



UNICHEM
LABORATORIES LTD.

November 11, 2022

BSE Limited

25th P. J. Towers,
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code -506690

National Stock Exchange of India Ltd

Exchange Plaza, Bandra – Kurla Complex
Bandra (East),
Mumbai – 400 051

Symbol – UNICHEMLAB

Dear Sir,

Sub: Outcome of Board Meeting

We would like to inform you that Board of Directors at its Meeting held today, i.e. Friday, November 11, 2022, approved the Unaudited Financial Results (Standalone & Consolidated) for the Second and Six months ended September 30, 2022. Enclosed herewith please find the Unaudited Financial Results (Standalone & Consolidated) for the second quarter and six months ended September 30, 2022, and the Auditors Reports thereon.

The Board Meeting commenced at 11:30 a.m. and concluded at 01:15 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 Results for the Quarter & Half Year ended 30th September, 2022

₹ Lakhs						
Particulars	Quarter ended 30th Sep'22 (Unaudited)	Quarter ended 30th Jun'22 (Unaudited)	Quarter ended 30th Sep'21 (Unaudited)	Six months ended 30th Sep'22 (Unaudited)	Six months ended 30th Sep'21 (Unaudited)	Year ended 31st Mar'22 (Audited)
I Revenue from operations	26,563.83	24,478.13	21,696.73	51,041.96	41,777.04	94,292.66
II Other income (Refer note 4)	1,078.05	1,184.53	534.13	2,262.58	1,790.09	4,206.79
III Total income (I+II)	27,641.88	25,662.66	22,230.86	53,304.54	43,567.13	98,499.45
IV EXPENSES						
Cost of materials consumed	10,816.41	12,058.23	10,049.56	22,874.64	20,058.90	43,492.03
Purchase of stock-in-trade	30.49	44.95	44.27	75.44	82.67	134.90
Changes in inventories of finished goods and work-in-progress	1,834.61	(1,783.41)	(1,555.23)	51.20	(3,396.12)	(5,279.05)
Employee benefits expense	6,897.32	6,706.12	6,170.36	13,603.44	12,479.72	25,079.27
Finance costs	302.13	166.66	102.94	468.79	116.85	207.42
Impairment loss on financial assets (Refer note 8)	56.95	56.95	-	113.90	-	806.07
Depreciation and amortization expenses	2,645.67	2,256.97	2,044.93	4,902.64	4,055.58	8,318.76
Other expenses	10,041.23	8,484.10	8,033.01	18,525.33	16,466.81	34,414.82
Total expenses (IV)	32,624.81	27,990.57	24,889.84	60,615.38	49,864.41	1,07,174.22
V Profit / (loss) before exceptional items and tax (III-IV)	(4,982.93)	(2,327.91)	(2,658.98)	(7,310.84)	(6,297.28)	(8,674.77)
VI Exceptional items	502.24	-	-	502.24	-	-
VII Profit / (loss) before tax (V-VI)	(5,485.17)	(2,327.91)	(2,658.98)	(7,813.08)	(6,297.28)	(8,674.77)
VIII Tax expense						
(1) Current tax	-	-	-	-	-	-
(2) Deferred tax charge / (credit) (Refer note 5)	2,061.22	-	(515.66)	2,061.22	(1,394.80)	(3,155.51)
(3) Short / (excess) provision for tax (earlier years)	-	-	-	-	23.70	23.70
	2,061.22	-	(515.66)	2,061.22	(1,371.10)	(3,131.81)
IX Profit / (loss) for the period after tax (VII-VIII)	(7,546.39)	(2,327.91)	(2,143.32)	(9,874.30)	(4,926.18)	(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	(18.10)	206.16	(194.08)	188.06	(217.68)	(323.91)
- Equity instruments through other comprehensive income	1,586.82	-	-	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)	-	(24.58)	(24.58)
- Equity instruments through other comprehensive income (net)	2,061.22	-	-	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)	3,629.94	206.16	(218.66)	3,836.10	(242.26)	5,537.20
XI Total Comprehensive Income for the period (IX+X)	(3,916.45)	(2,121.75)	(2,361.98)	(6,038.20)	(5,168.44)	(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	1,408.12
XIII Other Equity (Reserves excluding revaluation reserve)						2,65,795.97
XIV Earnings per equity share (Face value of ₹ 2/- per share) (not annualized)						
(1) Basic	(10.72)	(3.31)	(3.04)	(14.02)	(7.00)	(7.87)
(2) Diluted	(10.72)	(3.31)	(3.04)	(14.02)	(7.00)	(7.87)

Notes:

- The above unaudited standalone financial results for the quarter and half year ended 30th September, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 11th November, 2022. The statutory auditors have carried out a limited review of the standalone financial results for the quarter and half year ended 30th September, 2022.
- The above unaudited standalone financial results have 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.
- Deferred tax assets is recognised on the amount of tax loss, unabsorbed tax depreciation and other temporary differences to the extent of deferred tax liability.
- 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) had 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 & 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 statement of Niche for the year ended 31st March, 2022 and continued the qualification in their limited review report for the quarter and half year ended 30th September, 2022. They had 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 ₹ 11,164.21 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 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 the matter is continued to be disclosed under contingent liability.

As at last audited balance sheet date, the Company has aggregate financial exposure of ₹ 12,267.33 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 and accumulated losses in Niche as at balance sheet date, the statutory auditor of the Company is of the view that the Company would need to provide for impairment on the exposure involved of ₹ 12,267.33 lakhs. However, the Company is of the view that such provision for impairment on exposure would be required only in the event of unfavourable outcome of the appeal which itself is uncertain. On the above matter, the auditors of the Company had given qualified opinion in their audit report on standalone financial statement for the quarter ended 30th June, 2022 and year ended 31st March, 2022 and continued the qualification in their limited review report for the quarter and half year ended 30th September, 2022.

Further, as per the management, the future business outlook and projections of the subsidiary are sufficient so as not to warrant any impairment on the investments in subsidiary (Niche) unless the outcome of EU matter is not in favour of the subsidiary.

- 7 During the quarter, the Company, post receipt of necessary regulatory approval, has sold specified number of shares in Optimus Drugs Private Limited ('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 equity shares received pursuant to conversion of bonus Compulsory Convertible Preference shares (allotted during the quarter). The balance number of unsold equity shares is valued at fair value and are classified as Fair Value through Profit and Loss. The gain/loss on sale of shares is accounted/disclosed as follows in quarter and half year ended 30th September, 2022:

Exceptional item

This represents gain / loss on disposal of 7,29,849 equity shares out of new equity shares of Optimus (received on conversion of Compulsory Convertible Preference Shares which were issued during the quarter). The gain 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 Rs. 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.

- 8 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).
- 9 During the quarter ended 30th June, 2022, the Company has invested USD 1,87,500 (equivalent to ₹ 146.87 lakhs) towards equity in wholly owned subsidiary - "Unichem (China) Pvt Ltd."
- 10 The aggregate amount of revenue expenditure incurred on Research and Development as included in the relevant expense heads is as tabulated below:

₹ Lakhs

Particulars	Quarter ended 30th Sep'22	Quarter ended 30th Jun'22	Quarter ended 30th Sep'21	Half year ended 30th Sep'22	Half year ended 30th Sep'21	Year ended 31st Mar' 22
Total R&D expenditure	2,957.07	2,205.28	2,520.04	5,162.35	5,617.74	11,274.10

11 Statement of Standalone Assets and Liabilities:

₹ Lakhs

Particulars	As at 30th Sep, 2022	As at 31st Mar, 2022
	Unaudited	Audited
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	1,16,214.04	91,089.73
(b) Right-of-use assets	5,154.70	5,221.93
(c) Capital work-in-progress	21,085.38	49,417.99
(d) Financial assets		
(i) Investments	12,780.67	12,621.69
(ii) Loans	12.58	11.60
(iii) Other financial assets	828.39	813.06
(e) Other non-current assets	14,752.85	15,636.32
	1,70,828.61	1,74,812.32
Current assets		
(a) Inventories	44,474.04	46,069.37
(b) Financial assets		
(i) Investments	149.53	26,358.02
(ii) Trade receivables	36,523.30	38,084.29
(iii) Cash and bank balances		
Cash & cash equivalents	29,244.07	9,412.69
Other bank balances	143.07	490.59
(iv) Loans	5.76	5.23
(v) Other financial assets	31.20	55.07
(c) Other current assets	16,517.45	16,573.85
	1,27,088.42	1,37,049.11
Non-current Assets held for sale	346.96	346.96
TOTAL ASSETS	2,98,263.99	3,12,208.39

II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	1,408.12	1,408.12
(b) Other equity	2,57,009.95	2,65,795.97
	2,58,418.07	2,67,204.09
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	7,633.77	8,901.06
(ii) Lease liabilities	615.55	596.21
(b) Provisions	4,188.71	3,996.17
(c) Other non-current liabilities	97.74	469.21
	12,535.77	13,962.65
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,775.53	3,709.17
(ii) Lease liabilities	2.00	2.00
(iii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	265.14	884.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,113.60	14,822.96
(iv) Other financial liabilities	3,387.89	5,245.18
(b) Other current liabilities	5,074.43	4,768.08
(c) Provisions	1,691.56	1,609.28
	27,310.15	31,041.65
TOTAL EQUITY AND LIABILITIES	2,98,263.99	3,12,208.39

12 Statement of Standalone Cash Flows (Unaudited):

₹ Lakhs

Particulars	Six months ended 30th September, 2022	Six months ended 30th September, 2021
A.Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(7,813.08)	(6,297.28)
Adjustments:		
Depreciation / amortisation (including investment property)	4,902.95	4,052.53
Loss / (profit) on sale / discard of property, plant and equipment (net)	1.37	(6.81)
Unrealised exchange difference (net)	(491.27)	(15.97)
Rent income	(0.05)	(23.11)
Guarantee commission income	(12.13)	(14.67)
Finance cost	468.78	116.85
Provision for doubtful debts, loans, advances & deposits (net)	56.77	(21.37)
Share-based payments to employees	52.46	112.28
Net loss on sales of shares (refer note 7)	502.24	-
Fair value gain on investments (net)	(222.30)	(102.60)
Interest income	(8.50)	(547.57)
Sundry balance written off / (written back)	(0.68)	(61.91)
Impairment loss on financial assets		
- inter corporate deposits & interest thereon	113.90	-
Dividend income	(0.46)	(0.34)
	5,363.08	3,487.31
Operating Profit / (Loss) Before Working Capital Changes	(2,450.00)	(2,809.97)
Working Capital Adjustments:		
Trade receivables & other assets	2,110.15	(477.77)
Inventories	1,595.33	(4,100.37)
Trade payables & other liabilities	(1,801.48)	(3,205.74)
	1,904.00	(7,783.88)
Cash generated from / (used in) operations	(546.00)	(10,593.85)
Direct taxes refund received / (payment made)	(5.31)	511.80
Net Cash Flow from / (used in) Operating Activities [A]	(551.31)	(10,082.05)

B. Cash Flow from Investing Activities		
Purchase of property, plant & equipment including capital work-in-progress	(2,605.26)	(6,028.83)
Proceeds from sale of property, plant and equipment	39.09	110.21
Investments made		
- in subsidiaries (at cost)	(146.86)	(222.90)
Sale / (purchase) of current investment (net)	22,566.42	14,516.56
Sale of investment in Optimus shares (net) (refer note 7)	1,084.57	-
Rent received	0.05	23.11
(Increase) / decrease in escrow bank accounts	347.52	19.02
Interest received	32.37	929.23
Dividend received	0.46	0.34
Net Cash Flow from / (used in) Investing Activities [B]	21,318.36	9,346.74
C. Cash Flow from Financing Activities		
Increase / (decrease) in working capital borrowings (net)	(17.99)	1,117.50
Receipt / (payment) of term loan from bank	(1,283.16)	6,200.00
Payments of lease liabilities	(7.58)	(7.58)
Finance cost paid	(425.99)	(203.88)
Dividend paid	(2,842.99)	(2,839.04)
Net Cash Flow from / (used in) Financing Activities [C]	(4,577.71)	4,267.00
Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]	16,189.34	3,531.69
Add: Current investments reclassified as cash and cash equivalents during the period	3,642.04	-
Net (Decrease) / Increase in Cash and Cash Equivalents	19,831.38	3,531.69
Cash and Cash Equivalents at the beginning of the period	9,412.69	5,259.86
Cash and Cash Equivalents at end of the period	29,244.07	8,791.55

By Order of the Board
For Unichem Laboratories Limited



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

Place: Mumbai
Date: 11th November, 2022

UNICHEM LABORATORIES LIMITED
CIN: L99999MH1962PLC012451
Statement of Unaudited Consolidated Results for the Quarter & Half Year ended 30th September, 2022

Particulars	₹ Lakhs					
	Quarter ended 30th Sep'22 (Unaudited)	Quarter ended 30th Jun'22 (Unaudited)	Quarter ended 30th Sep'21 (Unaudited)	Six months ended 30th Sep'22 (Unaudited)	Six months ended 30th Sep'21 (Unaudited)	Year ended 31st Mar'22 (Audited)
I Revenue from operations	32,881.93	30,960.83	29,066.08	63,842.76	58,857.34	1,26,983.22
II Other income (Refer note 4)	920.56	784.74	265.18	1,705.30	1,846.04	4,750.94
III Total income (I+II)	33,802.49	31,745.57	29,331.26	65,548.06	60,703.38	1,31,734.16
IV EXPENSES						
Cost of materials consumed	11,640.29	12,848.25	10,076.13	24,488.54	20,795.22	45,601.35
Purchase of stock-in-trade	30.49	44.95	44.27	75.44	82.67	134.90
Changes in inventories of finished goods and work-in-progress	1,280.27	(1,867.23)	(336.21)	(586.96)	(58.23)	(4,153.41)
Employee benefits expense	8,934.48	8,776.75	8,091.13	17,711.23	16,253.47	33,048.96
Finance costs	469.09	301.12	214.79	770.21	316.14	610.53
Impairment loss on financial assets (Refer note 8)	56.95	56.95	-	113.90	-	723.89
Depreciation and amortization expenses	2,843.37	2,454.54	2,242.96	5,297.91	4,454.89	9,116.61
Other expenses	12,770.60	11,197.70	10,527.99	23,968.30	21,285.59	44,348.34
Total expenses (IV)	38,025.54	33,813.03	30,861.06	71,838.57	63,129.75	1,29,431.17
V Share of profit / (loss) in associate (net of tax)	-	-	(21.40)	-	(28.97)	(106.10)
VI Profit / (loss) before exceptional items and tax (III- IV+V)	(4,223.05)	(2,067.46)	(1,551.20)	(6,290.51)	(2,455.34)	2,196.89
VII Exceptional items	502.24	-	-	502.24	-	-
VIII Profit / (loss) before tax (VI-VII)	(4,725.29)	(2,067.46)	(1,551.20)	(6,792.75)	(2,455.34)	2,196.89
IX Tax expense						
(1) Current tax	266.54	300.22	3.64	566.76	211.46	1,050.83
(2) Deferred tax charge / (credit) (Refer note 5)	2,074.80	(30.81)	(273.16)	2,043.99	(259.94)	(2,183.81)
(3) Short / (excess) provision for tax (earlier years)	-	-	-	-	23.70	23.70
	2,341.34	269.41	(269.52)	2,610.75	(24.78)	(1,109.28)
X Profit / (loss) for the period after tax (VIII-IX)	(7,066.63)	(2,336.87)	(1,281.68)	(9,403.50)	(2,430.56)	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	(18.10)	206.16	(194.08)	188.06	(217.68)	(323.91)
- Equity instruments through other comprehensive income	1,586.82	-	-	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)	-	(24.58)	(24.58)
- Equity instruments through other comprehensive income (net)	2,061.22	-	-	2,061.22	-	(1,760.71)
B. (i) Items that will be reclassified to profit or loss (Foreign currency translation difference)	502.71	479.24	(52.03)	981.95	(43.94)	(162.15)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total of Other Comprehensive Income / (Loss)	4,132.65	685.40	(270.69)	4,818.05	(286.20)	5,375.05
XII Total Comprehensive Income for the period (X+XI)	(2,933.98)	(1,651.47)	(1,552.37)	(4,585.45)	(2,716.76)	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	1,408.12
XIV Other Equity (Reserves excluding revaluation reserve)						2,60,432.98
XV Earnings per equity share (Face value of ₹ 2/- per share) (not annualized)						
(1) Basic	(10.04)	(3.32)	(1.82)	(13.36)	(3.45)	4.70
(2) Diluted	(10.04)	(3.32)	(1.82)	(13.36)	(3.45)	4.68

Notes:

- The above unaudited consolidated financial results for the quarter ended 30th September, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 11th November, 2022. The statutory auditors have carried out a limited review of the consolidated financial results for the quarter ended 30th September, 2022.
- The above unaudited consolidated financial results have 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.
- In respect of the Company, deferred tax assets 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 assets (net) are 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) had 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 & 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 Rs. 11,164.21 lakhs) is continued to be disclosed under contingent liability.

On the above matter, the auditors of Niche have given qualified conclusion in their limited review report and the statutory auditor of the Company have reported the said qualification in their limited review report on consolidated financial statement for the quarter and half year ended 30th September, 2022. The above matter was also qualified in the audit reports issued by Niche auditor and statutory auditor of the Company for the quarter ended 30th June, 2022 and year ended 31st March, 2022.

- 7 During the quarter, the Company, post receipt of necessary regulatory approval, has sold specified number of shares in Optimus Drugs Private Limited ('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 equity shares received pursuant to conversion of bonus Compulsory Convertible Preference shares (allotted during the quarter). The balance number of unsold equity shares is valued at fair value and are classified as Fair Value through Profit and Loss. The gain/loss on sale of shares is accounted/disclosed as follows in quarter and half year ended 30th September, 2022:

Exceptional item

This represents gain / loss on disposal of 7,29,849 equity shares out of new equity shares of Optimus (received on conversion of Compulsory Convertible Preference Shares which were issued during the quarter). The gain 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 Rs. 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.

- 8 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).
- 9 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 30th Sep'22	Quarter ended 30th Jun'22	Quarter ended 30th Sep'21	Half year ended 30th Sep'22	Half year ended 30th Sep'21	Year ended 31st Mar' 22
Total R&D expenditure	2,957.07	2,205.28	2,520.04	5,162.35	5,617.74	11,274.10

10 Statement of Consolidated Assets and Liabilities:

Particulars	₹ Lakhs	
	As at 30th Sep, 2022	As at 31st Mar, 2022
	Unaudited	Audited
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	1,17,319.51	92,448.89
(b) Right-of-use assets	6,166.91	6,400.01
(c) Capital work-in-progress	21,048.80	49,381.42
(d) Investment property	-	-
(e) Goodwill	154.51	154.51
(f) Investment accounted for using the equity method	-	-
(g) Financial assets		
(i) Investments	24.69	28.47
(ii) Loans	12.58	11.60
(iii) Other financial assets	828.39	813.06
(h) Deferred tax assets (net)	486.44	435.51
(i) Other non-current assets	16,333.89	17,364.53
	1,62,375.72	1,67,038.00
Current assets		
(a) Inventories	59,085.84	60,022.15
(b) Financial Assets		
(i) Investments	149.53	26,358.02
(ii) Trade receivables	43,313.24	49,543.31
(iii) Cash and bank balances		
Cash & cash equivalents	33,718.75	10,919.63
Other bank balances	143.07	490.59
(iv) Loans	5.76	5.23
(v) Other financial assets	31.20	55.07
(c) Current tax assets (net)	80.44	-
(d) Other current assets	17,114.76	17,098.47
	1,53,642.59	1,64,492.47
Non-current Assets held for sale	346.96	346.96
TOTAL ASSETS	3,16,365.27	3,31,877.43

II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	1,408.12	1,408.12
(b) Other equity	2,53,098.76	2,60,432.98
	2,54,506.88	2,61,841.10
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	7,633.77	8,901.06
(ii) Lease liabilities	1,275.21	1,457.12
(b) Provisions	4,188.71	3,996.17
(c) Deferred tax liabilities (net)	-	-
(d) Other non-current liabilities	97.73	469.21
	13,195.42	14,823.56
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	21,671.70	24,135.18
(ii) Lease liabilities	442.16	421.84
(iii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	265.14	884.98
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,651.27	17,433.72
(iv) Other financial liabilities	3,403.27	5,252.86
(b) Other current liabilities	5,537.87	5,265.37
(c) Provisions	1,691.56	1,609.28
(d) Current tax liabilities (net)	-	209.54
	48,662.97	55,212.77
TOTAL EQUITY AND LIABILITIES	3,16,365.27	3,31,877.43

11 Statement of Consolidated Cash Flows (Unaudited):

₹ Lakhs

Particulars	Six months ended 30th September, 2022	Six months ended 30th September, 2021
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(6,792.75)	(2,455.34)
Adjustments:		
Depreciation / amortisation (including investment property)	5,297.93	4,458.06
Loss / (profit) on sale / discard of property, plant and equipment (net)	1.36	(6.81)
Unrealised exchange difference (net)	69.55	(86.98)
Rent income	(0.05)	(23.11)
Share of (profit) / loss from associate	-	28.97
Finance cost	770.20	316.14
Provision for doubtful debts, loans, advances & deposits (net)	56.98	95.24
Share-based payments to employees	52.46	112.28
Fair value gain on investments (net)	(222.30)	(102.60)
Net loss on sales of shares (refer note 7)	502.24	-
Interest income	(22.55)	(553.42)
Sundry balance written off / (written back)	(0.68)	(61.91)
Impairment loss on financial assets		
- inter corporate deposits & interest thereon	113.90	-
Dividend income	(0.46)	(0.34)
	6,618.58	4,175.52
Operating Profit / (Loss) Before Working Capital Changes	(174.17)	1,720.18
Working Capital Adjustments:		
Trade receivables & other assets	7,583.89	(15,312.14)
Inventories	936.29	(675.96)
Trade payables & other liabilities	(1,302.48)	(3,765.96)
	7,217.70	(19,754.06)
Cash generated from / (used in) operations	7,043.53	(18,033.88)
Direct taxes refund received / (payment made)	(862.06)	(112.93)
Net Cash Flow from / (used in) Operating Activities [A]	6,181.47	(18,146.81)

B. Cash Flow from Investing Activities		
Purchase of property, plant & equipment including capital work-in-progress	(2,920.85)	(6,137.26)
Proceeds from sale of property, plant and equipment	39.09	110.21
Sale / (purchase) of current investment (net)	22,566.46	14,516.60
Sale of investment in Optimus shares (net) (refer note 7)	1,084.57	-
Rent received	0.05	23.11
(Increase) / decrease in escrow bank accounts	347.52	19.02
Interest received	46.42	935.08
Dividend received	0.46	0.34
Net Cash Flow from / (used in) Investing Activities [B]	21,163.72	9,467.10
C. Cash Flow from Financing Activities		
Increase / (decrease) in working capital borrowings (net)	(2,547.83)	9,538.04
Payments of lease liabilities	(808.08)	(241.31)
Receipt of term loan from bank	-	6,200.00
Repayments of long-term borrowings	(1,283.16)	-
Finance cost paid	(706.05)	(377.15)
Dividend paid	(2,842.99)	(2,839.04)
Net Cash Flow from / (used in) Financing Activities [C]	(8,188.11)	12,280.54
Net (Decrease) / Increase in Cash and Cash Equivalents [A+B+C]	19,157.08	3,600.83
Add: Current investments reclassified as cash and cash equivalents during the period	3,642.04	-
Net (Decrease) / Increase in Cash and Cash Equivalents	22,799.12	3,600.83
Cash and Cash Equivalents at the beginning of the period	10,919.63	7,746.08
Cash and Cash Equivalents at end of the period	33,718.75	11,346.91

By Order of the Board
For Unichem Laboratories Limited



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

Place: Mumbai
Date: 11th November, 2022



N. A. SHAH ASSOCIATES LLP

Chartered Accountants

Limited Review Report on quarterly and half yearly standalone unaudited 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

1. We have reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of **Unichem Laboratories Limited** ("the Company") for the quarter and half year ended 30th September, 2022, 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").

Management's responsibility

2. The Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Auditor's responsibility

3. Our responsibility is to issue a report on this Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus, provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for qualified conclusion

4. We draw attention to note 6 of the Statement regarding the EU fine matter and the Company's financial exposure as on the last audited balance sheet date of Rs. 12,267.33 lakhs in the subsidiary (Niche Generics Limited, UK) in respect of which, in our view, the Company would need to provide for impairment of the exposure of Rs. 12,267.33 lakhs. However, the Company is of the view that such provision for impairment on exposure would be required only in the event of unfavourable outcome of the appeal which itself is uncertain. Our conclusion is modified in respect of this matter for the quarter and half year ended 30th September, 2022 and our opinion was also modified for the aforesaid matter in the quarter ended 30th June, 2022 and the year ended 31st March, 2022.

Limited Review Report on quarterly and half yearly standalone unaudited financial results of Unichem Laboratories Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (continued...)

Qualified conclusion

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, except for the effects of the matter described in 'Basis for qualified conclusion' paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards i.e. "Ind AS" prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No.: 116560W / W100149

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Milan Mody

Partner

Membership No.: 103286

UDIN: 22103286BCUFXK5096

Place: Mumbai

Date: 11th November, 2022


N. A. SHAH ASSOCIATES LLP
Chartered Accountants

Limited Review Report on quarterly and half yearly unaudited 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

1. We have reviewed the accompanying statement of unaudited 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 its share of the net loss after tax and total comprehensive income of its associate for the quarter and half year ended 30th September, 2022 (“the Statement”), 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”).

Management’s responsibility

2. The Statement is the responsibility of the Holding Company’s Management and has been approved by the Holding Company’s Board of Directors. The Statement has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

Auditor’s responsibility

3. Our responsibility is to issue a report on this Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

Limited Review Report on quarterly and half yearly unaudited consolidated financial results of Unichem Laboratories Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (continued...)

4. These unaudited consolidated financial results:

(a) include results of the following subsidiaries:

- i. Niche Generics Limited, United Kingdom
- ii. Unichem Pharmaceuticals (USA), Inc., USA
- iii. Unichem Laboratories Limited, Ireland
- iv. Unichem SA (Pty) Limited, South Africa
- v. Unichem Farmaceutica Do Brasil Ltda, Brazil
- vi. Unichem (China) Pvt. Ltd.

(b) include results of the associate: Synchron Research Services Pvt. Ltd.

Basis for qualified conclusion

5. We draw attention to note 6 of the Statement which sets out the current ongoing litigation regarding the EU matter that the subsidiary (Niche Generics Limited, UK) is facing. The auditors of Niche have continued to issue a qualified conclusion for the quarter and half year ended 30th September, 2022 stating that:

“Niche Generics Limited has not recognized a provision on account of an ongoing appeal against a fine imposed by the European Commission. 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 Company will be liable for the fine of Euro 13.96 million (worth approximately GBP 12.3 million at the balance sheet date). Accordingly, we believe that this should have been provided for in the financial statement. The Directors’ opinion is that 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 in time. The impact on the financial statements of including the provision would be that the Company would have net liabilities of approximately GBP 12.6 million at the balance sheet date.”

Our conclusion is modified in respect of this matter for the quarter and half year ended 30th September, 2022 and our opinion was also modified for the aforesaid matter in the quarter ended 30th June, 2022 and year ended 31st March, 2022.

Qualified conclusion

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, except for the effects of the matter described in ‘Basis for qualified conclusion’ paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.


N. A. SHAH ASSOCIATES LLP
Chartered Accountants

Limited Review Report on quarterly and half yearly unaudited consolidated financial results of Unichem Laboratories Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (continued...)

Other matters

7. We did not review the interim financial statements of five subsidiaries, whose interim financial statements reflect total assets of Rs. 56,698.01 lakhs as at 30th September, 2022, total revenues (including other income) of Rs. 21,932.28 lakhs and Rs. 42,448.20 lakhs, total net profit / (loss) after tax and total comprehensive income of Rs. 632.88 lakhs and Rs. 933.58 lakhs for the quarter and half year ended 30th September, 2022 respectively and cash inflow (net) of Rs. 2,923.27 lakhs for the half year ended 30th September, 2022, as considered in the unaudited consolidated financial results. These financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the unaudited consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of the Listing Regulations (as amended), in so far as it relates to aforesaid subsidiaries located outside India is based on the report of other auditors.
8. We also did not review the interim financial information of subsidiary at China whose financial information reflect total assets of Rs. 107.96 lakhs as at 30th September, 2022, total net profit / (loss) after tax and total comprehensive income of Rs. (54.40) lakhs and Rs. (99.71) lakhs for the quarter and half year ended 30th September, 2022 respectively and cash inflow (net) of Rs. 44.17 lakhs for the half year ended 30th September, 2022 as considered in the unaudited consolidated financial results. This financial information is not subject to limited review and have been furnished to us by the management and our conclusion on the unaudited consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is solely based on the information provided by the management. According to the information and explanations given to us by the management, this financial information is not material to the Group.

Our conclusion 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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Milan Mody

Partner

Membership No.: 103286

UDIN: 22103286BCUGFF8614

Place: Mumbai

Date: 11th November, 2022