



Corporate

Ind-Swift Limited

781, Industrial Area, Phase-II,
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CIN No. : L24230CH1986PLC006897

To,
The Board of Directors
Ind-Swift Limited

Report on recommendations of Independent Directors Committee of Ind-Swift Limited on the Scheme of Arrangement for Amalgamation of Ind-Swift Limited ('Transferor Company') with Ind-Swift Laboratories Limited ('Transferee Company')

A meeting of Independent Director Committee of Ind-Swift Limited was held on 25th September, 2023 to consider and recommend the proposed Scheme of Arrangement for Amalgamation of Ind-Swift Limited ('Transferor Company') with Ind-Swift Laboratories Limited ('Transferee Company') under Sections 230 to 232 of the Companies Act, 2013. This report of Independent Director Committee of the Company is being made in order to comply with the requirements of SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. The Independent Director committee has considered and reviewed the said Scheme of Arrangement and drawn out the following major points:

Background of the Companies involved in the proposed scheme:

- A. Ind-Swift Limited (herein after also referred to as 'ISL' or 'Transferor Company' or 'The Company')**, bearing CIN L24230CH1986PLC006897 was incorporated on 06th June, 1986 under the provisions of Companies Act, 1956 having registered office at 781, Industrial Area Phase II, Chandigarh -160002. Transferor Company is engaged in the business of manufacturing of Pharmaceutical Products. ISL is a leading pharmaceutical manufacturer of Finished Dosages Form (FDF) with national and international presence based in Chandigarh. Its strength lies in innovative pharmaceutical products. The Transferor Company is listed on the bourses of BSE Limited and the National Stock Exchange of India Limited.
- B. Ind-Swift Laboratories Limited (herein after also referred to as 'ISLL' or 'Transferee Company')** bearing CIN L24232CH1995PLC015553 was incorporated on 04th January, 1995 under the provisions of Companies Act, 1956 having registered office at SCO 850, Shivalik Enclave, NAC, Manimajra Chandigarh - 160101. The Transferee Company is primarily engaged in interalia in the business of manufacturing and marketing of Active Pharmaceutical Ingredients (APIs), Intermediates and Finished Dosages. The Transferee Company has recently entered into a Business Transfer Agreement (as defined hereinafter) with a Company namely Synthimed Labs Private Limited to sell its API and CRAMS business which is yet to



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be completed. The Transferee Company is also listed on the bourses of BSE Limited and the National Stock Exchange of India Limited.

Following documents were placed before the Independent Director Committee:

- Draft Scheme on the proposed Scheme of Arrangement for Amalgamation of Ind-Swift Limited ('Transferor Company') with Ind-Swift Laboratories Limited ('Transferee Company');
- Valuation Report containing the Share Exchange Ratio dated 25th September, 2023 issued by Ajay Kumar Siwach, Registered Valuer- Securities or Financial Assets (Registration No. IBBI/RV/05/2019/11412);
- Fairness opinion dated 25th September, 2023 obtained from Ekadrisht Capital Private Limited, SEBI Registered, Category-I, Merchant Banker;

Salient features of Scheme of Arrangement:

The committee noted the following salient features of the scheme:

- The scheme provides for Amalgamation of Ind-Swift Limited ('Transferor Company') with Ind-Swift Laboratories Limited ('Transferee Company') with effect from the Appointed Date i.e., the Last date of the month following the month in which the closing happens as contemplated in the Business Transfer Agreement or such other date as may be approved by the Hon'ble National Company Law Tribunal of relevant jurisdiction or by such other competent authority having jurisdiction over the Transferor Company and the Transferee Company;
- The amalgamation of Transferor Company with Transferee Company is expected to enable better realization of potential of business and yield beneficial results. It will result in enhanced value creation for the companies involved in Scheme, their respective Shareholders and Creditors.

Need and Rationale of Scheme of Arrangement:

The committee noted the following rationale of the scheme:

This Scheme of Amalgamation would result, inter-alia, in the following synergies for both the Transferor and Transferee companies and thereby preserving and creating value for its shareholders, creditors and various other stakeholders:

- **Expansion into the Formulation Business:**

The Transferee Company had been engaged in the API business and recently exited the API business. It intends to focus and grow the formulations business



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which offers significant potential and growth opportunities going forward. To establish its presence in the formulations business, it has already made certain investments in two joint ventures. Since the Transferor company is engaged in Formulations business for a while and has already build capacity for the same, the Proposed Amalgamation would augment and spearhead this strategic shift of the Transferee Company into formulations business inorganically by combining the present formulations business of the Transferor Company along with access to its resources and expertise, enabling a more comprehensive and competitive player in the pharmaceutical formulations market.

- **Takeover / Discharge of the debt of the Transferor Company and thereby relieve it from financial stress:**

The Transferor Company has been under severe financial stress and has been facing challenges in discharging its debt obligations, with a significant lump-sum payment due in March 2024. The Transferor Company has in the past made numerous efforts to raise funds to fulfil its debt repayment obligations without much success and thereby pushing the Transferor company to brink of an IBC process which may lead to disintegration of the promising formulation business and various stakeholders losing their value.

The Proposed Amalgamation will offer a bail out to the Transferor company from its debt obligation by providing the necessary funds to discharge its debt and ensure continuity of its formulation business and preservation of shareholder value, alleviating creditors/ lenders pressure and ensuring a stronger / debt free merged entity ready for the long haul.

- **Value creation for Shareholders:**

The Proposed Amalgamation is expected to contribute to economic value creation for both Transferor and Transferee companies. The shareholders of Transferor company will benefit from reduced finance costs, improved profitability and additional resources to fund the growth of formulations business. The shareholders of the Transferee company are expected to benefit from growth in the formulations business. Shareholders of both Company are also likely to benefit from the increased value created through business synergies, cost savings, reduction in administrative / operating costs and improved financial performance of the merged entity.

- **Simplification of Group structure:**

The Proposed Amalgamation would lead to simplification of the Group structure by reducing one listed company, and thereby eliminating inefficiency and cash



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trap on distribution of profits to shareholders in future. This will also lead to reduction of higher compliance/ reporting burden and administrative cost by reduction of one listed company. All of this will result in higher operational efficiencies and maximize value for the shareholders of both the companies.

- **Focused management, synergies, and Growth prospects:**

The Proposed Amalgamation would not only create economies of scale but also simplify management and strategic focus, leading to a better long-term performance. The Amalgamation will facilitate better and more efficient control over the business and financial conduct of the merged company allowing a more streamlined and coordinated approach to governance and strategic decision-making.

The combined entity, on the back of its financial stability is likely to attract more opportunities for organic and inorganic growth viz., partnerships, acquisitions, and market expansion, translating into enhanced financial prospects.

In summary, the amalgamation of the Transferor Company with the Transferee Company is driven by strategic business objectives of preserving businesses of both companies, build strong foundation and achieve market competitiveness by combing the collective strength of both the companies, achieving business and operational synergies & efficiencies, improved financial stability and performance, and thereby preserving and creating long-term value for its various stakeholders.

This comprehensive rationale as above underscores the strategic motivations, expected benefits, and the context surrounding the Proposed Amalgamation, highlighting its alignment with both the companies' objectives and the interests of their various stakeholders.

Scheme Not Detrimental to the Shareholders of the Company:

The Committee members discussed and deliberated upon the rationale and salient features of the scheme, the valuation report and fairness opinion presented before the Committee. As per the valuation report issued by Independent Registered Valuer Ajay Kumar Siwach, Registered Valuer- Securities or Financial Assets (Registration No. IBBI/RV/05/2019/11412), the value per share of the Transferor Company and Transferee Company was arrived at INR 22.91/- and INR 150.13/- respectively.

Accordingly, share exchange ratio for issuance of new shares of the Transferee Company to the shareholders of the Transferor Company in consideration to the



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proposed Scheme will be based upon their respective value per share as mentioned above i.e.

Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of Transferor Company (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of 100 (Hundred) equity shares of face value of Rs. 10 (Ten) each in Transferee Company for every 655 (Six Hundred and Fifty-Five) equity shares of face value of Rs. 2 (Two) each held by them in Transferor Company pursuant to this Scheme of Amalgamation.

The Committee is of the informed opinion that the proposed Scheme is in the best interests of the Shareholders of the Company and not detrimental to the interest of the Shareholders, including the minority shareholders of the Company.

Recommendation of the Independent Director Committee:

Having considered the documents, Valuation Report and Fairness Opinion, the Independent Director Committee hereby unanimously recommends that the aforesaid Scheme of Arrangement for Amalgamation is not detrimental to the interest of the Shareholders of the Company.

**For and on behalf of the Committee of Independent Director of
Ind-Swift Limited**

Bhupinder Singh
DIN: 09649117
(Chairman of the meeting)

Place: Chandigarh

Date: 25.09.2023



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