

annual report

2007-2008



Ind-Swift Laboratories Ltd.

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Corporate Information

Board of Directors

S.R. Mehta	Chairman
N.R. Munjal	Vice-Chairman
V.K.Mehta	Managing Director
Dr. G. Munjal	Director
Dr. V.R. Mehta	Director
Himanshu Jain	Director
Dr. J.K.Kakkar	Director
Dr. S.D Nanda	Director
K.M.S. Nambiar	Director

Management Team

N.R. Munjal	Vice-Chairman
V.K.Mehta	Managing Director
Dr. Lalit K. Wadhwa	Chief Technical Officer (CTO)
N.K. Bansal	Chief Finance Officer (CFO)
Vijay Kumar	President - Marketing
Vikas Narendra	President - US Operations
G.K. Sharma	Sr. Vice President - Production
Subodh Gupta	Sr. Vice President - Commercial
S.C. Srinivasan	Vice President - Research & Development
R.S. Dhaliwal	Vice President - Human Resources
Pardeep Verna	Head Legal & Company Secretary

Committees of the Board

Audit Committee

K.M.S. Nambiar	Chairman
Dr. J.K. Kakkar	Member
Dr. S. D. Nanda	Member
Dr. G. Munjal	Member

Remuneration Committee

K.M.S. Nambiar	Chairman
Dr. S. D. Nanda	Member
S.R. Mehta	Member
N.R. Munjal	Permanent Invitee
V.K. Mehta	Permanent Invitee

Share Transfer & Shareholder /Investor Grievance Committee

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

Compensation Committee

Dr. J.K. Kakkar	Chairman
K.M.S. Nambiar	Member
Dr. S. D. Nanda	Member
N.R. Munjal	Member
V.K. Mehta	Member

Registered Office

S.C.O. 493-94, Sector 35-C,
Chandigarh-160 022
Telephone:91-172-2660918,2604934
Fax: 91-172 -2660920

Share Department

S.C.O: 850, Shivalik Enclave, NAC,
Manimajra, Chandigarh 160 101
Tele: - 91-172- 2730503, 2730920
Fax: - 91-172 2730504, 2736294
Email: investor.relations@indswiflabs.com

Solicitors

P.K. Goklaney & Company
Advocate & Solicitors
38, Sector 16-A,
Chandigarh 160016

Auditors

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

Bankers

State Bank of India

Specialized Commercial Branch,
SCO: 103-106, Sector 17-B,
Chandigarh -160 017

Bank of India

Bank Square,
SCO:81-93, Sector 17-B,
Chandigarh-160 017

State Bank of Patiala

Commercial Branch,
SCO: 103-107, Sector 8-C,
Chandigarh

NOTICE OF 13th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Ind-Swift Laboratories Limited will be held on Friday, the 26th day of September, 2008 at 10.00 A.M. at Baba Makhan Shah Lobana Bhawan, Sector-30-A, Chandigarh to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 2008 together with Report of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. V.K. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. V.R. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To declare the dividend on equity shares for the financial year ended 31st March 2008.
5. To consider and if thought fit, to pass the following resolution with or without modification(s) as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Jain & Associates, Chartered Accountants, the retiring auditors of the Company be and is hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this meeting upto the next Annual General Meeting of the Company and to examine and audit the accounts of the Company for the financial year 2008-09 at a remuneration to be decided by Board of Directors."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the company be and is hereby accorded to the re-appointment of Mr. N.R. Munjal as a Whole Time Director of the company, designated as Vice-Chairman of the company for period of 5(five) years with effect from 1st April, 2008, and the increase in remuneration including perquisites and benefits of Mr. N.R. Munjal w.e.f. 1st July, 2007 as set out in Explanatory Statement attached to the notice upto the remaining term of his appointment."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the company be and is hereby accorded to the Re-Appointment of Mr. V.K. Mehta as a Whole Time Director of the company , designated as Managing Director of the company for period of 5(five) years with effect from 1st April, 2008, and the increase in remuneration including perquisites and benefits of Mr. V.K. Mehta w.e.f. 1st July, 2007 as set out in Explanatory Statement attached to the notice upto the remaining term of his appointment."

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

"RESOLVED THAT according to the provisions of the Companies Act, 1956, the Authorized Share Capital of the company be and is hereby modified and re-structured from Rs. 35,00,00,000/- (thirty five crores) divided into 2,75,00,000 (two crores seventy five lac) Equity shares of Rs. 10/- each and 7,50,000 (seven lac fifty thousand) Preference shares of Rs. 100/- each to Rs. 35,00,00,000/- (thirty five crores) divided into 3,50,00,000(three crores fifty lac) Equity shares of Rs. 10/- each.

FURTHER RESOLVED THAT in accordance with the provisions of Section 16 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being in force), the existing Clause V of the Memorandum of Association relating to the share capital of the company be and is hereby altered by deleting the same and instead thereof, substituting the following as new Clause V:

Clause V.

The Authorized Share Capital of the Company is Rs. 35,00,00,000/- (thirty five crore) divided into 3,50,00,000 (three crores fifty lac) Equity shares of Rs. 10/- each.

FURTHER RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being in force), the existing Article 3 of the Articles of Association relating to the share capital of the company be and is hereby altered by deleting the same and instead thereof, substituting the following as new Article 3:

Article 3.

The Authorized Share Capital of the Company is Rs. 35,00,00,000/- (thirty five crore) divided into 3,50,00,000 (three crores fifty lac) Equity shares of Rs. 10/- each"

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
3. The dividend as recommended by the Board of Directors for the Year ended 31st March 2008, if declared at this Annual General Meeting will be paid to those members whose names stand registered in the Register of Members as on Monday, September 22, 2008 and in respect of shares held in electronic form, to those 'deemed members' whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Saturday, September 20th, 2008 and dividend warrants will be dispatched before Monday, 20th October 2008.
4. The Register of members and the Share Transfer Books of the Company will remain closed from Monday, 22nd September, 2008 to Friday, 26th September, 2008 both days inclusive.
5. Members are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
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 Report to the meeting, as no further copies would be made available.

Place: Chandigarh
Date: 29th August, 2008

By Order of the Board
For Ind-Swift Laboratories Limited

PARDEEP VERMA
COMPANY SECRETARY

Registered Office:
SCO 493-94, Sector 35-C Chandigarh

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956.

Item No. 6

Sh. N.R. Munjal was appointed as the Whole Time Director designated as Managing Director of the Company by the shareholders w.e.f. 29.03.2006 for a further period of Five years. However the Board of Directors in its meeting held on 01.04.2008 have re-designated and re-appointed Sh. N.R. Munjal as the Vice-Chairman of the Company for a period of 5(Five) years w.e.f. 1st April, 2008

In recognition of the Excellent Services being rendered by Sh. N.R. Munjal, the Board had earlier in its meeting held on 29.10.2007 approved the revised terms and conditions as to the payment of remuneration etc. to Sh. N.R. Munjal for the remainder of his term w.e.f. 1st July, 2007 subject to the approval by the shareholders. The abstract of the revised terms of remuneration of Sh. N.R. Munjal was communicated to the members vide the Abstract and Memorandum under Section 302 of the Companies Act, 1956 dated 29th October, 2007.

In view of the said changes in the designation and remuneration of Sh. N.R. Munjal it is proposed to the members to approve the re-appointment of Sh. N.R. Munjal as Vice-Chairman of the Company w.e.f. 1st April, 2008 and the increase in remuneration w.e.f. 01.07.2007 on the terms and conditions as follows for a further period of 5(Five) years

A. REMUNERATION

- a) Salary Minimum Rs.5,50,000/- per month subject to the maximum of Rs.10,00,000/- per month with liberty to the Board to review and set the level from time to time.
- b) Perquisites and allowances.
 1. Fully furnished rent free accommodation/ House.
 2. Medical Reimbursement – Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family.
 3. Leave Travel Assistance – Once a year for self & family as per rules of the Company.
 4. Insurance – Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
 5. Club fees – Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
 6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund – As per rules of the Company.
 7. Gratuity – Upto half a month's salary for each completed year of service.
 8. Leave encashment – As per rules of the Company but not exceeding one month's leave for every 11 months of service
 9. Conveyance – The Company shall provide one fully insured cars with driver and reimbursement of the operational expenses.
 10. Telephone, Telefax and other communication facilities.
 11. Security – The Company shall provide for round the clock security at the Director's residence.

B. OTHER TERMS

1. The Director shall not be paid any sitting free for attending the meetings of the board of directors or Committees thereof.
 2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the company without the prior approval of the Central Government.
 3. The remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to such Directors shall be reduced proportionately unless otherwise decided by the Board of Directors.
 4. Minimum Remuneration – In the event of loss or inadequacy of profits the company will pay remuneration by way of the salary and perquisites as specified above subject to the restrictions set out in Section II of Part II of the Schedule XIII of the Act, or any other law or enactment for the time being or from time to time in force.
 5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving six months' notice in writing, of such termination.
 6. If, at any time, Shri N.R. Munjal ceases to be the director of the company for any causes whatsoever, his office as Whole-time Director shall forthwith be terminated.
- In case of Inadequacy of profits / loss in any financial year(s) the above remuneration will be paid as minimum remuneration.

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.

Sh. N.R. Munjal being appointee and Dr. G. Munjal, Director, being the brother of the appointee are concerned and interested in the said resolution.

Item No. 7

Sh. V.K.Mehta was appointed as the Whole Time Director designated as Joint Managing Director of the Company by the shareholders w.e.f .01.09.2006 for a further period of Five years. However the Board of Directors in its meeting held on 01.04.2008 have re-designated and re-appointed Sh. V.K.Mehta as the Managing Director of the Company for a period of 5(Five) years w.e.f. 1st April, 2008

In recognition of the Excellent Services being rendered by Sh. V.K. Mehta, the Board had earlier in its meeting held on 29.10.2007 approved the revised terms and conditions as to the payment of remuneration etc. to Sh. V.K. Mehta for the remainder of his term w.e.f. 1st July, 2007 subject to the approval by the shareholders. The abstract of the revised terms of remuneration of Sh. V.K.Mehta was communicated to the members vide the Abstract and Memorandum under Section 302 of the Companies Act, 1956 dated 29th October, 2007.

In view of the said changes in the designation and remuneration of Sh. V.K.Mehta it is proposed to the members to approve the re-appointment of Sh. V.K.Mehta as Managing Director of the Company w.e.f. 1st April, 2008 and the increase in remuneration w.e.f. 01.07.2007 on the terms and conditions as follows for a further period of 5 (five) years

A. REMUNERATION

- a) Salary Minimum Rs.5,50,000 /- per month subject to the maximum of Rs.10,00,000/- per month with liberty to the Board to review and set the level from time to time.
- b) Perquisites and allowances.
 - 1) Fully furnished rent free accommodation/ House.
 - 2) .Medical Reimbursement – Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family.
 - 3) Leave Travel Assistance – Once a year for self & family as per rules of the Company.
 - 4) Insurance – Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
 - 5) Club fees – Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
 - 6) Contribution to Provident Fund, Superannuation Fund or Annuity Fund – As per rules of the Company.
 - 7) Gratuity – Upto half a month's salary for each completed year of service.
 - 8) Leave encashment – As per rules of the Company but not exceeding one month's leave for every 11 months of service
 - 9) Conveyance – The Company shall provide one fully insured cars with driver and reimbursement of the operational expenses.
 - 10) Telephone, Telefax and other communication.
 - 11) Security – The Company shall provide for round the clock security at the Director's residence.

C. OTHER TERMS

- 1) The Director shall not be paid any sitting free for attending the meetings of the board of directors or Committees thereof.
- 2) The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the company without the prior approval of the Central Government.
- 3) The remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to such Directors shall be reduced proportionately unless otherwise decided by the Board of Directors.
- 4) Minimum Remuneration – In the event of loss or inadequacy of profits the company will pay remuneration by way of the salary and perquisites as specified above subject to the restrictions set out in Section II of Part II of the Schedule XIII of the Act, or any other law or enactment for the time being or from time to time in force.

- 5) Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving six months' notice in writing, of such termination.
- 6) If, at any time, Sh. V.K. Mehta ceases to be the director of the company for any causes whatsoever, his office as Whole-time Director shall forthwith be terminated.

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

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

Sh. V.K. Mehta being appointee and Dr. V.R. Mehta and Sh. S.R. Mehta, Directors, being the brothers of the appointee are concerned and interested in the said resolution

Item No. 8

The authorized share capital of the Company apportioned as Preference share Capital lies unutilized as the Company has already converted / redeemed its preference share and it does not intend to issue the same in future. In order to facilitate the issue of Equity shares in future the Company further proposes to convert the present authorized capital viz Rs. 35,00,00,000/- (thirty five crores) divided into 2,75,00,000 (two crores seventy five lac) Equity shares of Rs. 10/- each and 7,50,000 (seven lac fifty thousand) Preference shares of Rs. 100/-each to Rs. 35,00,00,000/- (thirty five crores) divided into 3,50,00,000 (three crores fifty lac) Equity shares of Rs. 10/-each.

The Board recommends the Resolution for approval of the members.

None of the Director of the Company is interested or concerned for the proposed resolution.

Place: Chandigarh
Date: 29th August, 2008

By Order of the Board
For Ind-Swift Laboratories Limited

PARDEEP VERMA
COMPANY SECRETARY

Registered Office:
SCO 493-94, Sector 35-C Chandigarh

Details of Directors Seeking Re-appointment at the forthcoming Annual General Meeting of the Company (pursuant to clause 49 of the Listing Agreement with the Stock Exchanges)

Name of Director	N.R.Munjai	V.K. Mehta	Dr. V.R. Mehta
Date of Birth	09.02.1952	25.03.1961	30.11.1956
Date of Appointment	04.01.1995	04.01.1995	31.07.2003
Expertise in specific functional Area	Long term strategy planning & exploring new and innovative avenues for business growth.	Long term strategy planning in Accounts & Finance	Marketing and product development Generic Products
Qualifications	B.Sc.	B.Com	M.Sc.(PAU)
Details of Share held	105000	237000	52900
List Company in which outside Directorships held as on 31.03.2008 (excluding Private & Foreign Companies)	Ind-Swift Ltd., Essix Biosciences Ltd.,	Ind-Swift Ltd., Essix Biosciences Ltd., Mansa Print & Publishers Ltd., Nimbua Greenfield (Punjab) Ltd.	Ind-Swift Ltd., Essix Biosciences Ltd.
Chairman / Member of the Committees of other Company on which he is director as on 31.3.08	N.A.	N.A.	Member Share Transfer/ Share holder's Grievance Committee: Ind-Swift Limited.
Relationship inter-se between Directors	Related with Dr. G. Munjai, Director as Brother.	Sh. S.R. Mehta, Sh. V.K. Mehta & Dr. V.R. Mehta are related to each other as Brothers.	

from the V.C. & M.D.'s Desks



N.R. Murpal
Vice-Chairman



V.K. Mehta
Managing Director

Dear Share Owners,

It gives us immense pleasure to say that the year 2007-08 has been a year of positive growth for the Company on several parameters starting with financial performance, your Company has improved outcomes and simultaneously undertaken several initiatives to better position itself for the future.

We are harnessing every aspect of our business to drive these results, including new and in-line products, our growing research pipeline, and new initiatives designed to make Ind-Swift more efficient.

Despite the rise in input costs by over 25% your company has been able to record an impressive 60% growth in the net profits, which is commendable by any standards and going further we expect the company to financially perform better in future as well.

Company's presence in the Regulated Markets of US further strengthened with the beginning of commercial supplies and US Subsidiary further forging key contracts with leading generic players in US. We await the USFDA for another molecule by the beginning of 2010 which will boost our exports to US by more than 200% from the present level and further pave the way for deploying the regulatory expertise and front end infrastructure to introduce and leverage the potential of these products across the Globe.

Our emerging markets portfolio continued to perform well, led by strong growth in India, Latin America, Turkey and Brazil. These markets account for significant part of our global revenues and are a key growth driver of the business. We have also entered into agreements with the Generic companies in Japan for our range of products for their future launches. Japan is a key market for us going forward as we plan to increase our supplies to the regulated markets.

We are further strengthening our moves for the export markets with opening of a marketing office in Europe. Moreover, we look with anticipation on the developments at the Global Business Unit of the parent Company, Ind-Swift limited, where the new Export Oriented Unit has got all the major accreditations. This will enable us to offer a complete, research based APIs to Finished Dosages solutions to our European and US customers.

Increase in production and supplies from our Manufacturing facility at Samba, Jammu has resulted in higher profitability for the Company. As a move to have better economies we have planned a captive power plant of 7-10 MW capacity at Derolwal, Punjab, which will reduce the energy cost at our Derolwal Facility.

We continue to grow our research pipeline. Our pipeline includes five other promising molecules . A strategically important MOU has been entered with an academic institution where our Global strategic team will work jointly with the Institution on various research projects. This will help us to develop skill set required to move up the pharma value chain of working with Global / MNC companies for New Chemical Entities(NCEs).

Company's first Joint Venture has become fully operational during the year . The JV is expected to break-even during the current financial year and it will begin to yield results by the next financial year onwards.

During the year, Company has entered the field of Phytochemicals, where, we have put to operation a new manufacturing facility to manufacture Mint based products. The mint products' have large market all over the World and are characterized as a large volume business. Company expects the mint products to contribute 25-30% to the topline and bottom line of the Company from financial year 2009-10 onwards.

Your Company has re-structured the Board with Sh. S.R.Mehta as the Chairman, just in order to rejuvenate the existing Board and enable the Board members to strategically enhance the overall efficiency of the Organisation.

Globally the pharmaceutical industry is facing enormous challenges, global pharmaceutical companies are increasingly looking for Strategic outsourcing partners that can help them to efficiently manage their product life cycle in a cost effective manner. This presents a significant opportunity for our Company.

The people at Ind-Swift continue to work hard to change the future of our company. Our current results increase our confidence in our ability to achieve our Goal of winning Global Customers through innovative quality pharmaceutical products.

(V.K. MEHTA)
MANAGING DIRECTOR

(N.R. MUNJAL)
VICE-CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure, Developments, Opportunities and Threats

The global generics market grew at a faster pace than the global pharma market in 2007, with a CAGR of 16.4% during 2004–2007. Regular patent expirations of blockbuster drugs are the primary growth driver of the industry. Rising healthcare expenditure has also contributed to industry expansion, with governments coming under growing pressure to provide low cost alternatives to branded drugs. However, the generics market is changing due to the threat from authorized generics, competition from players in emerging countries and increasing consolidation. Companies are attempting to improve their market strength and geographical reach via divestments and acquisitions.

With USD 315 billion, the US will continue to be the main market for pharmaceutical companies. It, however, contributed only 25.5% of the total growth to the global market in 2007, which is the lowest level of contribution. A growth of 4–5% is expected in the US pharma industry, with generics accounting for more than two-thirds of the overall prescriptions. Yet in light of expected cost-cutting in the US healthcare system, this market also has the highest risks in the world.

World generic pharmaceutical market was estimated to be valued around US\$ 84.4 Bn in 2006, with USA, the world's largest generic market valued at US\$ 31 Bn. The aggregate growth of the five major European markets, viz., France, Germany, UK, Italy and Spain, was 4.8% over the year. The rest of the European markets, valued at US\$ 81.6 Bn, expanded by over 10%. The uptake of generic drugs in Western Europe varied from country to country, but there is a distinctive shift towards genericisation.

This trend is most noticeable in Spain, France and Italy, where so far, generic consumption is dismally low, but on an increase. High-price markets such as, Germany, UK, and Netherlands, have encouraged the use of generics in order to bring down their healthcare expenditure.

Without emerging healthcare markets like China and India, global pharma would be in a world of hurt. The global market for meds reached \$712 billion last year, according to a new report from IMS Health, up \$178 billion over five years before. But the rate of growth is slowing—6.4 percent compared with 11.8 percent in 2001. And without the big engines in Asia, that figure would be lower still. China, South Korea, and India grew by 25.7 percent, 10.7 percent, and 13 percent respectively. Russia and Turkey, 20.2 percent and 17.2 percent.

IMS reports that the Latin American markets continued their rapid expansion, registering a growth of 11.6% in 2007, with a market size, estimated at US\$ 42.4 Bn. Similarly, the Japanese pharmaceutical market grew by 3.6% to reach US\$ 65.2 Bn. The growth registered by the Japanese market during 2007, is higher than the compounded annual growth rate (CAGR) of the previous five years. The Asian markets experienced a double-digit growth, on account of a significant expansion of healthcare access in the region. These markets (excluding Japan, including Australia and New Zealand) grew collectively by 13.3% and represent close to 11% of the total global sales. In terms of revenue, the ten key markets constitute over 80% of the global pharmaceutical industry. The year 2008, is slated to witness a shift in growth from the top seven markets to emerging markets and from primary care-driven to specialty care-driven drugs. The markets of China, Brazil, Mexico, South Korea, India, Turkey and Russia are projected to experience growth at the rate of 12–13% to reach US\$85–90 Bn. It is a favourable time for the generic manufacturers, mainly because a large number of top selling drugs are due for patent expiry in the US. Further, a large number of countries are promoting the use of generics as a means of containing healthcare costs.

It is estimated that the generic market is currently growing faster than the pharmaceutical industry, as a whole. It is also further estimated that around 50% of US prescriptions are for generics and nearly 80% of UK NHS prescriptions are written generically. ORG IMS reports that the IPM has been valued at around US\$ 7.8 Bn, and over the last four years, the IPM has grown at a CAGR of 13%. McKinsey & Company's recent research estimates indicate that the IPM is expected to grow to a size of US\$ 20 Bn by 2015 and will be among the top 10 pharma markets of the world. Factors contributing to the above growth are: Increasing disposable incomes and the number of middle-class households Expansion of medical infrastructure Greater penetration of health insurance Rising prevalence of chronic diseases Aggressive market penetration, driven by the relatively small companies Adoption of product patent Their research further points out that growth in the Indian pharmaceuticals market is anticipated to be well distributed across urban and rural areas. Rural areas are expected to account for a third of the country's consumption growth, over the next two decades.