

Annual Report 2000-2001



Ind-Swift Laboratories Limited



BOARD OF DIRECTORS

Mrs. Kalpana Mittal Baruah	Chairperson (nominated by PSIDC w.e.f. 3.11.2000)
N.R. Munjal	Managing Director
V.K. Mehta	Jt. Managing Director
A. K. Jain	Director
A.K. Mahajan	Director
Yogesh Goel	Director
Udayan Roy	Director (nominated by IIBI w.e.f. 8.12.2000)
M.L. Sharma	Director (resigned w.e.f. 17.5.2001)
J.K. Kakkar	Director

COMPANY SECRETARY

Pardeep Verma

AUDITORS

M/s Jain & Associates

Chartered Accountants

819-20, Sector 22-A, Chandigarh- 160 022

BANKERS

State Bank of India

Industrial Finance Branch

Sector 22, Chandigarh.

State Bank of Patiala

Industrial Finance Branch

Sector 8, Chandigarh.

Bank of India

Bank Square,

Sector 17, Chandigarh.

REGISTERED OFFICE

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

Chandigarh.

HEAD OFFICE

S.C.O. 813, Shivalik Enclave, NAC, Manimajra,

Chandigarh.

WORKS

Barwala Road, Village Bhagwanpura,

Near Derabassi,

Distt. Patiala (Punjab)

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SHAREHOLDERS INFORMATION

1. **Date and venue of the Annual General Meeting :** The 6th Annual General Meeting of the Company would be held on Saturday the 29th day of September, 2001, at 9.30 a.m. at Bai Bhawan, Sector 23-B, Chandigarh.
2. **Contact person for shareholders enquiries and his address :** Mr. Pardeep Verma, Company Secretary, SCO 813, Shivalik Enclave, NAC, Manimajra, Chandigarh - 160 101.
3. **Address of Corporate Headquarters, Phone and fax Nos :** SCO 813, Shivalik Enclave, NAC, Manimajra, Chandigarh - 160 101. Phone : 730920; 730503 Fax : 730504
4. **E-mail :** info@indswift.com
5. **Website :** www.indswift.com
6. **Share Transfer Agents :** **Physical Transfers :** Shree Balajee Computer Ser. Pvt. Ltd. A-39-40, WHS, Kirti Nagar, New Delhi - 110 015
Phone : 5464667, 5166404 Fax : 5464667
Electronic Transfers : Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan, Extension, New Delhi. Phone : 3610220-24, 3513512-16, Fax : 3552001

7. Shareholding Pattern of the Company as on 30.6.2001

Category	No. of Shares	%age
Financial Institutions/Mutual Funds/Banks	5,01,200	04.99
Bodies Corporates	2,32,010	02.31
Promoters, Directors & relatives	54,67,010	54.42
General Public	38,46,080	38.28
Total	1,00,46,300	100.00

8. Distribution of shareholdings as on 30.6.2001

No. of shareholders	% of Total	Nominal value of Rupees	
5925	83.45	upto	5000
699	9.85	5001	to 10000
276	3.89	10001	to 20000
76	1.07	20001	to 30000
28	0.39	30001	to 40000
25	0.35	40001	to 50000
31	0.44	50001	to 100000
40	0.56	100001	and above
Total	7100	100.00	

9. Ind-Swift Laboratories Limited is listed at the following Stock Exchanges :

Mumbai Stock Exchange, Delhi Stock Exchange, Ludhiana Stock Exchange and National Stock Exchange.

10. Stock Price movement, volume of shares traded over the last financial year on a month to month basis on National Stock Exchange & Mumbai Stock Exchange :

Month	Highest		Lowest		Volume of Shares	
	NSE	BSE	NSE	BSE	NSE	BSE
April, 2000	32.50	30.50	20.60	20.75	1,01,900	49,500
May, 2000	24.85	24.60	16.05	17.50	1,11,100	22,200
June, 2000	25.10	26.90	19.60	20.00	1,99,800	74,500
July, 2000	22.95	21.50	16.75	16.55	1,13,300	56,900
Aug., 2000	21.50	22.25	14.05	14.75	1,47,200	70,200
Sept., 2000	26.55	25.70	19.75	20.00	65,900	15,900
Oct., 2000	26.10	26.00	20.80	21.00	42,300	15,100
Nov., 2000	40.00	37.60	23.50	21.90	1,09,858	19,806
Dec., 2000	38.80	36.10	25.00	28.75	2,05,155	15,580
Jan., 2001	31.40	31.90	25.50	26.15	62,977	19,271
Feb., 2001	29.45	30.00	23.75	24.10	82,700	36,577
Mar., 2001	26.50	26.00	15.95	17.50	56,230	25,434

11. Share Transfer Record :

No. of Share Transfer Meetings held from 01.04.2000 to 31.03.2001 = 19
No. of shares transferred from 01.04.2000 to 31.03.2001 = 29,07,100

12. Details of the Board Meetings held and attendance of the Directors

No. of Board Meetings held from 1.04.2000 to 31.03.2001 = 8

Attendance of Directors :

Kalpna Mittal Baruah = 2	A. K. Jain = 7	M. L. Sharma = 4
N. R. Munjal = 7	Yogesh Goel = 8	A. K. Mahajan = Nil
V. K. Mehta = 8	J. K. Kakkar = 6	Udayan Roy = Nil



NOTICE

Notice is hereby given that the 6th Annual General Meeting of the members of Ind-Swift Laboratories Limited will be held on Saturday, the 29th September, 2001 at 9.30 A.M. at Bal Bhawan, Sector 23-B, Chandigarh to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the financial year ended 31st March, 2001 and the report of the Directors and the Auditors thereon.
2. To appoint a director in place of Mr. J.K. Kakkar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Yogesh Goel who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications the following resolution, as a **special resolution**.

"RESOLVED THAT pursuant to Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s Jain & Associates, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to examine and audit the accounts of the Company for the financial year 2001-2002 at remuneration to be fixed by the Board of Directors of the Company."

5. To consider and, if thought fit, to pass with or without modification the following resolution, as a **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Sh. N.R. Munjal as Managing Director of the Company, for a period of 5 (five) years with effect from 29.03.2001 as stated in the Explanatory Statement attached to the notice & terms and conditions contained in the agreement to be entered into between the company and Sh. N.R. Munjal and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendment and modification that may hereafter be made thereto by the Central Govt. or as may be agreed to between the Board of Directors and Sh.N.R.Munjal".

6. To consider and, if thought fit, to pass with or without modification the following resolution, as a **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Sh.V.K.Mehta as Jt. Managing Director of the Company, for a period of 5 (five) years with effect from 01.09.2001 as stated in the explanatory statement attached to the notice & terms and conditions contained in the agreement to be entered into between the company and Sh. V.K. Mehta and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendment and modification that may hereafter be made thereto by the Central Govt. or as may be agreed to between the Board of Director and Sh.V.K.Mehta."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the prevailing statutory guidelines in that behalf and subject to all necessary consents, permissions and approvals and/or sanctions from all appropriate authorities, including the Securities & Exchange Board of India (SEBI), Government of India, Reserve Bank of India, Financial Institution(s), Stock Exchanges and all other bodies and institutions as may be relevant (hereinafter singly or collectively referred to as "the Appropriate Authorities") and subject to such conditions and modification as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and/or sanctions (hereinafter singly or collectively referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and/or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board) the consent of the Company be and is hereby accorded to the Board to issue, offer and allot from time to time in one or more tranches, through preferential allotment route upto 10,00,000 equity shares to promoters viz. Ind-Swift Ltd., Mukur Pharmaceutical Co. Pvt. Ltd., Swift Formulations Pvt. Ltd., whether or not they are members of the Company. Such allotment shall be made in accordance with the SEBI Guidelines including



lock-in period as may be specified in the prevailing guidelines. The equity shares proposed to be allotted to the promoters viz. Ind-Swift Ltd., Mukur Pharmaceutical Co. Pvt. Ltd., Swift Formulations Pvt. Ltd., would be issued at a price determined in accordance with SEBI pricing formula as given under the SEBI guidelines for preferential issue or Rs. 37/- per share, whichever is higher.

FURTHER RESOLVED THAT the equity shares so issued and to be allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company except that the shares allotted during the financial year shall be entitled to the dividend declared for that financial year on pro-rata basis from the date of allotment of the shares and on the amount for the time being paid up thereon.

FURTHER RESOLVED THAT for the purpose aforesaid, the Board be and is hereby specifically authorised to take all such steps and actions to give such direction, as it may in its absolute discretion, deemed necessary or desirable for such purposes and also to settle any question or difficulty that may arise with regard to the proposed issue and allotment of equity share aforesaid."

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE 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 Monday, 10th day of September to Saturday, the 29th day of September, 2001.
5. Members who hold shares in demat form should bring their client ID and DP ID numbers with them.
6. Members desirous of having any information as regards accounts are requested to write to the Company atleast 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, as no further copies would be made available.

By order of the Board

Date : 30.07.2001
Place : Chandigarh

Pardeep Verma
Company Secretary

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

ITEM NO. 4

In terms of Section 224A of the Companies Act, 1956, the appointment of the Auditors of the Company is required to be made by Special Resolution, if not less than 25% of the subscribed share capital of the Company is held, either singly or in any combination, by Public Financial Institutions or Government Companies or the Central or any State Government or any Financial or other Institution established by any provincial or State Act in which the State Government holds not less than 51% of the subscribed share capital or any Nationalised Bank or insurance Company carrying on General Insurance Business.

In the case of your Company, the Punjab State Industrial Development Corporation Ltd. (PSIDC), a state owned Institution holds more than 25% of the subscribed share capital of the Company. Hence, a Special Resolution is required to be passed to re-appoint, M/s Jain and Associates, Chartered Accountants, as Auditors of the Company. As required under Section 224(1) of the Companies Act, 1956, a certificate has been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1-B) of the Companies Act, 1956.

ITEM NO. 5

Sh.N.R.Munjal was appointed as the Managing Director of the Company by the Board of Directors for a period of 5 years on 29.3.1996. The aforesaid appointment was approved by the members in the General Meeting held on 03.07.1996. As the term of Sh.N.R.Munjal was due for expiration on 28.03.2001 so the Board of Directors of the Company, at its Meeting held on 30.01.2001, re-appointed Sh. N. R. Munjal as Managing Director of the Company, for a further period of five years with effect from 29.03.2001, on the following terms and conditions :

I) BASIC SALARY

Rs. 35000 p.m.

II) PERQUISITES AND ALLOWANCES

In addition to the salary payable, Sh. N. R. Munjal shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowances in lieu thereof, Home Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, Leave Travel Concessions for himself and his family, club fees, medical insurance such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by Board of Directors, including the following:



Provident Fund/Superannuation Fund :

Contribution to Provident Fund/Superannuation Fund/Annuity Fund, in accordance with the rules of Company.

Such perquisites and allowances altogether will not exceed 60% of the annual basic salary, mentioned at (i) above.

Apart from above, they will also be entitled to the following:

- a) Company Car
One Car with service of driver, to be maintained by the Company for official use.
- b) Reimbursement of entertainment, Travelling and all other expenses incurred for the business of the Company.
- c) Gratuity
Gratuity at a rate not exceeding half month's salary for each completed year of service at the time of retirement.
- d) Encashment of leave as per Company rules at the time of retirement.

In case of inadequacy of profits / loss in any financial year(s) the above remuneration will be paid as minimum remuneration,

The resolution seek to obtain the Member's approval to the appointment of and payment of remuneration to Sh.N.R.Munjhal.

Except Sh.N.R.Munjhal no other Director is concerned or interested in this Resolution.

The notice and explanatory statement may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. N. R. Munjal as required to be circulated under section 302 of the Companies Act, 1956.

ITEM NO. 6

Sh. V. K. Mehta was appointed as the Jt. Managing Director of the Company by the Board of Directors for a period of 5 years on 23.10.1996. The aforesaid appointment was approved by the members in the Annual General Meeting held on 29.09.1997. As the term of Mr. V. K. Mehta was due for expiration on 22.10.2001 so the Board of Directors of the Company, at its Meeting held on 30.07.2001, have re-appointed Sh. V. K. Mehta as Jt. Managing Director of the Company, for a further period of five years with effect from 01.09.2001, on the following terms and conditions :

i) BASIC SALARY

Rs. 34000 p.m.

ii) PERQUISITES AND ALLOWANCES

In addition to the salary payable, Sh. V. K. Mehta shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowances in lieu thereof, Home Maintenance Allowance together with reimbursement of expenses or allowances

for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, Leave Travel Concessions for himself and his family, club fees, medical insurance such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by Board of Directors, including the following:

Provident Fund/Superannuation Fund :

Contribution to Provident Fund/Superannuation Fund/Annuity Fund, in accordance with the rules of Company.

Such perquisites and allowances altogether will not exceed 60% of the annual basic salary, mentioned at (i) above.

Apart from above, they will also entitled to the following:

- a) Company Car
One Car with service of driver, to be maintained by the Company for official use.
- b) Reimbursement of entertainment, Travelling and all other expenses incurred for the business of the Company.
- c) Gratuity
Gratuity at a rate not exceeding half month's salary for each completed year of service at the time of retirement.
- d) Encashment of leave as per Company rules at the time of retirement.

In case of inadequacy of profits / loss in any financial year(s) the above remuneration will be paid as minimum remuneration,

The resolution seek to obtain the Member's approval to the appointment of and payment of remuneration to Sh. V. K. Mehta.

Except Sh. V. K. Mehta no other Director is concerned or interested in this Resolution.

The notice and explanatory statements may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. V. K. Mehta as required to be circulated under section 302 of the Companies Act, 1956.

ITEM NO. 7

During the year 2000-2001, your Company spent a sum of Rs. 9.85 crores to set up a new multipurpose plant for the manufacturing of new molecules, Pioglitazone & Candesartan; capacity enhancement of existing molecule Clarithromycin, and upgrading its R & D facilities. Apart from Institution/Bank finance a sum of Rs. 3.70 crores, received from promoters group, viz. Ind-Swift Ltd., Mukur Pharmaceutical Co. Pvt. Ltd., Swift Formulations Pvt. Ltd. was also utilised for the above purpose.

The said sum of Rs. 3.70 crores is shown in the Balance Sheet under the head Preference Share Application money and upon the request of the promoting Companies, it is being treated as equity share application money.



The timely investment in upgrading and expanding our manufacturing facilities, strictly complying to international standards, adding to our existing R & D facilities and capacity enhancement of existing plants was the need of the hour keeping in view, the immense competition in the Bulk Drugs industry. The Company is now better positioned to face the international standards as to quality and enter the regulated markets.

Now your Company proposes to allot 10,00,000 equity shares of Rs. 10/- each at a premium of Rs. 27/- to the promoting Companies as per the details given hereinbelow, through the preferential allotment route in accordance with the SEBI Guidelines for preferential issues and subject to the approval of shareholders as required in terms of Section 81 (1A) of the Companies Act, 1956 :-

Ind-Swift Ltd.	: 7,30,000 Shares
Mukur Pharmaceutical Co. Pvt. Ltd.	: 1,35,000 Shares
Swift Formulation Pvt. Ltd.	: 1,35,000 Shares
Total	: 10,00,000 Shares

Pricing of the Issue

As per SEBI Guidelines for preferential issues, the issue of shares on a preferential basis can be made at a price not less than the higher of the followings :

- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

The "relevant date" for the purpose of determining the issue prices of such equity shares under the SEBI Guidelines for preferential issues shall be 29.8.01, being the date 30 days prior to the date of this Annual General Meeting of the shareholders. The price of equity shares proposed to be issued to the promoters is Rs. 37/- which is higher than the price determined in accordance with SEBI pricing formula as explained above.

The said price has been mutually agreed to by the Board of Directors of the concerned Companies keeping in view the book value of the share, market price of the share at the time of the investment and the future prospects of the Company.

Shareholding Pattern before and after the allotment

S. No.	Particulars	Pre Issue		Post Issue	
		Holding	% age	Holding	% age
1.	Promoters Group	54,87,010	54.42	64,87,010	58.54
2.	Mutual Funds, Banks & Fie	5,01,200	4.99	5,01,200	4.54
3.	General Public	40,78,090	40.59	40,78,090	36.92
	Total	100,46,300	100.00	110,46,300	100.00

The Individual changes in the shareholding of the respective promoting Company would be as under :-

S. No.	Particulars	Pre Issue		Post Issue	
		Holding	% age	Holding	% age
1	Ind-Swift Ltd.	14,33,200	14.27	21,83,200	19.58
2	Swift Formulations Pvt. Ltd.	7,83,100	7.8	8,98,100	8.13
3	Mukur Pharmaceutical Co. Pvt. Ltd.	3,77,600	3.78	5,12,600	4.64

Changes in the Board of Directors and voting rights consequent upon allotment of equity shares

There would be no change in the Board of Directors of the Company consequent upon allotment of equity shares as described above. However, there would be change in the voting rights to the extent of change in the pattern of shareholding indicated above.

Change in the control over the Company consequent upon allotment of equity shares

There would be no change in the control over the Company consequent upon allotment of equity shares.

Proposed time within which the allotment shall be completed

Allotment of equity shares, as proposed above, would be completed within a period of three months from the date of special resolution under Section 81(1A) of the Companies Act, 1956 as permitted under SEBI guidelines.

Lock-in-Period

The shares proposed to be allotted would be subject to lock-in as required in terms of SEBI guidelines.

The directors of your Company may be deemed to be interested to the extent of the shares that may be subscribed by the companies in which they or their relatives are Directors.

The proposed resolution, therefore is being placed before the members for being passed as special resolution.

By order of the Board,

Date : 30.07.2001
Place : Chandigarh

(PARDEEP VERMA)
Company Secretary