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Abuzz!

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Nectar Life Sciences reported revenues of US\$197 mn in 2007-08. The buzz at the Company is projected revenues of US\$500 mn by 2011.

The six defining P's of Neclife

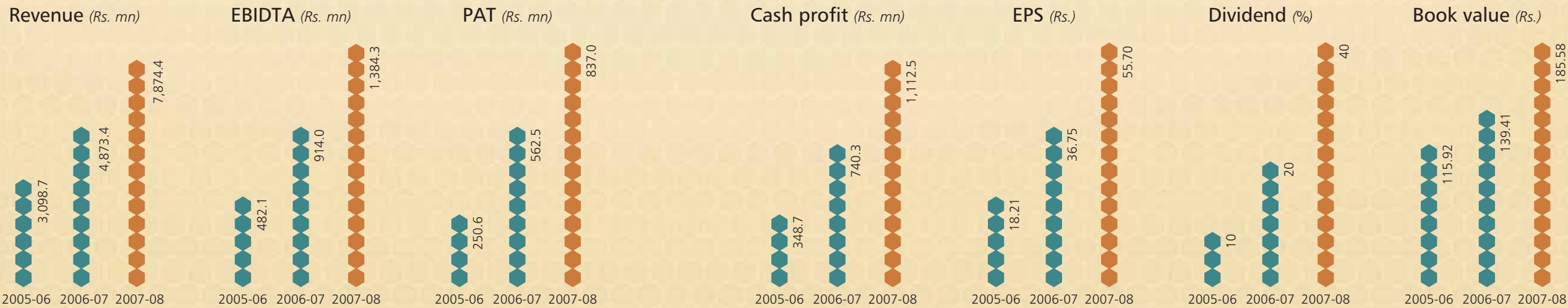


Nectar Lifesciences Ltd. (Neclife) is a leading global manufacturer of cephalosporins and phytochemicals with a growing presence across 50 nations.

We had a hummngly busy and profitable 2007-08.



Our performance in numbers



Size

A bee is a phenomenal builder. Its hive architecture rivals the infrastructure of top global corporations.



Robust infrastructure. Execution excellence. Global visibility. These three capabilities encapsulate Neclife's competence.

The complement of these competencies is profoundly critical for the success of pharmaceutical companies like Neclife. They translate into the erection of dependable infrastructure in line with the most demanding standards of the day. The timely commissioning of facilities neatly complements the corporate plans of customers. They lead to a disciplined cost management, influencing responsible product pricing. They translate into global visibility, leading to prospects of sustainable growth.

This is precisely how they are reflected in the Neclife of today.

- We invested more than US\$100 mn for five years in 11 world-class facilities across three locations; the result is a large-scale operation across 25 API products, menthol and its allied products and entire range of Cephalosporin formulations.
- We created plants that are in line with stringent US-FDA standards and certified by WHO-GMP, DNV Holland and ISO 9001:2000.
- We commissioned these plants within nine months, perfectly converging with customer needs and quicker payback.

What we accomplished in 2007-08

We took this competitive position ahead during the year under review.

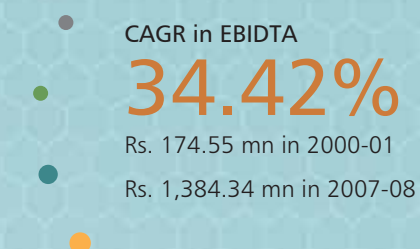
- We eight-folded our capacity for Cefixime (oral-API) to 25 TPA through a state-of-the-art facility and emerged as the world's largest global producer.
- We installed a production capacity of 1,096.50 mn for empty hard gelatine capsules in 2007-08.

Way ahead

Going ahead, this agenda of responsible asset-building and corporate growth is expected to sustain.

- We will double our existing capacity in oral APIs like Cefuroxime Axetil and Cefpodoxime Proxetil and emerge among the three largest manufacturers in the world.
- We invested Rs. 700 mn in a US-FDA-compliant facility (expected to commission in 2008-09) and expect to emerge as the leading integrated cephalosporin company in the world.
- We will progressively double our EHGC capacity through the addition of eight machines.
- We will double our menthol capacity by 2010.

The result: Neclife expects to emerge as a near US\$ 500 mn revenue company by 2011.



Competence

The bee toils tirelessly to produce golden nectar.

Deep R&D focus. Product excellence. Multi-capability expertise.
 These three attributes faithfully capture Neclife's capabilities.

The amalgamation of these attributes remains integral to a growing pharmaceutical manufacturer like Neclife, facilitating aggressive forays into emerging as well as regulated economies. These strengths reinforce our knowledge pool and infrastructure capability to handle complex processes for new-generation products, while enhancing global respect and recall.

This is precisely how they are reflected in the Neclife of today:

- We created a range of 16 APIs in the value-added third and fourth-generation cephalosporin range.
- We emerged as one of the few players in India to invest in lyophilisation and crystallisation facilities.
- We climbed the value chain into finished cephalosporin dosage forms, catering to a rapidly growing downstream formulations market.

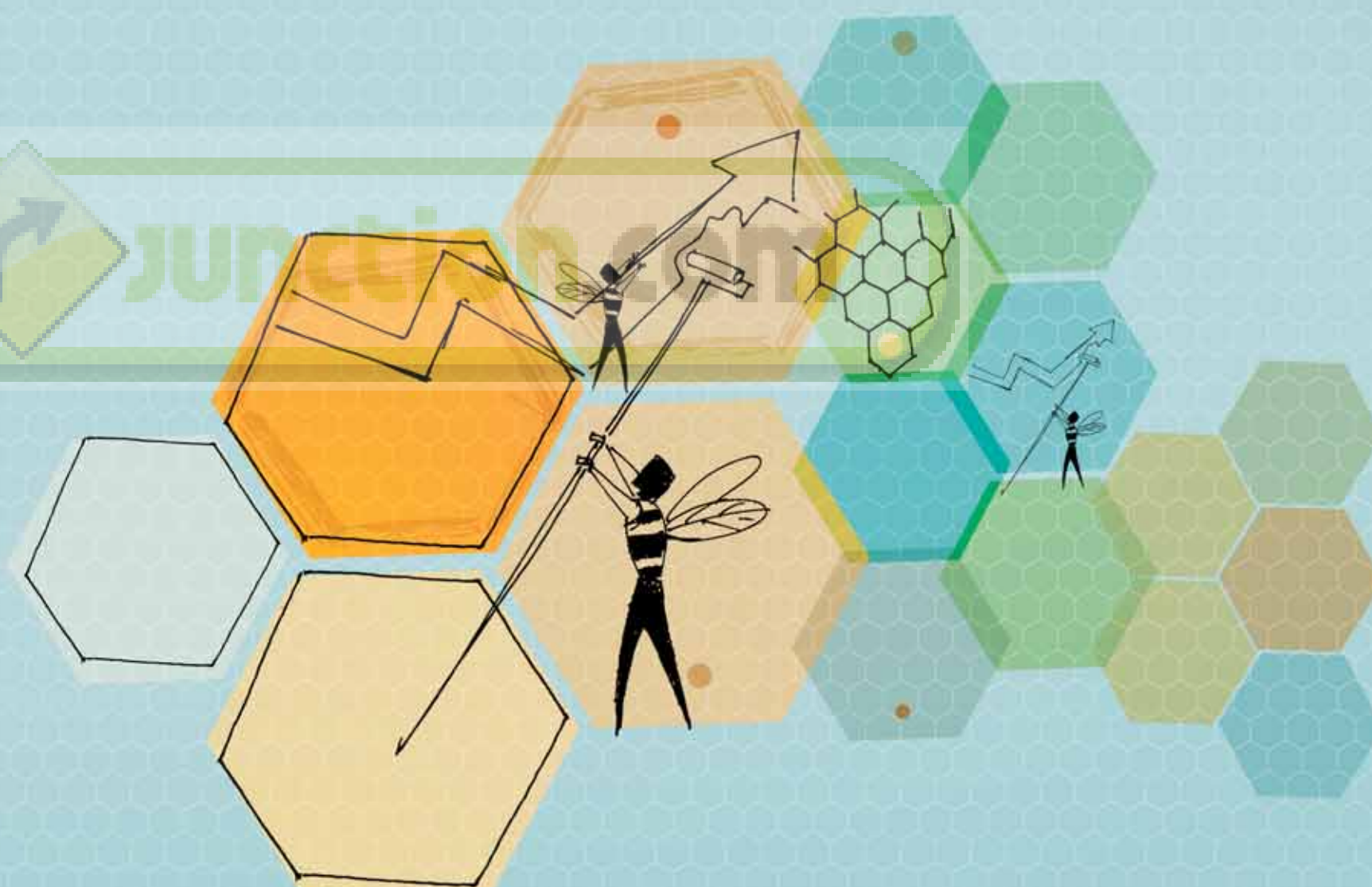
What we accomplished in 2007-08

This priority was reflected in our agenda during the year under review.

- We invested Rs. 150 mn in a multi-purpose API facility to extend our antibiotics product range.
- We commercialised Cefdinir, a third-generation cephalosporin product, which will cater to a US\$450-mn global demand.
- We added 15-20 new clients and extended our presence across four countries.

Way ahead

- We expect to commercialise eight-nine oral cephalosporin products in two years, catering to a US\$806-mn global market; three sterile cephalosporin products will be launched in 2008-09.
- We expect to market four new formulations over the next two years in regulated markets.





Multiple tasks. Varied challenges. Singular focus. This represents Neclife's overriding priority.

The compelling confluence reinforces the strategic synergy across our various business divisions.

Besides, multitasking stretches individual mindsets, helping us to emerge as a 'first-and-fast' mover in high-growth and under-penetrated sectors.

This is how they are reflected in the Neclife of today:

- We are among the three leading Indian companies in the niche, complex, challenging and high-growth cephalosporin space of the antibiotic therapeutic segment.
- Our mentha oil refining unit in Jammu is the largest of its kind in India.
- Our Derabassi unit processes menthol into powder and crystal forms, catering to diverse industry needs.

What we accomplished in 2007-08

- We commercialised our EHGC facilities to emerge as its only organised manufacturer in North India, contributing nearly Rs. 56.50 mn to revenues within six months of launch.
- We forayed into the generic formulations segment, generating around Rs. 5.20 mn in revenue within two months of launch.

Result: These value-accretive initiatives added Rs. 61.70 mn to our topline and enhanced EBIDTA by Rs. 14.35 mn in 2007-08, the first year of operation.

Way ahead

- We intend to extend into formulations trading in 2008-09.
- We expect to reinforce our presence in high-growth, non-antibiotic therapeutic segments (cardiovascular and anti-histamine segments).

Verticals

The bee builds, cleans, repairs and defends the hive.

CAGR in profit after tax
40.50%
 Rs. 77.43 mn in 2000-01
 Rs. 837.03 mn in 2007-08

Human resource

The bee works hard to extract nectar: the elixir of life.

Steep learning curve. Passion to redefine limits.

These capabilities encapsulate Nectar's work environment.

Our 1,087-member strong team with an average age of 32 years represents a prudent mix of energy and experience to beat challenging deadlines with confidence.

This evolved people power has brought about a sensitive transformation, reflected in the following:

- We have successfully grown in scale, climbed the value chain, diversified into non-pharmaceutical genres and integrated backwards.
- Our revenue per employee increased from Rs. 5.5 mn in 2004-05 to Rs. 7.13 mn in 2007-08.

What we accomplished in 2007-08

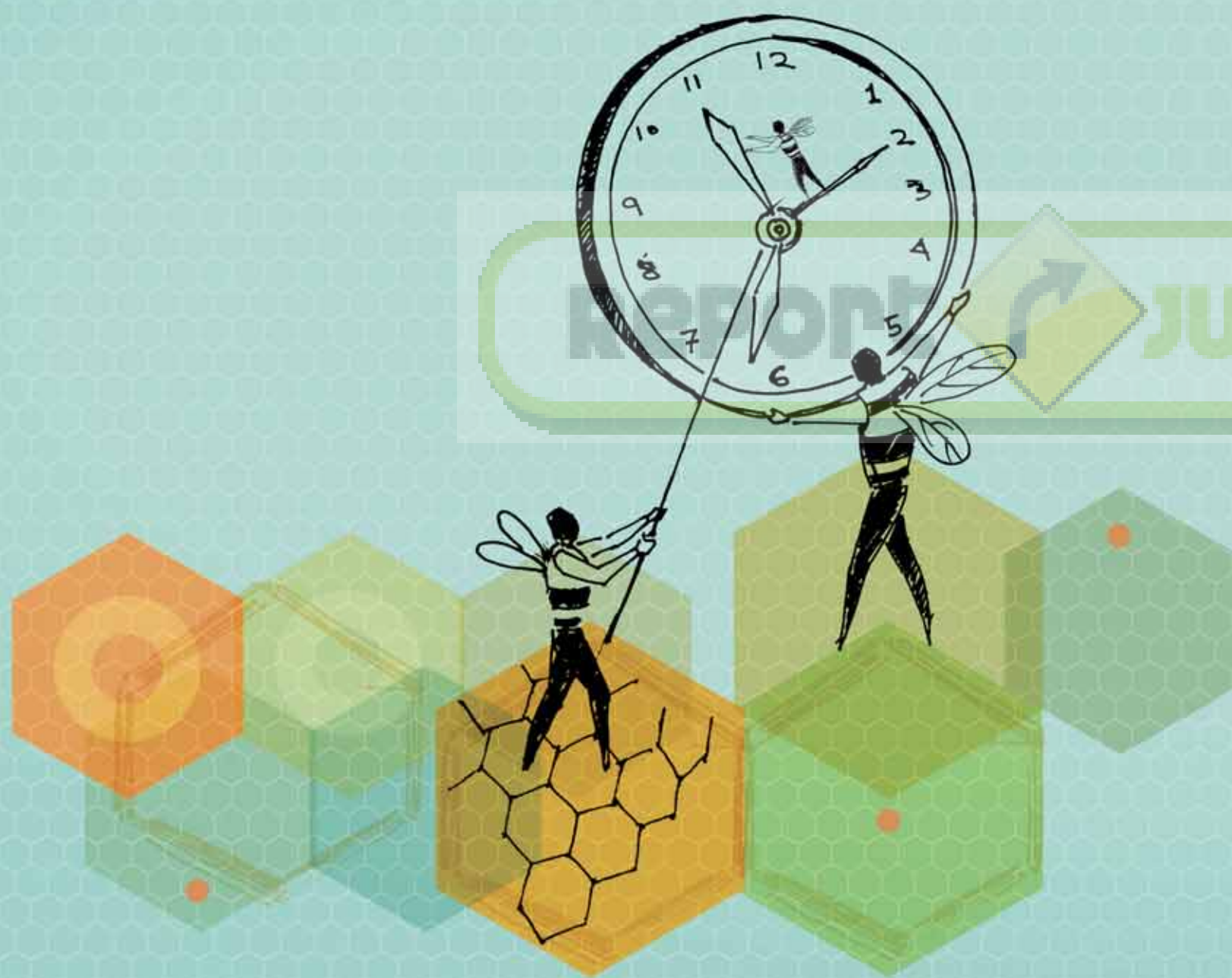
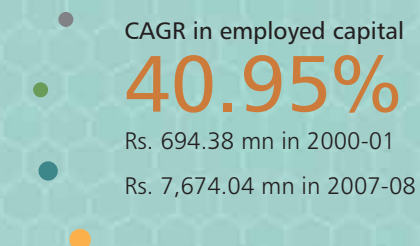
- We acknowledged the contribution of those who served Nectar for more than ten years through awards.
- We enhanced existing amenities; we created canteens and inducted new vehicles for employee convenience.
- We added 176 new members; we invested Rs 0.30 mn in training, which included external faculty training and attendance at seminars.

Way ahead

- We intend to enhance individual skills through shop-floor exercises and the introduction of suggestion schemes.
- We will create dedicated teams for strategic business planning.
- We will reinforce our institutionalised framework for individual cross-functional movement with the objective to grow the learning curve.

Customer service

The bee exercises extreme care and caution to retain nectar's timeless appeal.



Superior price-value, time-critical delivery commitment, patient customer handholding to reinforce enduring relationships.

These attributes define Nectar's customer-centric approach, reinforced by an institutionalised mechanism to reconcile evolving market realities with internal capabilities. The result is timely delivery through the prudent leverage of a hub-and-spoke distribution structure.

This is the result:

- Almost 80-85% of our business through repeat orders from existing clients.
- A huge client base of 287 reputed names in the domestic environment and a 50-nation global presence.

What we accomplished in 2007-08

- We added 82 new clients in the domestic and global environment.
- We extended our footprint across 50 nations for the first time in our history.
- We handled all troubleshooting processes following an extensive cross-functional customer support service model; we enhanced client delight through the effective resolution of customer queries.

Way ahead

- We seek to institutionalise the Key Account Model (KAM) to gather all customer-related data, understand client requirements and customise services to enhance business relations.
- We will institutionalise a troubleshooting framework, driven by cross-functional customer support teams.