



ANNUAL REPORT 2021-2022



UNICHEM
LABORATORIES LTD.

Corporate Information

Board Committees

Audit Committee
Mr. Prafull Anubhai - Chairman
Mr. Prafull Sheth
Mr. Dilip Kunkolienkar
Mr. Anand Mahajan
Dr. (Mrs.) B. Kinnera Murthy

Risk Management Committee
Dr. Prakash A. Mody-Chairman
Mr. Dilip Kunkolienkar
Mr. Prafull Sheth

Nomination and Remuneration Committee
Mr. Prafull Anubhai - Chairman
Mr. Prafull Sheth
Mr. Anand Mahajan

Corporate Social Responsibility Committee
Dr. Prakash A. Mody - Chairman
Mr. Prafull Anubhai
Dr. (Mrs.) B. Kinnera Murthy

Stakeholders Relationship Committee
Mr. Prafull Anubhai - Chairman
Dr. Prakash A. Mody
Dr. (Mrs.) B. Kinnera Murthy

Company Secretary & Compliance Officer
Mr. Pradeep Bhandari
Head - Legal &
Company Secretary

Deputy Chief Financial Officer
Mr. Sandip Ghume

Registered Office

Unichem Laboratories Limited
CIN:L99999MH1962PLC012451
Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8333
Website: www.unichemlabs.com
E-mail Id.: shares@unichemlabs.com

Statutory Auditors

N. A. Shah Associates LLP
Chartered Accountants
B 41-45, Paragon Centre
Pandurang Budhkar Marg
Worli, Mumbai - 400 013

Registrar and Share Transfer Agents

Link Intime India Private Limited
C 101, 247 Park, L B S Marg
Vikhroli (West), Mumbai - 400 083
Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060
E-mail Id.: rnt.helpdesk@linkintime.co.in

Cost Auditors

Kishore Bhatia & Associates
701/702, D-Wing, 7th Floor
Neelkanth Business Park
Nathani Road, Vidyavihar (West)
Mumbai - 400 086

Plant Locations

FORMULATION PLANTS

GHAZIABAD

C 31, 32 & D10, Industrial Area
Meerut Road, Ghaziabad - 201 003
Uttar Pradesh

GOA

Plot No. 10, 11, 12 to 14, 15 to 18 & 17(A)
Pilerne Industrial Estate
Pilerne, Bardez - 403 511, Goa

BADDI

Bhatauli Kalan
District Solan, Baddi - 173 205
Himachal 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

KOLHAPUR

Plot No. T - 47, Five Star MIDC
Kagal - Hatkanangale, District Kolhapur - 416 236
Maharashtra

Board of Directors



(L) to (R)

Mr. Dilip Kunkolienkar

Director Technical

Mr. Prafull Sheth

Independent Director

Mr. Anand Mahajan

Independent Director

Mr. Prafull Anubhai

Independent Director

Dr. Prakash A. Mody

Chairman & Managing Director

(Dr.) (Mrs.) B. Kinnera Murthy

Independent Director

Message from the Chairman



Dear Shareowners,

It is my pleasure to present before you the 59th Annual Report of your Company. I hope that you all are keeping safe and healthy!

Let me begin by expressing my deepest gratitude to the medical fraternity for their extraordinary fortitude in serving society and in ramping up healthcare infrastructure along with intensive vaccination program during last year across the country to make our lives safer and more convenient.

The recent period has been relentless with the global pandemic, military conflict, supply chain shortages and businesses had to cope with this unprecedented sequence of events with speed and agility. While the world was recovering post pandemic, inflation and supply chain disruption had offset the buoyancy in the recovery of consumption across the globe. The world economy is progressively losing momentum caused due to rising global energy and food prices, deterioration in geopolitical environment and monetary policy normalisation to combat inflation.

The industry is expected to show some level of recessionary impact in the near to mid-term as concerns over inflation and recession grow across the US and

Europe, the largest markets for the pharma industry. As per the World Bank estimate between 2021 and 2024, global growth is projected to slow by 2.7 percentage points.

Despite near-term uncertainties, the Indian economy holds immense promise. Indian pharma stands on four of its biggest strengths namely affordability, accessibility, agility and quality. It can grow not only in size and reach, but also in terms of capability and innovation.

Keeping this in mind, we have invested over the years in building our capacities and capabilities and have strengthened our processes for having superior quality and compliance, which has resulted in consistent accreditation approvals from the world regulatory authorities. Our manufacturing plants have been accredited by highly respected international regulatory authorities such as the US FDA, UK MHRA, SAHPRA (South Africa), WHO GMP, TGA (Australia), PMDA (Japan), KFDA (Korea), Russia and ANVISA (Brazil). We have capitalised on our manufacturing excellence to ensure sustained deliveries to our customers despite the challenges of APIs availability.

The technology transformation will be the next normal for all of us. We aim to enhance quality and compliance, augment productivity through enhanced operational excellence and data integrity. We have made significant efforts by investing in digital transformation to ensure a safe and productive working environment. We introduced a learning module system at all our locations to digitize our standard operating processes for upgrading the workforce in a more contemporary mode that is suited for the future. During the year, we seamlessly completed virtual audits/inspections of our plants for various overseas regulatory authorities, a testimony of our robust IT system.

We continue to invest in R&D for our markets and have the necessary regulatory approvals in place. Unichem has developed several pharma products that address the needs of relevant and growing therapeutic areas like gastroenterology, cardiology, diabetology, psychiatry, neurology, anti-bacterial, anti-infectives and pain management. The Centre of Excellence at Goa, fuelled by a team of scientists and PhDs, enables us to leverage our investments in manufacturing capabilities by increased filings with various regulators which in turn will enable us to deliver robust growth in the coming years.

Unichem concluded its major capex-cycle spread over the last 3 years at all its manufacturing facilities i.e. for formulations, APIs and at its R&D centre. This will ensure that we are ready to unfold the market opportunities while maintaining the highest quality standards. Most importantly, this capex was funded entirely from the internal accruals. With most of these facilities commencing operations, we expect an easing of pressure on our operating free cash flow in the coming years. With this newly built capacity and capabilities, we are hopeful that we will continue to deliver value and strengthen our foundation for growth.

It was a year of challenges, but also a year of significant achievements. The first nine months of the year saw our revenues decline, but the fourth quarter saw a complete turnaround and I am happy to share that we closed the year on a very strong note. Consolidated Revenue from Operations increased to ₹ 1,269.83 crs during the financial year 2021-22 from ₹ 1,235.14 crs in the previous year, registering a growth of 2.8%. US which is a major market for your Company achieved sales of ₹ 734.29 crs during the fiscal year 2021-22 as against ₹ 687.54 crs in the previous year, registering a growth of 6.8%. Revenue from the international formulation business contributed to 80.6% of Net Revenue from Operations.

As a continuous effort toward rewarding Shareholders, it gives me immense pleasure to inform you that the Board of Directors of the Company has recommended a Dividend of ₹ 4/- (200%) per share. The dividend shall be paid if approved by Shareholders at the ensuing 59th Annual General Meeting.

Our long-term commitment to society and communities was further augmented through our CSR programmes implemented during the year even though there was no mandatory requirement for CSR spending. Our key focus this year was on addressing health and educational concerns while co-creating value with local institutions and people.

Although the future is full of uncertainty and challenges, the outlook is one of the cautious optimism. Recovery might get 'delayed' but not 'derailed'. However, Companies will have to remain on guard concerning the geopolitical situation and the pandemic-related uncertainties. Several multibillion-dollar drugs going off patent over the next few years and increasing use of pharmaceutical generics in developed markets to reduce healthcare cost will provide attractive growth opportunities to generics manufacturers and thus, Indian pharmaceutical industry is poised for an accelerate

growth in the coming years.

We have built new capacities and capabilities, including R&D, Manufacturing and Quality and expanded our product portfolio to deliver long-term, sustainable growth in our generics business. We are hopeful that we will continue to deliver value and strengthen our foundation for growth. With formulations constituting the core of the Company's business, Unichem is backward integrated to API manufacturing, which will add value to the customer in terms of quality and sustainability going forward. The outlook for the Company remains bright, going by the number of products/filings filed or lined up in coming years.

As the pandemic has subsided, the exceptional growth of the past in acute therapies may not be repeated, however, emerging lifestyle diseases would boost demand for chronic drugs. On the back of investments made so far, we expect to drive revenue growth in our businesses and even as we plan the next phase of healthcare, we are acutely conscious to ensure growth is environmentally sustainable, socially impactful and in keeping with the governance standards. While the environment will bring many further challenges, our unwavering purpose of caring to enhance health through quality products will give us the confidence to build a stronger, better Unichem for the future.

I place on record my sincere appreciation to our customers, business associates, banks, suppliers, shareholders and employees for their continued support and trust reposed in us. I also take this opportunity to extend my gratitude to our esteemed Board members for their invaluable guidance and support in steering your Company on this journey toward being a global pharma player.

Stay safe and healthy!

Dr. Prakash A. Mody

Chairman & Managing Director

27th May, 2022

Corporate Social Responsibility (CSR)

"Philanthropy is not about money. It is about using whatever resources you have at your fingertips and applying them to improving the world."

- Melinda Gates

In the past two years, the world has witnessed a situation not faced or heard of by any of us. While some people enjoyed the comforts of their homes and families, others had to walk thousands of miles to see their loved ones. Many lost their loved ones or their livelihood. "HUMANITY" and "SOCIAL RESPONSIBILITY" were the two qualities that surfaced repeatedly, whether from front-line health professionals, health support workers, or global benefactors. Many people extended their hands in any capacity they could, whether it was financial, physical, or emotional.

In these strenuous times when business continuity took precedence, your Company sustained its commitment to social responsibility. Your Company has always been at the forefront in contributing to the welfare of society. Some of the notable ones are mentioned below.

Education Reforms

APJ Abdul Kalam once said that education is the most powerful weapon, we can use to change the world. Believing in this idea your Company has been contributing to institutions that make available educational reforms to underprivileged and deserving sections of the society.

One such institute is the Sardar Vallabhbhai Sewa Trust, working for the benefit of students. Their project, College on Wheels, which commenced in FY 2021-22, provides education at the doorstep to girls facing geographical challenges in attending school. Your Company was happy to be a part of this initiative.

Another NGO, Yusuf Meherally Trust, works to provide education to disadvantaged young adults to empower them to become self-sufficient. Your Company contributed to the administrative activities which will help in their multi-skilling training program in agriculture, energy, engineering, environment, food processing, and other areas, with an emphasis on "Learning while Doing."

Through the Indian Pharmaceutical Association (IPA), your Company has been providing Amrut Mody scholarships to deserving pharma students across India for a four-year course, for several years now.

Healthcare

Your Company is committed to providing quality healthcare to society. To support this facet, your Company has been associated with the Vision Foundation of India, an initiative created by Dr. Kulin Kothari and the Bombay City Eye Institute & Research Centre in 1993, with the vision of eradicating blindness and eye diseases from the marginalized sections of society. They are running a 'Rashtriya Netra Yagna' to provide free eye surgeries across India. Your Company has sponsored around 1,250 cataract surgeries in Andhra Pradesh, Assam, Karnataka, Maharashtra, Odisha, and Uttar Pradesh.

Your Company, in collaboration with the Rotary Club of Bombay (Midtown), is helping underprivileged children who live in impoverished communities and require urgent cardiac surgery. The project, called the "Little Hearts Project", aims at providing a new healthy lease of life to children from these communities.

Your Company has been engaged in the refurbishment of a government hospital for the past couple of years, in Pithampur and has further contributed during the year.

Your Company's deep-rooted culture of social responsibility, which has existed since the beginning, has motivated management to continue working for the betterment of society.

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Five-Year Financial Highlights (Standalone)

Profit and Loss Account

(₹ in Lakhs)

For the year ended 31st March	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Revenue From Operations	66,973.05	96,773.89	90,444.07	112,397.28	94,292.66
Other Income	6,288.60	10,154.23	9,917.01	4,737.11	4,206.79
Total Income	73,261.65	106,928.12	100,361.08	117,134.39	98,499.45
Cost of materials consumed (including provisions)	34,598.21	44,317.29	40,020.76	44,913.87	43,492.03
Purchases of Stock-in-Trade	-	20.86	104.37	53.52	134.90
Changes in inventories of finished goods and work-in-progress	470.21	(3,053.94)	(1,849.58)	(1,672.68)	(5,279.05)
Employee benefits expense	14,653.63	17,676.03	20,515.66	23,403.73	25,079.27
Excise Duty	39.34	-	-	-	-
Other expenses	30,834.49	43,029.52	40,713.91	36,152.16	34,414.82
Total expenses	80,595.88	101,989.76	99,505.12	102,850.60	97,841.97
PBDIT	(7,334.23)	4,938.36	855.96	14,283.79	657.48
Finance Cost	316.69	61.71	128.18	130.06	207.42
Impairment loss on financial assets	-	863.42	-	-	806.07
PBDT	(7,650.92)	4,013.23	727.78	14,153.73	(356.01)
Depreciation & Amortisation	4,504.12	6,171.25	7,108.96	7,589.18	8,318.76
Profit before tax	(12,155.04)	(2,158.02)	(6,381.18)	6,564.55	(8,674.77)
Current tax	-	-	-	-	-
Deferred tax	1,257.90	(2,737.77)	(749.56)	1,094.30	(3,155.51)
Short / (Excess) provision for tax (earlier years)	(1,271.99)	(124.45)	-	62.02	23.70
Profit/(Loss) for the period from continuing operations	(12,140.95)	704.20	(5,631.62)	5,408.23	(5,542.96)
Profit/(Loss) from discontinued operations					
A. Profit / (Loss) from discontinued operations	15,358.12	246.96	-	-	-
B. Gain on sale of identified business (net)	321,731.05	-	-	-	-
Profit/(Loss) for the year from discontinued operations (A+B)	337,089.17	246.96	-	-	-
Tax on discontinued operations	69,288.37	71.24	-	-	-
Profit/(Loss) from discontinued operations (after tax)	267,800.80	175.72	-	-	-
Profit/(Loss) for the year	255,659.85	879.92	(5,631.62)	5,408.23	(5,542.96)
Other Comprehensive Income	(180.08)	(28.49)	299.50	2,130.49	5,537.20
Total Comprehensive Income	255,479.77	851.43	(5,332.12)	7,538.72	(5.76)

Five-Year Financial Highlights (Consolidated)

Profit and Loss Account

(₹ in Lakhs)

For the year ended 31st March	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Revenue From Operations	81,839.69	1,18,004.68	1,10,371.28	1,23,513.53	1,26,983.22
Other Income	6,100.62	9,841.29	9,131.31	5,018.76	4,750.94
Total Income	87,940.31	1,27,845.97	1,19,502.59	1,28,532.29	1,31,734.16
Cost of materials consumed (including provisions)	38,772.89	47,691.79	42,187.92	46,698.72	45,601.35
Purchases of Stock-in-Trade	-	20.86	104.37	53.52	134.90
Changes in inventories of finished goods and work-in-progress	(2,948.21)	(3,247.73)	(3,575.68)	(8,814.04)	(4,153.41)
Employee benefits expense	20,064.22	23,852.32	27,327.99	30,697.06	33,048.96
Excise Duty	39.34	-	-	-	-
Other expenses	39,113.70	57,476.28	49,408.62	45,767.35	44,348.34
Total expenses	95,041.94	1,25,793.52	1,15,453.22	1,14,402.61	1,18,980.14
Share of profit/(loss) in associate (net of tax)	(22.32)	6.52	81.27	(34.25)	(106.10)
PBDIT	(7,123.95)	2,058.97	4,130.64	14,095.43	12,647.92
Finance Cost	800.76	752.23	784.72	511.86	610.53
Impairment loss on financial assets	-	560.59	-	-	723.89
PBDT	(7,924.71)	746.15	3,345.92	13,583.57	11,313.50
Depreciation & Amortisation	5,050.84	6,736.68	8,166.94	8,435.63	9,116.61
Profit before tax	(12,975.55)	(5,990.53)	(4,821.02)	5,147.94	2,196.89
Current tax	115.26	713.83	547.24	1,668.26	1,050.83
Deferred tax	1,490.95	(4,024.15)	649.99	(14.82)	(2,183.81)
Short / (Excess) provision for tax (earlier years)	(1,271.99)	(124.45)	-	62.02	23.70
Profit/(Loss) for the period from continuing operations	(13,309.77)	(2,555.76)	(6,018.25)	3,432.48	3,306.17
Profit/(Loss) from discontinued operations					
A. Profit / (Loss) from discontinued operations	15,358.12	246.96	-	-	-
B. Gain on sale of identified business (net)	3,21,731.05	-	-	-	-
Profit/(Loss) for the year from discontinued operations (A+B)	3,37,089.17	246.96	-	-	-
Tax on discontinued operations	69,288.37	71.24	-	-	-
Profit/(Loss) from discontinued operations (after tax)	2,67,800.80	175.72	-	-	-
Profit/(Loss) for the year	2,54,491.03	(2,380.04)	(6,018.25)	3,432.48	3,306.17
Other Comprehensive Income	(458.63)	186.97	305.64	1,639.47	5,375.05
Total Comprehensive Income	2,54,032.40	(2,193.07)	(5,712.61)	5,071.95	8,681.22

Notice of the 59th Annual General Meeting

NOTICE is hereby given that the 59th Annual General Meeting (AGM) of the Members of **Unichem Laboratories Limited**, will be held on Tuesday, 9th August, 2022 at 2:00 p.m. (IST) through Video Conference (VC)/Other Audio-Visual Mode (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2022 and the reports of the Board of Directors and auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2022 and the reports of the auditors thereon.
3. To declare a Dividend of ₹ 4/- (200%) per equity share for the financial year ended 31st March, 2022.
4. To appoint a Director in place of Mr. Dilip Kunkolienkar (DIN: 02666678) who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force), pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. N. A. Shah Associates LLP, Chartered Accountants (Firm Registration 116560W/W100149), be and are hereby re-appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years who shall hold office from the conclusion of this 59th Annual General Meeting till the conclusion of the 64th Annual General Meeting at such remuneration as recommended by the Audit Committee and agreed between the Board of Directors and the said Auditors from time to time;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:
- "RESOLVED THAT** pursuant to Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), a remuneration not exceeding ₹ 9.00 lakhs (Rupees Nine Lakhs Only) plus applicable taxes and

reimbursement of out-of-pocket expenses as approved by the Board of Directors of the Company payable to Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); for conducting Cost Audit of the records maintained by the Company for the financial year ending 31st March, 2023, be and is hereby ratified;

RESOLVED FURTHER THAT the Board be and is hereby authorised severally to do all such acts, deeds, matters, and things as may be necessary to give effect to this Resolution."

By order of the Board of Directors,
For **Unichem Laboratories Limited**

Pradeep Bhandari

Mumbai Head – Legal & Company Secretary
27th May, 2022 Membership No.: A14177

Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai – 400 102

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) had vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020, General Circular No. 02/2021 dated 13th January, 2021 and the latest circular dated 2/2022 dated 5th May, 2022, read with read with relevant circulars issued by the Securities and Exchange Board of India ("SEBI"), from time to time (hereinafter collectively referred to as "the Circulars") permitted the holding of the Annual General Meeting (AGM) through Video Conference (VC)/Other Audio-Visual Mode (OAVM), without the physical presence of the Members at a common venue and the exemptions stand extended till 31st December, 2022. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and the Circulars, the AGM of the Company is being held through VC. The deemed venue for the 59th AGM shall be the Registered Office of the Company.
2. A Statement setting out material facts pursuant to Section 102(1) of the Act, with respect to the items of Special Business is annexed hereto.
3. In compliance with the aforesaid Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Annual report shall also be available on the Company's website www.unichemlabs.com and that of the exchanges namely www.bseindia.com and www.nseindia.com. In case any member is desirous of obtaining physical copy of the Annual Report for the financial year 2021-22 they may send a request to the Company by writing at shares@unichemlabs.com.