



RIISING ABOVE CHALLENGES

Ind-Swift Laboratories Limited
Annual Report 2023



Contents

Statement from the Chairman's desk	002
About Us	004
Key performance indicators	006
10 Minutes with the Management	008
Molecules with considerable promise	010
Management Discussion & Analysis	012
Corporate Social Responsibility	037
Corporate Information	042
Director's Report	043
Report on Corporate Governance	063
Standalone Financial Statements	090
Consolidated Financial Statements	139
Notice	185

Adversity is life's greatest teachers. It taught us well.

We endured gusting headwinds. But every time we put one foot in front of the other.

We got knocked out more than once. One every occasion, we got up to fight back. It was our only choice.

We were bridled by tough times. We pushed back even harder to unshackle our prospects.

We faced hard time year after year. But we realised that nothing worth doing, was even going to be easy.

We created a battle-hardened organisation which served us well.

In FY23, we have bounced back with one of the best performances in recent times.

We rose above
challenges.
We did well!



Statement from the Chairman's desk

Dear shareholders,

I am delighted to piece this narrative as Ind-Swift reported one of its best performances in recent history. Undeterred by global uncertainties and elevated inflation, your Company registered a high double-digit topline growth. We reported the highest EBITDA in our history and a multi-fold growth at the bottomline. Our product, marketing, pricing and operational strategies synchronised well to script this momentous achievement. I am thrilled with the team's exemplary efforts in uplifting the Company a few notches higher.

The year's high point was that we were honoured with the "Asia's Best Company of the Year 2022 Award by Berkshire Media LLC, USA. It endorsed the relevance of our business strategies and their execution.

Coming off an exceptional year, we aim to carry the momentum ahead to sustain our value-creation commitment to our stakeholders.

The evolving landscape

Globally, the pharmaceutical sector will continue to grow with region-specific aberrations. While the US markets are not as attractive as before owing to heightened competition, the RoW markets have emerged promising.

Globally, volume is projected to grow 1.6% in days of therapy through 2027, driven by Asia-Pacific, India, Latin America, Africa/Middle East, and China, all of which are expected to exceed global volume growth.

Having delivered vaccines to the world during the pandemic, India has further strengthened its position as the world's pharmacy. In the future, India's prominence in the global pharmaceutical space is only expected to amplify as the world is looking to India as an essential research hub supporting global innovation aspirations.



Hence, going forward, the key to success will depend on regulatory simplification, increased industry-academia collaboration, and a strengthening innovation mindset. This will pave the way for the industry to transition from 'Volume to Value' leadership in the coming years.

Unfortunately, India's march to global dominance in the pharmaceutical sector is thwarted by its significant dependence on API imports. The Government has and continues to play a defining role in shoring the nation's Atmanirbharta in the API space.

As one of India's leading API manufacturers, I believe Ind Swift has a vital role in shoring India's pharmaceutical strength. Moreover, as we export our products to more than 70 nations worldwide, we can also make an appreciable contribution to the healthcare system of these geographies.

Our outline for the medium term

Over the recent past, Ind-Swift has made significant strides in its transformation journey. We will focus on medium-term growth, the ultimate measure to generate value. To achieve this, we will invest in strengthening our competitive advantages; be disciplined in capital allocation and stay diligent in our pursuit of efficiencies.

API business: We will expand capacities for existing molecules which should make our products more competitive in the global landscape. We will enhance and widen our product basket by expanding our presence in several therapeutic areas, including anti-cancer

"We will remain focused on medium-term growth, the ultimate measure to generate value. To achieve this, we will strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies."

molecules. In addition, we will widen our presence across geographies even as we work towards growing our wallet share with existing customers.

We will work deliberately towards bringing in cost efficiencies by improving our processes and optimising our utility consumption. Further, we will be relentless in reducing our environmental footprint by optimising the consumption of natural resources, reducing our carbon footprint and increasing our solvent and catalyst recycling capabilities.

CRAMs vertical: Over the years, we have made appreciable progress in our CRAMs vertical. This is critical as it showcases the growing trust of international pharmaceutical customers on the Company's innovation expertise, operational efficiency and delivery commitment. Some of our CRAMs collaborations with overseas customers (for API and intermediates projects)

have reached to commercial stage and we expect to commence commercial despatches shortly. To expand our horizon in the CRAMs space, we have undertaken various material science (Non-pharma) stream projects ranging from initial process development to commercialisation. These new projects should start generating returns for the Company in the next 12-18 months.

Forward integration: We are moving up the pharmaceutical value chain – from APIs to Formulation. As a decisive step in this direction, we entered into two joint ventures in FY23 to launch finished dosages. This strategic initiative is shaping up quite well and should start delivering returns in the near term.

These efforts will make a positive impact on shoring the Company's bottomline.

I am very confident that as our business drivers take deeper root within, the quality of our business will evolve, translating into even better financial outcomes and stakeholder value.

In closing, I express my sincere gratitude to my fellow Directors for their commitment to the Company's progress. My deep appreciation to our shareholders for their continued confidence and support. My thanks to our suppliers and lenders, who continue to be our partners in growth. Lastly, our management team and staff for their valuable and ongoing dedication in contributing to Ind-Swift's growth.

Warm regards,

N. R. Munjal

Chairman & Managing Director

About Us

We are headquartered in Chandigarh, India. Established in 1995, Ind-Swift enjoys a deep-rooted domestic and regulated markets presence.

Ind-Swift Laboratories Ltd today is a global manufacturer of APIs and advanced intermediates. We cater to the requirement of customers in 70 nations. 75% of our turnover comes from exports.

Spearheaded by Mr. NR Munjal as its Chairman and Managing Director, the Company's operations are managed by an experienced and professional team. The Company equity is listed on the BSE and the National Stock Exchange of India Limited.



Vision

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



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.



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 numbers that define us

3

Manufacturing units

1112.54

Capacity (TPA)

908.52

Production (tonnes)

753.02

Sales (tonnes)

115195.68

Revenue from operations (₹ lakh)

24986.42

EBITDA (₹ lakh)

4247.20

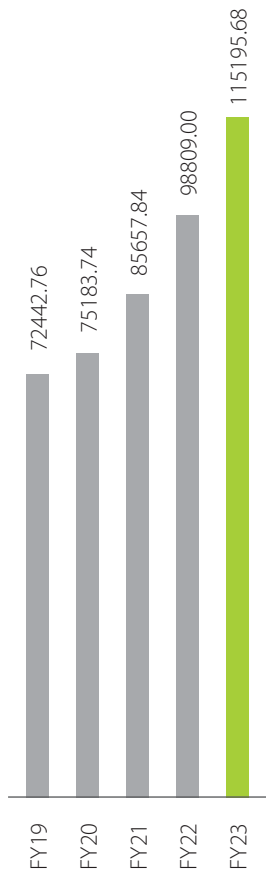
Net Profit (₹ lakh)

Key performance indicators

Revenue from Operations
(₹ in lakh)

16.58%

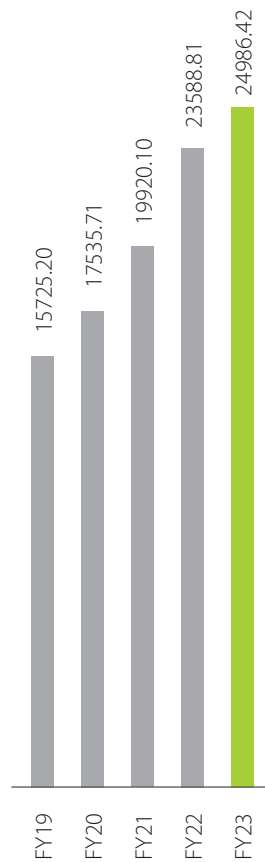
Y-o-Y growth – %



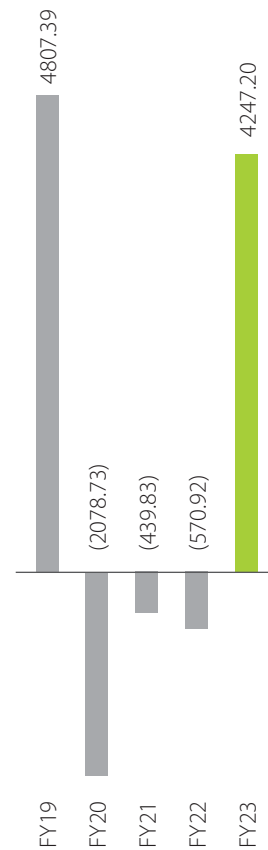
EBITDA
(₹ in lakh)

5.92%

Y-o-Y growth – %



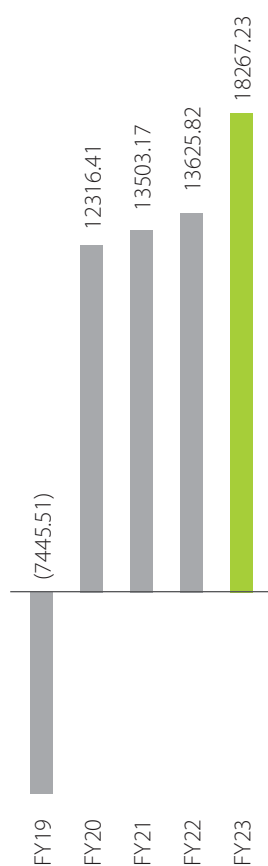
Net Profit/Loss
(₹ in lakh)



Net Cash from operations
(₹ in lakh)

34.06%

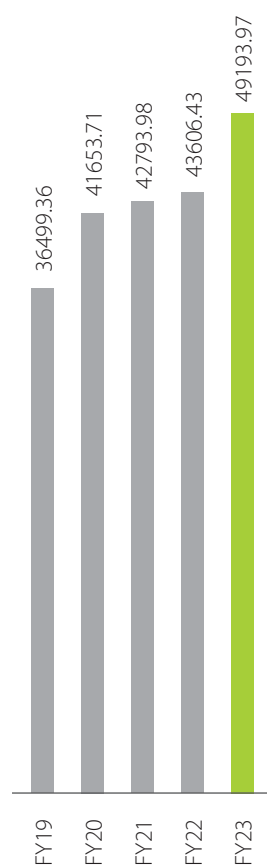
Y-o-Y growth – %



Networth
(₹ in lakh)

12.81%

Y-o-Y growth – %



Debt-Equity
(x)



10 Minutes with the Management

“Our focus will be on delivering our targets and building the long-term framework for a better, stronger, and future-ready organisation.”

In a year that experienced considerable global headwinds – inflation leading to possible recession – how would you rate the Company's performance?

FY2023 was the best year recorded in the history of our Company's growth approx. 16.58% for top-line growth, and a lifetime highest EBIDTA. As on 31 March 2023, Ind-Swift Laboratories reported an annual turnover of ₹1,151.95 crores compared to ₹988.09 crores the previous year. Thanks to high-performing molecules like Clarithromycin, Clarithromycin granules, Fexofenadine, Ezetimibe, Quetiapine Fumarate, and Donepezil, the volumes on an overall basis also grew by more than 5%. Exports scaled up, from ₹745 crores to ₹886 crores growing by more than 19%.

Ind-Swift did manage to have an excellent year amidst all kinds of global headwinds.

That was indeed an excellent year. Did you receive any endorsements for your performance?

Growth in our financials was, of course, our greatest achievement of the year for which we received several endorsements that boosted our confidence -- the company got the following accreditation ISO 9001, 14001, 45001, 27001 & 37001, was endowed with Bronze Medal from Eco Vadis, and last but not the least, was awarded "Asia's Best Company of the Year 2022" by Berkshire Media LLC, USA

.What were the factors that facilitated the Company's robust financial growth in an otherwise dull global pharma ecosystem?

Several, but we would like to highlight three key ones.

First, our growth is to be attributed not just to capturing the market share of our major selling products but also to building and making use of a mixed bag of opportunities comprising both international and domestic exposures made possible by smart pricing decisions and negotiations with big formulators and healthcare companies. These have resulted in fostering and securing long-term supplies; a case in point is the Korean market where, over the years, Ind-Swift has kept adding fresh products y-o-y basis supported by approvals from KDMF to maintain our lead in their market.

Second, ISLL's proactive and strategic utilisation of drug therapies for cardiovascular ailments has been rewarding; we priced competitively through alternate strategies that could counter the traditional market offerings. This is especially true for the European markets where drug therapies for cardiovascular diseases are rising and where we have forged strong relationships through our long-term supplies.

Third but not least, the remarkable financials owe their success to ISLL's mapping of customer bases considering

factors like epidemiological Insights, pharmacoeconomic variables, and areas where ISLL formulators have been attempting to penetrate larger populations and/or are also waived from patent protection, for instance, Africa and Middle East regions.

Could you provide details for some of the most essential highlights of the Company in FY23?

Undoubtedly, the growth of our sales volume is the major highlight of the year. This growth trend is expected to continue as ISLL has planned strategies aligned with global business development as well as robust methodologies to win key bids for market penetration.

Another recent highlight that contributed to ISLL's overall success is the Company's new product development and continuous expansion into other therapeutic areas including anti-cancer. The year also witnessed the Company's commitment to establishing a framework for sustainable solutions that would integrate both product lines and services with the overall aim of reducing the aftermath of chemical waste.

Products such as Ezetimibe, Lisdexamphetamine, Ivabradine, and Ropinirole deserve special mention, as do their sales strategies that ensured high revenue from them. Due to our supply commitments, valuable customers both in the international and domestic markets, sales have significantly gone up;