



UNICHEM
LABORATORIES LTD.

May 23, 2023

Department of Corporate Services
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy 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

Sub: Outcome of Board Meeting

We would like to inform you that the Board of Directors at its Meeting held today, i.e. Tuesday, May 23, 2022:

1. Approved the unaudited financial results (standalone and consolidated) for the quarter ended March 31, 2023.
2. Approved the audited financial results (standalone and consolidated) for the year ended March 31, 2023.

Enclosed herewith please find:-

- a. Unaudited financial results (Standalone and Consolidated) for the quarter ended March 31, 2023 and Audited (Standalone and Consolidated) for the year ended March 31, 2023 and the Auditors Reports thereon;
- b. Statement on Impact of Audit qualification for the year ended March 31, 2023. (Standalone and Consolidated)

The Board meeting commenced at 12:15 p.m. and concluded at 1:15 p.m.

Kindly take the same on your records.

Thanking you,
FOR UNICHEM LABORATORIES LIMITED

PRADEEP BHANDARI
Head- Legal & Company Secretary
Encl: a/a

UNICHEM LABORATORIES LIMITED
CIN: L99999MH1962PLC012451
Statement of Unaudited Standalone Financial Results for the Quarter & Audited Financial Results for the year ended 31st March, 2023

Particulars	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Unaudited	Unaudited	Unaudited	Audited	Audited
I Revenue from operations	31,006.43	25,194.83	27,686.48	1,07,243.22	94,292.66
II Other income (Refer note 4)	378.84	1,543.33	907.79	4,184.75	4,206.79
III Total income (I+II)	31,385.27	26,738.16	28,594.27	1,11,427.97	98,499.45
IV EXPENSES					
Cost of materials consumed	15,573.40	11,585.46	11,767.93	50,033.50	43,492.03
Purchase of stock-in-trade	48.89	28.32	27.83	152.65	134.90
Changes in inventories of finished goods and work-in-progress	481.96	1,668.16	(742.20)	2,201.32	(5,279.05)
Employee benefits expense	6,606.78	6,876.25	6,304.36	27,086.47	25,079.27
Finance costs	293.18	176.05	57.70	938.02	207.42
Impairment loss on financial assets (Refer note 10)	170.87	56.95	113.90	341.72	806.07
Depreciation and amortisation expenses	2,831.75	2,863.53	2,126.80	10,597.92	8,318.76
Other expenses	8,997.65	9,195.92	8,965.51	36,718.90	34,414.82
Total expenses (IV)	35,004.48	32,450.64	28,621.83	1,28,070.50	1,07,174.22
V Profit / (Loss) before exceptional items and tax (III-IV)	(3,619.21)	(5,712.48)	(27.56)	(16,642.53)	(8,674.77)
VI Exceptional items - expenses (Refer note 9)	10,764.20	-	-	11,266.44	-
VII Profit / (Loss) before tax (V-VI)	(14,383.41)	(5,712.48)	(27.56)	(27,908.97)	(8,674.77)
VIII Tax expense					
(1) Current tax	-	-	-	-	-
(2) Deferred tax charge / (credit) (Refer note 5)	-	-	(1,760.71)	2,061.22	(3,155.51)
(3) Short / (excess) provision for tax (earlier years)	-	-	-	-	23.70
	-	-	(1,760.71)	2,061.22	(3,131.81)
IX Profit / (Loss) for the period after tax (VII-VIII)	(14,383.41)	(5,712.48)	1,733.15	(29,970.19)	(5,542.96)
X Other Comprehensive Income / (Loss)					
A. (i) Items that will not be reclassified subsequently to profit or loss					
- Remeasurement of the net defined benefit plan	41.52	(4.95)	(68.82)	224.63	(323.91)
- Equity instruments through other comprehensive income (Refer note 8)	-	-	7,646.40	1,586.82	7,646.40
(ii) Income tax (expense) / credit relating to items that will not be reclassified to profit or loss					
- Remeasurement of the net defined benefit plan	-	-	-	-	(24.58)
- Equity instruments through other comprehensive income (net)	-	-	(1,760.71)	2,061.22	(1,760.71)
B. (i) Items that will be reclassified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total of Other Comprehensive Income / (Loss)	41.52	(4.95)	5,816.87	3,872.67	5,537.20
XI Total Comprehensive Income / (Loss) for the period (IX+X)	(14,341.89)	(5,717.43)	7,550.02	(26,097.52)	(5.76)
XII Paid-up equity share capital (Face value of ₹ 2/- per share)	1,408.12	1,408.12	1,408.12	1,408.12	1,408.12
XIII Other Equity (Reserves excluding revaluation reserve)				2,37,018.94	2,65,795.97
XIV Earnings per equity share (Face value of ₹ 2/- per share) (not annualized)					
(1) Basic	(20.43)	(8.11)	2.46	(42.57)	(7.87)
(2) Diluted	(20.43)	(8.11)	2.46	(42.57)	(7.87)

Notes:

- The above standalone financial results ("the Statement") for the quarter and year ended 31st March, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 23rd May, 2023. The statutory auditors have expressed a qualified audit opinion on these standalone financial results for the year ended 31st March, 2023, in regard to the matter given in note 6 below.
- The above Statement has been prepared in accordance with the guidelines issued by the Securities and Exchange Board of India ("SEBI") and the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013.
- Operating Segment: The Company has a single reportable segment i.e. 'Pharmaceuticals'.
- 'Other Income' for the year ended 31st March, 2022 includes dividend income of ₹ 1,000.98 lakhs received on investments in equity shares held by the Company.

- 5 Deferred tax asset is recognised on the amount of tax loss, unabsorbed tax depreciation and other temporary differences to the extent of deferred tax liability.
- 6 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd. ("Niche") contending that they had acted in breach of EU competition law as Niche had, in early 2005 (when the Company was only a part owner and financial investor in Niche) agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited.

In this regard, the statutory auditors of Niche had given qualified audit opinion on the financial statements of Niche for the year ended 31st March, 2022 and continued the qualification in audit report for the year ended 31st March, 2023. They have stated that, "previously the outcome of the appeal was sufficiently uncertain that a contingent liability was deemed sufficient, however, following the hearing in October 2021 and their review of the available documentation, their opinion is that it is more likely than not that Niche will be liable for the fine of Euro 13.96 million (equivalent to ₹ 12,523.87 lakhs) and hence, they believe that this should be provided for in the financial statement of Niche. As per the Board of Directors of Niche, there remains an inherent uncertainty as to the outcome of the appeal and therefore, the Directors are of the opinion that no provision should be made at this point of time." The management had obtained the counsel view on this matter and they have stated that there has not been any formal change in position after the last hearing and the uncertainty as in the past continues. Considering the status quo, in view of the management, no provision for the aforesaid fine is considered necessary and the matter is continued to be disclosed under contingent liability.

As at year ended 31st March, 2023, the Company has aggregate financial exposure of ₹ 12,837.13 lakhs in Niche comprising of investment, trade receivable and corporate guarantee given to bank for loan availed by Niche. Considering the impact of ongoing litigation as elaborated in the above para, loss for the year and accumulated losses in Niche as at balance sheet date, the statutory auditors of the Company are of the view that the Company would need to provide for impairment on the financial exposure of ₹ 12,837.13 lakhs.

Considering the above uncertainty in regard to ongoing litigation related to EU matter and circumstances prevailing as at the balance sheet date, such as past performance, results, accumulated losses, negative net worth, expected cash flows, the management of the Company on the basis of abundant precaution has made full provision towards impairment of long-term investment in Niche amounting to ₹ 6,909.36 lakhs, such provision is grouped under exceptional item in the Statement. Further, the management is of the view that no further provision is required for the balance financial exposure of ₹ 5,927.77 lakhs in view of the future business outlook, unless the outcome of EU matter is not in favour of the subsidiary.

On the above matter, the auditors of the Company have given a qualified opinion in their audit report on the Statement for the year ended 31st March, 2023.

- 7 During the year ended 31st March, 2023, the Company on the basis of abundant precaution has made full provision towards impairment of long-term investment in its wholly owned subsidiary "Unichem Laboratories Ltd, Ireland" amounting to ₹ 2,104.84 lakhs which is grouped under exceptional item in the Statement. The management has made this provision after an internal assessment based on circumstances prevailing as at the balance sheet date, such as past performance, results, accumulated losses, negative net worth and expected cash flows.
- 8 During the year ended 31st March, 2023, the Company has sold specified number of shares held in Optimus Drugs Private Limited ('Investee' or 'Optimus') to Sekhmet Pharmaventures Private Limited ('Purchaser') in terms of Share Purchase Agreement ('SPA') dated 10th May, 2022. Further, the number of shares sold included additional equity shares issued to Company pursuant to conversion of bonus Compulsory Convertible Preference Shares which were allotted to the Company during the year and the net gain on disposal of investments amounting to ₹ 1,084.58 lakhs is accounted / disclosed as follows:

Exceptional item

This represents gain / loss on disposal of 7,29,849 equity shares out of additional equity shares issued to the Company during the year ended 31st March, 2023 by Optimus pursuant to conversion of bonus Compulsory Convertible Preference Shares. The net loss of ₹ 502.24 lakhs is determined after reducing from sale proceeds fair value of bonus equity shares and related transaction cost incurred on such sale.

Recognized in OCI

The net gain of ₹ 1,586.82 lakhs (before related taxes thereon) on disposal of equity shares of Optimus which was accounted under 'Fair Value through Other Comprehensive Income' category.

The balance number of unsold equity shares with carrying value of ₹ 28.77 lakhs as at the balance sheet date are classified as Fair Value through Profit and Loss. This is based on the fair valuation report obtained during the year. Considering audited accounts of Optimus are not received, fair value could not be determined as at balance sheet date and accordingly impact of change in fair value of such investments will be considered in the subsequent period when the audited financial statements of the Investee are made available to the Company. The balance number of unsold equity shares will be sold for a price to be determined based on the fulfillment of performance criteria of the Investee as per the SPA.

- 9 Exceptional Items comprise of the following:

Particulars	₹ Lakhs				
	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
Impairment of investment in subsidiary "Niche Generics Limited, United Kingdom" (refer note 6 above)	6,909.36	-	-	6,909.36	-
Impairment of investment in subsidiary "Unichem Laboratories Limited, Ireland" (refer note 7 above)	2,104.84	-	-	2,104.84	-
(Gain) / Loss on disposal of investment (refer note 8 above)	-	-	-	502.24	-
Employee benefits expense (one-time discretionary loyalty bonus)	1,750.00	-	-	1,750.00	-
Total Exceptional Item - expenses	10,764.20	-	-	11,266.44	-

- 10 Impairment loss on financial assets for the year ended 31st March, 2022 includes ₹ 569.31 lakhs of provision towards impairment of equity investment in 'Synchron Research Services Private Limited' (associate company).

11 During the quarter ended 31st March, 2023, the Company has invested USD 1,50,000 (equivalent to ₹ 124.00 lakhs) towards equity in its wholly owned subsidiary - "Unichem (China) Pvt Ltd."

12 The aggregate amount of revenue expenditure incurred on Research and Development as included in the relevant expense heads is as tabulated below:

Particulars	₹ Lakhs				
	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
Total R&D expenditure	2,947.99	2,829.48	3,014.73	10,939.82	11,274.10

13 Statement of Standalone Assets and Liabilities:

Particulars	₹ Lakhs	
	As at 31st March, 2023	As at 31st March, 2022
	Audited	Audited
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	1,18,511.70	91,089.73
(b) Right-of-use assets	5,082.58	5,221.93
(c) Capital work-in-progress	14,782.00	49,417.99
(d) Investment property	-	-
(e) Financial assets		
(i) Investments	3,897.78	12,621.69
(ii) Loans	12.76	11.60
(iii) Other financial assets	631.57	813.06
(f) Other non-current assets	16,078.01	15,636.32
	1,58,996.40	1,74,812.32
Current assets		
(a) Inventories	48,018.93	46,069.37
(b) Financial assets		
(i) Investments	153.56	26,358.02
(ii) Trade receivables	47,207.61	38,084.29
(iii) Cash and bank balances		
Cash & cash equivalents	15,566.84	9,412.69
Other bank balances	161.09	490.59
(iv) Loans	5.62	5.23
(v) Other financial assets	170.69	55.07
(c) Other current assets	17,992.07	16,573.85
	1,29,276.41	1,37,049.11
Non-current assets held for sale	341.10	346.96
TOTAL ASSETS	2,88,613.91	3,12,208.39
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	1,408.12	1,408.12
(b) Other equity	2,37,018.94	2,65,795.97
	2,38,427.06	2,67,204.09
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	6,364.90	8,901.06
(ii) Lease liabilities	655.66	596.21
(b) Provisions	4,190.69	3,996.17
(c) Deferred tax liabilities (net)	-	-
(d) Other non-current liabilities	109.50	469.21
	11,320.75	13,962.65

Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,802.62	3,709.17
(ii) Lease liabilities	2.00	2.00
(iii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	551.31	884.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	23,895.97	14,822.96
(iv) Other financial liabilities	4,548.45	5,245.18
(b) Other current liabilities	4,865.00	4,768.08
(c) Provisions	1,200.75	1,609.28
	38,866.10	31,041.65
TOTAL EQUITY AND LIABILITIES	2,88,613.91	3,12,208.39

14 Statement of Standalone Cash Flows:

₹ Lakhs

Particulars	Year ended 31st March, 2023 (Audited)	Year ended 31st March, 2022 (Audited)
A.Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(27,908.97)	(8,674.77)
Adjustments:		
Depreciation / amortisation	10,597.92	8,325.07
Loss / (profit) on sale / discard of property, plant and equipment (net)	(128.26)	25.34
Unrealised exchange difference (net)	(144.37)	(163.49)
Rent income	(0.10)	(30.84)
Guarantee commission income	(25.43)	(28.86)
Finance cost	938.02	207.42
Provision for doubtful debts, loans, advances & deposits (net)	67.43	(115.33)
Share-based payments to employees	104.93	224.56
Fair value gain on investments (net)	(904.94)	(312.19)
Net loss on sale of shares	502.24	-
Interest income	(23.99)	(627.28)
Sundry credit balances written off / (written back)	(8.99)	(89.01)
Impairment loss on financial assets		
- investments in subsidiaries	9,014.21	-
- investments in equity instruments of associates	-	569.31
- inter corporate deposits & interest thereon	341.72	236.76
Dividend income	(0.59)	(1,001.35)
	20,329.80	7,220.11
Operating Profit / (Loss) Before Working Capital Changes	(7,579.17)	(1,454.66)
Working Capital Adjustments:		
Trade receivables & other assets	(12,223.19)	(5,290.27)
Inventories	(1,949.56)	(7,457.72)
Trade payables & other liabilities	10,028.12	(2,034.18)
	(4,144.63)	(14,782.17)
Cash generated from / (used in) operations	(11,723.80)	(16,236.83)
Direct taxes refund received / (payment made)	(9.17)	405.85
Net Cash Flow from / (used in) Operating Activities [A]	(11,732.97)	(15,830.98)
B. Cash Flow from Investing Activities		
Purchase of property, plant & equipment including capital work-in-progress	(4,204.82)	(12,655.90)
Proceeds from sale of property, plant and equipment	637.39	16.41
Investments made		
- in subsidiaries (at cost)	(270.87)	(222.90)
Guarantee commission income realised	40.16	590.45
Sale of current investment (net)	23,651.03	20,408.73
Rent received	0.10	30.84
(Increase) / decrease in escrow bank accounts	329.50	8.19
Interest received	66.64	1,453.99
Dividend received	0.59	1,001.35
Net Cash Flow from / (used in) Investing Activities [B]	20,249.72	10,631.16

C. Cash Flow from Financing Activities		
Increase / (decrease) in working capital borrowings (net)	85.03	1,121.18
Receipt of term loan from bank	-	12,418.96
Repayments of long term borrowings	(2,566.32)	(951.58)
Payments of lease liabilities	(15.16)	(15.16)
Finance cost paid	(854.02)	(156.77)
Dividend paid	(2,825.45)	(2,836.15)
Net Cash Flow from / (used in) Financing Activities [C]	(6,175.92)	9,580.48
Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]	2,340.83	4,380.66
Add: Current investments reclassified as cash and cash equivalents during the year	3,638.01	-
Net (Decrease) / Increase in Cash and Cash Equivalents	5,978.84	4,380.66
Cash and Cash Equivalents at the beginning of the year	9,412.69	5,259.86
Effect of fair value gain / (loss) on liquid mutual Funds	175.31	(227.83)
Cash and Cash Equivalents at end of the year	15,566.84	9,412.69

15 Subsequent to the year ended 31st March 2023, outstanding ESOPs have been surrendered by the employees to the Holding Company and its subsidiaries.

16 The results for the quarter ended 31st March, 2023 being the derived figures between the audited figures in respect of the current full financial year ended 31st March, 2023 and the published unaudited figures for the nine months ended 31st December, 2022, which were subjected to a limited review.

By Order of the Board
For Unichem Laboratories Limited

Place: Mumbai
Date: 23rd May, 2023

Dr. Prakash A. Mody
Chairman & Managing Director
DIN: 00001285

ANNEXURE I**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)**

₹ Lakhs

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023**[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	1,11,427.97	1,11,427.97
	2.	Total Expenditure (including exceptional items)	1,39,336.94	1,45,264.71
	3.	Net Profit / (Loss)	(29,970.19)	(35,897.96)
	4.	Earnings Per Share (Basic)	(42.57)	(50.99)
	5.	Total Assets	2,88,613.91	2,85,377.52
	6.	Total Liabilities	50,186.85	52,878.23
	7.	Net Worth	2,38,427.06	2,32,499.29
	8.	Any other financial item(s) (as felt appropriate by the management)	No	No
II.	<u>Audit Qualification (each audit qualification separately):</u>			
	a. Details of Audit Qualification:			
	<p>On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd. ("Niche") contending that they had acted in breach of EU competition law as Niche had, in early 2005 (when the Company was only a part owner and financial investor in Niche) agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited.</p> <p>In this regard, the statutory auditors of Niche had given qualified audit opinion on the financial statements of Niche for the year ended 31st March, 2022 and continued the qualification in audit report for the year ended 31st March, 2023. They have stated that, "previously the outcome of the appeal was sufficiently uncertain that a contingent liability was deemed sufficient, however, following the hearing in October 2021 and their review of the available documentation, their opinion is that it is more likely than not that Niche will be liable for the fine of Euro 13.96 million (equivalent to ₹ 12,523.87 lakhs) and hence, they believe that this should be provided for in the financial statement of Niche. As per the Board of Directors of Niche, there remains an inherent uncertainty as to the outcome of the appeal and therefore, the Directors are of the opinion that no provision should be made at this point of time." The management had obtained the counsel view on this matter and they have stated that there has not been any formal change in position after the last hearing and the uncertainty as in the past continues. Considering the status quo, in view of the management, no provision for the aforesaid fine is considered necessary and the matter is continued to be disclosed under contingent liability.</p>			

	<p>As at year ended 31st March, 2023, the Company has aggregate financial exposure of ₹ 12,837.13 lakhs in Niche comprising of investment, trade receivable and corporate guarantee given to bank for loan availed by Niche. Considering the impact of ongoing litigation as elaborated in the above para, loss for the year and accumulated losses in Niche as at balance sheet date, the statutory auditors of the Company are of the view that the Company would need to provide for impairment on the financial exposure of ₹ 12,837.13 lakhs.</p> <p>Considering the above uncertainty in regard to ongoing litigation related to EU matter and circumstances prevailing as at the balance sheet date, such as past performance, results, accumulated losses, negative net worth, expected cash flows, the management of the Company on the basis of abundant precaution has made full provision towards impairment of long-term investment in Niche amounting to ₹ 6,909.36 lakhs, such provision is grouped under exceptional item in the Statement. Further, the management is of the view that no further provision is required for the balance financial exposure of ₹ 5,927.77 lakhs in view of the future business outlook, unless the outcome of EU matter is not in favour of the subsidiary.</p> <p>On the above matter, the auditors of the Company have given a qualified opinion in their audit report on the Statement for the year ended 31st March, 2023.</p>
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of Qualification: Appeared for the first time in year ended 31st March, 2022
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer para II (a) above for the management comments.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: NA
III.	<p><u>Signatories:</u></p> <p>Dr. Prakash A. Mody (Chairman & MD) _____</p> <p>Mr. Sandip Ghume (Deputy CFO) _____</p> <p>Mr. Praful Anubhai (Chairman of Audit Committee) _____ <i>Praful Anubhai</i></p> <p>For N. A. Shah & Associates LLP Chartered Accountants (FRN: 116560W/W100149)</p> <p>Mr. Milan Mody (Partner - Statutory Auditors) Membership no. 103286 _____</p> <p>Place: Mumbai</p> <p>Date: 23rd May, 2023</p>

UNICHEM LABORATORIES LIMITED
CIN: L99999MH1962PLC012451

Statement of Unaudited Consolidated Financial Results for the Quarter & Audited Financial Results for the year ended 31st March, 2023

Particulars	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Unaudited	Unaudited	Unaudited	Audited	Audited
I Revenue from operations	40,209.94	30,249.52	36,995.36	1,34,302.22	1,26,983.22
II Other income (Refer note 4)	511.07	1,635.14	1,439.05	3,851.51	4,750.94
III Total income (I+II)	40,721.01	31,884.66	38,434.41	1,38,153.73	1,31,734.16
IV EXPENSES					
Cost of materials consumed	15,966.02	12,765.37	12,668.56	53,219.93	45,601.35
Purchase of stock-in-trade	48.89	28.32	27.83	152.65	134.90
Changes in inventories of finished goods and work-in-progress	1,319.53	987.52	(2,864.14)	1,720.09	(4,153.41)
Employee benefits expense	8,872.65	9,057.17	8,554.23	35,641.05	33,048.96
Finance costs	552.45	408.59	158.56	1,731.25	610.53
Impairment loss on financial assets (Refer note 9)	170.87	56.95	113.91	341.72	723.89
Depreciation and amortisation expenses	2,968.30	3,078.16	2,330.46	11,344.37	9,116.61
Other expenses	12,183.56	11,630.46	11,651.47	47,782.32	44,348.34
Total expenses (IV)	42,082.27	38,012.54	32,640.88	1,51,933.38	1,29,431.17
V Share of profit / (loss) in associate (net of tax)	-	-	-	-	(106.10)
VI Profit / (Loss) before exceptional items and tax (III- IV+V)	(1,361.26)	(6,127.88)	5,793.53	(13,779.65)	2,196.89
VII Exceptional items - expenses (Refer note 8)	3,354.40	-	-	3,856.64	-
VIII Profit / (Loss) before tax (VI-VII)	(4,715.66)	(6,127.88)	5,793.53	(17,636.29)	2,196.89
IX Tax expense					
(1) Current tax	290.47	248.40	547.40	1,105.63	1,050.83
(2) Deferred tax charge / (credit) (Refer note 5)	(525.44)	16.43	(1,901.08)	1,534.98	(2,183.81)
(3) Short / (excess) provision for tax (earlier years)	(54.14)	-	-	(54.14)	23.70
	(289.11)	264.83	(1,353.68)	2,586.47	(1,109.28)
X Profit / (Loss) for the period after tax (VIII-IX)	(4,426.55)	(6,392.71)	7,147.21	(20,222.76)	3,306.17
XI Other Comprehensive Income / (Loss)					
A. (i) Items that will not be reclassified subsequently to profit or loss					
- Remeasurement of the net defined benefit plan	41.52	(4.95)	(68.82)	224.63	(323.91)
- Equity instruments through other comprehensive income (Refer note 7)	-	-	7,646.40	1,586.82	7,646.40
(ii) Income tax (expense) / credit relating to items that will not be reclassified to profit or loss					
- Remeasurement of the net defined benefit plan	-	-	-	-	(24.58)
- Equity instruments through other comprehensive income (net)	-	-	(1,760.71)	2,061.22	(1,760.71)
B. (i) Items that will be reclassified to profit or loss (Foreign currency translation difference)	(301.45)	39.32	67.90	719.82	(162.15)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total of Other Comprehensive Income / (Loss)	(259.93)	34.37	5,884.77	4,592.49	5,375.05
XII Total Comprehensive Income / (Loss) for the period (X+XI)	(4,686.48)	(6,358.34)	13,031.98	(15,630.27)	8,681.22
XIII Paid-up equity share capital (Face value of ₹ 2/- per share)	1,408.12	1,408.12	1,408.12	1,408.12	1,408.12
XIV Other Equity (Reserves excluding revaluation reserve)				2,42,122.29	2,60,432.98
XV Earnings per equity share (Face value of ₹ 2/- per share) (not annualized)					
(1) Basic	(6.28)	(9.08)	10.15	(28.72)	4.70
(2) Diluted	(6.28)	(9.08)	10.14	(28.72)	4.68

Notes:

- The above consolidated financial results ("the Statement") for the quarter and year ended 31st March, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 23rd May, 2023. The statutory auditors have expressed a qualified audit opinion on these consolidated financial results for the year ended 31st March, 2023, in regard to the matter given in note 6 below.
- The above Statement has been prepared in accordance with the guidelines issued by the Securities and Exchange Board of India ("SEBI") and the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013.
- Operating Segment: The Company has a single reportable segment i.e. 'Pharmaceuticals'.

4 'Other Income' for the year ended 31st March, 2022 includes dividend income of ₹ 1,000.98 lakhs received on investments in equity shares held by the Company.

5 In respect of the Company, deferred tax asset is recognised on the amount of tax loss, unabsorbed tax depreciation and other temporary differences to the extent of deferred tax liability.

In respect of a subsidiary, deferred tax asset (net) is recognised as per applicable tax laws.

6 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd. ("Niche") contending that they had acted in breach of EU competition law as Niche had, in early 2005 (when the Company was only a part owner and financial investor in Niche) agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. The management has obtained the counsel view on this matter and they have stated that there has not been any formal change in position after the last hearing and the uncertainty as in the past continues. Considering the status quo, in view of the management, no provision for the aforesaid fine is considered necessary and fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,523.87 lakhs) is continued to be disclosed under contingent liability.

On the above matter, the auditors of the Niche have given a qualified opinion in their audit report and the statutory auditors of the Company have reported the said qualification in their audit report on the Statement for the year ended 31st March, 2023. The above matter was also qualified in the audit reports issued by auditors of the Niche and statutory auditors of the Company for the year ended 31st March, 2022.

7 During the year ended 31st March, 2023, the Company has sold specified number of shares held in Optimus Drugs Private Limited ('Investee' or 'Optimus') to Sekhmet Pharmaventures Private Limited ('Purchaser') in terms of Share Purchase Agreement ('SPA') dated 10th May, 2022. Further, the number of shares sold included additional equity shares issued to Company pursuant to conversion of bonus Compulsory Convertible Preference Shares which were allotted to the Company during the year and the net gain on disposal of investments amounting to ₹ 1,084.58 lakhs is accounted / disclosed as follows:

Exceptional item

This represents gain / loss on disposal of 7,29,849 equity shares out of additional equity shares issued to the Company during the year ended 31st March, 2023 by Optimus pursuant to conversion of bonus Compulsory Convertible Preference Shares. The net loss of ₹ 502.24 lakhs is determined after reducing from sale proceeds fair value of bonus equity shares and related transaction cost incurred on such sale.

Recognized in OCI

The net gain of ₹ 1,586.82 lakhs (before related taxes thereon) on disposal of equity shares of Optimus which was accounted under 'Fair Value through Other Comprehensive Income' category.

The balance number of unsold equity shares with carrying value of ₹ 28.77 lakhs as at the balance sheet date are classified as Fair Value through Profit and Loss. This is based on the fair valuation report obtained during the year. Considering audited accounts of Optimus are not received, fair value could not be determined as at balance sheet date and accordingly impact of change in fair value of such investments will be considered in the subsequent period when the audited financial statements of the Investee are made available to the Company. The balance number of unsold equity shares will be sold for a price to be determined based on the fulfillment of performance criteria of the Investee as per the SPA.

8 Exceptional Items comprise of the following:

Particulars	₹ Lakhs				
	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
(Gain) / Loss on disposal of investment (refer note 7 above)	-	-	-	502.24	-
Employee benefits expense (one-time discretionary loyalty bonus)	3,354.40	-	-	3,354.40	-
Total Exceptional Item - expenses	3,354.40	-	-	3,856.64	-

9 Impairment loss on financial assets for the year ended 31st March, 2022 includes ₹ 487.13 lakhs of provision towards impairment of equity investment in 'Synchron Research Services Private Limited' (associate company).

10 The aggregate amount of revenue expenditure incurred on Research and Development as included in the relevant expense heads is as tabulated below:

Particulars	₹ Lakhs				
	Quarter ended			Year ended	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
Total R&D expenditure	2,947.99	2,829.48	3,014.73	10,939.82	11,274.10

11 Statement of Consolidated Assets and Liabilities:

Particulars	₹ Lakhs	
	As at 31st March, 2023	As at 31st March, 2022
	Audited	Audited
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	1,19,612.44	92,448.89
(b) Right-of-use assets	5,899.14	6,400.01
(c) Capital work-in-progress	14,745.42	49,381.42
(d) Investment property	-	-
(e) Goodwill	154.51	154.51
(f) Financial assets		

(i) Investments	16.09	28.47
(ii) Loans	12.76	11.60
(iii) Other financial assets	631.57	813.06
(g) Deferred tax assets (net)	1,011.27	435.51
(h) Other non-current assets	18,034.08	17,364.53
	1,60,117.28	1,67,038.00
Current assets		
(a) Inventories	62,522.93	60,022.15
(b) Financial assets		
(i) Investments	153.56	26,358.02
(ii) Trade receivables	58,862.17	49,543.31
(iii) Cash and bank balances		
Cash & cash equivalents	18,375.22	10,919.63
Other bank balances	161.07	490.59
(iv) Loans	5.62	5.23
(v) Other financial assets	170.69	55.07
(c) Other current assets	18,595.25	17,098.47
	1,58,846.51	1,64,492.47
Non-current assets held for sale	341.10	346.96
TOTAL ASSETS	3,19,304.89	3,31,877.43
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	1,408.12	1,408.12
(b) Other equity	2,42,122.29	2,60,432.98
	2,43,530.41	2,61,841.10
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	6,364.90	8,901.06
(ii) Lease liabilities	1,149.31	1,457.12
(b) Provisions	4,190.69	3,996.17
(c) Deferred tax liabilities (net)	-	-
(d) Other non-current liabilities	109.50	469.21
	11,814.40	14,823.56
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	23,374.35	24,135.18
(ii) Lease liabilities	515.95	421.84
(iii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	551.31	884.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	28,517.29	17,433.72
(iv) Other financial liabilities	4,561.86	5,252.86
(b) Other current liabilities	5,189.43	5,265.37
(c) Provisions	1,200.75	1,609.28
(d) Current tax liabilities (net)	49.14	209.54
	63,960.08	55,212.77
TOTAL EQUITY AND LIABILITIES	3,19,304.89	3,31,877.43

12 Statement of Consolidated Cash Flows:

₹ Lakhs

Particulars	Year ended 31st March, 2023 (Audited)	Year ended 31st March, 2022 (Audited)
A.Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(17,636.29)	2,196.89
Adjustments:		
Depreciation / amortisation	11,344.37	9,122.92
Loss / (profit) on sale / discard of property, plant and equipment (net)	(128.27)	23.43
Unrealised exchange difference (net)	265.60	(722.22)
Rent income	(0.10)	(30.84)
Share of (profit) / loss from associate	-	106.10
Finance cost	1,731.25	610.53
Provision for doubtful debts, loans, advances & deposits (net)	89.18	(22.06)
Share-based payments to employees	104.93	284.84
Fair value gain on investments (net)	(904.94)	(312.19)
Net loss on sales of shares	502.24	-

Interest income	(51.62)	(647.77)
Sundry credit balances written off / (written back)	(9.36)	(89.01)
Impairment loss on financial assets		
- investments in equity instruments of associate	-	487.13
- inter corporate deposits & interest thereon	341.72	236.76
Dividend income	(0.59)	(1,001.35)
	13,284.41	8,046.27
Operating Profit / (Loss) Before Working Capital Changes	(4,351.88)	10,243.16
Working Capital Adjustments:		
Trade receivables & other assets	(12,361.46)	(27,709.88)
Inventories	(2,500.78)	(6,188.17)
Trade payables & other liabilities	11,926.11	(1,544.80)
	(2,936.13)	(35,442.85)
Cash generated from / (used in) operations	(7,288.01)	(25,199.69)
Direct taxes refund received / (payment made)	(1,221.06)	(761.51)
Net Cash Flow from / (used in) Operating Activities [A]	(8,509.07)	(25,961.20)
B. Cash Flow from Investing Activities		
Purchase of property, plant & equipment including capital work-in-progress	(4,431.57)	(12,700.24)
Proceeds from sale of property, plant and equipment	637.39	16.41
Sale of current investment (net)	23,651.03	20,408.73
Rent received	0.10	30.84
(Increase) / decrease in escrow bank accounts	329.52	8.19
Interest received	94.27	1,474.48
Dividend received	0.59	1,001.35
Net Cash Flow from / (used in) Investing Activities [B]	20,281.33	10,239.76
C. Cash Flow from Financing Activities		
Increase / (decrease) in working capital borrowings (net)	(769.25)	11,484.69
Payments of Lease liabilities	(340.00)	(484.88)
Receipt of term loan from bank	-	12,418.96
Repayments of long term borrowings	(2,566.32)	(951.58)
Finance cost paid	(1,628.97)	(508.22)
Dividend paid	(2,825.45)	(2,836.15)
Net Cash Flow from / (used in) Financing Activities [C]	(8,129.99)	19,122.82
Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]	3,642.27	3,401.38
Add: Current investments reclassified as cash and cash equivalents during the year	3,638.01	-
Net (Decrease) / Increase in Cash and Cash Equivalents	7,280.28	3,401.38
Cash and Cash Equivalents at the beginning of the year	10,919.63	7,746.08
Effect of fair value gain / (loss) on liquid mutual Funds	175.31	(227.83)
Cash and Cash Equivalents at end of the year	18,375.22	10,919.63

13 Subsequent to the year ended 31st March 2023, outstanding ESOPs have been surrendered by the employees to the Holding Company and its subsidiaries.

14 The results for the quarter ended 31st March, 2023 being the derived figures between the audited figures in respect of the current full financial year ended 31st March, 2023 and the published unaudited figures for the nine months ended 31st December, 2022, which were subjected to a limited review.

By Order of the Board
For Unichem Laboratories Limited

Place: Mumbai
Date: 23rd May, 2023

Dr. Prakash A. Mody
Chairman & Managing Director
DIN: 00001285

ANNEXURE I**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)**

₹ Lakhs

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023
[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	1,38,153.73	1,38,153.73
	2.	Total Expenditure (including exceptional items)	1,55,790.02	1,68,313.89
	3.	Net Profit / (Loss)	(20,222.76)	(32,746.63)
	4.	Earnings Per Share (Basic)	(28.72)	(46.51)
	5.	Total Assets	3,19,304.89	3,19,304.89
	6.	Total Liabilities	75,774.48	88,298.35
	7.	Net Worth	2,43,530.41	2,31,006.54
	8.	Any other financial item(s) (as felt appropriate by the management)	No	No
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	<p>On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Ltd. ("Niche") contending that they had acted in breach of EU competition law as Niche had, in early 2005 (when the Company was only a part owner and financial investor in Niche) agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. The management has obtained the counsel view on this matter and they have stated that there has not been any formal change in position after the last hearing and the uncertainty as in the past continues. Considering the status quo, in view of the management, no provision for the aforesaid fine is considered necessary and fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,523.87 lakhs) is continued to be disclosed under contingent liability.</p> <p>On the above matter, the auditors of the Niche have given a qualified opinion in their audit report and the statutory auditors of the Company have reported the said qualification in their audit report on the Statement for the year ended 31st March, 2023. The above matter was also qualified in the audit reports issued by auditors of the Niche and statutory auditors of the Company for the year ended 31st March, 2022.</p>			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of Qualification: Appeared for the first time in year ended 31st March, 2022			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer para II (a) above for the management comments.			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: NA			

III.	Signatories:
	Dr. Prakash A. Mody (Chairman & MD) _____
	Mr. Sandip Ghume (Deputy CFO) _____
	Mr. Praful Anubhai (Chairman of Audit Committee) _____ <i>Praful Anubhai</i>
	For N. A. Shah & Associates LLP Chartered Accountants (FRN: 116560W/W100149)
	Mr. Milan Mody (Partner - Statutory Auditors) Membership no. 103286 _____
Place: Mumbai	
Date: 23rd May, 2023	

Auditor's Report on standalone financial results of Unichem Laboratories Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors
Unichem Laboratories Limited

Report on Standalone Financial Results for the year ended 31st March, 2023

Qualified Opinion

1. We have audited the accompanying statement of standalone financial results ("the Statement") of **Unichem Laboratories Limited** ("the Company") for the year ended 31st March, 2023, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the year ended 31st March, 2023.

Basis for Qualified Opinion

3. We draw attention to note 6 of the Statement regarding the EU fine matter and the Company's balance financial exposure (net of impairment of investment of Rs. 6,909.36 lakhs) of Rs. 5,927.77 lakhs in the subsidiary (Niche Generics Limited, UK) in respect of which in our view, the Company would need to provide for impairment of balance financial exposure of Rs. 5,927.77 lakhs. However, the management is of the view that no further provision is required for the balance financial exposure of Rs. 5,927.77 lakhs, unless the outcome of EU matter is not in the favour of the subsidiary. The impact on the Statement of including the above provision would be that the Company would show total comprehensive loss for the year of Rs. 32,025.29 lakhs and balance in other equity of Rs. 2,31,091.17 lakhs as at balance sheet date as against the reported figures of total comprehensive loss for the year of Rs. 26,097.52 lakhs and other equity of Rs. 2,37,018.94 lakhs. Our opinion was also modified in respect of this matter for the year ended 31st March, 2022.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter paragraph

5. We draw attention to note 8 of the Statement in regard to the fair value of unquoted equity investments in Optimus Drugs Private Limited (“Optimus”) and the impact of change in fair value of such investments will be considered in the subsequent period when the audited financial statements of Optimus is available with the Company. Our opinion is not modified in respect of the above matter.

Management’s responsibility for the Statement

6. The Statement has been prepared on the basis of the standalone annual financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable Indian accounting standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

The results for the quarter ended 31st March, 2023 being the derived figures between the audited figures in respect of the current full financial year ended 31st March, 2023 and the published unaudited figures for the nine months ended 31st December, 2022, which were subjected to a limited review.

Auditor’s responsibilities for the audit of Statement

7. Our responsibility is to express an opinion on the Statement based on our audit of such annual standalone financial statements.

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Statement of the Company to express an opinion on the Statement.

Materiality is the magnitude of misstatements in the Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Statement.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


N. A. SHAH ASSOCIATES LLP
Chartered Accountants

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No.: 116560W/W100149

MILAN

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MILAN NAVIN MODY

NAVIN MODY

Date: 2023.05.23
12:46:11 +05'30'

Milan Mody

Partner

Membership No.: 103286

UDIN: 23103286BGPZMA8329

Place: Mumbai

Date: 23rd May, 2023


N. A. SHAH ASSOCIATES LLP
Chartered Accountants

Auditor's Report on consolidated financial results of Unichem Laboratories Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors
Unichem Laboratories Limited

Report on Consolidated Financial Results for the year ended 31st March, 2023

Qualified Opinion

1. We have audited the accompanying consolidated financial results of **Unichem Laboratories Limited** ("the Holding Company"), comprising its subsidiaries (the Holding and its subsidiaries collectively referred to as "the Group") and associate for the year ended 31st March, 2023 ("the Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of other auditors referred to in paragraph 7 below on separate financial statements and on other financial information of foreign subsidiaries and an associate, the aforesaid Statement:
 - a) includes annual audited financial results of the following subsidiaries:
 - 1) Niche Generics Limited, United Kingdom
 - 2) Unichem Pharmaceuticals (USA), Inc., USA
 - 3) Unichem Laboratories Limited, Ireland
 - 4) Unichem SA (Pty) Limited, South Africa
 - 5) Unichem Farmaceutica Do Brasil Ltda, Brazil
 - 6) Unichem (China) Pvt. Ltd.
 - b) includes annual unaudited financial results of the associate: Synchron Research Services Pvt. Ltd.;
 - c) have been presented in accordance with the requirements of Regulation 33 of the Listing Regulations, 2015 (as amended) in this regard; and
 - d) except for the effects of the matter described in Basis for Qualified Opinion paragraph below, gives a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India of the total comprehensive income comprising of net loss and other comprehensive income and other financial information of the Group for the year ended 31st March, 2023.

Basis for Qualified Opinion

3. We draw your attention to the following qualification to the audit opinion on the financial statements of Niche Generics Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide its Report dated 18th May, 2023 reproduced by us as under:

"We draw attention to note 19 of the financial statements [of Niche Generics Limited] which sets out the current on-going litigation the subsidiary, jointly with its Holding Company are facing. Whilst previously the outcome of the appeal was sufficiently uncertain that a contingent liability was deemed sufficient, following the hearing in October 2021, and our review of the available documentation, our opinion is that it is more likely than not that the subsidiary jointly with its Holding Company will be liable for the Euro 13.96 million fine (equivalent GBP 12.3 million at the balance sheet date). Accordingly, we believe that the fine should be provided for in the financial statements. The Directors' opinion is that there remains an inherent


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uncertainty as to the outcome of the appeal and therefore the directors are of the opinion that no provision should be made at this point in time. The impact on the financial statements of including the provision, assuming the fine is not shared with the Holding Company, would be that the subsidiary would show an increase in accumulated losses and in net liabilities of Euro 13.96 million.”

Accordingly, the impact on the Statement of including the above provision would be that the Holding Company would show consolidated total comprehensive loss for the year of Rs. 28,154.14 lakhs and balance in other equity of Rs. 229,598.43 lakhs as at balance sheet date as against the reported figures of consolidated total comprehensive income for the year of Rs. 15,630.27 lakhs and other equity of Rs. 242,122.29 lakhs. Also, refer note 6 of the Statement.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the “Act”). Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Statement* section of our report. We are independent of the Group and its associate, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in “Other Matter” paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter paragraph

5. We draw attention to note 7 of the Statement in regard to the fair value of unquoted equity investments in Optimus Drugs Private Limited (“Optimus”) and the impact of change in fair value of such investments will be considered in the subsequent period when the audited financial statements of Optimus is available with the Company. Our opinion is not modified in respect of the above matter.

Management’s Responsibilities for the Statement

6. The Statement has been prepared on the basis of the consolidated annual financial statements.

The Holding Company’s Board of Directors is responsible for the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group including its associate in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the statement 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 and presentation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.



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The results for the quarter ended 31st March, 2023 being the derived figures between the audited figures in respect of the current full financial year ended 31st March, 2023 and the published unaudited figures for the nine months ended 31st December, 2022, which were subjected to a limited review.

Auditor's Responsibilities for the audit of the Statement

7. Our responsibility is to express an opinion on the Statement based on our audit of such annual consolidated financial statements.

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associate to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.


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Materiality is the magnitude of misstatements in the Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Statement.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

8. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 72,569.38 lakhs as at 31st March, 2023, total revenues (including other income) of Rs. 28,606.81 lakhs and Rs. 93,204.17 lakhs and share of total profit after tax amounting to Rs. (1,135.77) lakhs and Rs. 179.66 lakhs for the quarter and year ended 31st March, 2023 respectively, and net cash inflow of Rs. 971.89 lakhs for the year ended 31st March, 2023, as considered in the Statement. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended) in so far as it relates to aforesaid subsidiaries located outside India is based on the report of other auditors.
9. In case of associate, the carrying value of investment is fully impaired in the year ended 31st March, 2022. Further, financial information of associate is not available for the year ended 31st March, 2023. In view of the above and 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.

Our opinion on the Statement is not modified in respect of the above matters.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No.: 116560W/W100149

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Date: 2023.05.23 12:45:34
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Milan Mody

Partner

Membership No.: 103286

UDIN: 23103286BGPZMB2818

Place: Mumbai

Date: 23rd May, 2023