

Annual Report 2010-11



**UNICHEM**  
LABORATORIES LTD.



**Touching**  
Human Lives

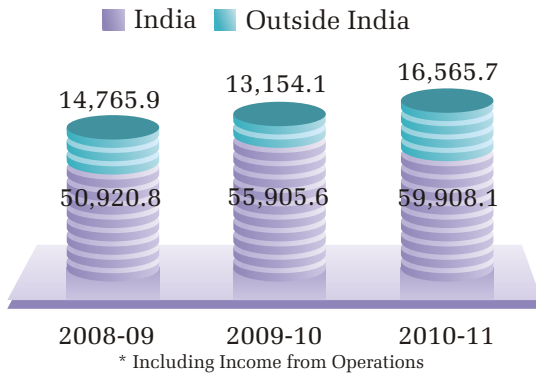




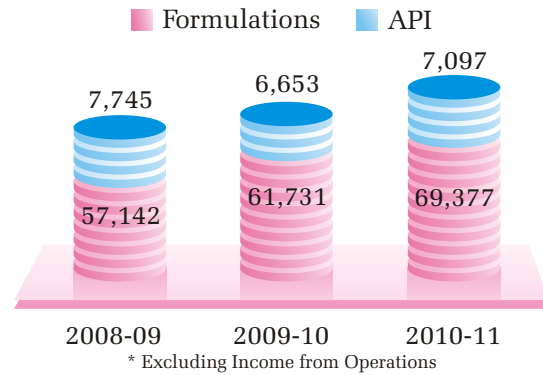
# Financial Highlights

- Sales / Income from operations (Net) for the year stood at ₹ 76,474 lacs, reflecting 10.74% growth
- Revenues from International business up by 25.9% to ₹ 16,565.67 lacs
- Payment of 200% Total Dividend during the year

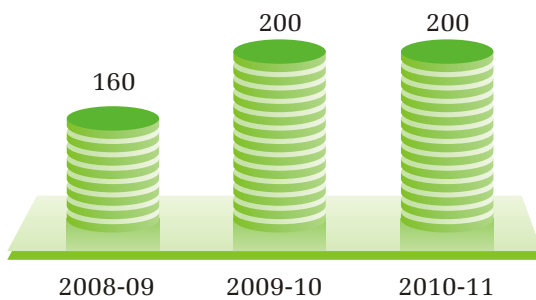
**Sales Mix by Geographical Segment\***  
(₹ in lacs)



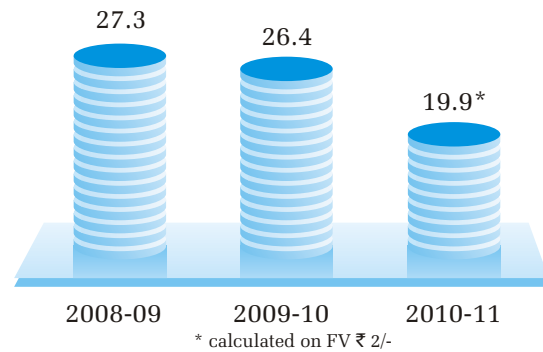
**Sales Revenue Mix\***  
(₹ in lacs)



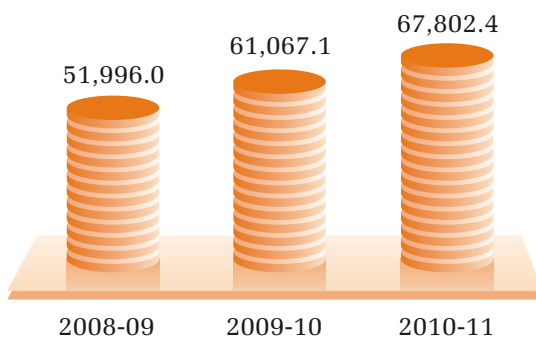
**Dividend (in %)**



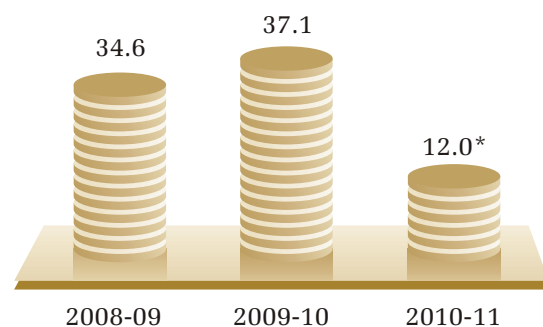
**Return on Capital Employed (in %)**



**Net Worth (₹ in lacs)**



**Earnings per share (Basic)**  
(in ₹)



\* Figures calculated on revised FV ₹ 2/- per share  
Previous years figures calculated on FV ₹ 5/- per share



## Board of Directors



**Dr. Prakash A. Mody**  
Chairman & Managing Director



**Prafull Anubhai**  
Independent Director



**Ramdas M. Gandhi**  
Independent Director



**Nasser Munjee**  
Independent Director



**Prafull D. Sheth**  
Independent Director



**Anand Mahajan**  
Independent Director



## State of the art manufacturing plants

**Ghaziabad**



**Roha**



**Goa**



**Pithampur**



**Baddi**



**Sikkim**







## Corporate Information

### Board Committees

<b>Audit Committee</b>	- Prafull Anubhai - Chairman Ramdas Gandhi Nasser Munjee
<b>Shareholders' Grievance Committee</b>	- Ramdas Gandhi - Chairman Dr. Prakash A. Mody
<b>Compensation Committee</b>	- 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.unichemlabs.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

##### SIKKIM

NH- 31A, Bagheykhola,  
Majithar,  
Rangpo, East Sikkim - 737 138.

#### API Plants

##### PITHAMPUR

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

##### ROHA

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

### Registrar & Share Transfer Agents

#### Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai - 400 078.  
Tel.: 022 25946970 • Fax: 022 25946969

### Statutory Auditors

#### B. D. Jokhakar & Co.

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

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## Message from the Chairman

Dear Stakeholders,

Indian Pharmaceutical Industry is undergoing rapid transformation in terms of customers' needs, regulatory standards and growth drivers. Among these changes, one of the most important has been the increasing pressure from customers, governments and society to deliver greater value.

I'll summarize our performance in last financial year and talk about the four imperatives that are driving the actions we are taking to address the challenges we face:

- Making API business profitable
- Growing domestic business higher than the market growth
- Turning around of subsidiary companies
- Improving operational efficiencies

I am optimistic about Unichem's future because I believe we will create value in the medium to long

term by leveraging products that are innovative and science-driven, making the right capital allocation decisions, continuing to promote a culture of confidence and trust, and earning respect from society.

The financial results of last financial year is somewhat mixed in terms of turnover and net profit. The Company earned PBIDTA of ₹ 161.50 Crores as against ₹ 179.45 Crores earned in the previous financial year. Though the turnover grew by 10.8%, at ₹ 757.81 Crores, the Company earned lower profits due to higher spending on Sales & Marketing expenses, commissioning of new plants at Baddi and Sikkim and adverse product mix. Despite lower profits, the Board has recommended final dividend of 140% and taken together with interim dividend of 60%, the total dividend for the year works out to ₹ 4/- per equity share of ₹ 2/- [200%].

India's Domestic Pharma Market offers immense potential, which is currently, valued at approximately ₹ 48,239 crores, reflecting strong growth of 15.3% for the twelve months ending March, 2011 (*IMS MAT March, 2011*). As per the latest report of Pricewaterhouse Coopers (PwC) - 'India's Pharma Inc: Capitalising on India's growth potential', estimates that over the next 10 years, the domestic market will grow to US\$ 49 billion @ CAGR of 15%, with the potential to reach US\$ 74 billion @ CAGR of 20%, if aggressive growth drivers kick in.

One of the drivers behind this potential growth expectation is that India's pharmaceutical industry has a favorable macro environment to grow in. The Indian economy has rebounded from the global economic downturn, with real gross domestic product (GDP) growth reaching 10.4% in 2010 (*IMF World Economic Outlook April, 2011*).

Over 76% of our turnover is contributed by the Domestic formulation market where Unichem enjoys an enviable reputation built over six decades. Therefore, our focus is to consolidate our



presence by expanding our product basket covering more therapeutic segments, by deeper market penetration and expanding our reach to larger number of customers. The growth potential for Unichem is enormous considering the opportunity that exists in unrepresented therapeutic segments.

As communicated to you last year, the Company continued its transformation initiatives to restore momentum to its core business of domestic formulations. These included portfolio prioritization and sales force alignment to improve the coverage of the existing portfolio, and strengthening a second tier of power brands. A new division “Unifem” (Gynecology) was launched and we will be hiring around 150 field personnel during this year to support this division. We had launched 22 new products during last Financial Year and our efforts are on to launch more in the current Financial Year to expand our product portfolio covering various therapies.

I am happy to inform that in cardiac market, Unichem jumped to 4<sup>th</sup> position this year from 6<sup>th</sup> position last year, thus adding the highest incremental value as per IMS. Unichem is the undisputed leader in ARB segment of cardiac market.

We have been investing continuously in upgrading and expanding our manufacturing and research facilities at multiple locations. Our Sikkim plant, which was commissioned during the year, is now fully operational. Betalactum plant at Baddi, which underwent modernization is now functional and has been recertified by MHRA. Cephalosporin plant at Baddi is also fully ready for commercial exploitation. It is our endeavor to have this plant certified by USFDA. We have recently acquired additional land adjacent to our existing Goa Factory and planning a major expansion to enhance tablet / capsulation capacity from present 900 million to 2400 million units. The construction activities at SEZ, Pithampur is expected to get over by the end of this financial year and immediately thereafter, we will trigger for USFDA certifications.

We have made significant investments in manufacturing and research facilities over the last few years catering to both domestic and international market which makes Unichem the ideal partner for collaborative business. Contractual supplies will become one of the growth areas for the Company to sweat manufacturing assets more in the coming years.

With regard to our global operations, Niche Generics, our UK Subsidiary, had a difficult year and continued to make losses. There are strategies in place to turn around the operations during the current financial year. In US market we launched 5 products and the same have been received well. During last financial year, we clocked total revenues of US\$ 5.3 million. With more product filings and approvals in the pipeline, the foundation for substantial ramp up in sales has been laid.

Our current focus on the API business is to make reasonable profits. With US business slated for a take off, the API business support to the international business is expected to deliver desired results. In addition, new initiatives to expand customer base in new geographies should drive growth in the coming years.

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 sincere appreciation for the commitment of our employees for their contribution.

I fully recognize the complexity of the challenges we face over the next several years and are prepared to address them by focusing on four imperatives that will allow us to distinguish ourselves from others, and we will continue to create superior value for all our stakeholders.

Warm Regards

**Dr. Prakash A. Mody**  
*Chairman & Managing Director*



# Top Brands



**LOSAR** Group



**Ampoxin**<sup>®</sup>



**Serta**<sup>®</sup>



**RANX**<sup>®</sup>



**TG-tor**<sup>™</sup>



**UNIENZYME**<sup>®</sup>





# Top Brands



**METRIDE<sup>®</sup> 1**



**Telsar<sup>®</sup>**



**allerfex<sup>®</sup>**



**MYCLAV<sup>\*</sup>**



**CORVADIL<sup>®</sup>**



**Trika<sup>®</sup>**



# Five-year Financial Highlights

## Balance Sheet

(₹ in lacs)

As at 31st, March	2007	2008	2009	2010	2011
<b>SOURCES OF FUNDS</b>					
Equity share capital	1,801.70	1,802.10	1,802.75	1,803.15	1,804.79
Share Application Money	-	-	-	2.64	-
Reserve & surplus	35,331.10	40,999.79	50,193.27	59,261.29	65,997.60
Net worth	37,132.80	42,801.89	51,996.02	61,067.08	67,802.39
Secured Loans	896.30	553.30	674.78	248.08	773.12
Unsecured Loans	1,628.10	1,783.00	1,878.41	2,048.35	2,271.56
Total Loans	2,524.40	2,336.30	2,553.19	2,296.43	3,044.68
<b>Total Liabilities</b>	<b>39,657.20</b>	<b>45,138.19</b>	<b>54,549.21</b>	<b>63,363.51</b>	<b>70,847.07</b>
<b>APPLICATION OF FUNDS</b>					
Gross block	27,006.90	31,235.60	38,511.22	43,738.82	50,442.85
Depreciation	7,421.20	8,805.50	10,500.07	12,246.75	14,878.42
Net block	19,585.70	22,430.10	28,011.15	31,492.07	35,564.43
Capital WIP	6,543.20	10,319.20	7,592.94	6,288.08	7,912.13
NB + CWIP	26,128.90	32,749.30	35,604.09	37,780.15	43,476.56
Investment	3,661.70	4,180.93	6,081.03	12,831.44	10,014.35
<b>CURRENT ASSETS</b>					
Inventories	7,020.30	7,145.00	9,206.68	9,764.13	13,541.83
Debtors	12,530.50	12,358.05	13,620.87	16,243.44	18,450.93
Cash and bank balance	750.90	697.07	2,957.77	1,906.40	1,044.12
Loans & advances	2,926.50	2,703.24	3,438.78	4,344.68	5,038.13
Total current assets	23,228.20	22,903.36	29,224.10	32,258.65	38,075.01
<b>CURRENT LIABILITIES</b>					
Creditors	8,216.20	7,991.80	9,507.17	11,633.72	12,353.11
Other current liabilities	1,005.60	576.60	693.15	840.69	924.35
Provisions	1,328.40	2,900.60	2,923.26	3,563.89	3,659.96
Total current liabilities	10,550.20	11,469.00	13,123.58	16,038.30	16,937.42
Deffered tax liability	2,811.40	3,226.40	3,236.43	3,468.43	3,781.43
Net current assets	9,866.60	8,207.96	12,864.09	12,751.92	17,356.16
<b>Total Assets</b>	<b>39,657.20</b>	<b>45,138.19</b>	<b>54,549.21</b>	<b>63,363.51</b>	<b>70,847.07</b>