



**UNICHEM**  
**LABORATORIES LTD.**

Fax No : 91 (22) 2678 4391 / 5198

Tel. No. : 91 (22) 66888333

Website : <http://www.unichemlabs.com>

CIN : L99999MH1962PLC012451.

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

February 5, 2018

Department of Corporate Services  
Bombay Stock Exchange Ltd.  
PhirozeJeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001

Mr. Hari K  
Asst. Vice President - Operations  
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra – Kurla Complex  
Bandra (East), Mumbai – 400 051

Dear Sir,

**Ref: BSE Scrip Code -506690: NSE Symbol – UNICHEMLAB**

We wish to inform you that the Board of Directors at its Meeting held on February 5, 2018:

- a. Fixed February 16, 2018 as the Record Date for ascertaining the shareholders eligible for the buyback of its equity shares. The said Buyback has been approved by the Board of Directors at its meeting held on January 8, 2018; and
- b. Approved the condensed interim audited consolidated financial statements for the nine months period ended December 31, 2017 (Audited Consolidated Financial Statements) prepared as per the Indian Accounting Standards. These have been voluntarily prepared and furnished.

Further note that the Condensed interim standalone audited financial statements (Audited Standalone Financial Statements) and the statutory auditors' report thereon for the nine months period ended December 31, 2017 prepared as per the Indian Accounting Standards are also provided to enable comparability with the condensed interim audited consolidated financial statements. Pursuant to Regulation 33 of the Listing Regulations, the Audited Standalone Financial Results for the quarter and nine months ended December 31, 2017 have been intimated to the exchanges on January 8, 2018.

Enclosed the said Audited Consolidated and Standalone Financial Statements and the Statutory Auditors' Reports thereon.

The Board meeting commenced at 11:30 am and concluded at 12:45 p.m.

Kindly take the above on record.

Thanks and Regards

**For Unichem Laboratories Limited**

Neema Thakore  
Head- Legal & Company Secretary

**Independent Auditor's Report**

**To**  
**The Board of Directors**  
**Unichem Laboratories Limited**

**Report on the Interim Condensed Consolidated Ind AS Financial Statements**

1. This is in accordance with our engagement to audit the interim condensed consolidated Ind AS financial statement for the purpose of the management of the Unichem Laboratories Limited (hereinafter referred to as "the Holding Company") and which is required for the purpose of proposed buy-back of its equity shares by the Holding Company.
2. We have audited the accompanying interim condensed consolidated Ind AS financial statements of Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the Condensed Consolidated Balance Sheet as at December 31, 2017, the Condensed Consolidated Statement of Profit and Loss (including other comprehensive income), the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the nine months period ended on that date, and selected explanatory notes (hereinafter referred to as "the interim condensed consolidated Ind AS financial statements").

**Management's Responsibility for the Interim Condensed Consolidated Ind AS Financial Statements**

3. The Holding Company's Board of Directors is responsible for the preparation of these interim condensed consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group and its associate, in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India.
4. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.



**Independent Auditor's Report (Continued)**

**Auditor's Responsibility**

5. Our responsibility is to express an opinion on these interim condensed consolidated Ind AS financial statements based on our audit.
6. We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed consolidated Ind AS financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the interim condensed consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation and presentation of the interim condensed consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the interim condensed consolidated Ind AS financial statements.
8. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 11 of Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated Ind AS financial statements.

**Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, the aforesaid interim condensed consolidated Ind AS financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group and its associate as at December 31, 2017 and their consolidated profit (financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity for the nine months period ended on that date.



**Independent Auditor's Report (Continued)****Emphasis of Matters**

10. We draw attention to point V of explanatory notes to the interim condensed consolidated Ind AS financial statements, which describes the uncertainty related to outcome of appeal against fine imposed by European Commission jointly and severally on the Holding Company and its subsidiary (Niche Generics Limited, UK) amounting to Euro 13.97 Million (equivalent to Rs. 10,671.22 lakhs). This point was also reported under 'Emphasis of Matter' paragraph by erstwhile auditor in the previous year for consolidated financial statement. Our opinion is not modified in respect of above matter.

**Other Matters**

11. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs 31,174.29 lakhs and net liabilities of Rs. 776.47 lakhs as at December 31, 2017, total revenues (including other income) of Rs. 34,710.74 lakhs and net cash inflow amounting to Rs. 75.37 lakhs for the period of nine months ended on that date, as considered in the interim condensed consolidated Ind AS financial statements. These financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion in so far as it relates to such subsidiaries located outside India is based on the report of other auditors.
12. The interim condensed consolidated Ind AS financial statements also include the Group's share of net profit after tax of Rs. 52.08 lakhs for the period of nine months ended December 31, 2017, as considered in the interim condensed consolidated Ind AS financial statements, in respect of one associate, whose financial information have not been audited by us. This financial information is unaudited and have been furnished to us by the Management and our opinion on the interim condensed consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, is based on the said unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.
13. The opening balances as at April 1, 2017 included in this interim condensed consolidated Ind AS financial statements were audited by erstwhile auditor, whose report dated May 30, 2017 expressed an unmodified opinion on those statements. We have relied upon the same.
14. This is the first interim condensed consolidated Ind AS financial statements and hence comparative figures in interim condensed statement of profit and loss for the period ended December 31, 2016 are unaudited and are certified by the management of the Holding Company. Further, comparative figures in interim condensed cash flow statement are not readily available and hence figures are given as per the audited consolidated financial statements for the year ended March 31, 2017.



**Independent Auditor's Report (Continued)**

15. As mentioned in point IV of explanatory note to interim condensed consolidated Ind AS financial statement for period ended December 31, 2017, during the current period the Holding Company has transferred its domestic formulation business in India and Nepal (i.e. discontinued operations) to Torrent Pharmaceuticals Limited. Accordingly the previous period's figures are regrouped into continuing and discontinued operations. These regrouped previous period figures are prepared and certified by the Management.

Our opinion on the interim condensed consolidated Ind AS financial statements, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial information certified by the Management.

**Restriction on use**

16. This report has been issued at the request of the Board of Directors of the Holding Company, for purpose of proposed buy-back of equity shares. Our report should not be used for any other purpose or by any other person other than the addressees of this report. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**For N. A. Shah Associates LLP**  
Chartered Accountants  
Firm Registration No.: 116560W/W100149

*M. V. Mody*

**Milan Mody**  
Partner  
Membership Number: 103286



Place: Mumbai

Date: 5 FEB 2018

UNICHEM LABORATORIES LIMITED

CIN:L99999MH1962PLC012451

Interim condensed consolidated Balance Sheet as at 31st December, 2017

(Rs in Lakhs)

Particulars	As at	As at
	31st December, 2017	31st March, 2017
	Audited	Audited
<b>I. ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	52,824.21	48,781.24
(b) Capital work-in-progress	25,012.46	24,997.55
(c) Goodwill	154.51	154.51
(d) Other Intangible assets	293.38	164.33
(e) Financial Assets		
(i) Investments	624.89	572.49
(ii) Loans	10.32	8.59
(iii) Other financial assets	1,179.08	1,317.25
(f) Deferred tax assets (net)	304.87	591.30
(g) Other non-current assets	414.74	524.42
	<b>80,818.46</b>	<b>77,111.68</b>
<b>Current assets</b>		
(a) Inventories	25,038.50	28,171.09
(b) Financial Assets		
(i) Investments	1,76,872.33	800.23
(ii) Trade receivables	24,059.14	31,531.55
(iii) Cash and cash equivalents	1,00,956.92	1,613.77
(iv) Loans	3.01	8.58
(v) Other financial assets	2,712.03	1,618.00
(c) Other current assets	17,879.15	11,721.44
	<b>3,47,521.08</b>	<b>75,464.66</b>
<b>TOTAL ASSETS</b>	<b>4,28,339.54</b>	<b>1,52,576.34</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	1,818.72	1,817.53
(b) Other Equity	3,55,805.32	1,04,544.42
	<b>3,57,624.04</b>	<b>1,06,361.95</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	41.96	43.77
(ii) Other financial liabilities	2,131.91	2,014.59
(b) Provisions	1,136.52	2,532.61
(c) Deferred tax liabilities (Net)	2,913.07	2,449.51
	<b>6,223.46</b>	<b>7,040.48</b>
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	20,630.85	9,762.20
(ii) Trade payables	22,160.64	21,802.81
(iii) Other financial liabilities	232.38	240.11
(b) Other current liabilities	7,046.16	6,561.18
(c) Provisions	494.19	728.00
(d) Current Tax Liabilities (Net)	13,927.82	79.61
	<b>64,492.04</b>	<b>39,173.91</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,28,339.54</b>	<b>1,52,576.34</b>
<b>Significant Accounting Policies and explanatory notes</b> ( refer note 1)		

As per our report of even date attached

For N. A. Shah Associates LLP

Chartered Accountants

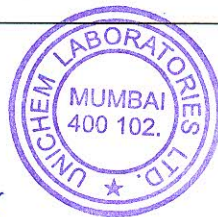
Registration No. : 116560W/W100149



**Milan Mody**  
Partner  
Membership No. 103286

**Rakesh Parikh**  
Chief Finance &  
Compliance Officer

**Neema Thakore**  
Head-Legal &  
Company Secretary



For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN No.: 00001285

**Prafull Anubhai**  
Director

DIN No.: 00040837

Place - Mumbai

Date - 5th February, 2018

UNICHEM LABORATORIES LIMITED

CIN:L99999MH1962PLC012451

Interim condensed consolidated statement of Profit and Loss for the period ended 31st December, 2017

(Rs in Lakhs)

Particulars	For the period ended	For the period ended
	31st December, 2017	31st December, 2016
	Audited	Unaudited
<b>CONTINUING OPERATIONS</b>		
I Revenue From Operations (inclusive of excise duty upto June 2017)	57,767.48	51,184.17
II Other Income	1,868.43	1,222.68
<b>III Total Income (I+II)</b>	<b>59,635.91</b>	<b>52,406.85</b>
<b>IV EXPENSES</b>		
Cost of materials consumed	29,297.57	19,947.56
Purchases of Stock-in-Trade	-	-
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	(3,768.79)	(770.82)
Excise duty on sale of goods	39.34	57.06
Employee benefits expense	14,936.44	12,664.86
Finance costs	554.02	291.09
Depreciation and amortization expense	3,638.55	3,251.05
Other expenses	28,191.22	22,862.53
<b>Total expenses (IV)</b>	<b>72,888.35</b>	<b>58,303.33</b>
<b>V Profit/(loss) before share of profit/(loss) of an associate and exceptional items (III - IV)</b>	<b>(13,252.44)</b>	<b>(5,896.48)</b>
VI Share of profit/(loss) in associates ( net of tax)	52.08	10.79
<b>VII Profit/(loss) before exceptional items and tax (V+VI)</b>	<b>(13,200.36)</b>	<b>(5,885.69)</b>
VIII Exceptional Items	-	-
<b>IX Profit/(loss) before tax (VII-VIII)</b>	<b>(13,200.36)</b>	<b>(5,885.69)</b>
X Tax expense:		
(1) Current tax (set- off against tax on discontinued operations)	285.65	(974.90)
(2) Deferred tax	852.99	1,402.64
(3) Short / (Excess) provision for Taxation pertaining to Previous years(refer note VII(a) )	(1,211.21)	
<b>XI Profit (Loss) for the period from continuing operations (IX-X)</b>	<b>(13,127.79)</b>	<b>(6,313.43)</b>
<b>DISCONTINUED OPERATIONS</b>		
A. Profit / (loss) from discontinued operations	15,128.99	17,956.30
B. Gain on sale of identified business (net)	3,21,731.05	-
Profit/(loss) for the period from discontinued operations (A+B)	3,36,860.04	17,956.30
Tax on discontinued operations (refer note VII(b) )	69,003.54	3,676.44
<b>XII Profit/(loss) from Discontinued operations (after tax)</b>	<b>2,67,856.50</b>	<b>14,279.86</b>
<b>XIII Profit/(loss) for the period (XI+XII)</b>	<b>2,54,728.71</b>	<b>7,966.43</b>
XIV Other Comprehensive Income ( net of tax)		
A Items that will not be reclassified to profit or loss	(75.55)	(20.16)
B Items that will be reclassified to profit or loss	(132.80)	(23.71)
<b>XV Total Comprehensive Income for the period (XIII+XIV)</b>	<b>2,54,520.36</b>	<b>7,922.56</b>
XVI Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for continuing operations):		
(1) Basic	(14.44)	(6.95)
(2) Diluted	(14.42)	(6.94)
XVII Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for discontinued operations):		
(1) Basic	294.61	15.72
(2) Diluted	294.28	15.69
XVIII Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for continuing & discontinued operations):		
(1) Basic	280.17	8.77
(2) Diluted	279.85	8.75
<b>Significant Accounting Policies and explanatory notes ( refer note 1)</b>		

As per our report of even date attached  
**For N. A. Shah Associates LLP**  
 Chartered Accountants  
 Registration No. 116560W/W100149

For and on behalf of the Board of Directors

**Milan Moddy**  
 Partner  
 Membership No.103286  
 Place - Mumbai  
 Date - 5th February, 2018

**Rakesh Parikh**  
 Chief Finance &  
 Compliance Officer

**Neema Thakore**  
 Head-Legal &  
 Company Secretary

**Dr. Prakash A. Mody**  
 Chairman &  
 Managing Director  
 DIN No.:00001285

**Prafull Anubhai**  
 Director  
 DIN No.:00040837



**UNICHEM LABORATORIES LIMITED**

CIN:L99999MH1962PLC012451

Interim condensed consolidated Statement of cash flows for the period ended 31st December, 2017

(Rs in Lakhs)

Particulars	For the period ended 31st December, 2017	For the year ended 31st March, 2017
	Audited	Audited
Cash flows from operating activities	23,516.61	6,816.47
Cash flows from investing activities	68,672.97	(13,136.06)
Cash Flow from financing activities	7,153.57	5,920.80
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>99,343.15</b>	<b>(398.79)</b>
Cash and Cash Equivalents at the beginning of the period/year	1,613.77	2,012.56
Cash and Cash Equivalents at period/year end	1,00,956.92	1,613.77

As per our report of even date attached

For N. A. Shah Associates LLP

Chartered Accountants

Registration No. :116560W/W100149



Milan Mody

Partner

Membership No.103286

Place - Mumbai

Date - 5th February, 2018

For and on behalf of the Board of Directors

Two blue ink signatures. The first is for Rakesh Parikh, Chief Finance & Compliance Officer. The second is for Neema Thakore, Head-Legal & Company Secretary.

**Rakesh Parikh**  
Chief Finance &  
Compliance Officer

**Neema Thakore**  
Head-Legal &  
Company Secretary

A blue ink signature for Dr. Prakash A. Mody, Chairman & Managing Director.

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN No.:00001285

A blue ink signature for Prafull Anubhai, Director.

**Prafull Anubhai**  
Director  
DIN No.:00040837





A. Equity Share Capital

	April 2017 - December 2017		2016-2017	
	Audited		Audited	
	No of Shares	Amount (Rs. In Lakhs)	No of Shares	Amount (Rs. In Lakhs)
Number of Shares outstanding as at the beginning of the period/year	9,08,76,525	1,817.53	9,08,43,200	1,817
Add: Number of Shares allotted under ESOP during the period/year	59,475	1.19	33,325	0.67
<b>Number of Shares outstanding as at the end of the period/year</b>	<b>9,09,36,000</b>	<b>1,818.72</b>	<b>9,08,76,525</b>	<b>1,817.53</b>

B. Other Equity

	Share application money pending allotment	Share options outstanding account	Reserves and Surplus			Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Total
			General Reserve	Securities Premium Reserve	Capital Redemption Reserve			
Balance at March 31, 2016	-	115.38	18,595.36	8,052.01	62.47	834.00	65,606.05	93,616.38
Profit for the year	-	-	-	-	-	-	10,867.51	10,867.51
Other comprehensive Income for the year	-	-	-	-	-	-	(123.53)	90.38
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,743.98</b>	<b>90.38</b>
Recognition of share-based payments	-	17.45	-	-	-	-	-	17.45
Issue of shares under ESOPs	11.75	-	-	64.48	-	-	-	76.23
Balance at March 31, 2017	11.75	132.83	18,595.36	8,116.49	62.47	834.00	76,350.03	1,04,544.42
Profit for the period	-	-	-	-	-	-	2,54,728.71	2,54,728.71
Other comprehensive Income for the period	-	-	-	-	-	-	(75.55)	(132.80)
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,54,653.16</b>	<b>(132.80)</b>
Payment of dividends( Incl. Tax on dividend)	-	-	-	-	-	-	(3,282.85)	-
Recognition of share-based payments	-	(80.40)	-	-	-	-	-	-
Issue of shares under ESOPs	(11.29)	-	-	115.08	-	-	-	-
<b>Balance at December 31, 2017</b>	<b>0.46</b>	<b>52.43</b>	<b>18,595.36</b>	<b>8,231.57</b>	<b>62.47</b>	<b>834.00</b>	<b>3,27,720.34</b>	<b>308.69</b>
								<b>103.79</b>
								<b>3,55,805.32</b>

(Rs in lakhs)



# Unichem Laboratories Limited

## Interim condensed consolidated Ind AS financial statement

### Note 1: Significant accounting policies and explanatory notes for the period ended 31<sup>st</sup> December 2017

#### I. Basis of Preparation of Interim Condensed Consolidated Ind AS Financial Statements:

Interim condensed consolidated Ind AS financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) by the Companies (Indian Accounting Standards) Rules, 2016 and guidelines issued by the Securities and Exchange Board of India.

This Interim Condensed Consolidated Ind AS Financial Statements are for the purpose of proposed buy-back of equity shares by the Unichem Laboratories Limited (hereinafter referred to as "the Holding Company").

#### II. Significant accounting policies and principles of consolidation:

The significant accounting policies and principles of consolidation followed in the preparation of the interim condensed consolidated Ind AS financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31<sup>st</sup> March 2017.

#### III. Contingent liabilities / commitments:

##### a. Contingent liabilities

(Rs. in lakhs)

Particulars	As at 31 <sup>st</sup> December 2017	As at 31 <sup>st</sup> March 2017
Claims not acknowledged as debts	1,657.63	1,502.65
Others (Letter of Credit, Surety Bonds, Bill Discounting etc.)	127.85	403.58
<b>Total</b>	<b>1,785.48</b>	<b>1906.23</b>

##### b. Capital & other commitments

There are no significant changes in capital & other commitments as compared to 31<sup>st</sup> March 2017.

IV. During the period ended 31<sup>st</sup> December 2017, based on the approval obtained from the Shareholders, the Holding Company has transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal ("Identified Business") by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited ("Torrent"). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business. Gain on sale of Identified Business (net) amounting to Rs.321,731.05 lakhs has been recognised and disclosed under discontinued operations in the interim condensed consolidated statement of profit & loss. Pursuant to the above transfer of Identified Business and gain on such transfer of identified business, the results of discontinued operations for the nine months ended 31<sup>st</sup> December, 2017 are not comparable with previous period.

V. On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of € 13.97 million (equivalent to Rs.10,671.22 lakhs), jointly and severally on the Holding Company and its subsidiary Niche Generics Ltd ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Ltd had, in early 2005 (when the Holding Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Holding Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Holding Company & Niche have submitted appeal in September 2014 to the EU General Court seeking appropriate relief in the matter. The outcome of the appeal is likely to follow some months after (early 2018 at the earliest), as advised by lawyers



## Unichem Laboratories Limited

### Interim condensed consolidated Ind AS financial statement

#### Note 1: Significant accounting policies and explanatory notes for the period ended 31<sup>st</sup> December 2017

of the Niche. The appeal process before EU Courts is very slow and as this is a very complex matter, it is possible that the case may take even longer to be concluded. Pending outcome of the appeal a sum of € 0.79 Million (equivalent to Rs. 603.45 lakhs) has been deposited with EU commission, and the same is refundable on favourable outcome of the matter. This amount paid is grouped under non-current financial assets in financial statements.

- VI. The Subsidiaries (other than the subsidiary incorporated in USA namely Unichem Pharmaceuticals (USA), Inc.) have accumulated losses which have been considered for the purpose of interim condensed consolidated Ind AS financial statements. The standalone financial statements of these subsidiaries have been prepared on a going concern basis considering the continuous financial support from the Holding Company to its subsidiaries. Management of the Holding Company is of the view that performance of the subsidiaries is improving and will turnaround.
- VII. Current Income Tax of the Holding Company
- a. Excess provision for income tax (net) of earlier years written back during the current period is on account of reworking the provision for tax (as per Indian laws as applicable to the Holding Company) in respect of earlier years on the basis of acceptance of the Holding Company's view in computation of tax liability under u/s 115JB (MAT) of the Income tax Act, 1961 as per assessment order passed by the tax authority.
- b. Income Tax on discontinued operations for the nine months ended 31<sup>st</sup> December, 2017 is net of MAT credit for earlier years which is recognised (to the extent of utilization) in current period.

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Reg. No.: 116560W/W100149



**Milan Mody**

Partner

Membership No.103286

Mumbai

Dated: 05<sup>th</sup> February, 2018

**For and on behalf of the  
Board of Directors**

  
**Rakesh Parikh**  
Chief Finance &  
Compliance  
Officer

  
**Neema Thakore**  
Head-Legal &  
Company  
Secretary

  
**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN-0001285

  
**Prafull Anubhai**  
Director  
DIN-00040837



**Independent Auditor's Report**

To  
The Board of Directors  
Unichem Laboratories Limited

**1. Report on the interim condensed standalone financial statements**

We have audited the accompanying interim condensed standalone financial statements of Unichem Laboratories Limited ("the Company") which comprise the condensed Balance Sheet as at 31<sup>st</sup> December 2017, condensed statement of profit and loss (including other comprehensive income) for the quarter and period ended 31<sup>st</sup> December, 2017, the condensed statement of changes in equity, and condensed statement of cash flows for the period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed standalone financial statements").

**2. Management's responsibility for the interim condensed standalone financial statements**

The Company's Board of Director is responsible for the preparation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's responsibility**

Our responsibility is to express an opinion on these interim condensed standalone financial statements based on our audit.

We conducted our audit of interim condensed standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed standalone financial statement are free of material misstatements.

An audit involves performing procedure to obtain evidence about the amount and the disclosures in the interim condensed standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An



**Independent Auditor's Report (continued)**

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the interim condensed standalone financial statement.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on interim condensed standalone financial statements.

**4. Opinion**

Based on audit conducted as above, in our opinion and based on our information and explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> December 2017 and its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the period ended on that date.

**5. Other matters**

- a) The figures for the quarter and period ended 31<sup>st</sup> December 2016 and for year ended 31<sup>st</sup> March 2017 are based on the quarterly Statements and annual financial statements that were reviewed / audited by the erstwhile auditors whose report dated 21<sup>st</sup> January 2017 and 30<sup>th</sup> May, 2017 respectively, expressed unmodified conclusion/ opinion.
- b) As mentioned in explanatory note 4 of the interim condensed financial statement for the quarter and period ended 31<sup>st</sup> December 2017, during the current quarter the Company has transferred its domestic formulation business in India and Nepal (i.e. discontinued operations) to Torrent Pharmaceuticals Limited. Accordingly the previous period's figures are regrouped into continuing and discontinued operations. These regrouped previous period figures are prepared and certified by the Management. Further, comparative figures in interim condensed cash flow statement are not readily available and hence figures are given as per annual financial statements for the year ended 31<sup>st</sup> March, 2017.
- c) As mentioned in explanatory note 6 of the interim condensed financial statement, it includes results for the quarter ended 31<sup>st</sup> December 2017 being the balancing figure between audited figures in respect of the nine months ended 31<sup>st</sup> December 2017 and the published year to date figures upto the second quarter of the current financial year which were subjected to limited review by us.

Our opinion is not qualified in regard to the above matters.

**For N. A. Shah Associates LLP**

Chartered Accountants

Firm's registration number: 116560W / W100149

  
**Milan Mody**

Partner

Membership number: 103286

Place: Mumbai

Date: 8<sup>th</sup> January, 2018



UNICHEM LABORATORIES LIMITED

CIN:L99999MH1962PLC012451

Interim condensed standalone Balance Sheet as at 31st December 2017

(Rs in Lakhs)

Particulars	As at 31st December, 2017 Audited	As at 31st March, 2017 Audited
<b>I. ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	50,812.37	46,795.54
(b) Capital work-in-progress	24,918.16	24,725.96
(c) Other Intangible assets	-	-
(d) Financial Assets		
(i) Investments	8,272.69	8,137.10
(ii) Loans	10.32	8.59
(iii) Other financial assets	500.00	800.00
(e) Other non-current assets	414.74	524.42
	<b>84,928.28</b>	<b>80,991.61</b>
<b>Current assets</b>		
(a) Inventories	19,448.10	25,398.41
(b) Financial Assets		
(i) Investments	1,76,872.33	800.24
(ii) Trade receivables	17,555.61	29,649.22
(iii) Cash and cash equivalents	99,955.04	1,016.03
(iv) Loans	3.01	8.58
(v) Other financial assets	2,712.03	1,617.99
(c) Other current assets	17,031.63	10,723.76
	<b>3,33,577.75</b>	<b>69,214.23</b>
<b>TOTAL ASSETS</b>	<b>4,18,506.03</b>	<b>1,50,205.84</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	1,818.72	1,817.53
(b) Other Equity	3,63,355.36	1,11,255.27
	<b>3,65,174.08</b>	<b>1,13,072.80</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	-	43.77
(ii) Other financial liabilities	2,131.91	2,014.59
(b) Provisions	1,136.52	2,532.61
(c) Deferred tax liabilities (Net)	2,913.07	2,449.51
	<b>6,181.50</b>	<b>7,040.48</b>
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	4,686.39	55.14
(ii) Trade payables	21,246.39	23,550.97
(iii) Other financial liabilities	232.38	240.11
(b) Other current liabilities	6,563.28	5,438.73
(c) Provisions	494.19	728.00
(d) Current Tax Liabilities (Net)	13,927.82	79.61
	<b>47,150.45</b>	<b>30,092.56</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,18,506.03</b>	<b>1,50,205.84</b>
Significant Accounting Policies and explanatory notes ( refer note 1)		

As per our report of even date attached

For N. A. Shah Associates LLP

Chartered Accountants

Registration No. :116560W/W100149



**Milan Mody**  
Partner  
Membership No.103286

**Rakesh Parikh**  
Chief Finance &  
Compliance Officer



**Neema Thakore**  
Head-Legal &  
Company Secretary

For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN No.:00001285

**Prafull Anubhai**  
Director  
DIN No.:00040837  
Ahmedabad

Place - Mumbai  
Date - 8th January, 2018

UNICHEM LABORATORIES LIMITED

CIN:L99999MH1962PLC012451

Interim condensed standalone statement of Profit and Loss for the period ended 31st December, 2017

(Rs. in lakhs)

Sr No.	Particulars	Three months ended (Audited)	Three months ended (Unaudited)	Nine months ended (Audited)	Nine months ended (Unaudited)
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	<b>CONTINUING OPERATIONS</b>				
I	Revenue from operations (inclusive of excise duty upto June 2017)	15,912.20	15,591.80	46,107.88	41,743.96
II	Other income	669.91	390.62	2,100.06	1,208.06
III	<b>Total Income (I+II)</b>	<b>16,582.11</b>	<b>15,982.42</b>	<b>48,207.94</b>	<b>42,952.02</b>
IV	<b>EXPENSES</b>				
	Cost of materials consumed	8,484.87	6,118.98	25,078.14	19,073.67
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(106.58)	223.79	(931.05)	(770.82)
	Excise duty on sale of goods	-	26.28	39.35	57.06
	Employee benefits expense	3,816.09	3,201.58	11,047.24	8,941.41
	Finance costs	93.02	43.77	265.50	164.17
	Depreciation and amortization expenses	1,152.74	1,002.63	3,228.78	2,943.67
	Other expenses	9,224.47	6,847.33	22,252.57	19,644.88
	<b>Total expenses (IV)</b>	<b>22,664.61</b>	<b>17,464.36</b>	<b>60,980.53</b>	<b>50,054.04</b>
V	<b>Profit/(loss) before tax (III- IV)</b>	<b>(6,082.50)</b>	<b>(1,481.94)</b>	<b>(12,772.59)</b>	<b>(7,102.02)</b>
VI	Tax expense				
	(1) Current tax (set- off against tax on discontinued operations)	590.94	(116.20)	-	(998.47)
	(2) Deferred tax	(901.37)	192.20	860.02	936.03
	(3) Short / (excess) provision for tax (earlier years) (refer note 5(a) )	24.66	-	(1,211.21)	-
VII	<b>Profit/(loss) for the period from continuing operations (V-VI)</b>	<b>(5,796.73)</b>	<b>(1,557.94)</b>	<b>(12,421.40)</b>	<b>(7,039.58)</b>
VIII	<b>DISCONTINUED OPERATIONS (refer note 3 below)</b>				
	A. Profit / (loss) from discontinued operations	2,055.77	5,246.76	15,128.99	17,956.30
	B. Gain on sale of identified business (net)	3,21,731.05	-	3,21,731.05	-
	Profit/(loss) for the period from discontinued operations (A+B)	<b>3,23,786.82</b>	<b>5,246.76</b>	<b>3,36,860.04</b>	<b>17,956.30</b>
IX	Tax on discontinued operations (refer note 5(b) )	67,286.99	1,078.00	69,003.54	3,676.44
X	<b>Profit/(loss) from discontinued operations (VIII-IX)</b>	<b>2,56,499.83</b>	<b>4,168.76</b>	<b>2,67,856.50</b>	<b>14,279.86</b>
XI	<b>Profit/(loss) for the period (VII+X)</b>	<b>2,50,703.10</b>	<b>2,610.82</b>	<b>2,55,435.10</b>	<b>7,240.28</b>
XII	Other comprehensive income/(loss) (net of tax)				
	A. Items that will not be reclassified subsequently to profit or loss	(75.55)	-	(75.55)	(20.16)
	B. Items that will be reclassified to profit or loss	-	-	-	-
	<b>Total of other comprehensive income /(loss)</b>	<b>(75.55)</b>	<b>-</b>	<b>(75.55)</b>	<b>(20.16)</b>
XIII	<b>Total Comprehensive Income for the period (XI+XII)</b>	<b>2,50,627.55</b>	<b>2,610.82</b>	<b>2,55,359.55</b>	<b>7,220.12</b>
XIV	Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for continuing operations):				
	(1) Basic	(6.38)	(1.71)	(13.66)	(7.75)
	(2) Diluted	(6.37)	(1.71)	(13.65)	(7.73)
XV	Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for discontinued operations):				
	(1) Basic	282.12	4.59	294.61	15.72
	(2) Diluted	281.80	4.59	294.28	15.69
XVI	Earnings per equity share in Rs.(Face value of Rs. 2/- per share) (for continuing & discontinued operations):				
	(1) Basic	275.74	2.88	280.95	7.97
	(2) Diluted	275.43	2.88	280.63	7.96

Significant Accounting Policies and explanatory notes ( refer note 1)

As per our report of even date attached

For N. A. Shah Associates LLP

Chartered Accountants

Registration No. :116560WAA/100149

Milan Mody

Partner

Membership No.103286



Place - Mumbai

Date - 8th January, 2018



For and on behalf of the Board of Directors

Rakesh Parikh  
Chief Finance &  
Compliance Officer

Neema Thakore  
Head-Legal &  
Company Secretary

Dr. Prakash A. Mody  
Chairman &  
Managing Director

Prafull Anubhai  
Director

DIN No.:00001285

DIN No.:00040837  
Ahmedabad

UNICHEM LABORATORIES LIMITED  
CIN:L99999MH1962PLC012451

Interim condensed standalone statement of cash flows for the period ended 31st December, 2017

Particulars	(Rs in Lakhs)	
	For the period ended 31st December, 2017	For the year ended 31st March, 2017
	<b>Audited</b>	<b>Audited</b>
Cash flows from operating activities	28,437.27	14,068.73
Cash flows from investing activities	69,381.08	(13,252.25)
Cash Flow from financing activities	1,120.72	(894.52)
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>98,939.07</b>	<b>(78.04)</b>
<b>Cash and Cash Equivalents at the beginning of the period/year</b>	<b>1,016.03</b>	<b>1,094.07</b>
<b>Cash and Cash Equivalents at period/year end</b>	<b>99,955.04</b>	<b>1,016.03</b>

As per our report of even date attached  
For **N. A. Shah Associates LLP**  
Chartered Accountants  
Registration No. 116560WAA/100149

**Milan Mody**  
Partner  
Membership No.103286

Mumbai  
Date - 8th January, 2018

For and on behalf of the Board of Directors

**Rakesh Parikh**  
Chief Finance &  
Compliance Officer

**Neema Thakore**  
Head-Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director  
DIN No.:00001285

**Prafull Anandhai**  
Director

DIN No.:00040837  
Ahmedabad





UNICHEM LABORATORIES LIMITED  
CIN:L99999MH1962PLC012451

Interim condensed standalone statement of Changes in Equity for the period ended 31st December, 2017

A. Equity Share Capital

	April 2017 - December 2017		2016-2017	
	Audited		Audited	
	No of Shares	Amount (Rs. In Lakhs)	No of Shares	Amount (Rs. In Lakhs)
Number of Shares outstanding as at the beginning of the year/period	9,08,76,525	1,817.53	9,08,43,200	1,816.87
Add: Number of Shares allotted under ESOP during the Year/period	59,475	1.19	33,325	0.67
Number of Shares outstanding as at the end of the year/period	9,09,36,000	1,818.72	9,08,76,525	1,817.55

B. Other Equity

	Share application money pending allotment	Share options outstanding account	Reserves and Surplus			Total
			General Reserve	Securities Premium Reserve	Capital Reserve	
Balance at March 31, 2016	-	115.38	18,595.36	8,052.01	62.47	1,00,898.40
Profit for the year	-	-	-	-	-	10,386.72
Other comprehensive Income for the year	-	-	-	-	-	(123.53)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>10,263.19</b>
Payment of dividends( Incl. Tax on dividend)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Recognition of share-based payments	-	17.45	-	64.48	-	81.93
Issue of shares under ESOPs	11.75	-	-	-	-	11.75
<b>Balance at March 31, 2017</b>	<b>11.75</b>	<b>132.83</b>	<b>18,595.36</b>	<b>8,116.49</b>	<b>62.47</b>	<b>1,11,255.27</b>
Profit for the period	-	-	-	-	-	2,55,435.10
Other comprehensive Income for the period	-	-	-	-	-	(75.55)
<b>Total Comprehensive Income for the period</b>	-	-	-	-	-	<b>2,55,359.55</b>
Payment of dividends( Incl. Tax on dividend)	-	-	-	-	-	(3,282.85)
Transfer to retained earnings	-	-	-	-	-	-
Recognition of share-based payments	-	(80.40)	-	-	-	(80.40)
Issue of shares under ESOPs	(11.29)	-	-	115.08	-	103.79
Others	-	-	-	-	-	-
<b>Balance at December 31, 2017</b>	<b>0.46</b>	<b>52.43</b>	<b>18,595.36</b>	<b>8,231.57</b>	<b>62.47</b>	<b>3,63,355.36</b>

(Rs in Lakhs)



## Unichem Laboratories Limited

### Note 1: Significant accounting policies and explanatory notes for the period ended 31<sup>st</sup> December 2017

1. Basis of Preparation of Standalone Interim Condensed Financial Statements:

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard (Ind AS) 34, "Interim Financial Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) by the Companies (Indian Accounting Standards) Rules, 2016 and guidelines issued by the Securities and Exchange Board of India.

2. Accounting Policies:

The accounting policies followed in the preparation of the interim condensed standalone financial statements are consistent with those followed in the preparation of the annual standalone financial statements for the year ended 31<sup>st</sup> March 2017.

3. Contingent liabilities / commitments:

a. Contingent liabilities

(Rs. in lakhs)

Particulars	As at 31 <sup>st</sup> December 2017	As at 31 <sup>st</sup> March 2017
Claims not acknowledged as debts	1,657.63	1,502.65
In respect of guarantees given to bank on behalf of subsidiaries	23,455.84	10,011.00
Other money for which the Company is contingently liable	Nil	403.58
<b>Total</b>	<b>25,113.47</b>	<b>11,917.23</b>

b. Capital & other commitments

There are no significant changes in capital & other commitments as compared to 31<sup>st</sup> March 2017.

4. During the quarter ended 31<sup>st</sup> December 2017, based on the approval obtained from the Shareholders, the Company has transferred its business of manufacture, sale, marketing and distribution of domestic formulations in India and Nepal ("Identified Business") by way of slump sale on going concern basis to Torrent Pharmaceuticals Limited ("Torrent"). Identified Business includes portfolio of several brands in India and Nepal, manufacturing facility at Sikkim and employees performing work in relation to said business. Gain on sale of Identified Business (net) amounting to Rs.321,731.05 lakhs has been recognised and disclosed under discontinued operations in the interim condensed statement of profit & loss. Pursuant to the above transfer of Identified Business and gain on such transfer of identified business, the results of discontinued operations for the current quarter and nine months ended 31<sup>st</sup> December, 2017 are not comparable with previous periods.

5. Current tax

a. Excess provision for income tax (net) of earlier years written back during the current period is on account of reworking the provision for tax in respect of earlier years on the basis of acceptance of the Company's view in computation of tax liability under u/s 115JB (MAT) of the Income tax Act, 1961 as per assessment order passed by the tax authority.

b. Tax on discontinued operations for the current quarter and nine months ended 31<sup>st</sup> December, 2017 is net of MAT credit for earlier years which is recognised (to the extent of utilization) in current quarter.



**Unichem Laboratories Limited**

**Note 1: Significant accounting policies and explanatory notes for the period ended 31<sup>st</sup> December 2017**

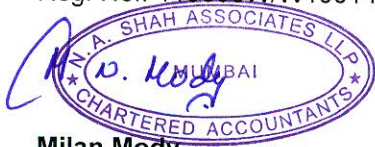
6. Figures for the quarter ended 31<sup>st</sup> December, 2017 are the balancing figures between the audited figures for the nine-months ended 31<sup>st</sup> December, 2017 and the published year to date figures for the half year ended 30<sup>th</sup> September, 2017.

As per our report of even date attached

**For N. A. Shah Associates LLP**

Chartered Accountants

Reg. No.: 116560W/W100149



**Milan Mody**

Partner

Membership No. 103286

Mumbai

Dated: 8<sup>th</sup> January, 2018

**For and on behalf of the Board of Directors**

**Rakesh Parikh**  
Chief Finance &  
Compliance  
Officer

**Neema Thakore**  
Head-Legal &  
Company  
Secretary

**Dr. Prakash A. Mody**  
Chairman &  
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DIN: 0001285

**Prafull Anubhai**  
Director

DIN: 0040837  
Ahmedabad

