



# **Steady. Focused. Forward.**

Ind-Swift Laboratories Limited  
**Annual Report 2021-22**

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At Ind-Swift Laboratories, we have come a long way in our journey.

Leveraging our core strengths, we have made our business significantly stronger. Striving harder each day, we have made the good even better. Delivering value to customers, we have upped our performance bar a few notches higher.

To sustain this **steady** growth, we are singularly **focused** on creating an all-weather business model that will, going **forward**, uplift the organisation into a new orbit of growth.



98,809

Revenue (₹ lakh)

23,588.81

EBITDA ₹ lakh)

39,381

Market Capitalisation  
(₹ lakh)

We are a global manufacture of APIs and Intermediates.

We cater to the requirement of customers in 70 nations

75% of our turnover comes from exports.

More than 55% of our turnover comes from Regulated Markets.

We have grown our topline by 15.35% over the previous year.

The EBITDA grew by 23.22% over the previous year.

We are  
**Ind Swift  
Laboratories  
Limited**



### Our Vision

To significantly contribute in building a healthy world as a leading provider of quality pharmaceutical products across the globe.



### Our Mission

We aim to be build a profitable, sustainable, system driven world class pharmaceutical organisation that deliver diverse range of quality pharmaceutical products for global markets by means of our loyal customer base, intellectual team, effective systems and latest technology.



### Our Values

Ind-Swift's culture is based upon our core values that provide equal opportunity to everyone for contributing towards achieving organisational and societal objectives. Our customers are our greatest teachers and our employees are our greatest assets. Our decision-making process in organisation is guided by a definitive value system we term as 'RIPCO' Value system.





# Key Performance Indicators

23.22%

EBITDA margin

₹73.80

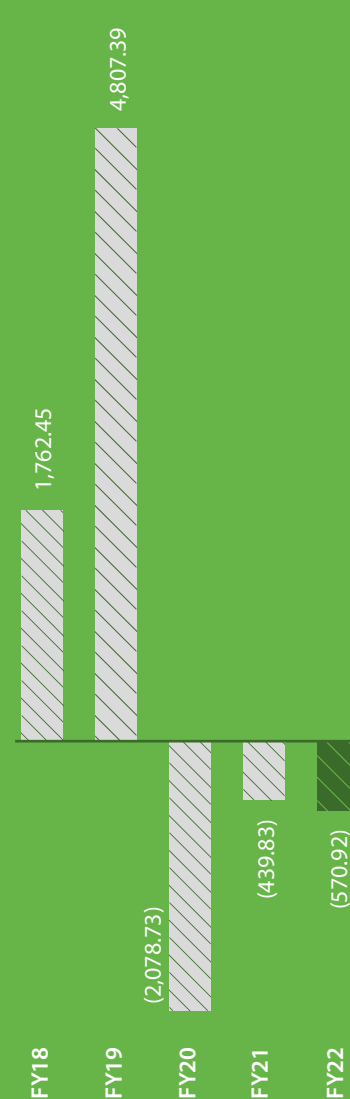
Book value per share



Revenue from Operations (₹ in lakh)



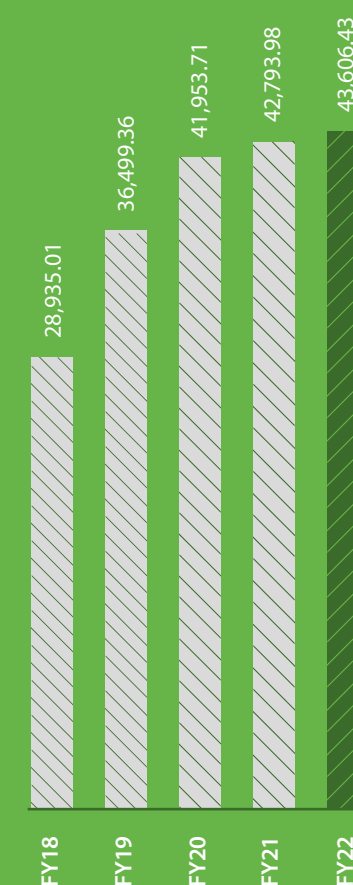
EBITDA (₹ in lakh)



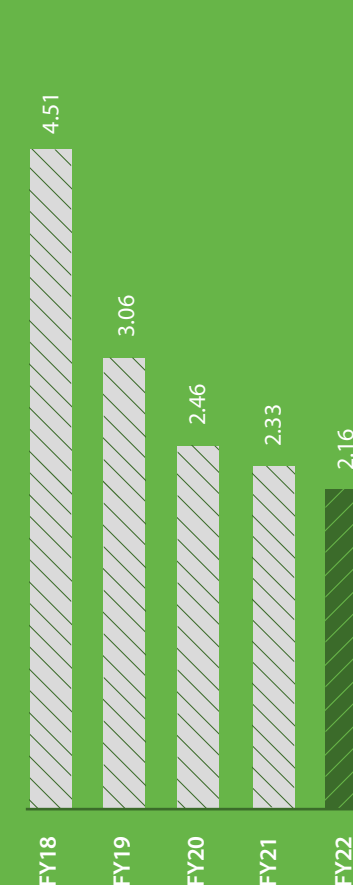
Net Profit/(Loss) (₹ in lakh)



Net Cash from Operations (₹ in lakh)

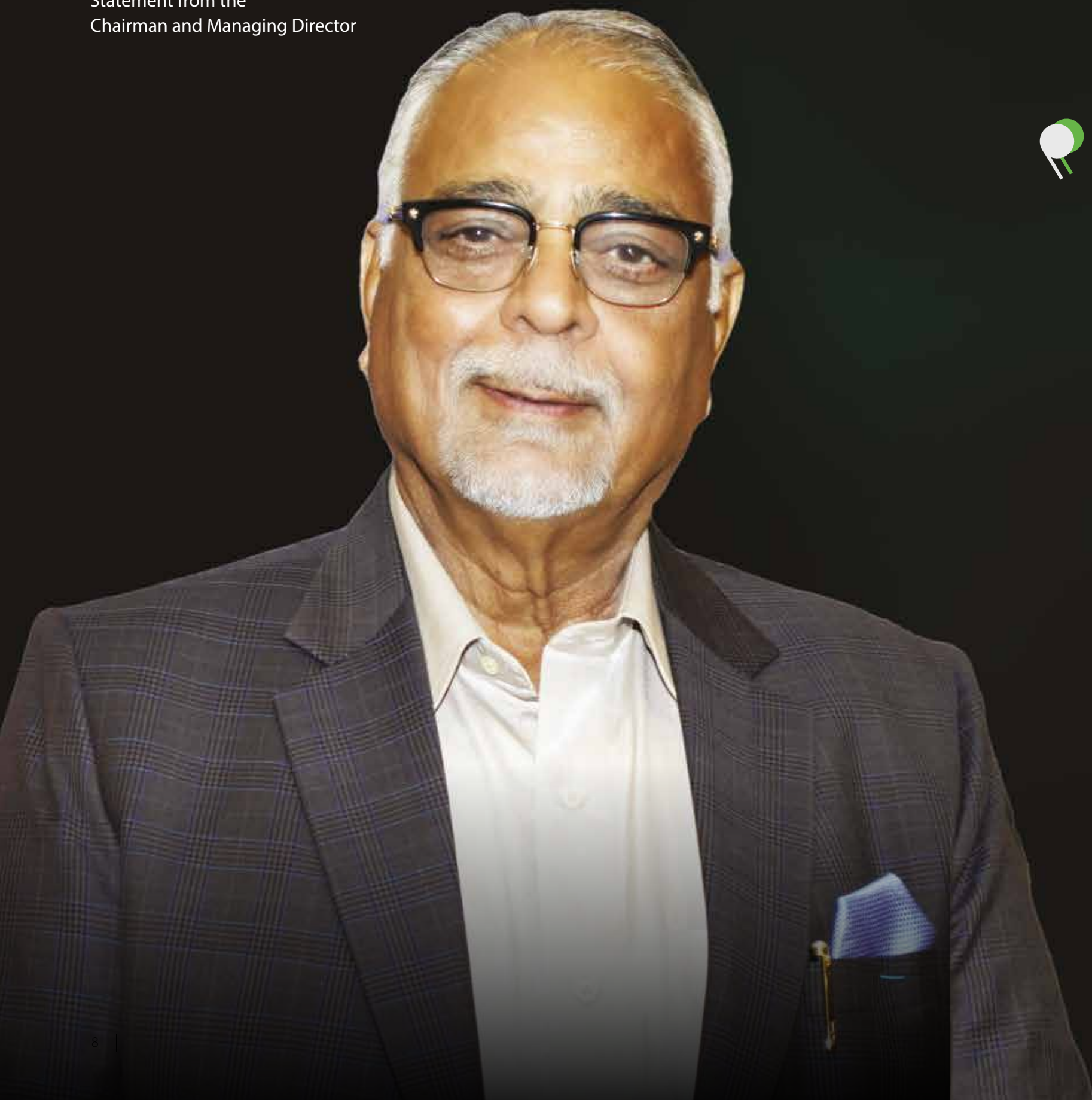


Networth (₹ in lakh)



Debt-equity (x)

Statement from the  
Chairman and Managing Director



**We are persistently exploring ways to improve our top line and profitability growth.** We continue to work on revenue enhancing and efficiency improvement measures to capitalise on the favourable business landscape unfolding across the globe.



## Dear shareholders,

I write to you with a happy heart. For two reasons. One, India overcame the pandemic with grit and determination and is now firmly placed on the path to progress. Two, the Company continued to improve its performance despite persistent challenges throughout the fiscal that impeded growth. Revenue from Operations scaled by 15.35% as demand for our products continued to gain traction. Profit before Tax dropped primarily owing to inflationary pressures that spiraled input costs. The EBITDA however grew steadily by 18.42%. I must congratulate the entire team for their disciplined effort in uplifting the Company in a tough year.

During FY22, we had our ups and downs.

We onboarded Mr. Sunil Deshmukh, an accomplished business leader with extensive experience in both domestic and international pharmaceutical frameworks as our Chief Executive Officer (CEO). Mr. Deshmukh is leading Ind-Swift's transformation journey and is providing the overall strategic direction to the organisation and directly leading the strategic investments in new products, markets and technologies to always keep the organisation moving forward.

Moreover, we have clearly segregated the Management from Business operations as there is an Executive Board headed by our CEO, consisting of Chief Financial Officer (CFO), Dy. Chief Operating Officer (DCOO), R&D Head, Quality System Head, Marketing Head,

US Operations Head, Purchase Head, HR Head as its members, with focus on EBITDA and smooth operations.

We strengthened our CRAMS portfolio with the addition of new clients which establishes our credibility as a dependable partner for global pharmaceutical formulators. The Company is offering early Phase Drug Development Services, Process Development / Research Services Custom Chemical Synthesis (CCS), Contract Manufacturing and Full time Equivalents (FTEs) for Chemistry expertise in the area of API / Intermediate and Material science (Non – Pharma). Within a short span of time Ind-Swift has been able to establish good business relationships with various overseas customers and has also successfully completed initial evaluation of projects, feasibility / proof of concept, seeding of development quantity and some of these projects reached to commercialisation stage to generate revenue for the organisation.

### What lies ahead

I am very positive about our future over the next three years. This optimism rests squarely on the reality that the Western world is earnestly seeking for a reliable API supplier in the aftermath of the pandemic and the resultant lockdowns, travel restrictions and supply chain disruption across the world.

The spotlight is shining bright on India for it possesses the infrastructure, chemistry competence and capabilities to deliver products across the globe. Moreover, it has proven its reliability and commitment to serving the world on

several occasions – the Covid vaccine being the most recent demonstration of the same.

To capitalise on this trend which will be playing out over the coming years, we have taken important steps which will increase our acceptability among global majors seeking business partners.

- We have created a robust pipeline of new APIs covering all therapeutic segments. I am pleased to share details of few of the molecules under development and their status.
  - *Saxagliptin Monohydrate* – The API enjoys a global sale volumes of around 2.1 MT. The process validation has been completed and plant scale and ODMF is in place.
  - *Pazopanib* – With current global volumes close to 4.2 MT, this product is currently under plant process validation and we have started customer seeding.
  - *Ibrutinib* – Plant process validation of this API is planned in 2022-23. This API has a global sales volumes of 10 MT currently.
  - *Mirabegron* – This new API is currently under lab development. The global volumes for this molecule is currently ~ 46 MT
  - *Bempedoic Acid* – This new API is currently under lab. development and currently has global volumes of ~ 3.5 MT.

- *Eltromobopag Olamine* – The API is currently under lab. development for which the global volumes are around ~ 1 MT.

All these molecules hold promising opportunity and have a great business potential upon launch in the market subject to patent expiry.

- We continue to debottleneck our capacities to maximise shopfloor productivity and improve our returns from the employed capital.
- We participated in the EcoVadis rating which reflects the quality of the Company's sustainability management system. EcoVadis is world's largest and most trusted provider of business sustainability ratings. Environmental, social, and ethical performance – or Sustainability – is an essential factor for smart business today.

We started the EcoVadis journey in 2020 and gradually built &

For an educated India  
We have announced a policy of supporting the entire expenses for the higher education of star students of employees with a salary of less than ₹25,000 per month.

improved our processes to meet global standards of sustainable processes. We qualified for the assessment criteria of EcoVadis and attained "EcoVadis Bronze Medal" in 2022 for our sustainable process flows in domains of Environment, Safety, HR, Labour, Ethics and Procurement. The score put our organisation in top 50 % organisations assessed by EcoVadis globally. Our successful rating is evidence enough to establish that our processes are aligned with global standards of transparency & sustainability. It will enhance our opportunities in the global pharmaceutical space, especially the regulated markets, which will open door to work with Multinational Companies in their pursuit of New Chemical entity (NCE). We aspire to graduate to a gold medal holder from EcoVadis.

- We will focus on growing our CRAMS exposure. This would provide revenue visibility and improve business profitability.
- We are in a much better position than what we were a year ago with a much improved set of numbers. Although the deal with PI Industries did not materialise in the manner we had hoped it would, we are increasingly confident that our current position will help us secure superior valuations.
- We will sharpen our focus on infusing funds in the business through multiple options - it could be through inviting investment in

the Company, refinancing debt, or other solution – which will be deployed in reducing our debt burden. For this is critical for our profitable sustenance.

- Having set up two subsidiaries which will focus on finished dosages space, we will work dedicatedly on growing these enterprises into growth and profitability drivers.

These initiatives will go a long way in improving business performance, strengthening the organisation's stability and creating shareholder value.

We are persistently exploring ways to improve our top line and profitability growth. We continue to work on revenue enhancing and efficiency improvement measures to capitalise on the favourable business landscape unfolding across the globe.

Having given up the day-to-day operations to a very accomplished team of professionals, I will focus on enhancing the quality of business. This means all aspects of our business should be of high quality, whether it is related to product, service, or interaction with stakeholders.

Finally, I would like to thank our esteemed shareholders, partners and other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey of endurance. I look forward to your continued support.

Warm regards,  
**N. R. Munjal**  
Chairman & Managing Director





# Management Discussion & Analysis

## An economic overview

Economies across the world displayed remarkable resilience in shunning the gloom of the pandemic and getting back to business as usual. While the rebound in global economic growth was strong, the extent of growth was uneven between advanced and developing economies. The growth was fueled by government support (financial and policy driven) which helped spurring commercial activity. Vaccination drives, especially in advanced nations, also helped in elevating confidence among people.

Global trade growth remained strong during 2021, as its value continued to increase through each quarter of 2021. Trade growth was not only limited to goods but also extended up to trade in services to finally reach pre-pandemic levels during Q4 2021.

However, the momentum was thwarted owing to Omicron scare (which was short-lived and less lethal) and the Russia- Ukraine crisis at the start of 2022. This geopolitical issue intensified the inflationary pressure as prices of commodities across the board skyrocketed to unprecedented levels. This is expected to weigh heavily on the global economic progress in 2022.

India too rebounded smartly after a contraction in the GDP in FY21. All macro indicators showcased an upsurge in the nation's economic performance helped by a pick-up in farm and industrial output growth, despite the two waves of the Covid-19 pandemic.

The economic growth was aided by the resilience in the rural economy, widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.

New investment and ordering activity witnessed a sharp pick-up in FY22. The manufacturing sector saw an increase of 210% compared with the previous year. Both traditional sectors like petrochemicals, steel, cement and automobiles and new-age sectors like electronics, e-vehicles and data centres contributed to the growth.

Despite the pandemic-induced disruptions, India's overall exports (Merchandise and Services) touched an all-time high of US\$ 669.65 billion in FY22 – a jump of 34.50% over FY21.

Going forward, the momentum of economic progress is expected to remain muted owing to the continued geopolitical crisis and the intensifying inflationary pressure. Experts are of the view that India will report a GDP growth in excess of 7% in FY23.

## The Pharmaceutical Sector

In the modern world, we humans suffer from various kinds of diseases due to lifestyle habits. Today, medicine is the first aid preferred for every disease. The medical field is constantly making tremendous changes in the progress of medicines, thereby curing many dangerous diseases and saving lives of many human beings.

Global pharma market: The outlook for global spending on medicines has become clearer as the uncertainties of the last two years in a global pandemic have gradually given way to more predictable challenges and opportunities for healthcare systems and policymakers across developed and emerging economies.

The global medicine market - using invoice price levels - is expected to grow at 3–6% CAGR through 2026, reaching about US\$1.8 trillion in total market size in 2026, including spending on COVID-19 vaccines

Five years from now, medicine spending will include nearly 60% from specialty medicines in developed markets and 45% from specialty medicines in global markets, with the remainder predominately older and traditional therapies that will become progressively lower cost over time.

The two leading global therapy areas - oncology and immunology - are forecast to grow 9-12% and 6-9%

CAGR through 2026, lifted by significant increases in new treatments and medicine use and offset by losses of exclusivity, including biosimilars.

Oncology is projected to add 100 new treatments over five years, contributing nearly US\$120 billion in new spending and bringing the total market to more than US\$300 billion in 2026.

Perhaps the largest uncertainty in the next five years will be the potential impact of economic factors on countries' budgeting and whether there will be shifts in policies regarding healthcare and medicine spending.

**Indian Pharmaceutical Market:** India enjoys an important position in the global pharmaceuticals sector owing to globally-certified infrastructure and a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. India is the 12th largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market.

**Performance in FY22:** The sector reported its best ever export performance in FY22 as exports touched ₹1.8 trillion. Formulations and biologicals continue to account for a major share of 73.31% of the country's total exports, followed by bulk drugs and drug intermediates.

**Outlook:** As per estimates of the Indian Economic Survey, the domestic pharmaceutical market is at US\$42 billion in 2021 and is expected to reach US\$65 billion by 2024 and further expand to reach US\$120-130 billion by 2030.

## Opportunities for Growth in a Post-Pandemic World

Innovation and R&D	Digital Transformation	Nurturing Collaborations
<p>The industry needs to focus on innovation so as to move up the value chain.</p> <p>The Indian pharma industry requires a strong innovation pipeline with new product launches and molecular entities every year.</p>	<p>Digital transformation is vital for enhanced patient care, greater transparency, cost-effectiveness, improved production and drug development.</p> <p>Latest technologies such as artificial intelligence (AI), AR/VR, machine learning (ML) and additive manufacturing are helping pharma companies to uplift business processes and optimise the use of resources.</p>	<p>During the course of the pandemic, cohesive collaborations between academia, government and industry proved to be the key to promoting research initiatives.</p>





## The Active Pharmaceutical Ingredient (API) Market

APIs are the founding block of strategic architecture in the pharmaceutical value chain. More importantly, APIs provide therapeutic effect of a medicine and, are, therefore, the central innovation and, more often, the critical intellectual property that drives the industry.

API manufacturing is not only about prowess in chemistry, but also the skill to navigate the maze of patents that inventors and others file to ring-fence and evergreen their invention, thus, prolonging the marketing exclusivity and concomitant commercial gain.

The global API market was valued at US\$ 209.7 billion in 2021<sup>1</sup>. It is expected to expand at a CAGR of 6.0% from 2022 to 2030. The growth can be attributed to the

- Advancements in API manufacturing
- Rising prevalence of chronic diseases, such as cardiovascular diseases and cancer.
- Favourable government policies for API production
- Changes in geopolitical situations

As per IMS 2020, the generic market for API has a share of 94% by volume with the innovator's share of six per cent<sup>2</sup>.

The API market is undergoing immense changes due to supply chain disruption by COVID-19. Countries such as India are

being preferred over China for the export of API owing to geopolitical situations and the demand to reduce dependence on China for API products. Furthermore, governments of many countries have formulated plans and granted incentives to promote the production of API.

The newest generation of APIs is extremely complex, such as peptides, oligonucleotides, and sterile APIs, because of which the R&D and certification processes are expected to become longer and more complex.

It is generally believed that the API industry migrated to India from Europe where it thrived for more than a century due to cost arbitrage. However, India's skill in chemistry catalysed this migration and her dexterity in process design and engineering gave her the power to stay.

API is a crucial part of the Indian pharma industry, contributing to around 35% of the market.

According to a credible report, the Indian active pharmaceutical ingredients (APIs) market stood at US\$ 11.807 billion in financial year 2021 (FY2021) and is expected to grow at a compound annual growth rate (CAGR) of 12.24% during the forecast period (2021 to 2027)<sup>3</sup>.

This growth can be attributed to high growth of the biopharmaceutical sector in the country. Additionally, the increasing geriatric population in India is further expected to boost the demand through FY2027. Furthermore, growing prevalence

of chronic diseases such as cardiovascular diseases, diabetes, cancer, respiratory disorders, among others is going to boost the market.

Key drivers boosting the growth of the Indian APIs market include rising drug research; the increase in development and manufacturing of drugs; the increasing uptake of biopharmaceuticals; the need for active pharmaceuticals during the COVID-19 pandemic; the widespread boycott of China; and supportive government policies such as Atmanirbhar Bharat, Pharma Vision 2020, Production Linked Incentive Scheme, among others.

Even as India continued to be the 'Pharmacy of the World', India relies on imports for its Key Starting Materials (KSMs) and APIs. To strengthen India's bulk drug security and the nation's global competitive edge, the Government announced the Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical KSMs/ Drug Intermediates (DIs) and APIs for which it earmarked Production Linked Incentives of upto ₹6,940 crore.

This policy seems to have worked. India has started manufacturing 35 API, which were imported earlier under the production linked scheme for the pharmaceuticals sector. These APIs are among the 53 APIs, for which India has 90% import dependence<sup>5</sup>.

India's API space is now a sought-after investment destination for global bulge-

bracket investors and private equity managers, with the pandemic reshaping the sector's fortunes and boosting valuations. The sector has seen a three-fold increase in investments in 2021 compared with a year ago<sup>6</sup>.

<sup>1</sup><https://www.grandviewresearch.com/industry-analysis/active-pharmaceutical-ingredients-market>

<sup>2</sup><https://www.expresspharma.in/new-opportunities-for-india-in-global-api-market/>

<sup>3</sup><https://www.europeanpharmaceuticalreview.com/news/163653/indian-active-pharmaceutical-ingredients-market-to-grow-by-12-24-percent/>

<sup>4</sup><https://www.pharmaceutical-technology.com/news/us-pharmacopeia-report-high-reliance-indian-manufacturers-api/>

<sup>5</sup><https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/local-manufacturing-of-35-apis-started-after-pli-scheme-mandaviya/articleshow/90519863.cms>

<sup>6</sup><https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indian-api-segment-sees-pe-strategic-inflow-nearly-doubling-in-2021/articleshow/88460203.cms?from=mdr>

<sup>4</sup>The first findings published by the United States Pharmacopeia highlight the US' reliance on large Indian manufacturers for APIs. Over 80% of all APIs for essential medicines used in the US have no domestic manufacturing source, with the US relying heavily on API manufacturing sites in India and China for crucial ingredients.



## About Ind-Swift Laboratories

Headquartered in Chandigarh, Ind-Swift Laboratories is in the business of manufacturing APIs, intermediates and formulations (through group collaboration). It also holds a global leadership position in various therapeutic segments. The Company's manufacturing facilities are equipped with technologically advanced infrastructure that enables us to match the global standards. The Company has two manufacturing facilities and one Research Centre to cater to the growing API needs of regulated markets.

## Business operations

### R&D initiatives

The Company has its Research Centre at Mohali and Process Development & Support Centre at the Derabassi manufacturing site.

The Research and Development (R&D) centre is the torchbearer of the organisation. The centre is involved in the following three broad areas of research to align with API business at present and for future growth of the organisation.

- New API Development
- Process Improvement of existing commercial APIs for leadership position in quality, cost and capacity.
- Contract Research / Manufacturing (CRAMS) of API / Intermediate and Material science (Non – Pharma)

The R&D team has created a robust

pipeline of new APIs covering all therapeutic segments. Some of the APIs are currently under development stage at the R&D and some projects are under commercialisation stage at plant. All these molecules hold considerable promise owing to the potential after patent expiry.

The Process Development Labs have carried out extensive process and operational improvements for existing commercial products like Atorvastatin, Fexofenadine Hydrochloride, Ezetimibe, Nateglinide, Letrozole, Ropinirole and Donepezil Hydrochloride. These initiatives have helped the organisation to enhance the quality attributes of APIs, bring down the cost of manufacturing and remain competitive in global markets.

Under the CRAMS (Contract Research And Manufacturing Services) space, the R&D team offers early Phase Drug Development Services, Process Development / Research Services Custom Chemical Synthesis (CCS), Contract Manufacturing and Full time Equivalents (FTEs) for Chemistry expertise in the area of API / Intermediate and Material science (Non – Pharma).

Within a short span of time Ind-Swift has been able to establish healthy business relationships with overseas customers and successfully completed initial evaluation of projects, feasibility / proof of concept, seeding of development quantity. More importantly some projects have graduated into commercialisation which provide medium-term revenue visibility.

