

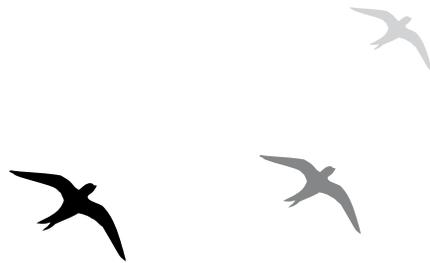


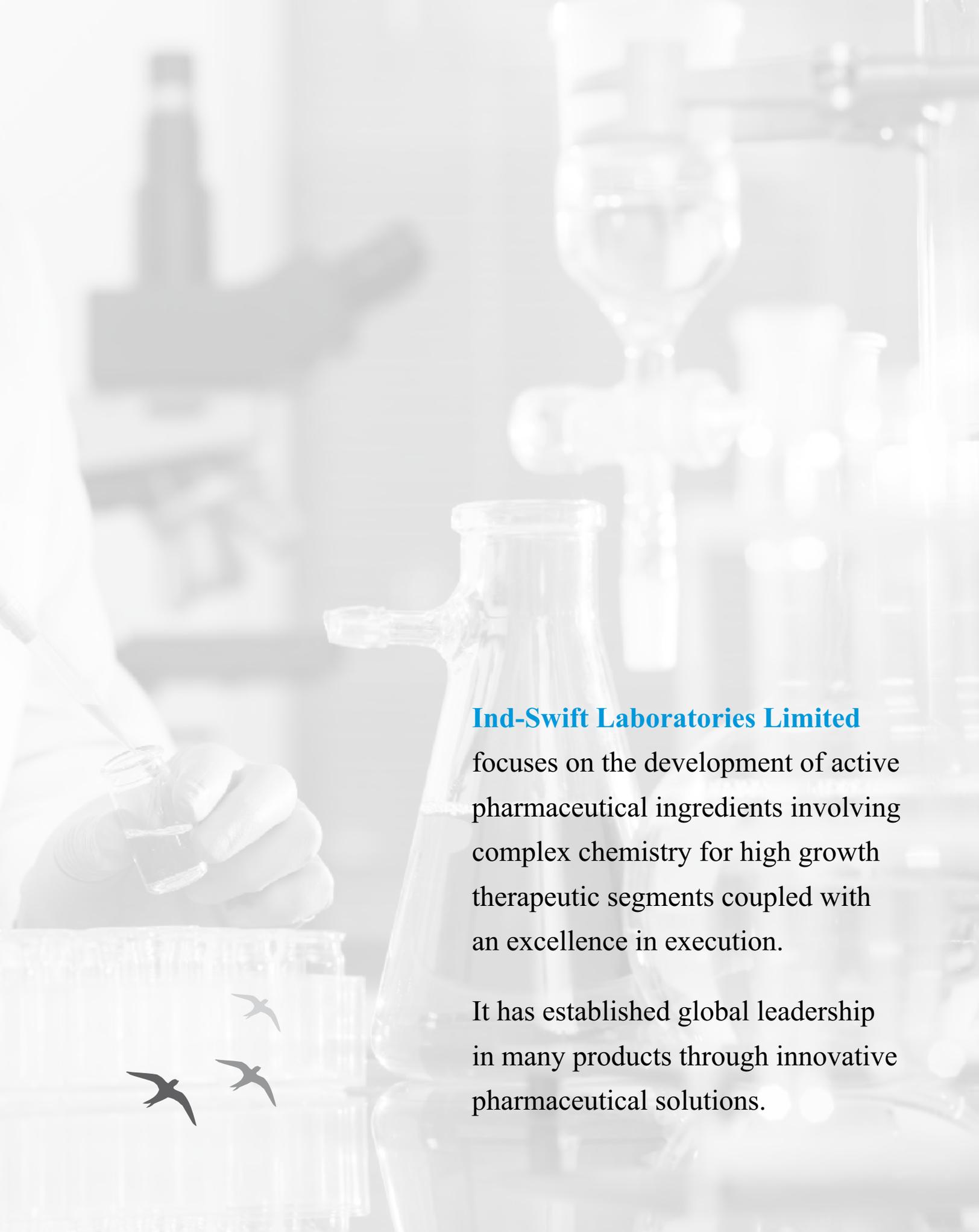
Ind-Swift

**ANNUAL
REPORT
2016-17**

IND-SWIFT LABORATORIES LIMITED

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Ind-Swift Laboratories Limited

focuses on the development of active pharmaceutical ingredients involving complex chemistry for high growth therapeutic segments coupled with an excellence in execution.

It has established global leadership in many products through innovative pharmaceutical solutions.



VICE-CHAIRMAN-CUM- MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

The global pharmaceutical market size is estimated to reach USD 1.4 trillion and the Indian pharmaceutical market size is estimated to be at USD 55 billion by the year 2020. The Indian pharmaceutical sector is expected to grow with faster compound annual growth rate (CAGR) compared to global growth rate during the period upto 2020. The world market will be dominated by countries like USA, EU and Japan and the contribution of

Pharmerging countries is expected to be more in coming years. The future of the world pharmaceutical sector will be dominated by medicines for non communicable diseases and original branded medicines. More opportunities are seen in the area of Contract Research and Manufacturing Services (CRAMS) by Mergers and Acquisitions (M&A).

The regulatory environment is simultaneously getting more rigorous. The European Medicines Agency (EMA) recently introduced a new, three-pronged approach to the

management of adverse reactions. The Food and Drug Administration (FDA) is building an active surveillance system called Sentinel to oversee the safety of all medicines on the US market.

At Ind-Swift, we have built up an organisation that is a strict regulatory and environmental compliant. We have followed the FDA and other regulatory requirements strictly. All Standard Operating Procedures are followed, the manufacturing is done in a GMP controlled environment thus complying to the regulatory standards on one hand and maintaining the world's best quality on the other. The quality, which I believe is not a destination but is a journey and we are focused on it. Gradually, we have invested a lot in making Ind-Swift an environment friendly company, complying strongly to the pollution laws. Which, though has no direct impact on the top line or bottomline, but this is our contribution to the society which do payback to us in form of quick regulatory clearances.

All these years our focus has been to develop the required skill sets. We have dearth of skilled workers having experience of working in a GMP compliant environment and it has been a real challenge to us. We have been working on this since long and now have fully trained and skilled work force, right from the lower levels to the highest levels. These efforts have paid off well by way of high efficiency and reduced attrition levels.

The financial year 2016-17, had been an another challenging year where despite of all odds we had a sustainable operations. The Company continues to strengthen its position as an innovation-led transnational pharmaceutical company, which reinforces our belief that a strong business model, the right business practices, like-minded people, a lucrative pipeline and investments in the past in strategic growth pays rich dividends even in the face of adversity and financial stress.

ISLL's net sales stood at Rs. 6980 millions and EBITDA at Rs. 1238 million during 2016-17. We are at an advanced stage of the settlement with the Banks and Financial institutions with the help and assistance of the Asset Reconstruction Companies (ARCs). Already as mentioned in the financial statements few of the loan account have been settled through these ARCs. Once the debt resolution plan is through we expect a major financial restructuring of the debt profile of the Company. The same will also lead the Company to focus on the growth path through partnership, alliances & tie ups.

Today ISLL is competitively placed across its business

segments. The business is balanced across different regions - Asia, Europe, US etc. Strategically we are shifting our focus from the softly regulated markets to regulated markets where the pricing is better and the margins are high.

Research and Science is core to ISLL strategy for scale and sustainability. Our emphasis and focus is on creating unique Intellectual Property through innovation in products. We are having a robust pipeline of 20-22 products with immense growth and value potential. As a prudent strategy since we are already stoked up with new products upto 2022 so we have shifted our resources towards creating a foothold in the CRAMS business, focusing mostly on the Research Based Projects than the Contract Manufacturing Projects. We have been successful in this endeavour where we have tied up with two International pharma Companies for their NCE Projects.

The company's manufacturing facility enjoys accreditations from all regulatory agencies and went through major inspections and audits from FDA and other regulatory agencies. During the year capacities for few products were increased through process re-engineering and de-bottlenecking. The operations at plant had been smooth throughout the year except for one fire incident in the month of February in one of the plants. There was no loss of life but there has been a substantial damage to the plant and machinery. The remedial action was fast and the affected plant will be back on track in coming months. The Company is focused to avoid such kind of accidents. Special care is taken for the health and the safety of the employees working in the plants and near manufacturing areas.

During the year Company has paid a sum of Rs. 249.59 million towards the direct Tax/indirect taxes and statutory dues. The Company's overall economic activities have created a value of Rs. 1028.96 million for its various stakeholders. The company in this year has also been able to reduce its Fixed Deposit exposure from Rs. 670.39 million to Rs. 492.50 million.

We strive to excel in whatever we do. I appreciate the support provided by our customers, bankers creditors fixed deposit holders, shareholders and above all employees. They have shown their unclenched faith in the Company and Company too will reciprocate in times to come.

N.R. Munjal

Vice-Chairman-cum-Managing Director

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENTS

With buoyant financial markets and a cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, according to the International Monetary Fund's World Economic Outlook (WEO) forecast (April 2017). Growth in emerging markets and Developing economies is forecast to rise to 4.8% in 2018 respectively, from an estimated growth of 4.1% in 2016, according to the IMF.

In India, Gross Domestic Product (GDP) grew by 7.1% in the Fiscal Year 2016-2017, which makes India the fastest-growing G20 economy. The acceleration of structural reforms, the move towards a rule-based policy framework and low commodity prices have provided a strengthening growth impetus. Recent deregulation measures and efforts to improve the ease of doing business have boosted foreign investment. (Source: 2017 Economic Survey of India, OECD). In April 2017, the World Economic Outlook (WEO) report by the International Monetary Fund, estimated that domestic demand and a Growth in exports will remain key Drivers towards GDP growth. Medium-term growth prospects remain favourable, according to the WEO report, with growth forecast to rise to about 8% due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate Fiscal and monetary policies. In addition, the Country's most significant tax reform in decades, the Goods and Services Tax (GST) was approved in Parliament with an expectation for implementation in the latter half of 2017.

In the Union Budget 2017, the government has demonstrated its commitment to increase healthcare spending. The National Health Plan has been approved by the Cabinet and aims at a holistic approach to address the healthcare problems of all sectors of society and their solutions with participation from the private sector as strategic partners in this mission.

The Indian pharmaceutical sector evolved in different phases from pre independence era to post Trade-Related Aspects of Intellectual Property Rights (TRIPS). Presently, Indian pharmaceutical sector is dominated by the generics drugs and more drugs are sold in anti-infective category. The Indian pharmaceutical industry is having opportunities in the domestic market with growing demand for quality health care.

OPPORTUNITIES, RISKS, CONCERNS & THREATS

Market growth is shifting toward emerging markets in Asia, Latin America, where pharmaceutical sales are forecast to expand at double digit rates. Further reforms of legislative systems, especially regarding patent protection and enforcement, as well as improving regulatory conditions, will make these markets increasingly attractive.

Pharmerging countries will drive the growth to the tune of 35 % by 2022 led by Brazil, India, China and Russia .Generics sales will increase from \$73 billion in 2016 to \$115 billion in 2022, Pharmerging countries will add USD 210 Billion sales by 2022.

The Indian pharmaceuticals market is expected to expand at a CAGR of 15.92 per cent to US\$ 50 billion by 2022 and will become the sixth largest by size.

Specialty segments like Oncology, Diabetes, etc. will continue to be of increasing importance for growth in developed markets and will also begin to have greater impact in Pharmerging markets.

Innovative products are the drivers in pharmaceutical industry growth, but payer requirements and reimbursement levels will determine the extent to which product innovation will be rewarded.

The increased growth in Pharmerging markets, the continued rise of generics in these markets, and the greater importance of specialty medicines will reduce the share of the top 20 pharmaceutical companies in the global pharmaceutical market.

ISLL has been focusing on the ROW and the domestic market and year 2016-17 saw it shifting focus more on the regulated markets/customers in the region whereby Japan, Korea, Brazil & Mexico were the key contributor from the region. These markets offer a long term sustainability.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern its business. The Company follows a risk based approach for evaluating its operations. The Company also has a well-established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self assessment exercises.

Management Discussion and Analysis Report (Contd.)

In addition to the external statutory Audit, the financial and operating controls of your company are reviewed quarterly by Internal Auditors, to report significant findings to the Audit Committee of the Board. The Audit Committee reviews the adequacy and effectiveness of the implementation of audit recommendations, including those relating to strengthening your company's risk management policies and systems.

FINANCIAL PERFORMANCE AND ANALYSIS

The Company achieved a turnover of Rs. 6545.17 million including a sum of Rs. 4509.30 million as export turnover during the financial year 2016-17. It earned an EBIDTA of Rs. 1257.48 million during this period. The Company's net losses are gradually decreasing due to its focus on the high EBIDTA business only. The net loss during the year 2016-17, has come down to Rs. 397.15 Million against a net loss of Rs. 588.61 million during the year 2015-16. The consolidated accounts of the Company during the period under review, showed a turnover of Rs. 7181.32 million with a net loss of Rs. 391.61 million against the turnover of Rs. 6674.36 million and net loss of Rs. 586.88 million in the previous period.

POSITION WITH BANKS AND FINANCIAL INSTITUTIONS

During the year Company focused primarily on the markets and the products yielding high EBIDTA levels which resulted into higher EBIDTA at the end of the year. During the year the Company made discrete efforts to settle with the Banks and Financial Institutions and resultantly 7 (Seven) accounts of the company were settled through Asset Reconstruction Companies (ARCs), with ARCs stepping into the shoes of the corresponding Banks and Financial institutions. The details of the said settlement is mentioned in Note No. III of the Balance sheet. The Company is hopeful of settlement of the remaining banks and Financial institutions in current Fiscal year.

OPERATIONS REVIEW & COMPANY'S OUTLOOK

The operations of the Company had been normal during the Financial year except for a fire incident in the month of February, 2017, in one of the plants located at its manufacturing facility at Derabassi, Punjab. The reason of the fire could not be ascertained but it badly damaged the plant and machinery and it also impacted to a great extent the production capacity and profitability to be generated from the said plant.

Despite of all the odds the Company continued to perform fairly well. Capacities of 3-4 products were increased 25-30% through de-bottlenecking and process re-engineering.

Validation process was carried out successfully for 5 new products in the different plants at Derabassi location.

The Company continued to be one of the largest API manufacturer in the region with two manufacturing facilities one in Derabassi (Punjab) and another in Samba, (J&K). Company's Derabassi Manufacturing facility has all the major accreditations in place including that of the USFDA, TGA, MHRA, COS, KFDA, ANVISA & PMDA.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Industrial relations in all divisions of the Company are cordial and harmonious. The employee strength of the Company as on 31st March, 2017 was 2336 including on-roll and contract employees. The Company encourages the employees to upgrade their knowledge and skills. The training sessions on various working parameters are conducted in routine apart from allowing employees for outside specialized training, wherever required.

ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards noticed pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and as referred to in Section 133 of the Companies Act, 2013. There is no deviation from the prescribed Accounting Standards.

Statements in "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions are forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. The actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, foreign exchange market movements, changes in Governmental regulations and tax structure, economic and political developments within India and the countries with which the Company has business. Therefore, the Company assumes no responsibility in respect of forward looking statements herein which may undergo change in future on the basis of subsequent developments, information or events.

Corporate Information

Board of Directors

S.R. Mehta	Non-Executive Chairman
N.R. Munjal	Vice-Chairman-cum- Managing Director
Himanshu Jain	Jt. Managing Director
Rishav Mehta	Executive Director
Dr. G. Munjal	Non Executive Director
Dr. V.R. Mehta	Non Executive Director
K.M.S. Nambiar	Independent Director
Dr. J.K. Kakkar	Independent Director
S.V. Singh	Nominee Director (SBI)
Dr. Ashwani Kumar Vig	Independent Director
Prabhat Khurana	Independent Director
Preetika S Chaubey	Independent Woman Director
S.P. Sharma	Independent Director (appointed w.e.f. 05.07.2017)
Pradeep Kumar	Independent Director (ceased w.e.f. 06.04.2017)

Chief Financial Officer

Narinder Kumar Bansal

Compliance Officer

Pardeep Verma
GM-Corp. Affairs & Company
Secretary

Senior Management Team

Dr. Lalit K. Wadhwa	Chief Operating Officer
Vijay Kumar	Director Marketing & Special Projects
Vikas Narendra	President-US Operations
Sahil Munjal	President - Operations & Special Assignments
G.K. Sharma	Manufacturing Head
Subodh Gupta	Member Executive Board
Dr. R. Arul	Vice President (R&D & CRAMS)
Atul Chaubey	Group HR Head
Sandeep Singh	Vice President (Procurement)
Saranjai Tyagi	Vice President (QA)
Rakesh Bahuguna	Vice President (QC)
Anurag Chaturvedi	Vice President (Marketing)
Varun Chhabra	Vice President (Marketing)

Committees of the Board

Audit Committee

K.M.S. Nambiar	Chairman
Dr. J.K. Kakkar	Member
S.V. Singh	Member
Prabhat Khurana	Member
N.R. Munjal	Member

Nomination & Remuneration Committee

Prabhat Khurana	Chairman
K.M.S. Nambiar	Member
Dr. J.K. Kakkar	Member
S.V. Singh	Member

Stakeholders Relationship Committee

Dr. J.K. Kakkar	Chairman
N.R. Munjal	Member
S.R. Mehta	Member

Compensation Committee

Dr. J.K. Kakkar	Chairman
K.M.S. Nambiar	Member
S.V. Singh	Member

Sub-Committee of Board

N.R. Munjal	Chairman
Himanshu Jain	Member
K.M.S. Nambiar	Member
Dr. J.K. Kakkar	Member

Risk Management Committee

Dr. J.K. Kakkar	Chairman
N.R. Munjal	Member
K.M.S. Nambiar	Member
Dr. A.K. Vig	Member

Solicitors

P.K. Goklaney & Company
Advocate & Solicitors
#38, Sector 16A, Chandigarh-160 015

Auditors

Jain & Associates
Chartered Accountants
SCO 819-20, Sector 22-A, Chandigarh - 160 022

Bankers

Bank of India
Bank Square
SCO: 81-83, Sector 17B, Chandigarh 160017

IDBI Bank
Bank Square
SCO: 72-73, Sector 17B, Chandigarh 160017

State Bank of India
Specialized Commercial Branch
SCO: 103-108, Sector 17B, Chandigarh 160017

Registered Office

SCO 850, Shivalik Enclave, NAC,
Manimajra, Chandigarh - 160 101
Tele: - +91-172-5061850, 2730920
Fax: - +91-172-2730504, 2736294
Email: investor@indswiflabs.com
Website: www.indswiflabs.com

Corporate Identity Number:

L24232CH1995PLC015553

Registrars and Share Transfer Agents

M/s Alankit Assignments Ltd.
205-208 Anarkali Market
Jhandewalan Extension,
New Delhi-110 055
Tel:- +91-11-42541965, 42541953
Fax:- +91-11-41540064
E-mail: info@alankit.com
Website: www.alankit.com

Directors' Report

Dear Shareowners,

Your Directors have great pleasure in presenting the 22nd Annual Report together with audited statement of accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS

(Rs. in Millions)

Particulars	Year Ending 31st March 2017	Year Ending 31st March 2016
Sales (net of excise) and other income	6956.17	6529.29
Less Expenses		
Cost of Materials Consumed	3404.74	3375.39
Purchase of Stock in Trade	30.56	58.26
Change in Inventories of FG/WIP/Stock in trade	334.73	9.11
Employee Benefit Expense	716.50	648.24
Other Expenses	1212.54	1212.27
Total Expenses	5699.07	5303.27
Profit before Interest, Depreciation, Tax & Amortisation	1257.10	1226.02
Less: - Interest	883.44	1064.08
- Depreciation	882.56	847.49
- Impairment of Assets	Nil	Nil
- Extra Ordinary Item	Nil	140.53
- Prior period expenses	53.39	5.28
Loss before Tax	(562.28)	(831.36)
Less: - Provision for Deffered Tax	(164.76)	(242.75)
Loss after Tax (A)	(397.51)	(588.61)
Amount B/F from Previous year(B)	(902.07)	(313.46)
Loss after Tax available for Appropriations (A+B)	(1299.58)	(902.07)
Balance carried forward to Balance sheet	(1299.58)	(902.07)

OPERATIONS AND BUSINESS PERFORMANCE

During the financial year 2016-17, the Company has achieved a turnover of Rs. 6956.17 Millions against the turnover of Rs. 6529.29 millions during financial year 2015-16. The Company continued to recover from losses as Net loss during financial year 2016-17 decreased to Rs. 397.51 millions against loss of Rs. 588.61 millions in 2015-16. The Company's exports remained stable at Rs. 4509.30 Millions during 2016-17 as compared to 4457.58 Millions in 2015-16. There has been no change in the nature of business of the company during the year under review. Kindly refer to Management Discussion & Analysis & Corporate Governance Report which forms part of this report.

CONSOLIDATED FINANCIAL PERFORMANCE

Your company recorded a consolidated turnover of Rs. 7181.32 Millions during 2016-17 against the turnover of Rs. 6674.36 Millions during 2015-16. In consolidated terms, the Company suffered a loss of Rs. 391.61 Millions, against loss of Rs. 586.88 Millions in 2015-16. The Consolidated financial figures include the respective financial figures of the Company's three subsidiaries and One Associate Company. As required under the provisions of the Companies Act 2013 and SEBI (LODR) Regulations, 2015, Audited Consolidated Financial Statements form part of the Annual Report and the same are annexed to this Report.

DIRECTORS

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently, Dr. Gopal Munjal (DIN 00005196) and Dr. Vikrant Rai Mehta (DIN: 00010756), Directors will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment in accordance with provisions of the Companies Act, 2013.

Directors' Report (Contd.)

A brief resume of the Directors proposed to be re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held Directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing AGM. The Directors recommend their re-appointment at the ensuing AGM.

During the year Ms. Preetika Chaubey ceased to be a Director due to resignation w.e.f. 11th August, 2016. However, she was again appointed as an Independent Woman Director of the Company for a period of Three Years w.e.f. 20th September 2016. Mr. S.P. Sharma was appointed as an Independent Director for a period of three years w.e.f. 5th July, 2017. The Board has proposed appointment of Ms. Preetika Chaubey and Mr. S.P. Sharma for approval of shareholders in the ensuing AGM. Mr. Pradeep Kumar, Independent Director, ceased to be a Director w.e.f. 6th April, 2017.

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

NO. OF MEETINGS OF THE BOARD

During the year, four Board meetings were held on 25th May 2016, 11th August 2016, 11th November, 2016 and 14th February, 2017. The details regarding the meetings are given in the Corporate Governance Report.

CORPORATE GOVERNANCE

A Report on Corporate Governance forms part of this Annual Report. The Auditors' certificate certifying compliance with the conditions of Corporate Governance under Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015 is annexed as **Annexure 1** to this Report.

CORPORATE DEBT RESTRUCTURING

The Company stands exited from CDR system on account of failure of approved restructuring scheme. The Company is however approaching Banks individually for settlement of debts.

DIVIDEND

In view of inadequacy of profits, the Board does not recommend any Dividend for the Financial Year 2015-16.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules'), all unpaid or unclaimed dividends are transferred to Investor Education and Protection Fund (IEPF) established by the Central Government, after the completion of seven years. Further, according to the rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid Dividends for the financial year 2008-09 to IEPF. Further, the corresponding shares will be transferred as per the requirements of IEPF rules, details of which are provided on the Company website www.indswiflabs.com.

The dividends for following years, which remain unclaimed for seven years from the date it is lying in the unpaid dividend account, will be transferred to IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately send their request for issue of duplicate warrants. The details of unclaimed dividends up to the financial year ended 31.03.2011 are also available on the website of the Company www.indswiflabs.com. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

Dividend declared in the past

Financial Year	Type of Dividend	Dividend Rate %	Date of declaration	Due date for transfer to IEPF
2009-10	Final	10	22/09/2010	28/11/2017
2010-11	Final	10	26/09/2011	02/12/2018

EMPLOYEE STOCK OPTION SCHEME

During the year, 5,19,260 options were exercised by the employees after vesting. Accordingly, the Company has made the allotment of 5,19,260 equity shares on 11th August, 2016 against the options exercised by the employees.