



**4th  
Annual Report  
1998-99**

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**Ind-Swift Laboratories Ltd.**  

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**..Born to Innovate....**



## BOARD OF DIRECTORS

<b>R.I. Singh</b>	<b>Chairman (Nominee PSIDC)</b>
<b>N.P. Munjal</b>	<b>Managing Director</b>
<b>V.K. Mehta</b>	<b>Jt. Managing Director</b>
<b>S. K. Sharma</b>	<b>Director (Nominee PSIDC)</b>
<b>A.K. Mahajan</b>	<b>Director (Nominee PSIDC)</b>
<b>A.K. Jain</b>	<b>Director</b>
<b>M.L. Sharma</b>	<b>Director</b>
<b>J. K. Kakkar</b>	<b>Director</b>
<b>V.M. Manogaran</b>	<b>Director (Nominee IDBI)</b>
	<b>Ceased to be Director on 15-7-99</b>

### GENERAL MANAGER (FINANCE)

N.K. Bansal, FCA

### COMPANY SECRETARY

Pardeep Verma

### AUDITORS

M/s J.K. Jain & Associates  
Chartered Accountants  
1132-33, Sector 22-B,  
Chandigarh- 160 022

### BANKERS

**State Bank of India**  
Industrial Finance Branch  
Sector 22, Chandigarh.

**State Bank of Patiala**  
Sector 8  
Chandigarh.

**Bank of India**  
Bank Square,  
Sector 17, Chandigarh.

### REGISTERED OFFICE

S.C.O. 493-94, Sector 35-C,  
Chandigarh.

### HEAD OFFICE

813, Shivalik Enclave, NAC, Manimajra,  
Chandigarh.

### WORKS

Barwala Road, Village Bhagwanpura,  
Near Derabassi,  
Distt. Patiala (Punjab)

### SHARE TRANSFER AGENTS

SHREE BALAJEE COMPUTER SERVICES PVT. LTD.,  
2ND FLOOR, A 39-40 WHS, KIRTI NAGAR,  
NEW DELHI - 110 015

## STOCK EXCHANGES WHERE SHARES OF THE COMPANY ARE LISTED :

**Ludhiana Stock Exchange Association Limited**  
Feroze Gandhi Market, Bhai Wala Chowk,  
Ludhiana-141001

**National Stock Exchange of India Ltd.**  
Trade World, Senapati Bapat Marg,  
Lower Parel, Mumbai-400 013

**Delhi Stock Exchange Association Limited**  
West Plaza, I.G. Stadium, Indra Prastha Estate,  
New Delhi-110002

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# Notice



Notice is hereby given that the fourth Annual General Meeting of the Members of the Ind-Swift Laboratories Limited will be held on Wednesday, the 29th September, 1999 at 12.30 P.M. at Bal Bhawan, Sector 23-B, Chandigarh, to transact the following business.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Sh. V. K. Mehta who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. M.L. Sharma who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications the following resolution, as a special resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s J.K. Jain & Associates, the retiring auditors of the Company, be and they are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of next Annual General Meeting on a remuneration to be decided mutually between the Board and the Auditors excluding any fee that may be payable for other services rendered and out of pocket expenses."

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY INSTEAD OF HIMSELF. A PROXY SO APPOINTED SHALL BE ENTITLED TO VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out above is appended hereto and forms part of the Notice.
3. Proxies in order to be effective, must be received by the Company not later than forty eight hours before the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 8th Sept., 1999 to Tuesday, 28th Sept., 1999 (both days inclusive)

5. Members are requested to notify immediately, change in their address, if any to **SHREE BALAJEE COMPUTER SERVICES PVT. LTD., SHARE TRANSFER AGENTS, 2ND FLOOR, A 39-40 WHS, KIRTI NAGAR, NEW DELHI - 110 015** quoting their Folio Number.
6. Members desirous of having any information as regards accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready.
7. Members are requested to bring their copies of the Annual Report to the Meeting.

By order of the Board

Date : 24-8-1999  
Place : CHANDIGARH

**PARDEEP VERMA**  
Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956.

### ITEM NO. 4

Section 224A of the Companies Act, 1956 provides for the appointment or reappointment, at each Annual General Meeting, of an auditor or auditors of a Company by a Special Resolution, if, the Company is one in which not less than twenty five per cent of its subscribed Share Capital is held singly or in combination by Public Financial Institutions, Nationalised Banks, etc. The Punjab State Industrial Development Corporation, a State Level Financial Institution is holding more than Twenty-five percent of the subscribed Share Capital of the Company and hence the reappointment of M/s J.K. Jain & Associates, Chartered Accountants, as Auditors of the Company is required to be made by a Special Resolution.

None of the Directors are interested or concerned in the said resolution.

By order of the Board

Date : 24-8-1999  
Place : CHANDIGARH

**PARDEEP VERMA**  
Company Secretary

## IS Directors' Report

### Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report alongwith the statement of audited accounts of your Company for the financial year ended 31st March, 1999.

### FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended	Year ended
	31.3.1999	31.3.1998
Profit before depreciation	270.95	94.31
Less : Depreciation & Misc. Exp.	135.89	92.71
Profit before tax	135.06	1.60
Less : Provision for tax	11.59	0.20
Balance Carried to Balance Sheet	123.47	1.40

### OPERATIONS

Over the past two years, Ind-Swift Laboratories Ltd. has been transformed from one of India's little known Pharmaceutical Company to a leading pharmaceutical name in the World market. During the 2nd year of its operation your Company registered a 74.44% increase in turnover as it increased from Rs. 2708.41 Lacs in 1997-98 to Rs. 4724.50 Lacs in 1998-99. The profit after tax increased from Rs. 1.40 Lacs to Rs. 123.47 Lacs. Exports which has been the main thrust area of the Company, increased from Rs. 819.00 lacs to Rs. 1558.75 lacs.

Currently your Company is producing a wide range of Macrolide Antibiotics and is concentrating on this therapeutic segment so as to become a leading name amongst Macrolide Antibiotic manufacturers worldwide. Your Company is one of the few Indian companies which is having its presence across all four macrolide segments-Erythromycin, Roxithromycin, Azithromycin and Clarithromycin. The Company plans to capture approx. 25% share of Indian Macrolide Antibiotics market in the next two years.

Since the launch of two molecules, Clarithromycin and Roxithromycin in 1998-99, your Company has been able to corner substantial market share. To be more competitive, Company's inhouse R&D developed Clarithromycin Granules, for the first time in India and the World (other than the patent holder ABBOTT). This has created a niche market for the Company in Macrolide Antibiotics worldwide. ISLL has developed its complete formulation also which is now being technically advised to leading European & Indian Companies.

Besides Macrolide Antibiotics, your Company is concentrating strongly on steroids segment also. At present Drug Master file of its products Betamethasone Sodium Phosphate, Betamethasone Valerate and Betamethasone Dipropionate have been prepared and are in process of filing with European Drug Regulatory Authorities. The patents of these products have already expired.

In addition to Macrolide Antibiotics and steroids, the Company is planning to produce Anti ulcer like Omeprazole and Lansoprazole. These drugs have vast marketing scope both in India and Abroad. In future, this therapeutic segment is proposed to be propelled with another growing anti-ulcer drug, Pantaprazole, the demand (the market) of which is growing at over 100%.

Another addition to existing product range is Pentazocine. This product is one of the very complex chemical and M/s Sanofi, Switzerland is the regulator of this product, worldwide. This product is consumed very largely by our promoting Company Ind-Swift. Therefore we envisage a very bright future of this product. It will be your Company's endeavour to launch minimum three to four new products every year. This year the Company is all set to launch a relatively new drug fexofenadine an anti-allergic drug, which figures in the twenty most saleable drugs in the world market.

### EXPORTS

During the year under review the exports of your Company increased from Rs. 819.00 lacs in 1997-98 to Rs. 1558.75 lacs in 1998-99. Your Company is exporting its bulk drugs to European and Asian Countries including China, Hongkong, Thailand, Pakistan, Korea, Taiwan, Malaysia etc. In addition, Clarithromycin and Betamethasone range is exported to Switzerland, Italy, Germany, Netherland and Belgium. Our clients list includes manufacturers and traders from USA, UK, Argentina, Turkey, Chile, Colombia, Uruguay, Cyprus, Brazil and Mexico.

Besides these markets, your company is concentrating on Latin American markets in a big way which is the tenth largest pharmaceutical market in the world. Your company will consolidate its market share in international markets by promoting patented products in non-patented countries.

### RESEARCH & DEVELOPMENT

During the year the company has strengthened its R&D facilities and has spent a sum of Rs. 1.56 crores on these facilities. The R&D has contributed to a great extent to the cost reduction and successful adaptation and implementation of the new molecules.

R&D has successfully developed complex molecules like Clarithromycin Granules, Roxithromycin Granules and Pentazocin (an opioid analgesic). The Company is all set to launch Fexofenadine, an anti allergic drug.

### FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sh. M.L. Sharma and Sh. V.K. Mehta retire by rotation and being eligible, offer themselves for reappointment.

### AUDITORS

The Auditors of your Company, M/s J.K. Jain & Associates, Chartered Accountants hold office until the conclusion of this Annual General Meeting, and being eligible offer themselves for reappointment.

### INFORMATION TECHNOLOGY YEAR 2000 COMPLIANCE (Y2K)

The Company has ensured that all its computer systems are year 2000 (Y2K) compliant. The risks of business disruption due to Y2K issues is judged to be minimal. The cost of such compliance is also expected to be negligible.



## TECHNOLOGY, R&D AND FOREIGN EXCHANGE

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms part of the report.

### PERSONNEL

Your Company enjoys cordial relations with its employees. The Board place on record its appreciation of their services rendered by the Company's employees at all levels.

The provisions of Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975, as amended is not applicable to the Company.

### ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation for overwhelming cooperation and support extended by the Government authorities, Industrial Development Bank of India, Industrial Investment Bank of India, Punjab State Industrial Development Corporation Limited, State Bank of India, State Bank of Patiala, Bank of India, Drug Control Authorities and Business Associates.

On behalf of the Board

Place : Chandigarh  
Date : 24-8-1999

R. I. SINGH  
Chairman

### ANNEXURE "A"

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 forming part of the Report of Directors.

#### 1. RESEARCH & DEVELOPMENT

##### a. Key areas in which R&D is carried out by the Company.

- Cost Reduction of Existing Products.
- Quality Improvements.
- Development of New Products.

##### b. Benefits derived as a result of R&D activities

- With the above Research and Development activities, the company has remained competitive w.r.t. quality and price creating a continuous demand for our products in India and abroad.
- The company has also been able to develop new products like Clarithromycin Coated Granules, Roxithromycin Coated Granules for Suspension. We have also developed Pentazocine and Fexofenadin Hydrochloride, which the company has launched recently. Both the products have good market.

##### c. Future plan of action

- The Company will continue its Research and Development in the various areas as indicated above. Major thrust is given to the development of newer molecules. The Research and Development is gearing itself to face the challenges likely to arise after the implementation of International Patent Law.

#### d. Expenditure on R&D during 1998-99

	(Rs. in lacs)
a) Capital	1.01
b) Recurring	72.16
c) Total	73.17
d) Total R&D expenditure as a percentage of total turnover.	1.69%

#### 2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION.

- a) The Company has continuously adopted innovative process in the manufacture of its bulk drugs and its intermediates.
- b) The Company has adopted, upgraded and successfully commercialised the processes developed and involved in the manufacture of clarithromycin, clarithromycin granules, roxithromycin, roxithromycin granules, erythromycin erythromycin ethyl succinate.
- c) The Company has not imported any technology.

#### 3. CONSERVATION OF ENERGY

Following energy conservation measures were undertaken :-

- Streamlining of boiler and steam system, optimum use of chilling units.
- Energy efficient insulation for hot and cold service.

#### 4. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on earnings and outgo of foreign exchange is given in notes on Accounts appearing in Schedule XXII of the Accounts.

#### FORM "A"

Form for disclosure of particulars with respect to conservation of energy.

##### A. ELECTRICITY AND FUEL CONSUMPTION

	Rs. in lacs	
	31.03.1999	31.03.1998
1. Electricity		
a) Purchase Unit (KWH)	1576270	1313770
Total amount (Rs. in lacs)	4,243,790	3,273,000
Rate/Unit (Rs.)	2.69	2.49
(b) Own Generation		
(i) Through Diesel		
Generator Unit (KWH)	413260	490600
Unit per Litre of Diesel Oil	3.19	3.23
Cost/Unit (Rs.)	2.93	2.78
(ii) Through Steam Turbine/Generator -		
2. Coal (Specify quality where used)	NIL	NIL
3. Furnace Oil L.D.O. Quantity (K Litres)	513911	NIL
Total amount (Rs. in lacs)	4,010,991	NIL
Average Rate (Rs. per litres)	7.80	NIL
4. Other/Internal Generation	NIL	NIL

##### B. CONSUMPTION PER UNIT OF PRODUCTION

	Unit	1998-99	1997-98
Electricity	(KWH)	24.33	15.68
Diesel/Furnace Oil	(Ltr./Kg)	10.24	4.85