


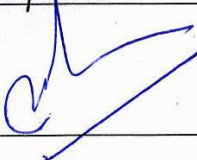


FORM A
Format of covering letter of the annual audit report to be filed with the
stock exchanges

1.	Name of the Company:	Nectar.Lifesciences Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	• CEO/Managing Director	
	• CFO	
	• Auditor of the company	
	• Audit Committee Chairman	



ANNUAL REPORT 2012-2013



Growth, Consistency & Sustainability

USFDA	FSSC	KOSHER	PMDA	WHO GMP	ISO 9001:2008	ISO 14001:2004
EUGMP	KFDA	HALAL	ANVISA	SA 8000	ISO 22000:2005	OHSAS 18001:2007

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 management'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 can not guarantee that these forward looking statements will be realised , although we believe we have been prudent in assumptions. 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 **17** ◆ Auditors Report **29** ◆ Balance Sheet **32**
- ◆ Profit & Loss Account **33** ◆ Cash Flow Statement **34** ◆ Accounting Policies **36**
- ◆ Notes **38** ◆ Consolidated Accounts **55** ◆ Statement of Subsidiary Companies **80**

Notice

NECTAR LIFESCIENCES LIMITED

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

Notice is hereby given that the 18th Annual General Meeting of the members of Nectar Lifesciences Limited will be held on Monday, the **30th day of September, 2013** at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab at **10.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 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, 2013.
3. To appoint a Director in place of Mr. Vijay J. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajay Swaroop who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Datta Singla & Company, Chartered Accountants, the retiring Auditors of the company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Harparkash Singh Gill, who was appointed as an additional director of the company by the Board of directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing under section 257 proposing his candidature for the office of director, be and is hereby appointed as a director of the company, who will be liable to retire by rotation.”

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 appoint Mr. Harparkash Singh Gill, as a Wholtime Director designated as President (Operations) & Director of the company for a period of 3 years w.e.f. November 01, 2012 on the terms and conditions including remuneration as are set out herein below:

1. With effect from November 1, 2012 till December 31, 2012:
 - a) **Salary and Allowances:** Rs. 220542.00 (Rupees Two Lac Twenty Thousand Five Hundred and Forty Two only) per month.
 - b) **Perquisites:** He shall be entitled to medical reimbursement, Leave Travel and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 0.63 lacs per annum.
 - c) He is also entitling to proportionate bonus equivalent to his one month salary and perquisites in a financial year.
2. With effect from January 1, 2013 till March 31, 2013:
 - a) **Salary and Allowances:** Rs. 153551.00 (Rupees One Lac Fifty Three Thousand Five Hundred and Fifty One only) per month.
 - b) **Perquisites:** He shall be entitled to medical reimbursement, Leave Travel and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 0.63 lacs per annum.
 - c) He is also entitling to proportionate bonus equivalent to Rs. 225792.00 in a financial year.
3. With effect from April 1, 2013 till the end of his tenure:
 - a) **Salary and Allowances:** Rs. 164840.00 (Rupees One Lac Sixty Four Thousand Eight Hundred and Forty only) per month or such other increment as may be decided

by the Board of Directors from time to time.

- b) **Perquisites:** He shall be entitled to medical reimbursement, Leave Travel and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 0.63 lacs per annum.
- c) He is also entitled to bonus not exceeding Rs. 237081.00 in a financial year.

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

By order of the Board of Directors
of Nectar Lifesciences Limited

(Sunder Lal)
Company Secretary

Date: August 13, 2013

Place: Chandigarh

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 21, 2013 to September 30, 2013** (Both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if declared, on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. Reserve Bank of India has introduced Electronic Clearing Service (NECS) for facilitating crediting of dividend directly to the shareholder's bank account. This facility eliminates loss of dividend warrants sent by post due to pilferage in transit, delay in receipt of dividend warrants and ensures quick credit of the dividend. Members holding shares in dematerialised form are requested to notify / update their ECS details to / with their respective Depository

Participants. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.

6. Members holding shares in dematerialised form are requested to ensure that addresses furnished by them to their respective Depository Participants are correct and up-to-date, so that the correspondence from company could reach them promptly. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.
7. Members desirous of having any information as regards accounts are requested to write to the company at least Seven days in advance so as to enable the Management to keep the information ready.
8. Members may please note that no gifts shall be distributed at the meeting.
9. The Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956 is annexed herewith.
10. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the registered office of the company during business hours on all working days upto the conclusion of Annual General Meeting.
11. In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send all future communications including the annual report through email to those shareholders, who have registered their e-mail id with their depository participant/ Company's registrar and share transfer agent. In case a shareholder wishes to receive a printed copy of such communications, he/she may please send a request to the Company, which will send a printed copy of the communication to the shareholder.

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

Item No. 6

Mr. Harparkash Singh Gill has been appointed as Additional Director and vacates his office at the ensuing Annual General Meeting. However, the company has received a notice under section 257 of the Companies Act, 1956, from him signifying his intention to propose his candidature as a regular director of the company. Members are requested to consider and approve his appointment as regular director of the company.

Mr. Harparkash Singh Gill, aged 59 years, holds a B.E. (Electrical) degree and was selected through UPSC, as Marketing Development Officer in Directorate and Marketing Inspection, Ministry of Agriculture and Rural Development, Govt. of India. He has worked with various companies at senior positions before being moving to Nectar Lifesciences Limited in 2005. From 2005, he has worked at various positions in your company. Considering his contributions and work performance, the Board of Directors had decided to induct him on the Directorate of the company.

He does not hold any equity share in the Company. He is also does not have directorship in any other company.

None of the Directors except Mr. Harparkash Singh Gill is interested in the proposed resolution.

Item No. 7

Members may please note that Mr. Dinesh Dua has resigned from the company with effect from July 31, 2012. Then, the Board of Directors, keeping in view of the magnitude of operations of the company and performance of Mr. Harparkash Singh Gill, had decided to induct him on the Directorate of the company and appointed him Wholetime Director designated as President (Operations) & Director for a period of 3 years with effect from November 1, 2012, subject to the approval of Members in their General Meeting.

Members are requested to consider and approve his appointment on the terms and conditions embodied in the resolution for a period of 3 (three) 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.

None of the Directors except Mr. Harparkash Singh Gill is interested in the proposed resolution.

By order of the Board of Directors
of Nectar Lifesciences Limited

(Sunder Lal)
Company Secretary

Date: August 13, 2013
Place: Chandigarh

Board of Directors' Report of M/S Nectar Lifesciences Limited

Dear members,

Your Directors have pleasure in presenting the 18th 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, 2013.

Financial results	(Rs. in millions)	
	March 31, 2013	March 31, 2012
Sales and other income	16907.24	13644.50
Profit before interest and depreciation	3061.20	2614.45
Interest	1154.89	1152.50
Depreciation & Amortisation	759.56	607.29
Profit before tax	1146.75	854.66
Tax Expenses	290.09	122.16
Profit after tax available for Appropriations	856.66	732.50
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	830.59	706.43

During the Year:

Sales and other income are up by 23.77%.

Profit before interest and depreciation is up by 17.09%.

Profit after tax is up by 16.95%.

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 2012-13 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

Subsidiary companies

The company has 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 by these subsidiaries. M/s Nectar Capital Limited stand wound up on August 3, 2012, however final orders from Mauritius authorities are awaited.

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 31.03.2013		For the previous financial years since it become a subsidiary	
				Profits/ (losses) so far it concern 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, 2013	May 27, 2010	1 ordinary share of US\$1 100%	NIL	NIL	NIL	(-)785063
M/s Nectar Lifesciences UK Limited	March 31, 2013	March 1, 2011	1 ordinary share of GBP1 100%	NIL	NIL	NIL	(-)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, 2013 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 21, 2013 to September 30, 2013 (both days inclusive) for Annual General Meeting and payment of dividend, if declared, on equity shares.

Directors

Mr. Vijay J Shah and Mr. Ajay Swaroop, Directors will retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends their reappointment. Further, on November 1, 2012 Mr. Harparkash Singh Gill has

been appointed as Additional Director and vacates his office at the ensuing Annual General Meeting. However, the company has received a notice under section 257 of the Companies Act, 1956, from him signifying his intention to propose his candidature as a regular director of the company. Mr. Gill has also been appointed as Wholetime Director designated as President (Operations) & Director, subject to the approval of members in their ensuing Annual General Meeting.

The Board recommends the appointment of Mr. Harparkash Singh Gill as regular director as well as Wholetime Director designated as President (Operations) & Director of the company.

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, 2013, 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, 2013 on a 'going concern' basis.

Auditors

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

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

Auditors' Report

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

Cost Audit

The 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 2011-12, 2012-13 and 2013-14.

The Cost Audit Reports for the financial year 2011-12 have been filed on February 28, 2013, being on extended due date.

The Due date for filing of Cost Audit Reports for the financial year 2012-13 is September 30, 2013. 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 aimed to conduct its affairs in an ethical manner. A separate Report on Corporate Governance forms a part of the Annual Report. A certificate from the Company's Auditors regarding the Compliance of Conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is given in Annexure II.

Acknowledgement

Your Directors would like to express their sincere and grateful appreciation for the assistance and cooperation received from bankers and government authorities and also thank the shareholders for the confidence reposed by them in the Company and looks forward to their valuable support in the future plans of the Company.

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

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

Place : Chandigarh
Dated: August 13, 2013

**(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

The company is committed towards energy conservation. The company has an agro-based 6 MW captive power plant besides a standby 6 MW captive power plant, and both are 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 Basouli, Lalru, Dist. S.A.S. Nagar (Pb.) 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 Basouli, Lalru, Dist. S.A.S. Nagar (Pb.). The power so generated would cater to the power requirement and would reduce the energy cost of the company.

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

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		2012-13	2011-12
1. Electricity			
(a) Purchased			
Unit	16192591	13742520	
Total amount (Rs.)	95401055.00	70127042.00	
Rate / unit (Rs.)	5.89	5.10	
(b) Own generation			
(i) Through diesel generator			
Unit	6831274	3330576	
Total amount (Rs.)	74583072.00	32229538.00	
Rate / unit (Rs.)	10.92	9.68	
(ii) Through stream turbine/generator			
Unit	31375443	33589847	
Total amount (Rs.)	90322370.00	87504910.00	
Rate / unit (Rs.)	2.88	2.61	
2. Coal			
Quantity (tones)	-	-	
Total Costs (Rs.)	-	-	
Average Rate (Rs.)	-	-	
3. Furnace oil			
Quantity (MT)	609.27	1022.07	
Total costs (Rs.)	25410501.00	39215546.00	
Average rate (Rs.)	41706.47	38368.75	
4. Others/ internal generation			
Quantity	-	-	
Total costs (Rs.)	-	-	
Average rate (Rs.)	-	-	
B. Consumption per unit (MT) of production	2012-13	2011-12	
Electricity (Units)	7471.34	6986.18	
Coal (MT)	-	-	
Furnace oil (Liters)	101.90	177.68	
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 14 years experience in dealing with Beta-lactams manufacturing & process research. Nectar has invested consistently in research teams and infrastructure. Its team comprises qualified scientist (PhDs & Post grads) in

Analytical & chemical research including patent holders in the Cephalosporin 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 Intermediaries & APIs.

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

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

1. API Synthetic processes developed and validated –
 - 6 new processes have been developed successfully at lab scale.
 - 2 processes have been validated successfully at plant scale and 4 validations are going on.
 - 4 new processes are under development and expected to complete by mid of 2013-14.
2. Formulations developed and validated –
 - 5 new formulations have been developed successfully at lab scale.
 - 5 formulations processes/developments have been validated at plant scale and 3 more validations are going on and expected to complete by mid 2013-14.
 - 9 new analytical methods have been developed with 5 methods successfully validated and others are going on.
 - 7 new formulation developments and validations are planned in 2013-14.

3. Future plan of action

NLL has hugely emphasized on R&D both to be cost effective and create IP asset.

- Number of future API and Formulations R&D projects planned are 11.
- NLL is actively working on evaluating options to foray into Non Cephs Therapeutic areas.

4. Expenditure on R & D

Total R & D expenditure as a percentage of total turnover: 2.14%

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.

(Rs. in Millions)		
2. a)	Foreign exchange earnings during the financial year ended on March 31, 2013	9910.03
b)	Foreign exchange outgo during the financial year ended on March 31, 2013	2688.14

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

Place : Chandigarh (Sanjiv Goyal)
 Dated: August 13, 2013 Chairman and 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, 2013, 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: 14.05.2013
Place: Chandigarh

Name: Yogesh Monga
Partner
Membership no.: 99813

Annexure III to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

Global Pharmaceutical Industry Overview:

After the roller-coaster year of 2012, it's easy to overlook the exciting opportunities in life sciences: technological advances, new business models, and global markets. The global pharmaceutical industry, after experiencing a shrink during 2009-2011, is now in its recovery period, which will be followed by its growth.

Global Pharmaceutical market was around \$900 billion in 2011, is expected to reach nearly \$1.2 trillion in 2016, reflecting a growth rate of four-six per cent over the five year period, compared to 6.2% annual growth over the past five years. Growth will be primarily driven by higher generic spending (accounting for 3/4th of the total increase) and increasing medical expenditure. (Source: IMS)

Decline in global pharmaceutical market was largely due to the economic recession. Meanwhile, pharmaceutical markets in some developing regions, like Asia and Latin America have been continuously witnessing huge growth rate for last few years on

account of increasing prevalence of diseases, rising healthcare spending, and increasing affordability.

The pharmerging countries including China, India, Brazil, Russia, Venezuela, Poland, Argentina, Turkey, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and Ukraine (hereinafter collectively referred as the "pharmerging countries") will be the primary growth drivers with market share likely to rise to 30% by 2016 from 20% in 2011. Simultaneously, the share of developed markets is likely to be 57% by 2016, led by around US\$ 100 Billion of patent expiry in next five years. Gradually growth of Pharmaceutical Industry is gravitating from developed countries to emerging markets. (Source: IMS)

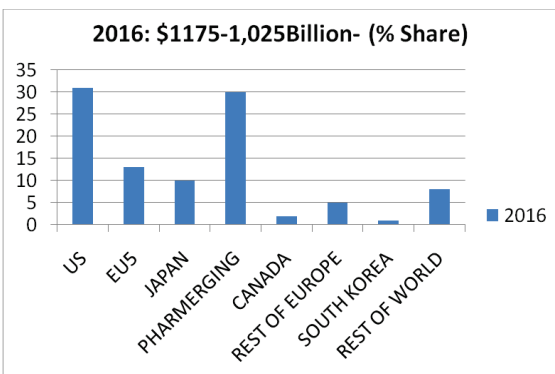
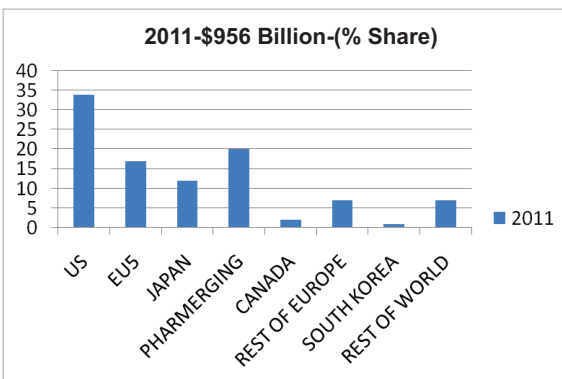
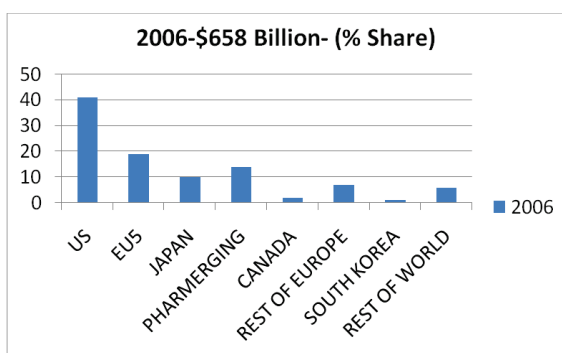
Global Spending on Medicines

Global spending on medicines annually will grow to nearly \$1.2 trillion by 2016, as the pharmerging markets and generics will contribute a greater share of spending.

Pharmerging markets share of spending will increase by 10 percentage points to 30% of global spending over the next five years, as population and economic growth will drive a dramatically higher use of medicines in these markets.

There will be an accelerated shift in spending to generics; biologic medicines are expected to account for \$200-210Billion of global spending, while biosimilars will be between \$4-6Billion, and 2% of biologics spending.

Spending By Geography:

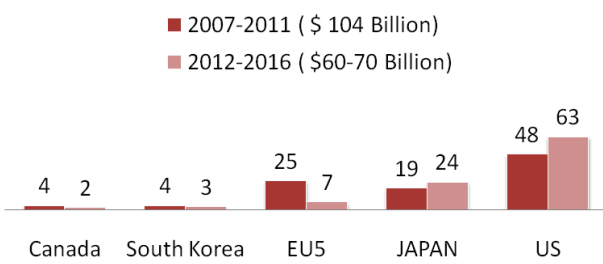


(Source: IMS)

Developed Market Future:

Developed markets are expected to have a stable market share in the next 5 years than in the last five due to patent expiries and the sustained impact of the economic crisis.

Contribution to Developed Market Growth (% age)



Pharmerging markets will grow by \$150-165Billion over five years:

- Rising incomes, combined with continued low costs of medicines, will drive significant increases in affordability of basic medicines.
 - Pharmerging countries are expected to nearly double their pharmaceutical spending, adding upto \$150-165Billion by 2016.
 - Generic and other products will account for approximately 83% of the increase.
 - Patients face substantial out-of-pocket costs in these markets, with a few exceptions, which limit the usage of brands and expensive newer medicines.
 - Government-supported or funded programs will continue to increase access to medicines, limit patients' exposure to costs and encourage greater use of medicines.
- (Source: IMS)

Active Pharmaceutical Ingredients (APIs):

Active Pharmaceutical Ingredients (API) or bulk drugs are the principal ingredients for finished pharmaceutical products. The global API market can broadly be divided into regulated and semi-regulated markets. The semi-regulated markets offer low entry barriers in terms of regulatory requirements and intellectual property rights.

The highly regulated markets, like the United States, Europe and Japan have high entry barriers in terms of intellectual property rights and regulatory requirements, including facility approvals. As a result, there is a premium for quality and regulatory compliance, along with relatively greater stability for both volumes and prices.

The API growth will be fuelled by rise in demand of generics and biological drugs. The API market was valued at US\$ 101.08 billion in 2010, and is expected to grow at a CAGR of 7.9% from 2012 to 2016. Globally, Asia-Pacific is the third largest regional market for APIs by revenue after the US and Europe.

(Source: IMS)

Generic/ Formulations drug Industry:

The global generics market reached a value of US\$ 225 billion in 2011. The patent expiries of blockbuster drugs commencing from 2012 provides a solid base for robust growth of generics. The global generics market is anticipated to reach US\$ 400-450 billion by 2015. Nearly 70% of this demand will be contributed by Pharmerging economies. The cost containment strategies implemented by governments, shift towards affordable generics, ageing population and chronic diseases will catalyze the generics markets. (Source: IMS)

Generic Market Drivers:

Mandatory INN (the indication of the non-proprietary name) prescribing

- Generic first dispensing and prescribing
- Large price differential between generic and originator
- Reimbursement levels
- Patient Co-payments
- Incentives for dispensing/prescribing generics

Indian Pharmaceutical Market:

The Indian Pharmaceutical Industry (IPI) is globally the 3rd largest in terms of volume and 13th largest in terms of value. The total market size of Rs. 1,233 Billion includes domestic consumption market of Rs. 600 Billion (contributing 48.6%) and the exports market being Rs. 633 Billion (contributing 51.4%).

The industry grew at a CAGR of 12.5% during the past five years and is expected to grow at a robust CAGR of 15.1% during Financial Years 2012-17 given huge export potential coupled with steady growth in the domestic formulation market.

Growth in the domestic pharma market will be driven by increase in the penetration of medical facilities, increase in the prevalence of chronic diseases, rising per capita income and increase in the health insurance coverage.

Growth in the exports of pharmaceutical products from India will be driven by patent expiries of the major branded drugs across the world, particularly in the US market.

The growth in the US market will be led by increasing generic penetration and healthy ANDA (Abbreviated New Drug Application) pipeline of Indian pharma players.

In the long term, growth in the exports market will be sustained by emerging markets like Russia, Brazil, S. Africa etc. along with the enhanced focus on the niche and complex product segments such as injectables, inhalers, ophthalmics, dermatology and oral contraceptives. These are high risk - high return product segments. These offer comparatively huge entry barriers; as their clinical trials, approvals and manufacturing process are comparatively more complex and time consuming. Hence very limited number of players has entered these segments resulting in limited competition.

Pharma sector in India is growing at a rapid pace, marked by a number of mergers and acquisitions (M&A) and growth in foreign expenditure. The sector is going to be a major area of focus in the coming years as Indian medicines are increasingly

becoming popular in many parts of the world because of the cost effectiveness and easy availability. The manufacturing cost of Indian pharmaceutical companies is upto 65 percent lower than that of US firms and almost half of that of the European manufacturers.

India's strong competitive advantage

Indian pharmaceutical sector has emerged as key destination for global pharmaceutical 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 pharmaceutical are:

- Increasing per capita income
- Increasing investments by big Multi National Companies
- 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. (Source: IMS)

About Nectar

Nectar Lifesciences Limited (hereinafter referred to as 'Neclife', 'Nectar', 'NLL' or 'the Company') is an integrated pharmaceutical organization incorporated in 1995 based in Chandigarh, India. Nectar Lifesciences Limited has developed fully integrated sustainable production systems to manufacture high quality Cephalosporin intermediates, APIs and Formulations to meet the diverse requirements of its customer base in India and over 50 countries worldwide.

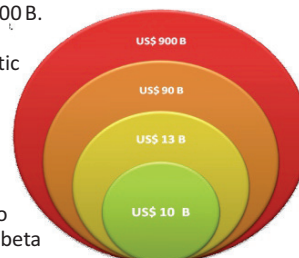
Neclife: A focussed Cephalosporin Player:

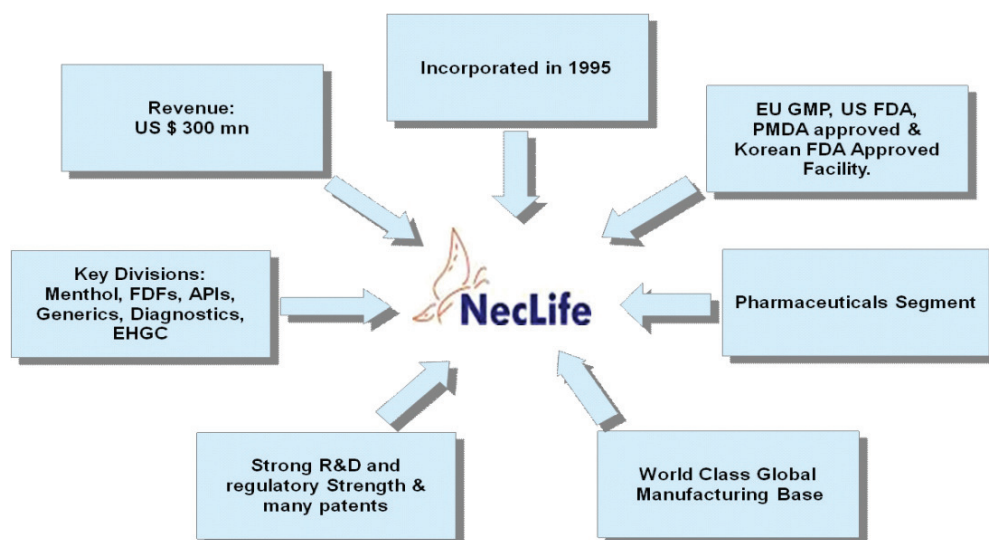
Global pharma market= US\$ 900 B.

Global anti-infective/ anti-biotic market = US\$ 90 B.

Global Cephalosporin market = US\$ 13 B.

Cephalosporin class belongs to a class of antibiotics known as beta lactams





Leading Market Position	Best-in-class Operation	Premium Global Customer Base	Strong Financial Performance
<p>Leadership in oral & injectables cephalosporins</p> <p>Largest producers of mint derivatives</p> <p>Neclife has global presence in over 50 countries across ROW Market and other emerging makets.</p> <p>Rapid Strides in regulated markets</p>	<p>Global Capacities status in Oral and steriles.</p> <p>High Level compliance.</p> <p>Quality by design</p> <p>WHO-GMP, EU GMP Approved and US FDA approved plant</p> <p>Approved from CIS/SEA and African authorities</p>	<p>Neclife is a preferred supplier to many billion dollar companies</p>	<p>Financial Strength to pursue Growth strategy</p> <p>Improved operational Efficiencies and enhanced capacity utilization across all product lines.</p>

Well Position for domestic and global growth in Pharmaceutical Market

NLL GROWTH DRIVERS:



WHERE THE RUPEE IS EARNED

Our existing business operations are primarily concentrated on manufacturing and marketing of oral and sterile cephalosporin's, phytochemicals and allied products. We currently manufacture and sell a comprehensive range of cephalosporin's 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 2012-13 is Rs.6821.80 million whereas export sale is Rs. 9910.70 million.

The summary of turnover of various products is as follows:

Rs. INR millions

Particulars	2012-13
Bulk drugs	
Domestic sales	4010.40
Export sales	2246.00
(A)	6256.40
Phytochemicals	
Domestic sales	1877.20
Export sales	7441.80
(B)	9319.00
Generic, formulations, Diagnostics and EHGC	
Domestic sales	934.20
Export sales	222.90
(C)	1157.10
Total sales (A+B+C)	16732.50

STRONG AND SUSTAINABLE BUSINESS

APIs

Overall, API's witnessed an increase of 10% taking the turnover from Rs 569 Cr to Rs. 626 Cr.

Due to continuous weakening of rupee a strategic decision was made to optimize the international sales so a growth of more than 8% was observed over the last year.

Domestic sales have witnessed an increase of 12% as compared to last fiscal.

Finished Dosage formulations/ EHGC/ Generics/ Diagnostics

Finished dosage Formulations business is marked by a long gestation period in terms of registration and its approval by various authorities across the world. Significant numbers of filings have been done across the world in various geographies. Overall the non-API pharmaceutical business consisting of finished dosages, EHGC, Generics and Diagnostics contributed Rs. 116 Cr during this year.

Regulatory Filings/ Approvals:

The long term vision of NLL is to qualify for highly regulated markets of US, EU and Japan which constitutes 88% of total global pharmaceutical market currently valued at US\$ 850 billion. 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 is EU & Japan.

Although the pricing is extremely lucrative but it is the right time when we qualify and start capturing value which will add to top line revenue.

NLL has filed 35 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. NLL has also filed a number of Formulations dossiers to some of the high-end markets and expects quick approvals for the same. NLL intends to file more ANDAs and EU dossiers for its cephalosporin range of products along with many more API DMFs in 2012-13.

Menthol:

NLL entered in the Menthol Business in 2006 and 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. NLL has a DMF filed for Menthol Crystals & have tied up with mercantile houses, global industry leaders. Menthol business section grew by more than 45%, with overall sales increased to 932 Cr as compared to 641 Cr last fiscal.

Highlights 2012-13:

- Outstanding Exports Performance - Gold, 2012" for herbals from Pharmexcil under Ministry of Commerce. This award was given to Nectar out of 140 companies who were selected in the final round from more than 1000 pharmaceutical companies who were eligible, for the outstanding performance for menthol and mint derivatives, given by Ministry of Commerce, Govt. of India.
- Closed the FY at 1673 INR Cr with a tremendous 25% YoY growth burgeon.
- Submitted 2 more ANDA's USFDA making the total ANDA submissions to 9 till 2012-2013.
- The state of the art Cephalosporin FDF facility was successfully inspected by ANVISA (Brazil) & Francophone Authorities.
- The state of the art Cephalosporin API facility has been reassessed and Recertified for BSi, ISO 14001, OHSAS 18001 & BSi SA-8000.
- Have successfully signed 33 Business development Agreements in ROW Markets.
- In Pharmerging markets, Nectar has submitted 175 products dossiers and received 90 product registrations.

OPPORTUNITIES AND OUTLOOK- NLL's PATH AHEAD

The company expects a positive outlook for the next year. NLL is expecting to continue its strategic entry in US and EU market with a number of filings for its Cephalosporin's range during 2013-14.

The U.S. is the single largest generics market, regardless of the intense competition & pricing pressure. Europe forms the world's 2nd largest generic market, backed by Govt. reforms to curb healthcare cost and increased demand from ageing population.

Japanese generic market: 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 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 attraction for companies willing to enter the market. It is one of the most lucrative destinations for pharmaceutical 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.

FUTURE OUTLOOK:

Strategic Direction:

- Enhance accessibility in the regulated generics business.
- Consolidate its presence in the API business by focusing on regulated markets & pharmerging markets.
- Expand relationships with marque clients with additional new products.
- Enhance market penetration with existing products.
- Focus on long-term partnerships with major pharma companies.
- Increase its operations in emerging markets.
- Focus on Cephalosporin's R & D and work on new cephalosporin molecules.

To unlock the true potential of huge investments made by Neclife in Fixed Assets and Intellectual Property, Neclife is at an inflection point of making strategic entry into highly regulated markets.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Financial results

(Rs. in millions)

	March 31, 2013	March 31, 2012
Sales and other income	16907.24	13644.50
Profit before interest and depreciation	3061.20	2614.45
Interest	1154.89	1152.50
Depreciation & Amortisation	759.56	607.29
Profit before tax	1146.75	854.66
Tax Expenses	290.09	122.16
Profit after tax available for Appropriations	856.66	732.50
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	830.59	706.43

During the Year:

Sales and other income are up by 23.77%.

Profit before interest and depreciation is up by 17.09%.

Profit after tax is up by 16.95%.

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 realize 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 **Fewer 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 assume 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, Punjab providing opportunity to the underprivileged girls who have the desire to fly high.

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. The company's indirect aim is also to bring about an improvement in boys and girls sex ratio in Punjab..

It also aims at providing them the support to participate effectively in the progress of the 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 endeavors 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, stationery and books along with educational CD's to under privileged children.
- o Eye checkup camps for the under privileged.
- o Donate sewing machines for financially weak women.
- o Organised campaigns to provide awareness towards HIV/ STD diseases.
- o Free Dental check up.
- o Free medicine distribution in local hospitals
- o Free medical camps
- o NLL solemnized marriage of an orphan girl

Internal Control Systems:

Neclife believes that sound internal control systems are necessary prerequisites to good and sound governance. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of the Company's operations and the security of its assets.

NECLIFE's internal control systems and procedures are designed to enable the reliable reporting of financial statements, reporting

timely feedback on the achievement of operational or strategic goals and ensure compliance with laws and regulations. In addition to the statutory audit, the financial and operating controls at various locations of the Company are reviewed through internal control. The report of significant findings, if any, is tabled before Audit Committee of the Board. Compliance with various laws and regulations are also monitored continuously.

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.

THREAT AND RISK MANAGEMENT

Risk represents the face of business uncertainty, affecting corporate performance and prospects. Risk management is an integral part of the Neclife'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 may be Stringent Regulatory norms, Economic and Geopolitical issues, delay in regulatory approvals, patent litigations, market risks, Competitive pressure, Exchange rate fluctuations, Pricing guidelines etc.

Neclife's integrated risk management approach comprises prudential norms, structured reporting and controls. This approach conforms to the Company's strategic direction and is consistent with stakeholders' desired total returns, credit rating and risk appetite.

Review of compliance monitoring systems, application risk management system in the business units, periodic assessment of regulatory compliance, risk assessments in multiple areas such as talent management, information security and intellectual property are done regularly. The risk management activities also include assessment and review of financial risks, such as currency risks, credit risks and liquidity.

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**

**(Sanjiv Goyal)
Chairman & Managing Director**

**Place : Chandigarh
Dated: August 13, 2013**



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, 2013, 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 2012-2013, Four Board meetings were held on May 14, 2012, August 9, 2012, November 1, 2012 and February 14, 2013.

The names and categories of the Directors on the Board, their attendance at the Board meetings during the financial year 2012-13 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	
					Member	Chairman
Mr. Sanjiv Goyal (Chairman and Managing Director)	Promoter & Executive Director	4	Present	5	Nil	N.A.
Mr. Aryan Goyal (Executive Director)	Promoter & Executive Director	4	Not Present	4	Nil	N.A.
Mr. Saurabh Goyal (Executive Director)	Promoter & Executive Director	4	Not Present	3	Nil	N.A.
Mr. Dinesh Dua (Chief Executive Officer and Director)*	Non Promoter & Executive Director	1	Not Applicable	Nil	N.A.	N.A.
Mr. Basant Kumar Goswami, IAS (Retired) (Director)	Independent & Non-executive Director	3	Not Present	13	7	2
Mr. Vijay J. Shah (Director)	Independent & Non-executive Director	2	Present	3	Nil	N.A.
Mr. Vivek Sett (Director)	Non-Independent & Non-executive Director	4	Not Present	6	Nil	N.A.
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Retd. (Director)	Independent & Non-executive Director	4	Not Present	Nil	N.A.	N.A.
Mr. Raman Kapur (Director)	Independent & Non-executive Director	2	Not Present	6	Nil	N.A.
Mr. Ajay Swaroop (Director)	Independent & Non-executive Director	4	Not Present	Nil	N.A.	N.A.
Mr. Harparkash Singh Gill**	Non Promoter & Executive Director	NIL	Not Applicable	Nil	N.A.	N.A.

* Mr. Dinesh Dua had resigned from the company with effect from July 31, 2012.

** Mr. Harparkash Singh Gill has been inducted on the Board as Director as well as Wholtime Director designated as President (Operations), with effect from November 1, 2012.

II. Code of Conduct

The Board of Directors adopted the Code of Conduct as per the provisions under Clause 49 of the Listing Agreement. The same has been posted on the Company's website www.neclife.com. All Board members and senior management personnel affirmed compliance with the Code. A declaration to this effect signed by Mr. Sanjiv Goyal, Chairman & managing 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

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 14, 2012, August 9, 2012, November 1, 2012 and February 13, 2013.

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, 2013, three meeting were held of the committee on May 14, 2012, November 1, 2012 and February 13, 2013, which were attended by all its members.

The Compensation Committee reviews the overall compensation structure, including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Compensation Committee has the authority to determine the compensation packages of Executive Directors and senior management and to determine

the parameters and supervise the operation of the bonus schemes of the Company. The Committee also empowered to evaluate the possibilities of stock options to employees. The Compensation Committee reviews recommendations made to it by the Company and others and is authorised to investigate any activity within its terms of reference, seek any information from any employee of the Company and obtain independent professional advice.

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

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

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

Mr. Sunder Lal, Company Secretary, acts as the Secretary of the Committee and also the Compliance officer of the Company. The Committee focuses on

strengthening investor relations and performs the following functions

- (i) Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates
- (ii) 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
- (iii) 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, 2013, 99.998% of the Company's shares are held in electronic (demat) form.

During the financial year ended on March 31, 2013, two meetings were held of the committee on November 1, 2012 and February 13, 2013, which were attended by all its members.

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

Opening balance	Received during the financial year 2012-2013	Complaints resolved	Closing balance
Nil	50	50	Nil

Quarter-wise details of complaints during 2012-13:

Quarter	Complaints pending at the beginning of quarter	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of quarter
April-June	Nil	15	15	Nil
July-September	Nil	15	15	Nil
October-December	Nil	8	8	Nil
January-March	Nil	12	12	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, 2012	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, 2013	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. 17th Annual General Meeting: September 29, 2012 at 9.30 am at the registered office and works of the Company
i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab
2. 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
3. 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

Detail of special resolutions:

1. At the 17th Annual General Meeting held on September 29, 2012, the following two special resolutions were passed:
 - i. For the re-appointment of Mr. Sanjiv Goyal as a Chairman & Managing Director.
 - ii. For 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.
2. At the 16th Annual General Meeting held on September 30, 2011, the following two special resolutions were passed:
 - i. For the re-appointment of Mr. Aryan Goyal as a Wholetime Director designated as Executive Director.
 - ii. For the revision of remuneration of Mr. Dinesh Dua as a Wholetime Director designated as Chief Executive Officer & Director.
3. 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 Wholetime 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 Wholetime Director designated as Executive Director.
4. 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 Rs. 2500 million.
 - iii. Increase in the limit of shareholding of Foreign Institution Investors (FIIs) in the company to 74% under portfolio Investment Scheme.

Apart from the said resolutions, there was no other special resolution passed at the above General Meetings. All the resolutions passed in the above General Meetings were passed through show of hands. There was no resolution passed through postal ballot process during the last year. No special resolution to be passed through postal ballot is proposed at the ensuing Annual General Meeting.

VII Disclosures

- a. There were no materially significant transactions made by the Company with its promoters, Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. However, the general related party disclosures are given in the Notes on Accounts.
- b. There was not any material non-compliance by the Company and no penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets,

during the last three years.

- c. The Company did not adopt the whistle blower policy, as it is a non-mandatory requirement. However, any personnel can approach the Audit Committee/ Chairman & Managing Director, for his grievance about the affairs of the Company.
- d.
 - i) Details of compliance with mandatory requirements: Given elsewhere in this Report
 - ii) Adoption of the non-mandatory requirements of this Clause: Given elsewhere in this Report

- e. **Related Party Transactions:** The details of all transactions, if any, with related parties are placed before the Audit committee on quarterly basis.
- f. **Disclosure of accounting treatment:** In the preparations of financial statements, the Company followed the accounting standards issued under Companies (Accounting Standard) Rules, 2006, as amended upto date, to the extent applicable.
- g. **Disclosure of risk management:** The Company regularly informed the Board of Directors about the risk assessment, if any, along with recommendations to reduce the risk.
- h. **Proceeds from the preferential issue:** The Company issued 26,000,000 equity shares of Rs. 35/- per share aggregating to Rs. 910.00 million by way of Preferential Allotment to NSR Direct PE Mauritius LLC (a non promoter entity) on February 20, 2010. The details of utilisation of such proceeds would be disclosed to the Audit Committee. The Company is utilising these funds for purposes as stated in Notice for convening the Extraordinary General meeting held on February 11, 2010 vide which approval of members was received for the issue of said allotment.
- i. **Proceeds from the GDRs issue:** the Company issued 46,000,000 Equity shares underlying 46,000,000

Global Depository Receipts of US\$ 0.76 each on February 26, 2010. The total proceeds from the issue were US\$ 34.96 Million. The details of utilisation of such proceeds will be disclosed to the Audit Committee. The Company is utilising these funds for purposes as stated in the Notice for convening the Extraordinary General meeting held on February 11, 2010 vide which approval of members was received for the issue of said GDR

- j. **Remuneration of Directors:** The Non-Executive Directors are entitled to sitting fee of Rs. 10,000 per board meeting attended by them. The sitting fee of Rs. 1000 is paid to them for every Committee meeting attended by them. Apart for the sitting fee, the Non-Executive Directors did not have any materially pecuniary relationship with the Company.

During the financial year 2012-13, the Company paid the remuneration to Mr. Sanjiv Goyal, Chairman & Managing Director, Mr. Aryan Goyal, Executive Director, Mr. Saurabh Goyal, Executive Director, Mr. Dinesh Dua, Chief Executive Officer & Director and Mr. Harparkash Singh Gill, President (Operation) & 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, 2013

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, 2013
Mr. Sanjiv Goyal, Chairman and Managing Director	N.A.	7250537/-	7150000/-	5 years from June 01, 2012	76779000
Mr. Aryan Goyal, Executive Director	N.A.	7186208/-	N.A.	5 years from December 05, 2010	290000
Mr. Dinesh Dua, Chief Executive Officer & Director*	N.A.	4310680/-	N.A.	Upto July 31, 2012	Nil
Mr. Saurabh Goyal, Executive Director	N.A.	2897936/-	N.A.	5 years from August 11, 2010	243000
Mr. Harparkash Singh Gill, President (Operations) & Director	N.A.	901737/-	N.A.	3 years from November 01, 2012	Nil
Mr. Basant Kumar Goswami, IAS (Retired), Non-Executive Director	37000/-	N.A.	N.A.	N.A.	1000
Mr. Vijay J. Shah, Non-Executive Director	29000/-	N.A.	N.A.	N.A.	250
Mr. Vivek Sett, Non-Executive Director	40000/-	N.A.	N.A.	N.A.	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Non-Executive Director	40000/-	N.A.	N.A.	N.A.	Nil
Mr. Raman Kapur, Non-Executive Director	20000/-	N.A.	N.A.	N.A.	1000000
Mr. Ajay Swaroop, Non-Executive Director	40000/-	N.A.	N.A.	N.A.	Nil

* Mr. Dinesh Dua had resigned from the company from July 31, 2012 and his remuneration does not include the full and final settlement of Rs. 4.50 Millions.

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

VIII. Means of communication**Quarterly results**

The details of quarterly results are published as under

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

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

IX. PARTICULARS OF APPOINTMENT / RE-POINTMENT OF DIRECTORS

1. **Mr. Vijay J. Shah** would retire at the forthcoming Annual General Meeting and he is proposed to be re-appointed as a Director thereat.

Mr. Vijay J. Shah, aged 50 years, is a holder of Bachelors Degree in Commerce and Diploma in Business Administration. He has rich experience in managing the affairs of the corporate entities and financial matters. He is presently director of following companies.

1. Stallion Laboratories Pvt. Ltd.
2. Endurance Healthcare Ltd.
3. Gnana Lifesciences Pvt. Ltd.

Mr. Vijay J. Shah holds 250 Equity Share in the Company on March 31, 2013.

2. **Mr. Ajay Swaroop** would retire at the forthcoming Annual General Meeting and he is proposed to be re-appointed as a Director thereat.

X. General Shareholder Information

- | | | |
|------|---|---|
| i. | 18 th Annual General Meeting | |
| | Date | September 30, 2013 |
| | Time | 10.00 am |
| | Venue | Registered Office and Works: Village Saidpura Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab – 140507. |
| ii. | Financial year | April 1, 2012 to March 31, 2013 |
| iii. | Date of book closure | September 21, 2013 to September 30, 2013 (both days inclusive) |
| iv. | Dividend payment date | By October 29, 2013 |

Mr. Swaroop, aged 64 years, holds B.Com., M.A. (Economics) and C.A.I.I.B. degrees. He has retired as Chief General Manager of Chandigarh circle of State Bank of India comprising of Punjab, Haryana, Himachal, Jammu & Kashmir and Chandigarh (U.T.) after 37 years of long and varied service. At the time of retirement, he was controlling Rs. 780,000 million of business, 1000 branches and 14000 employees.

He does not hold any equity share in the Company on March 31, 2013. He also does not hold any directorship in any other company.

3. **Mr. Harparkash Singh Gill** has been appointed as Additional Director and vacates his office at the ensuing Annual General Meeting. However, the company has received a notice under section 257 of the Companies Act, 1956, from him signifying his intention to propose his candidature as a regular director of the company. Mr. Singh has also been appointed as Wholtime Director of the company designated as President (Operations) & Director for a period of 3 years from November 1, 2012.

Mr. Harparkash Singh Gill, aged 59 years, holds a B.E. (Electrical) degree and was selected through UPSC, as Marketing Development Officer in Directorate and Marketing Inspection, Ministry of Agriculture and Rural Development, Govt. of India. He has worked with various companies at senior positions before being moving to Nectar Lifesciences Limited in 2005.

He does not hold any equity share in the Company on March 31, 2013. He also does not hold any directorship in any other company.

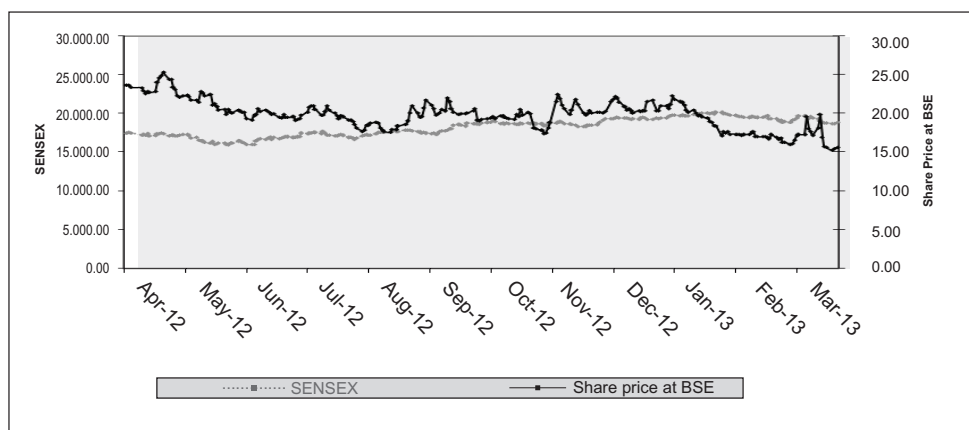
NECTAR LIFESCIENCES LIMITED

- v. The equity shares of Re. 1/-each of the Company are listed on
1. The National Stock Exchange of India Limited (NSE)
Regd Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India
Tel : 91-22-26598100, 56418100
Fax : 91-22-26598237/38, 26598120
 2. The Bombay Stock Exchange Limited (BSE)
New Trading Ring, Rotunda Building
Phiroze Jeejeebhoy Towers, Dalal Street, Fort
Mumbai - 400 001, Maharashtra, India
Tel : 91-22-22721233, 22721234,
Fax : 91-22-22723677, 22722082 / 3132
- vi Global Depository Receipts (GDRs) listed on
Luxembourg Stock Exchange/ LuxSE
Société de la Bourse de Luxembourg S.A.
B.P. 165, L-2011 Luxembourg
Siège social, 11, av de la Porte-Neuve,
Telephone: (00352) 47 79 36 – 1,
Fax : (00352) 47 32 98
- vii. Listing fee
The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
- viii. Equity shares' stock code / symbol
BSE Code : 532649
NSE Symbol : NECLIFE
- ix. GDRs common code
039031680
- x. ISIN of Company's equity shares:
INE023H01027
- xi. ISIN of Company's GDRs
US63975T1051
- xii. CUSIP of Company's GDRs
63975T 105
- xiii. Corporate Identification Number (CIN)
L24232PB1995PLC016664
- xiv. Market price data
The high and low prices of the Company's share (of Re.1/- each) at BSE and NSE from April 1, 2012 to March 31, 2013 were as below

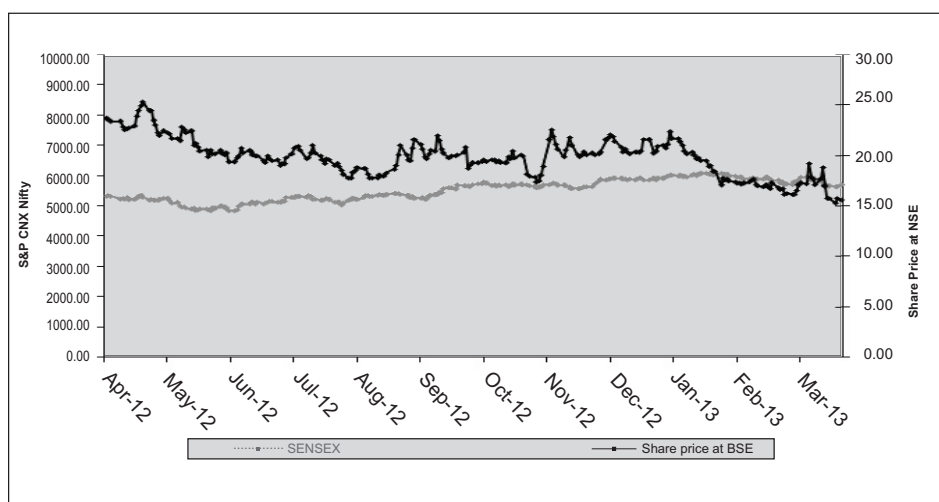
Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Total traded quantity	High (Rs.)	Low (Rs.)	Total traded quantity
April-12	26.00	19.40	3720912	25.95	19.35	2210902
May-12	23.30	19.50	2781194	24.90	19.10	2059725
June-12	21.05	19.00	352848	21.05	19.00	810187
July-12	22.75	17.05	1980224	22.75	17.05	665948
August-12	22.40	17.30	1847613	22.45	17.30	1070643
September-12	23.15	18.50	2859923	23.15	18.75	1482663
October-12	21.10	16.95	2008804	20.90	17.00	961464
November-12	23.60	17.55	5884289	23.55	17.65	2797653
December-12	24.80	19.90	3237370	22.80	19.75	1250786
January-13	23.85	16.45	3826467	23.90	16.50	1942027
February-13	19.90	16.00	1083709	18.10	16.05	944780
March-13	19.70	14.85	2237450	20.20	15.05	7100696

- 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



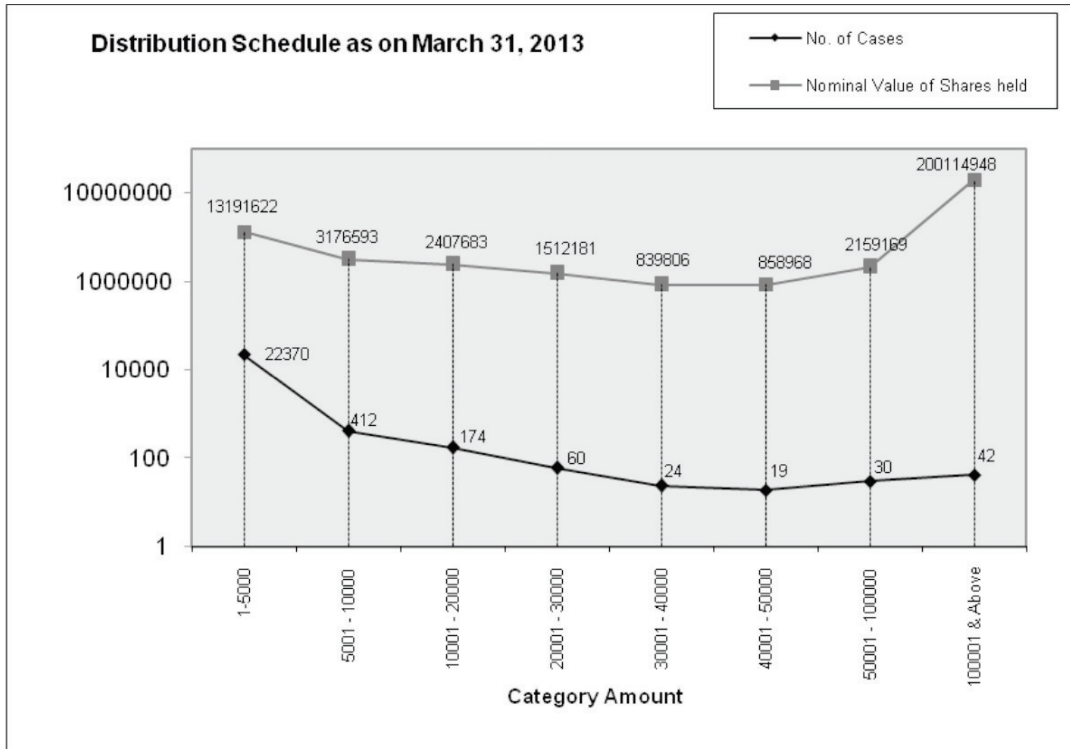
b. Performance of the Company's share price at NSE in comparison with NSE Nifty



- 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 - 500034
 Tel: (91-40) 23114058, Fax: (91-40) 23311968
 Contact Person : Mr. V. K. Jayaraman
 E-mail: jayaramanvk@karvy.com
- xvii. Address for correspondence at the Company
 Nectar Lifesciences Limited
 SCO 38-39, Sector 9-D, Chandigarh -160 009
 Ph. No. 0172-3047777,3047701
 Fax No. 0172-3047755
- xviii. Compliance Officer and contact person at the Company
 Mr. Sunder Lal, Company Secretary
 E-mail: sunderlal@neclife.com
 Website : www.neclife.com
- xix. Share transfer system
 Almost 99.998% of the shares of the Company are held in dematerialised form. Transfers of these dematerialised shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with the Registrar and Share Transfer Agent of the Company.

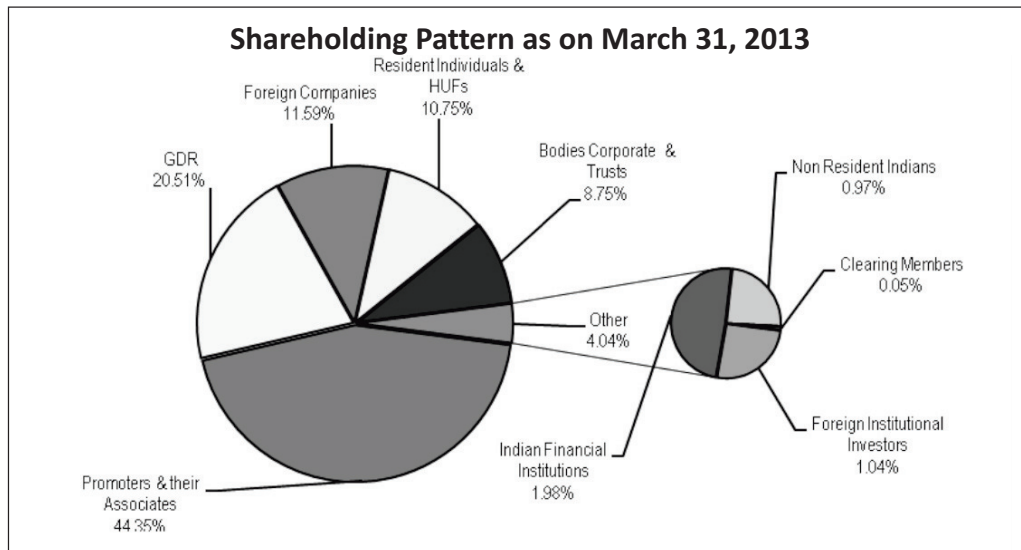
 Transfers of shares in physical form are normally processed within 15 days from the date of receipt, if documents are complete in all respects. The Shareholders'/Investors' Grievance Committee approves the transfer and transmission of shares.
- xx. Distribution of shareholding
 - a) Class-wise distribution of equity shares as on March 31, 2013

Category (amount)	Number of cases	% of cases	Total shares	Nominal value of shares held (Rs.)	% of amount
1-5000	22370	96.71	13191622	13191622	5.88
5001- 10000	412	1.78	3176593	3176593	1.42
10001- 20000	174	0.75	2407683	2407683	1.07
20001- 30000	60	0.26	1512181	1512181	0.67
30001- 40000	24	0.10	839806	839806	0.37
40001- 50000	19	0.08	858968	858968	0.38
50001- 100000	30	0.13	2159169	2159169	0.96
100001& Above	42	0.18	200114948	200114948	89.23
Total	23131	100.00	224260970	224260970	100.00



a) **Shareholding Pattern as on March 31, 2013**

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	21532	23111097	10.31
BODIES CORPORATES	520	19591356	8.74
INSURANCE COMPANIES	1	4431505	1.98
FOREIGN INSTITUTIONAL INVESTORS	2	2333721	1.04
NON RESIDENT INDIANS	276	2183354	0.97
H U F	739	999488	0.45
CLEARING MEMBERS	52	105374	0.05
TRUSTS	2	37075	0.02
Total	23131	224260970	100.00



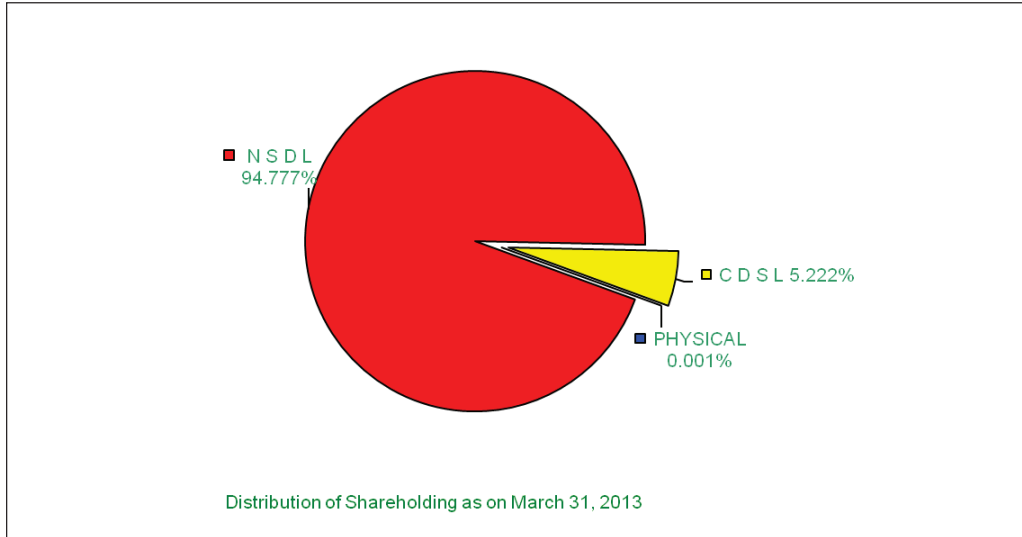
NECTAR LIFESCIENCES LIMITED

xxi. Dematerialisation of shares and liquidity

The Company's shares are compulsory traded in dematerialized form. Equity shares of the Company representing 99.998% of the Company's share capital were dematerialised as on March 31, 2013.

The Distribution of shareholding of the Company as per the depository system as on March 31, 2013 was as under:

Sr.	Category	Number of holders	Total shares	% to equity
1	PHYSICAL	14	2305	0.001
2	N S D L	15410	212548777	94.777
3	C D S L	7707	11709888	5.222
	Total	23131	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

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

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

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

xxiii. **Registered office location**
 Nectar Lifesciences Limited
 Village: Saidpura, Tehsil Derabassi, District Mohali (Punjab)

xxiv. **Plant locations**

1. Nectar Lifesciences Limited unit I
Village: Saidpura, Tehsil Derabassi, Distt. Mohali (Punjab)
2. Nectar Lifesciences Limited unit II
Village: Saidpura, Tehsil Derabassi, District Mohali (Punjab)
3. Empty Hard Gelatin Capsule Unit
Village Bhatoli Kalan, Pargana Dharpur, Tehsil Nalagarh District Solan, (Himachal Pradesh)
4. Formulation unit
Village Bhatoli Kalan, Pargana Dharpur, 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 Chairman & Managing Director and Vice-President (Finance)- CFO, were placed at the meeting of the Board of Directors held on May 15, 2013.

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

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

Place: Chandigarh (Sanjiv Goyal)
Date: August 13, 2013 Chairman and Managing Director

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

I, Sanjiv Goyal, Chairman & Managing 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 2012-13.

For and on behalf of the Board of Directors
of Nectar Lifesciences Limited
sd/-

Place: Chandigarh (Sanjiv Goyal)
Date: August 13, 2013 Chairman & Managing Director



INDEPENDENT AUDITOR'S REPORT

To
The Members of
NECTAR LIFESCIENCES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NECTAR LIFESCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report)

Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **DATTA SINGLA & CO.**
Chartered Accountants
Firm Regn. No. 006185N

PLACE : CHANDIGARH
DATE : 15.05.2013

(YOGESH MONGA)
Partner
M. No. 099813



ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading of
"Report on Other Legal and Regulatory Requirements" of our report of even date

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 on the basis of available information.
 - (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 the 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 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 cost records maintained by the Company, pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government 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 Custom Duty, which are outstanding as at 31st March, 2013, which have not been deposited on account of any dispute. The particulars of various statutory dues as at 31st March, 2013 which have not been deposited on account of disputes 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	Excise Duty	0.99	Financial Year 2007-08	CESTAT, Delhi
Central Excise Act, 1944	Excise Duty	3.48	Financial Year 2008-10	CESTAT, Delhi
Central Excise Act, 1944	Excise Duty	0.80	Financial Year 2008-09	CESTAT, Delhi
Central Excise Act, 1944	Excise Duty	0.33	Financial Year 2009-10	CESTAT, Delhi
Central Excise Act, 1944	Excise Duty	98.88	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
Employees' State Insurance Act, 1948	ESI	3.54	Various Years	Additional Civil Judge (Sr. Division)

10. The Company does not have accumulated losses as at 31st March, 2013 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: 15.05.2013

(YOGESH MONGA)
Partner
M. NO. 099813

Balance Sheet as at 31st March 2013

		(Rs. in Millions)			
Particulars	NOTE	As At March 31, 2013		As At March 31, 2012	
<u>EQUITY AND LIABILITIES</u>					
Share holders' Fund					
Share Capital	2.1	224.26		224.26	
Reserves & Surplus	2.2	8,451.80	8,676.06	7,621.20	7,845.47
Non Current Liabilities					
Long Term Borrowings	2.3	2,609.61		3,636.17	
Deffered Tax Liability(net)	2.4	957.56		630.22	
Other Long Term Liabilities	2.5	10.30		19.57	
Long Term Provisions	2.6	37.89	3,615.36	34.26	4,320.23
Current Liabilities					
Short Term Borrowings	2.7	5,091.11		5,652.11	
Trade Payables	2.8	3,825.19		1,944.91	
Other Current Liabilities	2.9	1,312.76		1,298.43	
Short Term Provisions	2.10	219.96	10,449.02	148.14	9,043.59
Total			22,740.43	21,209.28	
<u>ASSETS</u>					
Non Current Assets					
Fixed Assets					
- Tangible Assets	2.11	9,138.39		8,578.71	
- Capital Work in Progress		1,385.70		1,501.34	
Non Current Investments	2.12	0.50		0.50	
Long Term Loans and Advances	2.13	704.86		631.85	
Other Non Current Assets	2.14	0.15	11,229.60	0.23	10,712.63
Current Assets					
Current Investments	2.15	3.19		1.41	
Inventories	2.16	6,760.00		5,914.16	
Trade Receivables	2.17	3,493.86		3,044.93	
Cash & Bank Balances	2.18	62.40		259.25	
Short Term Loans & Advances	2.19	868.43		1,050.42	
Other Current Assets	2.20	322.94	11,510.83	226.49	10,496.65
			22,740.43	21,209.28	
Significant Accounting Policies	1				
Notes to Financial Statements	2				

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing Director

Aryan 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 : 15.05.2013

Statement of Profit and Loss for the Year Ended 31st March 2013

		(Rs. in Millions)	
Particulars	NOTE	Year Ended March 31, 2013	Year Ended March 31, 2012
INCOME			
Revenue From Operations	2.21	16,732.47	13,417.38
Less : Excise Duty		484.33	384.50
		16,248.14	13,032.88
Operating Income	2.22	14.37	98.18
Other income	2.23	160.40	128.94
		16,422.91	13,260.00
EXPENDITURE			
Raw Material Consumed	2.24	11,465.22	9,783.50
Purchase of Stock in Trade (Traded Goods)		599.98	630.27
Changes in inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.25	(644.02)	(1,346.69)
Employees Benefits Expense	2.26	486.11	476.59
Finance Cost	2.27	1,154.89	1,152.50
Depreciation & Amortisation	2.11 & 2.14	759.56	607.29
Other Expenses	2.28	1,454.42	1,101.88
		15,276.16	12,405.34
PROFIT BEFORE TAX		1,146.75	854.66
Tax Expense		290.09	122.16
PROFIT AFTER TAX		856.66	732.50
EARNINGS PER SHARE (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		3.82	3.27
Diluted (Rs.)		3.82	3.27
Significant Accounting Policies	1		
Notes to Financial Statements	2		

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

Yogesh Monga
Partner
M. No. 099813

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

Place : Chandigarh
Dated : 15.05.2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH ,2013

PARTICULARS	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	1,146.75	854.66
Adjustments For :		
Depreciation	759.49	607.22
Misc. Expenditure W/Off	0.08	0.08
Provision for Doubtful debts	39.56	17.90
Provision for Doubtful Insurance Claim	4.26	17.87
Provision for Employees Retirement Benefits	(0.25)	12.70
Provision for Excise Duty On Finished Goods	(1.86)	(0.27)
Loss on Sale of Fixed Assets	0.27	11.86
Loss on Sale / Restatement of Investment	0.23	0.03
Interest on Borrowings	1,154.89	1,029.95
Other non-operating Income	(160.40)	(128.94)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,943.01	2,423.05
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,253.06)	(1,210.88)
Increase/(Decrease) in Current Liabilities	1,945.35	559.02
Increase/(Decrease) in Long Term Liabilities	(9.27)	8.49
CASH GENERATED FROM OPERATIONS	3,626.03	1,779.67
Direct Taxes Paid	(18.25)	(129.77)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	3,607.78	1,649.91
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3,607.78	1,649.91
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,206.01)	(2,589.53)
Purchase of Investments	-	-
Interest Received	160.40	128.93
Dividend Received	0.01	0.01
Sale of Fixed Assets	2.23	77.15
Sale/(Purchase) of Investments	(2.00)	51.88
Long Term loans and Advances	56.39	(4.32)
NET CASH USED IN INVESTING ACTIVITIES (B)	(988.99)	(2,335.88)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Term Loans from Banks	(1,075.62)	1,592.32
Proceeds/(Repayment) from Working Capital Limits from Banks	(361.00)	2,152.01
Proceeds/(Repayment) from Unsecured Loans from Banks	(200.28)	200.63
Repayment of Inter Corporate Deposits	(1.41)	(1.93)
Repayment of FCCB including Interest	-	(2,271.19)
Dividend Paid	(22.43)	(22.43)
Interest Paid	(1,154.89)	(1,029.95)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(2,815.63)	619.47

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH ,2013

PARTICULARS	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(196.84)	(66.50)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	259.25	325.75
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	62.40	259.25

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

Yogesh Monga
 Partner
 M. No. 099813

R.K. Aggarwal
 V.P. Accounts

Sandeep Goel
 V.P. Finance

Sunder Lal
 Company Secretary

Place : Chandigarh
Dated : 15.05.2013

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 assets 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 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

- 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.

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 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.

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 (MISCELLANEOUS EXPENDITURE)

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	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012
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 Reserve		
Opening balance	3,287.98	2,723.86
Add : Premium on Redemption of FCCB for earlier years		564.12
(A)	3,287.98	3,287.98
General Reserves		
	141.02	141.02
(B)	141.02	141.02
Profit & Loss Account		
Opening Balance	4,192.20	4,122.69
Transferred From Statement of Profit & Loss	856.66	732.50
	5,048.86	4,855.19
Appropriations :		
Proposed Dividend on Equity Shares	22.43	22.43
Tax On Proposed Dividend	3.64	3.64
	5,022.79	4,829.13
Less : Previous Year Expenses		636.93
(C)	5,022.79	4,192.20
Total (A+B+C)	8,451.80	7,621.20

Particulars	(Rs. in Millions)			
	As At March 31, 2013	As At March 31, 2012	As At March 31, 2013	As At March 31, 2012
NOTE - 2.3 - "LONG TERM BORROWINGS"				
SECURED	Non Current Portion		Current Maturities	
Term Loans				
-From Banks	2,604.81	3,629.30	1,089.02	1,140.15
UNSECURED				
Other Loans				
-From Banks	3.43	3.99	2.04	1.76
-From Others	1.36	2.88	1.52	1.41
(Also Refer Note 2.30)	2,609.61	3,636.17	1,092.58	1,143.32

(Rs. in Millions)

Particulars	As At March 31, 2013	As At March 31, 2012
NOTE - 2.4 - "DEFERRED TAX LIABILITIES"		
Deferred Tax Liabilities Arising On Account Of Depreciation	3,241.99	2,941.53
TOTAL A	3,241.99	2,941.53
Deferred Tax Assets Arising On Account Of		
- Employees Retirement Benefits	42.58	42.83
- Unabsorbed Depreciation and Carried Forward Losses	87.79	839.82
- Other Expenses & Provisions	160.28	116.45
TOTAL B	290.65	999.10
NET DEFERRED TAX LIABILITY (A-B)	2,951.34	1,942.43
TAX IMPACT	957.56	630.22

NOTE - 2.5 - "OTHER LONG TERM LIABILITIES"

Security from Customers	10.30	10.65
Advances From Customers	-	8.92
	10.30	19.57

NOTE - 2.6 - "LONG TERM PROVISIONS"

Provision for Employees Retirement Benefits	37.89	34.26
	37.89	34.26

NOTE - 2.7 - "SHORT TERM BORROWINGS"**SECURED****Working Capital Limits**

-From Banks	5,091.11	5,452.11
-------------	----------	----------

UNSECURED**Short Term Loans**

-From Banks	-	200.00
-------------	---	--------

	5,091.11	5,652.11
--	-----------------	-----------------

Particulars	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012

NOTE - 2.8 "TRADE PAYABLES"

- Due to Micro ,Small & Medium Enterprises	6.56	1.59
- Due to Others	3,818.62	1,943.32
	3,825.19	1,944.91

NOTE - 2.9 "OTHER CURRENT LIABILITIES"

Current Maturities of Long Term Debts	1,089.02	1,140.15
Current Maturities of Other Loans	3.56	3.17
Interest accrued but not due on borrowings	21.05	23.22
Advances From Customers	38.57	62.82
Other Payables	160.56	69.07
	1,312.76	1,298.43

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)	183.77	106.22
Provision for Excise Duty On Finished Goods	5.43	7.29
Provision for Employee Retirement Benefits	4.69	8.57
	219.96	148.14

(Rs. in Millions)

NOTE - 2.11 "FIXED ASSETS" - Tangible Assets											
Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As At April 1, 2012	Additions*	Sale/ Deletion	As At March 31, 2013	Up To March 31, 2012	During the Year	Deletion/ Adjustments	Up To March 31, 2013	As At March 31, 2013	As At March 31, 2012	
Freehold Land & Site Development	885.88	55.39	-	941.27	-	-	-	-	941.27	885.88	
Leasehold Land	3.27	-	-	3.27	0.16	0.04	-	0.20	3.07	3.11	
Buildings	1,254.98	134.93	-	1,389.90	178.46	42.37	-	220.84	1,169.06	1,076.51	
Tube Well	10.40	0.00	-	10.40	1.35	0.35	-	1.70	8.70	9.05	
Plant & Machinery	5,918.14	635.02	-	6,553.16	1,522.20	510.64	-	2,032.85	4,520.32	4,395.94	
Plant & Machinery (R & D)	1,553.62	358.41	-	1,912.03	221.90	73.27	-	295.16	1,616.86	1,331.72	
Boiler	170.70	(0.00)	-	170.70	21.77	17.29	-	39.06	131.64	148.93	
Pollution Control Equipment	75.25	-	-	75.25	27.72	3.57	-	31.29	43.95	47.53	
Laboratory	80.94	5.05	-	86.00	18.37	4.01	-	22.39	63.61	62.57	
Miscellaneous Fixed Assets	793.54	120.58	-	914.12	283.56	93.49	-	377.04	537.07	509.98	
Furniture & Fixture	77.04	5.95	-	82.99	19.28	4.96	-	24.25	58.74	57.76	
Motor Vehicles	62.08	3.52	3.20	62.40	26.29	5.68	0.70	31.27	31.13	35.79	
Computer	28.82	2.80	-	31.63	14.87	3.81	-	18.68	12.95	13.95	
Total	10,914.66	1,321.66	3.20	12,233.12	2,335.94	759.49	0.70	3,094.73	9,138.39	8,578.71	
Previous Year	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	

*includes addition on account of foreign exchange fluctuation on FCCBs amounting to Nil (Previous Year Rs. 1.10 millions)

(Rs. in Millions)

Particulars

As At March 31, 2013	As At March 31, 2012
-------------------------	-------------------------

NOTE - 2.12 "NON CURRENT INVESTMENTS"**TRADE****UNQUOTED****In Subsidiary Companies -**

1 Equity Share Of 1 USD fully Paid Up

In Nectar Capital Ltd.-Mauritius

[Absolute amount Nil (Previous year Rs. 45)]

- 0.00

1 Equity Share Of 1 GBP fully Paid Up

In Nectar Lifesciences UK Ltd.-England

[Absolute amount Rs. 75 (Previous Year Rs. 75)]

0.00 0.00

A	0.00	0.00
----------	-------------	-------------

NON TRADE**UNQUOTED**

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

[Absolute amount Rs. 1000(Previous Year Rs.1000)]

0.00 0.00

50,000 Equity Shares of RS. 10/- each,

fully paid up in Nimbua Greenfield (Punjab) Ltd.

0.50 0.50

B	0.50	0.50
----------	-------------	-------------

Total (A+B)	0.50	0.50
--------------------	-------------	-------------

NOTE - 2.13 "LONG TERM LOANS & ADVANCES"

Security Deposits

15.59 16.54

MAT Credit Entitlement

645.63 516.22

Unsecured Loans & Advances to Related Parties

- Considered Good

0.06 99.09

- Considered Doubtful

16.40 16.38

Unsecured Loans & Advances to others

- Considered Good

43.58 -

721.26 648.23

Less: Provision for Doubtful Advances

16.40 16.38

704.86	631.85
---------------	---------------

NOTE - 2.14 "OTHER NON CURRENT ASSETS"

Misc Expenses (to the extent not written off or adjusted)

0.23 0.30

Less :- Written off During the Year

0.08 0.08

0.15	0.23
-------------	-------------

(Rs. in Millions)

Particulars

As At
March 31, 2013As At
March 31, 2012**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	3.00	1.00
	4.74	2.74
Less: Provision for Loss on Investment	1.55	1.33
	3.19	1.41

NOTE - 2.16 "INVENTORIES"**(As Certified by The Management)**

Raw Material	538.53	330.03
Work In Progress	5,703.89	4,922.74
Finished Goods	187.93	346.52
Stocks in Trade	235.36	213.91
Other Miscellaneous Stocks	94.30	100.97
	6,760.00	5,914.16

NOTE - 2.17 "TRADE RECEIVABLES"**(Unsecured)**

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

-Considered Good	195.40	108.96
-Considered Doubtful	78.46	38.90
	273.86	147.86
Less: Provision For Doubtful Debts	78.46	38.90
	195.40	108.96
Other Debts		
-Considered Good	3,298.46	2,935.97
	3,493.86	3,044.93

(Rs. in Millions)

Particulars	As At March 31, 2013	As At March 31, 2012
-------------	-------------------------	-------------------------

NOTE - 2.18 "CASH & BANK BALANCES"**Balance With Banks**

In Current Accounts	60.60	256.40
In Unclaimed Dividend & Share Application Money Accounts	0.28	0.80
Cash In Hand (Incl Staff Imprest)	1.53	2.04
	62.40	259.25

NOTE - 2.19 "SHORT TERM LOANS & ADVANCES"

Excise Balances	77.85	103.33
Other Loans & Advances, considered good -		
- To Related Parties	45.05	-
- To Others	745.53	947.09
	868.43	1,050.42

NOTE - 2.20 "OTHER CURRENT ASSETS"

Export and Other Incentives Accrued	258.83	182.94
Income Tax Refund Due	39.87	
Insurance Claim Receivable :		
-Considered Good	24.23	43.56
-Considered Doubtful	22.12	17.87
	345.06	244.36
Less: Provision for Doubtful Insurance Claims	22.12	17.87
	322.94	226.49

NOTE - 2.21 "REVENUE FROM OPERATIONS"

Sale of Manufactured Products		
- Export	9,884.53	6,461.62
- Domestic	6,136.38	6,194.83
Trading Sale		
- Export	25.50	86.77
- Domestic	686.07	674.16
	16,732.47	13,417.38

NOTE - 2.22 "OPERATING INCOME"

Outsourcing Income	7.83	91.45
Carbon Credit	6.54	6.74
	14.37	98.18

(Rs. in Millions)

Particulars

Year Ended
March 31, 2013Year Ended
March 31, 2012**NOTE - 2.23 "OTHER INCOME "**

Interest On Fixed Deposits	0.10	0.09
Interest Others	160.30	128.84
Dividend from Investments	0.01	0.01
	160.40	128.94

NOTE - 2.24 "RAW MATERIAL CONSUMED"

Opening Stock	330.03	472.35
Add:- Purchase of Raw Material	11,673.72	9,641.18
	12,003.75	10,113.53
Less :- Closing Stock	538.53	330.03
	11,465.22	9,783.50

**NOTE - 2.25 "CHANGE IN FINISHED GOODS,
STOCK IN PROCESS & STOCK IN TRADE"****Inventory (At Close)**

Finished Goods	187.93	346.52
Stock in Process	5,703.89	4,922.74
Stock in Trade	235.36	213.91
	6,127.18	5,483.16

Inventory (At Commencement)

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

644.02 **1,346.69****NOTE - 2.26 "EMPLOYEES BENEFITS EXPENSE"**

Salaries & Wages	396.46	374.96
Remuneration To Directors	29.70	37.19
Contribution to Provident and Other Funds	20.61	23.43
Staff Welfare	39.35	41.01
	486.11	476.59

NOTE - 2.27 "FINANCIAL EXPENSES"

Interest Expenses	1,048.65	901.78
Other Borrowing Costs & Foreign Exchange Fluctuation(Net)	106.25	250.72
	1,154.89	1,152.50

(Rs. in Millions)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
NOTE - 2.28 "OTHER EXPENSES"		
Manufacturing Expenses		
Consumable Stores	104.00	98.05
Oil & Lubricants	23.92	6.01
Power, Fuel & Steam Expenses	584.12	411.21
Chemical Testing Expenses	5.89	10.57
Packing Expenses	135.64	96.94
Repairs & Maintenance		
- Electricals	2.11	3.81
- Machinery	77.15	67.04
- Building	4.37	8.77
Total (A)	937.19	702.41
Administrative Expenses		
Travelling & Conveyance	41.45	40.91
Advertisement & Subscription	2.80	1.97
Books & Periodicals	0.40	0.70
Business Promotion	15.40	16.23
Insurance	36.94	26.11
Electricity Expenses (Office)	1.40	1.64
Postage, Telephone, Telegram	10.49	12.85
Printing & Stationery	9.23	9.51
Professional Fees	27.48	17.27
Rate, Fees & Taxes	9.05	8.55
Vehicle Running & Maintenance	11.21	12.25
Rent	8.73	8.41
Audit Fees	2.20	2.00
Office Expenses	4.40	3.90
Diwali & Pooja Expenses	3.47	3.80
Donation	12.63	14.86
Directors' Sitting Fees	0.21	0.15
Loss on Sale of Fixed Assets	0.27	11.86
Loss on Sale / Restatement of Investment	0.23	0.03
Provision For Doubtful Insurance Claims	4.26	17.87
Total (B)	202.24	210.87
Selling & Distribution Expenses		
Discount / Samples	41.01	12.11
Freight & Cartage Outward	185.81	106.29
Sales Commission	53.34	48.23
Bad Debts Written Off/ Provision for Doubtful Debts	34.82	21.97
Total (C)	314.99	188.60
Grand Total (A+B+C)	1,454.42	1,101.88

2.29 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	76779000	34.24	76779000	34.24
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, 2013	As at 31 st March, 2012
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 Pari Passu Charge on all the fixed assets of the Company and further secured by way of Second Pari Passu Charge on all the current assets of the Company and personal guarantee of directors namely Sh. Sanjiv Goyal & Sh. Aryan Goyal.

Repayment Schedule of Term Loans:

Year of Repayment	Amount (Rs. In Millions)
1 - 2	547.98
2 - 5	1359.89
> 5	696.95

Term Loans availed by the Company, include term loans from State Bank of India (SBI) and various other banks. During the year, the Company has been sanctioned a Foreign Currency Term Loan Facility (ECB) by State Bank of India (SBI) through one of its overseas offices to refinance two existing rupee term loans availed from SBI, being a part of above term loans, as per Reserve Bank of India norms and the said ECB has been fully disbursed during the month of May 2013. Hence, the repayment schedule mentioned above for SBI has been drawn taking into consideration the said ECB loan, instead of the repayment schedule of existing rupee loans.

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	3.15
2 - 5	1.64
> 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. 358.41 millions (previous year Rs. 454.44 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 2013 in respect of enterprises covered under the “Micro, Small and Medium Enterprises Development Act, 2006” are Rs. 6.56 millions (previous year Rs. 1.59 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act Rs. 0.13 millions (previous year Rs 0.05 millions) is remaining unpaid as of 31st March 2013. The principal amount that remained unpaid as at 31st March 2012 was paid during the year. The list of undertakings covered under MSMED Act 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. 0.34 million (previous year Rs. 0.88 million) 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.

During the year, an amount of Rs.0.28 million relating to unclaimed dividend and share application money refundable, which became due for deposit to Investor Education and Protection Fund, has been duly deposited.

2.34 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in millions)

S.No.	Particulars	31.03.2013	31.03.2012
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:- **		
	-Income Tax matters	5.97	5.97
	-Excise matters	108.06	4.16
	-Service Tax matters	13.93	13.35
	-ESI matters	3.54	Nil
ii)	Bank Guarantees	8.70	26.84
iii)	Bills Discounted	144.41	583.78
iv)	Letter of Credit (Foreign / Inland)	398.01	560.00
v)	Other money for which Company is contingently liable		
	a) Differential amount of custom duty in respect of machinery imported under EPCG Scheme	0.29	1.80
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	53.18	104.91

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

2.35 PAYMENT TO AUDITORS

P particulars	2012-13	2011-12
Statutory Audit and Limited Review Fees	1.90	1.70
Tax Audit Fee	0.30	0.30
Service Tax	0.27	0.25

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. 327.34 million (Previous Year Rs. 122.16 million) and it has been recognized in the Statement of Profit & Loss. 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 Statement of Profit & Loss are Rs. 8.73 millions (Previous Year Rs. 8.41 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 2012	25.21	17.81
Acquisition adjustment	----	-----
Interest Cost	2.02	1.43
Past Service Cost	----	-----
Current Service Cost	5.06	6.88
Curtailment Cost/ (Credit)	-----	-----
Settlement Cost/ (Credit)	-----	-----
Benefits paid	(3.62)	(5.72)
Actuarial (gain)/loss on obligations	(2.63)	(3.86)
Present Value of obligations as at 31st March 2013	26.04	16.54

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

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2012	----	----
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 2013	----	----

Fair Value of Plan Assets (Rs. in millions)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2012	----	----
Acquisition Adjustments	----	----
Actual Return on Plan Assets	----	----
Contributions	----	----
Benefits Paid	----	----
Fair Value of Plan Assets as at 31st March 2013	----	----
Funded Status	26.04	16.54

Actuarial Gain/Loss Recognized (Rs. in millions)

	Gratuity	Earned Leave
Actuarial gain/(loss) for the year – Obligation	2.63	3.86
Actuarial gain/(loss) for the year – Plan Assets	----	----
Total (gain)/ loss for the year	(2.63)	(3.86)
Actuarial (gain)/ loss recognized in the year	(2.63)	(3.86)
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 2013	26.04	16.54
Fair value of plan assets as at 31 st March 2013	----	----
Funded Status	(26.04)	(16.54)
Unrecognised actuarial (gains)/losses	----	----
Net asset/(liability) recognised in the balance sheet	(26.04)	(16.54)

Expenses recognised in the Statement of Profit & Loss (Rs. in millions)

	Gratuity	Earned leave
Current service cost	5.06	6.88
Past service cost	----	----
Interest cost	2.02	1.43
Expected return on plan assets	----	----
Curtailment cost/(credit)	----	----
Settlement cost/(credit)	----	----
Net actuarial (gain)/loss recognised in the period	(2.63)	(3.87)
Expenses recognised in the Statement of Profit & Loss	4.45	4.44

Valuation Assumptions

Discount Rate	8.0%
Estimated rate of increase in compensation levels	5%

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

2.39 TAX EXPENSE COMPRISES OF:

	<u>2012-2013</u>	(Rs. In Millions) <u>2011-2012</u>
- Current Tax	229.44	171.00
- Previous Year Tax	(37.25)	--
- Deferred Tax	327.34	122.16
- MAT Credit Entitlement	<u>(229.44)</u>	<u>(171.00)</u>
	<u>290.09</u>	<u>122.16</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)

(Rs. In millions)

S.No	Particulars	31.03. 2013	31.03. 2012
(a)	India	6822.44	6868.99
(b)	Outside India	9910.03	6548.39
	Total Sales	16732.47	13417.38

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

Nectar Capital Limited, Mauritius – Wound up on 3rd August, 2012
Nectar Lifesciences UK Limited, United Kingdom.

ii) Joint Ventures and Associates

None

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

Sh. Sanjiv Goyal
Sh. Aryan Goyal
Sh. Dinesh Dua (resigned w.e.f. 31st July 2012)
Sh. Saurabh Goyal
Sh. Harprakash Singh Gill (appointed w.e.f. 1st Nov, 2012)

iv) Relatives of the Key Management Personnel *

None

* With whom the company had transactions during the year.

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

Surya Narrow Fabrics – New Delhi
Nectar Lifestyles Private Limited- New Delhi
Nectar Organics Private Limited – New Delhi
* With whom the company had transactions during the year.

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

i) Subsidiary Companies

Sr. No.	PARTICULARS	31.03.2013	31.03.2012
i.	Investments during the year	Nil	Nil
	Balance at year end (*Absolute Amount Rs. 75 (Previous Year Rs 120))	_*	_*
ii.	Loans & Advances Paid During The Year	Nil	0.31

ii) **Key Management Personnel and their relatives** (Rs. In millions)

Sr. No.	PARTICULARS	31.03.2013	31.03.2012
i.	Remuneration & Perquisites	29.70	37.19

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

Sr. No.	PARTICULARS	31.03.2013	31.03.2012
i.	Loans & Advances received back/(given) during the year (Net)	53.39	(0.01)
	Balance at year end	61.45	114.84
ii.	Rent	0.96	0.96

2.42 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

The FCCBs were redeemed fully in USD during the previous financial year on 26th April, 2011 at 150.71 per cent of their principal amount. The FCCBs premium payable on redemption for the previous financial year 2011-12 as well as for the year 2010-11 were charged to Statement of Profit & Loss. However, in the year 2011-12, 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 31.03.2013	YEAR ENDED 31.03.2012
Profit After Tax	Rs in million	856.66	732.50
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.	3.82	3.27
-Diluted	Rs.	3.82	3.27

2.45 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to Rs. 221.25 millions (Previous Year loss of Rs. 141.23 millions)

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

a) RAW MATERIAL CONSUMED

Sr.No	Particulars	Amount	2012-2013 (%age)	Amount	2011-2012 (%age)
1.	Imported	2920.88	25.48	2726.61	27.87
2.	Indigenous	8544.34	74.52	7056.89	72.13

b) STORES & SPARES CONSUMED

Sr.No	Particulars	Amount	2012-2013 (%age)	Amount	2011-2012 (%age)
1.	Imported	5.70	5.48	10.36	10.57
2.	Indigenous	98.30	94.52	87.69	89.43

2.47 OTHER INFORMATION

	Particulars	2012-2013	2011-2012
(a)	CIF Value of Imports		
1.	Raw Material	3119.80	2737.23
2.	Traded Goods	120.41	202.08
3.	Capital Goods and Stores & Spares	29.67	34.62
(b)	Expenditure in Foreign Currency		
1.	Travelling Expenses	6.80	5.91
2.	Export Commission	35.64	27.48
3.	Other Expenses	37.89	9.42
(c)	Remittances in Foreign Currency		
1.	Raw Material	2550.60	3058.48
2.	Traded Goods	109.51	122.29
2.	Capital Goods and Stores & Spares	28.03	44.36
3.	Redemption of FCCB	Nil	2218.62
(d)	Expenditure in Foreign Currency on account of dividend		
	Particulars	2012-2013	2011-2012
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	7.2
	(ii) Year to which dividend relates	2011-12	2010-11
(e)	Earning in Foreign Currency		
	Particulars	2012-2013	2011-2012
	FOB Value of Exports	9910.03	6548.39

2.48 The Company has re-grouped previous year's figures to conform to current 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
Managing Director

Aryan 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 : 15.05.2013

INDEPENDENT AUDITOR'S REPORT

To
The Members of
NECTAR LIFESCIENCES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of NECTAR LIFESCIENCES LIMITED ("the Company"), and its subsidiary companies (Nectar Capital Limited, Mauritius; Nectar Lifesciences UK Limited, United Kingdom) which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audited financial statements of Nectar Lifesciences Limited and unaudited financial statements of Nectar Capital Limited and Nectar Lifesciences UK

Limited, duly certified by the management, the Consolidated financial statements give the information required by the Act in the manner so required and 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 State of Affairs of the Company and its subsidiaries as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Company and its subsidiaries for the year ended on that date, and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Company and its subsidiaries for the year ended on that date.

Other Matters

We have not carried out the audit of the subsidiaries namely Nectar Capital Limited, Mauritius (wound up during the year w.e.f 03.08.2012) and Nectar Lifesciences UK Limited, United Kingdom (dormant during the year).

We have relied on the unaudited financial statements of the subsidiaries. These unaudited financial statements, as approved by the respective Board of Directors of these companies, have been furnished to us by the management, and our report, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on such approved unaudited financial statements. However, the size of these subsidiaries is insignificant.

Our opinion is not qualified in respect of Other Matters.

For **DATTA SINGLA & CO.**
Chartered Accountants
Firm Regn. No. 006185N

(YOGESH MONGA)
Partner
M. No. 099813

PLACE : CHANDIGARH
DATE : 15.05.2013

Consolidated Balance Sheet as at 31st March 2013

(Rs. in Millions)

Particulars	NOTE	As At March 31, 2013		As At March 31, 2012	
EQUITY AND LIABILITIES					
Share holders' Fund					
Share Capital	2.1	224.26		224.26	
Reserves & Surplus	2.2	8,451.74	8,676.00	7,620.38	7,844.64
Non Current Liabilities					
Long Term Borrowings	2.3	2,609.61		3,636.17	
Deffered Tax Liability(net)	2.4	957.56		630.22	
Other Long Term Liabilities	2.5	10.30		19.57	
Long Term Provisions	2.6	37.89	3,615.36	34.26	4,320.23
Current Liabilities					
Short Term Borrowings	2.7	5,091.11		5,652.11	
Trade Payables	2.8	3,825.19		1,944.91	
Other Current Liabilities	2.9	1,312.76		1,298.69	
Short Term Provisions	2.10	219.96	10,449.02	148.14	9,043.85
	Total		22,740.37	21,208.72	
ASSETS					
Non Current Assets					
Fixed Assets					
- Tangible Assets	2.11	9,138.39		8,578.71	
- Capital Work in Progress		1,385.70		1,501.34	
Non Current Investments	2.12	0.50		0.50	
Long Term Loans and Advances	2.13	704.80		631.22	
Other Non Current Assets	2.14	0.15	11,229.54	0.23	10,712.00
Current Assets					
Current Investments	2.15	3.19		1.41	
Inventories	2.16	6,760.00		5,914.16	
Trade Receivables	2.17	3,493.86		3,044.93	
Cash & Bank Balances	2.18	62.40		259.25	
Short Term Loans & Advances	2.19	868.43		1,050.47	
Other Current Assets	2.20	322.94	11,510.83	226.49	10,496.71
			22,740.37	21,208.72	
Significant Accounting Policies	1				
Notes to Financial Statements	2				

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

Yogesh Monga
Partner
M. No. 099813

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

Place : Chandigarh
Dated : 15.05.2013

Consolidated Statement of Profit and Loss for the Year Ended 31st March 2013

(Rs. in Millions)

Particulars	NOTE	Year Ended March 31, 2013	Year Ended March 31, 2012
INCOME			
Revenue From Operations	2.21	16,732.47	13,417.38
Less : Excise Duty		<u>484.33</u>	<u>384.50</u>
		16,248.14	13,032.88
Operating Income	2.22	14.37	98.18
Other income	2.23	160.40	128.94
		<u><u>16,422.91</u></u>	<u><u>13,260.00</u></u>
EXPENDITURE			
Raw Material Consumed	2.24	11,465.22	9,783.50
Purchase of Stock in Trade (Traded Goods)		599.98	630.27
Changes in inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.25	(644.02)	(1,346.69)
Employees Benefits Expense	2.26	486.11	476.59
Finance Cost	2.27	1,154.89	1,152.50
Depreciation & Amortisation	2.11 & 2.14	759.56	607.29
Other Expenses	2.28	1,453.65	1,102.22
		<u><u>15,275.40</u></u>	<u><u>12,405.68</u></u>
PROFIT BEFORE TAX		1,147.51	854.32
Tax Expense		290.09	122.16
PROFIT AFTER TAX		<u><u>857.42</u></u>	<u><u>732.16</u></u>
EARNINGS PER SHARE (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		3.82	3.26
Diluted (Rs.)		3.82	3.26
Significant Accounting Policies	1		
Notes to Financial Statements	2		

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

Yogesh Monga
Partner
M. No. 099813

R.K. Aggarwal
V.P. Accounts

Sandeep Goel
V.P. Finance

Sunder Lal
Company Secretary

Place : Chandigarh
Dated : 15.05.2013

Consolidated Cash Flow Statement For The Year Ended 31st March, 2013

PARTICULARS	As At March 31, 2013	As At March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax & Extra Ordinary Items	1,147.51	854.32
Adjustments For :		
Depreciation	759.49	607.22
Misc. Expenditure W/Off	0.08	0.08
Provision for Doubtful debts	39.56	17.90
Provision for Doubtful Insurance Claim	4.26	17.87
Provision for Employees Retirement Benefits	(0.25)	12.70
Provision for Excise Duty On Finished Goods	(1.86)	(0.27)
Loss on Sale of Fixed Assets	0.27	11.86
Loss/(Profit) on Sale / Restatement of Investment	0.23	0.03
Interest on Borrowings	1,154.89	1,029.95
Other non-operating Income	(160.40)	(128.94)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,943.77	2,422.71
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,253.00)	(1,210.94)
Increase/(Decrease) in Current Liabilities	1,945.09	559.10
Increase/(Decrease) in Long Term Liabilities	(9.27)	8.49
CASH GENERATED FROM OPERATIONS	3,626.59	1,779.36
Direct Taxes Paid	(18.25)	(129.76)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	3,608.33	1,649.60
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3,608.33	1,649.60
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,206.01)	(2,589.53)
Purchase of Investments	-	-
Interest Received	160.40	128.93
Dividend Received	0.01	0.01
Sale of Fixed Assets	2.23	77.15
Sale of Investments	(2.00)	51.88
Long Term loans and Advances	55.82	(4.02)
Foreigh Exchange Translation Reserve for the year	0.01	0.01
NET CASH USED IN INVESTING ACTIVITIES (B)	(989.55)	(2,335.57)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans from Banks	(1,075.62)	1,592.32
Proceeds from Working Capital Limits from Banks	(361.00)	2,152.01
Proceeds from Unsecured Loans from Banks	(200.28)	200.63
Repayment of Inter Corporate Deposits	(1.41)	(1.93)
Repayment of FCCB including Interest	-	(2,271.19)
Dividend Paid	(22.43)	(22.43)
Interest Paid	(1,154.89)	(1,029.95)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(2,815.63)	619.47

Consolidated Cash Flow Statement For The Year Ended 31st March, 2013

PARTICULARS	As At March 31, 2013	As At March 31, 2012
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(196.84)	(66.50)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	259.25	325.75
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	62.40	259.25

For NECTAR LIFESCIENCES LIMITED

For DATTA SINGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 006185N

Sanjiv Goyal
Chairman & Managing Director

Aryan 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 : 15.05.2013

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, 2013.
- iii) All the incomes & expenditures are recognized on accrual basis.
- iv) Figures have been taken nearest to million rupees.

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 statement of profit & loss 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 statement of profit and loss.

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 statement of profit and loss.

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 statement of profit & loss 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 (MISCELLANEOUS EXPENDITURE)

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.

Notes on Consolidated Financial Statements

Particulars	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012
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 Reserve		
Opening balance	3,287.98	2,723.86
Add : Premium on Redemption of FCCB for earlier years		564.12
(A)	3,287.98	3,287.98
General Reserves		
	141.02	141.02
(B)	141.02	141.02
Profit & Loss Account		
Opening Balance	4,191.36	4,122.19
Transferred From Statement of Profit & Loss Account	857.42	732.16
	5,048.77	4,854.35
Appropriations :		
Proposed Dividend on Equity Shares	22.43	22.43
Tax On Proposed Dividend	3.64	3.64
	5,022.71	4,828.28
Less : Previous Year Expenses	-	636.93
Add: Transfer from Foreign Currency Translation Reserve	0.03	-
(C)	5,022.73	4,191.36
Foreign Currency Translation Reserve		
Opening Balance	0.01	-
Add: Transfer During The Year	0.01	0.01
	0.03	0.01
Less : Transfer To Statement of Profit & Loss	0.03	-
(D)	-	0.01
Total (A+B+C+D)	8,451.74	7,620.38

(Rs. in Millions)				
Particulars	As At	As At	As At	As At
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
NOTE - 2.3 - "LONG TERM BORROWINGS"				
	Non Current Portion		Current Maturities	
SECURED				
Term Loans				
-From Banks	2,604.81	3,629.30	1,089.02	1,140.15
UNSECURED				
Other Loans				
-From Banks	3.43	3.99	2.04	1.76
-From Others	1.36	2.88	1.52	1.41
(Also Refer Note 2.30)	2,609.61	3,636.17	1,092.58	1,143.32

Particulars	As At	As At
	March 31, 2013	March 31, 2012
NOTE - 2.4 - "DEFERRED TAX LIABILITIES"		
Deferred Tax Liabilities Arising On Account Of Depreciation	3,241.99	2,941.53
TOTAL A	<u>3,241.99</u>	<u>2,941.53</u>
Deferred Tax Assets Arising On Account Of		
- Employees Retirement Benefits	42.58	42.83
- Unabsorbed Depreciation and Carried Forward Losses	102.22	839.82
- Other Expenses & Provisions	145.85	116.45
TOTAL B	<u>290.65</u>	<u>999.10</u>
NET DEFERRED TAX LIABILITY (A-B)	<u>2,951.34</u>	<u>1,942.43</u>
TAX IMPACT	957.56	630.22

NOTE - 2.5 - "OTHER LONG TERM LIABILITIES"

Security from Customers	10.30	10.65
Advances From Customers	-	8.92
	<u>10.30</u>	<u>19.57</u>

NOTE - 2.6 - "LONG TERM PROVISIONS"

Provision for Employees Retirement Benefits	37.89	34.26
	<u>37.89</u>	<u>34.26</u>

Particulars	(Rs. in Millions)	
	As At	As At
	March 31, 2013	March 31, 2012
NOTE - 2.7 - "SHORT TERM BORROWINGS"		
SECURED		
Working Capital Limits		
-From Banks	5,091.11	5,452.11
UNSECURED		
Short Term Loans		
-From Banks	-	200.00
	5,091.11	5,652.11
NOTE - 2.8 "TRADE PAYABLES"		
- Due to Micro ,Small & Medium Enterprises	6.56	1.59
- Due to Others	3,818.62	1,943.32
	3,825.19	1,944.91
NOTE - 2.9 "OTHER CURRENT LIABILITIES"		
Current Maturities of Long Term Debts	1,089.02	1,140.15
Current Maturities of Other Loans	3.56	3.17
Interest accrued but not due on borrowings	21.05	23.22
Advances From Customers	38.57	62.82
Other Payables	160.56	69.33
	1,312.76	1,298.69
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)	183.77	106.22
Provision for Excise Duty On Finished Goods	5.43	7.29
Provision for Employee Retirement Benefits	4.69	8.57
	219.96	148.14

(Rs. in Millions)

NOTE - 2.11 "FIXED ASSETS" - Tangible Assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At April 1, 2012	Additions*	Sale/ Deletion	As At March 31, 2013	Up To March 31, 2012	During the Year	Deletion / Adjustments	Up To March 31, 2013	As At March 31, 2013	As At March 31, 2012
Freehold Land & Site Development	885.88	55.39	-	941.27	-	-	-	-	941.27	885.88
Leasehold Land	3.27	-	-	3.27	0.16	0.04	-	0.20	3.07	3.11
Buildings	1,254.98	134.93	-	1,389.90	178.46	42.37	-	220.84	1,169.06	1,076.51
Tube Well	10.40	0.00	-	10.40	1.35	0.35	-	1.70	8.70	9.05
Plant & Machinery	5,918.14	635.02	-	6,553.16	1,522.20	510.64	-	2,032.85	4,520.32	4,385.94
Plant & Machinery (R & D)	1,553.62	358.41	-	1,912.03	221.90	73.27	-	295.16	1,616.86	1,331.72
Boiler	170.70	(0.00)	-	170.70	21.77	17.29	-	39.06	131.64	148.93
Pollution Control Equipment	75.25	-	-	75.25	27.72	3.57	-	31.29	43.95	47.53
Laboratory	80.94	5.05	-	86.00	18.37	4.01	-	22.39	63.61	62.57
Miscellaneous Fixed Assets	793.54	120.58	-	914.12	283.56	93.49	-	377.04	537.07	509.98
Furniture & Fixture	77.04	5.95	-	82.99	19.28	4.96	-	24.25	58.74	57.76
Motor Vehicles	62.08	3.52	3.20	62.40	26.29	5.68	0.70	31.27	31.13	35.79
Computer	28.82	2.80	-	31.63	14.87	3.81	-	18.68	12.95	13.95
Total	10,914.66	1,321.66	3.20	12,233.12	2,335.94	759.49	0.70	3,094.73	9,138.39	8,578.71
Previous Year	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

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

Particulars	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012

NOTE - 2.12 "NON CURRENT INVESTMENTS"**NON TRADE****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

0.50	0.50
-------------	-------------

NOTE - 2.13 "LONG TERM LOANS & ADVANCES"

Security Deposits	15.59	16.54
MAT Credit Entitlement	645.63	516.22
Unsecured Loans & Advances to Related Parties		
- Considered Good	-	98.46
- Considered Doubtful	16.40	16.38
Unsecured Loans & Advances to others		
- Considered Good	43.58	-
	721.20	647.61
Less: Provision for Doubtful Advances	16.40	16.38
	704.80	631.22

NOTE - 2.14 "OTHER NON CURRENT ASSETS"

Misc Expenses (To The Extent not Written off)	0.23	0.30
Less :- Written off During the Year	0.08	0.08
	0.15	0.23

Particulars	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012

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	3.00	1.00
	4.74	2.74
Less: Provision for Loss on Investment	1.55	1.33
	3.19	1.41

NOTE - 2.16 "INVENTORIES"**(As Certified by the Management)**

Raw Material	538.53	330.03
Work In Progress	5,703.89	4,922.74
Finished Goods	187.93	346.52
Stocks in Trade	235.36	213.91
Other Miscellaneous Stocks	94.30	100.97
	6,760.00	5,914.16

Particulars	(Rs. in Millions)	
	As At March 31, 2013	As At March 31, 2012

NOTE - 2.17 "TRADE RECEIVABLES"**(Unsecured)**

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

-Considered Good	195.40	108.96
-Considered Doubtful	78.46	38.90
	<u>273.86</u>	<u>147.86</u>
Less: Provision For Doubtful Debts	78.46	38.90
	<u>195.40</u>	<u>108.96</u>
Other Debts		
-Considered Good	3,298.46	2,935.97
	<u>3,493.86</u>	<u>3,044.93</u>

NOTE - 2.18 "CASH & BANK BALANCES"**Balance With Banks**

In Current Accounts	60.60	256.40
In Unclaimed Dividend & Share Application Money Accounts	0.28	0.80
Cash In Hand (Incl Staff Imprest)	1.53	2.04
	<u>62.40</u>	<u>259.25</u>

NOTE - 2.19 "SHORT TERM LOANS & ADVANCES"

Excise Balances	77.85	103.33
Other Loans & Advances, considered good -	45.05	-
- To Related Parties	745.53	947.14
- To Others		
	<u>868.43</u>	<u>1,050.47</u>

NOTE - 2.20 "OTHER CURRENT ASSETS"

Export and Other Incentives Accrued	258.83	182.94
Income Tax Refund Due	39.87	
Insurance Claim Receivable :		
-Considered Good	24.23	43.56
-Considered Doubtful	22.12	17.87
	<u>345.06</u>	<u>244.36</u>
Less: Provision for Doubtful Insurance Claim	22.12	17.87
	<u>322.94</u>	<u>226.49</u>

Particulars	(Rs. in Millions)	
	Year Ended March 31, 2013	Year Ended March 31, 2012

NOTE - 2.21 "REVENUE FROM OPERATIONS"

Sale of Manufactured Products		
- Export	9,884.53	6,461.62
- Domestic	6,136.38	6,194.83
Trading Sale		
- Export	25.50	86.77
- Domestic	686.07	674.16
Gross Sales	16,732.47	13,417.38

NOTE - 2.22 "OPERATING INCOME"

Outsourcing Income	7.83	91.45
Carbon Credit	6.54	6.74
	14.37	98.18

NOTE - 2.23 "OTHER INCOME "

Interest On Fixed Deposits	0.10	0.09
Interest Others	160.30	128.84
Dividend From Investments	0.01	0.01
	160.40	128.94

NOTE - 2.24 "RAW MATERIAL CONSUMED"

Opening Stock	330.03	472.35
Add:- Purchase of Raw Material	11,673.72	9,641.18
	12,003.75	10,113.53
Less :- Closing Stock	538.53	330.03
	11,465.22	9,783.50

(Rs. in Millions)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
-------------	------------------------------	------------------------------

NOTE - 2.25 "CHANGE IN FINISHED GOODS, STOCK IN PROCESS & STOCK IN TRADE"

Inventory (At Close)		
Finished Goods	187.93	346.52
Stock in Process	5,703.89	4,922.74
Stock in Trade	235.36	213.91
	<u>6,127.18</u>	<u>5,483.16</u>
Inventory (At Commencement)		
Finished Goods	346.52	311.21
Stock in Process	4,922.74	3,679.66
Stock in Trade	213.91	145.60
	<u>5,483.16</u>	<u>4,136.47</u>
	644.02	1,346.69

NOTE - 2.26 "EMPLOYEES BENEFITS EXPENSE"

Salaries & Wages	396.46	374.96
Remuneration To Directors	29.70	37.19
Contribution to Provident and Other Funds	20.61	23.43
Staff Welfare	39.35	41.01
	<u>486.11</u>	<u>476.59</u>

NOTE - 2.27 "FINANCIAL EXPENSES"

Interest Expenses	1,048.65	901.78
Other Borrowing Costs & Foreign Exchange Fluctuation(Net)	106.25	250.72
	<u>1,154.89</u>	<u>1,152.50</u>

NOTE - 2.28 "OTHER EXPENSES"

Manufacturing Expenses		
Consumable Stores	104.00	98.05
Oil & Lubricants	23.92	6.01
Power, Fuel & Steam Expenses	584.12	411.21
Chemical Testing Expenses	5.89	10.57
Packing Expenses	135.64	96.94
Repairs & Maintenance		
- Electricals	2.11	3.81
- Machinery	77.15	67.04
- Building	4.37	8.77
Total (A)	937.19	702.41

Particulars	(Rs. in Millions)	
	Year Ended March 31, 2013	Year Ended March 31, 2012
Administrative Expenses		
Travelling & Conveyance	41.45	40.91
Advertisement & Subscription	2.80	1.97
Books & Periodicals	0.40	0.70
Business Promotion	15.40	16.23
Insurance	36.94	26.11
Electricity Expenses (Office)	1.40	1.64
Postage, Telephone, Telegram	10.49	12.85
Printing & Stationery	9.23	9.51
Professional Fees	28.04	17.61
Rate, Fees & Taxes	9.05	8.55
Vehicle Running & Maintenance	11.21	12.25
Rent	8.73	8.41
Audit Fees	2.20	2.00
Office Expenses	4.40	3.90
Diwali & Pooja Expenses	3.47	3.80
Donation	12.63	14.86
Directors' Sitting Fees	0.21	0.15
Loss on Sale of Fixed Assets	0.27	11.86
Loss on Sale / Restatement of Investment	0.23	0.03
Provision For Doubtful Insurance Claims	4.26	17.87
Total (B)	202.79	211.21
Selling & Distribution Expenses		
Discount / Samples	41.01	12.11
Freight & Cartage Outward	185.81	106.29
Sales Commission	53.34	48.23
Bad Debts Written Off/ Provision for Doubtful Debts	33.51	21.97
Total (C)	313.67	188.60
Grand Total (A+B+C)	1,453.65	1,102.22

2.29 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES

Particulars	As at 31 st March,2013		As at 31 st March,2012	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	76779000	34.24	76779000	34.24
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,2013	As at 31 st March,2012
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 PariPassu Charge on all the fixed assets of the Company and further secured by way of Second PariPassu 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	547.98
2 - 5	1359.89
> 5	696.95

Term Loans availed by the Company, include term loans from State Bank of India (SBI) and various other banks. During the year, the Company has been sanctioned a Foreign Currency Term Loan Facility (ECB) by State Bank of India (SBI) through one of its overseas offices to refinance two existing rupee term loans availed from SBI, being a part of above term loans, as per Reserve Bank of India norms and the said ECB has been fully disbursed during the month of May 2013. Hence, the repayment schedule mentioned above for SBI has been drawn taking into consideration the said ECB loan, instead of the repayment schedule of existing rupee loans.

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	3.15
2 - 5	1.64
> 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. 358.41 millions (previous year Rs. 454.44 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 2013 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are Rs. 6.56 millions (previous year Rs. 1.59 millions). The interest amount computed based on the provisions under Section 16 of the MSMED Act Rs. 0.13 millions (previous year Rs.0.05 millions) is remaining unpaid as of 31st March 2013. The principal amount that remained unpaid as at 31st March 2012 was paid during the year. The list of undertakings covered under MSMED Act 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. 0.34 million (previous year Rs. 0.88 million) 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.

During the year, an amount of Rs.0.28 million relating to unclaimed dividend and share application money refundable, which became due for deposit to Investor Education and Protection Fund, has been duly deposited.

2.34 CONTINGENT LIABILITIES AND COMMITMENTS

S.No.	Particulars	31.03.2013	31.03.2012
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:- **		
	-Income Tax matters	5.97	5.97
	-Excise matters	108.06	4.16
	-Service Tax matters	13.93	13.35
	-ESI matters	3.54	Nil
ii)	Bank Guarantees	8.70	26.84
iii)	Bills Discounted	144.41	583.78
iv)	Letter of Credit (Foreign / Inland)	398.01	560.00
v)	Other money for which Company is contingently liable		
	a) Differential amount of custom duty in respect of machinery imported under EPCG Scheme	0.29	1.80
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	53.18	104.91

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

2.35 PAYMENT TO AUDITORS

Particulars	2012 - 13	2011 - 12
Statutory Audit and Limited Review Fees	1.90	1.70
Tax Audit Fee	0.30	0.30
Service Tax	0.27	0.25

2.36 INCOME TAXCurrent 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. 327.34 million (Previous Year Rs. 122.16 million) and it has been recognized in the Statement of Profit & Loss. 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 Statement of Profit & Loss are Rs. 8.73 millions (Previous Year Rs. 8.41 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 2012	25.21	17.81
Acquisition adjustment	----	----
Interest Cost	2.02	1.43
Past Service Cost	----	----
Current Service Cost	5.06	6.88
Curtailement Cost/ (Credit)	----	----
Settlement Cost/ (Credit)	----	----
Benefits paid	(3.62)	(5.72)
Actuarial (gain)/loss on obligations	(2.63)	(3.86)
Present Value of obligations as at 31st March 2013	26.04	16.54

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

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2012	----	----
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 2013	----	----

Fair Value of Plan Assets	(Rs. in millions)	
	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2012	-----	-----
Acquisition Adjustments	-----	-----
Actual Return on Plan Assets	-----	-----
Contributions	-----	-----
Benefits Paid	-----	-----
Fair Value of Plan Assets as at 31st March 2013	-----	-----
Funded Status	26.04	16.54

Actuarial Gain/Loss Recognized	(Rs. in millions)	
	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	2.63	3.86
Actuarial gain/(loss) for the year – Plan Assets	-----	-----
Total (gain)/ loss for the year	(2.63)	(3.86)
Actuarial (gain)/ loss recognized in the year	(2.63)	(3.86)
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 2013	26.04	16.54
Fair value of plan assets as at 31 st March 2013	-----	-----
Funded Status	(26.04)	(16.54)
Unrecognised actuarial (gains)/losses	-----	-----
Net asset/(liability) recognised in the balance sheet	(26.04)	(16.54)

Expenses recognised in the Statement of Profit & Loss	(Rs. in millions)	
	Gratuity	Earned leave
Current service cost	5.06	6.88
Past service cost	-----	-----
Interest cost	2.02	1.43
Expected return on plan assets	-----	-----
Curtailment cost/(credit)	-----	-----
Settlement cost/(credit)	-----	-----
Net actuarial (gain)/loss recognised in the period	(2.63)	(3.87)
Expenses recognised in the Statement of Profit & Loss	4.45	4.44

Valuation Assumptions	
Discount Rate	8.0%
Estimated rate of increase in compensation levels	5%

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

2.39 TAX EXPENSE COMPRISES OF:

	(Rs. In Millions)	
	2012-2013	2011-2012
- Current Tax	229.44	171.00
- Previous Year Tax	(37.25)	--
- Deferred Tax	327.34	122.16
- MAT Credit Entitlement	(229.44)	(171.00)
	<u>290.09</u>	<u>122.16</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) (Rs. In millions)

S.No	Particulars	31.03.2013	31.03.2012
(a)	India	6822.44	6868.99
(b)	Outside India	9910.03	6548.39
	Total Sales	16732.47	13417.38

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) Joint Ventures and Associates

None

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

Sh. Sanjiv Goyal

Sh. Aryan Goyal

Sh. Dinesh Dua (resigned w.e.f. 31st July 2012)

Sh. Saurabh Goyal

Sh. Harprakash Singh Gill (appointed w.e.f. 1st Nov, 2012)

iii) Relatives of the Key Management Personnel*

None

* With whom the company had transactions during the year.

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

Surya Narrow Fabrics – New Delhi

Nectar Lifestyles Private Limited- New Delhi

Nectar Organics Private Limited – New Delhi

* With whom the company had transactions during the year.

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

i) Key Management Personnel and their relatives

Sr.No.	PARTICULARS	31.03. 2013	31.03. 2012
i.	Remuneration & Perquisites	29.70	37.19

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

Sr.No.	PARTICULARS	31.03. 2013	31.03. 2012
i.	Loans & Advances received back/(given) during the year (Net)	53.39	(0.01)
	Balance at year end	61.45	114.84
ii.	Rent	0.96	0.96

2.42 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

The FCCBs were redeemed fully in USD during the previous financial year on 26th April, 2011 at 150.71 per cent of their principal amount. The FCCBs premium payable on redemption for the previous financial year 2011-12 as well as for the year

2010-11 were charged to Statement of Profit & Loss. However, in the year 2011-12, 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. 2013	YEAR ENDED 31.03. 2012
Profit After Tax	Rs in million	857.42	732.16
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.	3.82	3.26
-Diluted	Rs.	3.82	3.26

2.45 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to Rs. 221.25millions (Previous Year loss of Rs. 141.23 millions)

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

a) RAW MATERIAL CONSUMED

Sr.No	Particulars	Amount	2012 -2013 (%age)	Amount	2011 -2012 (%age)
1.	Imported	2920.88	25.48	2726.61	27.87
2.	Indigenous	8544.34	74.52	7056.89	72.13

b) STORES & SPARES CONSUMED

Sr.No	Particulars	Amount	2012 -2013 (%age)	Amount	2011 -2012 (%age)
1.	Imported	5.70	5.48	10.36	10.57
2.	Indigenous	98.30	94.52	87.69	89.43

2.47 OTHER INFORMATION

	Particulars	2012 -2013	2011 -2012
(a)	CIF Value of Imports		
1.	Raw Material	3119.80	2737.23
2.	Traded Goods	120.41	202.08
3.	Capital Goods and Stores & Spares	29.67	34.62
(b)	Expenditure in Foreign Currency		
1.	Traveling Expenses	6.80	5.91
2.	Export Commission	35.64	27.48
3.	Other Expenses	37.89	9.42
(c)	Remittances in Foreign Currency		
1.	Raw Material	2550.60	3058.48
2.	Traded Goods	109.51	122.29
3.	Capital Goods and Stores & Spares	28.03	44.36
4.	Redemption of FCCB	Nil	2218.62
(d)	Expenditure in Foreign Currency on account of dividend		
	Particulars	2012 -2013	2011 -2012
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	7.2
	(ii) Year to which dividend relates	2011 -12	2010 -11
(e)	Earning in Foreign Currency		
	Particulars	2012 -2013	2011 -2012
	FOB Value of Exports	9910.03	6548.39

2.48 The Company has re-grouped previous year's figures to conform to current year's classification.

FOR NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Managing Director

Aryan Goyal
Executive Director

Sunder Lal
Company Secretary

R.K. Aggarwal
V.P. Accounts

SandeepGoel
V.P. Finance

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 : 15.05.2013

NECTAR LIFESCIENCES LIMITED

Statement of Subsidiaries

(Rs. in Million)

Detail of Subsidiary Companies

Sr. No.	Particulars	Nectar Capital Limited	Nectar Lifesciences UK Limited
1.	Financial Year Ended on	31.03.2013	31.03.2013
2.	Capital	Nil	0.00008
3.	Reserves	Nil	0.00147
4.	Total Assets	Nil	0.00155
5.	Total Liabilities	Nil	0.00155
6.	Details of Investments (except n case of investment in the Subsidiaries)	Nil	Nil
7.	Turnover	Nil	Nil
8.	Profit Before Taxation	Nil	0
9.	Provision for Taxation	Nil	Nil
10.	Profit after Taxation	Nil	0
11.	Proposed Dividend	Nil	Nil

NOTE: M/S Nectar Capital Limited stands wound up on August 3, 2012, however final orders from Mauritius authorities are awaited.

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

Sr. No.	Company	Accounts Consolidation Upto	Currency in which accounts prepared	Conversion Rate
1.	Nectar Capital Limited	31.03.2013	USD	1 USD= Rs. 50.94
2.	Nectar Lifesciences UK Limited	31.03.2013	GBP	1 GBP= Rs. 75.00



**ANNUAL GENERAL MEETING
Nectar Lifesciences Limited
ATTENDANCE SLIP**

DATE	VENUE	TIME
September 30, 2013	Nectar Lifesciences Limited Village Saidpura, Tehsil Derabassi, Distt. Mohali (PB.)	10.00 A.M.

Name _____ DP ID No. _____
 Address _____ Folio No./ Client ID No. _____
 _____ No. of Shares _____

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

PLEASE TICK IN THE BOX

Member Proxy

_____ Member's Signature

_____ Name of the proxy in Block Letters

_____ Proxy's Signature

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



Nectar Lifesciences Limited
 Regd. Office: Vill. Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (PB)
PROXY FORM

I/We _____
 of _____
 being a Member/Members of Nectar Lifesciences Limited, hereby appoint _____
 of _____
 or failing him _____
 of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **September 30, 2013** and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____, **2013**.

DP ID No. _____
 Folio No. / Client ID _____
 No. of Shares _____
 Proxy No. _____

_____ Signature of Member

_____ Signature of Proxy

Affix Re. 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 (Retd.)	:	Independent Director
8. Mr. Raman Kapur	:	Independent Director
9. Mr. Ajay Swaroop	:	Independent Director
10. Mr. H.P. Singh	:	Director & President (Operations)

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 & 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