

Diminishing **Boundaries...**
...Transcending **Horizons**



The Journey *Continues...*

ANNUAL REPORT
2011-2012

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	04	▣ Management Discussion Analysis	10
▣ Report on Corporate Governance	15	▣ Auditors Report	28	▣ Balance Sheet	31
▣ Profit & Loss Account	32	▣ Cash Flow Statement	33	▣ Accounting Policies	35
▣ Notes	37	▣ Consolidated Accounts	54	▣ 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 17th Annual General Meeting of the members of Nectar Lifesciences Limited will be held on Saturday, the 29th day of September, 2012 at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 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, 2012.
3. To appoint a Director in place of Dr. (Maj Gen.) S. S. Chauhan, VSM who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raman Kapur who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Saurabh Goyal who retires by rotation and being eligible, offers himself for re-appointment.
6. 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:

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 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. Sanjiv Goyal as a Chairman & Managing Director of the company w.e.f. June 1, 2012 on the terms and

conditions including remuneration as are set out hereinbelow:

- a) Salary: ₹ 600,000/- (Rupees Six Lacs only) per month plus an annual increment of ₹ 25,000/- w.e.f. April 1 of every year or such other increment as may be decided by the Board of Directors from time to time.
- b) Commission/ Performance Linked Incentive of Bonus: Not exceeding 2% of the net profit of the company in any financial year but shall not exceed the amount equivalent to the salary for the relevant period. Commission may be paid every month on pro-rata basis.
- 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 ₹ 10.00 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 Mr. Sanjiv Goyal shall have all the requisite powers and authority to enable him to manage the company on a day to day basis.

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."

8. 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 149(2A) of the Companies Act, 1956, consent of the members of the company be and is hereby given for the commencement of new business stated in 'other objects' clause at Sl. Nos. (21), (22) and (23) in subparagraph C of paragraph III of the memorandum of association of the company as under:

21. To carry on the business of farming, horticulture, floriculture, sericulture, dairies, cultivators of all kinds of foodgrains, seeds, fruits, proprietors of orchards and traders, exporters dealers and sellers of the products, of farming, dairy, horticulture, floriculture, sericulture and pisciculture and fishing and manufacturers of drinks, alcoholic or otherwise, and beverages produced from such products or otherwise, to carry on the business of cultivators growers manufacturers millers, grinders, rollers, processors, cold stores, canners and preservers and dealers of foodgrains and other agricultural dairy, horticultural and poultry products, fruits, vegetables, herbs, medicines, flowers, drinks, fluids, and such other fresh and preservable products and to extract bye-products and derivatives whether edibles pharmaceutical medicines or any other kind or nature whatever and food preparations of every kind and description and generally the business or manufacture of and trading in preserved, dehydrated, canned or converted agricultural products, fruits and vegetables, foods, dairy and poultry products and articles and other derivatives, of all kinds and descriptions and to set up and run machinery for processing and preserving the same.
22. To establish experimental farms and research stations anywhere in India for conduction experiments, test and research for developing better qualities of food grains and agricultural products and for developing milk strain in cattle by cross breeding or otherwise and increasing eggs laying capacity in poultry and also for finding such other ways and means of importing other agricultural crops, products, seeds, fodder crops and cattle feed of all kinds.
23. To manufacture, process, chemically, electrically, or by any other means, refine, extract, hydrolize, manipulate mix; deodorize, grand, bleach, hydrogenate, buy, sell, import, export, produce or otherwise deal in seeds and agricultural products, food products, dietetic products and preparations, of patent drugs and proprietary articles of all kinds, whether basic or derived and in all forms and in particular protein foods of all kinds and all other such ingredients thereof.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any / or all question / matters arising with respect to the above matter, and to execute all such deeds, documents agreements and writings, file (e-)forms, as may be necessary for the purpose of giving effect to this Resolution, take such further incidental and ancillary steps in this regard, as may be

considered desirable or expedient by the Board in the best interests of the Company and its shareholders.”

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

Date : August 9, 2012

(Sunder Lal)

Place : Chandigarh

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 22, 2012 to September 29, 2012 (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. 7

Mr. Sanjiv Goyal has been re-appointed as a Chairman & Managing Director of the company w.e.f. 01.06.2007 for a period of 5 years. As a result, his tenure as a Managing Director has expired on 31.05.2012. Therefore, based on the recommendation of the remuneration cum compensation Committee, the Board of Directors vide resolution dated May 14, 2012, has decided to re-appoint Mr. Sanjiv Goyal as Chairman & Managing Director of the Company for a period of 5 years with effect from 01.06.2012 on the terms and conditions as set out in the proposed resolution, subject to the approval of the members.

Mr. Sanjiv Goyal, aged 52 years, is commerce and law graduate. Mr. Sanjiv Goyal started his career by setting up a proprietary concern by the name M/S Surya Narrow fabrics in Chandigarh in 1987. Mr. Sanjiv Goyal established M/s Nectar Lifesciences Limited in 1995 and has been the managing director ever since. The company became fully operational in April 1997. Mr. Sanjiv Goyal was conferred with the "Young Innovative Entrepreneur of the Year-2000" Award (an LMA Trident Award) by the Ludhiana Management Association (Affiliation to the All India Management Association).

His Directorships are as under:

1. Nectar Organics Limited
2. Nectar Lifestyles Limited
3. SAS Pro Build Private Limited

4. Nectar Capital Limited (Mauritius)

He holds 76779000 Equity Share in the Company representing 34.24% of total paid up shares capital of the company.

Members are requested to consider and approve his 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.

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

Item No. 8

Your company presently carries on the business of Pharmaceuticals.

The Board of directors of the company wish to diversify the company's activities by undertaking the business of relating to manufacture, process, chemically, electrically, or by any other means, refine, extract, hydrolize, manipulate mix; deodaries, grand, bleach, hydrogenate, buy, sell, import, export, produce or otherwise deal in seeds and agricultural products, food products, dietic products and preparations. The company is authorised to undertake the proposed business under 'other objects' clause at Sl. Nos. (21), (22) and (23) in subparagraph C of paragraph III of the memorandum of association.

According to section 149(2A) of the Companies Act, 1956, no company can commence any new business which is stated in other objects, unless the company has approved the commencement of such new business by a special resolution passed in that behalf at a general meeting.

The Special resolution is intended for this purpose. The Board recommends the acceptance of the resolution.

The company's memorandum of association is open for inspection at the company's registered office during usual business hours on any working day.

No director of the company has any interest or concern in the resolution.

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

Date : August 9, 2012

Place : Chandigarh

(Sunder Lal)

Company Secretary



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 17th 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, 2012.

Financial results

(Rs. in millions)

	March 31, 2012	March 31, 2011
Sales and other income	13644.50	11358.41
Profit before interest and depreciation	2491.90	2403.44
Interest	1029.95	740.84
Depreciation & Amortisation	607.29	461.03
Profit before tax	854.66	1201.57
Tax Expenses	122.16	162.38
Profit after tax available for Appropriations	732.50	1039.19
Final dividend 10% (Previous year 10%)	22.43	22.43
Tax on dividend	3.64	3.64
Transfer to general reserve	—	--
Balance c/f to balance sheet	706.43	1013.12

Operations

During the Year:

Sales and other income are up by 20.13%.

Profit before interest and depreciation is up by 3.68%.

Profit after tax has decreased due to high interest cost.

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 2011-12 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 Rs. 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 April 1, 2011. The said FCCBs were redeemed 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

The company have following wholly owned subsidiaries:

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.

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 subsidiaries 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 31.03.2012		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 Nectar Capital Limited	March 31, 2012	May 27, 2010	1 ordinary share of US\$1 100%	NIL	(Rs. 341636)	NIL	(Rs. 443427)
M/s Nectar Lifesciences UK Limited	March 31, 2011	March 1, 2011	1 ordinary share of GBP1 100%	NIL	NIL	NIL	(Rs. 58575)

Consolidated financial results

As required under the Listing Agreement with the stock exchanges, a consolidated financial statements for the year ended on March 31, 2012 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/-, 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 22, 2012 to September 29, 2012 (both days inclusive) for Annual General Meeting and payment of dividend, if declared, on equity shares.

Directors

Dr. (Maj. Gen.) S. S. Chauhan, VSM, Mr. Raman Kapur and Mr. Saurabh Goyal, Directors will retire, by rotation, in the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends their reappointment.

Further, Mr. Dinesh Dua has resigned as Chief Executive Officer and Director from the company with effect from July 31, 2012.



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, 2012, 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, 2012 on a 'going concern' basis.

Auditors

M/s Datta Singla & Co., Chartered Accountants, statutory auditors of the Company retire 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 company, with the approval of Central Government, has appointed Dr. Vimal Kumar (Membership No. 9982) prop. of M/s V. Kumar and Associates, SCO, 124-125, Sector 34A, Chandigarh, Cost and Works Accountants as the Cost Auditors of the Company for the financial years 2010-11, 2011-12 and 2012-13.

The Cost Audit Reports for the financial year 2010-11 have been filed on September 30, 2011, being on due date.

The Due date for filing of Cost Audit Reports for the financial year 2011-12 is September 30, 2012. The report will be filed before 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 aims 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

Dated : August 9, 2012

Place : Chandigarh

(Sanjiv Goyal)

Chairman and 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. The company has an agro-based 6 MW captive power plant, which is environment-friendly. 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.

In order to further improve the efficiency of power plant downstream extraction has been increased by installing chilled water VAM machines thereby lowering the cost of power generation.

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

The company is in process of putting up an another AGRO-BASED Captive Power Generation Plant at Derabassi (Unit – II) which runs on husk and can be switched over to wood chips, saw dust, leaf cuttings etc., with a capacity to generate 6MW electrical power at Derabassi. The power so generated would cater to the power requirement of Unit-I and Unit-II at Derabassi and would reduce the energy cost of the company.

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	2011-12	2010-11
1.	Electricity		
(a)	Purchased		
	Unit	13742520	10339785
	Total amount (Rs.)	70127042.00	50471502.00
	Rate / unit (Rs.)	5.10	4.88
(b)	Own generation		
(i)	Through diesel generator		
	Unit	3330576	1731552
	Total amount (Rs.)	32229538.00	17836762.00
	Rate / unit (Rs.)	9.68	10.30
(ii)	Through stream turbine/generator		
	Unit	33589847	34511992
	Total amount (Rs.)	87504910.00	89786398.00
	Rate / unit (Rs.)	2.61	2.60
2.	Coal		
	Quantity (tones)	--	--
	Total Costs (Rs.)	--	--
	Average Rate (Rs.)	--	--
3.	Furnace oil		
	Quantity (MT)	1022.07	1268.83
	Total costs (Rs.)	39215546.00	33903569.00
	Average rate (Rs.)	38368.75	26720.34
4.	Others/ internal generation		
	Quantity		
	Total costs (Rs.)	--	--
	Average rate (Rs.)	--	--
B.	Consumption per unit (MT) of production	2011-12	2010-11
	Electricity (Units)	6986.18	11966.66
	Coal (MT)	--	--
	Furnace oil (Liters)	177.68	414.05
	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 & D is being carried out by the Company

Nectar draws on over 16 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
2011-12	PYCA (an intermediate for ceftazidime); Cefdinir; Ceftazidime Pentahydrate, Cefpodoxime proxetil, Cefditoren pivoxil, Cefazolin sodium, Cefprozil.	PYCA (an intermediate for ceftazidime); 7-ACA, Cefdinir; Ceftazidime Pentahydrate, SMIA, MAEM, MICA ester and Doripenem	07 patent applications (07 Indian application) for the processes related to projects Cefditoren Sodium, Balofloxacin, Cefoperazone sodium, Cefuroxime, Ceftiofur, Cefoxitin and Cefdinir
	Cefixime tablets (US & EU), Cefixime PFOS (US & EU), Cefepime Injection (US & EU), Cefdinir Capsules (US), Cefdinir PFOS (US), Cefpodoxime proxetil Tablets (US & EU)	Cefuroxime Axetil Tablets (US), Cefepime for injection (US & EU), Cefixime tablets (US & EU), Ceftriaxone for Injection (US & EU), Cefotaxime injection (US & EU)	

3. Future plan of action

NLL has hugely emphasized on R&D both to be cost effective & to create IP Assets. NLL envisages completing 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 3.39%

II) 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.

2. a) Foreign exchange earnings during the financial year ended on March 31, 2012: 6548.39
- b) Foreign exchange outgo during the financial year ended on March 31, 2012: 5321.46

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

Date : August 9, 2012

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, 2012, 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: 09.08.2012

Place: Chandigarh

Name: Yogesh Monga
Partner
Membership no.: 99813

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 Menthol and APIs to meet the diverse requirements of its customer base in India and over 50 countries worldwide.

GLOBAL PHARMA

Spending on medicines which was estimated at \$856 billion in 2010, is expected to reach nearly \$1,100 billion in 2015,

reflecting a growth rate of three-six per cent over the five year period. This growth will be driven by following factors:

- *Patent expiries:* Share of patented brands which accounted for nearly 70 per cent of global pharmaceutical spending in 2010 are expected to decline to 53 per cent in 2015, on account of patent expiries, mainly in the developed markets.

NECTAR LIFESCIENCES LIMITED



- *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 coming years.
- *Rapid shift towards Pharmedging markets:* A distinct shift is also expected in the market shares across the globe, with the US share of global spending estimated to be declining from 41 per cent in 2005 to 31 per cent in 2015, along with the share of spending from Europe estimated to be declining from 27 per cent to 19 per cent over the same period. Meanwhile, 17 high growth emerging markets (pharmedging) including China, India, Brazil, Russia and Mexico estimated to contribute 28 per cent of total spending by 2015, up from only 12 per cent in 2005.
- *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.

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

The global generics market is estimated at about \$ 225 billion in 2011. By 2016, it is expected that the value of the total global generics sector will have risen to \$ 358 billion, representing more than 18% of all pharmaceuticals, a projected compound annual growth rate (CAGR) of 9.7% between 2011 and 2016. The North American market is estimated to reach nearly \$ 73 billion in 2011 and is expected to increase at a 7.9% compound annual growth rate to reach nearly \$107 billion in 2016. Emerging market represents the second largest market category for generic drugs with the expected sale of \$ 57 billion in 2011. This should reach nearly \$ 115 billion in 2016 for a CAGR of 15.1%. India tops the world in exporting generic medicines worth US\$ 11 billion and currently, the India pharmaceutical industry is one of the world's largest and most developed. Moreover, the Indian generic drug market is expected to grow at a CAGR of around 17 per cent between 2010-11 and 2012-13.

India's strong competitive advantage

Indian pharma sector has emerged as a key destination for global pharma companies due to its high growth prospects and conducive regulatory environment. Big Pharma companies are passing through a phase of declining growth rates in developed markets. They also have fewer new products in the pipeline. To counter these pressures on revenues and products, and also to reorient their business models towards investing more in R&D, outsourcing is happening in a big way. Indian companies are cost effective and reliable suppliers to global companies. Other factors contributing to growth of Indian pharma are:

- Increasing per capita income
- Increasing investments by big MNCs
- Lifestyle related disorders
- 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 2011-12 was ₹ 6868.99 million whereas export sale was ₹ 6548.39 million.

The summary of turnover of various products is as follows:

Particulars	2011-12
Bulk drugs	
Domestic sales	3597.00
Export sales	2094.36
(A)	5691.36
Phytochemicals	
Domestic sales	2144.49
Export sales	4268.32
(B)	6412.81
Generic, formulations, Diagnostics and EHGC	
Domestic sales	1127.50
Export sales	185.71
(C)	1313.21
Total sales (A+B+C)	13417.38

SUSTAINABLE BUSINESS

APIs and Finished Dosage formulations/ EHGC/ Generics/ Diagnostics

Overall API's witnessed a decline of 26% taking the turnover from Rs 7705.30 Million to 5691.36 Million.

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 pharma business contributed Rs 1313.21 million during this year as compared to 1010.62 Million last fiscal with an overall increase of 30%.

Branded generics and diagnostics which hold significant promise in B2C segment has been a great value to the company, As compared to the last year branded generics and diagnostics witnessed a growth of 53% and 99% respectively.

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 more than 163% as compared to last year.

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 31 DMFs till date (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, of which 12 DMFs were filed during this fiscal. 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 2012-13.

OPPORTUNITIES AND OUTLOOK

The company expects a positive outlook for the next year. NLL is expecting to continue its strategic entry in US market with a number of ANDA filings for its Cephalosporins range during 2012-13

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 2010. With a view to reducing burgeoning healthcare costs and tackling rising cases of life-threatening diseases, the Japanese government is taking various measures to increase the adoption of generic drugs among people in the country. The Japanese generic drugs market, evolving to become the world's next generic hub, offers a wide range of opportunities to both domestic and international players. The patent expiry of a large number of branded drugs and active pharmaceutical ingredients are the major attractions for companies willing to enter the market. 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.



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, 2012	March 31, 2011
Sales and other income	13644.50	11358.41
Profit before interest and depreciation	2491.90	2403.44
Interest	1029.95	740.84
Depreciation & Amortisation	607.29	461.03
Profit before tax	854.66	1201.57
Tax Expenses	122.16	162.38
Profit after tax available for Appropriations	732.50	1039.19
Final dividend 10% (Previous year 10%)	22.43	22.43
Tax on dividend	3.64	3.64
Transfer to general reserv	—	--
Balance c/f to balance sheet	706.43	1013.12

Operations

During the Year:

Sales and other income are up by 20.13%.

Profit before interest and depreciation is up by 3.68%.

Profit after tax has decreased due to high interest cost.

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

THREAT AND RISK MANAGEMENT AT NECLIFE

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

Risk represents the face of business uncertainty, affecting corporate performance and prospects. NLL's business naturally involves risks. Risks management is an integral part of the company's plans, business strategies, monitoring systems and results. It takes in all organizational processes geared to early risk detection, identification and timely implementation of appropriate counter measures.

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
- Economic and Geopolitical
- Delay in regulatory approvals
- Patent litigations
- Market risks
- Competitive pressure
- Exchange rate fluctuations
- Pricing guidelines in domestic market

The management has a proven ability to successfully take on challenges. Efforts are on to become even more proactive in recognizing and managing risks through a more structured framework. The magnitude of the recent financial crisis, as well as its significant repercussions on the world economy and on many of the customers and suppliers highlighted more than ever the need to have a broad and comprehensive risk management approach.

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

Date : August 09, 2012
Place : Chandigarh

(Sanjiv Goyal)
Chairman & Managing Director

NECTAR LIFESCIENCES LIMITED



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, 2012, 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 2011-2012, Four Board meetings were held on May 12, 2011, August 12, 2011, November 11, 2011 and February 10, 2012.

The names and categories of the Directors on the Board, their attendance at the Board meetings during the financial year 2011-12 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	Not-Present	4	Nil	N.A.
Mr. Aryan Goyal (Executive Director)	Promoter & Executive Director	3	Present	3	Nil	N.A.
Mr. Dinesh Dua (Chief Executive Officer and Director)	Non Promoter & Executive Director	3	Not-Present	Nil	N.A.	N.A.



Mr. Basant Kumar Goswami, IAS (Retired) (Director)	Independent & Non-executive Director	1	Not-Present	14	9	2
Mr. Vijay J. Shah (Director)	Independent & Non-executive Director	1	Present	2	Nil	N.A.
Mr. Vivek Sett (Director)	Non-Independent & Non-executive Director	4	Not-Present	7	2	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM (Director)	Independent & Non-executive Director	4	Not-Present	Nil	N.A.	N.A.
Mr. Raman Kapur (Director) +	Independent & Non-executive Director	Nil	Not-Present	6	Nil	N.A.
Mr. Saurabh Goyal (Executive Director)	Promoter & Executive Director	3	Not-Present	3	N.A.	N.A.
Mr. Ajay Swaroop (Director)	Independent & Non-executive Director	4	Not-Present	1	Nil	N.A.

+ Mr. Raman Kapur 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.nclife.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 21 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, four meetings of the Audit Committee were held, the dates being May 12, 2011, August 12, 2011, November 11, 2011 and February 10, 2012.

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	4	4
Mr. Sanjiv Goyal	Managing Director	4	4
Mr. Basant Kumar Goswami, IAS (Retired)	Independent & Non-executive Director	4	4

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, 2012, one meeting was held of the committee on May 11, 2011 which was 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, 2012, 99.999 of the Company's shares are held in electronic (demat) form.

No meeting of the Committee was held during the financial year 2011-12.

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 2011-2012	Complaints resolved	Closing balance
Nil	39	39	Nil

Quarter-wise details of complaints during 2011-12:

Quarter	Complaints pending at the beginning	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of quarter
April-June	Nil	5	5	Nil
July-September	Nil	10	10	Nil
October-December	Nil	11	11	Nil
January-March	Nil	13	13	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, 2011	Aggregate number of shareholders	28
	Outstanding shares in the suspense account	7110 equity shares of Re. 1/- each
Number of shareholders who approached issuer for transfer of shares from suspense account during the year		Nil
Number of shareholders to whom shares were transferred from suspense account during the year		Nil
At the end of the year i.e. March 31, 2012	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.

VI. General Body meetings

Details of the last three Annual General Meetings held

1. 16th Annual General Meeting: September 30, 2011 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. 15th 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
3. 14th 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



Detail of special resolutions

1. At the 16th Annual General Meeting held on September 30, 2011, the following three special resolutions were passed:
 - i. For the re-appointment of Mr. Aryan Goyal as a Whole time Director designated as Executive Director.
 - ii. For the revision of remuneration of Mr. Dinesh Dua as a Whole time Director designated as Chief Executive Officer & Director.
2. At the 15th Annual General Meeting held on September 29, 2010, the following three special resolutions were passed:
 - i. For the revision of remuneration of Mr. Dinesh Dua as a Whole time Director designated as Chief Executive Officer & Director.
 - 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.
 - iii. For the appointment of Mr. Saurabh Goyal as a Whole time Director designated as Executive Director.
3. At the Extraordinary General Meeting held on February 11, 2010, the following three 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 ₹ 2500 million.
 - iii. Increase in the limit of shareholding of Foreign Institution Investors (FIIs) in the company to 74% under portfolio Investment Scheme.
4. At the 14th Annual General Meeting held on September 22, 2009, the following two special resolutions were passed:
 - i. For the appointment of Mr. Dinesh Dua as a Whole time Director designated as Chief Executive Officer & Director.
 - ii. For the increase in Borrowing Limits of the Company upto ₹ 2000 Crores.

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 ₹ 35/- per share aggregating to ₹ 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 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 ₹ 10,000 per board meeting attended by them. The sitting fee of ₹ 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 2011-12, 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, 2012

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, 2012
Mr. Sanjiv Goyal, Chairman and Managing Director	N.A.	6901585	6825000	5 years from June 01, 2007	76779000
Mr. Aryan Goyal, Executive Director	N.A.	6863060	N.A.	5 years from December 05, 2010	290000
Mr. Dinesh Dua, Chief Executive Officer & Director	N.A.	14007260	-	5 years from November 28, 2008	Nil
Mr. Saurabh Goyal, Executive Director	N.A.	2593936	N.A.	5 years from August 11, 2010	243000
Mr. Basant Kumar Goswami, IAS (Retired), Non-Executive Director	15,000/-	N.A.	N.A.	N.A.	Nil
Mr. Vijay J. Shah, Non-Executive Director	15000/-	N.A.	N.A.	N.A.	Nil
Mr. Vivek Sett, Non-Executive Director	40,000/-	N.A.	N.A.	N.A.	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Non-Executive Director	40,000/-	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	40,000/-	N.A.	N.A.	N.A.	Nil

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

VIII. Means of communication

Quarterly results

The details of quarterly results are published as under:



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

The results are also displayed on the company's website "www.nclife.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. Dr. (Maj Gen.) S. S. Chauhan, VSM is retiring by rotation. He is aged 74 years, retired after holding the most prestigious and highest professional appointment of Senior Consultant Medicine as Head of the medicine and Allied Specialties/ Super Specialties in the Armed Forces from Ministry of Defence and Army Hospital (Research and Referral) Delhi. He has joined Defence forces on March 29, 1963 and super – annuated on May 31, 1997.

He did his M.B.B.S. from Government M.G. Medical College Bhopal in 1961, did Advanced Course in Medicine from A.F.M.C. Pune in 1973, M.D. (Medicine) from Pune University in 1978 and F.I.C.P. from Indian College of Physicians Bombay in 1996. He also did management courses i.e., Medical Officers Senior Command Course from O.T.S.A.M.C. Centre Lucknow in 1977 and Senior Defence Management Course from College of Defence Management Secunderabad in 1993.

During his service tenure he was delegated twice as leader of the specialist's teams abroad. He has the distinction of active service in both 1965 and 1971 wars with Pakistan and also commanded the largest zonal hospital/formation during insurgencies both in western and eastern threats. He had published over 30 papers/articles in national and international journals. He was on the editorial boards of prestigious journal of Association of Physicians of India and Indian Academy of Clinical Medicine.

He does not hold any equity share in the Company on March 31, 2012. He also does not hold any directorship in any other company.

2. Mr. Raman Kapur is retiring by rotation and aged 66 years. Mr. Kapur received a B.A. degree in economics from Columbia College, New York and a Master in Business Administration (MBA) degree in finance and international business from Columbia University, New York. He was Chairman and a partner of Global Pharmaceutical Services, LLC and Transition Patient Services, LLC which he co-founded after electing voluntary early retirement from Schering Plough Corporation effective January

1, 2005. Mr. Kapur had a 30 year career with Schering Plough where he served as President, Warrick Pharmaceuticals, U.S.A. and President of the World-wide Generics business of Schering-Plough Corporation. Mr. Kapur's responsibilities included the sales and promotion of a group of legacy branded products in the U.S. market.

Mr. Kapur joined Schering-Plough as a financial analyst in 1975 serving in progressively more responsible finance, marketing and general management positions in the U.S. and internationally in Europe, Latin America, Middle East as well as India where he served for 5 years as Managing Director of Schering Plough's Indian subsidiary, Fulford India Ltd based in Mumbai.

Mr. Raman Kapur hold directorship in following companies: Semlier Research Centre Pvt. Ltd.

Innopharma Inc., New Jersey, USA

Global Pharmaceuticals Services, New Jersey, USA

Princeton Ophthalmics, New Jersey, USA

Transition Patent Services, LLC, New Jersey, USA

He holds 1,000,000 (0.46%) equity shares in the Company on March 31, 2012.

3. Mr. Saurabh Goyal is retiring by rotation. He is aged 26 years, holds a Masters degree in International Management from King's College London, United Kingdom. He belongs to the promoter family.

He holds 243000 Equity Share in the Company representing 0.11% of total paid up shares capital of the company.

His Directorships are as under:

1. Nectar Realty Private Limited
2. SAS Pro Build Private Limited
3. Nectar Capital Limited (Mauritius).

4. Mr. Sanjiv Goyal is proposed to be reappointed as Chairman & Managing Director. He is aged 52 years and is commerce and law graduate. Mr. Sanjiv Goyal started his career by setting up a proprietary concern by the name M/S Surya Narrow fabrics in Chandigarh in 1987. Mr. Sanjiv Goyal established M/s Nectar Lifesciences Limited in 1995 and has been the managing director ever since. The company became fully operational in April 1997.

He holds 76779000 Equity Share in the Company representing 34.24% of total paid up shares capital of the company.

His Directorships are as under:

1. Nectar Organics Limited
2. Nectar Lifestyles Limited
3. SAS Pro Build Private Limited
4. Nectar Capital Limited (Mauritius)



X. General Shareholder Information

i. 16th Annual General Meeting

Date September 29, 2012
 Time 9.30 am
 Venue Registered Office and Works: Village Saidpura Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab – 140507

.ii. Financial year

April 1, 2011 to March 31, 2012

iii. Date of book closure

September 22, 2012 to September 29, 2012(both days inclusive)

iv. Dividend payment date

By October 28, 2012

v. The equity shares of ` 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

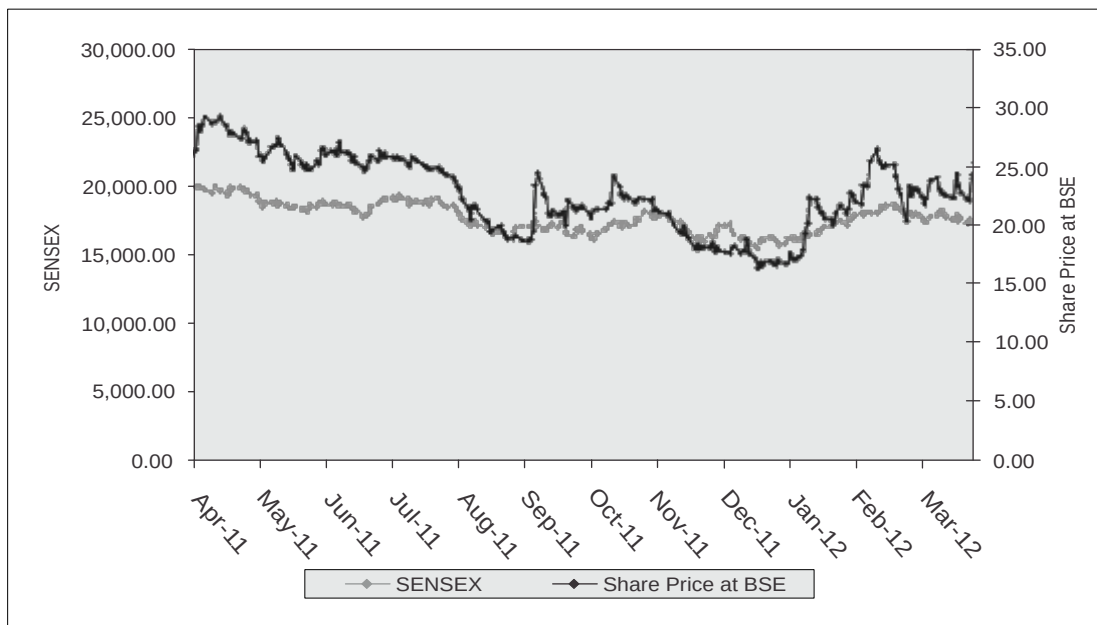
xiv. Market price data The high and low prices of the Company's share (of ` 1/- each) at BSE and NSE from April 1, 2011 to March 31, 2012 were as below

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Total traded quantity	High (Rs.)	Low (Rs.)	Total traded quantity
April-11	29.90	23.50	1818691	33.50	23.80	1091894
May-11	27.60	22.00	875302	27.60	24.10	565784
June-11	27.40	23.55	1254181	27.40	23.90	644742
July-11	26.35	23.65	981723	26.10	23.50	486653
August-11	24.45	18.35	990560	24.40	18.40	1058240
September-11	25.00	18.05	1765088	25.80	18.10	984900
October-11	24.30	20.05	1410970	24.20	20.00	611960
November-11	22.00	16.00	689932	22.00	15.25	481744
December-11	20.00	14.80	1338066	20.00	15.15	531866
January-12	22.20	16.30	1387757	23.00	15.05	698412
February-12	26.70	18.45	3683531	26.75	18.30	2003670
March-12	25.50	21.05	2837976	25.25	21.05	3120450

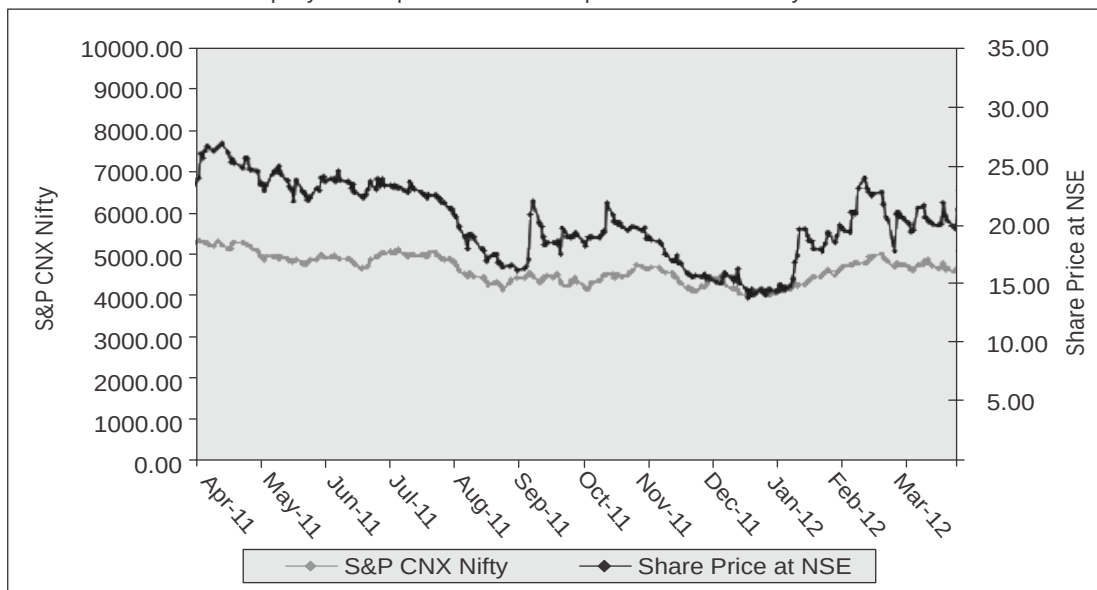


XV. Performance of the Company's share price with BSE Sensex and NSE Nifty

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



b. Performance of the Company's share price at NSE in comparison with NSE Nifty



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
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
Website : www.neclife.com

- xix. Share transfer system

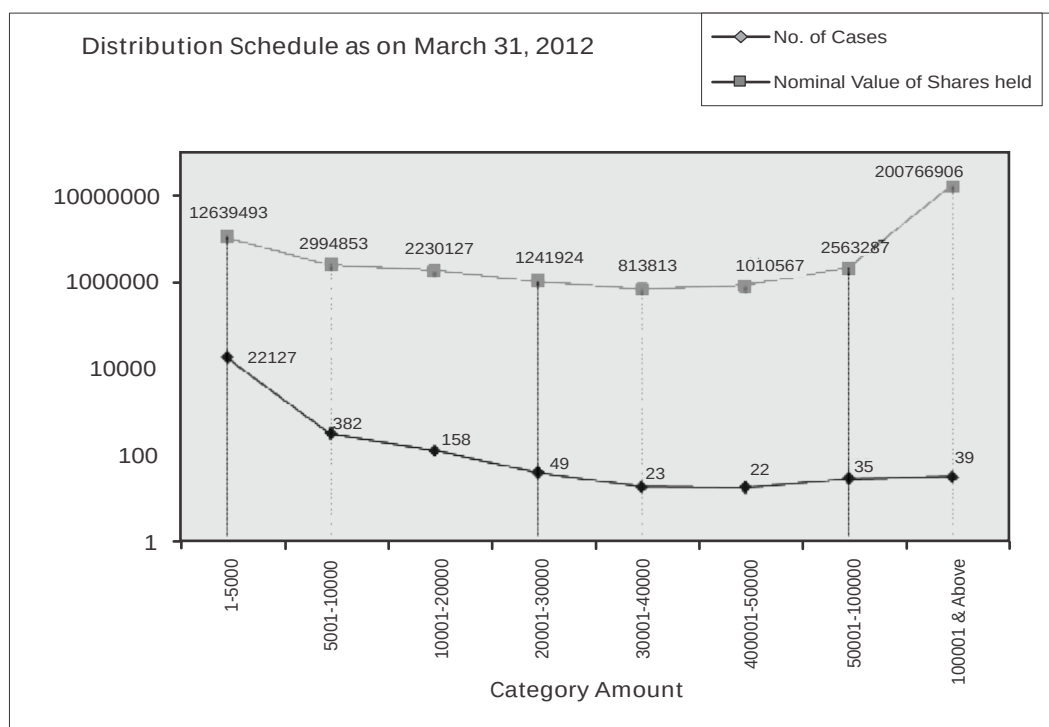
Almost 99.999% of the shares of the Company are held in dematerialised form. Transfers of these dematerialised shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrar and 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, 2012

Category (amount)	Number of cases	% of cases	Total shares	Nominal value of shares held (₹)	% of amount
1-5000	22127	96.90	12639493	12639493	5.64
5001 - 10000	382	1.67	2994853	2994853	1.34
10001 - 20000	158	0.69	2230127	2230127	0.99
20001 - 30000	49	0.21	1241924	1241924	0.55
30001 - 40000	23	0.10	813813	813813	0.36
40001-50000	22	0.10	1010567	1010567	0.45
50001-100000	35	0.15	2563287	2563287	1.14
100001 & Above	39	0.17	200766906	200766906	89.52
Total	22835	100.00	224260970	224260970	100.00

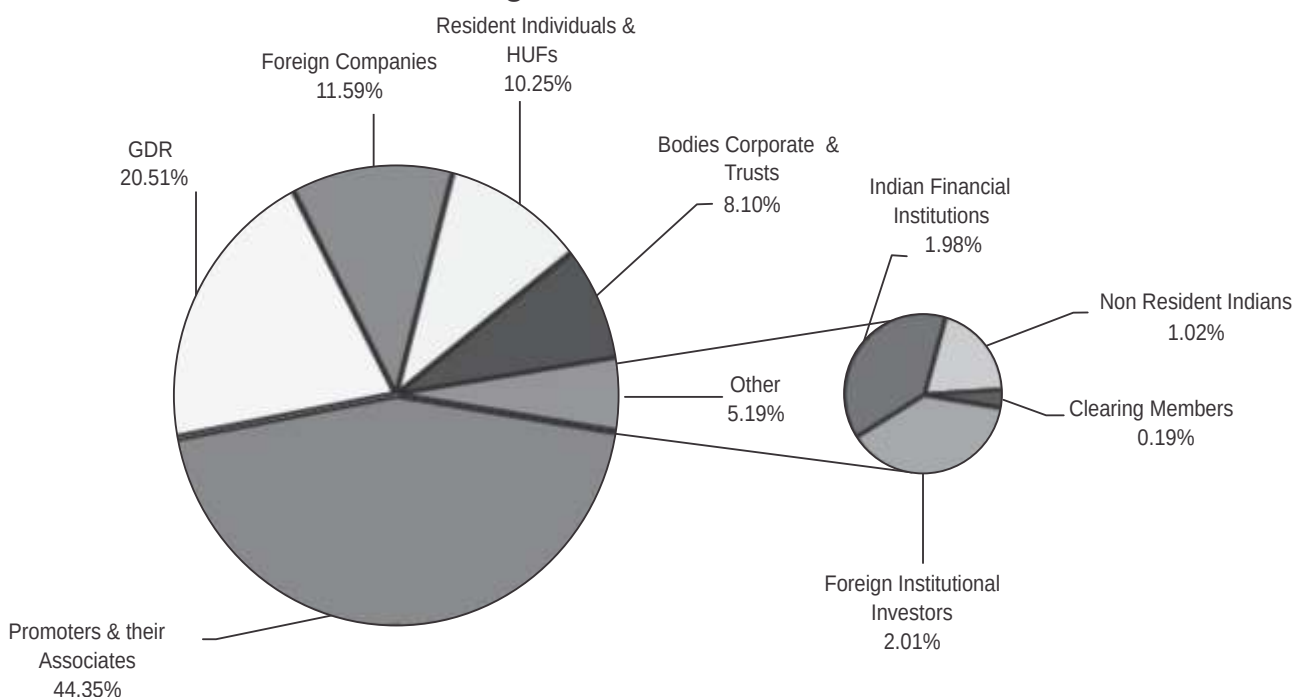




b. Shareholding pattern as on March 31, 2012

Category	Number of Cases	Total shares	% to equity
PROMOTERS	5	99468000	44.35
GDR	1	46000000	20.51
FOREIGN CORPORATE BODIES	1	26000000	11.59
RESIDENT INDIVIDUALS	21193	22029273	9.82
BODIES CORPORATES	519	18123317	8.08
FOREIGN INSTITUTIONAL INVESTORS	5	4510535	2.01
INDIAN FINANCIAL INSTITUTIONS	1	4431505	1.98
NON RESIDENT INDIANS	275	2292066	1.02
H U F	737	953774	0.43
CLEARING MEMBERS	96	415425	0.19
TRUSTS	2	37075	0.02
Total	22835	224260970	100.00

Shareholding Pattern as at March 31, 2012



XXI. Dematerialisation of shares and liquidity

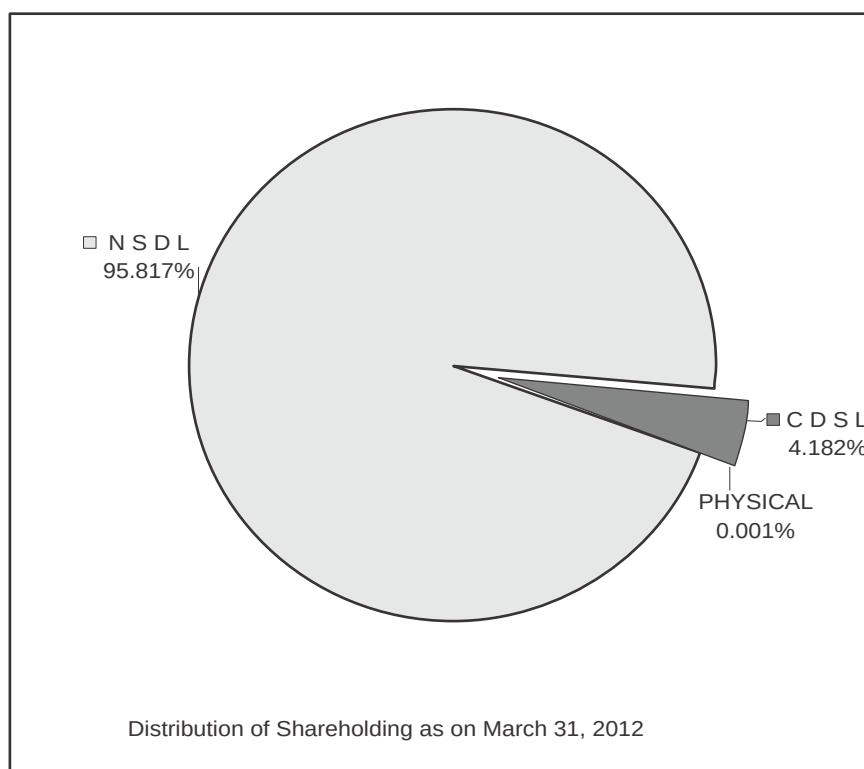
The Company's shares are compulsory traded in dematerialized form. Equity shares of the Company representing 99.999% of the Company's share capital were dematerialised as on March

31, 2012.

The Distribution of shareholding of the Company as per the depository system as on March 31, 2012 was as under:



Sr.	Category	Number of holders	Total shares	% to equity
1	Physical	12	2290	0.001
2	NSDL	15330	214880493	95.817
3	CDSL	7493	9378187	4.182
	Total	22835	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 ₹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 ₹ 224,260,970/- comprising of 224,260,970 equity shares of ₹ 1/- each.

2. FCCBs:

1. 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 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

xxiv. Plant locations

Nectar Lifesciences Limited

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

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 09, 2012.

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 the financial year 2011-12.

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

(Sanjiv Goyal)
Chairman & Managing Director

Place: Chandigarh
Date: August 9, 2012

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

(Dinesh Dua)
Chief Executive Officer & Director

Place: Chandigarh
Date: July 21, 2012



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, 2012 and also the Statement of 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 paragraphs 4 & 5 of the 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, Statement of 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 Statement of 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, 2012 and
 - ii) In the case of the Statement of 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 : 09.08.2012

Yogesh Monga
Partner
Membership No. 099813



Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT TO THE MEMBERS OF
M/S. NECTAR LIFESCIENCES LIMITED FOR THE YEAR ENDED 31st MARCH 2012.

- 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 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 Wealth Tax, Sales Tax and Customs Duty which are outstanding as at 31st March, 2012, which have not been deposited on account of any dispute. The particulars of various statutory dues as at 31st March, 2012 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	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	2.34	Assessment Year 2001-02	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	0.03	Assessment Year 2003-04	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	0.19	Assessment Year 2004-05	Income Tax Appellate Tribunal, Delhi
Central Excise Act, 1944	Excise Duty	1.05	Financial Year 2007-08	Joint Secretary, Ministry of Finance, Delhi
Central Excise Act, 1944	Excise Duty	2.53	Financial Year 2007-08	CESTAT, Delhi
Central Excise Act, 1944	Service Tax	0.40	Financial Year 2009-10	Additional Commissioner, Chandigarh
Service Tax, 1994	Service Tax	13.35	Financial Year 2010-11	CESTAT, Delhi
Central Excise Act, 1944	Service Tax	0.18	Financial Year 2010-11	Additional Commissioner, Chandigarh

10 The company does not have accumulated losses as at 31st March, 2012 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 During the year, the company has not raised any money through public issue.

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 : 09.08.2012

Yogesh Monga
Partner
Membership No. 099813

Balance Sheet as at 31st March 2012

			(Rs. in Millions)			
Particulars	NOTE	As At		As At		
		March 31, 2012		March 31, 2011		
<u>EQUITY AND LIABILITIES</u>						
Share holders' Fund						
Share Capital	2.1	224.26		224.26		
Reserves & Surplus	2.2	<u>7,621.20</u>	7,845.47	<u>6,987.57</u>	7,211.84	
Non Current Liabilities						
Long Term Borrowings	2.3	3,636.17		2,343.42		
Deferred Tax Liability(net)	2.4	630.22		508.06		
Other Long Term Liabilities	2.5	19.57		11.08		
Long Term Provisions	2.6	<u>34.26</u>	4,320.23	<u>24.11</u>	2,886.66	
Current Liabilities						
Short Term Borrowings	2.7	5,652.11		3,300.10		
Trade Payables	2.8	1,944.91		1,398.21		
Other Current Liabilities	2.9	1,298.43		2,459.23		
Short Term Provisions	2.10	<u>148.14</u>	9,043.59	<u>870.17</u>	8,027.71	
Total			<u>21,209.28</u>		<u>18,126.20</u>	
<u>ASSETS</u>						
Non Current Assets						
Fixed Assets						
- Tangible Assets	2.11	8,578.71		7,362.59		
- Capital Work in Progress		1,501.34		824.17		
Non Current Investments	2.12	0.50		0.50		
Long Term Loans and Advances	2.13	631.85		498.69		
Other Non Current Assets	2.14	<u>0.23</u>	10,712.63	<u>0.30</u>	8,686.25	
Current Assets						
Current Investments	2.15	1.41		53.32		
Inventories	2.16	5,914.16		4,708.85		
Trade Receivables	2.17	3,044.93		3,111.28		
Cash & Bank Balances	2.18	259.25		325.75		
Short Term Loans & Advances	2.19	1,050.42		1,020.29		
Other Current Assets	2.20	<u>226.49</u>	10,496.65	<u>220.46</u>	9,439.95	
Significant Accounting Policies	1		<u>21,209.28</u>		<u>18,126.20</u>	
Notes to Financial Statements	2		<u></u>		<u></u>	

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

Saurabh Goyal
Executive Director

Yogesh Monga
Partner
M. No. 099813

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

Place : Chandigarh
Dated : 09.08.2012

Statement of Profit and Loss for the Year Ended 31st March 2012

(Rs. in Millions)			
Particulars	NOTE	Year Ended March 31, 2012	Year Ended March 31, 2011
INCOME			
Revenue From Operations	2.21	13,417.38	11,157.70
Less : Excise Duty		<u>384.50</u>	<u>603.22</u>
		13,032.88	10,554.48
Operating Income	2.22	98.18	66.14
Other income	2.23	128.94	134.56
		<u>13,260.00</u>	<u>10,755.19</u>
EXPENDITURE			
Raw Material Consumed	2.24	9,906.05	7,103.98
Purchase of Stock in Trade (Traded Goods)		630.27	829.97
Changes in inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.25	(1,346.69)	(823.24)
Employee Benefits Expense	2.26	476.59	371.68
Finance Cost	2.27	1,029.95	740.84
Depreciation & Amortisation	2.11 & 2.14	607.29	461.03
Other Expenses	2.28	1,101.88	869.36
		<u>12,405.34</u>	<u>9,553.62</u>
PROFIT BEFORE TAX		854.66	1,201.57
Tax Expense		122.16	162.38
PROFIT AFTER TAX		<u>732.50</u>	<u>1,039.19</u>
EARNINGS PER SHARE (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		3.27	4.63
Diluted (Rs.)		3.27	4.63
Significant Accounting Policies	1		
Notes to Financial Statements	2		

FOR NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing DirectorAryan Goyal
Executive DirectorSaurabh Goyal
Executive DirectorR.K. Aggarwal
V.P. AccountsSandeep Goel
V.P. FinanceSunder Lal
Company SecretaryAs per our report of even date
For DATTA SINGLA & CO.
Chartered Accountants.
Firm Regn. No. 006185NYogesh Monga
Partner
M. No. 099813Place : Chandigarh
Dated : 09.08.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH ,2012

(Rs. in Millions)

PARTICULARS	As At	As At
	March 31, 2012	March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	854.66	1201.56
Adjustments For :		
Depreciation	607.22	460.96
Misc. Expenditure W/Off	0.08	0.09
Provision for Doubtful debts	17.90	3.29
Provision for Doubtful Insurance Claim	17.87	-
Provision for Employees Retirement Benefits	12.70	6
Provision for Excise Duty On Finished Goods	(0.27)	2.61
Loss on Sale of Fixed Assets	11.86	17.83
Loss on Sale / Restatement of Investment	0.03	2.86
Interest on Borrowings	1,029.95	740.84
Other non-operating Income	(128.94)	(9.56)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,423.05	2,426.48
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,210.88)	(2,144.43)
Increase/(Decrease) in Current Liabilities	559.02	281.09
Increase/(Decrease) in Long Term Liabilities	8.49	3.28
CASH GENERATED FROM OPERATIONS	1,779.67	566.42
Direct Taxes Paid	(129.76)	(126.74)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	1,649.91	439.68
Extra-Ordinary Items	-	
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1,649.91	439.68
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,589.53)	(1,999.81)
Purchase of Investments	-	-
Interest Received	128.93	9.30
Dividend Received	0.01	0.26
Sale of Fixed Assets	77.15	145.89
Sale of Investments	51.88	200.25
Long Term loans and Advances	(4.32)	(1.28)
NET CASH USED IN INVESTING ACTIVITIES (B)	(2,335.88)	(1,645.39)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH ,2012

(Rs. in Millions)

PARTICULARS	As At	As At
	March 31, 2012	March 31, 2011
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans from Banks	1,592.32	272.47
Proceeds from Working Capital Limits from Banks	2,152.01	1694.62
Proceeds from Unsecured Loans from Banks	200.63	3.01
Repayment of Inter Corporate Deposits	(1.93)	(2.97)
Repayment of FCCB including Interest	(2,271.19)	-
Dividend Paid	(22.43)	0
Interest Paid	(1,029.95)	(740.84)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	619.47	1,226.29
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(66.50)	20.58
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	325.75	305.17
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	259.25	325.75

FOR NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing Director

Aryan Goyal
Executive Director

Saurabh Goyal
Executive Director

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

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

Yogesh Monga
Partner
M. No. 099813

Place : Chandigarh
Dated : 09.08.2012

NECTAR LIFESCIENCES LIMITED

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.

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. Investments

Investments are classified into current and non current investments. Non current 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.

4. Inventories

i. 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.

ii. 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.

iii. Traded goods

Lower of Cost and Net Realizable Value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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.

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. Export entitlements are recognized as reduction from material consumption when the right to receive credit is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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 benefits and are recognized in the period in which the employee renders the related service.

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.

ii) Long Term Employee Benefits:

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.

Long term employee benefit also 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

Leases, where the lessor retains substantially all the risks and benefits of the ownership of the leased item are classified as operating leases. Lease rentals 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. Other Non Current Assets

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

13. 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.

14. Deferred Tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are reviewed at each balance sheet date and are restated to reflect the amount that is reasonably certain to be released/ payable.

(Rs. in Millions)

Particulars	As At March 31, 2012	As At March 31, 2011
NOTE - 2.1 "SHARE CAPITAL"		
Authorised Share Capital		
35,00,00,000 Equity Shares Of Re. 1/- Each.	350.00	350.00
Issued, Subscribed & Paid up Capital		
22,42,60,970 Equity Shares Of Re. 1/- Each Fully Paid up	224.26	224.26
(Also Refer Note 2.29)	224.26	224.26
NOTE - 2.2 "RESERVES & SURPLUS"		
Security Premium A/c		
Opening balance	2,723.86	2,723.86
Add : Premium on Redemption of FCCB for earlier years	564.12	-
(A)	3,287.98	2,723.86
General Reserves		
(B)	141.02	141.02
Profit & Loss A/c		
Opening Balance	4,122.69	3,120.65
Transferred From Statement of Profit & Loss Account	732.50	1,039.19
	4,855.19	4,159.84
Appropriations :		
Proposed Dividend on Equity Shares	22.43	22.43
Tax On Proposed Dividend	3.64	3.64
	4,829.13	4,133.78
Less : Previous Year Expenses		
Income Tax Expenses	6.54	11.09
Premium on Redemption of FCCB for earlier years	564.12	-
Withholding Tax on Premium of Redemption of FCCB (for earlier years)	630.39	-
(C)	4,192.20	4,122.69
Total (A+B+C)	7,621.20	6,987.57

Particulars	(Rs. in Millions)			
	As At March 31, 2012	As At March 31, 2011	As At March 31, 2012	As At March 31, 2011

NOTE - 2.3 - "LONG TERM BORROWINGS"

	Non Current Portion		current Maturities	
SECURED				
Term Loans				
-From Banks	3,629.30	2,336.03	1,140.15	841.11
UNSECURED				
Other Loans				
-From Banks	3.99	3.10	1.76	2.02
-From Others	2.88	4.29	1.41	1.93
(Also Refer Note 2.30)	3,636.17	2,343.42	1,143.32	845.06

Particulars	As At March 31, 2012	As At March 31, 2011
-------------	-------------------------	-------------------------

NOTE - 2.4 - "DEFERRED TAX LIABILITIES"

Deferred Tax Liabilities Arising On Account Of Depreciation	2,941.53	2,226.06
TOTAL A	2,941.53	2,226.06
Deferred Tax Assets Arising On Account Of		
- Employees Retirement Benefits	42.83	30.13
- Unabsorbed Depreciation and Carried Forward Losses	839.82	-
- Other Expenses & Provisions	116.45	666.45
TOTAL B	999.10	696.58
NET DEFERRED TAX LIABILITY (A-B)	1,942.43	1,529.48
TAX IMPACT	630.22	508.06

NOTE - 2.5 - "OTHER LONG TERM LIABILITIES"

Security from Customers	10.65	3.28
Advances From Customers	8.92	7.80
	19.57	11.08

NOTE - 2.6 - "LONG TERM PROVISIONS"

Provision for Employees Retirement Benefits	34.26	24.11
	34.26	24.11

Particulars	As At March 31, 2012	As At March 31, 2011
-------------	-------------------------	-------------------------

NOTE - 2.7 - "SHORT TERM BORROWINGS"

SECURED

Working Capital Limits

-From Banks

5,452.11

3,300.10

UNSECURED

Short Term Loans

-From Banks

200.00

-

5,652.11

3,300.10

NOTE - 2.8 "TRADE PAYABLES"

- Due to Micro ,Small & Medium Enterprises

1.59

1.32

- Due to Others

1,943.32

1,396.88

1,944.91

1,398.21

NOTE - 2.9 "OTHER CURRENT LIABILITIES"

Current Maturities of Long Term Debts

1,140.15

841.11

Current Maturities of Other Loans

3.17

3.95

Current Maturities of Foreign Currency Convertible Bonds

-

1,471.38

Interest accrued but not due on borrowings

23.22

17.99

Advances From Customers

62.82

30.69

Other Payables

69.07

94.12

1,298.43

2,459.23

NOTE - 2.10 "SHORT TERM PROVISIONS"

Proposed Dividend

22.43

22.43

Tax on Proposed Dividend

3.64

3.64

Provision for Income Tax (Net of Advance Tax & TDS)

106.22

96.97

Provision for Excise Duty On Finished Goods

7.29

7.56

Provision for Employee Retirement Benefits

8.57

6.03

Provision for Redemption Premium on FCCB

-

733.55

148.14

870.17

NOTE - 2.11 "FIXED ASSETS" - Tangible Assets (Rs. in Millions)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At April 1, 2011	Additions*	Sale/ Deletion*	As At March 31, 2012	Up To March 31, 2011	During the Year	Deletion / Adjustments	Up To March 31, 2012
Freehold Land & Site Development	972.38	0.00	86.50	885.88	-	-	-	885.88
Leasehold Land	3.27	-	-	3.27	0.12	0.04	-	3.11
Buildings	1,139.40	115.58	-	1,254.98	140.11	38.35	-	1,076.51
Tube Well	8.89	1.50	-	10.40	1.05	0.30	-	9.05
Plant & Machinery	4,739.29	1,178.85	-	5,918.14	1,124.53	397.67	-	4,395.94
Plant & Machinery (R & D)	1,099.17	454.44	-	1,553.62	162.91	58.99	-	1,331.72
Boiler	170.70	0.00	-	170.70	4.48	17.29	-	148.93
Pollution Control Equipment	75.25	0.00	-	75.25	24.15	3.57	-	47.53
Laboratory	74.12	6.83	-	80.94	14.78	3.59	-	62.57
Miscellaneous Fixed Assets	652.85	140.68	-	793.54	210.26	73.29	-	509.98
Furniture & Fixture	72.92	4.12	-	77.04	14.65	4.63	-	57.76
Motor Vehicles	61.32	4.60	3.83	62.08	21.59	6.03	1.32	35.79
Computer	23.08	5.74	-	28.82	11.41	3.46	-	13.95
Total	9,092.64	1,912.35	90.33	10,914.66	1,730.05	607.22	1.32	2,335.94
Previous Year	7,541.69	1,714.67	163.72	9,092.64	1,269.09	460.96	-	7,362.59

*Includes addition on account of foreign exchange fluctuation on FCCBs amounting to Rs. 1.10 millions during the year (Previous Year deletion Rs. 16.10 millions)

Particulars	As At March 31, 2012	(Rs. in Millions) As At March 31, 2011
-------------	-------------------------	--

NOTE - 2.12 "NON CURRENT INVESTMENTS"

Trade Investments

Equity Instruments

UNQUOTED

In Subsidiary Companies -

1 Equity Share Of 1 USD fully Paid Up

In Nectar Capital Ltd.-Mauritius

(Absolute amount Rs. 45)

0.00

0.00

1 Equity Share Of 1 GBP fully Paid Up

In Nectar Lifesciences UK Ltd.-England

(Absolute amount Rs. 75)

0.00

0.00

A

0.00

0.00

Non Trade Investments

Equity Instruments

UNQUOTED

20 Equity Shares of Rs. 50/- each in The Thane Janta

Sahakari Bank Ltd

(Absolute amount Rs. 1000)

0.00

0.00

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

0.50

0.50

NOTE - 2.13 "LONG TERM LOANS & ADVANCES"

Security Deposits

16.54

12.52

MAT Credit Entitlement

516.22

387.38

Unsecured Loans & Advances to Related Parties*

-

- Considered Good

99.09

98.79

- Considered Doubtful

16.38

16.38

648.23

515.08

Less: Provision for Doubtful Advances

16.38

16.38

631.85

498.69

*Includes amount of advance towards share application money pending allotment Rs. 114.83

NOTE - 2.14 "OTHER NON CURRENT ASSETS"

Misc Expenses (To The Extent not Written off)

0.30

0.38

Less :- Written off During the Year

0.08

0.08

0.23

0.30

Particulars	As At March 31, 2012	(Rs. in Millions) As At March 31, 2011
-------------	-------------------------	--

NOTE - 2.15 "CURRENT INVESTMENTS"

NON TRADE
QUOTED

1,600 EQUITY SHARES OF RS. 10/- EACH fully paid up In Vijaya Bank.	0.04	0.04
1,271 EQUITY SHARES OF RS. 10/- EACH fully paid up In Yes Bank Ltd.	0.06	0.06
1 EQUITY SHARE OF RS. 10/- each fully paid up In Aurobindo Pharma Ltd. (Absolute amount Rs. 314, Previous Year Rs. 314)	0.00	0.00
2,350 EQUITY SHARES OF RS. 10/- EACH fully paid up In Parsvanath Developers Ltd.	1.31	1.31
12,267 EQUITY SHARES OF RS. 10/- EACH fully paid up in Punjab Alkalies & Chemicals Ltd.	0.33	0.33
PNB - Principal Mutual Fund	1.00	1.91
SBIMF- MICF-Daily Dividend Scheme	-	51.00
	<u>2.74</u>	<u>54.65</u>
A		
Less: Provision for Loss on Investment	1.33	1.33
	<u>1.41</u>	<u>53.32</u>

Market Value of quoted investments as at 31st March, 2012 Rs. 1.88 millions (Previous Year Rs. 53.98 millions)

NOTE - 2.16 "INVENTORIES"

(As Certified by The Management)

Raw Material	330.03	472.35
Work In Progress	4,922.74	3,679.66
Finished Goods	346.52	311.21
Stocks in Trade	213.91	145.60
Other Miscellaneous Stocks	100.97	100.03
	<u>5,914.16</u>	<u>4,708.85</u>

(Inventory includes material with third parties and stock in transit)

Particulars	(Rs. in Millions)	
	As At March 31, 2012	As At March 31, 2011

NOTE - 2.17 "TRADE RECEIVABLES"

(Unsecured)

Debts outstanding for a period exceeding six months
from due date of payment

Considered Good	108.96	40.98
Considered Doubtful	38.90	21.00
	<u>147.86</u>	<u>61.98</u>
Less: Provision For Doubtful Debts	38.90	21.00
	<u>108.96</u>	<u>40.98</u>
Other Debts		
Considered Good	2,935.97	3,070.30
	<u>3,044.93</u>	<u>3,111.28</u>

NOTE - 2.18 "CASH & BANK BALANCES"

Balance With Banks

In Current Accounts	256.40	312.88
In Fixed Deposits	0.00	10.00
In Unclaimed Dividend & Share Application Money Accounts	0.80	0.81
Cash In Hand (Incl Staff Imprest)	2.04	2.05
	<u>259.25</u>	<u>325.75</u>

NOTE - 2.19 "SHORT TERM LOANS & ADVANCES"

Excise Balances	103.33	81.70
Other Loans & Advances	947.09	938.59
	<u>1,050.42</u>	<u>1,020.29</u>

NOTE - 2.20 "OTHER CURRENT ASSETS"

Export and Other Incentives Accrued	182.94	198.95
Insurance Claim Receivable :		
-Considered Good	43.56	21.51
-Considered Doubtful	17.87	-
	<u>244.36</u>	<u>220.46</u>
Less: Provision for Doubtful Insurance Claim	17.87	-
	<u>226.49</u>	<u>220.46</u>

Particulars	Year Ended March 31, 2012	(Rs. in Millions) Year Ended March 31, 2011
NOTE - 2.21 "REVENUE FROM OPERATIONS"		
Sale of Manufactured Products		
- Export	6,461.62	3,319.77
- Domestic	6,194.83	6,908.15
Trading Sale		
- Export	86.77	358.41
- Domestic	674.16	571.37
Gross Sales	13,417.38	11,157.70
NOTE - 2.22 "OPERATING INCOME"		
Outsourcing Income	91.45	62.28
Carbon Credit	6.74	3.87
	98.18	66.14
NOTE - 2.23 "OTHER INCOME "		
Interest On Fixed Deposits	0.09	0.04
Interest Others	128.84	9.26
Dividend From Investments	0.01	0.26
Misc. Income	-	125.00
	128.94	134.56
NOTE - 2.24 "RAW MATERIAL CONSUMED"		
Opening Stock	472.35	533.91
Add:- Purchase of Raw Material	9,763.73	7,042.41
	10,236.08	7,576.32
Less :- Closing Stock	330.03	472.35
	9,906.05	7,103.98
NOTE - 2.25 "CHANGE IN FINISHED GOODS, STOCK IN PROCESS & STOCK IN TRADE"		
Inventory (At Close)		
Finished Goods	346.52	311.21
Stock in Process	4,922.74	3,679.66
Stock in Trade	213.91	145.60
	5,483.16	4,136.47
Inventory (At Beginning)		
Finished Goods	311.21	96.66
Stock in Process	3,679.66	3,172.70
Stock in Trade	145.60	43.87
	4,136.47	3,313.22
	1,346.69	823.24

Particulars	Year Ended March 31, 2012	(Rs. in Millions) Year Ended March 31, 2011
-------------	------------------------------	---

NOTE - 2.26 "EMPLOYEE BENEFIT EXPENSES"

Salaries & Wages	374.96	288.19
Remuneration To Directors	37.19	33.76
Contribution to Provident and Other Funds	23.43	17.89
Staff Welfare	41.01	31.84
	<u>476.59</u>	<u>371.68</u>

NOTE - 2.27 "FINANCE COST"

Interest Expenses	901.78	645.75
Other Borrowing Costs	128.17	95.09
	<u>1,029.95</u>	<u>740.84</u>

NOTE - 2.28 "OTHER EXPENSES"

Manufacturing Expenses		
Consumable Stores	98.05	84.72
Oil & Lubricants	6.01	5.70
Power, Fuel & Steam Expenses	411.21	332.22
Chemical Testing Expenses	10.57	7.44
Packing Expenses	96.94	71.67
Repairs & Maintenance		
-Electricals	3.81	4.99
-Machinery	67.04	52.99
-Building	8.77	7.09
Total (A)	<u>702.41</u>	<u>566.82</u>
Administrative Expenses		
Travelling & Conveyance	40.91	26.84
Advertisement & Subscription	1.97	10.03
Books & Periodicals	0.70	0.22
Business Promotion	16.23	7.79
Insurance	26.11	15.81
Electricity Expenses (Office)	1.64	1.59
Postage, Telephone, Telegram	12.85	8.50
Printing & Stationery	9.51	8.44
Professional Fees	17.27	14.61
Rate, Fees & Taxes	8.55	7.27
Vehicle Running & Maintenance	12.25	10.26
Rent	8.41	7.14
Audit Fees	2.00	1.80
Office Expenses	3.90	2.48

Particulars	(Rs. in Millions)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Diwali & Pooja Expenses	3.80	3.17
Donation	14.86	16.65
Directors' Sitting Fees	0.15	0.16
Loss on Sale of Fixed Assets	11.86	17.83
Loss on Sale / Restatement of Investment	0.03	2.86
Provision For Doubtful Insurance Claims	17.87	-
Total (B)	<u>210.87</u>	<u>163.47</u>
Selling & Distribution Expenses		
Discount / Samples	12.11	20.64
Freight & Cartage Outward	106.29	65.51
Sales Commission	48.23	44.40
Bad Debts Written Off/ Provision for Doubtful Debts	21.97	8.53
Total (C)	<u>188.60</u>	<u>139.08</u>
Grand Total (A+B+C)	<u>1101.88</u>	<u>869.36</u>

2.29 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES

Particulars	As at 31 st March, 2012		As at 31 st March, 2011	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	76779000	34.24	76602000	34.16
NSR Direct PE Mauritius, LLC	26000000	11.59	26000000	11.59
Mrs. Raman Goyal	21584000	9.62	21584000	9.62
Depository of GDRs	46000000	20.51	46000000	20.51

Note :

Since, the equity shares underlying GDRs held by Deutsche Bank Trust Company Americas being depository of GDRs, hence disclosed per se.

Reconciliation of the number of shares outstanding :

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Equity shares at the beginning of the year	224260970	224260970
Add: Shares issued during the year	Nil	Nil
Equity shares at the end of the year	224260970	224260970

2.30 SECURED LOANS

- I. Term Loans from various banks are secured by way of First Pa ri 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.

Repayment Schedule of Term Loans :

Year of Repayment	Amount (Rs. In Millions)
1 - 2	1606.00
2 - 5	2023.31
> 5	Nil

Other Loans comprise of Vehicle Loans which are secured against hypothecation of respective vehicles.

Repayment Schedule of Vehicle Loans :

Year of Repayment	Amount (Rs. In Millions)
1 - 2	3.43
2 - 5	3.44
> 5	Nil

- 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.

2.31 FIXED ASSETS

A sum of Rs. 454.44 millions (previous year Rs.368.90 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.

2.32 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.

2.33 CURRENT LIABILITIES

- I. The principal amount remaining unpaid as at 31st March 2012 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are Rs. 1.59 millions (previous year Rs. 1.32 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act Rs. 0.05 millions (previous year Rs 0.03 millions) is remaining unpaid as of 31st March 2012. The principal amount that remained unpaid as at 31st March 2011 was paid during the year. The list of undertakings covered under MSMDA 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. 0.88 million (previous year Rs. 0.81 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.

2.34 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in millions)

S.No.	Particulars	31.03.2012	31.03.2011
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:- **		
	-Income Tax matters	5.97	26.59
	-Excise matters	4.16	-
	-Service Tax matters	13.35	-
ii)	Bank Guarantees	26.84	4.50
iii)	Bills Discounted	583.78	39.95
iv)	Letter of Credit (Foreign / Inland)	560.00	482.40
v)	Other money for which Company is contingently liable		
	a) Differential amount of custom duty in respect of machinery imported under EPCG Scheme	1.80	38.08
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	104.91	292.44

** 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.

2.35 PAYMENT TO AUDITORS

(Rs. In Millions)

Particulars	2011-12	2010-11
Statutory Audit and Limited Review Fees	1.70	1.50
Tax Audit Fee	0.30	0.30
Service Tax	0.25	0.19

2.36 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 for 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. 122.16 million (Previous Year Rs 6.20 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.

2.37 LEASES

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancellable 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. 8.49 millions (Previous Year Rs. 7.14 millions).

2.38 EMPLOYEE RETIREMENT 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

Changes in Present Value of Obligations (Rs. In millions)

	Gratuity	Earned leave
Present Value of Obligations as at 1st April 2011	17.45	12.68
Acquisition adjustment	----	-----
Interest Cost	1.48	1.08
Past Service Cost	-----	-----
Current Service Cost	5.53	7.73
Curtailment Cost/ (Credit)	-----	-----
Settlement Cost/ (Credit)	-----	-----
Benefits paid	(0.95)	(2.04)
Actuarial (gain)/loss on obligations	1.69	(1.63)
Present Value of obligations as at 31st March 2012	25.21	17.81

Changes in the Fair Value of Plan Assets (Rs. In millions)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2011	-----	-----
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 2012	-----	-----

Fair Value of Plan Assets (Rs. In millions)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2011	-----	-----
Acquisition Adjustments	-----	-----
Actual Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Fair Value of Plan Assets as at 31st March 2012	-----	-----
Funded Status	(25.21)	(17.81)

Actuarial Gain/Loss Recognized (Rs. In millions)

	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	(1.69)	1.63
Actuarial gain/(loss) for the year – Plan Assets	-----	-----
Total (gain)/ loss for the year	1.69	(1.63)
Actuarial (gain)/ loss recognized in the year	1.69	(1.63)
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 31 st March 2012	25.21	17.81
Fair value of plan assets as at 31 st March 2012	-----	-----
Funded Status	(25.21)	(17.81)
Unrecognised actuarial (gains)/losses	-----	-----
Net asset/(liability) recognised in the balance sheet	(25.21)	(17.81)

Expenses recognised in the Profit & Loss Account (Rs. In millions)

	Gratuity	Earned leave
Current service cost	5.53	7.73
Past service cost	-----	-----
Interest cost	1.48	1.08
Expected return on plan assets	-----	-----
Curtailment cost/(credit)	-----	-----
Settlement cost/(credit)	-----	-----
Net actuarial (gain)/loss recognised in the period	1.69	(1.63)
Expenses recognised in the Profit & Loss Account	8.71	7.17

Valuation Assumptions

Discount Rate	8.5%
Estimated rate of increase in compensation levels	6%

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.

2.39 TAX EXPENSE COMPRISES OF:

	2011-2012	2010-2011
- Current Tax	171.00	239.42
- Deferred Tax	122.16	6.20
- MAT Credit Entitlement	(171.00)	(83.24)
	<u>122.16</u>	<u>162.38</u>

2.40 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)

S.No	Particulars	31.03.2012	31.03.2011
(a)	India	6868.99	7479.30
(b)	Outside India	6548.39	3678.40
	Total Sales	13417.38	11157.70

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

2.41 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: -

a) Relationship

i) Subsidiary Companies

Chempharma Private Limited, Sri Lanka - Wound up during the previous 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
*(resigned w.e.f. 31st July 2012)

iv) Relatives of the Key Management Personnel

Smt. Raman Goyal

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

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

i) Subsidiary Companies

(Rs. In millions)

			31.03.2011
i.	Investments during the year (*Absolute Amount Rs. 120) Balance at year end (*Absolute Amount Rs. 120)	Nil -*	-*
ii.	Loans & Advances Paid During The Year	0.31	0.33

ii) Key Management Personnel and their relatives

(Rs. In millions)

Sr. No.	PARTICULARS	31.03.2012	31.03.2011
i.	Remuneration & Perquisites	37.19	33.76
ii.	Salary	-	0.21

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

(Rs. In millions)

Sr. No.	PARTICULARS	31.03.2012	31.03.2011
i.	Investments during the year Balance at year end	0.01 114.84	Nil 114.83
ii.	Rent	0.96	0.96

2.42 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

During the year 2006-2007, the Company raised Zero Coupon FCCBs aggregating 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 but 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 financial year 2011-12 as well as for the previous financial year 2010-11 has been charged to Profit & Loss Account. In earlier years upto 2009-10, 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. However, in the current financial year, expenses relating to the period ended 31st March 2010 were charged to the Profit and Loss under Reserves & Surplus and reversed from Securities Premium Account.

2.43 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.

2.44 EARNINGS PER SHARE (EPS)

PARTICULARS	UNIT	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Profit After Tax (Before Previous Year Adjustments)	Rs in million	732.50	1039.19
No of Shares Outstanding	Nos.	224260970	224260970
No of Weighted Average equity shares	Nos.	224260970	224260970
Diluted	Nos.	224260970	224260970
Nominal value of equity shares	Re.	1.00	1.00
Earnings per Share			
-Basic	Rs.	3.27	4.63
-Diluted	Rs.	3.27	4.63

2.45 Other Borrowing Costs include losses on account of foreign exchange fluctuation (net) amounting to Rs. 18.68 millions (Previous Year gain of Rs. 10.45 millions)

2.46 DETAIL OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED

a) RAW MATERIAL CONSUMED

(Rs. In millions)

Sr.No	Particulars	Amount	2011-2012 (%age)	Amount	2010-2011 (%age)
1.	Imported	2726.61	27.52	3996.14	56.25
2.	Indigenous	7179.44	72.48	3107.84	43.75

b) STORES & SPARES CONSUMED

(Rs. In millions)

Sr.No	Particulars	Amount	2011-2012 (%age)	Amount	2010-2011 (%age)
1.	Imported	10.36	10.57	0.95	1.12
2.	Indigenous	87.69	89.43	83.77	98.88

2.47 OTHER INFORMATION

(Rs. In millions)

	Particulars	2011-2012	2010-2011
(a)	CIF Value of Imports		
1.	Raw Material	2735.72	4738.95
2.	Capital Goods and Stores & Spares	34.62	58.21
(b)	Expenditure in Foreign Currency		
1.	Travelling Expenses	5.91	6.71
2.	Export Commission	27.48	25.93
3.	Other Expenses	9.42	7.36
(c)	Remittances in Foreign Currency		
1.	Raw Material	3058.48	4241.52
2.	Capital Goods and Stores & Spares	44.36	57.18
3.	Redemption of FCCB	2218.62	-
(d)	Expenditure in Foreign Currency on account of dividend		
	Particulars	2011-2012	2010-2011
1.	Number of Non Resident Shareholders	2	2
2.	Number of Equity Shares held by them	72000000	72000000
3.	(i) Amount of Dividend Paid	7.2	-
	(ii) Year to which dividend relates	2010-11	-
(e)	Earning in Foreign Currency		
	Particulars	2011-2012	2010-2011
	FOB Value of Exports	6548.39	3678.40

NECTAR LIFESCIENCES LIMITED

- 2.48 Due to applicability of Revised Schedule VI with effect from current financial year, the Company has reclassified previous year's figures to conform to this year's classification.

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

Saurabh Goyal
Executive Director

Yogesh Monga
Partner
M. No. 099813

Sunder Lal
Company Secretary

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Place : Chandigarh
Dated : 09.08.2012

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 (Nectar Capital Ltd, Mauritius; and Nectar Lifesciences UK Ltd, United Kingdom) as at 31st March, 2012 and also the Consolidated Statement of 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 Nectar Capital Limited, Mauritius and Nectar Lifesciences UK Limited, United Kingdom (intra-group balances and intra-group transactions have been eliminated on consolidation). The audited financial statements of one subsidiary & the unaudited financial statements of other subsidiary 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 financial statements. Since, the financial statements for the year ended 31st March, 2012, of one the two subsidiaries, were not audited, any adjustments to its 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 Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.
4. We report that on the basis of information and according to the explanations given to us, and on the consideration of the audited financial statements of Nectar Lifesciences Limited and Nectar Capital Limited, Mauritius and unaudited financial statements of Nectar Lifesciences UK Limited, 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, 2012;
 - b) in the case of Consolidated Statement of Profit and Loss, of the consolidated results of operations of Nectar Lifesciences Limited and its subsidiaries 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 subsidiaries for the year ended on that date.

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

Place : Chandigarh
Date : 09.08.2012

Yogesh Monga
Partner
Membership No. 099813

NECTAR LIFESCIENCES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2012

(Rs. in Millions)

Particulars	NOTE	As At March 31, 2012	As At March 31, 2011
EQUITY AND LIABILITIES			
Share holders' Fund			
Share Capital	2.1	224.26	224.26
Reserves & Surplus	2.2	7,620.38	6,987.07
		7,844.64	7,211.33
Non Current Liabilities			
Long Term Borrowings	2.3	3,636.17	2,343.42
Deferred Tax Liability(net)	2.4	630.22	508.06
Other Long Term Liabilities	2.5	19.57	11.08
Long Term Provisions	2.6	34.26	24.11
		4,320.23	2,886.66
Current Liabilities			
Short Term Borrowings	2.7	5,652.11	3,300.10
Trade Payables	2.8	1,944.91	1,398.32
Other Current Liabilities	2.9	1,298.69	2,459.29
Short Term Provisions	2.10	148.14	870.17
		9,043.85	8,027.88
Total		21,208.72	18,125.87
ASSETS			
Non Current Assets			
Fixed Assets			
- Tangible Assets	2.11	8,578.71	7,362.59
- Capital Work in Progress		1,501.34	824.17
Non Current Investments	2.12	0.50	0.50
Long Term Loans and Advances	2.13	631.22	498.37
Other Non Current Assets	2.14	0.23	0.30
		10,712.00	8,685.92
Current Assets			
Current Investments	2.15	1.41	53.32
Inventories	2.16	5,914.16	4,708.85
Trade Receivables	2.17	3,044.93	3,111.28
Cash & Bank Balances	2.18	259.25	325.75
Short Term Loans & Advances	2.19	1,050.47	1,020.29
Other Current Assets	2.20	226.49	220.46
		10,496.71	9,439.95
Significant Accounting Policies	1	21,208.72	18,125.87
Notes to Financial Statements	2		

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing DirectorAryan Goyal
Executive DirectorSaurabh Goyal
Executive DirectorAs per our report of even date
For DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 006185NYogesh Monga
Partner
M. No. 099813R.K. Aggarwal
V.P. AccountsSandeep Goel
V.P. FinanceSunder Lal
Company SecretaryPlace : Chandigarh
Dated : 09.08.2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT For the year ended March 31, 2012

(Rs. in Millions)

Particulars	NOTE	Year Ended March 31, 2012	Year Ended March 31, 2011
INCOME			
Revenue From Operations	2.21	13,417.38	11,157.70
Less : Excise Duty		<u>384.50</u>	<u>603.22</u>
		13,032.88	10,554.48
Operating Income	2.22	98.18	66.14
Other income	2.23	128.94	134.56
		<u>13,260.00</u>	<u>10,755.19</u>
EXPENDITURE			
Raw Material Consumed	2.24	9,906.05	7,103.98
Purchase of Stock in Trade (Traded Goods)		630.27	829.97
Changes in inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.25	(1,346.69)	(823.24)
Employee Benefit Expense	2.26	476.59	371.68
Finance Cost	2.27	1,029.95	740.88
Depreciation & Amortisation	2.11 & 2.14	607.29	461.03
Other Expenses	2.28	1,102.22	866.51
		<u>12,405.68</u>	<u>9,550.81</u>
PROFIT BEFORE TAX		854.32	1,204.38
Tax Expense		122.16	162.38
PROFIT AFTER TAX		<u>732.16</u>	<u>1,042.00</u>
EARNINGS PER SHARE (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		3.27	4.65
Diluted (Rs.)		3.27	4.65
Significant Accounting Policies	1		
Notes to Financial Statements	2		

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing DirectorAryan Goyal
Executive DirectorSaurabh Goyal
Executive DirectorAs per our report of even date
For DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 006185NYogesh Monga
Partner
M. No. 099813R.K. Aggarwal
V.P. AccountsSandeep Goel
V.P. FinanceSunder Lal
Company SecretaryPlace : Chandigarh
Dated : 09.08.2012

PARTICULARS	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 (Rs. in Millions)	
	As At	As At
	March 31, 2012	March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	854.32	1,204.38
Adjustments For :		
Depreciation	607.22	460.96
Misc. Expenditure W/Off	0.08	0.08
Provision for Doubtful debts	17.90	3.29
Provision for Doubtful Insurance Claim	17.87	-
Provision for Employees Retirement Benefits	12.70	6.00
Provision for Excise Duty On Finished Goods	(0.27)	2.62
Loss on Sale of Fixed Assets	11.86	17.83
Loss/(Profit) on Sale / Restatement of Investment	0.03	(1.11)
Interest on Borrowings	1,029.95	740.88
Other non-operating Income	(128.94)	(9.56)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,422.72	2,425.37
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,210.94)	(2,144.27)
Increase/(Decrease) in Current Liabilities	559.10	280.45
Increase/(Decrease) in Long Term Liabilities	8.49	3.28
CASH GENERATED FROM OPERATIONS	1,779.37	564.83
Direct Taxes Paid	(129.76)	(126.74)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	1,649.61	438.09
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1,649.61	438.09
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,589.53)	(1,999.80)
Purchase of Investments	-	-
Interest Received	128.93	9.30
Dividend Received	0.01	0.26
Sale of Fixed Assets	77.15	145.89
Sale of Investments	51.88	157.87
Long Term loans and Advances	(4.02)	-
NET CASH USED IN INVESTING ACTIVITIES (B)	(2,335.58)	(1,686.49)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans from Banks	1,592.32	272.47
Proceeds from Working Capital Limits from Banks	2,152.01	1,694.62
Proceeds from Unsecured Loans from Banks	200.63	-
Repayment of Inter Corporate Deposits	(1.93)	0.04
Repayment of FCCB including Interest	(2,271.19)	-
Dividend Paid	(22.43)	-
Interest Paid	(1,029.95)	(740.88)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	619.47	1,226.25

PARTICULARS	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 (Rs. in Millions)	
	As At	
	March 31, 2012	March 31, 2011
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(66.50)	(22.15)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	325.75	347.90
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	259.25	325.75

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

Saurabh Goyal
Executive Director

Yogesh Monga
Partner
M. No. 099813

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

Place : Chandigarh
Dated : 09.08.2012

NECTAR LIFESCIENCES LIMITED

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) The financial statements of the subsidiaries used in consolidation are drawn upto the same reporting period as that of the Company, namely 31 March, 2012.
- iii) All the incomes & expenditures are recognized on accrual basis.
- iv) Figures have been taken nearest to million rupees.
- v) Previous year figures have been re-grouped and re-arranged wherever considered necessary, to confirm to this year's classification.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of Nectar Lifesciences Ltd., the parent company, and its subsidiary companies – 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. INVESTMENTS

Investments are classified into current and non current investments. Non current 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. INVENTORIES

- i) 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.

- ii) Finished Goods and work in process

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

- iii) Traded goods

Lower of Cost and Net Realizable Value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

6. FOREIGN EXCHANGE TRANSACTIONS

i) 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.

ii) 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.

iii) 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.

iv) Reporting Currency

Indian Rupee is the reporting currency for the Nectar Lifesciences Ltd. However, the local currency of the overseas subsidiaries is different from the reporting currency of the Nectar Lifesciences Ltd. The translation of local currency in Indian Rupees is performed for assets and liabilities (excluding share capital and fixed assets), using the exchange rate at the balance sheet date, for revenues, costs and expenses using average rate during the reporting period. Fixed assets have been translated at the rate prevailing at the time of acquisition. The resultant currency translation exchange gain/loss is carried as "Foreign Currency Translation Reserve" under Reserves and Surplus.

7. 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. Export entitlements are recognized as reduction from material consumption when the right to receive credit is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

8. EMPLOYEE BENEFITS

i) Short Term Employee Benefits:

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

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.

ii) Long Term Employee Benefits

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.

Long term employee benefit also 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.

9. BORROWING COSTS

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.

10. LEASES

Leases, where the lessor retains substantially all the risks and benefits of the ownership of the leased item are classified as operating leases. Lease rentals for assets taken on operating lease are charged to the profit and loss account in accordance with Accounting Standard 19 on leases.

11. 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.

12. 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.

13. OTHER NON CURRENT ASSETS

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

14. 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.

15. DEFERRED TAX

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are reviewed at each balance sheet date and are restated to reflect the amount that is reasonably certain to be released/ payable.

Particulars	As At March 31, 2012	(Rs. in Millions) As At March 31, 2011
NOTE - 2.1 "SHARE CAPITAL"		
Authorised Share Capital		
35,00,00,000 Equity Shares Of Re. 1/- Each.	350.00	350.00
Issued, Subscribed & Paid up Capital		
22,42,60,970 Equity Shares Of Re. 1/- Each Fully Paid up (Also Refer Note 2.29)	224.26	224.26
	224.26	224.26
NOTE - 2.2 "RESERVES & SURPLUS"		
Security Premium A/c		
Opening balance	2,723.86	2,723.86
Add : Premium on Redemption of FCCB for earlier years	564.12	-
(A)	3,287.98	2,723.86
General Reserves	141.02	141.02
(B)	141.02	141.02
Profit & Loss A/c		
Opening Balance	4,122.19	3,135.17
Transferred From Statement of Profit & Loss	732.16	1,042.00
Transferred From Foreign Currency Translation Reserve		(17.83)
	4,854.35	4,159.34
Appropriations :		
Proposed Dividend on Equity Shares	22.43	22.43
Tax On Proposed Dividend	3.64	3.64
	4,828.28	4,133.27
Less : Previous Year Expenses		
Income Tax Expenses	6.54	11.09
Premium on Redemption of FCCB for earlier year	564.12	
Withholding Tax on Premium of Redemption of FCCB (for earlier years)	66.27	-
(C)	4,191.36	4,122.19
Foreign Currency Translation Reserve		
Openin Balance	-	(17.83)
Add: Transfer During The Year	0.01	
	0.01	(17.83)
Transfer To Profit & Loss Account	-	17.83
(D)	0.01	-
Total (A+B+C+D)	7,620.38	6,987.07

Particulars	(Rs. in Millions)			
	As At March 31, 2012	As At March 31, 2011	As At March 31, 2012	As At March 31, 2011
NOTE - 2.3 - "LONG TERM BORROWINGS"				
	Non Current Portion		current Maturities	
SECURED				
Term Loans				
-From Banks	3,629.30	2,336.03	1,140.15	841.11
UNSECURED				
Other Loans				
-From Banks	3.99	3.10	1.76	2.02
-From Others	2.88	4.29	1.41	1.93
(Also Refer Note 2.30)	<u>3,636.17</u>	<u>2,343.42</u>	<u>1,143.32</u>	<u>845.06</u>

Particulars	As At March 31, 2012	As At March 31, 2011
NOTE - 2.4 - "DEFERRED TAX LIABILITIES"		
Deferred Tax Liabilities Arising On Account Of Depreciation	2,941.53	2,226.06
TOTAL A	<u>2,941.53</u>	<u>2,226.06</u>
Deferred Tax Assets Arising On Account Of		
- Employees Retirement Benefits	42.83	30.13
- Unabsorbed Depreciation and Carried Forward Losses	839.82	-
- Other Expenses & Provisions	116.45	666.45
TOTAL B	<u>999.10</u>	<u>696.58</u>
NET DEFERRED TAX LIABILITY (A-B)	<u>1,942.43</u>	<u>1,529.48</u>
TAX IMPACT	630.22	508.06
NOTE - 2.5 - "OTHER LONG TERM LIABILITIES"		
Security from Customers	10.65	3.28
Advances From Customers	8.92	7.80
	<u>19.57</u>	<u>11.08</u>
NOTE - 2.6 - "LONG TERM PROVISIONS"		
Provision for Employees Retirement Benefits	34.26	24.11
	<u>34.26</u>	<u>24.11</u>

Particulars	As At March 31, 2012	As At March 31, 2011
-------------	-------------------------	-------------------------

NOTE - 2.7 - "SHORT TERM BORROWINGS"

SECURED

Working Capital Limits

-From Banks

5,452.11

3,300.10

UNSECURED

Short Term Loans

-From Banks

200.00

-

5,652.11

3,300.10

NOTE - 2.8 "TRADE PAYABLES"

- Due to Micro ,Small & Medium Enterprises

1.59

1.32

- Due to Others

1,943.32

1,397.00

1,944.91

1,398.32

NOTE - 2.9 "OTHER CURRENT LIABILITIES"

Current Maturities of Long Term Debts

1,140.15

841.11

Current Maturities of Other Loans

3.17

3.95

Current Maturities of Foreign Currency Convertible Bonds

-

1,471.38

Interest accrued but not due on borrowings

23.22

17.99

Advances From Customers

62.82

30.69

Other Payables

69.33

94.17

1,298.69

2,459.29

NOTE - 2.10 "SHORT TERM PROVISIONS"

Proposed Dividend

22.43

22.43

Tax on Proposed Dividend

3.64

3.64

Provision for Income Tax (Net of Advance Tax & TDS)

106.22

96.97

Provision for Excise Duty On Finished Goods

7.29

7.56

Provision for Employee Retirement Benefits

8.57

6.03

Provision for Redemption Premium on FCCB

-

733.55

148.14

870.17

NOTE - 2.11 "FIXED ASSETS" - Tangible Assets

(Rs. in Millions)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At April 1, 2011	Additions*	Sale/ Deletion*	As At March 31, 2012	Up To March 31, 2011	During the Year	Deletion / Adjustments	Up To March 31, 2012	As At March 31, 2012	As At March 31, 2011
Freehold Land & Site Development	972.38	0.00	86.50	885.88	-	-	-	-	885.88	972.38
Leasehold Land	3.27	-	-	3.27	0.12	0.04	-	0.16	3.11	3.15
Buildings	1,139.40	115.58	-	1,254.98	140.11	38.35	-	178.46	1,076.51	999.28
Tube Well	8.89	1.50	-	10.40	1.05	0.30	-	1.35	9.05	7.84
Plant & Machinery	4,739.29	1,178.85	-	5,918.14	1,124.53	397.67	-	1,522.20	4,395.94	3,614.76
Plant & Machinery (R & D)	1,099.17	454.44	-	1,553.62	162.91	58.99	-	221.90	1,331.72	936.27
Boiler	170.70	0.00	-	170.70	4.48	17.29	-	21.77	148.93	166.22
Pollution Control Equipment	75.25	0.00	-	75.25	24.15	3.57	-	27.72	47.53	51.10
Laboratory	74.12	6.83	-	80.94	14.78	3.59	-	18.37	62.57	59.33
Miscellaneous Fixed Assets	652.85	140.68	-	793.54	210.26	73.29	-	283.56	509.98	442.59
Furniture & Fixture	72.92	4.12	-	77.04	14.65	4.63	-	19.28	57.76	58.27
Motor Vehicles	61.32	4.60	3.83	62.08	21.59	6.03	1.32	26.29	35.79	39.73
Computer	23.08	5.74	-	28.82	11.41	3.46	-	14.87	13.95	11.67
Total	9,092.64	1,912.35	90.33	10,914.66	1,730.05	607.22	1.32	2,335.94	8,578.71	7,362.59
Previous Year	7,541.69	1,714.67	163.72	9,092.64	1,269.09	460.96	-	1,730.05	7,362.59	6,272.61

*includes addition on account of foreign exchange fluctuation on FCBs amounting to Rs. 1.10 millions during the year (Previous Year deletion Rs. 16.10 millions)

Particulars	As At March 31, 2012	(Rs. in Millions) As At March 31, 2011
NOTE - 2.12 "NON CURRENT INVESTMENTS"		
Trade Investments		
Equity Instruments		
UNQUOTED		
In Subsidiary Companies -		
1 Equity Share Of 1 USD fully Paid Up		
In Nectar Capital Ltd.-Mauritius	-	-
(Absolute amount Rs. 45)		
1 Equity Share Of 1 GBP fully Paid Up		
In Nectar Lifesciences UK Ltd.-England	-	-
(Absolute amount Rs. 75)		
A	-	-
Non Trade Investments		
Equity Instruments		
UNQUOTED		
20 Equity Shares of Rs. 50/- each in The Thane Janta	0.00	0.00
Sahakari Bank Ltd		
(Absolute amount Rs. 1000)		
50,000 Equity Shares of RS. 10/- each,	0.50	0.50
fully paid up in Nimbua Greenfield (Punjab) Ltd		
B	0.50	0.50
Total (A+B)	0.50	0.50

NOTE - 2.13 "LONG TERM LOANS & ADVANCES"

Security Deposits	16.54	12.52
MAT Credit Entitlement	516.22	387.38
Unsecured Loans & Advances to Related Parties*	-	
- Considered Good	98.46	98.46
- Considered Doubtful	16.38	16.38
	647.61	514.75
Less: Provision for Doubtful Advances	16.38	16.38
	631.22	498.37

*Includes amount of advance towards share application money pending allotment Rs. 114.83

NOTE - 2.14 "OTHER NON CURRENT ASSETS"

Misc Expenses (To The Extent not Written off)	0.30	0.38
Less :- Written off During the Year	0.08	0.08
	0.23	0.30

Particulars	As At March 31, 2012	(Rs. in Millions) As At March 31, 2011
-------------	-------------------------	--

NOTE - 2.15 "CURRENT INVESTMENTS"

NON TRADE
QUOTED

1,600 EQUITY SHARES OF RS. 10/- EACH fully paid up In Vijaya Bank.	0.04	0.04
1,271 EQUITY SHARES OF RS. 10/- EACH fully paid up In Yes Bank Ltd.	0.06	0.06
1 EQUITY SHARE OF RS. 10/- each fully paid up In Aurobindo Pharma Ltd. (Absolute amount Rs. 314, Previous Year Rs. 314)	0.00	0.00
2,350 EQUITY SHARES OF RS. 10/- EACH fully paid up In Parsvanath Developers Ltd.	1.31	1.31
12,267 EQUITY SHARES OF RS. 10/- EACH fully paid up in Punjab Alkalies & Chemicals Ltd.	0.33	0.33
PNB - Principal Mutual Fund	1.00	1.91
SBIMF- MICF-Daily Dividend Scheme	-	51.00
	<u>2.74</u>	<u>54.65</u>
A		
Less: Provision for Loss on Investment	1.33	1.33
	<u>1.41</u>	<u>53.32</u>

Market Value of quoted investments as at 31st March, 2012 Rs. 1.88 millions (Previous Year Rs. 53.98 millions)

NOTE - 2.16 "INVENTORIES"

(As Certified by The Management)

Raw Material	330.03	472.35
Work In Progress	4,922.74	3,679.66
Finished Goods	346.52	311.21
Stocks in Trade	213.91	145.60
Other Miscellaneous Stocks	100.97	100.03
	<u>5,914.16</u>	<u>4,708.85</u>

(Inventory includes material with third parties and stock in transit)

Particulars	(Rs. in Millions)	
	As At March 31, 2012	As At March 31, 2011

NOTE - 2.17 "TRADE RECEIVABLES"

(Unsecured)

Debts outstanding for a period exceeding six months
from due date of payment

Considered Good	108.96	40.98
Considered Doubtful	38.90	21.00
	<u>147.86</u>	<u>61.98</u>
Less: Provision For Doubtful Debts	38.90	21.00
	<u>108.96</u>	<u>40.98</u>
Other Debts		
Considered Good	2,935.97	3,070.30
	<u>3,044.93</u>	<u>3,111.28</u>

NOTE - 2.18 "CASH & BANK BALANCES"

Balance With Banks

In Current Accounts	256.40	312.88
In Fixed Deposits	0.00	10.00
In Unclaimed Dividend & Share Application Money Accounts	0.80	0.81
Cash In Hand (Incl Staff Imprest)	2.04	2.05
	<u>259.25</u>	<u>325.75</u>

NOTE - 2.19 "SHORT TERM LOANS & ADVANCES"

Excise Balances	103.33	81.70
Other Loans & Advances	947.14	938.59
	<u>1,050.47</u>	<u>1,020.29</u>

NOTE - 2.20 "OTHER CURRENT ASSETS"

Export and Other Incentives Accrued	182.94	198.95
Insurance Claim Receivable :		
-Considered Good	43.56	21.51
-Considered Doubtful	17.87	-
	<u>244.36</u>	<u>220.46</u>
Less: Provision for Doubtful Insurance Claim	17.87	-
	<u>226.49</u>	<u>220.46</u>

Particulars	Year Ended March 31, 2012	(Rs. in Millions) Year Ended March 31, 2011
NOTE - 2.21 "REVENUE FROM OPERATIONS"		
Sale of Manufactured Products		
- Export	6,461.62	3,319.77
- Domestic	6,194.83	6,908.15
Trading Sale		
- Export	86.77	358.41
- Domestic	674.16	571.37
Gross Sales	13,417.38	11,157.70
NOTE - 2.22 "OPERATING INCOME"		
Outsourcing Income	91.45	62.28
Carbon Credit	6.74	3.87
	98.18	66.14
NOTE - 2.23 "OTHER INCOME "		
Interest On Fixed Deposits	0.09	0.04
Interest Others	128.84	9.26
Dividend From Investments	0.01	0.26
Misc. Income	-	125.00
	128.94	134.56
NOTE - 2.24 "RAW MATERIAL CONSUMED"		
Opening Stock	472.35	533.91
Add:- Purchase of Raw Material	9,763.73	7,042.41
	10,236.08	7,576.32
Less :- Closing Stock	330.03	472.35
	9,906.05	7,103.98
NOTE - 2.25 "CHANGE IN FINISHED GOODS, STOCK IN PROCESS & STOCK IN TRADE"		
Inventory (At Close)		
Finished Goods	346.52	311.21
Stock in Process	4,922.74	3,679.66
Stock in Trade	213.91	145.60
	5,483.16	4,136.47
Inventory (At Beginning)		
Finished Goods	311.21	96.66
Stock in Process	3,679.66	3,172.70
Stock in Trade	145.60	43.87
	4,136.47	3,313.22
	1,346.69	823.24

Particulars	Year Ended March 31, 2012	(Rs. in Millions) Year Ended March 31, 2011
-------------	------------------------------	---

NOTE - 2.26 "EMPLOYEE BENEFIT EXPENSES"

Salaries & Wages	374.96	288.19
Remuneration To Directors	37.19	33.76
Contribution to Provident and Other Funds	23.43	17.89
Staff Welfare	41.01	31.84
	<u>476.59</u>	<u>371.68</u>

NOTE - 2.27 "FINANCE COST"

Interest Expenses	901.78	645.75
Other Borrowing Costs	128.17	95.13
	<u>1,029.95</u>	<u>740.88</u>

NOTE - 2.28 "OTHER EXPENSES"

Manufacturing Expenses		
Consumable Stores	98.05	84.72
Oil & Lubricants	6.01	5.70
Power, Fuel & Steam Expenses	411.21	332.22
Chemical Testing Expenses	10.57	7.44
Packing Expenses	96.94	71.67
Repairs & Maintenance		
-Electricals	3.81	4.99
-Machinery	67.04	52.99
-Building	8.77	7.09
	<u>702.41</u>	<u>566.82</u>
Total (A)		
Administrative Expenses		
Travelling & Conveyance	40.91	26.84
Advertisement & Subscription	1.97	10.03
Books & Periodicals	0.70	0.22
Business Promotion	16.23	7.79
Insurance	26.11	15.81
Electricity Expenses (Office)	1.64	1.59
Postage, Telephone, Telegram	12.85	8.50
Printing & Stationery	9.51	8.44
Professional Fees	17.61	15.11
Rate, Fees & Taxes	8.55	7.34
Vehicle Running & Maintenance	12.25	10.26
Rent	8.41	7.14
Audit Fees	2.00	1.80

Particulars	(Rs. in Millions)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Office Expenses	3.90	3.03
Diwali & Pooja Expenses	3.80	3.17
Donation	14.86	16.65
Directors' Sitting Fees	0.15	0.16
Loss on Sale of Fixed Assets	11.86	17.83
Loss on Sale / Restatement of Investment	0.03	(1.11)
Provision For Doubtful Insurance Claims	17.87	-
Total (B)	<u>211.21</u>	<u>160.61</u>
Selling & Distribution Expenses		
Discount / Samples	12.11	20.64
Freight & Cartage Outward	106.29	65.51
Sales Commission	48.23	44.40
Bad Debts Written Off/ Provision for Doubtful Debts	21.97	8.53
Total (C)	<u>188.60</u>	<u>139.08</u>
Grand Total (A+B+C)	<u>1102.22</u>	<u>866.51</u>

2.29 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES

	As at 31 st March,2012		As at 31 st March,2011	
Particulars	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	76779000	34.24	76602000	34.16
NSR Direct PE Mauritius,LLC	26000000	11.59	26000000	11.59
Mrs. Raman Goyal	21584000	9.62	21584000	9.62
Depository of GDRs	46000000	20.51	46000000	20.51

Note :

Since, the equity shares underlying GDRs held by Deutsche Bank Trust Company Americas being depository of GDRs, hence disclosed per se.

Reconciliation of the number of shares outstanding :

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Equity shares at the beginning of the year	224260970	224260970
Add: Shares issued during the year	Nil	Nil
Equity shares at the end of the year	224260970	224260970

2.30 SECURED LOANS

- I. Term Loans from various banks are secured by way of First Pa ri 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.

Repayment Schedule of Term Loans :

Year of Repayment	Amount (Rs. In Millions)
1 - 2	1606.00
2 - 5	2023.31
> 5	Nil

Other Loans comprise of Vehicle Loans which are secured against hypothecation of respective vehicles.

Repayment Schedule of Vehicle Loans :

Year of Repayment	Amount (Rs. In Millions)
1 - 2	3.43
2 - 5	3.44
> 5	Nil

- 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.

2.31 FIXED ASSETS

A sum of Rs. 454.44 millions (previous year Rs.368.90 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.

2.32 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.

2.33 CURRENT LIABILITIES

- I. The principal amount remaining unpaid as at 31st March 2012 in respect of enterprises covered under the “Micro, Small and Medium Enterprises Development Act, 2006” are Rs. 1.59 millions (previous year Rs. 1.32 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act Rs. 0.05 millions (previous year Rs 0.03 millions) is remaining unpaid as of 31st March 2012. The principal amount that remained unpaid as at 31st March 2011 was paid during the year. The list of undertakings covered under MSMDA 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. 0.88 million (previous year Rs. 0.81 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.

2.34 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in millions)

S.No.	Particulars	31.03.2012	31.03.2011
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:- **		
	-Income Tax matters	5.97	26.59
	-Excise matters	4.16	-
	-Service Tax matters	13.35	-
ii)	Bank Guarantees	26.84	4.50
iii)	Bills Discounted	583.78	39.95
iv)	Letter of Credit (Foreign / Inland)	560.00	482.40
v)	Other money for which Company is contingently liable		
	a) Differential amount of custom duty in respect of machinery imported under EPCG Scheme	1.80	38.08
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	104.91	292.44

** 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.

2.35 PAYMENT TO AUDITORS

(Rs. In Millions)

Particulars	2011-12	2010-11
Statutory Audit and Limited Review Fees	1.70	1.50
Tax Audit Fee	0.30	0.30
Service Tax	0.25	0.19

2.36 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 for 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. 122.16 million (Previous Year Rs 6.20 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.

2.37 LEASES

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/cancellable 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. 8.49 millions (Previous Year Rs. 7.14 millions).

2.38 EMPLOYEE RETIREMENT 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

Changes in Present Value of Obligations (Rs. In millions)

	Gratuity	Earned leave
Present Value of Obligations as at 1st April 2011	17.45	12.68
Acquisition adjustment	----	-----
Interest Cost	1.48	1.08
Past Service Cost	-----	-----
Current Service Cost	5.53	7.73
Curtailment Cost/ (Credit)	-----	-----
Settlement Cost/ (Credit)	-----	-----
Benefits paid	(0.95)	(2.04)
Actuarial (gain)/loss on obligations	1.69	(1.63)
Present Value of obligations as at 31st March 2012	25.21	17.81

Changes in the Fair Value of Plan Assets (Rs. In millions)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2011	-----	-----
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 2012	-----	-----

Fair Value of Plan Assets (Rs. In millions)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2011	-----	-----
Acquisition Adjustments	-----	-----
Actual Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Fair Value of Plan Assets as at 31st March 2012	-----	-----
Funded Status	(25.21)	(17.81)

Actuarial Gain/Loss Recognized (Rs. In millions)

	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	(1.69)	1.63
Actuarial gain/(loss) for the year – Plan Assets	-----	-----
Total (gain)/ loss for the year	1.69	(1.63)
Actuarial (gain)/ loss recognized in the year	1.69	(1.63)
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 31 st March 2012	25.21	17.81
Fair value of plan assets as at 31 st March 2012	-----	-----
Funded Status	(25.21)	(17.81)
Unrecognised actuarial (gains)/losses	-----	-----
Net asset/(liability) recognised in the balance sheet	(25.21)	(17.81)

Expenses recognised in the Profit & Loss Account (Rs. In millions)

	Gratuity	Earned leave
Current service cost	5.53	7.73
Past service cost	-----	-----
Interest cost	1.48	1.08
Expected return on plan assets	-----	-----
Curtailment cost/(credit)	-----	-----
Settlement cost/(credit)	-----	-----
Net actuarial (gain)/loss recognised in the period	1.69	(1.63)
Expenses recognised in the Profit & Loss Account	8.71	7.17

Valuation Assumptions

Discount Rate	8.5%
Estimated rate of increase in compensation levels	6%

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.

2.39 TAX EXPENSE COMPRISES OF:

	2011-2012	2010-2011
- Current Tax	171.00	239.42
- Deferred Tax	122.16	6.20
- MAT Credit Entitlement	(171.00)	(83.24)
	<u>122.16</u>	<u>162.38</u>

2.40 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)

S.No	Particulars	31.03.2012	31.03.2011
(a)	India	6868.99	7479.30
(b)	Outside India	6548.39	3678.40
	Total Sales	13417.38	11157.70

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

2.41 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: -

a) Relationship

i) Subsidiary Companies

Chempharma Private Limited, Sri Lanka - Wound up during the previous 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
*(resigned w.e.f. 31st July 2012)

iv) Relatives of the Key Management Personnel

Smt. Raman Goyal

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

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

i) Subsidiary Companies

(Rs. In millions)

Sr. No.	PARTICULARS	31.03.2012	31.03.2011
i.	Investments during the year (*Absolute Amount Rs. 120)	Nil	-*
	Balance at year end (*Absolute Amount Rs. 120)	-*	-*
ii.	Loans & Advances Paid During The Year	0.31	0.33

ii) Key Management Personnel and their relatives

(Rs. In millions)

Sr. No.	PARTICULARS	31.03.2012	31.03.2011
i.	Remuneration & Perquisites	37.19	33.76
ii.	Salary	-	0.21

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

(Rs. In millions)

Sr. No.	PARTICULARS	31.03.2012	31.03.2011
i.	Investments during the year	0.01	Nil
	Balance at year end	114.84	114.83
ii.	Rent	0.96	0.96

2.42 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

During the year 2006-2007, the Company raised Zero Coupon FCCBs aggregating 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 but 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 financial year 2011-12 as well as for the previous financial year 2010-11 has been charged to Profit & Loss Account. In earlier years upto 2009-10, 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. However, in the current financial year, expenses relating to the period ended 31st March 2010 were charged to the Profit and Loss under Reserves & Surplus and reversed from Securities Premium Account.

2.43 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.

2.44 EARNINGS PER SHARE (EPS)

PARTICULARS	UNIT	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
Profit After Tax (Before Previous Year Adjustments)	Rs in million	732.16	1042.00
No of Shares Outstanding	Nos.	224260970	224260970
No of Weighted Average equity shares	Nos.	224260970	224260970
Diluted	Nos.	224260970	224260970
Nominal value of equity shares	Re.	1.00	1.00
Earnings per Share			
-Basic	Rs.	3.27	4.65
-Diluted	Rs.	3.27	4.65

2.45 Other Borrowing Costs include losses on account of foreign exchange fluctuation (net) amounting to Rs. 18.68 millions (Previous Year gain of Rs. 10.45 millions)

2.46 DETAIL OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED

a) RAW MATERIAL CONSUMED

(Rs. In millions)

Sr.No	Particulars	Amount	2011-2012 (%age)	Amount	2010-2011 (%age)
1.	Imported	2726.61	27.52	3996.14	56.25
2.	Indigenous	7179.44	72.48	3107.84	43.75

b) STORES & SPARES CONSUMED

(Rs. In millions)

Sr.No	Particulars	Amount	2011-2012 (%age)	Amount	2010-2011 (%age)
1.	Imported	10.36	10.57	0.95	1.12
2.	Indigenous	87.69	89.43	83.77	98.88

2.47 OTHER INFORMATION

(Rs. In millions)

	Particulars	2011-2012	2010-2011
(a)	CIF Value of Imports		
1.	Raw Material	2735.72	4738.95
2.	Capital Goods and Stores & Spares	34.62	58.21
(b)	Expenditure in Foreign Currency		
1.	Travelling Expenses	5.91	6.71
2.	Export Commission	27.48	25.93
3.	Other Expenses	9.42	7.36
(c)	Remittances in Foreign Currency		
1.	Raw Material	3058.48	4241.52
2.	Capital Goods and Stores & Spares	44.36	57.18
3.	Redemption of FCCB	2218.62	-
(d)	Expenditure in Foreign Currency on account of dividend		
	Particulars	2011-2012	2010-2011
1.	Number of Non Resident Shareholders	2	2
2.	Number of Equity Shares held by them	72000000	72000000
3.	(i) Amount of Dividend Paid	7.2	-
	(ii) Year to which dividend relates	2010-11	-
(e)	Earning in Foreign Currency		
	Particulars	2011-2012	2010-2011
	FOB Value of Exports	6548.39	3678.40

- 2.48 Due to applicability of Revised Schedule VI with effect from current financial year, the Company has reclassified previous year's figures to conform to this year's classification.

FOR NECTAR LIFESCIENCES LIMITED

As per our report of even date

Chartered Accountants.
Firm Regn. No. 006185N

Sanjiv Goyal
Chairman & Managing Director

Aryan Goyal
Executive Director

Saurabh Goyal
Executive Director

Yogesh Monga
Partner
M. No. 099813

Sunder Lal
Company Secretary

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Place : Chandigarh
Dated : 09.08.2012

Statement of Subsidiaries

(Rs. in Million)

Detail of Subsidiary Companies

S No.	Particulars	Nectar Capital Ltd	Nectar Lifesciences UK Ltd
1	Financial year Ended On	31-3-2012	31-3-2012
2	Capital	0.00005	0.00008
3	Reserves	NIL	NIL
4	Total Assets	(0.84)	(0.01)
5	Total Liabilities	(0.84)	(0.01)
6	Details of Investments (except in case of investment in the subsidiaries)	NIL	NIL
7	Turnover	NIL	NIL
8	Profit before Taxation	(0.34)	
9	Provision for Taxation	NIL	NIL
10	Profit after Taxation	(0.34)	
11	Proposed Dividend	NIL	NIL

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	Nectar Capital Ltd	31-3-2012	USD	1 USD = Rs 50.94
2	Nectar Lifesciences UK Ltd	31-3-2012	GBP	1 GBP = Rs 75.00



ANNUAL GENERAL MEETING
Nectar Lifesciences Limited
ATTENDANCE SLIP

DATE September 29, 2012	VENUE Nectar Lifesciences Limited Village Saidpura, Tehsil Derabassi, Distt. Mohali (PB.)	TIME 9.30 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 29, 2012 and at any adjournment thereof.

As witness my/our hand(s) this.....day of, 2012.

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. Saurabh Goyal	:	Executive Director
4. Mr. Vivek Sett	:	Director
5. Mr. Vijay J. Shah	:	Independent Director
6. Mr. B.K. Goswami, I.A.S. (Retd.)	:	Independent Director
7. Dr. (Maj.Gen.) S.S. Chauhan, VSM	:	Independent Director
8. Mr. Raman Kapur	:	Independent Director
9. Mr. Ajay Swaroop	:	Independent Director

Vice President (Finance)

Mr. Sandeep Goel

Vice President (Accounts)

Mr. R.K. Aggarwal

Vice President & 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 Dharampur,
Tehsil Nalagarh, Distt. Solan (HP)
- IV. **Formulation Unit**
Village Bhatoli Kalan, Pargana Dharampur,
Tehsil Nalagarh, Distt. Solan (HP)
- V. **Narbada Industries**
Plot No. 2, Lane No. 4, Phase II,
SIDCO Industrial Complex,
Bari Barhmana, 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



Nectar Lifesciences Ltd.

SCO 38-39, Sector 9D, Madhya Marg, Chandigarh 160009 (INDIA)
www.neclife.com