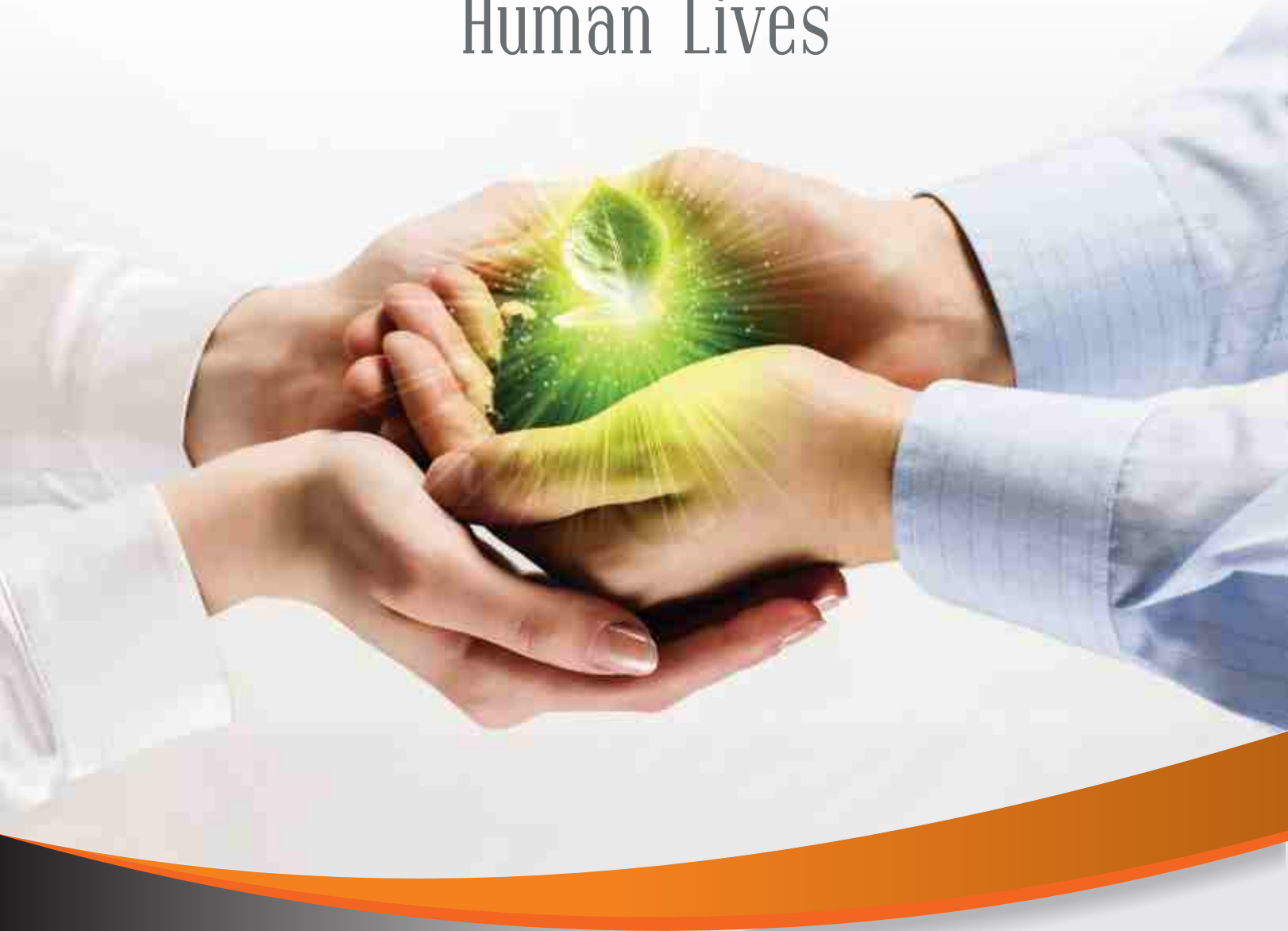


Annual Report
2013-14

Touching Human Lives

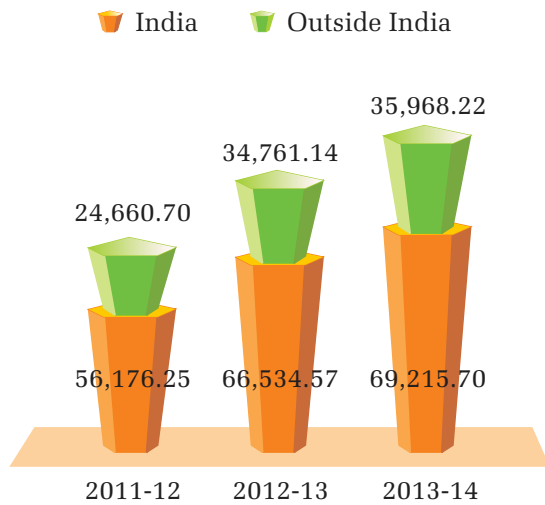


UNICHEM
LABORATORIES LTD.



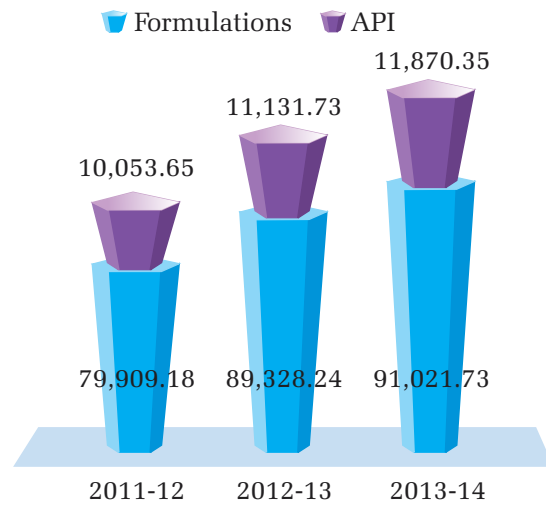
Financial Highlights

Sales Mix by Geographical Segment*
(₹ in lacs)



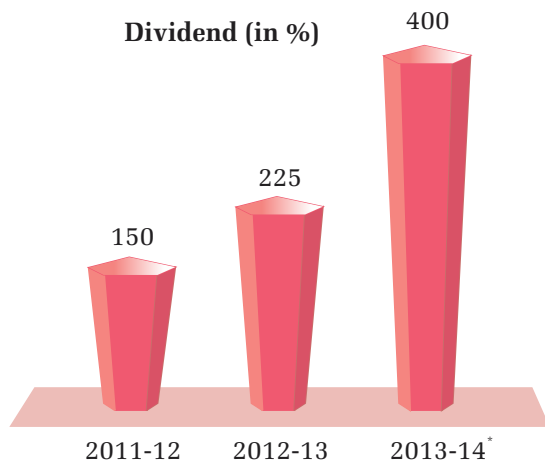
* Including Income from operations

Sales Revenue Mix*
(₹ in lacs)



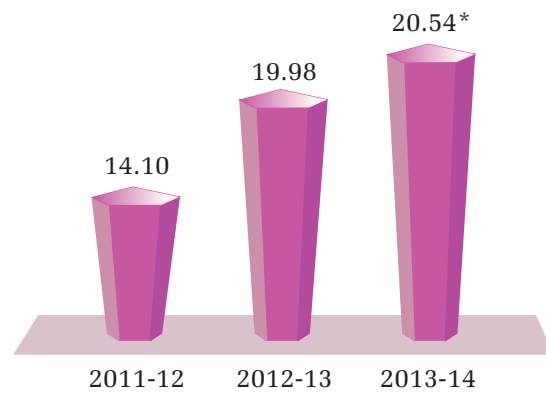
* Excluding Income from operations

Dividend (in %)



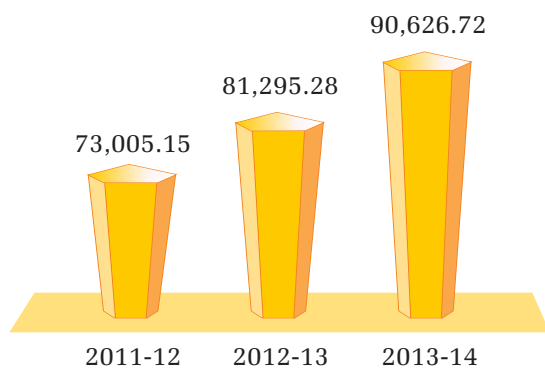
* Proposed dividend includes interim dividend of 200% already paid.

Return on Capital Employed (in %)

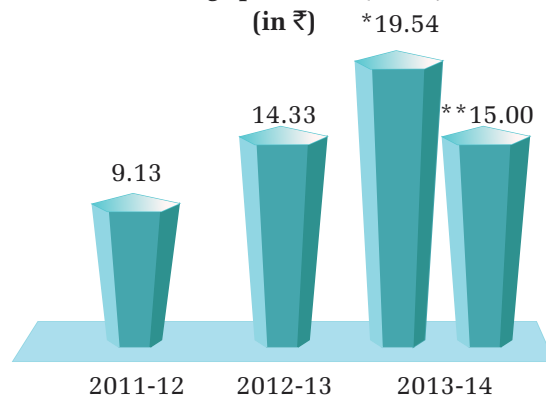


* Excluding exceptional items(Gain)

Net Worth (₹ in lacs)



**Earnings per share (Basic)
(in ₹)**



* EPS including exceptional items(Gain)

** EPS excluding exceptional items(Gain)



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



Message from the **Chairman**



It gives me great pleasure to present the 51st Annual Report of your Company.

I take this opportunity to share with you the highlights of our recent journey and the outline of the future directions that we intend to take.

Last few years have been difficult years for the Indian Pharma industry. Growth rate has slipped to single digit. The Government has introduced National List of Essential Medicines (NLEM) as a measure to control prices and make medicines affordable to common people. As it is, Indian drug prices have been very reasonable compared to any other country in the world. Still however we must note that the Government has come out with a more balanced approach than imposing heavy handed price control. With NLEM, the Government has announced prices, which reflect the average of the prices of a cross section of the manufacturers. In this environment our growth rate also has been

sluggish. To some extent our prices also have been affected. We have taken counter measures to contain the adverse impact of these developments.

We have restructured our domestic formulation business. As a result our Acute therapy segment has begun to show higher growth rate well above the industry average. We have taken similar measures for our chronic therapy segment. We expect that in the coming years we will be able to accelerate growth rate there too.

You will be happy to note that our international business has already crossed 40% of our consolidated turnover. This is driven mainly by our consistent push in the US market and our contract manufacturing business. As you are aware we have sold our SEZ plant in Indore, which was designed to make formulations. We have earned a handsome amount from this transaction. For a stronger International Formulation business it is important to have backward integration with our own APIs. Keeping this in mind we will use some of the proceeds to augment our bulk drug manufacturing facility to cope with our growing captive requirements. For this we have decided to acquire and renovate the bulk drug manufacturing facility at Kolhapur, Maharashtra. This will help in removing the temporary production bottle neck we are currently experiencing.



After prolonged and sustained efforts, our subsidiaries have begun to turn corner. Niche Generics Limited of UK has improved its profitability and Unichem Pharmaceuticals (USA) Inc has posted a robust sales growth of over 45%. To exploit the foundation laid by the US subsidiary, we are accelerating filings of our ANDAs. I can say with confidence that after a long and patient journey in these international markets, we are about to see major turning points.

We have taken several cost reduction and productivity optimization measures. We have established a Center of Excellence for pharmaceutical research at Goa. With this we have consolidated our research facilities and groups of scientists in one location. This will create synergy, improve productivity and reduce costs. The facility at Goa has received great acceptance and has become show case research lab in this part of the world. We all are proud of this facility and expect accelerated contribution by the scientists group in the years to come.

The Company has posted a growth of 4.87% in its consolidated sales/income which has touched ₹ 113,344.79 lacs. On the other hand the net profit after tax excluding exceptional items is ₹ 12,816.20 lacs signifying growth of 13% over the last year. The Company has followed a policy of rewarding shareholders

consistent with its cash flow. As you will recall we declared a special interim dividend of ₹ 4/- in view of the exceptional income arising out of the sale of SEZ plant in Indore.

I am grateful to our stakeholders, customers, business associates and medical fraternity who have reposed their faith in us. I seek their continued support and confidence in the Company.

I would also like to record my sincere appreciation to our employees for their commitment and contribution.

I remain confident that our well balanced strategy and determined implementation in the challenging macro environment will yield consistent high value for all our stakeholders.

Dr. Prakash A. Mody

Chairman and Managing Director



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TG-tor*



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LeZyncet®



State-of-the-art Manufacturing Plants



Ghaziabad



Roha



Goa



Goa CoE



Pithampur



Baddi



Sikkim