

Annual Report 2008-09

Caring & Curing
for over
Six Decades

UNICHEM

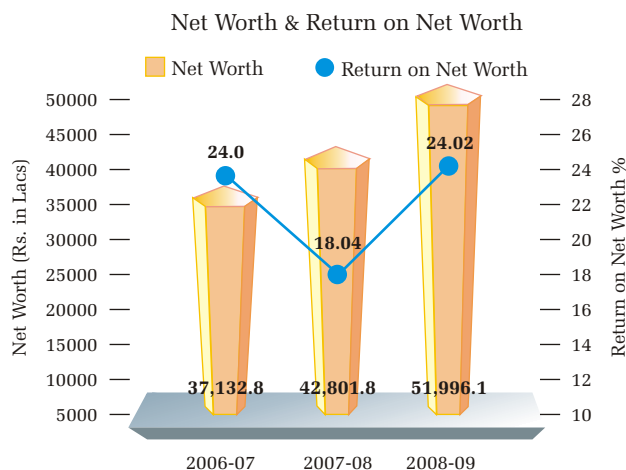
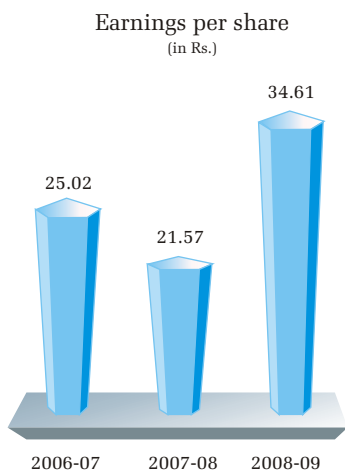
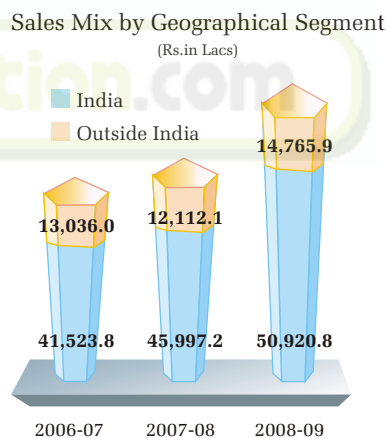
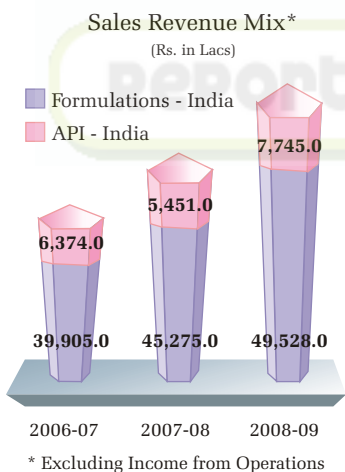
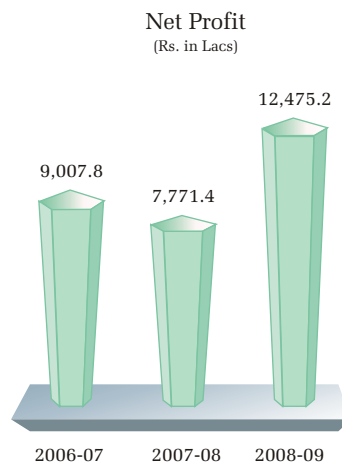
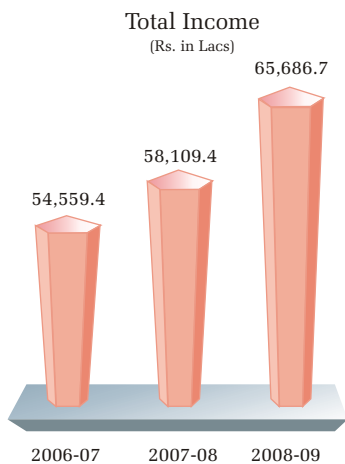


UNICHEM
LABORATORIES LTD.

www.reportunichem.com

Financial Highlights

- ▶ Total Income up by 13% to Rs. 65,686.7 Lacs
- ▶ Exports up by 21.9% to Rs. 14,765.9 Lacs
- ▶ Recommendation of 100% Final Dividend of Rs. 5 on equity share of Rs. 5 each taking the total dividend declared for the year to Rs.8 (160%) per share including an interim dividend of Rs. 3 (60%) per share
- ▶ Net Profits up by 60.5% to Rs. 12,475.2 Lacs
- ▶ Revenues from Domestic business up by 10% to Rs.50,920.8 Lacs



Board of Directors



Dr. Prakash A. Mody
Chairman & Managing Director



Prafull Anubhai
Non-Executive Director



Ramdas M. Gandhi
Non-Executive Director



Nasser Munjee
Non-Executive Director



Prafull D. Sheth
Non-Executive Director



Anand Mahajan
Non-Executive Director

State of the art manufacturing plants

Ghaziabad



Roha



Goa



Baddi



Pithampur



Contents

Message from the Chairman	4
Five-year Financial Highlights	8
Directors' Report & Annexures	10
Management's Discussion & Analysis	17
Auditors' Certificate on Corporate Governance	21
Corporate Governance Report	22
Information for Shareholders	29
Auditors' Report on Standalone Financial Statements	37
Standalone Financial Statements	40
Consolidated Auditors' Report	67
Consolidated Financial Statements	68
Statement Pursuant to Section 212 & Summary of Subsidiary Financials	83
Notice	84
Glossary	89

Board Committees

Audit Committee	- Prafull Anubhai - Chairman Ramdas Gandhi Nasser Munjee
Shareholders' Grievance Committee	- Ramdas Gandhi - Chairman Dr. Prakash A. Mody
Compensation Committee	- Prafull D. Sheth - Chairman Prafull Anubhai Ramdas Gandhi

Registered & Corporate Office

Unichem Laboratories Limited

Unichem Bhavan, Prabhat Estate, Off. S. V. Road,
Jogeshwari (West), Mumbai - 400 102. Tel.: 022 66888333
Fax: 022 26794089/26784391 • Website: www.unichemindia.com

Company Secretary & Compliance Officer

K. Subharaman

Plant Locations

Formulation Plants

GOA
Plot No. 17 & 18,
Pilerne Industrial Estate,
Pilerne Bardez - 403 511,
Goa

BADDI
Bhatauli Kalan,
District Solan, Baddi - 173 205,
Himachal Pradesh

GHAZIABAD
C 31-32, Industrial Area,
Meerut Road, Ghaziabad - 201 003,
Uttar Pradesh

API Plants

ROHA
99, MIDC Area, Roha,
District Raigad - 402 116,
Maharashtra

PITHAMPUR
Plot No. 197, Sector -I,
Pithampur
District Dhar - 454 775,
Madhya Pradesh

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai - 400 078.
Tel.: 022 25963838 • Fax: 022 25946969

Statutory Auditors

B. D. Jokhakar & Co.

Chartered Accountants
8, Ambalal Doshi Marg, Fort, Mumbai - 400 001.



Message from the Chairman

Dear Stakeholders,

The last financial year has seen Unichem achieve record performance in terms of turnover, profits and dividend. The Company earned EBIDTA of Rs.154.2 Crores as against Rs.104.7 Crores earned in the previous Financial Year despite adverse circumstances like economic downturn and recession throughout the world.

I would like to share with you some of the key financial performance highlights of the last financial year. These are:

- Sales and other income – grew by 13%
- EBIDTA – grew by 47.3%
- PAT – grew by 60.6%
- EPS went upto Rs.34.61 per share against Rs.21.57 per share
- Total dividend Rs.8/- i.e. 160%

We have followed 3 pronged strategy for the last few years. Those are:

- Domestic formulation penetration
- Contract Research and Manufacturing
- Developing global markets with speciality APIs and integrated formulations

In this regard, our strategy for the domestic market is to expand the product basket covering more therapeutic segments and deepen market penetration by expanding our reach to a larger number of customers. To this end we have created a new marketing division focusing on nephrology-cardiology segment. With diverse product launches across various therapeutic groups, we see enormous opportunities in the domestic market despite the challenges.

On the export front we achieved 22% growth and we closed with a turnover of Rs.147.7 Crores as against Rs.121.1 Crores in the previous year.

We have been continuously upgrading and expanding our manufacturing and research facilities at multiple locations to enrich our own product basket and to make products available in the regulated generic markets of the world and also to support our strategic positioning for contract manufacturing and research. The progress in this respect is heartening. Our manufacturing locations at Goa, Roha and Pithampur have undergone US FDA audit recently. Out of these, Goa and Roha Plants are already approved earlier by US FDA and are undergoing re-certifications. I am happy to inform you that judging from the feedback provided, these facilities meet the highest quality standards. We are now awaiting the approvals.

With regard to the global markets, our UK Subsidiary, Niche Generics Limited has begun to develop the European markets. Towards this end, development support is provided by our labs and

plants in India. Similarly, initial break-through has been made in the US, South American and some other markets. With more product approvals in the pipeline, we are optimistic that there would be significant improvements.

Our strategy of focusing on the API Business to enhance the overall growth of the company has already started paying dividends. Our API manufacturing facilities have been approved by the International Regulatory Authorities opening up export opportunities globally. Despite the global meltdown adversely affecting the business environment currently, our exports of APIs are expected to gather momentum in the coming years.

The objective of our API Business is to contribute to the business performance of the company through the marketing of APIs globally and to capture the Contract Manufacturing opportunities in the API – Drug Intermediate's business. In addition, our API Business also provides support to our global Dosage Form Business in terms of protecting margins while ensuring availability of quality APIs.

Our investment in R&D is primarily geared towards supporting our basic strategy outlined above. However, going beyond that, we have taken a long-term view and begun our journey on the learning curve for biotechnology. We have

focused on developing a few products in this field and we do believe that our prudent and forward-looking strategy will yield the desired results.

Our customers, business associates and shareholders have reposed their faith in us. I am grateful to them for their continued confidence in the management. I would also like to record my appreciation for the commitment of our employees for their contribution.

I firmly believe that with the solid foundation that has been laid and the large opportunities in front of us, we will continue to create superior value for all our stakeholders.

Warm Regards,

Dr. Prakash A. Mody

Chairman and Managing Director

Top Brands



LOSAR[®]



Ampoxin[®]



TG-tor



UNIENZYM[®]

Top Brands



LORAM



Telsar



CORVADIL



Trika

Five-year Financial Highlights

Balance Sheet

(Rupees in Lacs)

As at 31st, March	2005	2006	2007	2008	2009
Sources of funds					
Equity share capital	1,706.00	1,800.20	1,801.70	1,802.10	1,802.75
Reserve & surplus	16,556.20	28,260.90	35,331.10	40,999.79	50,193.27
Net worth	18,262.20	30,061.10	37,132.80	42,801.89	51,996.02
Secured Loans	2,583.10	1,046.70	896.30	553.30	674.78
Unsecured Loans	1,905.50	1,781.60	1628.10	1,783.00	1,878.41
Total Loans	4,488.60	2,828.30	2,524.40	2,336.30	2,553.19
Total Liabilities	22,750.80	32,889.40	39,657.20	45,138.19	54,549.21
Application of funds					
Gross block	19,774.95	24,366.93	27,006.90	31,235.60	38,511.22
Depreciation	5,572.30	6,561.90	7,421.20	8,805.50	10,500.07
Net block	14,202.65	17,805.03	19,585.70	22,430.10	28,011.15
Capital WIP	3,658.20	1,060.90	6,543.20	10,319.20	7,592.94
NB + CWIP	17,860.85	18,865.93	26,128.90	32,749.30	35,604.09
Investment	311.80	2,749.30	3,661.70	4,180.93	6,081.03
Current Assets					
Inventories	5,408.00	5,974.60	7,020.30	7,145.00	9,206.68
Debtors	7,114.50	9,565.60	12,530.50	12,358.05	13,620.87
Cash and bank balance	189.50	4,361.50	750.90	697.07	2,957.77
Loans & advances	1,899.10	2,138.00	2,926.50	2,703.24	3,438.75
Total Current Assets	14,611.10	22,039.70	23,228.20	22,903.36	29,224.07
Current Liabilities					
Creditors	5,344.70	4,743.80	8,216.20	7,991.80	9,507.17
Other current liabilities	879.40	728.60	1,005.60	576.60	693.15
Provisions	1,557.45	2,891.70	1,328.40	2,900.60	2,923.26
Total current liabilities	7,781.55	8,364.10	10,550.20	11,469.00	13,123.58
Deffered tax liability	2,251.40	2,401.43	2,811.40	3,226.40	3,236.40
Net current assets	4,578.15	11,274.17	9,866.60	8,207.96	12,864.09
Total Assets	22,750.80	32,889.40	39,657.20	45,138.19	54,549.21