NECTAR LIFESCIENCES LIMITED
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Q3 FY2011

Gross Sales* up 33% at ₹ 3,378.6 million

EBIDTA higher by 23% at ₹ 684.7 million; EBIDTA Margins at 20.3%

PAT at ₹ 302.2 million

Chandigarh, January 14, 2011

Nectar Lifesciences Limited (NecLife), a leading integrated pharmaceutical organization in India, offering comprehensive range of Cephalosporin Active Pharmaceutical Ingredients and Finished Dosage Forms announces its results for the third quarter and nine months ended 31st December, 2010.

Q3 FY2011 performance review (all comparisons with Q3 FY2010)

- Gross Sales* higher by 33% at ₹ 3,378.6 million from ₹ 2,548.6 million
- Pharmaceuticals division contribute 69% to total sales at ₹ 2,322.3 million from ₹ 1,950.5 million
- Contribution from Phytochemicals division at 31% of total sales at ₹ 1,055.6 million from ₹ 598.1 million
- EBIDTA at ₹ 684.7 million from ₹ 558.1 million
- Profit before Tax at ₹ 411.5 million vis-à-vis ₹ 321.5 million
- Profit after Tax at ₹ 302.2 million (have been restated after providing for proportionate tax of ₹ 64.3 Million)

9M FY2011 performance review (all comparisons with 9M FY2010)

- Gross Sales* up by 19% at ₹ 7,593.2 million from ₹ 6,391.9 million
- Contribution from Pharmaceuticals division at 79% of total sales at ₹ 6,015.8 million from ₹ 5,041.5 million
- Balance contribution from Phytochemicals division at ₹ 1,576.7 million from ₹ 1,350.5 million
- EBIDTA at ₹ 1,677.23 million from ₹ 1,515.4 million
- Profit before Tax at ₹ 915.11 vis-à-vis ₹ 816.9 million
- Profit after Tax at ₹ 700.47 million (have been restated after providing for proportionate tax of ₹ 163.3 million)

*Q3 & 9M FY2010 Gross Sales excludes inter-unit sales of ₹ 177.3 million & ₹ 1,012 million respectively

Commenting on Nectar Lifesciences' Q3 FY2011 results, Mr. Dinesh Dua, CEO & Director of Nectar Lifesciences Limited said:

"We are glad to report a robust performance in the first nine months of FY11 enabled by a strong growth in our pharmaceutical segment. Our strategy to foray in to the regulated markets and high margin segments is yielding results. We are further making strides to entrench our presence in these markets through an impressive program of regulatory filings which will aid us in rapidly making progress in our target markets. Given the various initiatives undertaken and leaner balance sheet, we believe we are well poised of achieving our goal of ₹1,000 crore plus top-line by the end of FY2011 whilst strengthening our position as a key player in the pharma sector."

Key Developments (Q3 FY2011):

- NecLife has made 7 DMF filings in US, Europe & China respectively
- NecLife has also filed two patents through the PCT route

Financial Overview

Particulars ₹ Million	Q3 FY2011	Q3 FY2010	% Shift	9M FY2011	9M FY2010	% Shift
Gross Sales	3,378.7	2548.6	32.6	7,593.2	6,391.9	18.8
EBIDTA	684.7	558.2	22.7	1,677.2	1,515.4	10.7
Other Income	1.3	5.8	(77.6)	1.8	20.8	(91.3)
Depreciation	116.4	101.4	14.8	343.6	292.9	17.3
Interest	156.7	135.3	15.8	418.6	405.6	3.2
PBT	411.5	321.5	28.0	915.1	816.9	12.0
PAT	302.2	257.2	17.5	700.5	653.5	7.2

- Gross sales for the quarter increased by 33% to ₹ 3,378.6 million compared to ₹ 2,548.6 million in Q3 FY2010 led by robust performance across all segments
- EBIDTA for the quarter higher at ₹ 684.7 million compared to ₹ 558.18 million in the corresponding period last year
    - EBIDTA margins at 20.3%
- Depreciation for the quarter was higher at ₹ 116.4 million vis-à-vis ₹ 101.4 million in Q3 FY2010 as a result of successful commercial operation of the new state-of-the-art Sterile facility
- Interest cost for the quarter higher at ₹ 156.7 million compared to ₹ 135.3 million in Q3 FY2010
- PAT for the quarter stood at ₹ 302.2 million
    - PAT for Q3 & 9M FY2010 have been restated after providing for proportionate tax of ₹ 64.3 Million & ₹ 163.3 million respectively

Segmental Revenues

Particulars* ₹ Million	Q3 FY2011	Q3 FY2010	% Shift	9M FY2011	9M FY2010	% Shift
Pharmaceutical	2,322.3	1,950.5	19.1	6,015.8	5,041.5	19.3
Phytochemical	1,055.6	598.1	76.5	1,576.7	1,350.5	16.7

* Standalone Number

Pharmaceutical

- The Company's dedicated focus is on this division enabled it to deliver strong earnings growth

Phytochemical (Menthol)

- The focus of the Company in this division is to create a niche position by supplying high-value, high-margin pharma-grade menthol crystal in the US which offers better price realisations

Balance Sheet Perspective: (₹ Million)

Particulars	December 2010	September 2010	June 2010
Gross Block	9,327.9	8,713.2	8,214.3
Net Block	7,715.2	7,217.0	6,832.6
Total Debt			
○ Long Term Debt	2,984.2	2,732.9	2,828.9
○ FCCB	1,475.8	1,481.0	1,487.5
Cash & Cash Equivalents	23.8	212.4	101.7

Key Ratios:

Particulars	December 2010	September 2010	June 2010
Debt to Equity*	0.66	0.65	0.61
Interest Covering (times)	4.37	4.05	3.52

*Considering FCCB as debt

The NecLife Story

In 1995, when NecLife began its journey, the Company had started operations focusing primarily on domestic and less-regulated markets, manufacturing active pharmaceutical ingredients (APIs) with only one facility for Betalactams – Cephalosporins and SSPs. Since then, the Company has grown significantly, diversified its entire value chain, and is currently present from Intermediate APIs & FDFs to contract research and manufacturing services (CRAMS). Additionally, NecLife has gone on to expand into international markets, proving to be a strong competitor in regulated markets across the globe.

NecLife is today endowed with global manufacturing capabilities for both oral and sterile cephalosporin products, and operates in both pharmaceuticals and phytochemicals segments. The Company also has empty hard gelatine capsules (EHGC) manufacturing facility in Baddi, Himachal Pradesh. NecLife has established its position amongst the largest producers of phytochemical menthol globally. The Company is now one of the world's largest and lowest cost producers of third and fourth-generation complex cephalosporins and enjoys a significant market share of around 40% in India & ROW markets. Going ahead the company expects majority of its business to come from exports to semi regulated & regulated markets for API's initially & Formulations moving ahead.

Outlook

NecLife continues to expect healthy and robust performance in all its segments, which includes API's, Formulations, Branded Generics & OTC's, Diagnostics & Menthol over the course of the next few years. The pharmaceutical division is expected to demonstrate strong growth, especially within the API segment, which the Company anticipates will be a substantial growth contributor over the long term. The Company has also endeavoured to augment and diversify its product pipeline by including non-Cephalosporin products while continuing its production of Cephalosporin. Due to improved technology, exemplary skill, and the knowledge capacity available, the Company now enjoys more room for value creation, and NecLife is rapidly expanding on the back of more DMF and ANDA filings as well as European dossiers. The Company has also launched deals and established contracts with innovators and key generic players around the world. Till date the company has received approval for 10 DMFs, 2 COS, 1 TPA Health Canada along with KFDA approval for Cefuroxime Axetil. The company has recently filed 3 DMF applications with SFDA China. Company expects commercial benefit of these filings to accrue in FY11-12 yielding better realisation & bottom lines,

NecLife continues to foray aggressively into more regulated markets, such as Latin America, Southeast Asia, and more recently, the Commonwealth of Independent States (CIS), which should pave the way for improved production and better realizations and margins. In the U.S. and European markets, the Company will be doing 13 submissions in the Formulation space in 2011-12. In addition, because of this new global expansion and deliberate and strategic shift in focus, NecLife anticipates a greater share of its revenues coming from formulation exports. The Company seeks to expand rapidly with over 100 filings in ROW countries in subsequent years, having now cleared audits that contain potential international innovators as well as large generic companies. NecLife continues to envision extending its presence into volume-driven, semi-regulated such as SEA and the CIS, where price realizations in formulations stands at 30-40% higher than the Company's presently active geographies. In addition, realizations for regulated markets will further position bottom line at 50-70% higher. The Chinese formulations market and generic spaces in the substantially growing Japanese market, where the government plans to increase the pharma space by 30%, prove to be an attractive prospect for the Company, which has plans to enter these markets in coming years.

Given the limited number of competitors in the Cephalosporin space, NecLife is one of the few companies that have established their presence globally in terms of volume driven growth. Due to higher cost pressures on production in foreign markets, western companies are forced to turn to India as the prime supplier of Cephalosporin. In spite of competition from other major Indian players, the Company is launching deals with international innovators and is currently working with two European companies to establish its presence in the sterile capacity space, where there is currently little to no competition.

NecLife continues to pursue supplementing its presence in the branded formulations segment by entering into new contracts with various India pharma manufacturers in high growth therapeutic areas like oncology, female health care, CVS, anti-diabetes, and anti-HIV. By improving its non-Cephalosporin space, NecLife foresees an increased revenue base on the back of a diversified portfolio.

NecLife has also seen progression in phytochemicals on the value chain, by manufacturing value-added products like Menthol crystals, resulting in higher price realization and robust bottom-line growth. The Company is attempting to create a niche position, already having filed DMFs with the USFDA for menthol used in pharmaceutical applications, in U.S. markets, by supplying high-value, pharma-grade Menthol crystals, which will almost certainly offer better realizations and margins.

About Nectar Lifesciences Limited (NecLife)

Established in 1995, NecLife (BSE code: 532649, NSE Id: NECLIFE, ISIN Id: INE023H01027) is a leading integrated pharmaceutical organization in India, offering a specialized comprehensive range of oral and sterile cephalosporin and semi-synthetic penicillin active pharmaceutical ingredients (APIs) and finished dosage forms (FDFs). The Company is growing presence in empty hard gelatine capsules (EHGCs) and menthol products. NecLife is one of the largest manufacturers of cephalosporin range of products and has an established brand presence in 20 states across India and 55 countries across five continents. NecLife has a global leadership position in 2 oral molecules and global No. 2 position in one sterile molecule. The Company has 11 manufacturing facilities – eight in Derabassi, Punjab (API and menthol units), two in Baddi, Himachal Pradesh (FDF and EHGC plants) and one in Jammu (menthol plant). NecLife's products include Oral and sterile cephalosporin, semisynthetic, penicillin and other non-cephalosporin APIs, FDFs, Empty hard gelatin capsules and Menthol and allied products. Additional information on NecLife is available on the Company website www.neclife.com.

Investor contacts

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NecLife

NECTAR LIFESCIENCES LIMITED

Regd.Office:Vill.Saidpura,Tehsil Derabassi,Distt.Mohali,(Punjab)

Unaudited Financial Results for the Quarter ended 31.12.2010 (₹ in Lacs)

S. No	PARTICULARS	Quarter ended 31.12.2010 Unaudited	Quarter ended 31.12.2009 Unaudited	9 Months ended 31.12.2010 Unaudited	9 Months ended 31.12.2009 Unaudited	Year ended 31.03.2010 Audited
1.	**Gross Sales/Income from Operations**	33786.46	25486.20	75932.12	63919.20	88582.17
	Less : Excise Duty	1743.21	1281.05	4191.48	3506.24	4002.26
	Net Sales / Income from Operations	32043.25	24205.15	71740.64	60412.96	84579.91
	Other Operating Income	236.82	75.00	445.54	210.00	409.59
	Total Operating Income	**32280.07**	**24280.15**	**72186.18**	**60622.96**	**84989.50**
2.	**Expenditure**					
	a. (Increase)/decrease in stock in trade	(803.90)	104.78	(2492.08)	843.53	939.51
	b. Consumption of Raw Material	22817.12	16016.80	49044.53	37169.63	53491.67
	c. Employees Cost	1090.45	820.44	2868.53	2395.36	3187.70
	d. Depreciation	1164.31	1013.71	3435.50	2928.73	3874.64
	e. Other Expenditure	2341.95	1813.95	6011.18	5268.62	7457.01
	Total Expenditure	**26609.93**	**19769.68**	**58867.66**	**48605.87**	**68950.53**
3.	**Profit from Operations before Other Income, Interest & Exceptional Items (1-2)**	**5670.14**	**4510.47**	**13318.52**	**12017.09**	**16038.97**
4.	Other Income	12.53	57.64	18.24	208.05	1485.73
5.	**Profit before Interest & Exceptional Items (3+4)**	**5682.67**	**4568.11**	**13336.76**	**12225.14**	**17524.70**
6.	Interest	1567.30	1353.41	4185.67	4056.33	6028.44
7.	**Profit after Interest but before Exceptional Items (5-6)**	**4115.37**	**3214.70**	**9151.09**	**8168.81**	**11496.26**
8.	Exceptional Items					
9.	**Profit from ordinary activities before tax (7+8)**	**4115.37**	**3214.70**	**9151.09**	**8168.81**	**11496.26**
10.	**Tax Expenses**	**1093.85**	**642.82**	**2146.37**	**1633.45**	**2298.82**
11.	**Net Profit from ordinary activities after tax (9-10)**	**3021.52**	**2571.88**	**7004.72**	**6535.36**	**9197.44**
12.	Extraordinary Item (net of tax expense)	0.00	0.00	0.00	0.00	0.00
13.	**Net Profit for the period (11-12)**	**3021.52**	**2571.88**	**7004.72**	**6535.36**	**9197.44**
14.	Paid up Equity Share Capital (Face Value per share : ₹1/-)	2242.61	1522.61	2242.61	1522.61	2242.61
15.	Reserves excluding Revaluation Reserves					59855.37
16.	**Earnings per Share (EPS)**					
	Basic EPS before Extraordinary items	1.35	1.69	3.12	4.29	5.81
	Diluted EPS before Extraordinary items	1.07	1.23	2.49	3.12	4.28
	Basic EPS after Extraordinary items	1.35	1.69	3.12	4.29	5.81
	Diluted EPS after Extraordinary items	1.07	1.23	2.49	3.12	4.28
17.	**Public Shareholding**					
	- Number of Shares	125246970	54119330	125246970	54119330	126119330
	- Percentage of Shareholding	55.85	35.54	55.85	35.54	56.24
18.	**Promoters and Promoter Group Shareholding**					
	a) Pledged/Encumbered					
	- Number of Shares	0	0	0	0	0
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	0.00	0.00	0.00	0.00	0.00
	- Percentage of Shares (as a % of the total share capital of the company	0.00	0.00	0.00	0.00	0.00
	b) Non-encumbered					
	- Number of Shares	99014000	98141640	99014000	98141640	98141640
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00
	- Percentage of Shares (as a % of the total share capital of the company	44.15	64.46	44.15	64.46	43.76

Notes:

1. During the quarter under review, we have made 7 DMF filings.
2. During the quarter under review, 2 International Patents have been filed by the company
3. The above financial results were reviewed by Audit Committee on 14.01.11 and approved by the Board in its meeting held on even date i.e. 14.01.11 and further limited reviewed by the Statutory Auditors of the Company
4. The above financial results are on stand alone basis.
5. The company is exclusively in the pharmaceutical business segment.
6. The Company has allotted 26,000,000 equity shares on preferential basis on 20.02.2010 to non-promoters and 46,000,000 equity shares underlying Global Depository Receipts (GDRs) on 26.02.2010. After said allotments, the paid up equity capital of the company stands increased from ₹152,260,970/- to ₹224,260,970/- comprising of 224,260,970 equity shares of ₹1/- each. This is the reason of decrease in the %age of holding of the promoters, increase in the public shareholding and decrease in EPS.
7. Gross Sales and Consumption of Raw Material figures for 2009-10 - Q3 and 9 months ended 31.12.2009 have been restated being net of Inter Unit Sales of ₹1773 lacs & ₹10120 lacs respectively so as to make it comparable with current period figures.
8. Tax Expense Figures for 2009-10- Q3 and 9 months ended 31.12.2009 have been restated after providing for proportionate tax of ₹642.82 lacs & ₹1633.45 lacs respectively, so as to make it comparable with current period figures. The Tax expense for the year 2009-10 was provided in the audited financial results. Accordingly, previous years Q3 and 9 months ended 31.12.09 EPS has also been restated.
9. Status of Complaints:

a) Pending at the beginning of Quarter - Nil
b) Received During the Quarter - 6
c) Disposed Off During the Quarter - 6
d) Pending at the end of Quarter - Nil

By Order of the Board of Directors
of Nectar Lifesciences Limited
Sd/-
(Dinesh Dua)
Chief Executive Officer & Director

Dated: 14.01.2011
Place: Chandigarh