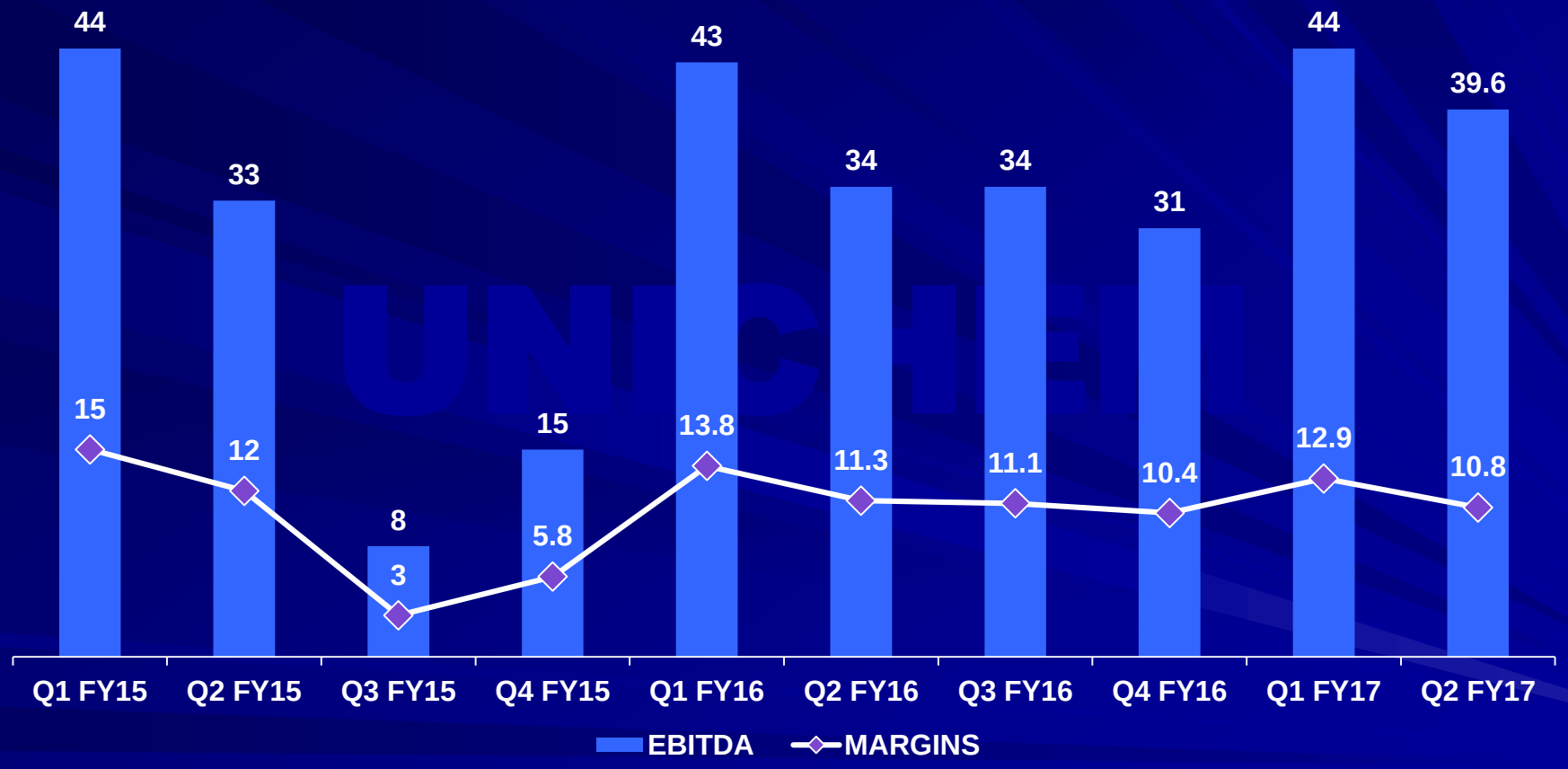
# Standalone EBITDA Profile from FY 15 onwards

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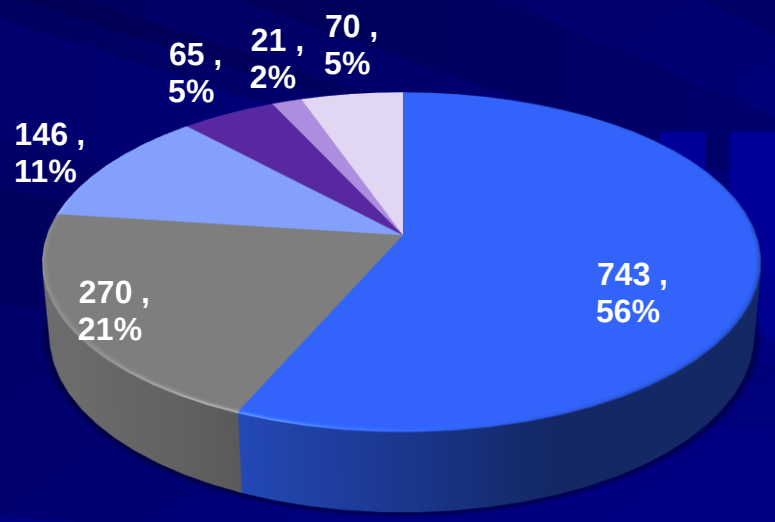
# Revenue & Business areas break-up

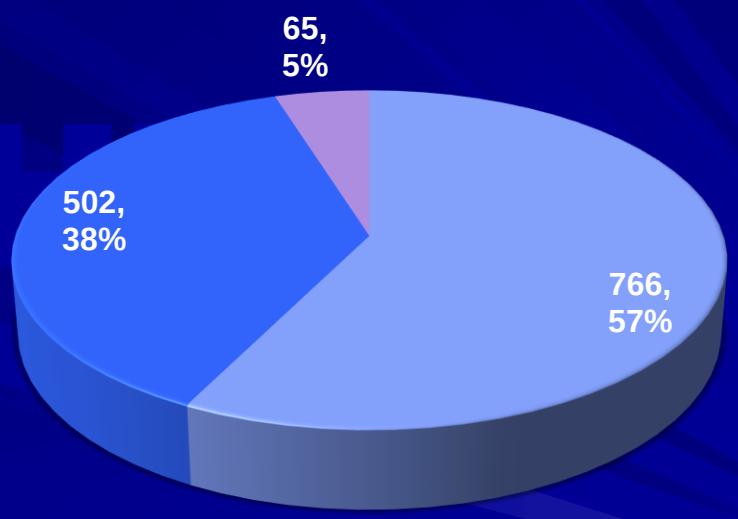
## Consolidated – FY 2016

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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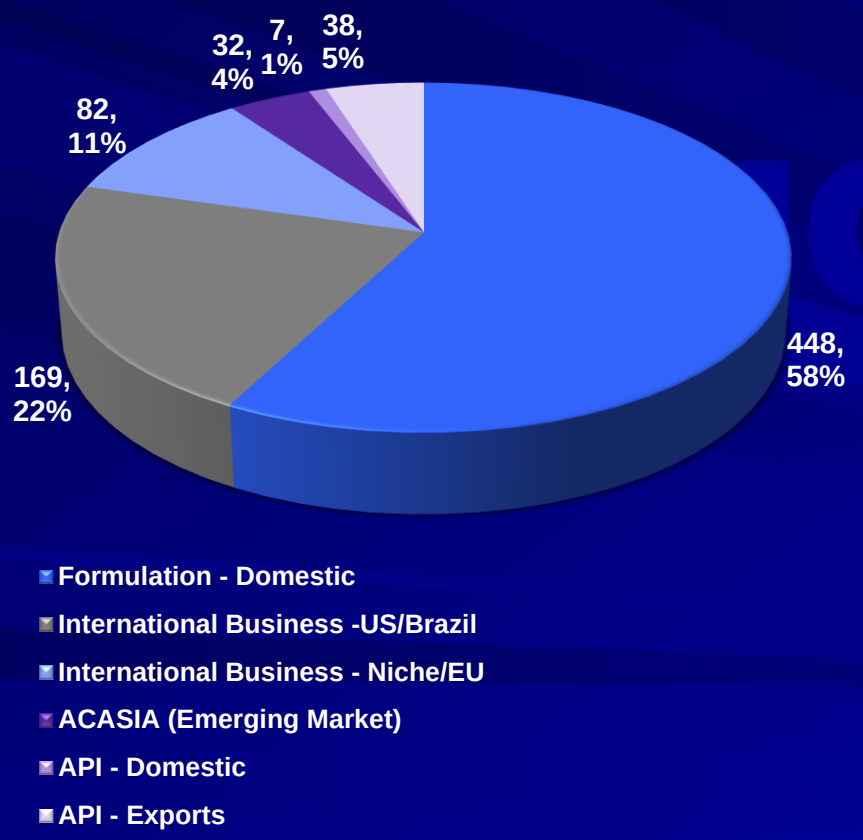
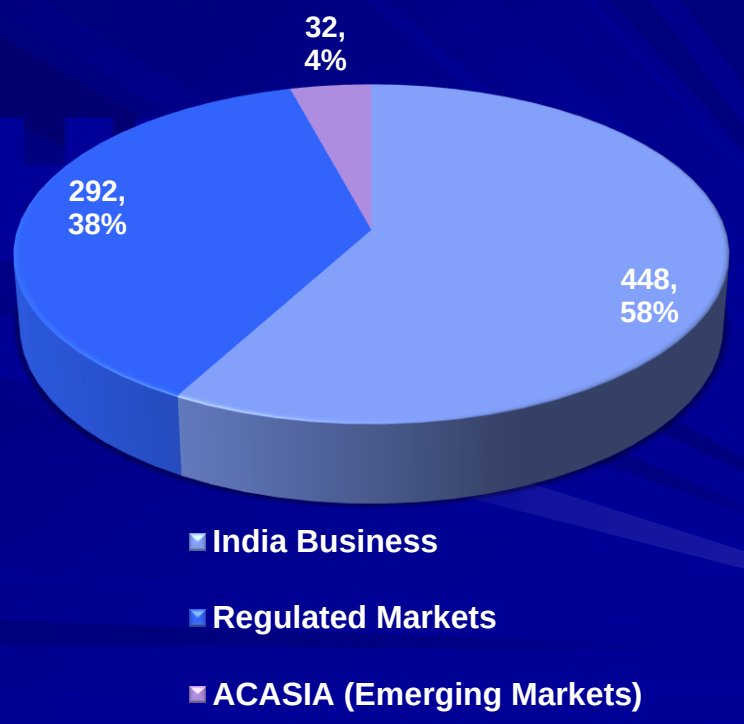
# Revenue & Business areas break-up

## Consolidated – H1 FY 2017

Revenue Break-up by Region
Rs. Crores




Revenue Break-up by Region
Rs. Crores

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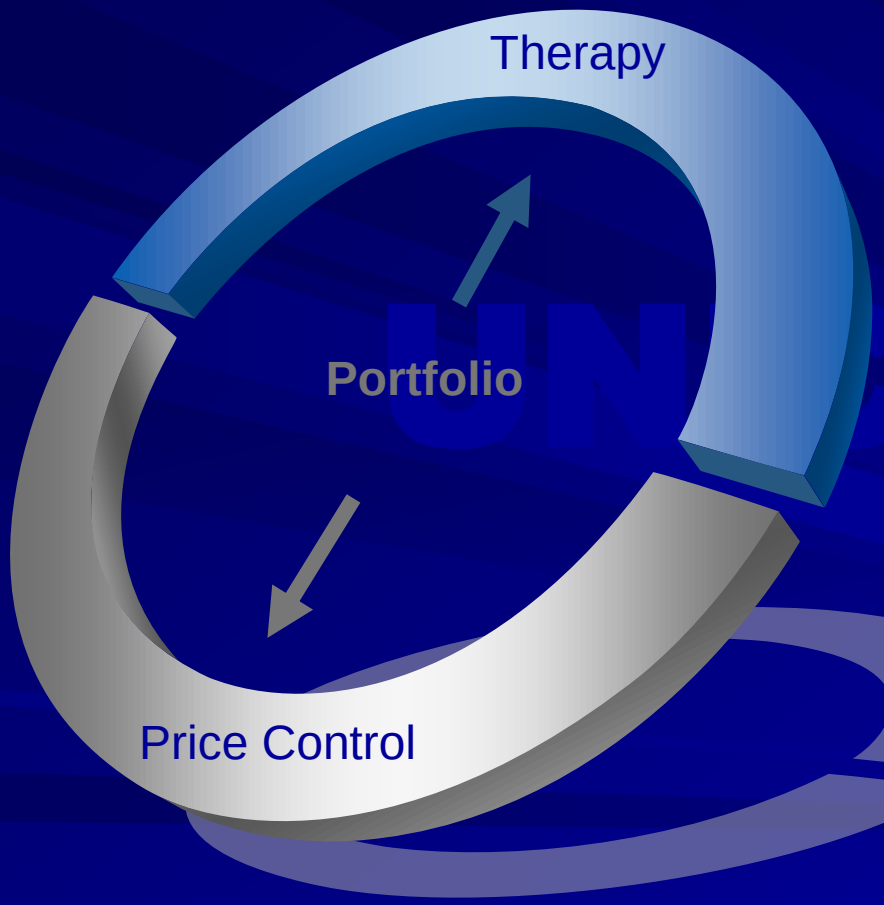
# Portfolio
# Therapy Dominance & Price Control




## 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 Sept, 2016*

# Unichem in The Indian Pharma Market

*Rs. Crores*

| | Indian Pharmaceutical Market | MAT Sept, 2016 | % Growth |
|---|---|---|---|
| | Total Size of the Market | *103820* | *10.9* |
| | Unichem Represented (Covered) Market | *49777* | *10.6* |
| **Sr. No** | **Top Companies in Covered Market** | | |
| 1 | Sun Pharma + Ranbaxy | *5397* | *11.2* |
| 2 | Alkem | *2789* | *10.4* |
| 3 | Mankind | *2433* | *17.3* |
| 4 | Cipla | *2124* | *9.8* |
| 5 | Zydus | *2122* | *7.8* |
| 6 | Lupin | *1976* | *9.8* |
| 7 | Macleods | *1911* | *9.3* |
| 8 | Abbott Healthcare | *1839* | *6.8* |
| 9 | Aristo | *1731* | *12.7* |
| 10 | Intas | *1540* | *13.8* |
| 18 | Unichem Labs | *935* | *13.5* |

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Source: AWACS MAT Sept, 2016

# Unichem's Therapy Gaps in the market

| | MAT Sept' 16 Value Rs. Crs | % of Total Value | No. of Sub-Segments | % of Total No. of Segments |
|---|---|---|---|---|
| Unichem Non-Represented Segments | 54,043 | 52.1% | 2,620 | 87.6% |
| Unichem Represented Segments | 49,777 | 47.9% | 372 | 12.4% |
| Total Market | 103,820 | 100.0% | 2,992 | 100.0% |

- Unichem is represented in 372 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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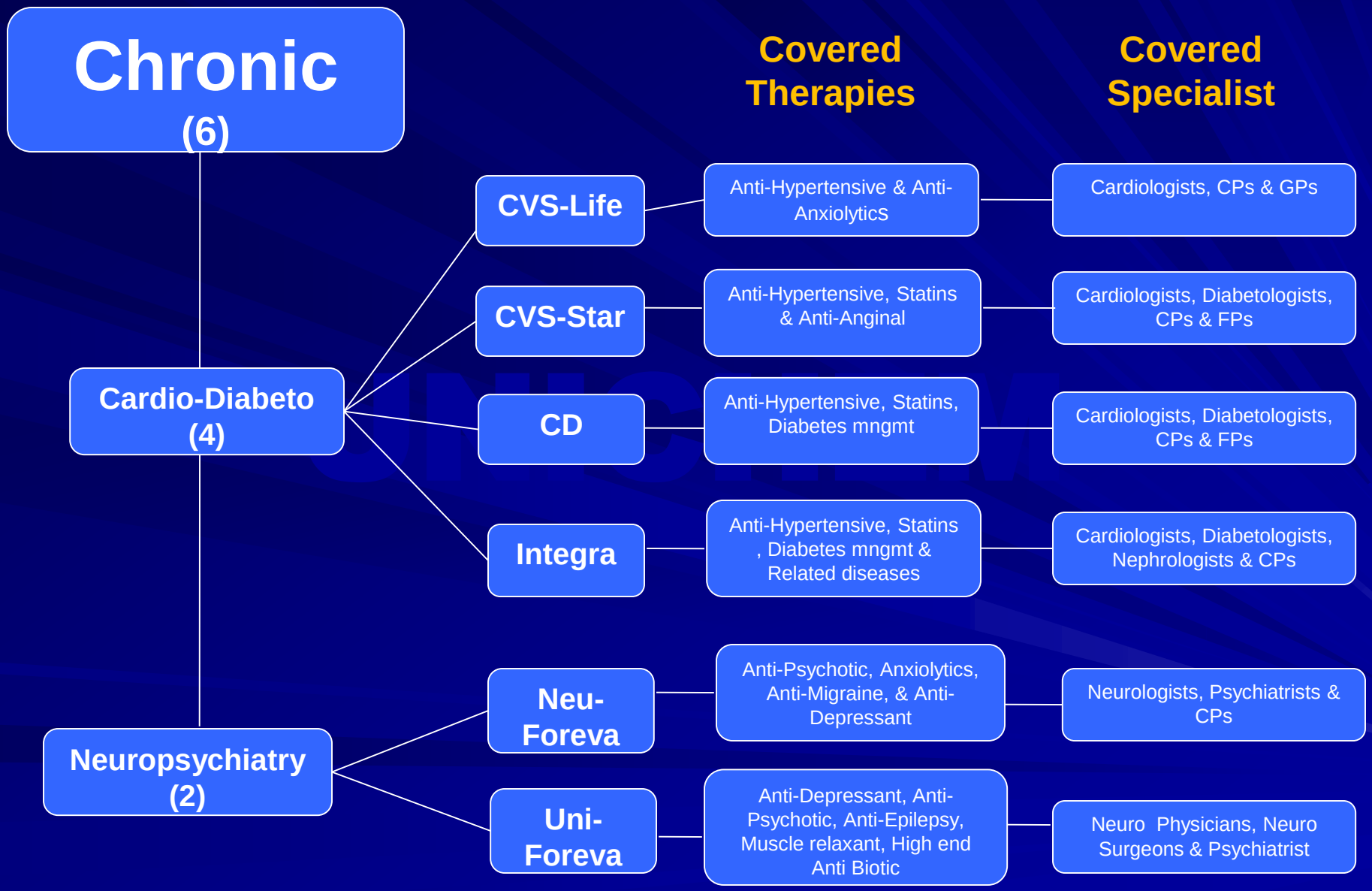
Source: AWACS MAT Sept, 2016

# Domestic Formulations: Divisions

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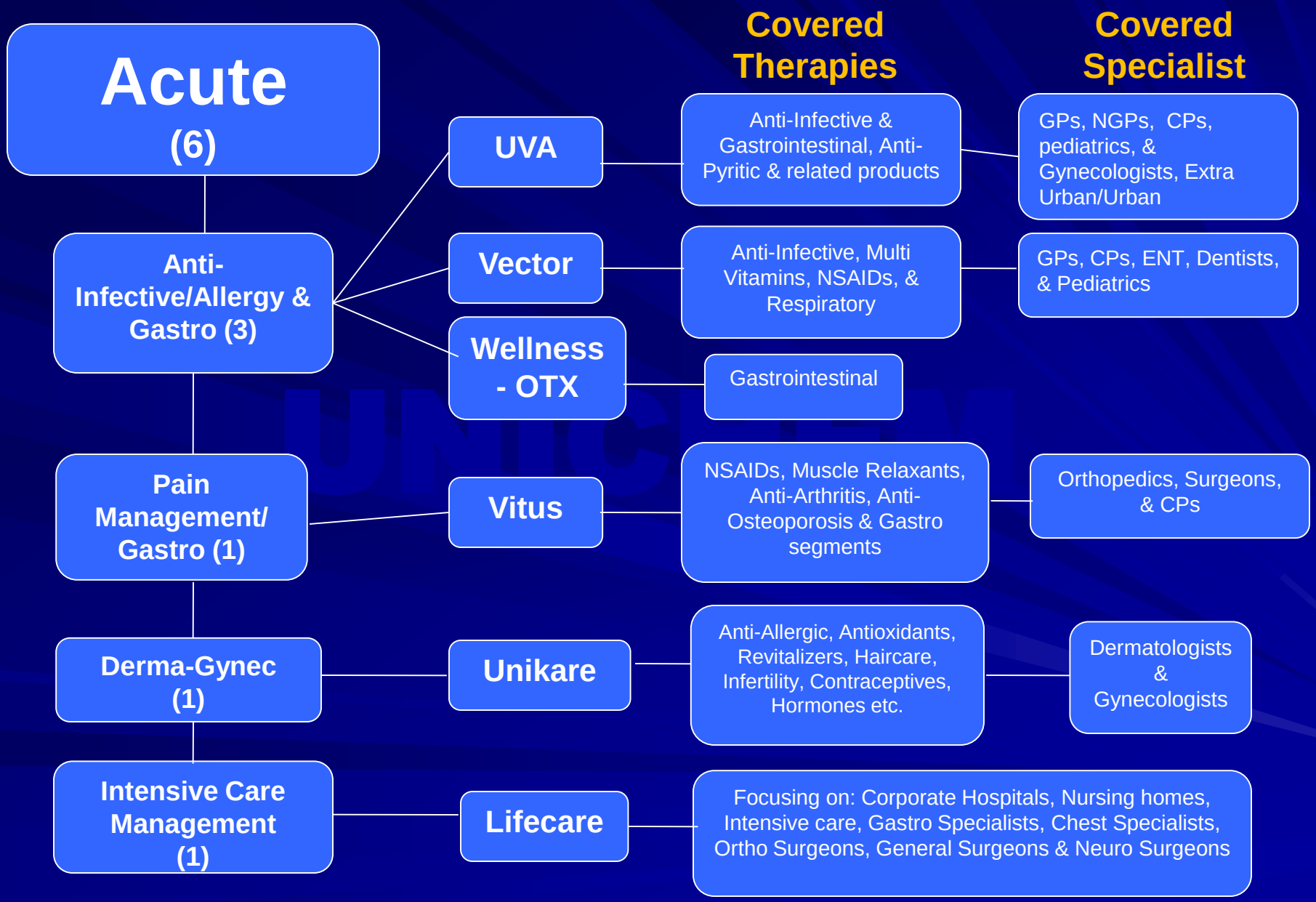
# Domestic Formulations: Divisions

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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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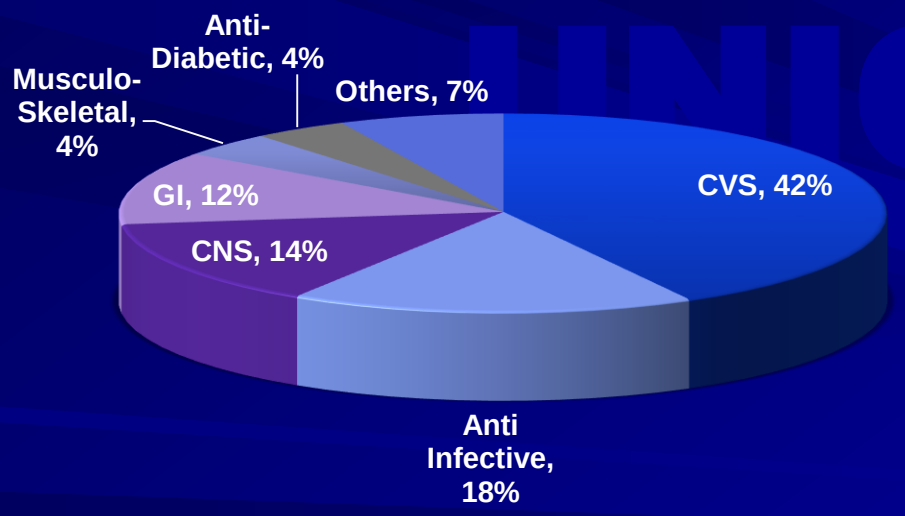
# Domestic Formulations Business

*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 18 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 Sept, 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 ~80% of the company's domestic revenues
  - # 4 - Rs. 50+ crore brands
  - # 1 - Rs. 30 - 50 crore brand
  - # 2 - Rs. 20 - 30 crore brands
  - # 14- Rs.10 - 20 crore brands
  - # 48 - Rs. 3 - 10 crore brands

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Source: AWACS MAT Sept, 2016

# Top 10 Product Groups Performance

***Rs. Crores***

| | MAT Sept, 2016 | % Growth | % Market Share | % Contribution to Revenue |
|---|---|---|---|---|
| Total Revenue | **935** | **13.5** | **0.9** | **100.0** |
| Losar Group | **184** | **11.5** | **36.7** | **19.7** |
| Ampoxin Group | **76** | **1.2** | **45.8** | **8.1** |
| Unienzyme | **58** | **-5.5** | **15.4** | **6.2** |
| Telsar Group | **55** | **14.4** | **3.0** | **5.9** |
| Olsar Group | **37** | **17.3** | **5.4** | **4.0** |
| Vizylac | **35** | **15.7** | **13.2** | **3.7** |
| Pregaba Group | **30** | **35.8** | **5.3** | **3.2** |
| Trika Group | **26** | **-12.5** | **19.3** | **2.8** |
| Serta | **23** | **13.2** | **27.9** | **2.4** |
| Metride Group | **20** | **8.9** | **0.8** | **2.1** |

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Source: AWACS MAT Sept, 2016

# AWACS Data – MAT Sept, 2016

| Therapy Market Segment | Representative Market | | Unichem Laboratories | | |
|---|---|---|---|---|---|
| | Size (Rs. Crs) | *% Growth* | Sales (Rs. Crs) | *% Share* | *% Growth* |
| Cardiac Care | 8078 | 9.0 | 394 | 4.9 | 13.6 |
| Anti-Infectives | 11364 | 7.1 | 157 | 1.4 | 8.9 |
| Neuro-Psychiatry | 3513 | 12.1 | 127 | 3.6 | 18.8 |
| Gastro Intestinal | 6231 | 10.8 | 110 | 1.8 | 2.2 |
| Musculoskeletals | 4467 | 12.9 | 39 | 0.9 | 28.1 |
| Anti – Diabetic | 3955 | 19.8 | 38 | 1.0 | 44.0 |
| Others | 12169 | 11.1 | 70 | 0.6 | 13.8 |
| TOTAL | 49777 | 10.6 | 935 | 1.9 | 13.5 |

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Source: AWACS MAT Sept 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
  - 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 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

- # 37 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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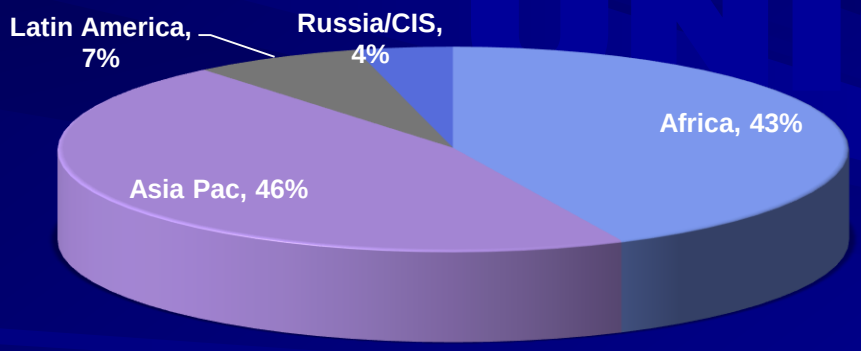
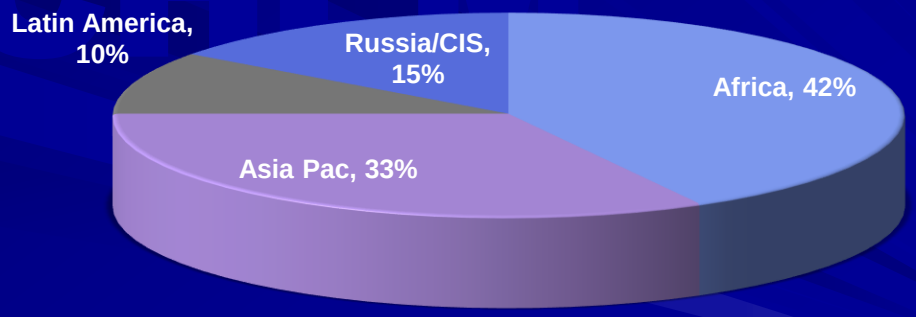
# International Business – Formulations
## *ACASIA : Emerging Global Markets*

**Geographic Mix – FY 16**




**Geographic Mix – H1 FY 17**

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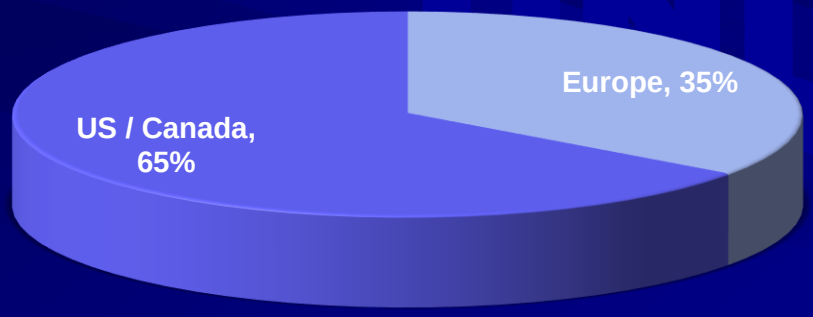
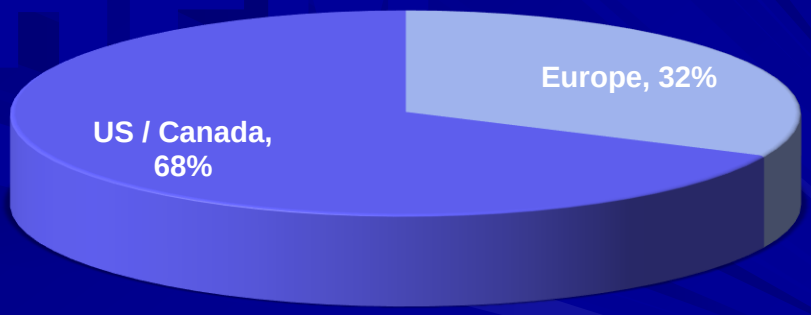
# International Business – Formulations

## *Regulated Markets*

**Geographic Mix – FY 16**




**Geographic Mix – H1 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 # 37 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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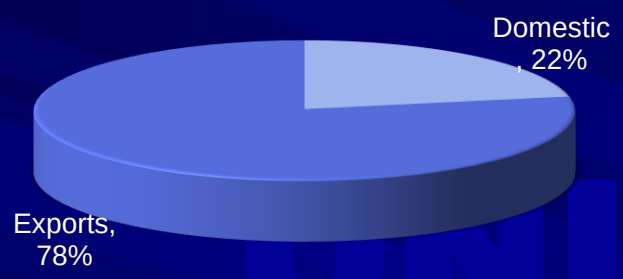
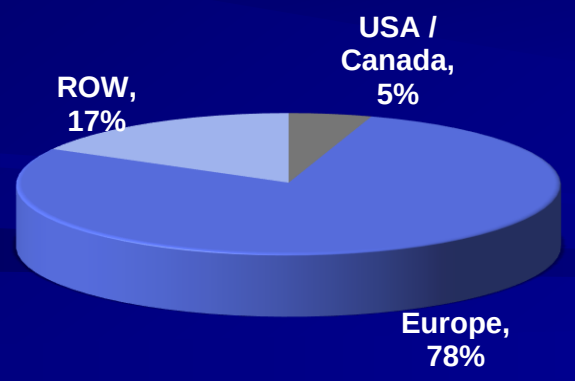
# API - Total Revenue (Excluding Captive)

## F Y 2016

Revenue Break-up by Segment



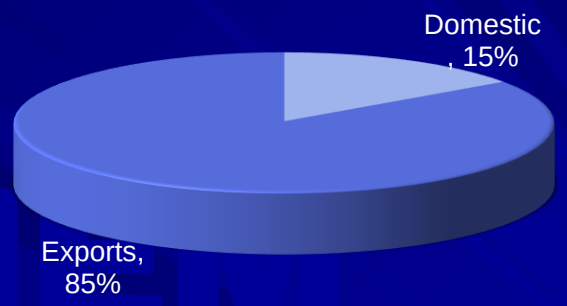

Export Revenue Break-up by Region




Total API Revenue : Rs.93 Crores

## F Y H1 2017

Revenue Break-up by Segment

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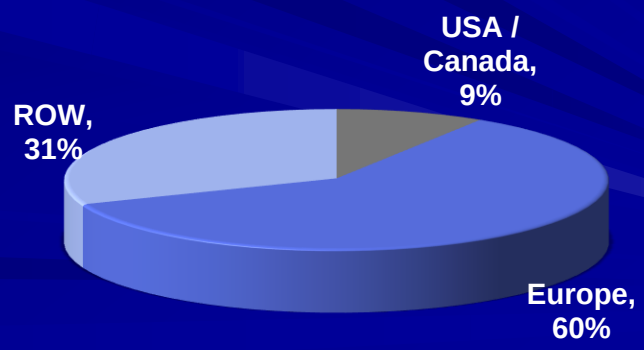


Total API Revenue : Rs. 45 Crores

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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 more than # 30 PhDs) in R & D activities

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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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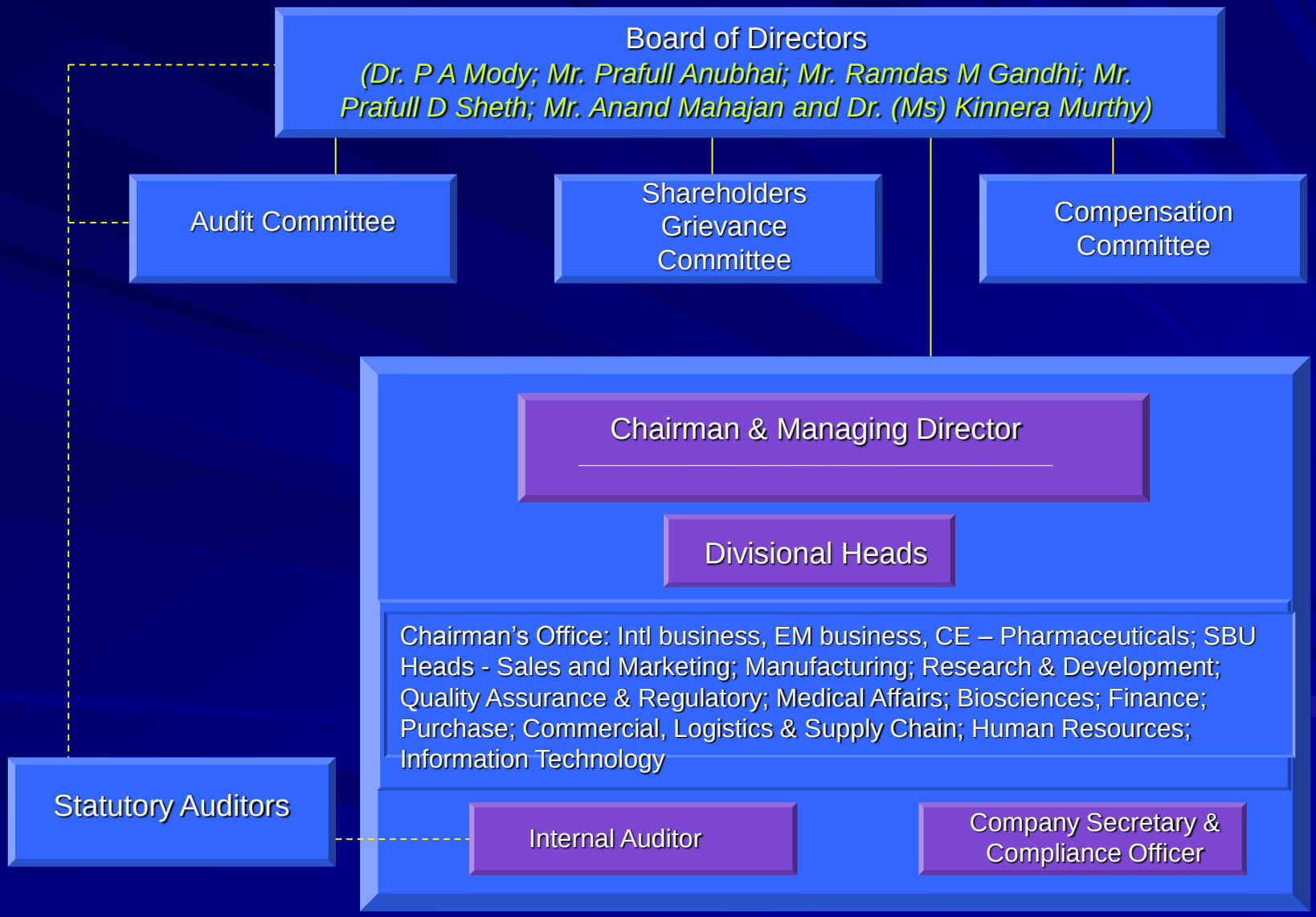
# Management & Governance




*Maintains high standards of Corporate Governance*

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# Agenda

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# Standalone Financials *(INR Lakhs)*

| STAND ALONE FINANCIALS - IND-AS (INR Lakhs) | | | | | | |
|---|---|---|---|---|---|---|
| Particulars | Three months ended Sept 30, 2016 | Three months ended Sept 30, 2015 | % Growth | Six Month ended Sept 30, 2016 | Six Month ended Sept 30, 2015 | % Growth |
| **Sales Income from Operations:** | | | | | | |
| *Domestic Operations* | | | | | | |
| Formulations | 22,695 | 19,207 | 18% | 44,849 | 38,903 | 15% |
| API | 399 | 857 | -53% | 694 | 1,514 | -54% |
| *International Operations* | | | | | | |
| Formulations | 11,338 | 9,025 | 26% | 21,053 | 17,352 | 21% |
| API | 2,055 | 1,688 | 22% | 3,834 | 3,815 | 1% |
| Other Operating Income | 317 | 203 | 56% | 570 | 635 | -10% |
| **Total Income** | **36,804** | **30,979** | 19% | **71,001** | **62,219** | 14% |
| **Expenditure:** | | | | | | |
| Material Consumption | 13,194 | 12,115 | 9% | 25,579 | 23,584 | 8% |
| **% Sales Income** | **35.9%** | **39.1%** | | **36.0%** | **37.9%** | |
| Staff Cost | 6,901 | 5,553 | 24% | 13,224 | 11,032 | 20% |
| Other Expenditure | 12,750 | 9,869 | 29% | 23,816 | 19,868 | 20% |
| ***EBITDA*** | **3,958** | **3,443** | | **8,382** | **7,735** | |
| ***% Total Income*** | **10.8%** | **11.1%** | | **11.8%** | **12.4%** | |
| Interest | 62 | 52 | 18% | 121 | 106 | 14% |
| Depreciation | 1,048 | 866 | 21% | 2,024 | 1,746 | 16% |
| **Total Expenditure** | **33,955** | **28,455** | 19% | **64,764** | **56,336** | 15% |
| **% Total Income** | **92.3%** | **91.9%** | | **91.2%** | **90.5%** | |
| **Operating Income** | **2,848** | **2,524** | | **6,237** | **5,883** | |
| **% Total Income** | **7.7%** | **8.1%** | | **8.8%** | **9.5%** | |
| Other Income | 348 | 611 | -43% | 853 | 1,229 | -31% |
| **Profit before Tax** | **3,196** | **3,135** | 2% | **6,811** | **7,111** | -4% |
| **% Total Income** | **8.7%** | **10.1%** | | **9.6%** | **11.4%** | |
| Income Tax | 1,144 | 822 | 39% | 2,460 | 1,899 | 30% |
| **Net Profit before Exceptional Items** | **2,052** | **2,313** | -11% | **4,629** | **5,212** | -11% |
| **% Total Income** | **5.6%** | **7.5%** | | **6.5%** | **8.4%** | |
| Other Comprehensive Income - Net of Tax | 2.17 | -48.57 | | -20.16 | -10.97 | |
| **Total Comprehensive Income after Tax** | **2,055** | **2,265** | -9% | **4,609** | **5,201** | -11% |
| **% Total Income** | **5.6%** | **7.3%** | | **6.5%** | **8.4%** | |
| **Earning Per Share- Basic** | **2.26** | **2.55** | -11% | **5.10** | **5.74** | -11% |
| **Earning Per Share- Diluted** | **2.26** | **2.54** | -11% | **5.09** | **5.73** | -11% |
| Notes: The previous period figures have been regrouped wherever necessary. | | | | | | |

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# Thank You

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