



## 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.

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# Notice

NECTAR LIFESCIENCES LIMITED

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

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of Nectar Lifesciences Limited will be held on Monday, the **30<sup>th</sup> 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 Wholtime 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 18<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, 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 Wholtime 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 Wholtime 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

<p><b>A) Conservation of energy</b></p> <p><b>a) Energy conservation measures taken</b></p> <p>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.</p> <p>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.</p> <p>NLL's R&amp;D team is dedicated to the task of delivering improved process so as to device mechanisms which minimize energy consumption and wastage.</p> <p><b>b) Additional investments/proposals, if any, for the reduction of energy consumption</b></p> <p>The company is in process of putting up an another</p>	<p>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.</p> <p>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.</p> <p><b>c) Impact of measures taken and impact on cost of production of goods</b></p> <p>Nectar gets carbon credit for this clean energy production technique which it can trade in international market at any point of time.</p> <p><b>d) Total energy consumption and energy consumption per unit of production</b></p>
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## FORM - A

## Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption		2012-13	2011-12
<b>1. Electricity</b>			
(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	
<b>2. Coal</b>			
Quantity (tones)	-	-	
Total Costs (Rs.)	-	-	
Average Rate (Rs.)	-	-	
<b>3. Furnace oil</b>			
Quantity (MT)	609.27	1022.07	
Total costs (Rs.)	25410501.00	39215546.00	
Average rate (Rs.)	41706.47	38368.75	
<b>4. Others/ internal generation</b>			
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.