



**Growth with Care, Compliance & Sustenance**

**Annual Report 2010-11**

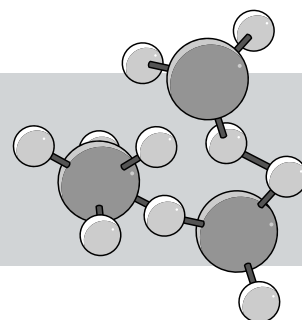
## Disclaimer

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

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NECTAR LIFESCIENCES LIMITED



# Notice

## NECTAR LIFESCIENCES LIMITED

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

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

### ORDINARY BUSINESS:

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

### SPECIAL BUSINESS:

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

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

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

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

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

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

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

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



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

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

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

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

By order of the Board of Directors  
of Nectar Lifesciences Limited

Date : August 12, 2011

Place : Chandigarh

(Sunder Lal)  
Company Secretary

Notes:

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

easy identification of attendance at the meeting.

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



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

Item No. 6

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

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

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

Other directorship of Mr. Aryan Goyal:

M/s Nectar Organics Limited

M/s Nectar Lifesciences UK Limited

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

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

Item No. 7

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

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

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

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

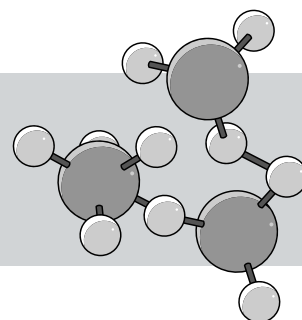
None of the Directors except Mr. Dinesh Dua, being himself, are concerned or interested in the proposed resolution.

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

Date : August 12, 2011  
Place : Chandigarh

(Sunder Lal)  
Company Secretary





# Directors' Report

*Dear Members,*

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

## Financial results

(Rs. in millions)

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

### Operations

During the Year:

Sales and other income are up by 25.54%.

Profit before interest and depreciation is up by 12.31%.

Profit after tax is up by 11.78%.

### Management Discussion and Analysis Report

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

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

### Global Depository Receipts (GDRs)

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

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



#### Foreign currency convertible bonds

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

#### Subsidiary companies

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

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

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

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

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

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



## Consolidated financial results

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

## Dividend

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

## Directors

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

## Directors' responsibility statement

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

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

## Auditors

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

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

## Auditors' Report

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

## Cost Audit

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

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

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

## Audit Committee

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

## Energy, technology and foreign exchange

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

## Personnel

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

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





#### Fixed deposits

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

#### Corporate Governance

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

#### Acknowledgement

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

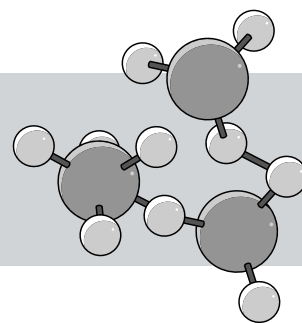
bankers and government authorities and also thank the shareholders for the confidence reposed by them in the Company and looks forward to their valuable support in the future plans of the Company.

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

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

Date : August 12, 2011  
Place : Chandigarh

(Sanjiv Goyal)  
Chairman & Managing Director



# Annexure I to Directors' Report

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

## A) Conservation of energy

### a) Energy conservation measures taken

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

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

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

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

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

#### - *Energy saving*

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

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

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

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

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

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

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

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