



**Nectar Lifesciences Ltd.**



## Growth with Care, Compliance & Sustenance

Annual Report 2010-11

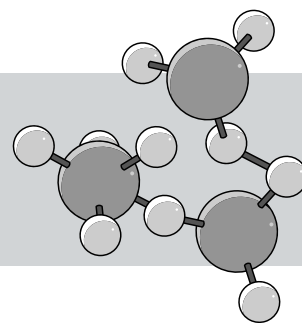
## Disclaimer

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the managements's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumption. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Contents

▶ Notice	01	▶ Director's Report	4	▶ Management Discussion Analysis	12
▶ Report on Corporate Governance	17	▶ Auditors Report	31	▶ Balance Sheet	34
▶ Profit & Loss Account	35	▶ Schedules	36	▶ Notes on Accounts	43
▶ Balance Sheet Abstract	54	▶ Cash Flow Statement	55	▶ Consolidated Accounts	56
▶ Statement of Subsidiary Companies	78				

NECTAR LIFESCIENCES LIMITED



# Notice

## NECTAR LIFESCIENCES LIMITED

Registered Office: Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the members of Nectar Lifesciences Limited will be held on Friday, the 30<sup>th</sup> day of September, 2011 at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the Financial Year ended on that date, together with the Reports of Board of Directors and the Auditors thereon.
2. To declare Final Dividend @10% i.e. Re. 0.10/- per equity share for the financial year ended on March 31, 2011.
3. To appoint a Director in place of Mr. Basant Kumar Goswami, IAS (Retd.) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dinesh Dua who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Datta Singla & Company, Chartered Accountants, the retiring Auditors of the company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as, "the Act") and pursuant to the provisions of Memorandum and Articles of Association of the Company, the consent of the Members be and is hereby accorded to re-appoint Mr. Aryan Goyal as a Wholtime Director designated as an Executive Director of the company w.e.f. December 05, 2010 on the terms and conditions including remuneration as are set out hereinbelow:

- a) Salary: Rs. 550,000/- (Rupees Five Lacs Fifty Thousand only) per month plus an annual increment of Rs. 25,000/- w.e.f. July 1 of every year or such other increment as may be decided by the Board of Directors from time to time.
- b) Perquisites: He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 5.00 lacs per annum.

FURTHER in addition to the perquisites referred to above, he will be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration:

- a) Leave Encashment at the end of the tenure.
- b) Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
- c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
- d) Any other perquisites, which is specifically provided in the Companies Act, to be excluded for the purpose of computation of the ceiling on remuneration.

FURTHER RESOLVED THAT the Board shall have the discretion and authority to modify the foregoing terms of remuneration within the parameters of the applicable provisions of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as, "the



Act”), read with Schedule XIII, and pursuant to the provisions of Memorandum and Articles of Association of the Company the consent of the Members be and is hereby accorded to the revision of remuneration of Mr. Dinesh Dua, Wholetime Director designated Chief Executive Officer & Director of the company as per followings:

With Effect from April 1, 2011 till the end of his tenure i.e. 27.11.2013 on the terms and conditions including remuneration as are set out hereinbelow:

- a. Salary: Rs. 1,081,920.00 (Rupees Ten Lac Eighty One Thousand Nine Hundred and twenty only) per month or such other increment as may be decided by the Board of Directors from time to time.
- b. He is also entitling to bonus equivalent to his one month salary in a financial year.
- c. Perquisites: He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 1.00 lacs per annum.

FURTHER RESOLVED THAT the Board shall have the discretion and authority to modify the foregoing terms of remuneration within the parameters of the applicable provisions of the Companies Act, 1956.”

By order of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011

Place : Chandigarh

(Sunder Lal)  
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy(ies) to attend and vote on his behalf and the proxy(ies) need not be a member(s) of the company.
2. The instrument appointing proxy should, however, be deposited at the Registered Office of the company not less than forty-eight hours before the commencement of the meeting.
3. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for

easy identification of attendance at the meeting.

4. The register of members and the share transfer books of the company will remain closed from September 23, 2011 to September 30, 2011 (Both days inclusive) for Annual General Meeting and payment of dividend, if declared, on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. Reserve Bank of India has introduced Electronic Clearing Service (NECS) for facilitating crediting of dividend directly to the shareholder's bank account. This facility eliminates loss of dividend warrants sent by post due to pilferage in transit, delay in receipt of dividend warrants and ensures quick credit of the dividend. Members holding shares in dematerialised form are requested to notify / update their ECS details to / with their respective Depository Participants. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.
6. Members holding shares in dematerialised form are requested to ensure that addresses furnished by them to their respective Depository Participants are correct and up-to-date, so that the correspondence from company could reach them promptly. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.
7. Members desirous of having any information as regards accounts are requested to write to the company at least Seven days in advance so as to enable the Management to keep the information ready.
8. Members may please note that no gifts shall be distributed at the meeting.
9. The Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956 is annexed herewith.
10. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the registered office of the company during business hours on all working days upto the conclusion of Annual General Meeting.
11. In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send all future communications including the annual report through email to those shareholders, who have registered their e-mail id with their depository participant / Company's registrar and share transfer agent. In case a shareholder wishes to receive a printed copy of such communications, he/she may please send a request to the Company, which will send a printed copy of the communication to the shareholder.



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

Item No. 6

The Members may please note that Mr. Aryan Goyal has been appointed as an Executive Director of the company from 05.12.2005. As a result, his tenure as a Executive Director has expired on 04.12.2010. Therefore, based on the recommendation of the remuneration cum compensation Committee, the Board of Directors in their meeting held on November 8, 2010, have decided to re-appoint Mr. Aryan Goyal as an Executive Director of the Company for a period of 5 years with effect from December 05, 2010 on the terms and conditions as set out in the proposed resolution, subject to the approval of the members.

Mr. Aryan Goyal, 28, Executive Director, holds Bachelor degree in Chemical Engineering with Minors in Economics and Management from Purdue University, West Lafayette Indiana - USA.

Members are requested to consider and approve his re-appointment on the terms and conditions embodied in the resolution for a period of 5 (five) years subject to the limits laid down in Section 198 & 309 of the Companies Act, 1956, read with Schedule XIII thereto and subject to such other approvals as may be necessary in this regard. This explanatory statement together with the accompanying notice is to be regarded as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

Other directorship of Mr. Aryan Goyal:

M/s Nectar Organics Limited

M/s Nectar Lifesciences UK Limited

He holds 290,000 equity shares in the Company on March 31, 2011.

Mr. Aryan Goyal, being himself and Mr. Saurabh Goyal & Mr. Sanjiv Goyal being his relatives may be deemed to be concerned or interested in the Resolution.

Item No. 7

Mr. Dinesh Dua has joined the company in the year 2007 as a Chief Executive Officer with directly report to the Managing Director. Based on his performance in the Company, the Board of Directors vide resolution dated November 28, 2008 have appointed him as a Wholetime Director designated as Chief Executive Officer. The remuneration of Mr. Dinesh Dua, Chief Executive Officer & Director, during the financial year 2010-11, was Rs. 966,000.00 per month with perquisites of Rs. 1 Lacs per year. He was also be entitling to bonus equivalent to his one month salary in a financial year.

Considering the prevailing industry scenario and the performance of the company, the remuneration of Mr. Dua was further increased by 12%.

Members are requested to approve and ratify the revised remuneration of Mr. Dinesh Dua as embodied in the resolution. This explanatory statement together with the accompanying notice is to be regarded as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

He does not hold any equity share in the Company on March 31, 2011. He also does not hold any directorship in any other company.

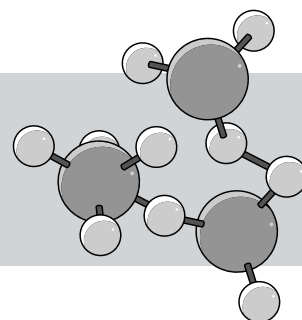
None of the Directors except Mr. Dinesh Dua, being himself, are concerned or interested in the proposed resolution.

By the order of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011  
Place : Chandigarh

(Sunder Lal)  
Company Secretary





# Directors' Report

*Dear Members,*

Your Directors have pleasure in presenting the 16<sup>th</sup> Annual Report together with the audited accounts of Nectar Lifesciences Limited ('NLL' or 'NecLife' or 'Nectar' or 'the Company') for the financial year ended March 31, 2011.

## Financial results

(Rs. in millions)

	March 31, 2011	March 31, 2010
Sales and other income	11358.40	9047.75
Profit before interest and depreciation	2403.36	2139.92
Interest	740.84	602.84
Depreciation	460.96	387.46
Profit before tax	1201.56	1149.62
Tax Expenses	162.38	222.86
Earlier years' adjustments	11.09	7.02
Profit after tax available for		
Appropriations	1028.09	919.74
Interim Dividend Nil (Previous year 25%)	--	38.07
Final dividend 10% (Previous year NIL)	22.43	--
Tax on dividend	3.64	6.47
Transfer to general reserve	--	100.00
Balance c/f to balance sheet	1002.02	775.20

### Operations

During the Year:

Sales and other income are up by 25.54%.

Profit before interest and depreciation is up by 12.31%.

Profit after tax is up by 11.78%.

### Management Discussion and Analysis Report

The details of the Company's various operations are discussed under Management Discussion and Analysis Report. The Management Discussion and Analysis of financial condition and result of operations of the Company for the financial year

2010-11 as required under the Clause 49 of the Listing Agreement with the stock exchanges, is given as Annexure III.

### Global Depository Receipts (GDRs)

GDRs: The Company has issued and allotted 46,000,000 equity shares of Re. 1/- each underlying 46,000,000 Global Depository Receipts (GDRs). The GDRs are listed on:

Luxembourg Stock Exchange/ LuxSE  
Société de la Bourse de Luxembourg S.A.  
B.P. 165, L-2011 Luxembourg  
Siège social, 11, av de la Porte-Neuve,  
Telephone: (352) 47 79 36 – 1, Fax : (352) 47 32 98



#### Foreign currency convertible bonds

The Company had outstanding US\$33,000,000 foreign currency convertible bonds (FCCBs), on March 31, 2011. The said FCCBs were due for redemption on April 26, 2011 (Maturity Date), at the redemption price of 150.71% of its principal amount, as per the terms and conditions of the FCCBs issue. Therefore, the FCCBs were redeemed at an aggregate amount of US\$ 49.7343 million consisting of payment of the principle amount US\$33 million and accumulated premium on redemption of the FCCBs of US\$ 16.7343 million.

#### Subsidiary companies

During the financial year following wholly owned subsidiaries have been incorporated:

1. M/s Nectar Capital Limited incorporated in Mauritius
2. M/s Nectar Lifesciences UK Limited, incorporated United Kingdom

As of now no business activity has been carried out these subsidiaries. However, M/s Chempharma Private Limited incorporated in Sri Lanka stand wound up during the last financial year.

In terms of the Circular no.2/ 2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not required to be attached with the Balance Sheet of the company. Therefore, we have not attached said documents with this Annual Report. The said documents/details shall be made available upon request to any member of the Company and will also be made available for inspection by any member of the Company at the registered office of the Company during working hours up to the date of Annual General Meeting.

However, the statement pursuant to Sections 212 of the Companies Act, 1956, in respect of the subsidiary is given below

Name of Subsidiary Company	Financial year ending of the Subsidiary	Date from which it become subsidiary	Number of equity shares held and Extent of Holding	For financial year of the Subsidiary as at 31.03.2011		For the previous financial years since it become a subsidiary	
				Profits/ (losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company(except to the extent dealt with in col. 6)	Profits/ (losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	Profits/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company(except to the extent dealt with in col. 8)	Profits/ (losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
M/s Chempharma Private Limited	February 21, 2011 (stand dissolved on this date)	October 18, 2002	9,614,165 shares of SLR. 10/- each  100%	NIL	(Rs. 658668)	Re. 1	Rs. 3581049
M/s Nectar Capital Limited	March 31, 2011	May 27, 2010	1 ordinary share of US\$1  100%	NIL	(Rs. 443427)	NIL	NIL
M/s Nectar Lifesciences UK Limited	March 31, 2011	March 1, 2011	1 ordinary share of GBP1  100%	NIL	(Rs. 58575)	NIL	NIL



## Consolidated financial results

As required under the Listing Agreement with the stock exchanges, a consolidated financial statements for the year ended on March 31, 2011 of the Company are attached.

## Dividend

During the current financial year the Board of Directors has recommended the final Dividend @ 10% i.e. Re. 0.10/- per equity shares aggregating to Rs. 22,426,097/- of the Company subject to the approval by the shareholders in the forthcoming Annual General Meeting. The register of members and the share transfer books of the Company will remain closed from September 23, 2011 to September 30, 2011 (both days inclusive) for Annual General Meeting and payment of dividend, if declared, on equity shares.

## Directors

Mr. Basant Kumar Goswami, IAS (Retd.) and Mr. Dinesh Dua, retires by rotation and being eligible, offers themselves for reappointment. The Board recommends their reappointment.

## Directors' responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, your Directors confirm:

- (i) That in the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

## Auditors

M/s Datta Singla & Co., Chartered Accountants, statutory auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The Audit Committee and Board of Directors recommend their re-appointment as auditors.

## Auditors' Report

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

## Cost Audit

The Ministry of Corporate Affairs, Central Government of India vide order dated December 16, 2010 has required your company to get the audit of its cost accounts from the Cost and Works Accountant within the meaning of Cost and Works Accountants Act, 1959.

In this regard, the company, with the approval of Central Government, has appointed Dr. Vimal Kumar (Membership No. 9982), Prof. of M/s V. Kumar and Associates, SCO 124-25, Sector 34-A, Chandigarh, Cost and Works Accountants as the Cost Auditors of the Company for the financial years 2010-11 and 2011-12.

The due date of filing of Cost Audit Report for the financial year 2010-11 is September 30, 2011. The Cost Auditors Report will be filed with Central Government by due date.

## Audit Committee

The Company constituted the Audit Committee as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The composition, powers and duties of the Audit Committee are detailed out in the Corporate Governance Report. The Board of Directors accepted all recommendations of the Audit Committee.

## Energy, technology and foreign exchange

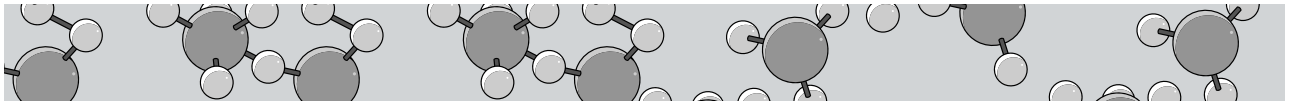
Information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure I and forms a part of this Report.

## Personnel

Information pursuant to section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of the Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and accounts are being sent to the share holders excluding statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining the copy of the said statement, may write to Secretarial Department at the corporate office of the company.

The Company enjoyed cordial relations with its employees at all levels.





#### Fixed deposits

During the year under Report, your Company did not accept any deposits from the public in terms the provisions of Sections 58A and 58AA of the Companies Act, 1956.

#### Corporate Governance

The Company aimed to conduct its affairs in an ethical manner. A separate Report on Corporate Governance forms a part of the Annual Report. A certificate from the Company's Auditors regarding the Compliance of Conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is given in Annexure II.

#### Acknowledgement

Your Directors would like to express their sincere and grateful appreciation for the assistance and cooperation received from

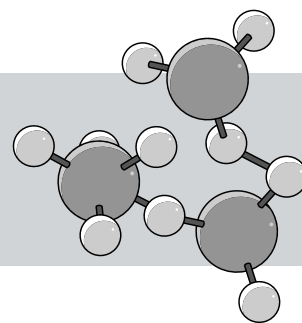
bankers and government authorities and also thank the shareholders for the confidence reposed by them in the Company and looks forward to their valuable support in the future plans of the Company.

Your Directors also thank its agents, the medical professionals and its customers for their continued patronage to the Company's products.

For and on behalf of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011  
Place : Chandigarh

(Sanjiv Goyal)  
Chairman & Managing Director



# Annexure I to Directors' Report

Statement of particulars under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

## A) Conservation of energy

### a) Energy conservation measures taken

NLL is committed towards energy conservation. NLL's EHS (Environment Health & Safety Cell) strictly adheres to the US Environmental Protection Agency's principles of Green Chemistry to comply & fulfill in-house mandatory guidelines which are as Follows:

Prevent waste; Design safety products; Implement less hazardous chemical process; Use renewable feed stocks, Employ catalysts instead of stoichiometric reagents, Avoid chemical derivatives, Reduce solvent use or use safer solvents and reaction conditions, Improve energy efficiency, Design biodegradability, Analyze in real time to prevent pollution, Minimize accidents, Recover all elements

#### - *Energy efficiency: Power plant*

- NLL's agro-based 6 MW captive power plant is environment-friendly way of energy production. Not only this has helped NLL to reduce overall manufacturing cost but has also helped to reduce environmental emissions thereby establishing a strong foundation for a corporate green house gas management programme.
- This captive power generation plant runs on husk and can be switched over to 10 other feed stocks if the need be like wood chips, saw dust and leaf cuttings.
- In order to further improve the efficiency of

power plant downstream steam extraction has been increased by installing chilled water VAM machines thereby lowering the cost of power generation.

#### - *Energy saving*

- NLL got Energy audit done from Confederation of Indian Industries (CII). Most of the proposals made by CII to save energy have already been implemented.

#### - *Process improvements: R&D*

- NLL's R&D team is dedicated to the task of delivering improved process so as to device mechanisms which minimize energy consumption and wastage.

### b) Additional investments/proposals, if any, for the reduction of energy consumption

Continuous efforts are being made to further reduce expenditure on power and fuel by Implementing CII Energy saving proposals & regular monitoring of energy consumption

### c) Impact of measures taken and impact on cost of production of goods

Nectar gets carbon credit for this clean energy production technique which it can trade in international market at any point of time.

### d) Total energy consumption and energy consumption per unit of production



## FORM - A

Form for disclosure of particulars with respect to conservation of energy

A.	Power and fuel consumption	2010-11	2009-10
1.	Electricity		
(a)	Purchased		
	Unit	10339785	9,253,276
	Total amount (Rs.)	50471502.00	40,737,377.00
	Rate / unit (Rs.)	4.88	4.40
(b)	Own generation		
(i)	Through diesel generator		
	Unit	1731552	3,033,023
	Total amount (Rs.)	17836762.00	25,895,336.00
	Rate / unit (Rs.)	10.30	8.54
(ii)	Through stream turbine/generator		
	Unit	34511992	30,179,326
	Total amount (Rs.)	89786398.00	75,181,741.00
	Rate / unit (Rs.)	2.60	2.49
2.	Coal		
	Quantity (tones)	-	-
	Total Costs (Rs.)	-	-
	Average Rate (Rs.)	-	-
3.	Furnace oil		
	Quantity (MT)	1268.83	2168.42
	Total costs (Rs.)	33903569.00	50,299,910.00
	Average rate (Rs.)	26720.34	23,196.57
4.	Others/ internal generation		
	Quantity	-	-
	Total costs (Rs.)	-	-
	Average rate (Rs.)	-	-
B.	Consumption per unit (MT) of production	2010-11	2009-10
	Electricity (Units)	11966.66	9829.94
	Coal (MT)	-	-
	Furnace oil (Liters)	414.05	621.46
	Others/ internal generation	-	-

## B) Technology absorption

The information required to be disclosed under Rule 2 aforesaid Rules is given hereunder in Form - B

## FORM - B

Form for disclosure of particulars with respect to absorption

## I) Research and development

## 1. Specific areas in which R &amp; D is being carried out by the Company

Nectar draws on over 14 years experience in dealing with Beta-lactams manufacturing & process research. Nectar has invested consistently in research teams and infrastructure. Its team comprises qualified scientist



(PhDs & Post grads) in Analytical & Chemical research including patent holders in the Ceph range supported by a state of the Art R&D facility (DSIR Approved).

Main objectives of the R&D program are:

- To develop novel and non-infringing processes for regulated markets.
- To develop and scale-up cost effective and environment-friendly processes.
- To protect in-house inventions by filing patent applications.
- To develop and validate precise and cost effective analytical methods.
- Synthesis of impurities for drug substances and their characterization as per regulatory requirements.
- To improve the yield and reduce the cost for existing processes.
- To file dossier in different countries for existing molecules.
- To develop Non-Cephalosporin Intermediates & APIs.

## 2. Benefits derived as a result of the above R & D

Cost-effectiveness and user-friendly novel process leading to the filing of process patent applications. During the financial year, key achievements of R & D were:

Year	Synthetic Processes Developed and Validated	Analytical Processes Developed and Validated	Patent Applications Filed
2010-11	PYCA (an intermediate for ceftazidime); Cefdinir; and Ceftazidime Pentahydrate.	PYCA (an intermediate for ceftazidime); Cefdinir; and Ceftazidime Pentahydrate.	07 patent applications (02 Indian application and 05 PCT applications) for the processes related to Ceftriaxone, Cefpodoxime, Cefotaxime, and Cefepime.
	Cefuroxime Axetil Tablets (US) Cefotaxime for injection (US & EU) Cefuroxime for Injection (US & EU) Ceftriaxone for Injection (US & EU)	Cefuroxime Axetil Tablets (US) Cefotaxime for injection (US & EU) Cefuroxime for Injection (US & EU) Ceftriaxone for Injection (US & EU)	

## 3. Future plan of action

NLL has hugely emphasized on R&D both to be cost effect & create IP Asset. NLL envisages to complete in next 3 years within Cephalosporin space.

- Filing of 54 patent applications is projected till March, 2013.
- Number of total projects under R&D is 19.

NLL is actively working on evaluating options to foray into Non Ceph Therapeutic areas.

## 4. Expenditure on R & D

Total R & D expenditure as a percentage of total turnover 3.31

## I) Technology absorption, adaptation and innovation

### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The developed technologies and processes were used to manufacture APIs for commercial purpose for domestic as well as export markets.

### 2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction and product development, among others

New products were launched for regular commercial production, which broadened the Company's product range, leading the organisation to the stage of a research-based organisation.

### 3. Information in case of imported technology (imports during last five years)

Not applicable

## C) Foreign exchange earnings and outgo

### 1. During the year, the Company exported its pharmaceutical and phytochemicals and its allied products. The Company is further making efforts to export new products in the new markets and in the current year the Company, further, expects to enhance its export sales.

- Foreign exchange earnings during the financial year ended on March 31, 2011: 3678.40
- Foreign exchange outgo during the financial year ended on March 31, 2011: 4298.70

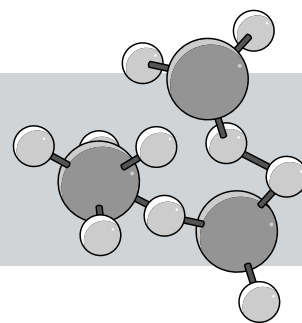
For and on behalf of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011

Place : Chandigarh

(Sanjiv Goyal)

Chairman & Managing Director



# Annexure II to Directors' Report

## Auditor's Report on Corporate Governance

The members

M/s Nectar Lifesciences Limited

We have examined the compliance of conditions of Corporate Governance by M/s Nectar Lifesciences Limited for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company, with stock exchanges(s).

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

Based on the records maintained & certified by the Secretary of the Company, there are no investor grievances pending against the Company for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Datta Singla & Co.  
Chartered Accountants

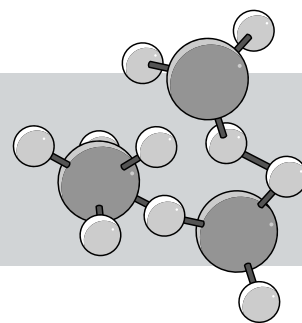
Date: 12.08.2011

Place: Chandigarh

Name: Yogesh Monga  
Partner  
Membership no.: 99813



NECTAR LIFESCIENCES LIMITED



## Annexure III to Directors' Report

# Management Discussion and Analysis

Nectar Lifesciences Limited (hereinafter referred to as 'Neclife', 'Nectar', 'NLL' or 'the Company') is an integrated pharmaceutical organization based in Chandigarh, India. Nectar Lifesciences Limited has developed sustainable production systems to manufacture high quality Cephalosporin intermediates, APIs and Formulations to meet the diverse requirements of its customer base in India and over 50 countries worldwide.

### GLOBAL PHARMA

IMS Health forecasts global pharmaceutical market growth of 5-7% in 2011 reaching \$880 Billion, as compared to 4-5% in 2010. The global market value is expected to expand to \$975+ billion by 2013. This growth will be driven by following factors:

- **Patent expiries:** In 2011, products with sales of more than \$30 billion are expected to face the prospect of generic competition in the major developed markets. The full impact of patients shifting to lower-cost generic alternatives for these products, as well as other brands in their therapy classes, mostly will be felt in 2012.
- **New wave of drug budget controls among brands in developed markets:** Governments are pursuing an

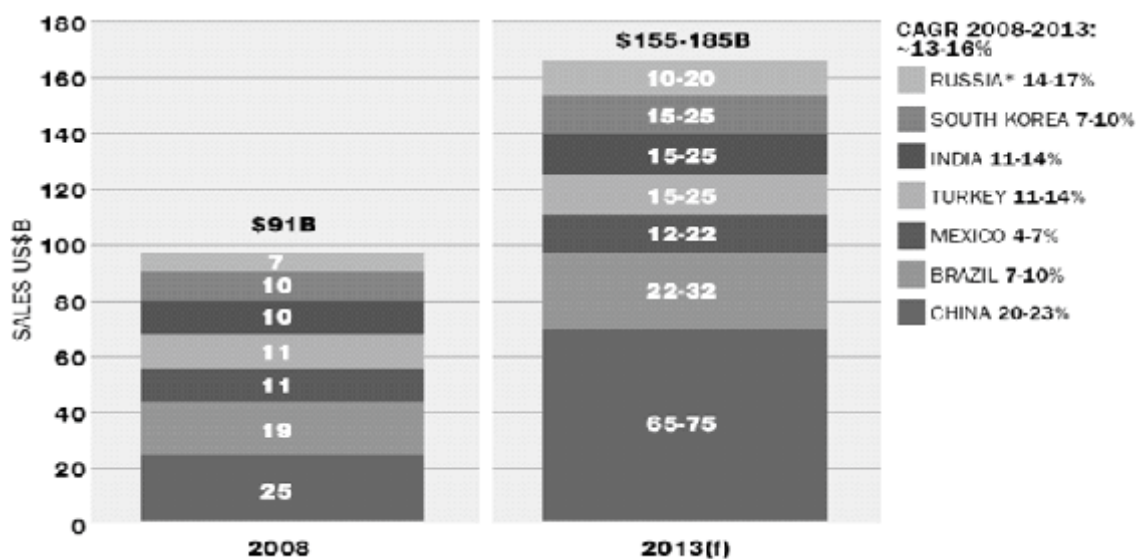
ongoing wave of budgetary control mechanisms that target drug spending as one way to restore fiscal balance. Multiple markets will be impacted by these measures in 2011.

- **Pharmerging countries:** The pharmerging countries are forecast to grow at a 15-17 percent rate in 2011, to \$170-180 billion contributing nearly half of total growth.

*Pharmerging countries comprises of India, China, Brazil, Russia, Mexico, Turkey, Poland, Argentina, Indonesia, Venezuela, Thailand, Romania, South Africa, Ukraine, Egypt, Ukraine, Vietnam and Pakistan.*

- **Innovative products:** In 2011, the introduction and uptake of new drugs are poised to provide new treatment options and significantly alter treatment paradigms in several key therapy areas. These include innovative treatment options for stroke prevention, melanoma, multiple sclerosis, breast cancer and hepatitis C. As these new drugs are brought to market, patient access is expected to expand and funding redirected from other areas where lower-cost generics are available.

Pharmermerging countries (five-year forecast)



SOURCE: IMS HEALTH, MARKET PROGNOSIS, MARCH 2009; RUSSIA'S 2013 ESTIMATE BASED ON SEPT 08 FORECAST



## INDIAN PHARMA & HEALTHCARE

India's pharmaceutical industry is now the third largest in the world in terms of volume and stands 14th in terms of value. According to the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, the total turnover of India's pharmaceuticals industry between September 2008 and September 2009 was US\$ 21.04 billion. Of this the domestic market was worth US\$ 12.26 billion.

The Indian pharmaceuticals market was estimated at about US\$ 24.8 billion in 2010 and is expected to reach US\$ 55 billion in 2020. The market has the further potential to reach US\$ 70 billion by 2020 in an aggressive growth scenario. India has benefited from a rising middle-class population, improvements in medical infrastructure and the establishment of intellectual property rights.

According to IMS Health, the top five therapy classes of Indian Pharmaceutical market are:

- Angioten-II Antag
- Human insulin & analogs
- Cephalosporins
- Anti-ulcerants
- Oral antidiabetics

### Generics

Global generics market was worth about US\$ 89 billion in 2009-10 and is expected to grow at 10% to reach US\$ 135 billion by 2015.

India tops the world in exporting generic medicines worth US\$ 11 billion and currently, the Indian pharmaceutical industry is one of the world's largest and most developed. Moreover, the Indian generic drug market to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13.

### Advantage India

Indian pharma sector has emerged as a key destination for global pharma companies due to its high growth prospects and conducive regulatory environment. Other factors contributing to growth of Indian pharma are:

- Increasing per capita income
- Increasing per capita expenditure on health
- Increasing affordability
- Government initiatives

The Union government is in the process of setting up a 20-billion-rupee venture capital fund to support drug discovery. The Government of India's expenditure on Healthcare has

increased over the last four years and it plans to cover 45% of population by 2020.

## WHERE THE RUPEE IS EARNED

Our existing business operations are primarily concentrated on manufacturing and marketing of oral and sterile cephalosporins, phytochemicals and allied products. We currently manufacture and sell a comprehensive range of cephalosporins and phytochemicals. We are engaged in contract manufacturing of API's for major pharmaceutical players besides being into formulations, empty hard gelatine capsules, generics, OTC's and diagnostics business.

Total domestic sale in 2010-11 was Rs. 7479.30 million whereas export sale was Rs. 3678.40 million.

The summary of turnover of various products is as follows:

Rs. in millions	
Particulars	2010-11
Bulk drugs	
Domestic sales	5573.02
Export sales	2132.28
(A)	7705.30
Phytochemicals	
Domestic sales	960.63
Export sales	1481.15
(B)	2441.78
Generic, formulations, Diagnostics and EHGC	
Domestic sales	945.65
Export sales	64.97
(C)	1010.62
Total sales (A+B+C)	11157.70

## STRONG AND SUSTAINABLE BUSINESS

### APIs

In case of APIs, overall we gained a significant market share and put in a robust growth of 29% taking the turnover from Rs 597 Cr to 771 Cr. This growth was spearheaded by Domestic market due to good realization and tremendous effort put by the Domestic team for a sterling performance which led to growth of 40% from the previous year.

Due to currency fluctuation and hardening of rupee a strategic decision was made to optimise the international sales so a contained growth of 7.5% was observed over the last year albeit



a vast improvement in the quality of sales in International market.

API continues to be the spearhead of pharma business constituting 70% of the total business.

#### Finished Dosage formulations/ EHGC/ Generics/ Diagnostics

Finished dosage Formulations business is marked by a long gestation period in terms of registration and its approval by various authorities across the world. Significant number of filings has been done across the world in various geographies, but it will take at least 2 years before we get into the revenue mode.

Overall the non-API business contributed Rs 100 Cr during this year inspite of decline in contract manufacturing business which witnessed pressure on margins and therefore we strategically optimised more of international business which resulted in significantly better margins as compared to domestic business.

Overall Pharma vertical grew by 24% as against Indian Pharma sector growth of 14%. This growth has been in sync with the previous year.

Special mention must be made of two of our businesses-branded generics and diagnostics which hold significant promise in B2C segment which in long run will create far greater value for organisation and thereby recognition of organisation in consumer mind.

#### Menthol:

NLL as in the past has concentrated on value added pharmaceutical menthol business and met with great success both in domestic and international markets with good bottom line. Menthol business section grew by 32% as compared to overall growth of organisation at 26%.

#### Regulatory Filings/ Approvals:

The long term vision of NLL to qualify in highly regulated markets of US, EU and Japan which constitutes 88% of total global pharmaceutical market currently valued at US\$ 850 bil. Qualification for these markets is a considered and scientific journey which requires significant investment, skilled & knowledgeable personnel, and huge amount of patience. This starts with filing of Drug Master Files (DMFs) for APIs and Abbreviated New Drug Applications (ANDAs) for Formulations in US & Dossiers for Formulations in EU & Japan.

Although the pricing is extremely lucrative but it may take 3-5 years to qualify and start capturing value which will add to top line revenue.

NLL has filed 19 DMFs (Drug Master Files) in highly regulated markets like US, EU, Japan, Korea, Canada and South Africa for its Cephalosporin APIs, intermediates, capsules shells and menthol. NLL has also filed a number of Formulations dossiers

to some of the high-end markets and expect quick approvals for the same. NLL intends to file ANDAs and EU dossiers for its cephalosporin range of products along with many more API DMFs in 2011-12.

#### OPPORTUNITIES AND OUTLOOK

The company expects a positive outlook for the next year. NLL is expecting its strategic entry in US market with a number of ANDA filings for its cephalosporins range during 2011-12.

The U.S. is the single largest generics market, estimated at US\$ 30 billion (about 34% of global generic market), regardless of the intense competition & pricing pressure.

NLL intends to make a strategic entry into EU countries like France, Germany, UK, Italy, Spain, Poland & Hungary during 2012-13. Europe forms the world's 2nd largest generic market, estimated at about US\$ 25.5 billion backed by Govt reforms to curb healthcare cost and increased demand from ageing population.

Japanese generic market was valued at about US\$ 7.4 billion in 2009. In Japan, generic dispensing increased from 6.3% to 6.9% in value terms and from 18.0% to 18.9% on a volume basis in 2009. It is one of the most lucrative destinations for pharma player mainly because of the rapidly ageing population & increasing incidence of western lifestyle diseases. NLL expects future value growth from this market for Cephalosporin products along with other regulated markets such as US and EU.

NLL also expects continued momentum from its domestic and export markets. Next few years will see NLL's ability to discover new markets & new opportunities gaining an invaluable advantage over competitors. Portfolio expansion and supply chain excellence should lead to a key position in the global generics segment.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company introduced prescribed procedures in all the important functions affecting the daily operations of the business. In order to avoid duplication, many of the activities are designed to meet the GMP/FDA/ISO/management's or other statutory requirements. The top management of the Company continuously monitors compliance with the procedures and introduces new systems from time to time, wherever necessary. The Company inter-linked its various departments in such way so that any discrepancy would be found promptly. The highlights of the internal control weaknesses and internal audit reports are placed before Audit Committee meeting along with the recommendations and responses of the management. The members of the Board deliberate and advise the management on improvements/compliance. Apart from above, the statutory auditors also present their concerns to the board members for improvements or developments.



## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### Financial results

Rs. in millions

	March 31, 2011	March 31, 2010
Sales and other income	11358.40	9047.75
Profit before interest and depreciation	2403.36	2139.92
Interest	740.84	602.84
Depreciation	460.96	387.46
Profit before tax	1201.56	1149.62
Tax Expense	162.38	22.86
Earlier years' adjustments	11.09	7.02
Profit after tax available for Appropriations	1028.09	919.74
Interim Dividend Nil (Previous year 25%)	--	38.07
Final dividend 10% (Previous year NIL)	22.43	--
Tax on dividend	3.64	6.47
Transfer to general reserve	--	100.00
Balance c/f to balance sheet	1002.02	775.20

### Operations

#### During the Year:

Sales and other income are up by 25.54%.

Profit before interest and depreciation is up by 12.31%.

Profit after tax is up by 11.78%.

Material developments in human resources/industrial relations front, including number of people employed

At Nectar Lifesciences we believe in maintaining a healthy and supportive work environment where employees can realise their potential to the fullest. Nectar Lifesciences' pool of approximately 1700 employees forms base of varied organizational backgrounds. This fact is strongly supported by the following key elements:

- o Talent management at Nectar: Talent management describes the process through which employers of all kinds - firms, governments and non-profits - anticipate their human capital needs and set about meeting them. It

involves getting the right people with the right skills into the right jobs. We at Nectar, ensure that we employ the best. It is necessary to define the role before the hiring is done. Keeping this in mind, we have well defined job responsibilities, in hand, for better clarity of role. Failures in talent management may be more recognisable than the concept itself: Too many employees, leading to layoffs and restructurings on the one hand and not enough talent, leading to talent crunches on the other. We recognise the importance of this fact and thereby have manpower budgets in place, so that we don't hire, when it's really not required.

- o Open door policy: We at Nectar believe in the open door policy, whereby the management is flexible, taking suggestions from employees on various business issues. The employees are entitled to hold open discussions with key elements, promoting healthy and supportive culture in the organisation. Different policies have been formulated and implemented in order to ensure system transparency. Superiors are not just 'bosses' at Nectar, but 'mentors'. The subordinates are treated with respect and equality.
- o Well defined hierarchy: At Nectar, we believe in having a simple well-defined structure in order to reduce the ambiguities. We have a well-defined organisational structure at all locations. The system provides a clear pathway to the subordinates regarding their reporting, as well as their pathway to higher roles.
- o Less crossovers: The organisational structure provides minimum crossovers. The management allows the flexibility for discussions and positive criticism. Employees are at liberty to approach the management for any issues faced in critical tasks.
- o Flexibility in project work: Employees at Nectar have the freedom to introduce innovative ideas and suggestions for system improvement. The management is supportive and quite flexible, welcoming anything good for the organisation. This approach allows more flexibility in project implementation.

### Corporate Social Responsibility

At Nectar we believe Social Responsibility as the commitment to contribute to sustainable economic development working with employees, their families, the local community, and society.

#### Nectar Polytechnic for Women

As a part of corporate social responsibility Nectar Lifesciences limited (NLL) has been proactive in social projects.

NLL has opened a charitable Foundation which runs an institute under the name of Nectar Polytechnic for Women in Derabassi providing opportunity to the underprivileged girls who have the desire to fly high. Nectar Polytechnic for Women provides them



with the wings in the shape of scholarship to make them fly high in the sky.

Nectar Lifesciences Charitable Foundation registered on 18th May, 2009 under Act XXI of 1860. The mission of the institute is to elevate its status to a centre of excellence in women's technical education by a conscious & consistent enhancement of its performance in keeping with the international standards. The company's indirect aim is also to bring about an improvement in boys and girls sex ratio in Punjab. It also aims to provide them support in participating effectively in the progress of country.

The program focuses on enrolling girls belonging to underprivileged section of society, other backward classes, migrant labourers and the ones below poverty line.

Courses offered at NPW include MSC FT, BSC FT, Diploma in Fashion Designing, Computer Application, Stitch and Sew, Spoken English and Personality Development

#### Employee Welfare

NLL strongly believes in Nurturing & Enriching its Human capital & workforce. The efforts have delivered to win over employee's loyalty, satisfaction productivity and increase their morale.

NLL undertakes following activities as a part of Employee Welfare services:

- Safety Services
- Safety training, education and publicity week
- Personal protective equipment
- Basic Facilities for Welfare of Employees
- Ambulatory services at workplace
- Sports day

#### Social Activities

An essential component of NLLs Social responsibility policy is Care for the Community. NLL endeavours to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives.

NLL has undertaken the following social initiatives:

- o Blood Donation Camps at regular intervals
- o Donate dresses, school shoes, stationary & books along with educational CD's to under privileged children.
- o Eye checkup camp for the underprivileged.
- o Donate sewing machines for financially weak women.
- o Constructed boundary wall for government school in Derabassi, Punjab
- o Free meal in a week for school children.
- o Organized campaigns to provide awareness towards HIV /STD diseases.

- o Free Dental checkup.
- o Free medicine distribution in local hospitals
- o Free medical camps
- o Free tricycles to handicap
- o NLL solemnized marriage of an orphan girl

Retaining talent: We believe in retaining our employees to the best possible. Formal Exit Interviews are being carried out for the employees leaving the organization, for better analysis of Attrition. Moreover, we are trying to engage our employees to the maximum, so that the work environment is conducive. More of such practices are being thought of for retaining our employees. Due recognition is given to the employees having served long in our organization. All such measures have been helping us for retaining our valuable assets. The programs emphasized earlier under "Employee Relations" will serve as key change in strengthening the bond between the employees and the employers. Also by having the well defined job descriptions, in place, we have clarity among the employees regarding the role; he/she is supposed to play in the organization. Hence by focusing on such measures, we will surely be able to engage our employees and help in controlling the attrition as well as retaining talent.

#### THREAT AND RISK MANAGEMENT AT NECLIFE

"At Neclife, institutionalised risk management helps transform business uncertainties into growth opportunities."

Risk represents the face of business uncertainty, affecting corporate performance and prospects. The objective is to identify risks as early as possible and initiate suitable measures to mitigate them and limit business losses.

Risks affecting Company's business:

- Stringent Regulatory norms
- Delay in regulatory approvals
- Patent litigations
- Currency fluctuations
- Pricing guidelines in domestic market

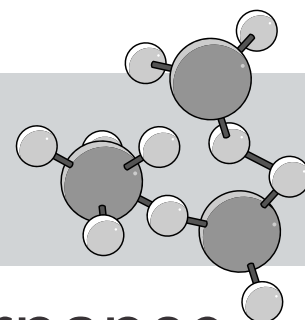
The Company's risk management framework comprised a clear understanding of strategies, policies, initiatives, norms, structured reporting and control. The Company ensures that the risk management discipline is centrally initiated by the senior management and progressively decentralized, extending to managers across hierarchies, facilitating risk mitigation at the transactional level.

For and on behalf of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011  
Place : Chandigarh

(Sanjiv Goyal)  
Chairman & Managing Director





# Report on Corporate Governance

## Nectar Lifesciences' philosophy on Corporate Governance

Nectar Lifesciences Limited believes in adopting the best practices in the area of Corporate Governance and follows the principles of full transparency and accountability. The Company is committed to maximise the wealth of its shareholders, besides catering to the interests of its customers, employees and associates, with the highest standards of professionalism, integrity, accountability, fairness, following its values, transparency at all levels, social responsiveness and business ethics.

The Company's governance practices go beyond the statutory and regulatory requirements as it tries its best endeavour to follow the spirit of good governance in addition to regulatory requirements.

The vision of the Company is: "To become an integrated international pharmaceutical Company offering excellence in product quality standards, services and commitment".

The Company's compliance of Corporate Governance guidelines as per Clause 49 of the Listing Agreement is as follows:

### I. Board of Directors

The size and composition of the Board commensurate with the Company's future growth plans and also conforms to the requirements of the Corporate Governance Code under the Listing Agreement. The Company had total 10 Directors on the Board as on March 31, 2011, comprising Four directors (including the Chairman) who are Executive Directors, one Non-

Independent & Non-Executive director and remaining five are Non-Executive and Independent Directors.

The responsibilities of the Board include charting out business plans; devising corporate strategy; brand equity; formulation of policies; new initiatives; other management matters; performance review and control and ensuring that the targeted objectives are met on a consistent basis. In all, the Board of Directors of Nectar believes to ensure compliance of all the applicable laws of the land, in letter as well as in spirit.

None of the Directors on the Board holds the office of Director in more than 15 public limited companies or memberships in Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees.

Apart from receiving sitting fee for attending the meetings of the Board/Committees, there were no pecuniary relationships or transactions between the Company and the Non-Executive and Independent Directors.

During the financial year 2010-2011, Four Board meetings were held on May 28, 2010, August 11, 2010, November 08, 2010 and January 14, 2011.

The names and categories of the Directors on the Board, their attendance at the Board meetings during the financial year 2010-11 and at the last Annual General Meeting, as also the number of directorship, committee memberships and committee chairmanship held by them in other companies is given below:

Name and designation of Directors	Category of Director	Number of Board Meetings attended	Attendance at the last AGM	Number of outside Directorship Held	Number of Board Committees of other companies in which	
					Mem-ber	Chairman
Mr. Sanjiv Goyal (Chairman and Managing Director)	Promoter & Executive Director	4	Present	3	Nil	N.A.
Mr. Aryan Goyal (Executive Director)	Promoter & Executive Director	4	Not-Present	2	Nil	N.A.
Mr. Dinesh Dua (Chief Executive Officer and Director)	Non Promoter & Executive Director	4	Not-Present	Nil	N.A.	N.A.



Mr. Basant Kumar Goswami, IAS (Retired) (Director)	Independent & Non-executive Director	3	Not-Present	13	9	2
Mr. Vijay J. Shah (Director)	Independent & Non-executive Director	4	Present	2	Nil	N.A.
Mr. Vivek Sett (Director) +	Non-Independent & Non-executive Director	2	Not-Present	6	2	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM (Director)	Independent & Non-executive Director	3	Not-Present	Nil	N.A.	N.A.
Mr. Raman Kapur (Director) +	Independent & Non-executive Director	Nil	Not-Present	4	Nil	N.A.
Mr. Saurabh Goyal (Executive Director) *	Promoter & Executive Director	3	Present	1	N.A.	N.A.
Mr. Ajay Swaroop (Director) *	Independent & Non-executive Director	2	Not-Present	2	Nil	N.A.

\*Mr. Saurabh Goyal and Mr. Ajay Swaroop has been appointed on the Board in the Board Meeting held on August 11, 2010 and 3 board Meetings were held after their appointment in financial year ended on March 31, 2011.

+ Mr. Raman Kapur and Mr. Vivek Sett, where not present in the Board meeting, had participated through tele conferencing.

## II. Code of Conduct

The Board of Directors adopted the Code of Conduct as per the provisions under Clause 49 of the Listing Agreement. The same has been posted on the Company's website [www.neclife.com](http://www.neclife.com). All Board members and senior management personnel affirmed compliance with the Code. A declaration to this effect signed by Mr. Dinesh Dua, Chief Executive Officer and Director is attached to this Report.

## III. Audit Committee

The Audit Committee comprised of three directors including Mr. Vijay J. Shah as Chairman with Mr. B. K. Goswami, IAS (Retd.) and Mr. Sanjiv Goyal as Members.

Mr. Vijay J. Shah holds the bachelors degree in Commerce and Diploma in business administration. He has rich experience in managing the affairs of the corporate entity and is currently working as the Managing Director of leading pharmaceutical companies. He fulfils the requirement that the Audit Committee Chairman must have financial expertise.

Mr. B. K. Goswami, IAS (Retd.) is holder of Masters Degree in English and secured First position in Punjab University. He joined the Indian Administrative Services in 1960 and held various positions in the government departments at various levels including the management of public sector undertakings. He is also hold directorship in other companies in some of which he is also member/ chairman of

Audit Committees. Mr. Sanjiv Goyal, Promoter Director of the Company, is a law and commerce graduate and has more than 20 years of experience in the Industry. Thus, the members are well versed with financial systems and have the ability to read and understand basic financial statements i.e. balance sheet, profit & loss account and statement of cash flows.

The terms of reference to the Audit Committee approved by the Board are in compliance to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing agreement, which includes the following:

- Review the Company's financial statements, before submission to and approval by, the Board of Directors
- Review the Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters
- Review the management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management
- Monitor the integrity of the Company's internal financial controls
- Assess the scope and effectiveness of the systems established by the management to identify, assess, manage and monitor financial and non-financial risks



- Review the internal audit program and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company
- Receive a report on the results of the internal auditor's work on a periodic basis
- Review and monitor management's responsiveness to the internal auditor's findings and recommendations
- Monitor and assess the role and effectiveness of the

internal audit function in the overall context of the Company's risk management system.

During the year under review, five meetings of the Audit Committee were held, the dates being May 7, 2010, May 28, 2010, August 11, 2010, November 08, 2010 and January 14, 2011.

The attendance of the members/permanent invitee at the Audit Committee meetings was as follows:

Name	Category of member of Committee	Number of Meetings held during the tenure of each member	Number of meetings attended during the year
Mr. Vijay J. Shah (Chairman)	Independent & Non-executive Director	5	5
Mr. Sanjiv Goyal	Managing Director	5	5
Mr. Basant Kumar Goswami, IAS (Retired)	Independent & Non-executive Director	5	5

Mr. Sandeep Goel, Vice President (Finance) and Mr. Ravi Kant Aggarwal, Vice President (Accounts) of the Company and representatives from M/s Datta Singla & Co., Chartered Accountants, statutory auditors of the Company, as considered appropriate, attended the meetings as permanent invitees, while Mr. Sunder Lal, Company Secretary, acts as the Secretary to the Committee.

#### IV. Compensation Committee

The Company constituted the Compensation (Remuneration) Committee though it is not mandatory as per the provisions of Clause 49 of the Listing Agreement. The Compensation (Remuneration) Committee comprised of three directors including Mr. Vijay J. Shah as Chairman with Mr. B. K. Goswami, IAS (Retd.) and Mr. Sanjiv Goyal as Members. Mr. Sunder Lal, Company Secretary acts as a secretary of the committee.

During the financial year ended on March 31, 2011, three meetings were held of the committee on May 28, 2010, August 11, 2010 and November 8, 2010, which were attended by all its members.

The Compensation Committee reviews the overall compensation structure, including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Compensation Committee has the authority to determine the compensation packages of Executive Directors and senior management and to determine the parameters and supervise the operation of the bonus schemes of the Company. The Committee also empowered to evaluate the possibilities of stock options to employees. The Compensation Committee reviews recommendations

made to it by the Company and others and is authorised to investigate any activity within its terms of reference, seek any information from any employee of the Company and obtain independent professional advice.

The details of remuneration of Directors are given in disclosures part of this Report.

#### V. Share Transfer-cum-Shareholders' / Investors' Grievance Committee

The Transfer-cum-Shareholders' / Investors' Grievance Committee comprised of three directors including Mr. Vijay J. Shah as Chairman with Mr. Sanjiv Goyal and Mr. Aryan Goyal as Members.

Mr. Sunder Lal, Company Secretary, acts as the Secretary of the Committee and also the Compliance officer of the Company. The Committee focuses on strengthening investor relations and performs the following functions:

- Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates
- Looks into various issues relating to shareholders including redressal of complaints relating to transfer of shares, non-receipt of annual reports and dividends, among others
- Ensures compliance of the Code of Conduct for prevention of insider trading formulated by the Company as per the Securities and Exchange Board of India Regulations



As on March 31, 2011, 99.998 of the Company's shares are held in electronic (demat) form.

One meeting of the Committee was held during the year on July 01, 2010, which has been attended by all its members.

All the complaints received during the year were duly redressed to the complete satisfaction of the respective shareholders expeditiously. The detail of complaints received and redressed follows:

Opening balance	Received during the financial year 2010-2011	Complaints resolved	Closing balance
Nil	28	28	Nil

Quarter-wise details of complaints during 2010-11:

Quarter	Complaints pending at the beginning of quarter	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of quarter
April-June	Nil	7	7	Nil
July-September	Nil	7	7	Nil
October-December	Nil	6	6	Nil
January-March	Nil	8	8	Nil

#### Reconciliation of share capital Audit

The Company conducts a Reconciliation of Share Capital audit on a quarterly basis in accordance with requirements of Securities and Exchange Board of India (Depositories and Participants) Reg. 1996 and SEBI Circular No. D&CC/ FITTC/ Cir-16/2002 dated 31.12.2002. M/s. V. Garg & Company, Company Secretaries were appointed by the Company to conduct such audit. The Reconciliation of Share Capital Audit Report, which was submitted to the stock exchanges within the stipulated period, inter-alia certifies that the Company's equity shares held in the dematerialised form and in the physical form confirm with the issued and paid-up equity shares capital of the Company.

#### Secretarial Compliance Certificate

As per the provisions of the Clause 47 (c) of the Listing

Agreement entered with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited by the Company, the company has obtained the Secretarial Compliance Certificate on half-yearly basis from M/s. V. Garg & Company, Company Secretaries, to the effect that all transfer of shares among others, were effected within the stipulated time. The certificate was submitted with the stock exchanges within the prescribed time limit.

#### Reporting as per Clause 5A of the Listing Agreement

As required under Clause 5A of the Listing Agreement, the details of shares in suspense account, i.e. shares issued pursuant to the public issues or any other issue which remain unclaimed are as under:

At the beginning of the year i.e. April 1, 2010	Aggregate number of shareholders	29
	Outstanding shares in the suspense account	7360 equity shares of Re. 1/- each
Number of shareholders who approached issuer for transfer of shares from suspense account during the year		1
Number of shareholders to whom shares were transferred from suspense account during the year		1
At the end of the year i.e. March 31, 2011	Aggregate number of shareholders	28
	Outstanding shares in the suspense account	7110 equity shares of Re. 1/- each



Further, the voting rights on these shares will remain frozen till the rightful owner of such shares claims the shares.

Apart from above committees, the company has also constituted the Allotment Committee to approve the allotment of the equity shares upon conversion of Zero Coupon Convertible Bonds Due 2011 (FCCBs) and Management

Committee to looking into day to day matters. The meetings of these committee were held when consider appropriate to transact the business therein assigned to such committees.

During the financial year ended on March 31, 2011, The Financial Review Committee and Preferential Allotment Committee stand dissolved w.e.f. May 28, 2010.

## VI. General Body meetings

Details of the last three Annual General Meetings held

- |   |   |
|---|---|
| 1. 15 <sup>th</sup> Annual General Meeting: | September 29, 2010 at 10.00 am at the registered office and works of the Company i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab |
| 2. 14 <sup>th</sup> Annual General Meeting: | September 22, 2009 at 10.00 am at the registered office and works of the Company i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab |
| 3. 13 <sup>th</sup> Annual General Meeting: | September 29, 2008 at 10.00 am at the registered office and works of the Company i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab |

## Detail of special resolutions

- |  |   |
|--|---|
| <p>1. At the 15<sup>th</sup> Annual General Meeting held on September 29, 2010, the following three special resolutions were passed:</p> <ul style="list-style-type: none"> <li>i. For the revision of remuneration of Mr. Dinesh Dua as a Wholetime Director designated as Chief Executive Officer &amp; Director.</li> <li>ii. For the alteration of articles of associate of the company so as to incorporate certain rights of the NSR Direct PE Mauritius, LLC including provisions relating to corporate governance, and share transfer.</li> <li>iii. For the appointment of Mr. Saurabh Goyal as a Wholetime Director designated as Executive Director.</li> </ul> | <p>3. At the 14<sup>th</sup> Annual General Meeting held on September 22, 2009, the following two special resolutions were passed:</p> <ul style="list-style-type: none"> <li>i. For the appointment of Mr. Dinesh Dua as a Wholetime Director designated as Chief Executive Officer &amp; Director.</li> <li>ii. For the increase in Borrowing Limits of the Company upto Rs. 2000 Crores.</li> </ul>  |
| <p>2. At the Extraordinary General Meeting held on February 11, 2010, the following three special resolutions were passed</p> <ul style="list-style-type: none"> <li>i. Preferential issue of equity shares under Section 81 (1 A) of the Companies Act, 1956</li> <li>ii. The issue of Global Depository Receipts / American Depository Receipts / any other international offerings up to Rs. 2500 million.</li> <li>iii. Increase in the limit of shareholding of Foreign Institution Investors (FIIs) in the company to 74% under portfolio Investment Scheme.</li> </ul>  | <p>4. At the 13<sup>th</sup> Annual General Meeting held on September 29, 2008, the following seven special resolutions were passed:</p> <ul style="list-style-type: none"> <li>i. For the appointment of Mr. Saurabh Goyal as an Executive Director</li> <li>ii. Revision in the remuneration of Mr. Sanjiv Goyal w.e.f. July 1, 2008</li> <li>iii. Revision in the remuneration of Mr. Aryan Goyal w.e.f. July 1, 2008</li> <li>iv. Preferential issue of warrants convertible into equity shares under Section 81(1A) of the Companies Act, 1956</li> <li>v. Sub-division of every equity share of Rs. 10/- each into 10 equity shares of Re. 1/- each</li> <li>vi. Consequential changes of sub-division in capital Clause of Memorandum of Association of the Company</li> </ul> |





vii. Consequential changes of sub-division in capital Clause of Articles of Association of the Company

5. At the Extraordinary General Meeting held on September 16, 2008, the following two special resolutions were passed

- i. Preferential issue of equity shares under Section 81 (1 A) of the Companies Act, 1956
- ii. The issue of Global Depository Receipts / American Depository Receipts / any other international offerings up to US\$50 million.

Apart from the said resolutions, there was no other special resolution passed at the above General Meetings. All the resolutions passed in the above General Meetings were passed through show of hands.

There was no resolution passed through postal ballot process during the last year.

No special resolution to be passed through postal ballot is proposed at the ensuing Annual General Meeting.

## VII Disclosures

- a. There were no materially significant transactions made by the Company with its promoters, Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. However, the general related party disclosures are given in the Notes on Accounts.
- b. There was not any material non-compliance by the Company and no penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- c. The Company did not adopt the whistle blower policy, as it is a non-mandatory requirement. However, any personnel can approach the Audit Committee/ Chairman & Managing Director, for his grievance about the affairs of the Company.
- d. i) Details of compliance with mandatory requirements: Given elsewhere in this Report  
ii) Adoption of the non-mandatory requirements of this Clause: Given elsewhere in this Report
- e. Related Party Transactions: The details of all transactions, if any, with related parties are placed before the Audit committee on quarterly basis.
- f. Disclosure of accounting treatment: In the

preparations of financial statements, the Company followed the accounting standards issued under Companies (Accounting Standard) Rules, 2006, as amended upto date, to the extent applicable.

- g. Disclosure of risk management: The Company regularly informed the Board of Directors about the risk assessment, if any, along with recommendations to reduce the risk.
- h. Proceeds from the preferential issue: The Company issued 26,000,000 equity shares of Rs. 35/- per share aggregating to Rs. 910.00 million by way of Preferential Allotment to NSR Direct PE Mauritius LLC (a non promoter entity) on February 20, 2010. The details of utilisation of such proceeds would be disclosed to the Audit Committee. The Company is utilising these funds for purposes as stated in Notice for convening the Extraordinary General meeting held on February 11, 2010 vide which approval of members was received for the issue of said allotment.
- i. Proceeds from the GDRs issue: the Company issued 46,000,000 Equity shares underlying 46,000,000 Global Depository Receipts of US\$ 0.76 each on February 26, 2010. The total proceeds from the issue were US\$ 34.96 Million. The details of utilisation of such proceeds will be disclosed to the Audit Committee. The Company is utilising these funds for purposes as stated in the Notice for convening the Extraordinary General meeting held on February 11, 2010 vide which approval of members was received for the issue of said GDR
- j. Remuneration of Directors: The Non-Executive Directors are entitled to sitting fee of Rs. 10,000 per board meeting attended by them. The sitting fee of Rs. 1000 is paid to them for every Committee meeting attended by them. Apart for the sitting fee, the Non-Executive Directors did not have any materially pecuniary relationship with the Company.

During the financial year 2010-11, the Company paid the remuneration to Mr. Sanjiv Goyal, Chairman & Managing Director, Mr. Aryan Goyal, Executive Director, Mr. Saurabh Goyal, Executive Director and Mr. Dinesh Dua, Chief Executive Officer & Director on the terms and conditions of their respective resolutions passed by the Board of Directors and members. The Company is not paying any sitting fee to its Executive Directors.



The details of Directors' remuneration for the financial year ended March 31, 2011

Name and designation of Director	Sitting fee (Rs.)	Salaries and perquisites (Rs.)	Commission (Rs.)	Period of service	Number of shares held as on March 31, 2011
Mr. Sanjiv Goyal, Chairman and Managing Director	N.A.	6,619,237/-	6,525,000/-	5 years from June 01, 2007	76602000
Mr. Aryan Goyal, Executive Director	N.A.	6,572,817/-	N.A.	5 years from December 05, 2010	290000
Mr. Dinesh Dua, Chief Executive Officer & Director	N.A.	12,500,200/-	N.A.	5 years from November 28, 2008	Nil
Mr. Saurabh Goyal, Executive Director	N.A.	1,543,855/-	N.A.	5 years from August 11, 2010	243000
Mr. Basant Kumar Goswami, IAS (Retired), Non-Executive Director	38,000/-	N.A.	N.A.	N.A.	500
Mr. Vijay J. Shah, Non-Executive Director	49,000/-	N.A.	N.A.	N.A.	Nil
Mr. Vivek Sett, Non-Executive Director	20,000/-	N.A.	N.A.	N.A.	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Non-Executive Director	30,000/-	N.A.	N.A.	N.A.	Nil
Mr. Raman Kapur, Non-Executive Director	Nil	N.A.	N.A.	N.A.	1000000
Mr. Ajay Swaroop, Non-Executive Director	20,000/-	N.A.	N.A.	N.A.	Nil

Mr. Saurabh Goyal has been appointed as an Executive Director w.e.f. August 11, 2010 for a period of 5 years

Mr. Aryan Goyal has been re-appointed as an Executive Director w.e.f. December 05, 2010 for a period of 5 years.

The Company did not provide any stock option to its officers and

employees.

#### VIII. Means of communication

##### Quarterly results

The details of quarterly results are published are as under:

Quarter	English daily	Punjabi daily
April-June	1. <i>Economic Times</i> – Mumbai, Delhi, Ahemdabad, Chandigarh 2. <i>Financial Express</i> – All Editions	Des Sewak
July-September	1. <i>Economic Times</i> – Mumbai, Delhi, Ahemdabad, Chandigarh 2. <i>Financial Express</i> – All Editions	Des Sewak
October-December	1. <i>Economic Times</i> – Mumbai, Delhi, Ahemdabad, Chandigarh 2. <i>Financial Express</i> – All Editions	Des Sewak
January-March	1. <i>Economic Times</i> – Mumbai, Delhi, Ahemdabad, Chandigarh 2. <i>Financial Express</i> – All Editions	Des Sewak



The results are also displayed on the company's website "[www.neclife.com](http://www.neclife.com)". The official news' are also displayed on the Company's website. Apart from the above, we also regularly provided the information to the Stock Exchanges as per the requirements of the Listing Agreement and the desired information can be accessed from the websites of the respective Stock Exchanges. Other than the annual accounts, the quarterly and half-yearly financial results are not sent to the household of each shareholder.

#### IX. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

1. Mr. Basant Kumar Goswami, IAS (Retd.), aged 76 years, would retire at the forthcoming Annual General Meeting and he is proposed to be re-appointed as a Director thereat.

Mr. Goswami is a senior retired I.A.S. officer of 1960 batch. During his tenure in civil services he has held various senior positions as Commissioner of various divisions and Chairman of various Government Boards.

Other directorship:

Jaiprakash Associates Ltd.  
Global Trust Capital Finance Ltd.  
Mata Securities (P) Ltd.  
New Kennilworth Hotels Ltd.  
L.H. Sugar Factories Ltd.  
J.P. Infratech Limited  
Blue Coast Hotels Limited  
Conservation Corporation of India Ltd.  
B & A Ltd.  
Naturich Labs Pvt. Ltd.  
Jaypee Development Corporation Ltd.  
Simbhaoli Sugers Limited

Mr. Basant Kumar Goswami, IAS (Retd.) holds 500 Equity Shares

in the Company on March 31, 2011.

2. Mr. Dinesh Dua, aged 56 years, would retire at the forthcoming Annual General Meeting and he is proposed to be re-appointed as a Director thereat.

Prior to NLL Mr. Dua was the President of Wockhardt Ltd, Mumbai. Mr. Dua is a M.B.A. from IIM Ahmedabad. He has over 30 years of professional experience across varied industries such as healthcare and pharmaceuticals, petrochemicals and consumer goods, having worked in MNCs such as Hoechst (Sanofi Aventis) and Berger Paints and large Indian Corporates like Reliance and Jubilant Organosys. Prior to Wockhardt, Mr. Dua was the President of API at Zydus Cadila Healthcare.

He also served as a member of various sub-committees of the CII and FICCI, two of the major industry associations of India. He is also a visiting faculty to leading and reputed management institutes in India.

He does not hold any equity share in the Company on March 31, 2011. He also does not hold any directorship in any other company.

3. Mr. Aryan Goyal, aged 28 years, is proposed to be re-appointed as an Executive Director in the forthcoming Annual General Meeting.

Mr. Aryan Goyal holds Bachelor degree in Chemical Engineering with Minors in Economics and Management from Purdue University, West Lafayette Indiana – USA.

Other directorship:

M/s Nectar Organics Limited  
M/s Nectar Lifesciences UK Limited

He holds 290,000 equity shares in the Company on March 31, 2011.

#### X. General Shareholder Information

##### I. 15<sup>th</sup> Annual General Meeting

Date

September 30, 2011

Time

10.00 am

Venue

Registered Office and Works: Village Saidpura Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab – 140507.

##### ii. Financial year

April 1, 2010 to March 31, 2011

##### iii. Date of book closure

September 23, 2011 to September 30, 2011 (both days inclusive)

##### iv. Dividend payment date

By October 29, 2011

##### v. The equity shares of Re. 1/- each of the Company are listed on

1. The National Stock Exchange of India Limited (NSE)  
Regd Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051, Maharashtra, India  
Tel : 91-22-26598100, 56418100  
Fax : 91-22-26598237/38, 26598120



2. The Bombay Stock Exchange Limited (BSE)  
New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy  
Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India  
Tel : 91-22-22721233, 22721234,  
Fax : 91-22-22723677, 22722082 / 3132
- vi. Global Depository Receipts (GDRs) listed on  
Luxembourg Stock Exchange/ LuxSE  
Société de la Bourse de Luxembourg S.A.  
B.P. 165, L-2011 Luxembourg  
Siège social, 11, av de la Porte-Neuve,  
Telephone: (00352) 47 79 36 – 1,  
Fax : (00352) 47 32 98
- vii. Listing fee  
The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
- viii. Equity shares' stock code / symbol  
BSE Code : 532649  
NSE Symbol : NECLIFE
- ix. GDRs common code  
039031680
- x. ISIN of Company's equity shares:  
INE023H01027
- xi. ISIN of Company's GDRs  
US63975T1051
- xii. CUSIP of Company's GDRs  
63975T 105
- xiii. Corporate Identification Number (CIN)  
L24232PB1995PLC016664
- xiv. Market price data

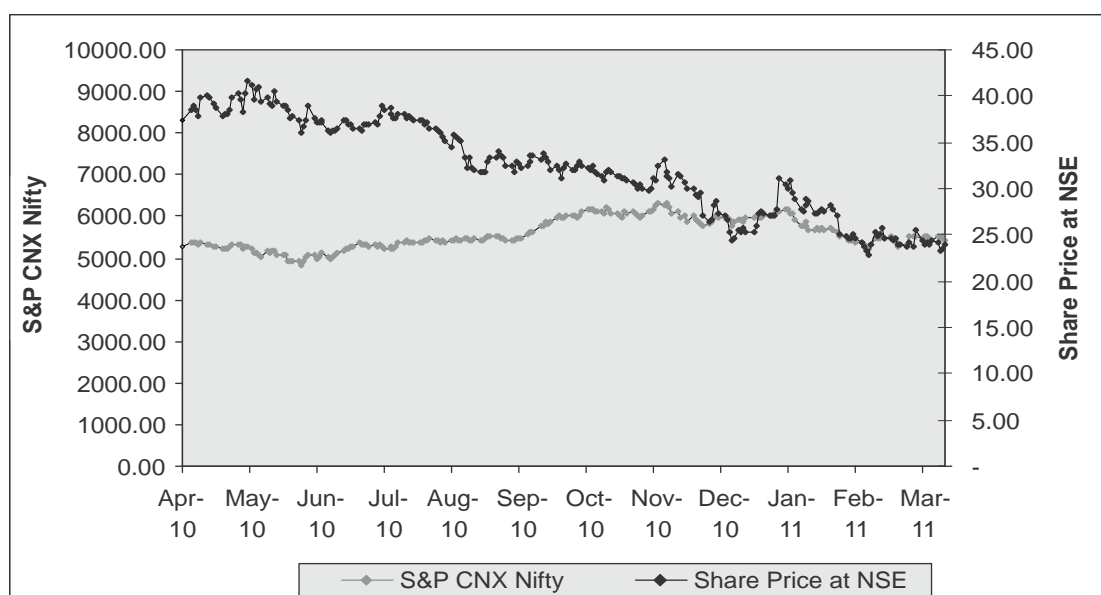
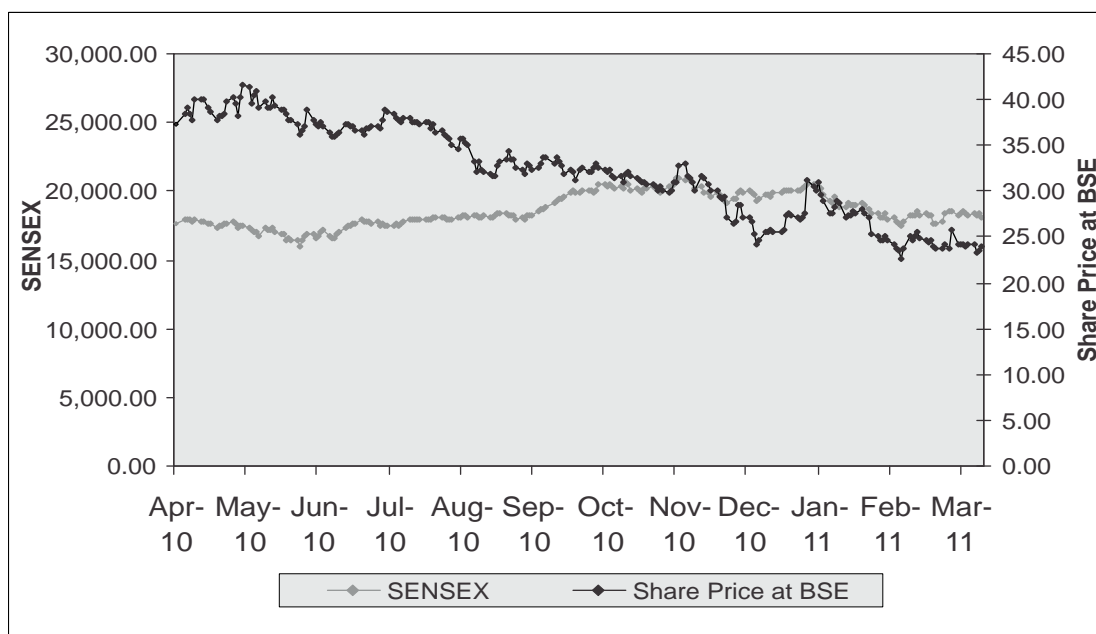
The high and low prices of the Company's share (of Re. 1/- each) at BSE and NSE from April 1, 2010 to March 31, 2011 were as below :

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Total traded quantity	High (Rs.)	Low (Rs.)	Total traded quantity
April-10	42.40	36.45	10738700	42.30	36.45	10665157
May-10	42.75	36.00	7370383	42.80	36.00	4565171
June-10	38.60	35.90	3752801	38.60	35.85	1748970
July-10	40.65	34.75	5429867	40.70	34.90	2800317
August-10	36.50	31.55	4616300	36.65	31.55	3370262
September-10	35.00	30.00	4916508	35.10	31.00	3000781
October-10	33.45	29.90	2585458	33.25	29.90	1499077
November-10	33.95	24.60	2596582	34.85	25.00	1784114
December-10	31.80	20.50	1990696	31.90	24.00	1447755
January-11	31.80	24.05	1782082	32.10	24.05	1024886
February-11	25.80	22.50	615143	25.80	22.50	473288
March-11	27.50	22.50	1827381	27.40	23.05	1650704



XV. Performance of the Company's share price with BSE Sensex and NSE Nifty

a. Performance of the Company's share price at BSE in comparison with BSE Sensex



xvi. Registrar and Transfer Agents and contact person thereat

Karvy Computershare Private Limited  
Unit: Nectar Lifesciences Limited  
Karvy House, 46, Avenue 4, Street no. 1 Banjara Hills,  
Hyderabad - 500 034  
Tel: (91-40) 23114058, Fax: (91-40) 23311968  
Contact Person : Mr. V. K. Jayaraman  
E-mail: [jayaramanvk@karvy.com](mailto:jayaramanvk@karvy.com)  
Nectar Lifesciences Limited  
SCO 38-39, Sector 9-D, Chandigarh - 160 009  
Ph. No. 0172-3047777, 3047701

xvii. Address for correspondence at the Company





- xviii. Compliance Officer and contact person at the Company

Fax No. 0172-3047755  
Mr. Sunder Lal, Company Secretary  
E-mail: [sunderlal@neclife.com](mailto:sunderlal@neclife.com)  
Website : [www.neclife.com](http://www.neclife.com)

- xix. Share transfer system

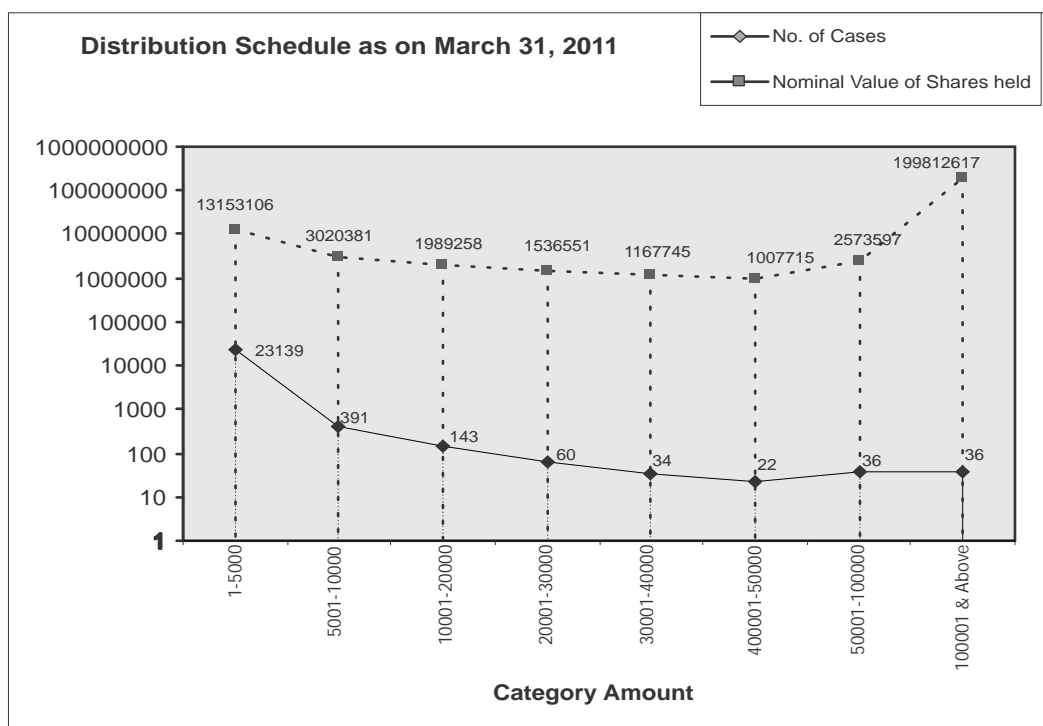
Almost 99.998% of the shares of the Company are held in dematerialised form. Transfers of these dematerialised shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrar and Share Transfer Agent of the Company.

Transfers of shares in physical form are normally processed within 20-25 days from the date of receipt, if documents are complete in all respects. The Shareholders'/Investors' Grievance Committee approves the transfer and transmission of shares.

- xx. Distribution of shareholding

- a) Class-wise distribution of equity shares as on March 31, 2011

Category (amount)	Number of cases	% of cases	Total shares	Nominal value of shares held (Rs.)	% of amount
1-5000	23139	96.97	13153106	13153106	5.87
5001 - 10000	391	1.64	3020381	3020381	1.35
10001 - 20000	143	0.60	1989258	1989258	0.89
20001 - 30000	60	0.25	1536551	1536551	0.69
30001 - 40000	34	0.14	1167745	1167745	0.52
40001 - 50000	22	0.09	1007715	1007715	0.45
50001 - 100000	36	0.15	2573597	2573597	1.15
100001 & Above	36	0.15	199812617	199812617	89.10
Total	23861	100.00	224260970	224260970	100.00

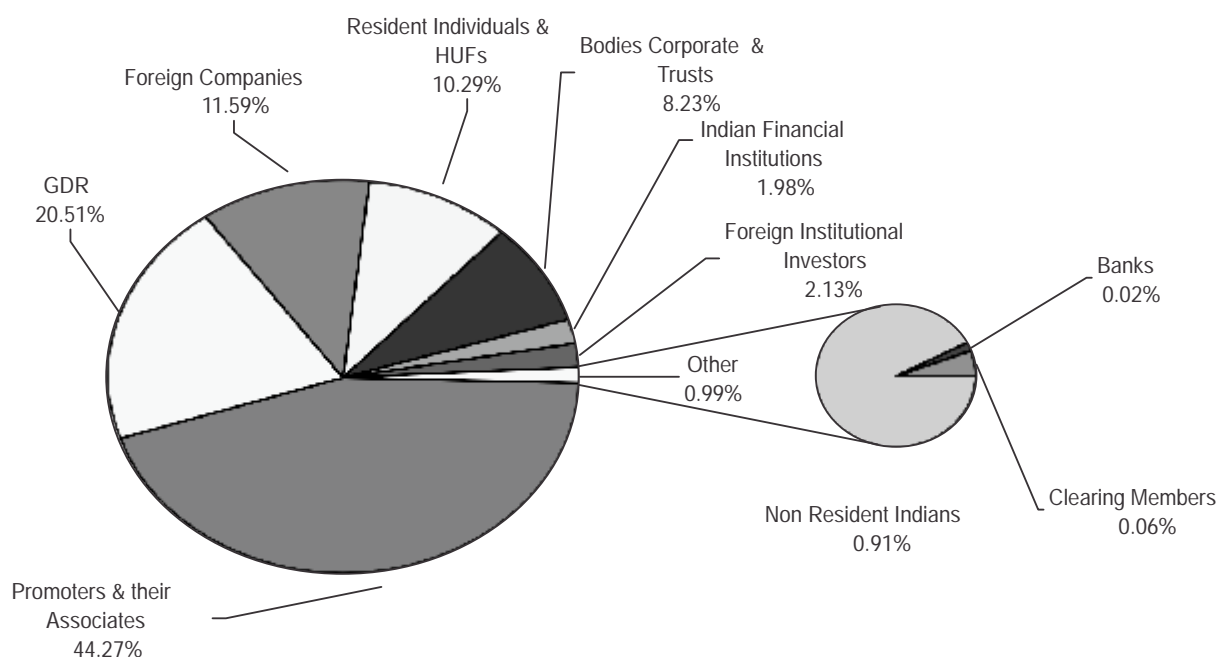




b. Shareholding pattern as on March 31, 2011

Category	Number of Cases	Total shares	% to equity
PROMOTERS	5	99291000	44.27
GDR	1	46000000	20.51
FOREIGN CORPORATE BODIES	1	26000000	11.59
RESIDENT INDIVIDUALS	22135	22133387	9.87
BODIES CORPORATES	599	18412065	8.21
FOREIGN INSTITUTIONAL INVESTORS	6	4786466	2.13
INDIAN FINANCIAL INSTITUTIONS	1	4431505	1.98
NON RESIDENT INDIANS	302	2044359	0.91
H U F	749	953861	0.43
CLEARING MEMBERS	58	132188	0.06
BANKS	2	39764	0.02
TRUSTS	2	36375	0.02
Total	23861	224260970	100.00

### Shareholding Pattern as at March 31, 2011



XXI. Dematerialisation of shares and liquidity

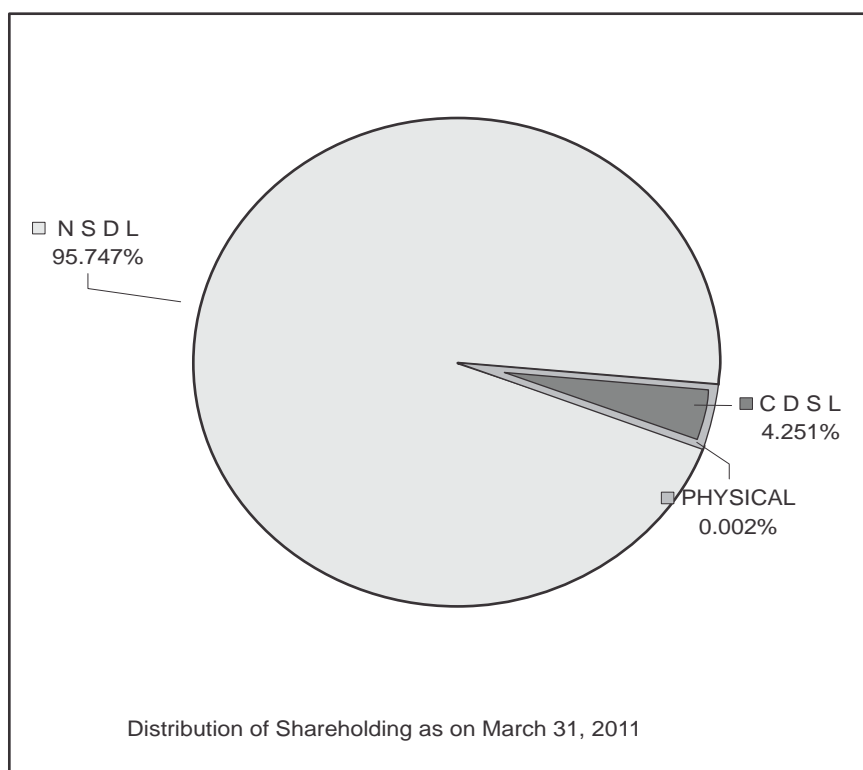
The Company's shares are compulsory traded in dematerialized form. Equity shares of the Company representing 99.998% of the Company's share capital

were dematerialised as on March 31, 2011.

The Distribution of shareholding of the Company as per the depository system as on March 31, 2011 was as under



Sr.	Category	Number of holders	Total shares	% to equity
1	Physical	13	3500	0.002
2	NSDL	15999	214723601	95.747
3	CDSL	7849	9533869	4.251
	Total	23861	224260970	100.000



The Company's shares are regularly traded on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange limited (BSE), in electronic form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE023H01027.

XXII. Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity

1. GDRs: The Company has issued and allotted 46,000,000 equity shares of Re 1/- each underlying 46,000,000 Global Depository Receipts (GDRs) of US\$ 0.76 each on 26.02.2010. The total proceeds from the GDRs issue was US\$ 34.96 Million. The GDRs are listed on:

Luxembourg Stock Exchange/ LuxSE  
Société de la Bourse de Luxembourg S.A.  
B.P. 165, L-2011 Luxembourg

Siège social, 11, av de la Porte-Neuve,  
Telephone: (352) 47 79 36 – 1, Fax : (352) 47 32 98

The underlying equity shares, of the company are forms and part of paid up equity capital of Rs. 224,260,970/- comprising of 224,260,970 equity shares of Re 1/- each.

2. FCCBs: The Company made the issue of US\$35 million of Zero Coupon Convertible Bonds (Foreign Currency Convertible Bonds (FCCBs)) due on April, 26, 2011. Of which, bonds of US\$2 million were converted in financial year 2007-08. The outstanding FCCBs on March 31, 2011 were of US\$33 million. The FCCBs were listed on

Singapore Exchange Securities Trading Limited  
2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804  
Telephone: (65) 6236 8888, Fax: (65) 6535 6994  
FCCBs' common code : SGX-ST Code: 024957900  
ISIN of Company's FCCBs: XS0249579003



Each bondholder was a right to convert the bonds at any time after 04.06.2006 into equity shares of the Company at a predetermined price of Rs. 331.74 at a predetermined exchange rate of US\$1 = Rs. 44.6725. The conversion price had been adjusted on various occasions and on 31.03.2011 it was Rs. 25.719.

The Company's equity share capital would have been further increased by 57,319,199 equity shares to 281,580,169 equity shares if the balance FCCBs of US\$33 million were have been converted at a adjusted price of Rs. 25.719 at a predetermined exchange rate of US\$1 =

Rs. 44.6725 on 31.03.2011.

The said FCCBs were due for redemption on April 26, 2011 (Maturity Date), at the redemption price of 150.71% of its principal amount, as per the terms and conditions of the FCCBs issue. Therefore, the FCCBs were redeemed at an aggregate amount of US\$ 49.7343 million consisting of payment of the principle amount US\$33 million and accumulated premium on redemption of the FCCBs of US\$ 16.7343 million.

Consequent to redemption, the FCCBs were delisted from the Singapore Exchange Securities Trading Limited.

xxiii. Registered office location

Nectar Lifesciences Limited

Village: Saidpura, Tehsil Derabassi, District Mohali (Punjab)

xxiv. Plant locations

1. Nectar Lifesciences Limited unit I  
Village: Saidpura, Tehsil Derabassi, Distt. Mohali (Punjab)
2. Nectar Lifesciences Limited unit II  
Village: Saidpura, Tehsil Derabassi, District Mohali (Punjab)
3. Empty Hard Gelatin Capsule Unit  
Village Bhatoli Kalan, Pargana Dharmpur, Tehsil Nalagarh District Solan, (Himachal Pradesh)
4. Formulation unit  
Village Bhatoli Kalan, Pargana Dharmpur, Tehsil Nalagarh District Solan, (Himachal Pradesh)
5. Narbada Industries  
Plot No. 2, Lane No. 4, Phase II,  
SIDCO INDUSTRIAL COMPLEX  
Bari Brahmana, Jammu (J & K)

XIV. CEO / CFO certification

As required under Clause 49 of the Listing Agreement the certificates duly signed by Mr. Dinesh Dua, Chief Executive Officer & Director and Mr. Sandeep Goel, Vice-President (Finance)- CFO, were placed at the meeting of the Board of Directors held on August 12, 2011.

XV. Auditor's certificate on compliance of conditions of Corporate Governance

Certificate from the auditors on compliance of conditions on Corporate Governance is enclosed along with the Directors' Report.

Declaration to the Compliance with code of conduct as per clause 49 of the Listing Agreement.

I, Dinesh Dua, Chief Executive Officer & Director of Nectar Lifesciences Limited having its registered office at Village Saidpura, Tehsil Derabassi, Distt. Mohali (Punjab) do hereby certify that the Board of Directors has formulated the code of conduct as per the provisions of clause 49 of the Listing Agreement for the Directors and Senior Management Personnel, which has been posted on the website of the company.

Further, it is hereby confirmed that all the Directors and Senior Management Personnel have complied with the code of conduct and a confirmation to this effect has been obtained from Directors and Senior Management Personnel.

For and on behalf of the Board of Directors  
of Nectar Lifesciences Limited

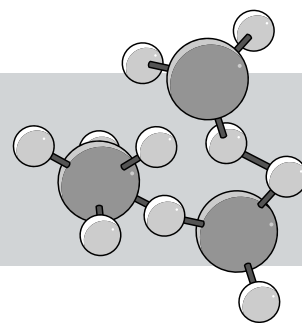
(Sanjiv Goyal)  
Chairman & Managing Director

Place: Chandigarh  
Date: August 12, 2011

For and on behalf of the Board of Directors  
of Nectar Lifesciences Limited

(Dinesh Dua)  
Chief Executive Officer & Director

Place: Chandigarh  
Date: August 12, 2011



# Auditors' Report

To

The Members

M/S. NECTAR LIFESCIENCES LIMITED

We have audited the attached Balance sheet of M/S. NECTAR LIFESCIENCES LIMITED as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Ministry of Corporate Affairs in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the annexure A statement on the matters specified in paragraph 4 & 5 of said order:
3. Further to our comments in the annexure referred to in paragraph (1) above, we report that: -
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report

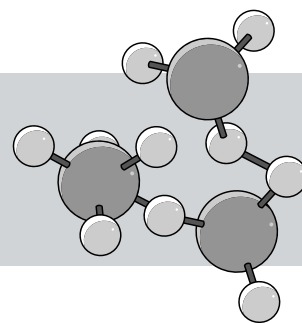
are in agreement with the books of accounts.

- d) In our opinion, the balance sheet, the profit and loss account and the Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the companies Act, 1956, subject to Notes on Accounts forming part of Balance Sheet.
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
  - i) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March, 2011 and
  - ii) In the case of the Profit and Loss account, of the Profit of the company for the year ended on that date.
  - iii) In case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For Datta Singla & Co.  
Chartered Accountants  
Firm Regn. No. 006185N

Place : Chandigarh  
Date : 12.08.2011

Yogesh Monga  
Partner  
Membership No. 099813



# Annexure to the Auditors' Report

ANNEXURE A REFERRED TO IN PARAGRAPH 2 OF OUR REPORT TO THE MEMBERS OF  
M/S. NECTAR LIFESCIENCES LIMITED FOR THE YEAR ENDED 31st MARCH 2011.

- 1 In respect of its fixed assets :
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 2 In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us the Company has during the year neither granted nor taken any loans, secured or unsecured, to/from Companies, Firms or other Parties Listed in the Register maintained under Section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and the sale of goods and to purchase inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- 5 (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts and arrangements referred to in point (a) above and exceeding the value of Rs.5 lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for the purchases of certain items of inventories which are for Company's specialized requirements and similarly for sale of certain goods for the specialized requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
6. In our opinion and according to the information and explanations given to us, the company has not invited any deposits from public attracting the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7 In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed books of accounts maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records U/s 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the





prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9 According to the information and explanations given to us in respect of statutory dues :

(a) The Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India and has generally been regular in depositing undisputed statutory dues including tax deducted at source with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the end outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and records of the company examined by us, there are no dues of Service Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, which are outstanding as at 31st March, 2011, which have not been deposited on account of any dispute. The particulars of dues of income tax as at 31st March, 2011 which have not been deposited on account of a dispute are as follows:-

Statute	Nature of the Dues	Amount Rs. In Millions.	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.41	Assessment Year 2001-02	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	0.19	Assessment Year 2004-05	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	2.34	Assessment Year 2001-02	Commissioner of Income Tax Appeal, Delhi
Income Tax Act, 1961	Income Tax	0.03	Assessment Year 2003-04	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	20.62	Assessment Year 2005-06	Commissioner of Income Tax Appeal, Delhi

10 The company does not have accumulated losses as at 31st March, 2011 and it has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.

11 According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12 The company has not granted any loans and advances

on the basis of security by way of pledge of shares, debentures and other securities.

13 The company is not a chit fund or a nidhi or a mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.

14 In our opinion and according to the information and explanations given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.

15 In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17 According to the information and explanation given to us and based on overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long term investment other than temporary deployment pending application.

18 During the year the company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19 The company has not issued any debentures during the year and there are no debentures outstanding as at the year end.

20 We have verified the end-use of money raised by public issues as disclosed in the notes to the financial statements (Refer Note No. A 7)

21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Datta Singla & Co.  
Chartered Accountants  
Firm Regn. No. 006185N

Place : Chandigarh  
Date : 12.08.2011

Yogesh Monga  
Partner  
Membership No. 099813

NECTAR LIFESCIENCES LIMITED

**BALANCE SHEET** As at 31st March 2011*(Rupees in Million)*

Particulars	Schedule	As at March 31, 2011		As at March 31 2010	
I. SOURCES OF FUNDS :					
1. SHARE HOLDERS' FUNDS					
Share Capital	I	224.26		224.26	
Reserves & Surplus	II	6,987.57	7,211.83	5,985.52	6,209.78
2. LOAN FUNDS					
Secured Loans	III	6,477.24		4,510.16	
Unsecured Loans	IV	1,482.72	7,959.96	1,498.78	6,008.93
3. DEFERRED TAX LIABILITIES	V		508.06		501.86
			15,679.85		12,720.57
II APPLICATION OF FUNDS					
1. FIXED ASSETS					
Gross Block	VI	9,092.64		7,541.69	
Less : Depreciation		1,730.05		1,269.09	
Net Block		7,362.59		6,272.60	
Capital Work in Progress		824.17	8,186.76	555.13	6,827.73
2. INVESTMENTS	VII		53.82		256.93
3. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	VIII	4,708.85		3,963.54	
Sundry Debtors	IX	3,111.28		2,224.55	
Cash & Bank Balances	X	325.75		305.17	
Other Current Assets	XI	220.46		264.66	
Loans & Advances	XII	1,518.98		964.40	
		9,885.33		7,722.32	
Less : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	XIII	1,552.08		1,437.14	
Provisions	XIV	894.27		649.63	
		2,446.35		2,086.77	
NET CURRENT ASSETS			7,438.97		5,635.55
4. MISCELLANEOUS EXPENDITURE	XV		0.30		0.36
(To The Extent Not Written Off Or Adjusted)					
			15,679.85		12,720.57
SIGNIFICANT ACCOUNTING POLICIES	XXIV				
AND NOTES TO THE ACCOUNTS					

The Schedules referred to above form an integral part of the Balance Sheet

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

# **PROFIT AND LOSS ACCOUNT** For the year ended March 31, 2011

(Rupees in Million)

Particulars	Schedule	Year Ended March 31, 2011		Year Ended March 31 2010	
INCOME					
Sales		11,157.70		8,858.22	
Less : Excise Duty		603.22		400.23	
			10,554.48		8,457.99
Other income	XVI		200.70		189.53
Increase/(Decrease) in Finished Goods			316.28		(93.94)
			11,071.47		8,553.58
EXPENDITURE					
Raw Material Consumed	XVII		7,426.98		5,349.17
Manufacturing Expenses	XVIII		430.08		349.81
Personnel Expenses	XIX		371.68		318.77
Administrative Expenses	XX		163.47		113.79
Financial Expenses	XXI		740.84		602.84
Repair & Maintenance	XXII		65.07		57.38
Selling & Distribution Expenses	XXIII		210.75		224.66
Depreciation	VI		460.96		387.46
Preliminary Expenses Written Off	XV		0.09		0.08
			9,869.91		7,403.96
PROFIT BEFORE TAX			1,201.56		1,149.62
Tax Expense			162.38		222.86
Previous Year Adjustments			11.09		7.02
PROFIT AFTER TAX			1028.09		919.73
Balance As Per Last Balance Sheet			3,120.64		2,345.44
AMOUNT AVAILABLE FOR APPROPRIATION			4,148.73		3,265.18
APPROPRIATIONS					
- Interim Dividend on Equity Shares			-		38.07
- Tax On Interim Dividend			-		6.47
- Proposed Dividend on Equity Shares			22.43		-
- Tax On Proposed Dividend			3.64		-
- Transfer to General Reserve			-		100.00
- Surplus Carried Forward			4,122.67		3,120.64
			4,148.73		3,265.18
EARNINGS PER SHARE (Equity shares of Re.1/- each fully paid up)					
Basic (Rs.)			4.63		5.81
Diluted (Rs.)			4.63		4.28
SIGNIFICANT ACCOUNTING POLICIES	XXIV				
AND NOTES TO THE ACCOUNTS					

The Schedules referred to above form an integral part of the Profit and Loss Account

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - I "SHARE CAPITAL"</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
35,00,00,000(35,00,00,000) Equity Shares Of		
Re. 1/- (Re. 1/-) Each.	350.00	350.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
22,42,60,970(22,42,60,970) Equity Shares Of		
Re. 1/- (Re.1/-) Each Fully Paid up	224.26	224.26
	224.26	224.26

Note :

- During the year 2009-10 Company issued 2,60,00,000 equity shares of Re. 1/- each as private placement at a premium of Rs. 34/- each.
- During the year 2009-10 Company allotted 4,60,00,000 Global Depository Receipts (GDRs) representing 4,60,00,000 equity shares of Re. 1/- each at a premium of Rs. 34.02 per share.

<b>SCHEDULE - II "RESERVES &amp; SURPLUS"</b>		
<b>PROFIT &amp; LOSS A/C</b>		
Opening Balance	3,120.64	2,345.44
Transferred From Profit & Loss Account	1,002.03	775.20
(A)	4,122.67	3,120.64
<b>SECURITY PREMIUM A/C</b>		
Opening Balance	2,723.86	492.53
Add : Premium On Public Issue of Equity Shares and GDRs	-	2,449.13
Less : Provision for Premium on Redemption of FCCB	-	109.56
Less : Equity Shares & GDR issue Expenses Written Off	-	108.24
(B)	2,723.86	2,723.86
<b>GENERAL RESERVE</b>		
Opening Balance	141.02	41.02
Add : Transfer from Profit & Loss Account during the year	-	100.00
(C)	141.02	141.02
(A+B+C)	6,987.55	5,985.52

<b>SCHEDULE - III - "SECURED LOANS"</b>		
Term Loans	3,177.14	2,904.67
Working Capital Limits	3,300.10	1,605.48
	6,477.24	4,510.16

<b>SCHEDULE - IV - "UNSECURED LOANS"</b>		
Vehicle Loans	11.34	11.30
Foreign Currency Convertible Bonds (FCCB)	1,471.38	1,487.48
	1,482.72	1,498.78

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - V - "DEFERRED TAX LIABILITIES"</b>		
DEFERRED TAX LIABILITIES ARISING ON ACCOUNT OF		
Depreciation	2226.06	1621.31
<b>TOTAL A</b>	<b>2226.06</b>	<b>1621.31</b>
DEFERRED TAX ASSETS ARISING ON ACCOUNT OF		
PROVISION FOR :		
Retirement Benefits	30.13	24.13
Other Expenses & Provisions Available	666.45	120.69
<b>TOTAL B</b>	<b>696.58</b>	<b>144.82</b>
<b>NET DEFERRED TAX LIABILITY (A-B)</b>	<b>1529.48</b>	<b>1476.49</b>
<b>TAX IMPACT</b>	<b>508.06</b>	<b>501.86</b>

**SCHEDULE - VI "FIXED ASSETS"**

Particulars	As At April 1, 2010	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Additions	Sale/ Deletion*	As At March 31, 2011	Up To March 31, 2010	During the Year	Deletion / Adjustments	Up To March 31, 2011	As At March 31, 2011	As At March 31, 2010
Freehold Land & Site Development	982.71	137.37	147.70	972.38	-	-	-	0.00	972.38	982.71
Leasehold Land	3.27	-	-	3.27	0.08	0.04	-	0.12	3.15	3.19
Buildings	1,088.12	56.20	4.93	1,139.40	103.86	36.25	-	140.11	999.28	984.27
Tube Well	8.89	-	-	8.89	0.76	0.30	-	1.05	7.84	8.14
Plant & Machinery	3872.15	877.56	10.42	4739.29	821.03	303.50	-	1124.53	3614.76	3051.11
Plant & Machinery (R & D)	730.28	368.90	-	1099.17	123.81	39.10	-	162.91	936.27	606.47
Boiler	21.13	149.57	-	170.70	1.81	2.67	-	4.48	166.22	19.32
Pollution Control Equipment	75.15	0.10	-	75.25	20.57	3.57	-	24.15	51.10	54.58
Laboratory	67.70	6.43	0.01	74.12	11.43	3.35	-	14.78	59.33	56.27
Miscellaneous Fixed Assets	558.50	94.96	0.61	652.85	150.05	60.22	-	210.26	442.59	408.46
Furniture & Fixture	62.32	10.64	0.03	72.92	10.29	4.36	-	14.65	58.27	52.03
Motor Vehicles	53.07	8.26	0.01	61.32	16.83	4.76	-	21.59	39.73	36.24
Computer	18.40	4.68	-	23.08	8.57	2.84	-	11.41	11.67	9.83
<b>Total</b>	<b>7,541.69</b>	<b>1,714.67</b>	<b>163.72</b>	<b>9,092.64</b>	<b>1,269.09</b>	<b>460.96</b>	<b>-</b>	<b>1,730.05</b>	<b>7,362.59</b>	<b>6,272.61</b>
Previous Year	6,144.40	1,604.17	206.88	7,541.69	883.72	387.46	2.10	1,269.09	6,272.61	5,260.68

\*includes deletion on account of foreign exchange fluctuation on FCCBs amounting to Rs. 16.10 millions during the year ( Previous Year 183.65 millions)

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - VII "INVESTMENTS"</b>		
<b>CURRENT</b>		
<b>NON TRADE</b>		
<b>QUOTED</b>		
1600 (1600) EQUITY SHARES OF RS. 10/- EACH fully paid up In Vijaya Bank.	0.04	0.04
1271 (1271) EQUITY SHARES OF RS. 10/- EACH fully paid up In Yes Bank Ltd.	0.06	0.06
1 (1) EQUITY SHARE OF RS. 10/- fully paid up In Aurobindo Pharma Ltd.	0.00	0.00
(Absolute amount Rs. 314, Previous Year Rs. 314)		

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - VII Contd.....</b>		
2350 (2350) EQUITY SHARES OF RS. 10/- EACH fully paid up In Parsvanath Developers Ltd.	1.31	1.31
12267 (12267) EQUITY SHARES OF RS. 10/- EACH fully paid up in Punjab Alkalies & Chemicals Ltd.	0.33	0.33
0 (13987) EQUITY SHARES OF RS. 10/- EACH fully paid up in Ranbaxy Laboratories Ltd.	-	8.18
PNB - Principal Mutual Fund	1.91	2.76
SBIMF- MICF-Daily Dividend Scheme	51.00	200.00
(A)	54.65	212.67
<b>UNQUOTED</b>		
20 (20) Equity Shares of Rs. 50/- each in The Thane Janta Sahakari Bank Ltd (Absolute amount Rs. 1000, Previous Year Rs. 1000)	0.00	0.00
50,000 (50,000)Equity Shares of RS. 10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
(B)	0.50	0.50
<b>LONG TERM</b>		
<b>TRADE</b>		
<b>UNQUOTED</b>		
In Subsidiary Company -		
0 (96,14,165) Equity Shares Of SLR 10/- each Issued at par fully paid up In Chempharma Pvt. Ltd.- Sri Lanka	-	46.36
<b>NON TRADE</b>		
<b>UNQUOTED</b>		
In Subsidiary Companies -		
1 Equity Share Of 1 GBP fully Paid Up In Nectar Capital Ltd.-Mauritius (Absolute amount Rs. 75, Previous Year Nil)	0.00	0.00
1 Equity Share Of 1 USD fully Paid Up In Nectar Lifesciences UK Ltd.-England (Absolute amount Rs. 45, Previous Year Nil)	0.00	0.00
(C)	0.00	46.36
(A+B+C)	55.15	259.53
Less: Provision for Loss on Investment	1.33	2.60
	53.82	256.93

Market Value of quoted investments as at 31st March, 2011 Rs. 53.98 millions ( Previous Year Rs. 210.52 millions)

**"SCHEDULE - VIII "INVENTORIES"**

(As Certified by The Management)	472.35	533.91
Raw Material	100.03	116.40
Other Miscellaneous Stocks	3,679.66	3,172.70
Work In Progress	456.81	140.53
Finished Goods		
	4,708.85	3,963.54

(Inventory Includes material with 3rd parties and stock in transit.)



## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - IX "SUNDRY DEBTORS"</b>		
(Unsecured)		
Debts Outstanding for a Period exceeding Six Months		
Considered Good	52.64	5.35
Considered Doubtful	21.00	17.71
Other Debts		
Considered Good	3,058.65	2,219.20
	3,132.28	2,242.26
Less: Provision For Doubtful Debts	21.00	17.71
	3,111.28	2,224.55

<b>SCHEDULE - X "CASH &amp; BANK BALANCES"</b>		
Cash In Hand	2.05	1.16
Balance With Scheduled Banks		
In Current Accounts	312.85	62.03
In Fixed Deposits	10.00	241.07
In Unclaimed Dividend & Share Application Money Accounts	0.81	0.86
Balance With Other Banks		
In Current Accounts	0.04	0.05
	325.75	305.17

<b>SCHEDULE - XI "OTHER CURRENT ASSETS"</b>		
Export and Other Incentives Accrued	91.86	137.30
Insurance Claim Receivable	21.51	21.05
Interest Accrued But Not Due (absolute amount Rs. 4115)	0.00	0.06
Subsidy Receivable	107.09	106.26
	220.46	264.66

<b>SCHEDULE - XII "LOANS &amp; ADVANCES"</b>		
Advances Recoverable In Cash Or In Kind		
Or For Value To Be Received *	1,440.81	794.05
Advance to Wholly Owned Subsidiary	0.33	-
Security Deposits	12.52	12.12
Excise Duty Balances	81.70	174.62
	1,535.36	980.78
Less: Provision for Doubtful Advances	16.38	16.38
	1,518.98	964.40

\* Includes amount of advance towards share application money pending allotment  
Rs. 114.83 millions (Previous Year 114.83 millions)

<b>SCHEDULE - XIII "CURRENT LIABILITIES"</b>		
Sundry Creditors		
- Due to micro ,small & medium enterprises	1.32	1.84
- Due to others	1,398.03	1,343.32
Advances From Customers	38.49	16.18
Other Liabilities	114.24	75.81
	1,552.08	1,437.14

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - XIV "PROVISIONS"</b>		
Proposed Dividend	22.43	-
Tax on Proposed Dividend	3.64	-
Provision for Income Tax (Net of Advance Tax & TDS)	96.97	56.44
Provision for Excise Duty On Finished Goods	7.56	4.95
Provision for Gratuity	30.13	24.13
Provision for Redemption Premium on FCCB	733.55	564.12
	894.27	649.63

<b>SCHEDULE - XV "MISCELLANEOUS EXPENDITURE"</b>				
(To the extent not written off or adjstuted)				
<b>PRELIMINARY EXPENSES</b>				
Opening Balance	0.36		0.44	
Less : Written Off	0.08	0.30	0.08	0.36
<b>DEFERRED REVENUE EXPENDITURE</b>				
Opening Balance	-		2.91	
Less : Written Off	-	-	2.91	-
<b>PUBLIC/GDR ISSUE EXPENSES</b>				
Opening Balance	-		-	
Add : During The Year			108.24	
	-		108.24	
Less : Written Off Against Security Premium			108.24	
		-		-
		0.30		0.36

<b>SCHEDULE - XVI "OTHER INCOME "</b>		
Interest On Fixed Deposits	0.04	7.30
Other Interest	9.26	6.23
Dividend From Investments	0.26	0.16
Operating Income	66.14	40.96
Profit on Sale of Fixed Assets	-	86.23
Profit on Sale/ Restatement of Investment	-	16.74
Insurance Claim	-	31.91
Misc. Income	125.00	
	200.70	189.53

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011		As at March 31 2010	
<b>SCHEDULE - XVII "RAW MATERIAL CONSUMED"</b>				
OPENING STOCK				
Raw Materials	533.91		416.59	
Work-In-Progress	3,172.70	3,706.61	2,718.78	3,135.37
ADD PURCHASE OF RAW MATERIAL		7,872.38		5,920.41
		11,578.99		9,055.78
LESS : CLOSING STOCK				
Raw Materials	472.35		533.91	
Work-In-Progress	3,679.66	4,152.01	3,172.70	3,706.61
		7,426.98		5,349.17

<b>SCHEDULE - XVIII "MANUFACTURING EXPENSES"</b>		
Consumable Stores	84.72	57.05
Oil & Lubricants	5.70	3.46
Power, Fuel & Steam Expenses	332.22	284.44
Chemical Testing Expenses	7.44	4.87
	430.08	349.81

<b>SCHEDULE - XIX "PERSONNEL EXPENSES"</b>		
Salaries & Wages	288.19	258.87
Payment To Directors	33.76	29.70
Contribution to Provident and Other Funds	17.89	12.58
Staff Welfare	31.84	17.62
	371.68	318.77

<b>SCHEDULE - XX "ADMINISTRATIVE EXPENSES"</b>		
Travelling & Conveyance	26.84	22.29
Advertisement & Subscription	10.03	4.24
Books & Periodicals	0.22	0.45
Business Promotion	7.79	6.05
Insurance	15.81	16.23
Electricity Expenses ( Office)	1.59	1.26
Postage, Telephone, Telegram	8.50	7.18
Printing & Stationery	8.44	9.91
Professional Fees	14.61	11.29
Rate,Fees & Taxes	7.27	4.61
Vehicle Running & Maintenance	10.26	8.00
Rent	7.14	6.77
Audit Fees	1.80	1.50
Office Expenses	2.48	1.25
Diwali & Pooja Expenses	3.17	2.00
Donation	16.65	10.62
Directors' Sitting Fees	0.16	0.14
Loss on Sale of Fixed Assets	17.83	-
Loss on Sale / Restatement of Investment	2.86	-
	163.47	113.79

## SCHEDULES FORM PART OF ACCOUNTS As at March 31, 2011

*(Rupees in Million)*

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - XXI "FINANCIAL EXPENSES"</b>		
Interest on Term Loans	420.98	130.51
Other Bank Interest & Charges	319.86	472.33
	740.84	602.84

<b>SCHEDULE - XXII "REPAIR &amp; MAINTENANCE"</b>		
Electricals	4.99	5.75
Machinery	52.99	45.84
Building	7.09	5.79
	65.07	57.38

<b>SCHEDULE - XXIII "SELLING &amp; DISTRIBUTION EXPENSES"</b>		
Discount / Samples	20.64	28.96
Freight & Cartage Outward	65.51	54.69
Packing Expenses	71.67	63.58
Sales Commission	44.40	50.20
Deferred Revenue Expenditure Written Off	-	2.91
Bad Debts Written Off/ Provision for Doubtful Debts	8.53	24.32
	210.75	224.66

## NECTAR LIFESCIENCES LIMITED

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

Schedule XXIV: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## I. SIGNIFICANT ACCOUNTING POLICIES

## 1. Basis for preparation of financial statements

i) The financial statements of Nectar Lifesciences Limited (" the Company ") have been prepared and presented to comply with the historical cost conventions in accordance with the Indian Generally Accepted Accounting Principles (GAAP), mandatory Accounting Standards referred to in the Companies (Accounting standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section ( 1 ) (a) of Section 642 read with sub section (3C) of Section 211 & sub-section (1) of Section 210 A to the extent applicable and the provisions of the Companies Act, 1956 and on the basis of going concern.

ii) All the Incomes & Expenditures are recognized on accrual basis.

iii) Figures have been taken nearest to million rupees.

iv) Previous year figures have been re-grouped and re-arranged wherever considered necessary, to confirm to this year's classification.

## 2. Fixed Assets and Depreciation

i) Fixed Assets have been stated at cost net of Cenvat/Value Added Tax availed, but inclusive of attributable costs of bringing the asset to their working condition for their intended use less depreciation and impairment loss, if any.

ii) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

iii) Cost of leasehold assets is amortized over the period of the lease.

## 3. Inventories

a. Raw materials, Stores and Spares and Packing material

Lower of Cost and Net Realizable Value. Cost of inventory comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition.

b. Finished Goods and work in process

Lower of Cost and Net Realizable Value. Cost includes direct material, labour and proportionate of manufacturing overheads. Cost of finished goods includes excise duty.

## 4. Foreign Exchange Transactions

a. Initial Recognition

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

b. Conversion

Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates.

c. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expense in the year in which they arise. The exchange difference on foreign currency denominated long term borrowings relating to the acquisition of depreciable capital assets are adjusted in the carrying cost of such assets for current year.

## 5. Revenue Recognition

i) Revenue from product sales is stated exclusive of returns, inter-division transfers, sales tax but includes excise duty.

ii) Dividend income is recognized as and when the right to receive is established.

iii) Export benefits and other benefits are accounted for on accrual basis.

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### 6. Employee Benefits

#### i) Short Term Employee Benefits:

Employee benefits payable fully within twelve months of rendering the service are classified as short term employee benefit and are recognized in the period in which the employee renders the related service.

#### ii) Post Employment Benefits (Defined Benefit Plans)

The employees gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. Actuarial gains and losses and past service cost are recognized immediately in the profit and loss account.

#### iii) Post Employment Benefits (Defined Contribution Plans)

Contributions to the Provident Fund, which is a defined contribution scheme, is recognized as an expense in the profit and loss account in the period in which the contribution is due.

#### iv) Long Term Employee Benefits

Long term employee benefit comprises of compensated absences. These are measured based on an actuarial valuations carried out by an independent actuary using the projected unit method at balance sheet date unless they are insignificant. Actuarial gains and losses and past service cost are recognized immediately in the profit and loss account.

### 7. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### 8. Leases

Lease rental for assets taken on operating lease are charged to the profit and loss account in accordance with Accounting Standard 19 on leases.

### 9. Government Grants and Subsidies

Grants and Subsidies are recognized when there is a reasonable assurance that the grant or subsidy will be received and that all underlying conditions will be complied with. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

### 10. Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 11. Miscellaneous Expenditure

Preliminary expenses are written off over a period of 10 years.

## II. NOTES TO ACCOUNTS

### A. BALANCE SHEET

#### 1. SECURED LOANS

I. Term Loans from various banks (excluding vehicle loans) are secured by way of First Pari Passu Charge on all the fixed assets of the Company and further secured by way of Second Pari Passu Charge on all the current assets of the Company and personal guarantee of directors namely Sh. Sanjiv Goyal & Sh. Aryan Goyal. Amount repayable within one year Rs. 838.11 millions (Previous Year Rs. 557.16 millions).

II. Working Capital Limits & Corporate Loans are secured by way of First Pari Passu Charge on all the current assets of the Company and further secured by way of Second Pari Passu Charge on all the fixed assets of the Company and personal guarantee of directors namely Sh. Sanjiv Goyal & Sh. Aryan Goyal.



## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### 2. UNSECURED LOANS

Amount repayable within one year on vehicle loans is Rs. 3.02 millions (Previous Year Rs. 5.08 millions) and on FCCBs Rs. 1471.38 millions (Previous Year Nil.)

### 3. FIXED ASSETS

A sum of Rs. 368.90 millions (previous year Rs.149.30 millions) has been capitalized under the head Plant & Machinery (Research & Development). The company has been regularly working on modernization and development of its existing technological system and development of new products & processes. As such, there has been loss of capacity utilization because of the development of new product and processes. In the opinion of management, the above process will yield benefits in the coming years in the shape of more demand in the international market as well as better price.

### 4. INVESTMENTS

Investments are classified into current and long term investments. Long Term Investments are stated at cost and provision for diminution in value is made if decline is other than temporary in the opinion of the management. Current investments are valued at cost and provision is made for decline in market value.

### 5. CURRENT ASSETS, LOANS & ADVANCES

In the opinion of the management of the Company, the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business.

### 6. CURRENT LIABILITIES

i) The principal amount remaining unpaid as at 31st March 2011 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" was Rs. 1.32 millions (previous year Rs. 1.84 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act amounting to Rs. 0.03 millions (previous year Rs 0.31 millions) was remaining unpaid as of 31st March 2011. The principal amount that remained unpaid as at 31st March 2010 was paid during the year. The list of undertakings covered under MSMEDA was determined by the Company on the basis of information available with the Company and have been relied upon by the auditors.

ii) Investor Education and Protection Fund

Other liabilities include Rs. 0.81 million (previous year Rs. 0.86 millions) which relates to unclaimed dividend and share application money refundable. Out of it no amount has become due for deposit to Investor Education and Protection Fund as at balance sheet date.

### 7. UTILISATION OF FUNDS RAISED FROM GDR ISSUE AND PRIVATE EQUITY

In February 2010, the company allotted 26.00 million equity shares having face value of Re. 1 each on preferential basis and 46.00 million equity shares having face value of Re. 1 each underlying Global Depository Receipts (GDRs) to the institutional investors. The aggregate funds raised by such issue (including securities premium) were Rs. 2412.89 million (net of share issue expenses of Rs.108.24 million). The equity shares represented by the GDRs/private placement carry equivalent rights with respect to voting and dividends as the ordinary equity shares. The company had utilized the funds for the purpose these were raised and the residual amount has been temporarily parked in Mutual Funds and various bank accounts of the Company.

### 8. CONTINGENT LIABILITIES

(Rs. in millions)

S.No.	Particulars	31.03.2011	31.03.2010
i)	Letter of Credit (Foreign / Inland)	482.40	307.25
ii)	Bank Guarantees	4.50	5.12
iii)	Bills Discounted	39.95	149.37
iv)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme	38.08	74.23
v)	Claims not acknowledged as debts:- ** -Income Tax matters	26.59	31.32
vi)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	292.44	7.95

\*\* The matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operation or financial position of the company.

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### B. PROFIT & LOSS ACCOUNT

#### 1. Directors' Remuneration

- a. Details of Remuneration to Managing Director, Whole Time Directors and to other Directors are as follows:-

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Salaries and Allowances	27.08	23.37
Directors Sitting Fees	0.16	0.14
Commission	6.53	6.23
Value of Perquisites	0.15	0.10
TOTAL	33.92	29.84

- b. Calculations of profit in accordance with Section 198 of the companies Act, 1956.

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Profit Before Tax As per Profit & Loss Account	1201.56	1149.62
Add: Director Remuneration as above	33.92	29.84
Depreciation as per Profit & Loss Account	460.96	387.46
Loss on sale of Fixed Assets	17.83	--
Loss on Investments	2.86	--
Total	1717.13	1566.92
Less: Depreciation under Section 350	460.96	387.46
Profit on sale of Fixed Assets	--	86.23
Profit on Sale/Restatement of Investments	-	16.74
Net Profit	1256.17	1076.49
Remuneration to Directors	33.92	29.84

2. Payment to auditors

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Statutory Audit Fee	1.50	1.25
Tax Audit Fee	0.30	0.25

3. Sales Tax Assessments for earlier years are in progress. No sales tax liability exists as on Balance Sheet date.

#### 4. Income Tax

##### Current Tax

Provision for Income tax has been made as per Income-tax Act, 1961.

##### Deferred Tax

In compliance with Accounting Standard (AS-22) relating to "Accounting on Taxes on Income" issued under Companies (Accounting standards) Rule 2006, as amended upto date, the Company has provided Deferred Tax Liability accruing during the year aggregating to Rs. 6.20 million (Previous Year Rs 100.02 million) and it has been recognized in the Profit & Loss Account. In accordance with clause 29 of Accounting Standard (AS 22) Deferred tax Assets and Deferred tax liabilities have been set off.

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### 5. Travelling & Conveyance comprise of :

(Rs. in millions)

S.No.	Particulars	31.03.2011	31.03.2010
(a)	<u>Directors</u>		
i)	Foreign Travelling	5.49	6.53
ii)	Others	1.56	1.14
(b)	<u>Staff</u>		
i)	Foreign Travelling	5.04	5.25
ii)	Others	14.75	9.37

### 6. Leases:

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancelable at mutual consent. There are no restrictions imposed by lease arrangements. There are no sub leases.

Lease payments recognized in the profit and loss account are Rs. 7.14 millions

(Previous Year Rs. 6.77 millions).

The Company has acquired vehicles on finance lease. The future minimum lease payments and their present values as at 31st March 2011 are as follows :

(Rs. in Millions)

Particulars	Present Value of Minimum Lease Payments	Future Interest	Minimum Lease Payments
Not later than 1 year	3.02	0.89	3.91
Later than 1 year but not later than 5 years	8.32	1.28	9.60
Total	11.34	2.17	13.51

### 7. Employee Benefits:

1. Benefits valued: Gratuity & Earned leave (both availment & encashment)

2. Nature of the plans: Defined benefit; both gratuity & compensated absence liabilities are unfunded

3. Valuation method: Projected Unit Credit Method

### Disclosure Statements:

#### Changes in Present Value of Obligations

(Rs. In millions)

	Gratuity	Earned leave
Present Value of Obligations as at 1st April 2010	13.51	10.62
Acquisition adjustment	-----	----
Interest Cost	1.11	0.88
Past Service Cost	-----	-----
Current Service Cost	4.08	5.63
Curtailment Cost/ (Credit)	-----	-----
Settlement Cost/ (Credit)	-----	-----
Benefits paid	(0.92)	(1.74)
Actuarial (gain)/loss on obligations	(0.34)	(2.71)
Present Value of obligations as at 31st March 2011	17.45	12.68

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

Changes in Fair Value of Plan Assets		(Rs. In millions)
	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2010	-----	-----
Acquisition Adjustments	-----	-----
Expected Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Actuarial Gain/ (loss) on Plan Assets	-----	-----
Fair Value of Plan Assets as at 31st March 2011	-----	-----

Fair Value of Plan Assets		(Rs. In millions)
	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2010	-----	-----
Acquisition Adjustments	-----	-----
Actual Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Fair Value of Plan Assets as at 31st March 2011	-----	-----
Funded Status	(17.45)	(12.68)

Actuarial Gain/Loss Recognized		(Rs. In millions)
	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	0.34	2.71
Actuarial gain/(loss) for the year – Plan Assets	-----	-----
Total (gain)/ loss for the year	(0.34)	(2.71)
Actuarial (gain)/ loss recognized in the year	(0.34)	(2.71)
Unrecognized actuarial (gains) / losses at the end of year	-----	-----

Amount recognised in the Balance Sheet		(Rs. In millions)
	Gratuity	Earned leave
Present value of obligations as at 31st March 2011	17.45	12.68
Fair value of plan assets as at 31st March 2011	-----	-----
Funded Status	(17.45)	(12.68)
Unrecognised actuarial (gains)/losses	-----	-----
Net asset/(liability) recognised in the balance sheet	(17.45)	(12.68)

Expenses recognised in the Profit & Loss Account		(Rs. In millions)
	Gratuity	Earned leave
Current service cost	4.08	5.63
Past service cost	-----	-----
Interest cost	1.11	0.88
Expected return on plan assets	-----	-----
Curtailment cost/(credit)	-----	-----
Settlement cost/(credit)	-----	-----
Net actuarial (gain)/loss recognised in the period	(0.34)	(2.71)
Expenses recognised in the Profit & Loss Account	4.86	3.80

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

Valuation Assumptions	
Discount Rate	8.25%
Estimated rate of increase in compensation levels	5%

The estimated rate of increase in compensation levels takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

### 8. Tax Expenses comprise of

	(Rs. In Millions)	
	2010-2011	2009-2010
- Current Tax	239.42	195.35
- Deferred Tax	6.20	100.02
- MAT Credit Entitlement	(83.24)	(72.51)
	162.38	222.86

9. Miscellaneous Income of Rs 125 Millions represents the income earned by the company out of real estate activities. The income was offered for taxation u/s 132 to the Income Tax Authorities as additional income.

### C. SEGMENT REPORTING

#### i) Primary Segment (Business Segment)

The Company operates only in the business segment of "Pharmaceuticals Products", and in the opinion of the management the inherent nature of activities in which it is engaged are governed by the same set of risks and reward. As such the activities are identified as single segment in accordance with the Accounting Standard (AS-17) issued under Companies (Accounting standards) Rule 2006, as amended upto date.

#### ii) Secondary Segment (By Geographical Segment)

		(Rs. in millions)	
S.No.	Particulars	31.03.2011	31.03.2010
(a)	India	7479.30	5613.04
(b)	Outside India	3678.40	3245.18
	Total Sales	11157.70	8858.22

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

### D. RELATED PARTY DISCLOSURES

Related party disclosures as required under Accounting Standard (AS-18) on "Related Party Disclosures" issued under Companies (Accounting standards) Rule 2006, as amended upto date, are given below: -

#### 1. Relationship

##### i) Subsidiary Companies

Chempharma Private Limited – Sri Lanka – Wound up during the year

Nectar Capital Limited – Mauritius – Incorporated on 27th May, 2010

Nectar Lifesciences UK Limited – United Kingdom – Incorporated on 1st March, 2011

##### ii) Joint Ventures and Associates

None

##### iii) Key Management Personnel (Managing Director/Whole-time directors)

Sh. Sanjiv Goyal

Sh. Aryan Goyal

Sh. Dinesh Dua

Sh. Saurabh Goyal\*

\* appointed w.e.f. 11th August, 2010

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

iv) Relatives of the Key Management Personnel

Smt. Raman Goyal

Sh. Saurabh Goyal\*

\* appointed w.e.f. 11th August, 2010

v) Entities over which key management personnel/their relatives are able to exercise significant influence\*

Surya Narrow Fabrics – New Delhi

Nectar Lifestyle Limited- New Delhi

Nectar Organics Ltd. – New Delhi

\* With whom the company had transactions during the year.

2. The following transactions were carried out with related parties in the ordinary course of business.

i) Subsidiary Companies

(Rs. in millions)			
Sr. No.	PARTICULARS	31.03.2011	31.03.2010
i.	Investment during the year (* Absolute Amount Rs. 120)	*	Nil
	Balance at year end (* Absolute Amount Rs. 120)	*	46.36
ii.	Loans & Advances	0.33	Nil

ii) Key Management Personnel and their relatives

(Rs. in millions)			
Sr. No.	PARTICULARS	31.03.2011	31.03.2010
i.	Remuneration & Perquisites	33.76	29.70
ii.	Salary	0.21	0.58

iii) Entities over which key management personnel/their relatives are able to exercise significant influence

(Rs. in millions)			
Sr. No.	PARTICULARS	31.03.2011	31.03.2010
i.	Investments during the year	Nil	Nil
	Balance at year end	114.83	114.83
ii.	Rent	0.96	0.96

E. Foreign Currency Convertible Bonds (FCCBs)

During the year 2006-2007, the company raised Zero Coupon FCCB aggregating to USD 35 million (Rs. 1563.50 Million as on the date of the issue) for financing its capital expenditure and other permitted expenditure. The bond holders, had the option to convert the FCCBs into equity shares of the company at an initial conversion price of Rs. 25.996 per share at a fixed rate of exchange on conversion Rs. 44.6725 per USD, at any time on and after 4th June, 2006 and prior to 16th April 2011. Further the company has an option of early redemption of these FCCBs in whole at any time on or after 25th April, 2009 but prior to 26th April, 2011, subject to certain conditions. During the year 2007-2008, FCCBs amounting to Rs. 86.34 millions (USD 20 millions) were converted into Equity Capital. The Balance FCCBs were redeemed in USD on 26th April, 2011 at 150.71 per cent of their principal amount.

The FCCBs premium payable on redemption for the current year has been charged to Profit & Loss account. In earlier years, the same was charged to Securities Premium Account, due to uncertainty, as the bond holders had the option to convert the FCCBs into equity shares of the company.

F. DERIVATIVES

CURRENCY DERIVATIVES

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts and currency options is governed by Company's strategy. The company does not use forward contracts and currency options for speculative purposes.



## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

G. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPH 3,4 C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 ARE AS UNDER:

1. Licensed and installed capacity and actual production:

(Rs. In millions)			
Sr.No	Particulars	As At 3 1.03.2011	As At 3 1.03.2010
a)	Licensed Capacity	N.A.	N.A.
b)	Installed Capacity (Net of Captive) (As certified by the management being a technical matter)		
	- Bulk Drug & Sterile (In MTs)	1800.00	1600.00
	- Phytochemicals – Menthol (In MTs)	7600.00	7600.00
	- EH Gelatin Capsules (Nos in Millions)	2880.00	2880.00
	- Formulations (Nos in Millions)	345.00	345.00
c)	Actual Production		
	-Bulk Drug & Sterile (In MTs)	1086.82	1063.01
	-Job Work Executed (In MTs)	18.78	9.42
	- Phytochemicals – Menthol (In MTs)	1958.80	2266.45
	- EH Gelatin Capsules(Nos in Millions)	2970.33*	2627.02
	- Formulations (Nos in Millions)	115.00	169.43

\* Actual Production exceeds installed capacity due to change in product mix.

Note :

- In terms of press note no. 4 (1994 series) dated October 25, 1994 issued by the department of Industrial Development, Ministry of Industry, Government of India, Industrial licensing has been abolished in respect of bulk drugs and formulations.
- Installed Capacities are as certified by Management and have not been verified by the auditors being a technical matter.

2. QUANTITATIVE DETAILS OF RAW MATERIAL CONSUMPTION

(Rs. In Millions)

Sr.No		Particulars	2010-2011		2009-2010	
			Quantity (in MTs)	Amt (in Millions)	Quantity (in MTs)	Amt (in Millions)
RAW MATERIAL						
1		7 ACA	192.211	845.06	138.928	650.90
2		GCLE	322.731	950.05	266.728	818.17
3		Crude Mentha Oil	2577.80	1902.78	2483.751	1243.16
4		Ceftriaxone Sodium (NS)	204.370	943.31	108.63	583.45
5		Others		3292.75		2507.40

\* Others includes no item which, in value, individually accounts for ten percent or more of the total value of raw material consumed.

3. Particulars in respect of production and sales of finished goods.

(Rs. In Millions)

Particulars	UOM	Opening Stock		Production	Sales		Closing Stock	
		Quantity	Amt.		Quantity	Amt.	Quantity	Amt.
Oral	MT	12.796 (12.417)	39.44 (41.40)	743.757 (827.211)	749.890 (826.832)	4220.04 (3486.11)	6.663 (12.796)	31.72 (36.44)
Sterile	MT	2.944 (4.128)	22.59 (33.64)	343.065 (235.803)	338.572 (236.987)	2533.92 (1761.54)	7.437 (2.944)	55.12 (22.59)
Menthol	MT	11.981 (159.406)	8.26 (103.20)	1958.800 (2266.450)	1848.483 (2413.875)	2265.27 (1531.87)	122.298 (11.981)	189.86 (8.26)

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

(Rs. In Millions)

Particulars	UOM	Opening Stock		Production	Sales		Closing Stock	
		Quantity	Amt.	Quantity	Quantity	Amt.	Quantity	Amt.
EHGC	Millions	202.590 (362.830)	11.22 (21.06)	2970.330 (2627.030)	2836.850 (2787.240)	187.95 (162.84)	336.070 (202.590)	19.88 (11.22)
Formulation	Millions	4.110 (1.850)	14.38 (5.05)	115.000 (169.430)	117.790 (167.160)	446.80 (540.02)	1.310 (4.110)	7.06 (14.38)
Others	- -	- -	42.68 (24.78)	- -	- -	900.50 (975.60)	- -	145.60 (42.68)
Total			135.58 (229.13)			10554.48 (8457.99)		449.25 (135.58)
Add : Excise Duty			4.95 (5.35)			603.22 (400.23)		7.56 (4.95)
Grand Total			140.53 (234.48)			11157.70 (8858.22)		456.81 (140.53)

Note :

- i) Note: Production includes captive consumption also. Further other sales include trading sales amounting to Rs. 865.52 million (Previous Year Rs. 792.52 million).
- ii) Figures in brackets represent Previous Year Figures.

## 4. RAW MATERIAL CONSUMED

(Rs. in millions)

Sr.No	Particulars	Amount	2010-2011 (%age)	Amount	2009-2010 (%age)
1.	Imported	4376.27	55.16	3169.06	54.61
2.	Indigenous	3557.67	44.84	2634.03	45.39

## 5. STORES &amp; SPARES CONSUMED

(Rs. in millions)

Sr.No	Particulars	Amount	2010-2011 (%age)	Amount	2009-2010 (%age)
1.	Imported	0.95	1.12	1.84	3.23
2.	Indigenous	83.77	98.88	55.21	96.77

## 6. OTHER INFORMATION

(Rs. In millions)

	Particulars	2010-2011	2009-2010
(a)	CIF Value of Imports		
1.	Raw Material	4738.95	3187.14
2.	Capital Goods and Stores & Spares	58.21	43.99
(b)	Expenditure in Foreign Currency		
1	Travelling Expenses	6.71	5.79
2.	Export Commission	25.93	36.71
3.	GDR Issue Expenses	Nil	64.12
4.	Other Expenses	7.36	0.12
(c)	Remittances in Foreign Currency		
1.	Raw Material	4241.52	3454.88
2.	Capital Goods	57.18	48.66
(d)	Earnings in Foreign Currency		
1.	Exports	3678.40	3245.18

## Schedule forming part of the Balance Sheet and Profit and Loss Account

As at 31st March, 2011

## H EARNINGS PER SHARE (EPS)

(Rs. in millions)

Particulars	UNIT	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Profit After Tax (Before Year Adjustments)	Rs in million	1039.19	926.75
No of Shares Outstanding*	Nos.	224260970	224260970
No of Weighted Average equity shares Basic	Nos.	224260970	159395217
Effect of dilutive equity shares on account of Foreign Currency Convertible Bonds	Nos.	Nil	57319199
Diluted	Nos.	224260970	216714416
Nominal value of equity shares	Re.	1.00	1.00
Earnings per Share			
-Basic	Rs.	4.63	5.81
-Diluted	Rs.	4.63	4.28

\* During the year 2009-10, the company allotted 26,00,0000 equity shares on preferential basis on 20.2.2010 and 46,00,0000 equity shares underlying GDRs on 26.02.2010

## I. IMPAIRMENT OF ASSETS

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

**BALANCE SHEET ABSTRACT**

Balance Sheet Abstract and Company's General Business Profile

*(Rupees in Million)*

I	Registration Details	
	Registration No. :	16-16664
	State Code :	16
	Balance Sheet Date :	31.03.2011
II	Capital Raised during the Year	
	Public Issue :	Nil
	Rights Issue :	Nil
	Bonus Issue :	Nil
	Private Placement/GDR Issue :	-
III	Position of Mobilisation and Deployment of Funds	CURRENT YEAR
	Total Liabilities	18,126.20
	Total Assets	18,126.20
	Sources of Funds	
	Paid up capital	224.26
	Application Money	0
	Reserves & Surplus	6,987.55
	Deferred Tax Liability	508.06
	Secured Loan	6,477.24
	Unsecured Loan	1,482.72
	Applications of Funds	
	Net Fixed Assets	8,186.76
	Investments	53.82
	Net Current Assets	7,438.97
	Misc. Expenditure	0.30
IV	Performance of Company	
	Turnover	11,358.40
	Total Expenditure	10,156.85
	Profit before Tax	1,201.56
	Profit after Tax	1,028.09
	Earning per Share in Rs	4.63
	Dividend Rate %	10
V	Generic Names of three principal products/services of company	
	(As per monetary terms)	
	Item Code No. (ITC Code)	29,419,090 (Cefixime Trihydrate)
	and product description	
	Item Code No. (ITC Code)	29,419,090 (Ceftriaxone Sodium Sterile)
	and product description	
	Item Code No. (ITC Code)	29,419,090 (Cefuroxime Axetil Amorphous)
	and product description	

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

**CASH FLOW STATEMENT** For the Year Ended 31st March, 2011*(Rupees in Million)*

Particulars	As at March 31, 2011	As at March 31 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	1,201.56	1,149.62
Adjustments For :		
Depreciation	460.96	387.46
Misc. Expenditure W/Off	0.08	2.99
Interest on Borrowings	740.84	602.84
Other non-operating Income	(9.56)	(148.57)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,393.88	1,994.34
Adjustments For :		
(Increase)/Decrease in Current Assets	(2,142.43)	(920.96)
Increase/(Decrease) in Current Liabilities	292.99	(443.26)
CASH GENERATED FROM OPERATIONS	544.43	630.12
Direct Taxes Paid	(126.74)	(124.79)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	417.70	505.33
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	417.70	505.33
NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,983.70)	(1,418.99)
Purchase of Investments (Absolute Amount Rs. 120)	(0.00)	(201.26)
Interest Received	9.30	13.53
Dividend Received	0.26	0.16
Sale of Fixed Assets	147.63	107.36
Sale of Investments	203.11	17.23
Insurance Claim	-	31.91
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,623.41)	(1,450.06)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares & GDRs including Securities Premium	-	2521.13
Issue expenses of Equity Shares & GDRs	-	(108.24)
Inter Corporate Deposits	0.04	(350.00)
Proceeds from Long Term Borrowings	272.46	929.43
Proceeds from Short Term Borrowings	1,694.62	(1,430.31)
Dividend Paid	-	(53.29)
Interest Paid	(740.84)	(602.84)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	1,226.28	905.87
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	20.57	(38.85)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	305.17	344.03
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	325.75	305.17

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

## Auditors' Report Consolidated

To

The Members  
M/S. NECTAR LIFESCIENCES LIMITED

We have audited the attached consolidated Balance sheet of M/S NECTAR LIFESCIENCES LIMITED ("the Company") and its subsidiary companies (Chempharma Private Limited, Sri Lanka, Nectar Capital Ltd, Mauritius; and Nectar Lifesciences UK Ltd, United Kingdom) as at 31st March, 2011 and also the consolidated Profit and Loss Account and Consolidated Cash Flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
2. We have not carried out the audit of subsidiaries Chempharma Private Limited, Sri Lanka; Nectar Capital Limited, Mauritius and Nectar Lifesciences UK Limited, United Kingdom (infra-group balances and intra-group transactions have been eliminated on consolidation). These unaudited financial statements duly certified by the management, have been furnished to us, and in our opinion, insofar as it relates to the amounts in respect of the subsidiaries, are based solely on these certified financial statements. Since, the financial statements for the year ended 31st March, 2011, which were compiled by the management of these companies, were not audited, any

adjustments to their balances could have consequential effects on the attached Consolidated Financial Statements. However, the size of these subsidiaries in the consolidated position is not significant in relative terms.

3. We report that the Consolidate Financial Statement have been prepared by the Company's Management in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accounts of India.
4. We report that on the basis information and according to the explanations given to us, and on the consideration of the audited financial statements of Nectar Lifesciences Limited and unaudited financial statements of the subsidiaries, we are of the opinion that the said Consolidated Financial Statements, read together with significant accounting policies and notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of Nectar Lifesciences Limited and its subsidiaries as at 31st March, 2011.
  - b) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Nectar Lifesciences Limited and its subsidiary for the year ended on that date; and
  - c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Nectar Lifesciences Limited and its subsidiary for the year ended on that date.

For Datta Singla & Co.  
*Chartered Accountants*  
Firm Regn. No. 006185N

Place : Chandigarh  
Date : 12.08.2011

Yogesh Monga  
Partner  
Membership No. 099813



NECTAR LIFESCIENCES LIMITED

**CONSOLIDATED BALANCE SHEET** As at 31st March 2011*(Rupees in Million)*

Particulars	Schedule	As at March 31, 2011		As at March 31 2010	
I. SOURCES OF FUNDS :					
1. SHARE HOLDERS' FUNDS					
Share Capital	I	224.26		224.26	
Reserves & Surplus	II	6,987.07	7,211.33	5,982.22	6,206.48
2. Minority Interest			-		0.00
(Absolute Amount Rs. 0, Previous Year Rs. 14)					
3. LOAN FUNDS					
Secured Loans	III	6,477.24		4,510.16	
Unsecured Loans	IV	1,482.72	7,959.96	1,498.78	6,008.93
4. DEFERRED TAX LIABILITIES	V		508.06		501.86
			15,679.35		12,717.26
II APPLICATION OF FUNDS					
1. FIXED ASSETS					
Gross Block	VI	9,092.64		7,541.69	
Less : Depreciation		1,730.05		1,269.09	
Net Block		7,362.59		6,272.61	
Capital Work in Progress		824.17	8,186.76	555.13	6,827.74
2. INVESTMENTS	VII		53.82		210.57
3. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	VIII	4,708.85		3,963.54	
Sundry Debtors	IX	3,111.28		2,224.55	
Cash & Bank Balances	X	325.75		347.90	
Other Current Assets	XI	220.46		264.66	
Loans & Advances	XII	1,518.66		965.53	
		9,885.00		7,766.17	
Less : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	XIII	1,552.25		1,437.95	
Provisions	XIV	894.27		649.63	
		2,446.53		2,087.58	
NET CURRENT ASSETS			7,438.47		5,678.59
4. MISCELLANEOUS EXPENDITURE	XV		0.30		0.36
(To The Extent Not Written Off Or Adjusted)					
			15,679.35		12,717.26
SIGNIFICANT ACCOUNTING POLICIES	XXIV				
AND NOTES TO THE ACCOUNTS					

The Schedules referred to above form an integral part of the Balance Sheet

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended March 31, 2011

(Rupees in Million)

Particulars	Schedule	As at March 31, 2011		As at March 31 2010	
INCOME					
Sales		11,157.70		8,858.22	
Less : Excise Duty		603.22		400.23	
			10,554.48		8,457.99
Other income	XVI		200.70		193.98
Increase/(Decrease) in Finished Goods			316.28		(93.95)
			11,071.47		8,558.02
EXPENDITURE					
Raw Material Consumed	XVII		7,426.98		5,349.17
Manufacturing Expenses	XVIII		430.08		349.81
Personnel Expenses	XIX		371.68		319.34
Administrative Expenses	XX		160.61		114.11
Financial Expenses	XXI		740.88		603.02
Repair & Maintenance	XXII		65.07		57.38
Selling & Distribution Expenses	XXIII		210.75		224.66
Depreciation	VI		460.96		387.46
Preliminary Expenses Written Off	XV		0.08		0.08
			9,867.09		7,405.03
PROFIT BEFORE TAX			1,204.38		1,152.99
Provision For Tax			162.38		223.09
Previous Year Adjustments			11.09		7.02
PROFIT AFTER TAX			1,030.91		922.88
Balance As Per Last Balance Sheet			3,143.92		2,365.57
AMOUNT AVAILABLE FOR APPROPRIATION			4,174.83		3,288.46
APPROPRIATIONS					
Dividend					
Interim Dividend			-		38.07
Tax On Interim Dividend			-		6.47
Proposed Dividend on Equity Shares			22.43		-
Tax On Proposed Dividend			3.64		-
Transfer to General Reserve					100.00
Surplus Carried Forward to Reserves and Surplus			4,148.77		3,143.92
			4,174.83		3,288.46
EARNINGS PER SHARE (Equity shares of Re.1/- each fully paid up)					
Basic (Rs.)			4.65		5.83
Diluted (Rs.)			4.65		4.29
SIGNIFICANT ACCOUNTING POLICIES	XXIV				
AND NOTES TO THE ACCOUNTS					

The Schedules referred to above form an integral part of the Profit and Loss Account

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - I "SHARE CAPITAL"</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
35,00,00,000(35,00,00,000) Equity Shares Of		
Re. 1/-(Re. 1/-) Each.	350.00	350.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
22,42,60,970(22,42,60,970) Equity Shares Of		
Re. 1/- (Re.1/-) Each Fully Paid up	224.26	224.26
	224.26	224.26

Note :

1. During the year 2009-10 Company issued 2,60,00,000 equity shares of Re. 1/- each as private placement at a premium of Rs. 34/- each.
2. During the year 2009-10 Company allotted 4,60,00,000 Global Depository Receipts (GDRs) representing 4,60,00,000 equity shares of Re. 1/- each at a premium of Rs. 34.02 per share.

<b>SCHEDULE - II "RESERVES &amp; SURPLUS"</b>		
<b>PROFIT &amp; LOSS A/C</b>		
Opening Balance	3,135.16	2,355.51
Transferred From Profit & Loss Account	1,004.85	778.35
Transferred From Foreign Currency Translation Reserve	(17.82)	
	4,122.19	3,133.86
Less : Minority Interest		
(Absolute Amount Rs. 0, Previous Year Rs. 2 (Loss))		(0.00)
Add : Adjustment Relating to Earlier Years		1.31
	4,122.19	3,156.16
<b>SECURITY PREMIUM A/C</b>		
Opening Balance	2,723.86	492.53
Add : Premium On Public Issue of Equity Shares and GDRs	-	2,449.13
Less : Provision for Premium on Redemption of FCCB	-	109.56
Less : Equity Shares & GDR issue Expenses	-	108.24
	2,723.86	2,723.86
<b>GENERAL RESERVE</b>		
Opening Balance	141.02	41.02
Add : Transfer from Profit & Loss Account during the year	-	100.00
	141.02	141.02
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Opening Balance	(17.82)	(7.79)
Add : Transfer during the year		(10.03)
	(17.82)	(17.82)
Transferred to Profit and Loss Account	17.82	
	(0.00)	(17.82)
	6,987.07	5,982.23

<b>SCHEDULE - III - "SECURED LOANS"</b>		
Term Loans	3,177.14	2,904.66
Working Capital Limits	3,300.10	1,605.48
	6,477.24	4,510.15

<b>SCHEDULE - IV - "UNSECURED LOANS"</b>		
Inter Corporate Deposits	11.34	11.30
Foreign Currency Convertible Bonds (FCCB)	1,471.38	1,487.48
	1,482.72	1,498.78

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - V - "DEFERRED TAX LIABILITIES"</b>		
DEFERRED TAX LIABILITIES ARISING ON ACCOUNT OF		
Depreciation	2,226.06	1,621.31
TOTAL A	2,226.06	1,621.31
DEFERRED TAX ASSETS ARISING ON ACCOUNT OF		
PROVISION FOR :		
Retirement Benefits	30.13	24.13
Other Expenses & Provisions Available	666.45	120.69
TOTAL B	696.58	144.82
NET DEFERRED TAX LIABILITY (A-B)	1,529.48	1,476.49
TAX IMPACT	508.06	501.86

**SCHEDULE - VI "FIXED ASSETS"**

Particulars	As At April 1, 2010	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Additions	Sale/ Deletion*	Total Cost as at March 31, 2011	Up To March 31, 2010	During the Year	Adjustments	Up To March 31, 2011	As At March 31, 2011	As At March 31, 2010
Freehold Land & Site Development	982.71	137.37	147.70	972.38	0.00	0.00	-	0.00	972.38	982.71
Leasehold Land	3.27	-	-	3.27	0.08	0.04	-	0.12	3.15	3.19
Buildings	1,088.12	56.20	4.93	1,139.40	103.86	36.25	-	140.11	999.28	984.27
Tube Well	8.89	(0.00)	0.00	8.89	0.76	0.30	-	1.05	7.84	8.14
Plant & Machinery	3,872.15	877.56	10.42	4739.29	821.03	303.50	-	1124.53	3614.76	3051.11
Plant & Machinery (R & D)	730.28	368.90	0.00	1099.17	123.81	39.10	-	162.91	936.27	606.47
Boiler	21.13	149.57	0.00	170.70	1.81	2.67	-	4.48	166.22	19.32
Pollution Control Equipment	75.15	0.10	0.00	75.25	20.57	3.57	-	24.15	51.10	54.58
Laboratory	67.70	6.43	0.01	74.12	11.43	3.35	-	14.78	59.33	56.27
Miscellaneous Fixed Assets	558.50	94.96	0.61	652.85	150.05	60.22	-	210.26	442.59	408.46
Furniture & Fixture	62.32	10.64	0.03	72.92	10.29	4.36	-	14.65	58.27	52.03
Motor Vehicles	53.07	8.26	0.01	61.32	16.83	4.76	-	21.59	39.73	36.24
Computer	18.40	4.68	0.00	23.08	8.57	2.84	-	11.41	11.67 0.00	9.83
Total	7,541.69	1,714.67	163.72	9,092.64	1,269.09	460.96	0.00	1,730.05	7,362.59	6,272.61
Previous Year	6,144.37	1,604.17	206.85	7,541.69	885.00	387.46	3.37	1,269.09	6,272.61	5,259.38

\*includes deletion on account of foreign exchange fluctuation on FCCBs amounting to Rs. 16.10 millions during the year ( Previous Year 183.65 millions)

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - VII "INVESTMENTS"</b>		
CURRENT		
NON TRADE		
QUOTED		
1600 (1600) EQUITY SHARES OF RS. 10/- EACH fully paid up In Vijaya Bank.	0.04	0.04
1271 (1271) EQUITY SHARES OF RS. 10/- EACH fully paid up In Yes Bank Ltd.	0.06	0.06
1 (1) EQUITY SHARE OF RS. 10/- fully paid up In Aurobindo Pharma Ltd.	0.00	0.00
(Absolute amount Rs. 314, Previous Year Rs. 314)		

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - VII Contd.....</b>		
2350 (2350) EQUITY SHARES OF RS. 10/- EACH fully paid up In Parsvanath Developers Ltd.	1.31	1.31
12267 (12267) EQUITY SHARES OF RS. 10/- EACH fully paid up in Punjab Alkalies & Chemicals Ltd.	0.33	0.33
13987 (13987) EQUITY SHARES OF RS. 10/- EACH fully paid up in Ranbaxy Laboratories Ltd.	-	8.18
PNB - Principal Mutual Fund	1.91	2.76
SBIMF- MICF-Daily Dividend Scheme	51.00	200.00
(A)	54.65	212.67
<b>UNQUOTED</b>		
20 (20) Equity Shares of Rs. 50/- each in The Thane Janta Sahakari Bank Ltd (Absolute amount Rs. 1000, Previous Year Rs. 1000)	0.00	0.00
50,000 (50,000) Equity Shares of RS. 10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
(B)	0.50	0.50
(A+B)	55.15	213.17
Less: Provision for Loss on Investment	1.33	2.60
	53.82	210.57

Market Value of quoted investments as at 31st March, 2011 Rs. 53.98 millions (Previous Year Rs. 210.52 millions)

**"SCHEDULE - VIII "INVENTORIES"**

(As Certified by The Management)	472.35	533.91
Raw Material	100.03	116.40
Other Miscellaneous Stocks	3,679.66	3,172.70
Work In Progress	456.81	140.53
Finished Goods		
	4,708.85	3,963.54

(Inventory Includes material with 3rd parties and stock in transit.)

**SCHEDULE - IX "SUNDRY DEBTORS"**

(Unsecured)		
Debts Outstanding for a Period exceeding Six Months		
Considered Good	52.64	5.35
Considered Doubtful	21.00	17.71
Other Debts		
Considered Good	3,058.65	2,219.20
	3,132.28	2,242.26
Less: Provision For Doubtful Debts	21.00	17.71
	3,111.28	2,224.55

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - X "CASH &amp; BANK BALANCES"</b>		
Cash In Hand	2.05	1.16
Balance With Scheduled Banks		
In Current Accounts	312.84	104.75
In Fixed Deposits	10.00	241.07
In Unclaimed Dividend & Share Application Money Accounts	0.81	0.86
Balance With Other Banks		
In Current Accounts	0.04	0.05
	325.75	347.90

<b>SCHEDULE - XI "OTHER CURRENT ASSETS"</b>		
Export and Other Incentives Accrued	91.86	137.30
Insurance Claim Receivable	21.51	21.05
Interest Accrued But Not Due (absolute amount Rs. 4115)	0.00	0.06
Subsidy Receivable	107.09	106.26
	220.46	264.66

<b>SCHEDULE - XII "LOANS &amp; ADVANCES"</b>		
Advances Recoverable In Cash Or In Kind*		
Or For Value To Be Received *	1,440.81	794.05
Security Deposits	12.52	12.12
Excise Duty Balances	81.70	174.75
	1,535.04	981.91
Less: Provision for Doubtful Advances	16.38	16.38
	1,518.66	965.53

\* Includes amount of advance towards share application money pending allotment  
Rs. 114.83 millions (Previous Year 114.83 millions)

<b>SCHEDULE - XIII "CURRENT LIABILITIES"</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
- Due to micro ,small & medium enterprises	1.32	1.84
- Due to others	1,398.20	1,343.32
Advances From Customers	38.49	16.18
Other Liabilities	114.24	76.62
	1,552.25	1,437.95



## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - XIV "PROVISIONS"</b>		
Proposed Dividend	22.43	-
Tax on Proposed Dividend	3.64	-
Provision for Income Tax (Net of Advance Tax & TDS)	96.97	56.44
Provision for Excise Duty On Finished Goods	7.56	4.95
Provision for Gratuity	30.13	24.13
Provision for Redemption Premium on FCCB	733.55	564.12
	894.27	649.63

<b>SCHEDULE - XV "MISCELLANEOUS EXPENDITURE"</b>				
(To the extent not written off or adjstuted)				
PRELIMINARY EXPENSES				
Opening Balance	0.36		0.44	
Less : Written Off	0.08	0.30	0.08	0.36
DEFERRED REVENUE EXPENDITURE				
Opening Balance	-		2.91	
Less : Written Off	-	-	2.91	-
PUBLIC/GDR ISSUE EXPENSES				
Opening Balance	-		-	
Add : During The Year			108.24	
	-		108.24	
Less : Written Off Against Security Premium			108.24	
		-		-
		0.30		0.36

<b>SCHEDULE - XVI "OTHER INCOME "</b>		
Interest On Fixed Deposits	0.04	7.30
Other Interest	9.26	6.23
Dividend From Investments	0.26	0.16
Operating Income	66.14	40.96
Profit on Sale of Fixed Assets	-	86.23
Profit on Sale/ Restatement of Investment	-	16.74
Insurance Claim	-	31.91
Misc. Income	125.00	
Foreign Exchange Gain (Net)	-	4.43
Scrap & Waste Sales	-	0.02
	200.70	193.98

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

(Rupees in Million)

Particulars	As at March 31, 2011		As at March 31 2010	
<b>SCHEDULE - XVII "RAW MATERIAL CONSUMED"</b>				
OPENING STOCK				
Raw Materials	533.91		416.59	
Work-In-Progress	3,172.70	3,706.61	2,718.78	3,135.37
ADD PURCHASE OF RAW MATERIAL		7,872.38		5,920.41
		11,578.99		9,055.78
LESS : CLOSING STOCK				
Raw Materials	472.35		533.91	
Work-In-Progress	3,679.66	4,152.01	3,172.70	3,706.61
		7,426.98		5,349.17

<b>SCHEDULE - XVIII "MANUFACTURING EXPENSES"</b>		
Consumable Stores	84.72	57.05
Oil & Lubricants	5.70	3.46
Power, Fuel & Steam Expenses	332.22	284.44
Chemical Testing Expenses	7.44	4.87
	430.08	349.81

<b>SCHEDULE - XIX "PERSONNEL EXPENSES"</b>		
Salaries & Wages	288.19	259.44
Payment To Directors	33.76	29.70
Contribution to Provident and Other Funds	17.89	12.58
Staff Welfare	31.84	17.62
	371.68	319.34

<b>SCHEDULE - XX "ADMINISTRATIVE EXPENSES"</b>		
Travelling & Conveyance	26.84	22.32
Advertisement & Subscription	10.03	4.24
Books & Periodicals	0.22	0.45
Business Promotion	7.79	6.05
Insurance	15.81	16.23
Electricity Expenses ( Office)	1.59	1.26
Postage, Telephone, Telegram	8.50	7.22
Printing & Stationery	8.44	9.91
Professional Fees	15.11	11.32
Rate,Fees & Taxes	7.33	4.61
Vehicle Running & Maintenance	10.26	8.00
Rent	7.14	6.99
Audit Fees	1.80	1.51
Office Expenses	3.03	1.25
Diwali Expenses	3.17	2.00
Donation	16.65	10.62
Directors' Sitting Fees	0.16	0.14
Loss (Profit) on Sale/Restatement of Investments	(1.11)	-
Loss on Sale of Fixed Assets	17.83	-
	160.61	114.11

## SCHEDULES FORM PART OF CONSOLIDATED ACCOUNTS As at March 31, 2011

*(Rupees in Million)*

Particulars	As at March 31, 2011	As at March 31 2010
<b>SCHEDULE - XXI "FINANCIAL EXPENSES"</b>		
Interest on Term Loans	420.98	130.51
Other Bank Interest & Charges	319.90	472.51
	740.84	603.02

<b>SCHEDULE - XXII "REPAIR &amp; MAINTENANCE"</b>		
Electricals	4.99	5.75
Machinery	52.99	45.84
Building	7.09	5.79
	65.07	57.38

<b>SCHEDULE - XXIII "SELLING &amp; DISTRIBUTION EXPENSES"</b>		
Discount / Samples	20.64	28.96
Freight & Cartage Outward	65.51	54.69
Packing Expenses	71.67	63.58
Sales Commission	44.40	50.20
Deferred Revenue Expenditure Written Off	-	2.91
Bad Debts Written Off/ Provision for Doubtful Debts	8.53	24.32
	210.75	224.66

## NECTAR LIFESCIENCES LIMITED

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### Schedule XXIV: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### I. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis for preparation of financial statements

i) The financial statements of Nectar Lifesciences Limited ("the Company") have been prepared and presented to comply with the historical cost conventions in accordance with the Indian Generally Accepted Accounting Principles (GAAP), mandatory Accounting Standards referred to in the Companies (Accounting standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of Section 642 read with sub-section (3C) of Section 211 & sub-section (1) of Section 210 A to the extent applicable and the provisions of the Companies Act, 1956 and on the basis of going concern.

ii) All the Incomes & Expenditures are recognized on accrual basis.

iii) Figures have been rounded off nearest to million rupees.

iv) Previous year figures have been re-grouped and re-arranged wherever considered necessary, to confirm to this year's classification.

##### 3. Principles of consolidation

The consolidated financial statements include the financial statements of Nectar Lifesciences Ltd., the parent company, and its subsidiary companies - Chempharma (Pvt.) Ltd., Nectar Capital Limited and Nectar Lifesciences UK Limited

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of the items of assets, liabilities, income and expenses, after eliminating intra-group balances/transactions and resulting unrealized profit in full.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) - "Consolidated Financial Statements issued by The Institute of Chartered Accountants of India".

##### 3. Fixed Assets and Depreciation

i) Fixed Assets have been stated at cost net of Cenvat/Value Added Tax availed, but inclusive of attributable costs of bringing the asset to their working condition for their intended use less depreciation and impairment loss, if any.

ii) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

iii) Cost of leasehold assets is amortized over the period of the lease.

##### 4. Inventories

###### a. Raw materials, Stores and Spares and Packing material

Lower of Cost and Net Realizable Value. Cost of inventory comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition.

###### b. Finished Goods and work in process

Lower of Cost and Net Realizable Value. Cost includes direct material, labour and proportionate of manufacturing overheads. Cost of finished goods includes excise duty.

##### 5. Foreign Exchange Transactions

###### a. Initial Recognition

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

###### b. Conversion

Monetary assets and liabilities denominated in foreign currencies, as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates.

###### c. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expense in the year in which they arise. The exchange difference on foreign currency denominated long term borrowings relating to the acquisition of depreciable capital assets are adjusted in the carrying cost of such assets for current year.

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account As at 31st March, 2011

### 6. Revenue Recognition

- i) Revenue from product sales is stated exclusive of returns, inter-division transfers, sales tax but includes excise duty.
- ii) Dividend income is recognized as and when the right to receive is established.
- iii) Export benefits and other benefits are accounted for on accrual basis.

### 7. Employee Benefits

#### i) Short Term Employee Benefits:

Employee benefits payable fully within twelve months of rendering the service are classified as short term employee benefit and are recognized in the period in which the employee renders the related service.

#### ii) Post Employment Benefits (Defined Benefit Plans)

The employees gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. Actuarial gains and losses and past service cost are recognized immediately in the profit and loss account.

#### iii) Post Employment Benefits (Defined Contribution Plans)

Contributions to the Provident Fund, which is a defined contribution scheme, is recognized as an expense in the profit and loss account in the period in which the contribution is due.

#### iv) Long Term Employee Benefits

Long term employee benefit comprises of compensated absences. These are measured based on an actuarial valuations carried out by an independent actuary using the projected unit method at balance sheet date unless they are insignificant. Actuarial gains and losses and past service cost are recognized immediately in the profit and loss account.

### 8. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### 9. Leases

Lease rental for assets taken on operating lease are charged to the profit and loss account in accordance with Accounting Standard 19 on leases.

### 10. Government Grants and Subsidies

Grants and Subsidies are recognized when there is a reasonable assurance that the grant or subsidy will be received and that all underlying conditions will be complied with. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

### 11. Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 12. Miscellaneous Expenditure

Preliminary expenses are written off over a period of 10 years.

## II. NOTES TO ACCOUNTS

### A. BALANCE SHEET

#### 1. SECURED LOANS

- I. Term Loans from various banks (excluding vehicle loans) are secured by way of First Pari Passu Charge on all the fixed assets of the Company and further secured by way of Second Pari Passu Charge on all the current assets of the Company and personal guarantee of directors namely Sh. Sanjiv Goyal & Sh. Aryan Goyal. Amount repayable within one year Rs. 838.11 millions (Previous Year Rs. 557.16 millions).

- II. Working Capital Limits & Corporate Loans are secured by way of First Pari Passu Charge on all the current assets of the Company and further secured by way of Second Pari Passu Charge on all the fixed assets of the Company and personal guarantee of directors namely Sh. Sanjiv Goyal & Sh. Aryan Goyal.

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### 2. UNSECURED LOANS

Amount repayable within one year on vehicle loans is Rs. 3.02 millions (Previous Year Rs. 5.08 millions) and on FCCBs Rs. 1471.38 millions (Previous Year Nil.)

### 3. FIXED ASSETS

A sum of Rs. 368.90 millions (previous year Rs.149.30 millions) has been capitalized under the head Plant & Machinery (Research & Development). The company has been regularly working on modernization and development of its existing technological system and development of new products & processes. As such, there has been loss of capacity utilization because of the development of new product and processes. In the opinion of management, the above process will yield benefits in the coming years in the shape of more demand in the international market as well as better price.

### 4. INVESTMENTS

Investments are classified into current and long term investments. Long Term Investments are stated at cost and provision for diminution in value is made if decline is other than temporary in the opinion of the management. Current investments are valued at cost and provision is made for decline in market value.

### 5. CURRENT ASSETS, LOANS & ADVANCES

In the opinion of the management of the Company, the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business.

### 6. CURRENT LIABILITIES

i) The principal amount remaining unpaid as at 31st March 2011 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" was Rs. 1.32 millions (previous year Rs. 1.84 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act amounting to Rs. 0.03 millions (previous year Rs 0.31 millions) was remaining unpaid as of 31st March 2011. The principal amount that remained unpaid as at 31st March 2010 was paid during the year. The list of undertakings covered under MSMEDA was determined by the Company on the basis of information available with the Company and have been relied upon by the auditors.

ii) Investor Education and Protection Fund

Other liabilities include Rs. 0.81 million (previous year Rs. 0.86 millions) which relates to unclaimed dividend and share application money refundable. Out of it no amount has become due for deposit to Investor Education and Protection Fund as at balance sheet date.

### 7. UTILISATION OF FUNDS RAISED ON GDR ISSUE AND PRIVATE EQUITY

In February 2010, the company allotted 26.00 million equity shares having face value of Re. 1 each on preferential basis and 46.00 million equity shares having face value of Re. 1 each underlying Global Depository Receipts (GDRs) to the institutional investors. The aggregate funds raised by such issue (including securities premium) were Rs. 2412.89 million (net of share issue expenses of Rs.108.24 million). The equity shares represented by the GDRs/private placement carry equivalent rights with respect to voting and dividends as the ordinary equity shares. The company had utilized the funds for the purpose these were raised and the residual amount has been temporarily parked in Mutual Funds and various bank accounts of the Company.

### 8. CONTINGENT LIABILITIES

(Rs. in millions)

S.No.	Particulars	31.03.2011	31.03.2010
i)	Letter of Credit (Foreign / Inland)	482.40	307.25
ii)	Bank Guarantees	4.50	5.12
iii)	Bills Discounted	39.95	149.37
iv)	Differential amount of custom duty in respect of machinery imported under EPCG Scheme	38.08	74.23
v)	Claims not acknowledged as debts:- ** -Income Tax matters	26.59	31.32
vi)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	292.44	7.95

\*\* The matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operation or financial position of the company.

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### B. PROFIT & LOSS ACCOUNT

#### 1. Directors' Remuneration

##### a. Details of Remuneration to Managing Director, Whole Time Directors and to other Directors are as follows:-

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Salaries and Allowances	27.08	23.37
Directors Sitting Fees	0.16	0.14
Commission	6.53	6.23
Value of Perquisites	0.15	0.10
TOTAL	33.92	29.84

##### b. Calculations of profit in accordance with Section 198 of the companies Act, 1956.

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Profit Before Tax As per Profit & Loss Account	1204.38	1152.99
Add: Director Remuneration as above	33.92	29.84
Depreciation as per Profit & Loss Account	460.96	387.46
Loss on sale of Fixed Assets	17.83	--
Total	1717.09	1570.29
Less: Depreciation under Section 350	460.96	387.46
Profit on sale of Fixed Assets	--	86.23
Profit on Sale/Restatement of Investments	1.11	16.74
Net Profit	1255.02	1079.86
Remuneration to Directors	33.92	29.84

#### 2. Payment to auditors

(Rs. in millions)		
PARTICULARS	2010-11	2009-10
Statutory Audit Fee	1.50	1.26
Tax Audit Fee	0.30	0.25

#### 3. Sales Tax Assessments for earlier years are in progress. No sales tax liability exists as on Balance Sheet date.

#### 4. Income Tax

##### Current Tax

Provision for Income tax has been made as per Income-tax Act, 1961.

##### Deferred Tax

In compliance with Accounting Standard (AS-22) relating to "Accounting on Taxes on Income" issued under Companies (Accounting standards) Rule 2006, as amended upto date, the Company has provided Deferred Tax Liability accruing during the year aggregating to Rs. 6.20 million (Previous Year Rs 100.02 million) and it has been recognized in the Profit & Loss Account. In accordance with clause 29 of Accounting Standard (AS 22) Deferred tax Assets and Deferred tax liabilities have been set off.



## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

### 5. Travelling & Conveyance comprise of :

(Rs. in millions)

S.No.	Particulars	31.03.2011	31.03.2010
(a)	<u>Directors</u>		
i)	Foreign Travelling	5.49	6.53
ii)	Others	1.56	1.14
(b)	<u>Staff</u>		
i)	Foreign Travelling	5.04	5.25
ii)	Others	14.75	9.37

### 6. Leases:

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancelable at mutual consent. There are no restrictions imposed by lease arrangements. There are no sub leases.

Lease payments recognized in the profit and loss account are Rs. 7.14 millions

(Previous Year Rs. 6.77 millions).

The Company has acquired vehicles on finance lease. The future minimum lease payments and their present values as at 31st March 2011 are as follows :

(Rs. in Millions)

Particulars	Present Value of Minimum Lease Payments	Future Interest	Minimum Lease Payments
Not later than 1 year	3.02	0.89	3.91
Later than 1 year but not later than 5 years	8.32	1.28	9.60
Total	11.34	2.17	13.51

### 7. Employee Benefits:

1. Benefits valued: Gratuity & Earned leave (both availment & encashment)
2. Nature of the plans: Defined benefit; both gratuity & compensated absence liabilities are unfunded
3. Valuation method: Projected Unit Credit Method

#### Disclosure Statements:

#### Changes in Present Value of Obligations

(Rs. In millions)

	Gratuity	Earned leave
Present Value of Obligations as at 1st April 2010	13.51	10.62
Acquisition adjustment	-----	----
Interest Cost	1.11	0.88
Past Service Cost	-----	-----
Current Service Cost	4.08	5.63
Curtailment Cost/ (Credit)	-----	-----
Settlement Cost/ (Credit)	-----	-----
Benefits paid	(0.92)	(1.74)
Actuarial (gain)/loss on obligations	(0.34)	(2.71)
Present Value of obligations as at 31st March 2011	17.45	12.68

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

Changes in Fair Value of Plan Assets		(Rs. In millions)
	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2010	-----	-----
Acquisition Adjustments	-----	-----
Expected Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Actuarial Gain/ (loss) on Plan Assets	-----	-----
Fair Value of Plan Assets as at 31st March 2011	-----	-----

Fair Value of Plan Assets		(Rs. In millions)
	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2010	-----	-----
Acquisition Adjustments	-----	-----
Actual Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Fair Value of Plan Assets as at 31st March 2011	-----	-----
Funded Status	(17.45)	(12.68)

Actuarial Gain/Loss Recognized		(Rs. In millions)
	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	0.34	2.71
Actuarial gain/(loss) for the year – Plan Assets	-----	-----
Total (gain)/ loss for the year	(0.34)	(2.71)
Actuarial (gain)/ loss recognized in the year	(0.34)	(2.71)
Unrecognized actuarial (gains) / losses at the end of year	-----	-----

Amount recognised in the Balance Sheet		(Rs. In millions)
	Gratuity	Earned leave
Present value of obligations as at 31st March 2011	17.45	12.68
Fair value of plan assets as at 31st March 2011	-----	-----
Funded Status	(17.45)	(12.68)
Unrecognised actuarial (gains)/losses	-----	-----
Net asset/(liability) recognised in the balance sheet	(17.45)	(12.68)

Expenses recognised in the Profit & Loss Account		(Rs. In millions)
	Gratuity	Earned leave
Current service cost	4.08	5.63
Past service cost	-----	-----
Interest cost	1.11	0.88
Expected return on plan assets	-----	-----
Curtailment cost/(credit)	-----	-----
Settlement cost/(credit)	-----	-----
Net actuarial (gain)/loss recognised in the period	(0.34)	(2.71)
Expenses recognised in the Profit & Loss Account	4.86	3.80

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

Valuation Assumptions	
Discount Rate	8.25%
Estimated rate of increase in compensation levels	5%

The estimated rate of increase in compensation levels takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

### 8. Tax Expenses comprise of

	(Rs. In Millions)	
	2010-2011	2009-2010
- Current Tax	239.42	195.35
- Deferred Tax	6.20	100.02
- MAT Credit Entitlement	(83.24)	(72.51)
	162.38	222.86

9. Miscellaneous Income of Rs 125 Millions represents the income earned by the company out of real estate activities. The income was offered for taxation u/s 132 to the Income Tax Authorities as additional income.

### C. SEGMENT REPORTING

#### i) Primary Segment (Business Segment)

The Company operates only in the business segment of "Pharmaceuticals Products", and in the opinion of the management the inherent nature of activities in which it is engaged are governed by the same set of risks and reward. As such the activities are identified as single segment in accordance with the Accounting Standard (AS-17) issued under Companies (Accounting standards) Rule 2006, as amended upto date.

#### ii) Secondary Segment (By Geographical Segment)

		(Rs. in millions)	
S.No.	Particulars	31.03.2011	31.03.2010
(a)	India	7479.30	5613.04
(b)	Outside India	3678.40	3245.18
	Total Sales	11157.70	8858.22

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

### D. RELATED PARTY DISCLOSURES

Related party disclosures as required under Accounting Standard (AS-18) on "Related Party Disclosures" issued under Companies (Accounting standards) Rule 2006, as amended upto date, are given below: -

#### 1. Relationship

- i) Joint Ventures and Associates  
None

#### ii) Key Management Personnel (Managing Director/Whole-time directors)

Sh. Sanjiv Goyal  
Sh. Aryan Goyal  
Sh. Dinesh Dua  
Sh. Saurabh Goyal\*

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

iii) Relatives of the Key Management Personnel

Smt. Raman Goyal

Sh. Saurabh Goyal\*

\* appointed w.e.f. 11th August, 2010

v) Entities over which key management personnel/their relatives are able to exercise significant influence\*

Surya Narrow Fabrics – New Delhi

Nectar Lifestyle Limited- New Delhi

Nectar Organics Ltd. – New Delhi

\* With whom the company had transactions during the year.

2. The following transactions were carried out with related parties in the ordinary course of business.

i) Key Management Personnel and their relatives

(Rs. in millions)			
Sr. No.	PARTICULARS	31.03.2011	31.03.2010
i.	Remuneration & Perquisites	33.76	29.70
ii.	Salary	0.21	0.58

ii) Entities over which key management personnel/their relatives are able to exercise significant influence

(Rs. in millions)			
Sr. No.	PARTICULARS	31.03.2011	31.03.2010
i.	Investments during the year	Nil	Nil
	Balance at year end	(114.83)	(114.83)
ii.	Rent	0.96	0.96

E. Foreign Currency Convertible Bonds (FCCBs)

During the year 2006-2007, the company raised Zero Coupon FCCB aggregating to USD 35 million (Rs. 1563.50 Million as on the date of the issue) for financing its capital expenditure and other permitted expenditure. The bond holders, had the option to convert the FCCBs into equity shares of the company at an initial conversion price of Rs. 25.996 per share at a fixed rate of exchange on conversion Rs. 44.6725 per USD, at any time on and after 4th June, 2006 and prior to 16th April 2011. Further the company has an option of early redemption of these FCCBs in whole at any time on or after 25th April, 2009 but prior to 26th April, 2011, subject to certain conditions. During the year 2007-2008, FCCBs amounting to Rs. 86.34 millions (USD 20 millions) were converted into Equity Capital. The Balance FCCBs were redeemed in USD on 26th April, 2011 at 150.71 per cent of their principal amount.

The FCCBs premium payable on redemption for the current year has been charged to Profit & Loss account. In earlier years, the same was charged to Securities Premium Account, due to uncertainty, as the bond holders had the option to convert the FCCBs into equity shares of the company.

F. DERIVATIVES

CURRENCY DERIVATIVES

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts and currency options is governed by Company's strategy. The company does not use forward contracts and currency options for speculative purposes.

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

G. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPH 3,4 C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 ARE AS UNDER:

1. Licensed and installed capacity and actual production:

(Rs. In millions)			
Sr.No	Particulars	As At 3 1.03.2011	As At 3 1.03.2010
a)	Licensed Capacity	N.A.	N.A.
b)	Installed Capacity (Net of Captive) (As certified by the management being a technical matter)		
	- Bulk Drug & Sterile (In MTs)	1800.00	1600.00
	- Phytochemicals – Menthol (In MTs)	7600.00	7600.00
	- EH Gelatin Capsules (Nos in Millions)	2880.00	2880.00
	- Formulations (Nos in Millions)	345.00	345.00
c)	Actual Production		
	-Bulk Drug & Sterile (In MTs)	1086.82	1063.01
	-Job Work Executed (In MTs)	18.78	9.42
	- Phytochemicals – Menthol (In MTs)	1958.80	2266.45
	- EH Gelatin Capsules(Nos in Millions)	2970.33*	2627.02
	- Formulations (Nos in Millions)	115.00	169.43

\* Actual Production increased due to change in product mix.

Note :

- In terms of press note no. 4 (1994 series) dated October 25, 1994 issued by the department of Industrial Development, Ministry of Industry, Government of India, Industrial licensing has been abolished in respect of bulk drugs and formulations.
- Installed Capacities are as certified by Management and have not been verified by the auditors being a technical matter.

2. QUANTITATIVE DETAILS OF MAIN RAW MATERIAL CONSUMPTION

(Rs. In Millions)

Sr.No	Particulars	2010-2011		2009-2010	
		Quantity (in MTs)	Amt (in Millions)	Quantity (in MTs)	Amt (in Millions)
RAW MATERIAL					
1	7 ACA	192.21	845.06	138.928	650.90
2	GCLE	322.73	950.05	266.728	818.17
3	Crude Mentha Oil	2577.80	1902.78	2483.751	1243.16
4	Ceftriaxone Sodium (NS)	204.37	943.31	108.63	583.45
5	Others		3292.75		2507.40

\* Others includes no item which, in value, individually accounts for ten percent or more of the total value of raw material consumed.

3. Particulars in respect of production and sales of finished goods.

(Rs. In Millions)

Particulars	UOM	Opening Stock		Production	Sales		Closing Stock	
		Quantity	Amt.	Quantity	Quantity	Amt.	Quantity	Amt.
Oral	MT	12.796 (12.417)	39.44 (41.40)	743.757 (827.211)	749.890 (826.832)	4220.04 (3486.11)	6.663 (12.796)	31.72 (36.44)
Sterile	MT	2.944 (4.128)	22.59 (33.64)	343.065 (235.803)	338.572 (236.987)	2533.92 (1761.54)	7.437 (2.944)	55.12 (22.59)
Menthol	MT	11.981 (159.406)	8.26 (103.41)	1958.800 (2266.450)	1848.483 (2413.875)	2265.27 (1531.87)	122.298 (11.981)	189.86 (8.26)

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

(Rs. In Millions)

Particulars	UOM	Opening Stock		Production	Sales		Closing Stock	
		Quantity	Amt.	Quantity	Quantity	Amt.	Quantity	Amt.
EHGC	Millions	202.590 (362.830)	11.22 (21.06)	2970.330 (2627.030)	2836.850 (2787.240)	187.95 (162.84)	336.070 (202.590)	19.88 (11.22)
Formulation	Millions	4.110 (1.850)	14.38 (5.05)	115.000 (169.430)	117.790 (167.160)	446.80 (540.02)	1.310 (4.110)	7.06 (14.38)
Others	- -	- -	42.68 (24.78)	- -	- -	900.50 (975.60)	- -	145.60 (42.68)
Total			135.58 (229.13)			10554.48 (8457.99)		449.25 (135.58)
Add : Excise Duty			4.95 (5.35)			603.22 (400.23)		7.56 (4.95)
Grand Total			140.53 (234.48)			11157.70 (8858.22)		456.81 (140.53)

Note :

- Note: Production includes captive consumption also. Further other sales include trading sales amounting to Rs. 865.52 million (Previous Year Rs. 792.52 million).
- Figures in brackets represent Previous Year Figures.

## 4. RAW MATERIAL CONSUMED

(Rs. in millions)

Sr.No	Particulars	Amount	2010-2011 (%age)	Amount	2009-2010 (%age)
1.	Imported	4376.27	55.16	3169.06	54.61
2.	Indigenous	3557.67	44.84	2634.03	45.39

## 5. STORES &amp; SPARES CONSUMED

(Rs. in millions)

Sr.No	Particulars	Amount	2010-2011 (%age)	Amount	2009-2010 (%age)
1.	Imported	0.95	1.12	1.84	3.23
2.	Indigenous	83.77	98.88	55.21	96.77

## 6. OTHER INFORMATION

(Rs. In millions)

	Particulars	2010-2011	2009-2010
(a)	CIF Value of Imports		
1.	Raw Material	4738.95	3187.14
2.	Capital Goods and Stores & Spares	58.21	43.99
(b)	Expenditure in Foreign Currency		
1	Travelling Expenses	6.71	5.79
2.	Export Commission	25.93	36.71
3.	GDR Issue Expenses	Nil	64.12
4.	Other Expenses	7.36	0.12
(c)	Remittances in Foreign Currency		
1.	Raw Material	4241.52	3454.88
2.	Capital Goods	57.18	48.66
(d)	Earnings in Foreign Currency		
1.	Exports	3678.40	3245.18

## Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account

As at 31st March, 2011

## H EARNINGS PER SHARE (EPS)

(Rs. in millions)

Particulars	UNIT	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Profit After Tax	Rs in million	1042.00	929.90
No of Shares Outstanding*	Nos.	224260970	224260970
No of Weighted Average equity shares Basic	Nos.	224260970	159395217
Effect of dilutive equity shares on account of Foreign Currency Convertible Bonds	Nos.	Nil	57319199
Diluted	Nos.	224260970	216714416
Nominal value of equity shares	Re.	1.00	1.00
Earnings per Share			
-Basic	Rs.	4.65	5.83
-Diluted	Rs.	4.65	4.29

\* During the year 2009-10, the company allotted 26,00,0000 equity shares on preferential basis on 20.2.2010 and 46,00,0000 equity shares underlying GDRs on 26.02.2010

## I. IMPAIRMENT OF ASSETS

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary



# CONSOLIDATED CASH FLOW STATEMENT For the Year Ended 31st March, 2011

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	1,204.38	1,152.99
Adjustments For :		
Depreciation	460.96	387.46
Misc. Expenditure W/Off	0.08	2.99
Interest on Borrowings	740.88	603.02
Other non-operating Income	(9.56)	(153.00)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,396.74	1,993.47
Adjustments For :		
(Increase)/Decrease in Current Assets	(2,140.98)	(919.84)
Increase/(Decrease) in Current Liabilities	292.35	(395.49)
CASH GENERATED FROM OPERATIONS	548.11	678.14
Direct Taxes Paid	(126.74)	(125.01)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	421.37	553.13
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	421.37	553.13
NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,983.70)	(1,418.99)
Purchase of Investments	-	(201.26)
Interest Received	9.30	13.53
Dividend From Investments	0.26	0.16
Sale of Fixed Assets	147.63	107.36
Sale of Investments	156.75	17.23
Insurance Claim	-	31.91
Foreign Exchange Gain ( Net)		4.43
Foreign Exchange Translation Reserve for the year	-	(10.03)
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,669.77)	(1,455.66)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares & GDRs including Securities Premium	-	2,521.13
Issue expenses of Equity Shares & GDRs	-	(108.24)
Inter Corporate Deposits	0.04	(350.00)
Proceeds from Long Term Borrowings	272.47	929.43
Proceeds from Short Term Borrowings	1,694.62	(1430.31)
Dividend Paid	-	(53.29)
Interest Paid	(740.88)	(603.02)
NET CASH PAID GENERATED FROM FINANCING ACTIVITIES ( C)	1,226.25	905.69
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(22.15)	3.16
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	347.90	344.74
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	325.75	347.90

For NECTAR LIFESCIENCES LIMITED

As per our report of even date  
For DATTA SINGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 006185N

Sanjiv Goyal  
Chairman & Managing Director

Aryan Goyal  
Executive Director

Dinesh Dua  
CEO & Director

Yogesh Monga  
Partner  
Membership No. 099813

Place : Chandigarh  
Dated : 12.08.2011

R.K. Aggarwal  
V.P. Accounts

Sandeep Goel  
V.P. Finance

Sunder Lal  
Company Secretary

## Statement of Subsidiaries As at 31st March 2011

(Rupees in Million)

## Detail of Subsidiary Companies

S No.	Particulars	Chempharma Pvt Ltd	Nectar Capital Ltd	Nectar Lifesciences UK Ltd
1	Financial year Ended On	21-2-2011	31-3-2011	31-3-2011
2	Capital	NIL	0.00005	0.00008
3	Reserves	NIL	NIL	NIL
4	Total Assets	NIL	(0.44)	(0.01)
5	Total Liabilities	NIL	(0.44)	(0.01)
6	Details of Investments (except in case of investment in the subsidiaries)	NIL	NIL	NIL
7	Turnover	NIL	NIL	NIL
8	Profit before Taxation	(0.66)	(0.44)	
9	Provision for Taxation	NIL	NIL	NIL
10	Profit after Taxation	(0.66)	(0.44)	
11	Proposed Dividend	NIL	NIL	NIL

Note: Chempharma Pvt Ltd wound up on 21.2.2011

List of Foreign Subsidiaries, Name of Foreign Currency in which accounts were prepared and exchange rate used for converting the figures in Indian Rupees in the Statement

S No.	Company	Accounts consolidation upto	Currency in which accounts prepared	Conversion Rate
1	Chempharma Pvt Ltd	21-2-2011	--	--
2	Nectar Capital Ltd	31-3-2011	USD	1 USD = Rs 45.00
3	Nectar Lifesciences UK Ltd	31-3-2011	GBP	1 GBP = Rs 75.00

Note : Chempharma Pvt Ltd, Sri Lanka wound up on 21.2.2011.



ANNUAL GENERAL MEETING  
Nectar Lifesciences Limited  
ATTENDANCE SLIP

DATE	VENUE	TIME
September 30, 2011	Nectar Lifesciences Limited Village Saidpura, Tehsil Derabassi, Distt. Mohali (PB.)	10.00 A.M.

Name..... DP ID No.....

Address..... Folio No./ Client ID No. ....

..... No. of Shares.....

I certify that I am a registered Shareholder of the Company and hold.....Shares.

PLEASE TICK IN THE BOX

☐ Member ☐ Proxy

.....  
Member's Signature

.....  
Name of the proxy in Block Letters

.....  
Proxy's Signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip to the meeting and hand over at the entrance, duly signed.



NECTAR LIFESCIENCES LIMITED  
Registered Office: Village Saidpura, Tehsil Derabassi, Distt. Mohali (Pb.)  
PROXY FORM

I/We.....

of.....

being a Member/Members of Nectar Lifesciences Limited, hereby appoint.....

of .....

or failing him .....

of .....

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on September 30, 2011 and at any adjournment thereof.

As witness my/our hand(s) this.....day of ....., 2011.

DP ID No. ....

Folio No. / Client ID .....

No. of Shares .....

Proxy No. .... (For official use only)

Signature of Member

Signature of Proxy

Affix  
` 0.15  
Revenue  
Stamp

NOTE:(I) The proxy must be returned so as to reach the Regd. Office, Nectar Lifesciences Limited, Village Saidpura, Tehsil Derabassi, Distt. Mohali (PB.) FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

(ii) Please mark the envelop 'NecLife PROXY'.

# Corporate information

## Board of Directors

- |                                      |  |
|--------------------------------------|--|
| 1. Mr. Sanjiv Goyal                  | : Chairman and Managing Director       |
| 2. Mr. Aryan Goyal                   | : Executive Director                   |
| 3. Mr. Dinesh Dua                    | : Chief Executive Officer and Director |
| 4. Mr. Saurabh Goyal                 | : Executive Director                   |
| 5. Mr. Vivek Seth                    | : Director                             |
| 6. Mr. Vijay J. Shah                 | : Independent Director                 |
| 7. Mr. B.K. Goswami, I.A.S. (Retd.)  | : Independent Director                 |
| 8. Dr. (Maj. Gen.) S.S. Chauhan, VSM | : Independent Director                 |
| 9. Mr. Raman Kapur                   | : Independent Director                 |
| 10. Mr. Ajay Swaroop                 | : Independent Director                 |

## Vice President (Finance)

Mr. Sandeep Goel

## Vice President (Accounts)

Mr. R.K. Aggarwal

## Vice President and Company Secretary

Mr. Sunder Lal

## Auditors

Datta Singla & Co., Chartered Accountants  
SCO 2935-36, 1st Floor, Sector 22-C, Chandigarh

## Bankers

- I. Punjab National Bank, Sector 16-D Chandigarh
- II. State Bank of India, Specialised Commercial Branch, Sector 17-B, Chandigarh
- III. Vijaya Bank, Barakhamba Road, New Delhi
- IV. Exim Bank, Mumbai
- V. HSBC, Barakhamba Road, New Delhi

## Registered Office

Village Saidpura, Tehsil Derabassi,  
Distt. S.A.S. Nagar (Punjab) India  
Ph.: 01762-308000, 308001 Fax: 01762-281187

## Corporate Office

SCO 38-39, Sector 9-D, Chandigarh-160 009 (U.T.) INDIA  
Ph.: 0172-3047777, , 3047701 Fax: 0172-3037755  
Website: <http://www.neclife.com>

## Head Office

# 1596, Bhagirath Place, Chandni Chowk, Delhi-48  
Ph.: 011-23866341, 23869202-03 Fax: 011-23866341

## Plant Locations

- I. Nectar Lifesciences Limited - Unit I**  
Village Saidpura, Tehsil Derabassi,  
Distt. S.A.S. Nagar (Punjab)
- II. Nectar Lifesciences Limited - Unit II**  
Village Saidpura, Tehsil Derabassi,  
Distt. S.A.S. Nagar (Punjab)
- III. Empty Hard Gelatin Capsule Unit**  
Village Bhatoli Kalan, Pargana Dharmpur,  
Tehsil Nalagarh, Distt. Solan (Himachal Pradesh)
- IV. Formulation Unit**  
Village Bhatoli Kalan, Paragana Dharmpur,  
Tehsil Nalagarh, Distt. Solan (Himachal Pradesh)
- V. Narbada Industries**  
Plot No. 2, Lane No. 4, Phase II,  
SIDCO Industrial Complex  
Bari Brahmana, Jammu (J&K)

## Registrar and Share Transfer Agent

Karvy Computershare Private Limited  
Unit: Nectar Lifesciences Limited  
Karvy House, 46, Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad - 500 034  
Tel.: (91-40) 23114058 Fax: (91-40) 23311968

