

Nectar Lifesciences Ltd.



Ref: NLL/CS/2020- 289

Dated: 14/08/2020

To

1. National Stock Exchange of India Limited
'G' Block, Exchange Plaza, Bandra Kurla Complex,
Bandra (East), MUMBAI - 400 051.
2. BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
MUMBAI - 400 001.

Sub: Notice of Annual General Meeting and Annual Report

Sir's,

Pursuant to Regulation 30 and 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of the Annual Report for the financial year ended on 31.03.2020, containing therein, inter alia,:

1. Notice of 25th Annual General Meeting through VC/OAVM.
2. Standalone financial statements, Directors' and Auditors' Reports thereon
3. Consolidated financial statements and Auditors Report thereon
4. Corporate Governance Report
5. Management Discussion and Analysis Report

This is for your information and records please.

Thanking you,

Yours Sincerely,

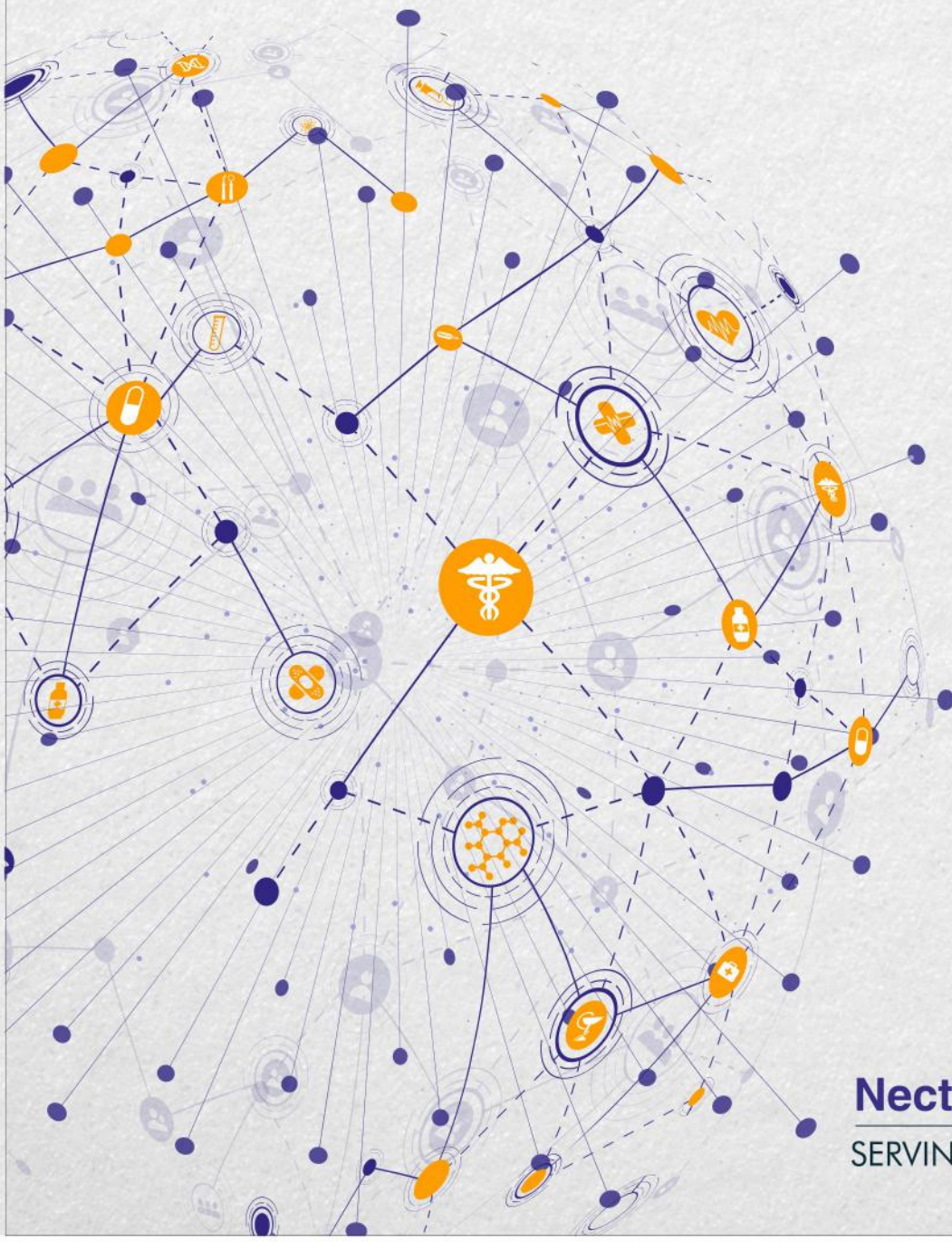
For Nectar Lifesciences Limited


(Sukriti Saini)

Company Secretary

Encl. as above

ANNUAL REPORT 2019-2020



Nectar Lifesciences Ltd.

SERVING HUMANITY, SAVING LIVES

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 cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should know or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, or estimated projected. We undertake no obligation to publicly update any forward-looking statements, whether as a results of new information, future events or otherwise.

Contents

Notice	01
Report on Corporate Governance	17
Profit & Loss Account	48
Notes	52

Directors' Report	08
Auditors' Report	43
Cash Flow Statement	49
Consolidated Auditors' Report	65

Management Discussion and Analysis	12
Balance Sheet	47
Accounting Policies	50
Statement of Subsidiary Companies	87

NOTICE Nectar Lifesciences Limited

(Corporate Identification Number: L24232PB1995PLC016664)
Registered Office: Village Saidpura, Tehsil Derabassi,
Distt. S.A.S. Nagar (Mohali) Punjab – 140507
Email: cs@neclife.com, Website: www.neclife.com
Phone: +91-01762-308000, Fax: +91-01762- 308135

(Note: The business of this Meeting is being transacted through electronic voting system)

NOTICE is hereby given that the 25th Annual General Meeting of Nectar Lifesciences Limited will be held on Monday, September 21, 2020 at 11.00 A.M. through Video Conferencing ("VC") / Other Audio-Visual means ("OAVM") and venue of the meeting is deemed to be at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Financial Statements of the Company for the year ended March 31, 2020 and the Reports of the Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company for the year ended March 31, 2020 and the Report of Auditors thereon.
2. To declare Final Dividend @5% i.e. Re. 0.05/- per equity share for the financial year ended on March 31, 2020.
3. To appoint a Director in place of Mr. Sanjiv Goyal (DIN – 00002841), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to V. KUMAR & ASSOCIATES (Firm registration no. 100137), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, amounting to Rs. 2,00,000/- (Rupees Two Lacs only) as also the payment of tax(es) as applicable and re-imbursalment of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. 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 Sections 196, 197, 203 and read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (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 and subject to the approval of Central Government, if necessary, the consent of the members be and is hereby accorded to the re-appointment of Dr. Dinesh Dua (DIN - 02436706) as a Wholtime Director, designated as Executive Director of the company for a period of One Year w.e.f. October 14, 2020 on the terms and conditions including remuneration as are set out herein below:

- a. **Salary:** Rs. 461538.00 (Rupees Four Lacs Sixty One Thousand Five Hundred and Thirty Eight only) per month and inclusive of perquisites of medical reimbursement and leave travel.
- b. He is also entitled to a bonus equivalent to his one month salary in a financial year, proportionately to his tenure in a year.
- c. **Other Perquisites:** He will be reimbursed from time to time communication, travel & other such expenses on an actual basis for discharging his official duties for the Company.
- d. He shall not be entitled to any other benefits or payables from Company like Gratuity, Leave Encashment, Insurance, Driver Salary or any other perk etc.
- e. He shall not be entitled to:
 - i) Sitting fee for the Board/ Committee meetings attended by him.
 - ii) Stock options, in case, any such options provided by the company.

FURTHER RESOLVED THAT pursuant to authority granted by members, the re-designation of Dr. Dinesh Dua, Wholtime Director from Chief Executive Officer & Director to Executive Director and revision in his remuneration as set out above by Board of Directors with effect from June 1, 2020 be and is hereby noted, approved and ratified.

FURTHER RESOLVED THAT Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not to exceed the limits specified in Schedule V to the Companies Act, 2013."

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 Sections 149, 152, read with Schedule IV to the Companies Act, 2013 ('Act') and any other applicable provisions of the Act and the Rules made thereunder and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), including any statutory amendment(s) or re-enactment(s) thereof, Ms. Guljit Sethi (DIN - 00669460), who was appointed as an Independent Director of the Company by the Members and whose first term of office expires on December 28, 2020 and who has submitted a declaration that she meets the criteria for independent as provided in Section 149 of the Act and LODR Regulations, and in respect of whom the Company has received a notice in

writing from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five years i.e. upto December 28, 2025, and shall not be liable to retire by rotation.”

FURTHER RESOLVED THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

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

Date : 11-08-2020
Place : Chandigarh

(Dinesh Dua)
Executive Director
DIN: 02436706

IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act'), which sets out details relating to Special Business at the meeting, is annexed hereto. Details under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'LODR Regulations') and under Secretarial Standard -2 issued by Institute of Company Secretaries of India, in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting (AGM), also contained in Explanatory Statement pursuant to Section 102 of the Act. The Directors have furnished the requisite declarations for their appointment/re-appointment.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ('MCA') followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and AGM be held through video conferencing (VC) or other audio visual means (OAVM). Hence, AGM is being convened through VC/OAVM in compliance with applicable provisions of the Act, LODR Regulations read with above referred MCA Circulars and Members can attend and participate in the ensuing AGM through VC/OAVM. The members may please refer to **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM**.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
6. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Annual Report containing Notice calling the AGM has been uploaded on the website of the Company at www.neclife.com and can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and is also available on the website of National Securities Depository Limited (NSDL) (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com. Also pursuant to MCA Circular No. 17/2020 dated April 13, 2020 and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the company / Depositories.
7. Corporate Members intending to send their authorized representatives to attend the Meeting through VC, pursuant to Section 113 of the Companies Act, 2013 are requested to send to the company, a certified copy of the relevant Board Resolution together with the specimen signature(s) of their representative(s) who are authorized to attend and vote on their behalf at the Meeting.
8. The register of members and the share transfer books of the company will remain closed from September 15, 2020 to September 21, 2020 (Both days inclusive) in accordance with the provisions of the Act and the LODR Regulations, for the purpose of AGM and determining names of the shareholders eligible for dividend on equity shares, if declared. The dividend, if declared at the AGM, will be paid to:
 - (i) For equity shares held in physical form - those shareholders whose names will appear in the Register of Members on the close of the day on September 14, 2020.
 - (ii) For equity shares held in dematerialised form - those beneficiaries, whose names are furnished by the NSDL and Central Depository Services (India) Limited (CDSL) as beneficial owner on close of day on September 14, 2020.
9. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to KFin Technologies Private Limited, Registrar & Share Transfer Agent ('RTA') of the company quoting their Folio number/ DPID-Client ID.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants ('DPs') in case the shares are held by them in electronic form and to the company's RTA, in case the shares are held by them in physical quoting their Folio Number.
11. In case of joint holders, attending the Meeting, only such joint holders who are higher in the order of the names will be entitled to vote.
12. Reserve Bank of India has introduced Electronic Clearing Service (NECS) for facilitating crediting of dividend directly to the shareholder's bank account. Members holding shares in

dematerialised form are requested to notify / update their ECS details to / with their respective DPs. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.

13. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the company / RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com by 11:59 p.m. IST on September 07 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on September 07, 2020.

Notwithstanding the above, tax would not be deducted on payment of dividend to resident individual shareholder, if total dividend to be paid in FY 2020-21 does not exceed Rs. 5,000.

No claim shall lie against the Company for such taxes deducted.

Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

14. The documents pertaining to the items of business to be transacted at the AGM and the statutory registers required under the Act are available for inspection in electronic mode. The shareholders may write an email to cs@neclife.com by mentioning "Request for Inspection" in the subject of the email.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, the details of unpaid/unclaimed dividends lying with the Company as on the last AGM of the Company is available on the website of the Company.
17. Members are informed that the dividend amount for the year ended 2012-13 remaining unclaimed shall become due for transfer on November 5, 2020 to the Investor Education and Protection Fund (IEPF) established by the Central Government in terms of the Companies Act, 2013. Members are requested to note that no claim shall lie against the Company in respect of any amount of dividends remaining unclaimed / unpaid for a period of 7 years from the dates they became first due for payment. The Company has already sent reminders to those members having shares in respect of which dividend remains unpaid or unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account, are required to be transferred

to the IEPF Suspense Account. Details of such shareholders are also uploaded as per the requirements, on the Company's website www.neclife.com.

Members, who have not encashed their dividend, are advised to write to the Company or RTA immediately claiming dividends declared by the Company. Any member, who has not claimed dividend in respect of the financial year ended 2012-13 onwards, is requested to approach the Company/the Registrar and Share Transfer Agents of the Company in this respect.

The Company has already transferred all shares (in respect of which dividend has not been paid or claimed for seven consecutive years or more i.e upto 2011-12) to designated Demat Account of the IEPF maintained with NSDL. Members who have so far not claimed or collected their dividends for the said period may claim their dividend and shares from the Investor Education and Protection Fund, by submitting an application in the prescribed form.

18. Members who are holding shares in physical form are hereby informed that SEBI has amended regulation 40 of LODR Regulations, 2015 vide Notification dated June 8, 2018 and in terms of said notification except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository.
19. Members of the Company had approved the appointment of M/s. Ashwani K. Gupta & Associates, Chartered Accountants, as the Statutory Auditors at the 22nd AGM of the Company which is valid till 27th AGM of the Company. In accordance with the Companies (Amendment) Act, 2017, enforced on May 7, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.
20. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of LODR Regulations (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
21. The Members, whose names appear in the Register of Members / list of Beneficial Owners on the close of the day on **Monday, September 14, 2020 (cut-off date)**, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date.
22. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM.
23. Any person, who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date, may obtain the User Id and password in the manner as mentioned in remote e-voting instructions. The persons, who have received this notice and e-voting details,

ceased to be a Member as on the cut-off date should treat this and e-voting details Notice for information purposes only.

24. The Company has appointed Mr. Prince Chadha, Practising Company Secretary (C.P. No. 12409), as Scrutinizer to scrutinize the votes cast at meeting and votes cast through remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose. He has also confirmed that in case of any emergency and he could not attend AGM, he shall be represented by CA Gaganpreet Garg, Chartered Accountant, who shall act as Scrutinizer for e-voting and polling on resolutions to be passed at the forthcoming AGM of the Company.
25. After the conclusion of voting at the general meeting, the scrutiniser shall, immediately first count the votes cast at the meeting through e-voting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses (who shall not be in the employment of the company). Thereafter, Scrutinizer shall give a consolidated report, specifying the total votes cast in favour or against, if any, within forty eight hours of conclusion of the meeting, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The results declared shall be available on the website of the Company (www.neclife.com) and on the website of the NSDL i.e. www.evoting.nsdl.com. The results shall simultaneously be communicated to the Stock Exchanges. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on September 18, 2020 at 09:00 A.M. and ends on September 20, 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at

<https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

- i. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- ii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your

log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- iv. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- v. Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - I. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - II. If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
- vi. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

- vii. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- viii. Now, you will have to click on “Login” button.
- ix. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

- i. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- ii. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- iii. Select “EVEN” of company for which you wish to cast your vote.
- iv. Now you are ready for e-Voting as the Voting page opens.
- v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- vi. Upon confirmation, the message “Vote cast successfully” will be displayed.
- vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to prince.chadha88@gmail.com with a copy marked to evoting@nsdl.co.in.
- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
- iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.co.in or pallavid@nsdl.co.in or telephone at +91 22-24994545, 59.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

- i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate

(front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to einward.ris@kfintech.com or cs@neclife.com.

- ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to einward.ris@kfintech.com or cs@neclife.com.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company’s email address cs@neclife.com at least 48

hours in advance before the start of the meeting i.e. by 10.00 A.M. September 19, 2020. Such questions by the Members shall be taken up during the meeting or replied within 7 days from AGM date by the Company suitably.

- vi. Shareholders who will participate in the AGM through VC/OAVM can also pose question/feedback through question box option. Such questions by the Members shall be taken up during the meeting or replied within 7 days from AGM date by the Company suitably.

INFORMATION OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD -2 ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA.

Item No. 3

Mr. Sanjiv Goyal, aged 60 years, is commerce and law graduate. Mr. Sanjiv Goyal established Nectar Lifesciences Limited in 1995 and had been the managing director ever since. The company became fully operational in April 1997. He was conferred with prestigious global award of "Entrepreneur of the Year" for financial year 2013-14, instituted by Asia Pacific Entrepreneurship Awards (APEA), a global NGO from Malaysia. He has expertise in Overall Business Management and Corporate Management.

His Directorships were as under:

- a) Nectar Organics Private Limited

His committee membership and the details of number of Board and committee meetings attended by him are given in Corporate Governance Report. His term of office shall be liable to retire by rotation.

He holds 55845600 Equity Share in the Company representing 24.90% of total paid up shares capital of the company.

The details of remuneration drawn have been provided in the Corporate Governance Report and Extract of Annual Return as per Form MGT-9, forming part of the Annual Report. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Except Mr. Sanjiv Goyal, being an appointee, none of the Directors and Key Managerial Personnel (KMPs) of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution. He does not have any relation with any other directors or KMPs.

The Board commends the resolution for approval.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND INFORMATION PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD - 2, ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA.

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of V. KUMAR & ASSOCIATES (Firm

registration no. 100137), Cost Accountants as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 on the remuneration of Rs. 2 lacs. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021. The Board recommends the Ordinary Resolution set out at Item no. 4 of the Notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

Item No. 5

The Board of Directors vide resolution dated August 14, 2019 have re-appointed Dr. Dinesh Dua as a Director as well as Wholetime Director designated as Chief Executive Officer for a period of one year from October 14, 2019.

The designation of Dr. Dinesh Dua has been changed from Chief Executive Officer & Director ('CEO') to Executive Director ('ED') with effect from June 1, 2020.

This change from CEO to ED was for internal administrative purposes only. Consequently, there was not any change in his statutory designation of Wholetime Director, which is be continuing as it is.

Therefore, based on the recommendations of Nomination and Remuneration Committee, the Board has revised his remuneration as under, to align with his changed role, power and responsibilities:

- a. **Salary:** Rs. 461538.00 (Rupees Four Lacs Sixty One Thousand Five Hundred and Thirty Eight only) per month and inclusive of perquisites of medical reimbursement and leave travel.
- b. He is also entitled to a bonus equivalent to his one month salary in a financial year, proportionately to his tenure in a year.
- c. **Other Perquisites:** He will be reimbursed from time to time communication, travel & other such expenses on an actual basis for discharging his official duties for the Company.
- d. He shall not be entitled to any other benefits or payables from Company like Gratuity, Leave Encashment, Insurance, Driver Salary or any other perk etc.
- e. He shall not be entitled to:
 - i) Sitting fee for the Board/ Committee meetings attended by him.
 - ii) Stock options, in case, any such options provided by the company.

His tenure, as a Wholetime Director, will expire on October 13, 2020. Therefore, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on July 29, 2020, have decided to re-appoint Dr. Dinesh Dua as Wholetime Director designated as Executive Director of the Company for a period of One year with effect from October 14, 2020 on the terms and conditions as set out in the proposed resolution and remuneration as set out above.

The appointment can be terminated by Dr. Dinesh Dua or the Company, by one party giving to the other 3(three) calendar months' notice in writing or by payment of a sum equivalent to basic salary for the notice period or part thereof in case of shorter notice or on such other terms as Board of Directors may think.

Dr. Dinesh Dua aged 65 years is MBA from IIM, Ahmedabad from 1979 batch. He has the experience of 40 years plus in varied industries like Sanofi Aventis, Hitech Labs and Berger Paints in middle to senior management positions. He works as Senior & Top Management positions in Reliance Industries, Jubilant Organosys Ltd., Zydus Cadila Healthcare Ltd. & Wochardt Ltd, and was CEO of Nectar Lifesciences Limited from 2007 to 2012. His last penultimate position was with a US Pharma MNC Akorn India P. Ltd. as Managing Director for 14 Months. He rejoined the Nectar Lifesciences Limited as a CEO & WTD from October 14, 2013.

He has expertise in Overall Business Management and Corporate Management. He does not hold any equity share in the Company. His Directorships are as under:

Sr. No.	Name of the Company
1.	Pharmaceuticals Export Promotion Council of India
2.	Nectar Lifesciences UK Limited
3.	Neclife Pt, Unipessoal LDA, Portugal

He does not hold committee membership in any other company. The details of number of Board and committee meetings attended by him are given in Corporate Governance Report. The details of remuneration drawn have been provided in the Corporate Governance Report forming part of the Annual Report.

He is not disqualified from being appointed as Director in terms of Section 164 of the Act. In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution of item no. 5 of the accompanying Notice for the approval of the Members.

Except Dr. Dinesh Dua, none of the Directors and Key Managerial Personnel (KMPs) of the Company and their relatives is concerned or interested, financial or otherwise, in his re-appointment. He does not have any relation with any other directors or KMPs.

Item No. 6

The first term of Ms. Guljit Sethi (DIN – 00669460), Independent Director will expire on December 28, 2020. Based on recommendation of Nomination and Remuneration Committee, the Board of Directors has proposed to re-appoint her as an Independent Director for 2nd term for a period of 5 years.

Ms. Guljit Sethi, aged 65 years, is an Economics (Hons.) graduate from Lady Shri Ram College Delhi University, full time MBA from Jamnalal Bajaj Institute, Mumbai University, Post Graduate diploma in international marketing from IIFT Delhi, and a PhD. fellowship from University of Pune.

She has a career spanning 37 years in international business, strategic alliances including joint ventures and domestic marketing of pharmaceuticals, polymers with leading corporates. From 2005 she

has founded Bioinnovat a Pharmaceutical Resource Organisation deeply engaged in contract research and drug development solutions working for 7 global pharma amongst the top twenty including clinical trials which have matured into 9 globally approved market authorisations.

She is promoter and Managing Director of Bioinnovat Research Services Private Limited and holds the Directorship in Accelsiors Cro and Consultancy Services (India) Private Limited and Symphonytech Biologics Private Limited.

She does not hold any equity share in the Company. She also does not hold committee membership in any other company. The details of number of Board and committee meetings attended by her are given in Corporate Governance Report. The details of sitting fee drawn have been provided in the Corporate Governance Report forming part of the Annual Report. She will be eligible for payment of sitting fee, as payable to other non-executive directors of the Company.

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company as required in terms of Regulation 46 of the LODR Regulations and available for inspection by the members at the registered office of the Company during business hours.

The company has received a declaration from her that she meets the criteria of Independence as per Section 149 of the Companies Act, 2013 and LODR Regulations. In the opinion of the Board, Ms. Guljit Sethi fulfils the conditions specified in the Companies Act, 2013, the Rules thereunder and the LODR Regulations 2015 for continuing as an Independent Director and that she is independent of the management of the Company. She is not disqualified from being a Director in terms of Section 164 of the Act.

Ms. Sethi is on the Board of the Company in the Non-Executive Independent category since 2015 and has been contributing immensely to the Board deliberations and the Company is benefitted out of her vast experience in various fields of Management.

Pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Act and LODR Regulations, approval of the members by way of a special resolution is required for reappointment of Independent Director for the second term. The Board recommends the special resolution for re-appointing her for the second term for a period upto December 28, 2025.

Except Ms. Guljit Sethi, none of the Directors and Key Managerial Personnel (KMPs) of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution. She does not have any relation with any other directors or KMPs.

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

Date : 11-08-2020
Place : Chandigarh

(Dinesh Dua)
Executive Director
DIN: 02436706

BOARD OF DIRECTORS' REPORT OF NECTAR LIFESCIENCES LIMITED

Dear members,

Your Directors have pleasure in presenting the 25th Annual Report together with the audited Financial Statements of Nectar Lifesciences Limited ('NLL' or 'Neclife' or 'Nectar' or 'the Company') for the financial year ended March 31, 2020.

Financial results

INR in Millions

	31-Mar-20	31-Mar-19
Gross Sales (Including GST)	26392.81	31149.23
Other Income	43.62	60.40
Profit before interest and depreciation	2223.32	2699.43
Interest	1258.23	1481.34
Depreciation & Amortization	607.66	632.57
Profit before tax	357.43	585.52
Tax expenses	56.82	112.20
Profit after tax	300.61	473.32
Other Comprehensive income (Net of Taxes)	12.62	0.26
Profit after tax available for Appropriations	313.22	473.58

The company's revenue during Financial Year ('FY') 2019-20 stood at INR 2,639/- Crores against 3115/- Crores in the previous year recording a decline of 15%. This decline is purely on account of Menthol division due to adverse Market Conditions and impact of Covid19. Pharma business has had a growth of 3% approximately in spite of Covid19 challenges and impact in Q3 & Q4.

Finance cost decreased by 15% in this financial year to Rs 126 Crores. The Profit after Tax has decreased by 37% as compared to last year due to high input costs and adverse effect of Covid19 pandemic.

The financial results of the company for the quarter ended on June 30, 2020 will be made available on the website of the company (URL: www.neclife.com).

Indian Accounting Standards (IndAS) and Secretarial Standards

The company has adopted Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued there under and accordingly, standalone and consolidated audited financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS and the other accounting principles generally accepted in India.

The Company is in Compliance of Secretarial Standards as issued by Institute of Company Secretaries of India.

Management Discussion and Analysis Report

The details of the Company's various operations and state of affairs and nature of business 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 year under review as required under Securities & Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), is given as Annexure 1 and forms and part of this report. Any disclosure not given in this report and its annexures but disclosed in Annexure 1, shall be deemed to be reported in this report and vice versa.

Corporate Governance

The Company aimed to conduct its affairs in an ethical manner. A separate Report on Corporate Governance is given as Annexure 2 and

forms and part of this report. A certificate from the Company's Auditors regarding the Compliance of Conditions of Corporate Governance as stipulated under LODR Regulations is given in Annexure 3. Any disclosure not given in this report and its annexures but disclosed in Annexure 2, shall be deemed to be reported in this report *and vice versa*.

Business Responsibility ('BR') Statement

It is first time the BR report is applicable to company as SEBI expands the ambit of BR to top 1000 listed entities based on market capitalization by notification dated December 26, 2019. The BR Report as required under LODR Regulations, is given as Annexure 10.

Share capital

The paid up equity share capital as on March 31, 2020 was INR 224.26 Millions. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the financial year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

Global Depository Receipts (GDRs)

The Company has 46,000,000 equity shares of INR 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 wholly owned subsidiaries (WOS) namely Nectar Lifesciences UK Limited, incorporated in United Kingdom, NECLIFE PT, UNIPESSOAL LDA, incorporated in Portugal and Nectar Lifesciences US, LLC, incorporated in United States. There are negligible investments in Nectar Lifesciences UK Limited and NECLIFE PT, UNIPESSOAL LDA and no business activity has been carried out in them in financial year 2019-20 and till date in financial year 2020-21. Therefore, nothing is to report on the performance and financial position of Nectar Lifesciences UK Limited and NECLIFE PT, UNIPESSOAL LDA.

Due to uncertainty of Brexit, the company left with no choice but to shift its European Union (EU) incorporation & market authorization (MA) from United Kingdom (UK) to EU. Therefore, the company has incorporated a WOS namely NECLIFE PT, UNIPESSOAL LDA in Portugal on July 11, 2019 to takeover MA from Nectar Lifesciences UK Limited, which will eventually be dissolved. However, this shift will not have any impact on the business of the company.

However, the Nectar Lifesciences US, LLC doing the business operations of trading of pharmaceutical products. The company gained the profit of US\$ 69470.98 during the year under review as compared to profit of US\$ 86187.60 during last year.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (hereinafter referred as 'Act'), a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Financial Statements. The separate financial statements in respect of each of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting (AGM). Your

Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited/ unaudited financial statements in respect of each of the subsidiary companies are also available on the website of your Company at www.neclife.com.

None of the subsidiaries is material as per Policy for determining Material Subsidiaries of the Company and LODR Regulations.

Consolidated financial Statements

As required under Section 129 of the Act and LODR Regulations, a consolidated financial statements for the year ended on March 31, 2020 of the Company are attached.

Dividend

Your Directors are pleased to recommend a Final Dividend @ 5% i.e. Re. 0.05/- per equity shares of face value of Re. 1/- each aggregating to INR 11,213,048.50 for the year ended March 31, 2020. The final dividend, subject to the approval by the shareholders in the forthcoming Annual General Meeting and if declared, will be paid on or after September 26, 2020, to those members whose names appears in the register of members as on date of book closure. The register of members and the share transfer books of the Company will remain closed from September 15, 2020 to September 21, 2020 (Both days inclusive) for AGM and payment of dividend, if declared, on equity shares.

The members may please refer to notes of Notice of AGM for information on shares/dividend transferred / proposed to be transferred to IEPF Authority.

The Board of Directors of your company, has decided not to transfer any amount to the Reserves for the year under review.

Directors and Key Managerial Persons

Mr. Sanjiv Goyal (DIN – 0002841), Director will retire by rotation in the forthcoming AGM and being eligible, offer himself for reappointment. The Board recommends his reappointment as a Director.

The designation of Dr. Dinesh Dua has been changed from Chief Executive Officer & Director ('CEO') to Executive Director ('ED') with effect from June 1, 2020.

This change from CEO to ED was for internal administrative purposes only. Consequently, there was not any change in his statutory designation of Wholetime Director, which is be continuing as it is.

Dr. Dinesh Dua has been re-appointed as Wholetime Director designated as Executive Director by the Board of Directors in their meeting held on July 29, 2020 w.e.f. October 14, 2020 for a period of One year. Based on recommendation of Nomination and Remuneration Committee, the Board recommends his reappointment as a Wholetime Director.

The first term of Ms. Guljit Sethi (DIN 00669460), Independent Director will expire on December 28, 2020. Based on recommendation of Nomination and Remuneration Committee, the Board of Directors has proposed to re-appoint her as an Independent Director for the 2nd term for a period of 5 years. Pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Act and LODR Regulations, approval of the members by way of a special resolution is required for reappointment of Independent Directors for the second term. The Board recommends the special resolutions for re-appointing her for the second term for a period upto December 28, 2025.

As on the date of this report, the company has right proportionate of Independent Directors viz a viz Non-Independent Directors

as per applicable provisions of Section 149 of the Act, and LODR Regulations.

The Company has received declarations from all the Independent Directors of the Company confirming that

1. They meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act, and under LODR Regulations.
2. They have submitted a declaration of compliance of sub-rule (1) and sub-rule (2) of Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014.

Your Directors do hereby confirm that in the opinion of the board, the independent directors fulfill the conditions specified in the Act and LODR Regulations and are independent of the management.

Pursuant to the provisions of Section 203 of the Act, the key managerial personnel of the Company as on March 31, 2020 were as under:

Mr. Sanjiv Goyal, Chairman & Managing Director
Dr. Dinesh Dua, Wholetime Director designated as Chief Executive Officer & Director
Mr. Sandeep Goel, Chief Financial Officer
Ms. Sukriti Saini, Company Secretary

Number of meetings of the board

Five (5) meetings of the board were held during the year. The details of Directors and meeting held during the financial year 2019-20 are provided in Corporate Governance Report which forms and part of this report.

Directors' responsibility statement

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Board evaluation

Pursuant to the provisions of the Act, and the corporate governance requirements as prescribed by LODR Regulations, the performance of the Board and committees was evaluated by the Board after seeking inputs from all the directors/ committee members on the basis of the criteria such as the Board/ committee composition and structure, effectiveness of board processes, information and functioning, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of

the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role. The performance evaluation forms of each of director get filled from all directors.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated.

Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters namely Nomination, Remuneration and Evaluation Policy as provided in Section 178(3) of the Act has been uploaded on the website of the company at <https://neclife.com/uploads/1549887491137395438.pdf>

Committees of the Board

The Company constituted the Committees as per the provisions of Sections 177 and 178 of the Act and LODR Regulations. The composition, powers and duties of the Committees, during financial year 2019-20, are detailed out in the Corporate Governance Report which forms part of this report. The Board of Directors accepted all recommendations of the Audit Committee.

Internal financial control systems and their adequacy

The company has adequate financial controls. The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

Auditors and Auditors' Report

M/s Ashwani K. Gupta & Associates, Chartered Accountants (ICAI Registration No. 003803N) were appointed as Statutory Auditors of your Company at the Annual General Meeting held on September 28, 2017 for a term of five consecutive years. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Secretarial Auditor and Secretarial Audit Report

During the year, Secretarial Audit was carried out by Mr. Prince Chadha of P. Chadha & Associates, Practising Company Secretary, the Secretarial Auditor of the company for the Financial Year 2019-20. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit Report is appended as an Annexure 4 to this report.

The Company has undertaken an audit for the financial year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

Cost Records and Audit

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

The company has appointed Dr. Vimal Kumar (Membership No. 9982) prop. of M/s V. Kumar and Associates, SCF 13, GF, VIP Galleria Market, VIP Road, Zirakpur, SAS Nagar (Mohali) Punjab-140603, Cost and Works Accountants as the Cost Auditors of the Company for the financial year 2020-21.

The Cost Audit Report for the financial year 2018-19 has been filed on January 04, 2020 within extended time as the last date for filing of Cost Audit Report was extended to February 29, 2020 by ministry of Corporate Affairs vide circular dated December 30, 2019.

The Cost Auditor shall forward the Cost Audit Report for the financial year 2019-20 by September 30, 2020. The report will be filed with Ministry of Corporate Affairs within 30 days of date of Cost Audit Report.

Risk management

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

Though not mandatory, the Company has constituted a Risk Management Committee with Dr. Dinesh Dua as the Chairman and Mr. Harparkash Singh as a member to, inter-alia:

- to formulate and recommend to the Board, a Risk Management Policy which shall indicate the activities such as identification of risks and mitigation strategy thereof;
- to recommend the Board about risk assessment and minimization procedures ; and
- monitoring and reviewing of the risk management plan to the Board.

The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Particulars of loans, guarantees and investments

The company has not given any loan or provide guarantee as per Section 186 of the Act, however, the amount receivable from subsidiaries and the investments under section 186 of the Act are given in the Financial Statements forming part of the Annual Report.

Transactions with related parties

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure 5 in Form AOC-2 and the same forms part of this report. Further details about these transactions are provided in Report on Corporate Governance.

Corporate social responsibility

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure 6 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

Annual Return and Extract of annual return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure 7 in the prescribed Form MGT-9, which forms part of this report. The MGT-9 (Extract of Annual Return) and MGT-7 (Annual Return) are also available on the website of the company at <https://neclife.com/uploads/15963690011780498275.pdf> and <https://neclife.com/uploads/15971316161453075935.pdf>, respectively.

Employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure 8. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Fixed deposits

During the year under Report, your Company did not accept any deposits from the public in terms the provisions of Companies Act, 2013.

Disclosure requirements

- As per LODR Regulations, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.
- Details of the familiarization programme of the independent directors are available on the website of the Company (URL: www.neclife.com).
- Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: www.neclife.com).
- Policy on dealing with related party transactions is available on the website of the Company (URL: www.neclife.com).
- The Whistle Blower Policy to provide Vigil Mechanism for employees including directors is available on the website of the Company (URL: www.neclife.com).

Committee and Policy against Sexual Harassment at Workplace

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has made the Anti Sexual Harassment Policy under above referred Act for all individuals working for Nectar at all levels and grades, including senior executives, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, staff, casual workers, interns. As per policy any aggrieved woman employee who feels and is being sexually harassed directly or indirectly may make a complaint of the alleged incident to any member of the Committee constituted for this purpose.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints pending as on April 01, 2019 - NIL
- b. number of complaints filed during the financial year 2019-20 - NIL
- c. number of complaints disposed of during the financial year – N.A.
- d. number of complaints pending as on March 31, 2020 - NIL

Energy, technology and foreign exchange

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure 9 to this Report.

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 looking 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**

Dated: 29-07-2020
Place: Chandigarh

(Sanjiv Goyal)
Chairman and Managing Director

Annexure 1 of Board of Directors' Report Management Discussion & Analysis

ECONOMIC BACKGROUND

The Economy of India is characterised as a developing market economy which is growing rapidly over last few years and is expected to be one of the top three economic powers of the world over the next 8-10 years being only behind US and China, India is currently ranked 5th in the world economies while considering the nominal GDP with a GDP of \$3.20 tn but is ranked 3rd when considering Purchasing Power Parity (PPP) with the value of \$11.32 tn.

India's GDP is estimated to have increased to 6.8 per cent in 2018 and 4.2 per cent in 2019 and is expected to grow only at a rate of 1.5 to 1.9 per cent in 2020. The decline in growth can be attributed a little to the lockdown which occurred due to the spread of the deadly Coronavirus, which decreased the consumption as people stayed in their homes and only bought essential items. Although there is a slowdown but it's supposed to bounce back and reach 6.6 per cent or more in 2021. [Source: moodys.com, Wikipedia.org]

Rankings of India

- a. India has become the second largest startup base in the world eclipsing UK with over 7,783 technology start-ups. This has nearly doubled as compared to around 4,000 start ups a year ago. [Source: startupranking.com]
- b. India has slipped 4 ranks to 15th in the Global FDI Confidence Index 2019, the dip can be attributed to the challenges faced in the implementation of GST. FDI equity inflows to India reached US\$ 50 billion during 2019-20 while the cumulative FDI equity inflows to the country from April 2000 to December 2019 reached US\$ 459.15 billion.
- c. During 2018-19 merchandise exports from India have increased 12.4 per cent year-on-year to US\$ 335.01 billion, while services exports have grown 4.3 per cent year-on-year to US\$ 214.61 billion. [Source: Outlookindia.com]

Healthcare market in India is expected to reach US\$372 billion by 2022 which is approx. US\$280 billion currently, driven by greater health awareness, lifestyle diseases and increasing access to insurance. The government's expenditure on the health sector has grown to 1.6 per cent in FY20 from 1.5 per cent in FY19. The Government of India is planning to increase public health spending to 2.5 per cent of the country's GDP by 2025 so that India moves ahead on its journey to become healthier. [Source: lbecf.org, moneycontrol.com]

INDIAN PHARMACEUTICAL INDUSTRY

Indian pharmaceutical sector is already regarded as the "Pharmacy to the world" as it supplies over 62 per cent of global demand for various vaccines, 33 per cent of generic demand in the US and 25 per cent of all medicine in UK. The pharmaceutical sector in India was valued at US\$ 42.1 billion in 2019-20. India's domestic pharmaceutical market turnover reached US\$ 21.53 billion in 2019-20, growing 7.5 per cent year-on-year from US\$ 20.03 billion in 2018-19. In July and Nov 2019, the Indian pharmaceutical market grew by 20 per cent each year-on-year but March 2020 saw a decline of 23 per cent due to COVID-19. [Source: Pharmexcil.com]

Indian drugs are exported to more than 200 countries in the world, with the US as the key market. Generic drugs account for 22 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. India's pharmaceutical exports stood at US\$

19.14 billion in FY19 and US\$ 20.58 billion in FY20. In FY20, 34 per cent of these exports from India went to the US. Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biological, Ayush & herbal products and surgicals. [Source: lbecf.org]

Indian companies received 336 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2019-20. [Source: lbecf.org]

The National Health Protection Scheme is largest government funded healthcare program in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalization. [Source: lbecf.org]

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programs, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

GLOBAL PHARMACEUTICAL MARKET

The global market for pharmaceuticals reached \$1.25 trillion in 2019, up \$50 billion from 2018, Going forward, the global market will grow by 4-5% CAGR, reaching \$1.5 trillion. This is an accelerated pace compared to 5.2% for the years before 2017, but is slower than the other two large healthcare segments, medical equipment and healthcare services. Healthcare as a whole is growing at over 8% year on year. [Source: grandviewresearch.com]

The US FDA has increased its focus to further accelerate approval cycle of generics after having seen a significant improvement in the approval timelines under the Generic Drug User Fee Act (GDUFA). Specifically, clearer guidelines and faster approvals on complex generics will be beneficial for the Indian Pharmaceutical players.

ABOUT THE COMPANY

Nectar Lifesciences Limited ('NLL' or 'NECLIFE' or 'Company') is an integrated pharmaceutical organization incorporated in 1995 based in Chandigarh, Punjab India. NLL 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 90 countries worldwide.

NLL is a knowledge driven organization which constitutes a vital part of fast growing Indian Pharmaceutical Industry. In a short span of existence, NLL was ranked 412th organization amongst companies in India as per "Fortune India 500" in 2019 & was ranked 413th by Economic Times. NLL was also awarded with Outstanding Export Performance Award in API/Bulk Drugs by Pharmexcil in 2019.

NLL has transformed itself from being a small Domestic API player to one of the most integrated player in the Global Cephalosporins Industry within Anti Infective Therapeutic segment. NLL currently has a strong hold of API & Formulation with 11 State of Art manufacturing facilities spread across the States of Punjab and Himachal Pradesh with compliance to global standards of cGMP, Environment Health Safety (EHS) as well as pool of thousands of highly skilled, knowledgeable, competent qualified work force at all levels.

With leading Global capacities of some of the Cephalosporin molecules and strong tie ups Nectar has been experiencing a

tremendous growth in this segment. With an expertise in R&D, Nectar is also working on new generation Cephalosporin molecules to be a globally dedicated Cephalosporin player. Our API facility have global regulatory accreditations like USFDA, EUGMP INFARMED, COFEPRIS, KFDA, PMDA, MCC, ANVISA Brazil and others. The FDF facility in Baddi also has been recognized & approved by regulatory bodies like INFARMED Portugal for European Union, ANVISA Brazil, OGYI Hungary for European Union, Pharmacy & Poison Board Kenya, NMRC Namibia, NDA Uganda, TFDA and others. NLL's major breakthrough was its strategic step towards making an entry in Europe through its formulations. NLL has filed two of its major Cephalosporin Formulations in Europe and commercialization has started in the Q4 of FY 20 which will be reflected in FY21

API's & Intermediates

NLL has an advantage of capacity amongst their competitors and is also leading in global capacity for some of the Cephalosporin Molecules, NLL is one of the leading manufacturers of Cephalosporin range of products possessing core strength in Manufacturing (Both oral and Sterile API's) with increasing the number of molecules in its bucket with a strong R&D and is also one of the few companies in India possessing both Lyophilisation and Crystallization facilities.

NLL is also actively working on increasing its capacity by the means of installing new Capex's and by also reducing the production time so as to get higher return and all this is done without having any impact on quality.

NLL offers highest standards of cGMP to satisfy both EU and USFDA requirements. Production is carried out in discrete production units, each unit coupled to a dedicated fully isolated finishing suite. NLL strictly maintains Total Quality System (TQS) controls throughout the entire production cycle from raw materials, manufacturing through to packaging and dispatch.

Glass lined, stainless steel and MSGL reaction are configured for multi-product synthesis at the 500kg to multi tone scale of operations. Purified water is used throughout the site.

Solids separation and drying is carried out in a range of tray ovens, stainless steel vacuum blender driers and stainless steel pressure filters/driers.

All the API & Intermediate manufacturing sites are fully complied with International environmental regulations.

NLL also continues to demonstrate its commitment to its customers through significant investment in additional production facilities thus enhancing the capability and quality of service available.

Currently NLL 's API business explores one of the most stringent markets of the world like EU, Mexico, LATAM, SEA, CIS etc besides overall exports to over 75 countries of the world.

Finished Dosage Forms (Formulations)

NLL boasts of some great facilities having latest technology & equipment's from best in class vendors across the world. NLL's strong compliance and quality orientation leads to producing products of highest quality conforming to stringent regulatory guidelines of various authorities like USFDA, EDQM, MHRA, MCC etc.

NLL recently bought a new packing machine which is synced with a serialization software, this is a big technological push towards a better digital future.

NLL participates only in Exports for single dosage forms whereas in India which is a predominantly Fixed Dosage Combinations Market has come under hammer of regulators & is sub-judice.

Our capacities can be easily geared to cater volumes of high quality finished dosage forms for first world markets. Currently NLL sells its formulations in High End ROW markets like South East Asia, LATAM, CIS, Africa and the business has also started with regulated regions like EU.

MENTHOL

Mint derivatives

In a highly unorganized and fragmented menthol industry, Nectar has created a niche with its pharma-centric approach and a highly organized setup.

- Nectar has excellent state of the art facilities in North India. Our infrastructure enables us to produce high quality products and we are also moving towards an even more higher quality day by day by increasing our operation excellency, in strict adherence to global standards for our prized domestic and international customers.
- Right from sourcing of the natural raw material to world-class production practices to specialized packaging, our products pass through stringent quality control checks, carried under GMP norms, supervised by experienced and skilled manpower.
- With global sized processing capacities, NLL has emerged as a leader in the Menthol Arena. NLL is also a global leader in manufacturing Pharmaceutical Grade Menthol.

Certifications:

- GMP (Issued by World Health Organization - COPP)
- ISO 9001:2008 - Quality Management
- ISO 22000:2005 - Food Safety Management
- ISO 14001: 2004 - Environment Management Systems
- ISO 50001: 2011 – Energy Management System
- OHSAS 18001: 2007 - Occupational Health and Safety
- FSSAI, KOSHER & HALAL
- Nectar was the first company to file a US Drug Master File (DMF) for Natural menthol
- Approved by University of Georgia, Centre for Isotope studies -C14

EMPTY HARD GELATIN CAPSULES ('EHGC')

Indian EHGC market is estimated at approx 120 billion capsules in absolute production terms. Which has doubled in over last 2-3 years. NLL has invested in a State-of-the-art Empty Hard Gelatin Capsules manufacturing facility. This Unit replicates the pharma value –orientation into its processes and systems to manufacture globally benchmarked products finding US and EU acceptance as well. The unit is completely based on pharma concept & is the only unit to follow unique concept of SMSR (Single Machine Single Room). NLL currently has a production capacity of 4 billion capsule shells. NLL is amongst top 5 EHGC manufacturers in India catering to both domestic & export markets.

Nectar's two-piece double lock gelatin capsules are manufactured in compliance with cGMP requirements of US FDA and EDQM norms and ISO 9001-2008 guidelines. NLL currently offers capsules in various 5 sizes (0, 0el, 1, 2, 3) with all color and printing options. NLL specially caters to customized needs of BSE-Free shells without sulfites, sodium or ethylene oxide. Nectar has recently launched two new innovative products in EHGC – menthol capsules (Nexxicap Minty™) and pearl capsule (Nexxicap Pearl™).

Some of the prominent features of our capsules are:

- DMF filed
- All printing options (linear, circular, spiral, oriented, Non-oriented etc)

- Different Sizes (0, 0e1,1,2,3)
- 5-year shelf life
- Ethylene oxide free
- BSE & TSE Free
- Halal certification

Manufactured with pharmaceutical DMF & EDQM certified gelatin.

REGULATORY FILINGS

NLL has filed 44 Drug Master Files (DMFs) till date 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. Currently NLL has filed 15 ANDA's in United States most of it are only pending on the grounds of Facility Inspection.

IMPACT OF THE COVID-19 PANDEMIC ON THE BUSINESS;

COVID-19 pandemic in general across industries has caused disruptions in the business in terms of shortage of manpower, delayed export shipments, increased air freight, rise in raw material costs, delay in sales realisations etc. Some of these reasons are affecting industry continuously.

However, braving all these hurdles NLL is trying to march ahead and is hopeful to increase its capacity utilization in months ahead.

Ability to maintain operations including the factories/ units/ office spaces functioning and closed down;

The company has managed to continue its operations in staggered manner as and when restrictions have been eased by Government(s) particularly for Pharmaceuticals as "Essential Industry". The company has been able to start operations of intermediates and APIs to meet out the increased demand due to pandemic. Later limited operations in other plants at Baddi, Himachal Pradesh have also been started partially.

Estimation of the future impact of CoVID-19 on its operations;

Given the magnitude of the still going corona virus pandemic and its impact on the operations of company as in the case of global economy, it's difficult to estimate exact impact of pandemic on operations as of now.

The company is taking all the necessary precautions and keeping necessary measures in place to tackle with the challenges thrown by this unprecedented crisis. Thus, the company stands a good chance to come out on the better side amidst these crises and to ramp up its production soon after situation gets to normal.

Capital and financial resources;

The Company does not plan to raise any fresh capital as of now and hence there is no impact. Further the Company is very comfortably leveraged on the debt front and able to raise further debt if required.

Liquidity position;

1. There is delay in realizations from debtors due to lockdowns, both domestic and overseas & thereafter unlock, it may become better.
2. The material remained struck up at ports therefore working capital got locked therein.
3. To overcome these issues of elongated working capital cycle, the banks have provided Covid related short term loans/ facilities.

4. The company has opted for Moratorium 1 and Moratorium 2 benefits as announced by the Government/ Reserve Bank of India

Assets;

None of the assets of the Company have been impacted or impaired by the Covid-19.

Supply chain;

The lockdown/ curfew caused disruptions to supply chain in its initial stage. However, same has been improved though it will take some time to get back to normal due to limited logistics operations both by Air & Sea. The clearance of material at ports is getting delayed due to limited staff working thereat.

Nations which are most affected by COVID-19 – are either the primary export destinations or import destinations of our company, If the pandemic continues KSM's, APIs and allied products may face shortages of material which may lead to bit of disruption of production.

Demand for its products/services;

Demand for all our products (i.e. API's constitutes major of our business) are very robust as some of these molecules are used post Covid follow up treatment to avoid bacterial infection.

Exports demand remains very robust but the only deterrent has been that of flights to various destination which are rather limited leading to slowing down of exports in terms of transportation both Air & Sea & 4-5 times increase in freight charges. We expect that once the movement/ lockdown eases things will become normal which will lead to even greater exports.

Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business;

The company is having enough inventories for its requirements as of now and thereafter also it does not anticipate much problem in procuring the same both domestically and import provided there will not be further lockdown or spread of pandemic.

On Sales front the company is currently working at adequate capacity utilization and propose to step up further provided the pandemic situation does not worsen.

We do not foresee any breaches in agreements/ understandings both at purchase and sales front.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The company's revenue during Financial Year ('FY') 2019-20 stood at INR 2,639/- Crores against 3115/- Crores in the previous year recording a decline of 15%. This decline is purely on account of Menthol division due to adverse Market Conditions and impact of Covid19. Pharma business has had a growth of 3% approximately in spite of Covid19 challenges and impact in Q3 & Q4.

	FY20	FY19
EBITDA Margin (%)	9.41%	9.69%
PBT Margin (%)	1.51%	2.10%
PAT Margin (%)	1.27%	1.70%

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore, including:

Key financial ratios	FY20	FY19	Change %		Detailed Explanation in case change is more than 25%:
(i) Debtors Turnover	6.6502	5.5487	19.85	(Credit Sales/Average Accounts Receivable.)	Not Applicable (N.A.)
(ii) Inventory Turnover	2.4231	3.4060	(28.63)	(Cost of Goods Sold / Average Inventory)	The change is due to lower sales in Q4 of FY 2020 due to Covid19 pandemic.
(iii) Interest Coverage Ratio	1.2841	1.3953	(7.97)	(EBIT/Interest)	N.A.
(iv) Current Ratio	1.2931	1.2834	0.76	(Current Assets/Current Liabilities)	N.A.
(v) Debt Equity Ratio	0.1071	0.1499	(28.55)	(Long Term Debt/Equity)	The reduction in debt equity is due to repayment of term loans.
(vi) Operating Profit Margin (%)	6.65%	7.20%	(7.64)	(Operating Margin / Net Sale)	NA
(vii) Net Profit Margin (%)	1.27%	1.70%	(25.29)	(PAT / Net Sale)	The reduction in net profit margin is due to a blast incident happened in Q2/ high input cost and adverse effect of Covid19 pandemic.

Return on Net worth (PAT/Net Worth)

FY20	FY19	Detailed Explanation
2.33%	4.28%	The reduction in net profit margin is due to a blast incident happened in Q2/ high input cost and adverse effect of Covid19 pandemic.

OPPORTUNITIES AND THREATS

1. Anti-infective/Microbial and Antibiotics are the largest therapy areas amongst all the therapy areas globally. Currently valued at US\$ 114 Bio in Formulations.
2. NLL's addressable market is Non Pen-G valued at US\$ 13 Bio in late Gen 2, Gen 3, Gen 4 & Gen 5 molecules.
3. For NLL, a threat has become an opportunity in the sense that whole world is worried about Anti-Microbial Resistance (AMR) but till date not a single instance of AMR exhibited in any molecule in Cephalosporin range that NLL manufactures in the market.
4. Therefore, the real threat of AMR pertains to other classes of Infection which will continue to shrink and is an opportunity for NLL to rephrase its molecule. As anti-infectives are here to stay for Alleviation from infections.
5. The real threat is general perception of people, Media and Doctor Community which needs to be educated about the phenomenon of judicious use of Antibiotics particularly cephalosporin's rather than indiscriminate the growing economy, therefore NLL is party to the alleviation campaign to ensure its cephalosporin's continue to be used in a judicious manner.

OUTLOOK

FY2020-21 has been beset with the most challenging pandemic Covid19 which has devastated the whole world Socially, Economically & Geopolitically.

This comes after the most devastating affliction by Spanish Flu in 1918, which has had a terribly negative impact on the whole world.

Pharma Industry is no exception of the same and NLL being part of this industry has been affected equally.

Although Pharma comes under Essential Goods Category and the industry has been working relentlessly for the rescue of Mankind, still, it has had its own implications in 2019-2020 & 2020-2021.

It's too early to analyze its impact and the net decline on Pharma Industry and NLL, but if the curve flattens by Oct'2020 as is being predicted then the recovery can start by 2nd half.

Recent schemes started by the GOI involving 3 Bulk Pharma Parks and the Production Linked Incentive Scheme (PLI) will also help boost the Industry in the long term. NLL stands to benefit from these policy measures, the benefit of which will start by 2022.

INTERNAL CONTROL SYSTEM & ADEQUACY

Risk Taking is something which is required to be done by any enterprise. It is essential for growth of any company. But it is also important that those risks are properly managed so that the desired objectives are met. The Company has a comprehensive system of Internal Controls to safeguard its assets against loss from unauthorized use and ensure reliability of financial reporting. As required by Section 134(5)(e) of Companies Act, 2013 to lay down Internal Financial Controls, we at NLL maintains a system of internal controls designed for effectiveness and efficiency of operations, compliance and regulations. All operations are governed through automated internal business controls, centralized global process framework and integrated key support functions. Quarterly tracking of annual quality objectives is done using QMS (quality management software), and any concerns are immediately flagged for effective addressing.

The system of internal controls monitors and ensures process for:

- Safeguarding of its Assets
- Accuracy and completeness of the accounting records
- Effective conduct of business

All transactions are recorded and reported in accordance with the Accounting Standards. The internal auditors submit reports and updates. The Audit Committee of the Board review reports submitted by the independent internal auditors and monitor follow-up and corrective action.

DEVELOPMENTS IN HUMAN RESOURCE

NLL is a professionally managed company with highly competent and committed industry professionals forming a tight-knit team of dedicated colleagues. NLL commits substantial resources and strategies to train, enrich, retain and acquire its talent. As part of its investment in learning and development, the Company has re-crafted its human resource philosophy. In brief, they are listed below:

- Attract, build and retain right talent at all the levels.
- Create and nurture a performance culture through continuous capability building and motivation.
- Performance measurement by leveraging use of IT.
- Foster leadership at all levels through trust, empowerment and openness.
- Strengthen collaborative approach for business excellence
- Promote a vibrant work culture based on innovation and to incentivize people based on productivity/outstanding performance.

NLL has aligned its human resources learning and development to the needs of a growing and fast track organization. Year-on-year as the organization catapults ahead to meet its newest strategies and challenges, the immediate impact is felt on its processes, technology

and most importantly its people. The very same people have to now perform with a certain sense of urgency, do more with less, be assertive yet be compliant and feel the heat of increase in their span of control. This presupposes skilling the existing manpower to perform at their optimum best. The shop floor resources are hence encouraged to stay focused on key development areas as they are the doers, and hence are required to maintain the necessary cGMP compliance levels. Shop floor executives are continuously trained and groomed in the area of compliance, supported adequately to raise their competence, confidence and anytime readiness.

Safety Standards

There are frequent changes in the business environment so as to face such challenges it is necessary to ensure the sustainability by Cost excellence, Quality and services, Environment Health and safety is of Paramount importance.

Whistle Blower Policy

The company has made the Whistle Blower Policy for the employees of the company by which employees can report to the management, the instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct or ethics policy. As per policy:

- a) No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
- b) The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers.
- c) Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure.

Employee Welfare

NLL undertakes following activities as a part of Employee Welfare services:

- Safety Services
- Job Enrichment trainings
- Personal protective equipment
- Basic Facilities for Welfare of Employees
- Ambulatory services at workplace

The total numbers of employees are provided in Annexures to Board of Directors' Report

BUSINESS RISKS AT NECTAR LIFESCIENCES LIMITED: Risk Mitigation Methodology

We at NLL have a comprehensive audit plan which is accompanied with a robust risk management exercise which helps us to identify risks at an early stage and take appropriate steps as needed to mitigate the same. For this each SBU head is in regular contact with the top management and they keep informing them of the risks they can face in future and how to rescue themselves from those.

Some of the key existing and emerging risks affecting NLL's business are listed below:

RISKS AND CONCERNS:

- **Competition Risks:** The risk we have from other cephalosporin manufacturer's and as a company with robust R&D and

competent taskforce at other various other departments that are involved in day to day activities we try to overcome those risks.

- **Regulatory Risks:** More countries the company do business with, more regulations it has to comply with and many countries also keep upgrading its regulatory requirement for a better quality and a better priced product. We at NLL, has established a strong quality assurance mechanism to combat the same and also to comply with all the compliances for this regular Job Enrichment trainings are conducted so as to acquaint the staff with the new developments in respective markets.
- **Global Economic Volatility Risks:** NLL deals with more than 75 countries with all of them having a specific economic and political background and any policy change in their respective countries can affect our business in those country. NLL has a highly trained Marketing team who are in regular contacts with the customers in the various countries and are acquainted with any changes which may come in any specific region and we are ready for it before its implementation.
- **Patent Protection Risks:** Every company have their own patents maybe related to products or processes and its protection is one of the topmost importance for them. NLL has a team of scientists which keep a check on our production processes so that we are not infringing any product or processes and also protecting our products and processes.
- **Raw Material Import Risks:** Most companies are dependent upon others for the raw materials of their production. We at NLL are largely dependent on China for the import of our RM's, but with time we are reducing our dependency on china by finding alternate sources of the RM's or by finding alternate RM's altogether.
- **People Risks:** Any organization is required to maintain good Industrial and Employee relations for a better functioning. NLL's success largely depends upon an effective HR strategy that includes all aspects like Learning & Development, Recruitment, Benefits Administration, Compensation Management, Performance Appraisal and Management, Employee and Labor Relations and Compliance Management. These strategies are perfectly aligned with NLL's business and growth plan.
- **Financial Risks:** An export oriented company has a lot of risks when it comes to Foreign Exchange Fluctuations and we at NLL which is majorly an export oriented company at the same time we have a sizeable imports and working capital in foreign currency which is used to fund the various export oriented projects. As such, the Company's growing exports and its collections provide the natural hedge to the imports and working capital.
- **Commodity Risks:** Dealing in Commodities always come with variances in its demand and supply and as a Manufacturing concern we at NLL procure a lot of RM's, PM's and KSM's whose price may fluctuate in short or longer period of times. We at NLL try to combat the same by mostly buying the various materials only against the orders with also a background of a strong export base which helps in providing a natural hedge for the RM's procurement.

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

Dated : 29-07-2020
Place : Chandigarh

(Sanjiv Goyal)
Chairman and Managing Director

Annexure 2 of Board of Directors' Report

Report on Corporate Governance

Nectar Lifesciences' philosophy on Corporate Governance

Nectar Lifesciences Limited 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 with a mission to alleviate human suffering with excellent global quality & affordable medicines created with a spirit of innovation, entrepreneurship & sustainability to create a better tomorrow.

The vision of the Company is: **"To become India's leading Global Lifesciences Company, which creates value for all stakeholders by offering excellence in product quality standards, services and commitment."**

The company is in compliance with corporate governance requirements specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'LODR Regulations'). Any disclosure not given in this report but disclosed in Board of Directors Report or its annexures, shall be deemed to be reported in this report.

The Company's compliances of Corporate Governance guidelines, as per LODR Regulations, are as under; however, this report is to be read with Board's Report and all its annexures for more clarity on corporate governance practices of the company:

I. Board of Directors

Composition and Responsibilities

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 LODR Regulations. The Company had total 8 Directors on the Board as on March 31, 2020, comprising two directors (including the Chairman) who are Executive Directors, two Non-Independent & Non-Executive director and remaining four are Non-Executive & Independent Directors (including a woman independent director).

The names and categories of the Directors on the Board, their attendance at the Board meetings during the financial year 2019-20 and at the last Annual General Meeting (AGM), as also the number of directorship, committee memberships and committee chairmanship held by them in other companies are 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 as on March 31, 2020	Number of Board Committees of other companies in which	
					Member	Chairman
Mr. Sanjiv Goyal (Chairman and Managing Director)	Promoter & Executive Director	5	Not Present	1	Nil	N.A.
Dr. Dinesh Dua (Chief Executive Officer and Director)	Non Promoter & Executive Director	4	Present	1	Nil	N.A.
Mr. Vivek Sett (Nominee Director of Private Equity Investor)	Non-Independent & Non-executive Director	3	Not Present	8	1	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Retd. (Director)	Independent & Non-executive Director	5	Not Present	Nil	N.A.	N.A.

The Board of the Company has devised a policy for orderly succession for appointments to the Board and to Senior Management.

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.

Information as per LODR Regulations has been placed before the Board for its consideration. The Board reviews material compliances of all extant laws applicable to the Company as affirmed by the Management.

None of the Directors on the Board holds the office of:

- Director in more than 20 companies or
- Director in more than 10 public companies including private companies which are holding or subsidiaries of public companies or
- Director of more than 7 listed companies or
- Independent Director of more than 7 listed companies or
- Independent Director of more than 3 listed companies in case of director who is Wholtime director of a listed company or
- Memberships in Committees of the Board in more than 10 Audit Committees and Stakeholders Relationship Committees or
- Chairmanship of more than 5 Audit Committees and Stakeholders Relationship Committees.

Non-executive directors' compensation

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.

Number of meetings of the Board

During the financial year 2019-2020, Five Board meetings were held on May 03, 2019, May 25, 2019, August 14, 2019, November 14, 2019 and February 11, 2020.

Name and designation of Directors	Category of Director	Number of Board Meetings attended	Attendance at the last AGM	Number of outside Directorship held as on March 31, 2020	Number of Board Committees of other companies in which	
					Member	Chairman
Mr. Ajay Swaroop (Director)	Independent & Non-executive Director	3	Not Present	Nil	N.A.	N.A.
Ms. Guljit Sethi (Director)	Independent & Non-executive Director	1	Present	3	Nil	N.A.
Ms. Meena Verma (Nominee Director)	Non-Independent & Non-executive Director	5	Not Present	Nil	N.A.	N.A.
Dr. Rupinder Tewari (Director)	Independent & Non-executive Director	3	Not Present	Nil	N.A.	N.A.

N.A. stands for Not Applicable.

The directors are not inter se related to each other. None of the Directors is a Director in any other listed company.

II. Code of Conduct

The Board of Directors adopted the Code of Conduct as per the provisions under LODR Regulations. 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 Dr. Dinesh Dua, Chief Executive Officer & Director is attached to this Report.

III. Audit Committee

During the financial year 2019-20, the Audit Committee comprised of three directors including Ms. Guljit Sethi as a Chairman of Audit Committee with Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.) and Dr. Dinesh Dua as members.

Ms. Guljit Sethi graduated in Economics (Hons.), did full time MBA from Jannalal Bajaj Institute, Mumbai University and a PhD. fellowship from University of Pune. She has a career spanning 37 years in international business, strategic alliances including joint ventures and domestic marketing of pharmaceuticals, polymers with leading corporates. She fulfils the requirement that the one member of Audit Committee must have financial management expertise.

Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.) retired after holding the most prestigious and highest professional appointment of Senior Consultant Medicine as Head of the medicine and Allied Specialties/ Super Specialties in the Armed Forces from Ministry of Defence and Army Hospital (Research and Referral) Delhi. Apart from holding many medical degrees, he also did Senior Defence Management Course from College of Defence Management Secunderabad in 1993. Dr. Dinesh Dua is MBA from IIM, Ahmedabad from 1979 batch. He has the experience of 40 years plus in varied industries in middle to senior management positions. Thus, the members are well versed with financial systems and have the ability to read and understand basic financial statements.

The terms of reference to the Audit Committee are in compliance to Section 177 of Companies Act, 2013 and LODR Regulations and other applicable laws, which, inter-alia, includes:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission

to the board for approval, with particular reference to:

- (a) Matters required being included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
- (b) Changes, if any, in accounting policies and practices and reasons for the same;
- (c) Major accounting entries involving estimates based on the exercise of judgment by management;
- (d) Significant adjustments made in the financial statements arising out of audit findings;
- (e) Compliance with listing and other legal requirements relating to financial statements;
- (f) Disclosure of any related party transactions;
- (g) Modified opinion(s) in the draft audit report;
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected

- fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (18) To review the functioning of the whistle blower mechanism;
 - (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (20) Valuation of undertakings or assets of the company, wherever, it is necessary.
 - (21) Reviewing management discussion and analysis of financial condition and results of operations;
 - (22) Reviewing statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (23) Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (24) Reviewing internal audit reports relating to internal control weaknesses;
 - (25) Reviewing the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - (26) Reviewing statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).
 - (27) Reviewing loan and investment in subsidiaries.

During the year under review, four meetings of the Audit Committee were held, the dates being May 21, 2019, August 14, 2019, November 13, 2019 and February 10, 2020.

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
Ms. Guljit Sethi (Chairman)	Independent & Non-executive Director	4	4
Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.) (Member)	Independent & Non-executive Director	4	4
Dr. Dinesh Dua (Member)	Chief Executive Officer & Director	4	3

Mr. Sandeep Goel, Chief Financial Officer and Mr. Ravi Kant Aggarwal, Vice President (Accounts) of the Company and representatives from M/s Ashwani K. Gupta & Associates, Chartered Accountants, statutory auditors of the Company, as considered appropriate, attended the meetings as permanent invitees, while Company Secretary, acts as the Secretary to the Committee.

IV. Nomination and Remuneration Committee

During the financial year 2019-20 the Nomination and Remuneration Committee comprised of three directors including Dr. (Maj. Gen.) S. S. Chauhan, VSM, (Retd.) as its Chairman and Ms. Guljit Sethi and Mr. Ajay Swaroop as its members

During the financial year ended on March 31, 2020, two meetings of the committee were held on May 25, 2019 and August 14, 2019.

The attendance of the members of Nomination and Remuneration 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
Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.) (Chairman)	Independent & Non-executive Director	2	2
Mr. Ajay Swaroop (Member)	Independent & Non-executive Director	2	1
Ms. Guljit Sethi (Member)	Independent & Non-executive Director	2	1

The terms of reference Nomination and Remuneration Committee are as under:

- i) to formulate the criteria for determining qualifications, positive attributes and independence of a director
- ii) to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating the policy ensure that—
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- iii) Formulation of criteria for evaluation of Independent Directors and the Board;
- iv) Devising a policy on Board diversity;
- v) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- vi) As specified in the provisions of the Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of Schedule II of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination, Remuneration and Evaluation Policy is formulated by the Nomination and Remuneration Committee and approved by the Board. The weblink of said Policy has been provided in Board's report.

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

The performance evaluation criteria for Independent Directors are disclosed in Directors' report.

V. Stakeholders' Relationship Committee

The Stakeholders' Relationship committee of the company is constituted with three directors including Mr. Ajay Swaroop as its Chairman and Mr. Sanjiv Goyal and Dr. Dinesh Dua as its members.

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:

- Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates;
- 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;
- 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 (Prohibition of Insider Trading) Regulations, 2015.

As on March 31, 2020, 99.999% of the Company's shares are held in electronic (demat) form.

During the financial year ended on March 31, 2020, one meeting of the committee was held on November 14, 2019, which was attended by all its members except Dr. Dinesh Dua.

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

Opening balance as on 01-04-2019	Received during the year	Complaints resolved during the year	Closing balance as on 31-03-2020
Nil	17	17	Nil

Quarter-wise details of complaints during 2019-20:

Quarter	Complaints pending at the beginning of the quarter	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of quarter
April-June	Nil	2	2	Nil
July-September	Nil	5	5	Nil
October-December	Nil	6	6	Nil
January-March	Nil	4	4	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) Regulations, 2018 and SEBI Circular No. D&CC/FITTC/ Cir-16/2002 dated 31.12.2002. The Practicing 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 LODR Regulations, the company has obtained the Secretarial Compliance Certificate on half-yearly basis from Practicing 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.

A half yearly Compliance Certificate duly signed by the Compliance officer of the company and the authorized representative of the Registrar and Share Transfer agent (RTA), with a confirmation that all activities of share transfer facility (both physical and electronic) are maintained by RTA, registered with the SEBI, is also filed with the Stock Exchanges.

Reporting as per para F of Schedule V of the LODR Regulations

As required under para F of Schedule V of the LODR Regulations, 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, 2019	Aggregate number of shareholders	2
	Outstanding shares in the suspense account	500 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
Number of shares which are transferred to IEPF Authority pursuant to Sections 124(6) and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (IEPF) (Accounting, Audit, Transfer and Refund) Rules, 2016		Nil
At the end of the year i.e. March 31, 2020	Aggregate number of shareholders	2
	Outstanding shares in the suspense account	500 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.

Compliances regarding insider trading

The Company had in place a 'Code of Conduct for Prevention of Insider Trading' and 'Code of Fair Disclosures', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The codes referred above are placed on the Company's website www.neclife.com. The said codes were adhered during the year under review.

VI. Other committees

The details of other committees of Board, its members and date of their meeting are as under:

Name of the Committee	Members	Details
Management Committee	1. Mr. Sanjiv Goyal (Chairman) 2. Dr. Dinesh Dua (Member)	Five meetings of the Management committee were held on June 18, 2019, July 10, 2019, August 29, 2019, December 09, 2019 and March 12, 2020 and attended by all its members.

Name of the Committee	Members	Details
Corporate Social Responsibility Committee	1. Mr. Sanjiv Goyal (Chairman) 2. Dr. (Maj. Gen.) S. S. Chauhan, VSM (Member) 3. Dr. Dinesh Dua (Member)	Two meetings of the CSR committee were held on May 25, 2019 and November 14, 2019 and attended by all its members except November 14, 2019 meeting was not attended by Dr. Dinesh Dua
Risk Management Committee	1. Dr. Dinesh Dua (Chairman) 2. Mr. Harparkash Singh Gill (Member)	One meeting of the Risk Management committee was held on November 18, 2019 and attended by all its members.

The meetings of above committees are held as and when its members think appropriate or necessary to discuss the matters within their terms of reference.

Independent Directors' meeting:

During financial year 2019-20, One meeting of Independent Directors was held on August 14, 2019 which was attended by all independent Directors except Mr. Ajay Swaroop. However, Mr. Swaroop had provided necessary inputs for the meeting for the agenda and subjects discussed in the meeting.

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the LODR Regulations, the independent directors held their separate meeting on June 29, 2020, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

- Noting of the report of performance evaluation for 2019-20 from Chairman of the Board;
- Review of the performance of non-independent directors and the Board;
- Review of the performance of the Chairperson of the Company;
- Assessment of the quality, quantity and timeliness of flow of information to the Board; and
- Review of informal meeting with Senior Management Personnel.

The independent directors present elected Dr. (Maj. Gen.) S. S. Chauhan, VSM as Chairman for the meeting. All independent directors were present at the meeting, deliberated on the above and expressed their satisfaction on each of the matters.

VII. General Body meetings

Details of the last three Annual General Meetings held

1. 24th Annual General Meeting: September 28, 2019 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
2. 23rd Annual General Meeting: September 28, 2018 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. 22nd Annual General Meeting: September 28, 2017 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 24th Annual General Meeting held on September 28, 2019, the following special resolutions were passed:

- i) Re-appointment of Dr. Dinesh Dua Chief Executive Officer & Director and to approve his remuneration.
 - ii) Re-appointment of Dr. (Maj. Gen.) Shamsher Singh Chauhan, VSM as an Independent Director of the Company for a second term and to hold office for a term of five years.
 - iii) Re-appointment of Mr. Ajay Swaroop, as an Independent Director of the Company for a second term and to hold office for a term of five years.
2. At the 23rd Annual General Meeting held on September 28, 2018, the following special resolutions were passed:
 - i) Re-appointment of Dr. Dinesh Dua Chief Executive Officer & Director and to approve his remuneration.
 - ii) For continuation of Dr. (Maj. Gen.) Shamsher Singh Chauhan, VSM, who has attained the age of 75 years, as a Non-Executive Independent Director of the company.
 - iii) Re-appointment of Mr. Vijay J. Shah, as an Independent Director of the Company for 2nd term to hold office for a term of five years.
 3. At the 22nd Annual General Meeting held on September 28, 2017, the following special resolutions were passed:
 - i) Re-appointment of Mr. Sanjiv Goyal, Chairman & Managing Director and to approve his remuneration.
 - ii) Re-appointment of Mr. Harparkash Singh Gill, President (Operations) & Director and to approve his remuneration.

Apart from the said resolutions, there was no other special resolution passed at the above General Meetings. The resolutions of 22nd, 23rd and 24th Annual General Meeting are passed through e-voting as per section 108 of the Companies Act, 2013 and polling at the venue of General Meeting as per Section 109 of the Companies Act, 2013, in case of those members who did not participated by e-voting.

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.

VIII Disclosures

- a. 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 financial years 2017-18, 2018-19 and 2019-20. However, the company had submitted the audited financial results for the year ended on March 31, 2017 on June 27, 2017 which was 28 days after the prescribed period that was expired on May 30, 2017. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) had imposed fine on the company for late submission of financial results for the financial year ended on March 31, 2017. The fine was 0.1% of listed capital and INR 5000/- per day for a period of delay, which amounted to INR 364261/- for NSE and BSE each. Further, the BSE had also charged the service tax on the fine. The company had deposited the fine along with service tax, wherever applicable, which was acknowledged by NSE and BSE. Further, there is not any significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

- b. The Company had adopted the whistle blower policy since 2014-15. The policy is available on URL: www.neclife.com. No employee has been denied access to the audit committee.
- c. i) Details of compliance with mandatory requirements is given elsewhere in this Report
ii) The Company has also complied with the discretionary requirements as under:

A) The Board

Since the Company has an executive Chairman, the requirement regarding non-executive Chairman is not applicable.

B) Un-Modified opinion(s) in audit report

The Company confirms that its financial statements are with unmodified audit opinion.

C) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

- d. **Related Party Transactions:** The details of all transactions, if any, with related parties are placed before the Audit committee and Board and, wherever necessary, approval of members has obtained in their General Meeting.

There was not any loan or advances given by the company to its wholly owned subsidiaries. The Investments as on March 31, 2020, in Nectar Lifesciences USA LLC was USD 51950/-, in Nectar Lifesciences UK Limited was GBP 1/- and in NECLIFE PT, UNIPESOAL LDA was EURO 1000/- only.

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 and Form AOC-2 attached to Board's Report.

The transaction with persons or entities belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company, if any, are provided in Notes to and forming part of the Financial Statements of the company.

The Senior Management has confirmed to the Board that they have complied with the code of conduct which barred them from entering into any material financial and commercial transactions, where they had (or were deemed to have had) personal interest.

- e. **Disclosure of accounting treatment:** In the preparations of financial statements, the Company followed the accounting standards issued under Companies (Indian Accounting Standards) Rules, 2015, as amended upto date, to the extent applicable.
- f. **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. The company has voluntarily constituted the Risk Management Committee which advised to Board about Risk Management Policy from time to time. The Board approved the Risk Management Policy as recommended by Risk Management Committee. Apart from it, Audit Committee also oversee the Risk Management framework of the company.
- g. **Remuneration of Directors:** The Non-Executive Directors (their parent organisation in case of nominee directors) are entitled to sitting fee of INR 10,000 per board meeting attended

by them. The sitting fee of INR 1000 is paid to them for every Committee meeting attended by them. Apart from the sitting fee, the Non-Executive Directors did not have any material pecuniary relationship with the Company.

During the financial year 2019-20, the Company paid the remuneration to Mr. Sanjiv Goyal, Chairman & Managing Director and Dr. Dinesh Dua, Chief Executive Officer & 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, 2020:

Name and designation of Director	Sitting fee (INR)	Salaries and perquisites (INR)	Period of service	Number of shares held as on March 31, 2020
Mr. Sanjiv Goyal, Chairman and Managing Director	N.A.	18767600/-	5 years from June 01, 2017	55845600
Dr. Dinesh Dua, Chief Executive Officer & Director	N.A.	9579606/-	1 years from October 14, 2019	Nil
Mr. Vivek Sett, (Nominee Director of Private Equity Investor)	30000/-	N.A.	Non rotational Director	Nil
Dr. (Maj. Gen.) S. S. Chauhan, VSM, Independent Director	58000/-	N.A.	5 years from September 30, 2019.	Nil
Mr. Ajay Swaroop, Independent Director	32000/-	N.A.	5 years from September 30, 2019	Nil
Ms. Guljit Sethi Independent Director	15000/-	N.A.	5 years from December 29, 2015	Nil
Ms. Meena Verma (Nominee Director of Financial Institution)	50000/-	N.A.	No term specified.	Nil
Dr. Rupinder Tewari (Independent Director)	30000/-	N.A.	5 years from February 11, 2019	Nil

The Company did not provide any stock option to its directors and employees. The details of element of remuneration are provided in MGT-9. There are no performance linked incentives provided by the company to its directors.

- h. Details of the familiarization programme of the independent directors are available on the website of the Company (URL: www.neclife.com).
- i. Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: www.neclife.com).
- j. Policy on dealing with related party transactions is available on the website of the Company (URL: www.neclife.com).
- k. Commodity price risk or foreign exchange risk and hedging activities.
1. This activity is discussed in Management Discussion and Analysis Report under Risk Management.

2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

- a. Total exposure of the listed entity to commodities in INR:

The Value of total Inventory held by the Company for Raw Material, Work in Progress and Finished Goods (Including Stock in Trade) as on 31.03.2020 was INR 975.13 Crores.

- b. Exposure of the listed entity to various commodities:

Commodity Name (Inventory as on 31.03.19)	Exposure in INR (crores) towards the particular commodity	Exposure in Quantity (MT) terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Raw Material	163.58	7100.92	Nil	Nil	Nil	Nil	Nil
Work in Progress	556.88	Not ascertainable	Nil	Nil	Nil	Nil	Nil
Finished Goods	240.08	294.61	Nil	Nil	Nil	Nil	Nil
Misc. Stocks	14.58	Not ascertainable	Nil	Nil	Nil	Nil	Nil

- c. Commodity risks were faced during the year and how have these risks been managed.

The commodity prices are determined through basic supply and demand factors in the marketplace and as a safeguard measure, company purchases the raw material against orders in hand. The company has a strong export base to provide the required natural hedge for the raw material procurement. The open positions, if any, on either side, are hedged through commodity exchanges, if available.

- i. **Terms and conditions of Appointment of Independent Directors:** As per regulation 46(2) of SEBI Listing Regulations, 2015, the terms and conditions of appointment of independent directors are placed on the Company's website www.neclife.com. The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and regulation 25(2) of LODR Regulations.

A confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in the LODR Regulations and are independent of the management has been provided in Directors Report.

- m. The company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of LODR Regulations.
- n. There is no credit rating obtained by the company or any revisions thereto during the financial year 2019-20, as there are no:
- debt instruments or
 - any fixed deposit programme or
 - any scheme or proposal of the company involving mobilization of funds, whether in India or abroad.
- o. Skills/expertise/competence identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board are as under:

Skills/expertise/competence	Availability	Directors who have such skills/ expertise/ competence
1. All Round Leadership skills	Yes	Mr. Sanjiv Goyal, Dr. Dinesh Dua
2. Knowledge of domain of Pharmaceuticals, Science & Research	Yes	Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.), Dr. Rupinder Tewari, Dr. Dinesh Dua Ms. Guljit Sethi,
3. Overall familiarity about Finance, Accounting, Manufacturing, Quality Management Systems, Sales, marketing and business development	Yes	Mr. Vivek Sett, Ms. Meena Verma, Mr. Ajay Swaroop, Mr. Sanjiv Goyal, Dr. Dinesh Dua
4. Risk management Awareness	Yes	Mr. Sanjiv Goyal, Dr. Dinesh Dua, Ms. Guljit Sethi,
5. Skills in regulations	Yes	Dr. Dinesh Dua Ms. Guljit Sethi
6. OH&S (Occupational health and safety)	Yes	Dr. Dinesh Dua Dr. (Maj. Gen.) S. S. Chauhan, VSM (Retd.)

- p. There are no funds raised through public issue, rights issue, preferential issue etc. and therefore, Regulation 32 (4) of LODR Regulations is not applicable to company.

There are no funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of LODR Regulations.

- q. Certificate from Mr. Prince Chadha of P. Chadha & Associates., Practicing Company Secretary, that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or Ministry of Corporate Affairs or any such statutory authority, is attached to this report.
- r. The board had accepted all recommendations or submissions of all the committees of the board which were mandatorily required for the approval of the Board, in the financial year 2019-20.
- s. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part are as Under:
- The company has paid INR 2100000/- (excluding GST @ 18%) towards Statutory audit fees and INR 400000/- (excluding GST @ 18%) towards Tax Audit fees to statutory auditors. No any other fees have been paid to statutory auditors for the company and/ or its subsidiaries.*

IX. Means of communication

Quarterly results

The details of quarterly results are published are as under:

Quarter	English daily	Punjabi daily
April-June	<i>Business Standard</i> – All Editions	Desh Sewak
July-September	<i>Business Standard</i> – All Editions	Desh Sewak
October-December	<i>Business Standard</i> – All Editions	Desh Sewak
January - March	<i>Business Standard</i> – All Editions	Desh 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 LODR Regulations 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 being sent to the household of each shareholder. The presentations made to institutional investors or analysts, if any, are also disclosed to the Stock Exchanges, from time to time and hosted on the website of the company.

X. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The required information of directors on their appointment/ re-appointments is given in the explanatory statement under section 102 of the Companies Act, 2013 of Notice of ensuing Annual General Meeting.

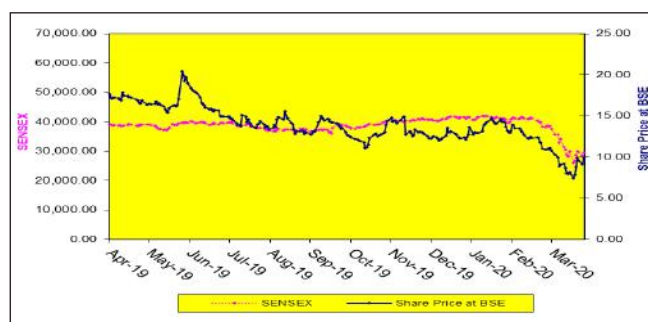
XI. General Shareholder Information

i.	25 th Annual General Meeting	
	Date	Monday, September 21, 2020
	Time	11.00 am
	Deemed Venue	Registered Office and Works: Village Saidpura Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab – 140507.
ii.	Financial year	April 1, 2019 to March 31, 2020
iii.	Date of book closure	September 15, 2020 to September 21, 2020 (Both days inclusive).
iv.	Dividend payment date	By October 20, 2020
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, 66418100 2. BSE Limited (BSE) New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233, 22721234,
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, 2019 to March 31, 2020 were as below:	

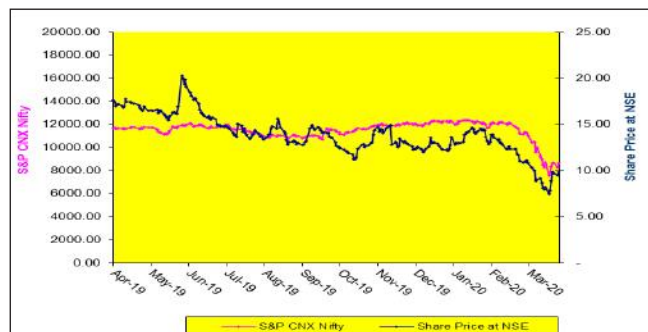
Month	BSE			NSE		
	High (INR)	Low (INR)	Total Traded Quantity	High (INR)	Low (INR)	Total Traded Quantity
Apr-19	18.00	16.00	314,482	18.20	16.10	1,560,036
May-19	20.85	15.15	1,551,183	20.80	15.20	4,551,905
Jun-19	19.00	13.25	450,881	19.00	13.15	1,966,815
Jul-19	16.30	13.30	550,942	16.30	13.30	2,411,158
Aug-19	16.39	12.70	507,707	16.45	12.55	2,425,070
Sep-19	15.50	12.70	381,966	15.40	12.65	1,970,097
Oct-19	14.80	10.90	410,531	14.15	10.90	2,110,202
Nov-19	15.36	12.40	553,202	15.40	12.15	3,050,200
Dec-19	13.91	11.90	372,039	13.95	11.80	2,228,335
Jan-20	15.20	12.30	654,825	15.20	12.00	4,867,404
Feb-20	14.30	11.05	345,171	14.40	11.00	2,034,311
Mar-20	11.44	7.20	471,926	11.50	7.10	2,810,812

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	KFIN TECHNOLOGIES PRIVATE LIMITED Unit: Nectar Lifesciences Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: (91-40) 67161527, Fax: (91-40) 23420814 Contact Person : Mr. Raj Kumar Kale E-mail: rajkumar.kale@kfintech.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	Company Secretary E-mail: cs@neclife.com Website : www.neclife.com

xix. Share transfer system

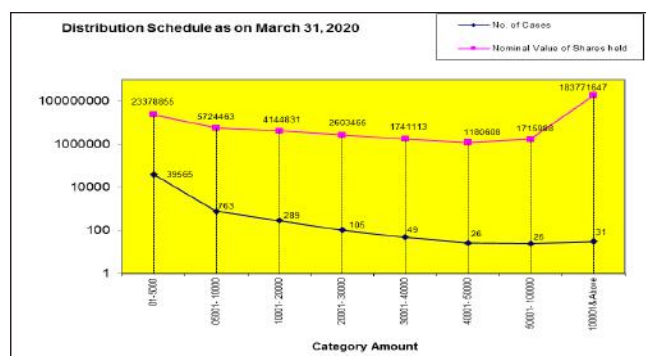
Almost 99.999% of the shares of the Company are held in dematerialised form. Transfers of these dematerialised shares are done through the depositories with no involvement of the Company. With regard to transfer of shares held in physical form, the transfer documents can be lodged with the Registrar 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 Stakeholders' Relationship Committee approves the transfer and transmission of shares.

xx. Distribution of shareholding

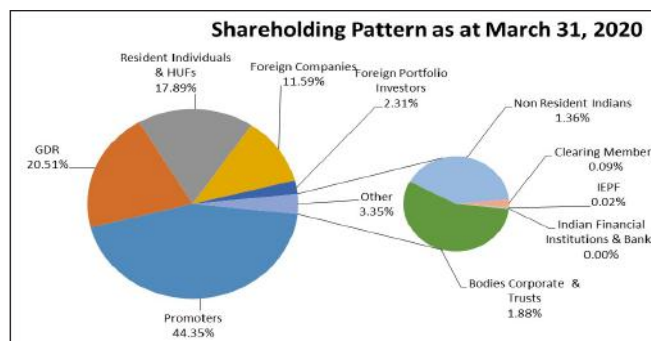
a) Class-wise distribution of equity shares as on March 31, 2020

Category (Amount)	Total Cases	Total Cases %	Total Shares	Total Amount	Total Amount %
01-5000	39565	96.85	23378855	23378855	10.42
05001- 10000	763	1.87	5724463	5724463	2.55
10001- 20000	289	0.71	4144831	4144831	1.85
20001- 30000	105	0.26	2603465	2603465	1.16
30001- 40000	49	0.12	1741113	1741113	0.78
40001- 50000	26	0.06	1180608	1180608	0.53
50001- 100000	25	0.06	1715988	1715988	0.77
100001 & Above	31	0.08	183771647	183771647	81.95
Total	40853	100.00	224260970	224260970	100.00



b) Shareholding pattern as on March 31, 2020

Category	Number of Cases	Total shares	% to equity
Promoters	3	99468000	44.35
GDR	1	46000000	20.51
Resident Individuals & HUFs	40019	40112868	17.89
Foreign Companies	1	26000000	11.59
Bodies Corporate & Trusts	269	4217042	1.88
Foreign Portfolio Investors	5	5171122	2.31
Non Resident Indians	483	3050570	1.36
Indian Financial Institutions & Banks	3	7095	0.00
Clearing Members	68	194541	0.09
IEPF	1	39732	0.02
Total	40853	224260970	100.00

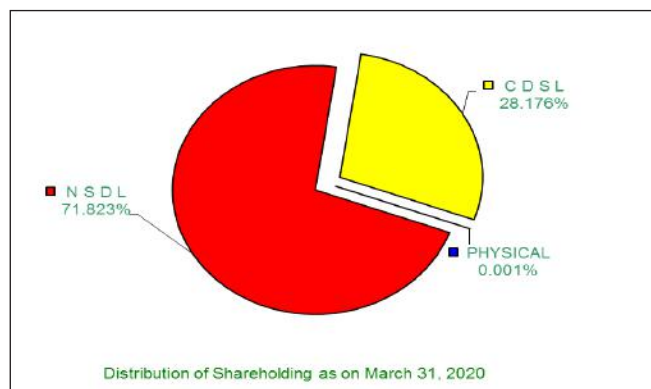


xxi. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form. Equity shares of the Company representing 99.999% of the Company's share capital were dematerialised as on March 31, 2020.

The Distribution of shareholding of the Company as per the depository system as on March 31, 2020 was as under:

Sr.	Category	No. of Holders	Total Shares	Percentage
1	PHYSICAL	9	2300	0.001
2	N S D L	22542	161070996	71.823
3	C D S L	18302	63187674	28.176
	Total	40853	224260970	100.000



The Company's shares are regularly traded on the National Stock Exchange of India Limited (NSE) and the BSE 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 are forms and part of paid up equity capital of INR 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, Distt. S.A.S. Nagar (Mohali) Punjab
- xxiv. Plant locations
1. Nectar Lifesciences Limited, Unit I
Village: Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab
 2. Nectar Lifesciences Limited, Unit II
Village: Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (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. Nabada Industries
Plot No. 2, Lane No. 4, Phase II, SIDCO INDUSTRIAL COMPLEX
Bari Brahmana, Jammu (J & K)
- xxv. The shareholders / investors may please refer to Notes to Notice of AGM for information pertaining to Unpaid/ Unclaimed Dividend and share transferred to IEPF.

XII. CEO / CFO certification

As required under LODR Regulations the certificates duly signed by the Managing Director and the Chief Financial Officer, were placed at the meeting of the Board of Directors held on July 29, 2020.

XIII. Report on corporate governance

This report, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during the financial year 2019-20. The Company is regularly submitting the quarterly compliance report to the stock exchanges, as required under regulation 27 of the LODR Regulations, 2015 and placing it before the meeting of the Board for their information and noting.

XIV. 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
(Sanjiv Goyal)
Chairman and Managing Director

Place : Chandigarh
Date : 29-07-2020

Declaration to the Compliance with code of conduct as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Dinesh Dua, Chief Executive Officer & Director of Nectar Lifesciences Limited having its registered office at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab, do hereby certify that the Board of Directors has formulated the code of conduct as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the Senior Management Personnel have complied with the code of conduct and a confirmation to this effect has been obtained from them for the financial year 2019-20.

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

Sd/-
(Dr. Dinesh Dua)
Chief Executive Officer & Director

Place : Chandigarh
Date : May 31, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

Nectar Lifesciences Limited

CIN – L24232PB1995PLC016664

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

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Nectar Lifesciences Limited** [CIN L24232PB1995PLC016664] and having registered office at **Village: Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab** (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate 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 P. Chadha & Associates
Company Secretaries

Sd/-
Prince Chadha
(Prop.)

M. No.: 32856
C.P. No.: 12409

UDIN: A032856B000346818

Place: Chandigarh
Date : 16-06-2020



Annexure 3 of Board of Directors' Report

Independent Auditors' Report on compliance with the conditions of Corporate Governance

To
The members of
Nectar Lifesciences Limited

1. The Corporate Governance Report prepared by Nectar Lifesciences Limited (hereinafter 'the company') contains details as specified in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Requirements") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This report is required by the company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design implementation and maintenance of Internal Control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditors' Responsibility

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include but not limited to verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 and 8 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31 March 2020, referred to in paragraph 1 above.

Other Matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For Ashwani K. Gupta & Associates
Chartered Accountants
Firm Regn. No. 003803N

Sd/-
(Paras Gupta)
Partner
M. No. 546125
UDIN: 20546125AAAACH9423

Place : Chandigarh
Date : 29.07.2020

Annexure 4 of Board of Directors' Report

SECRETARIAL AUDIT REPORT Form no. MR-3

For the Financial Year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rule, 2014]

To,

The Members,

Nectar Lifesciences Limited

Registered office: Village Saidpura,

Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali)

Punjab – 140507

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Nectar Lifesciences Limited ("the listed entity") having Corporate Identification Number (CIN) L24232PB1995PLC016664 and registered office at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab (hereinafter called 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

I. Based on our verification of the Company's books, papers, minutes book, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with statutory provisions listed hereunder and also that company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

(A) We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (The Act) and the rules made there under;
2. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended upto date;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended upto date; and
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients as amended upto date;
 - d) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended upto date and to the extent applicable to the company

During the period under review, the provision of the following Regulations (as enumerated in the prescribed format of Form MR-3) were not applicable to the Company:

- a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014; and
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - f. Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013
6. We have also examined, on test check basis, the relevant documents and records maintained by the Company according to the following laws applicable specifically to the Company and the Company has materially complied with the provisions as reported by Management of the company:
- (i) Drugs and Cosmetics Act, 1940;
 - (ii) The Narcotic Drugs and Psychotropic Substances Act, 1985;
 - (iii) Drugs (Prices Control) Order, 2013

Please also refer to point no. V for other applicable laws to the company.

(B) We have also examined compliance with the applicable clauses/ provisions of the following:

- (i) Secretarial standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the institute of company Secretaries of India;

- (ii) The Securities and Exchange Board of India (Listing Obligation Disclosure Requirements) Regulations, 2015;
- (iii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review, the Company has generally complied with the provision of the Acts, Rules, Regulations, Guidelines and Standards etc.

- II. We further report that the board of directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the board of directors that took place during the period under review were carried out in compliance with the provisions of the relevant act.
- III. We further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. A Board meeting was called on May 03, 2019 on shorter notice after due compliance and obtaining requisite consents to transact some urgent matter and the said meeting was attended by an independent director of the Company .
- IV. We further report that majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.
- V. We further report that there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines referred to above such as following acts and rules prescribed thereunder to the extent applicable to the company:
 - I. The Environment (Protection) Act, 1986
 - II. Air (Prevention and Control of Pollution) Act, 1981
 - III. The Water (Prevention and Control of Pollution) Act, 1974
 - IV. Solvent and Petroleum Products storage under Petroleum Act, 1934
 - V. Electricity Act, 2003 and Rules and Regulations thereof.
 - VI. Factories Act, 1948
 - VII. Indian Boilers Act, 1923
 - VIII. Standards of Weights & Measure Act ,1976
 - IX. Hazardous waste and other Wastes (Management, Handling & Transboundary Movement) Rules-2016
 - X. Petroleum Act, 1934
 - XI. Food Safety and Standards Act, 2006
 - XII. Employee's Provident Funds and Miscellaneous Provision Act, 1952
 - XIII. The Employee's State Insurance Act, 1948
 - XIV. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 & Rules
 - XV. Industrial Employment (Standing Order) Act, 1946
 - XVI. The Maternity Benefit Act, 1961
 - XVII. Punjab Welfare Fund Act, 1965
 - XVIII. Equal Remuneration Act, 1976
 - XIX. The Workmen's Compensation Act, 1923
 - XX. The Minimum Wages Act, 1948
 - XXI. The Payment of Wages Act, 1936
 - XXII. The Payment of Gratuity Act, 1972
 - XXIII. The Payment of Bonus Act, 1965
 - XXIV. The Contract Labour (Regulation & Abolition) Act, 1970 & Rules
 - XXV. Punjab Industrial Establishment (National & Festival, Holidays, Sick & Casual Leave) Rules, 1966.
 - XXVI. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - XXVII. Applicable laws of state of Punjab and Himachal Pradesh

However, the compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.

- VI. We further report that during the audit period no specific events/ actions has taken place which has major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For P. Chadha & Associates
Practising Company Secretaries**

Sd/-
(Prince Chadha)
ACS 32856,
CP 12409
UDIN: A032856B000520101

Date : 29-07-2020
Place: Chandigarh

To,
The Members,
NECTAR LIFESCIENCES LIMITED
Registered office: Village Saidpura,
Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali)
Punjab – 140507

Our Secretarial Audit Report (Form MR-3) of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of law, rules, regulations and happening of event etc.
5. The compliance of provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit reports is neither an assurances as to the future viability neither of Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For P. Chadha & Associates
Practising Company Secretaries**

Sd/
(Prince Chadha)
ACS 32856,
CP 12409
UDIN:A32856B000520101

Date : 29-07-2020
Place : Chandigarh

Annexure 5 of Board of Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

The company has not entered into any material contract or arrangement or transaction with its related parties which is at arm's length during financial year 2019-20. However, the details of non - material contract or arrangement or transaction with its related parties which are at arm's length during financial year 2019-20, has been given in the notes to the Financial Statements forming part of the Annual Report.

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

Place : Chandigarh
Date : 29-07-2020

(Sanjiv Goyal)
Chairman and Managing Director

Annexure 6 of Board of Directors' Report

REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Nectar Lifesciences Limited (hereinafter referred as NLL or 'the Company') believes that the actions of the organization and its community are highly inter-dependent. Through constant and collaborative interactions with our external stakeholders, NLL strives to become an asset in the communities. As our CSR we actively implement Projects and initiatives for the betterment of society, communities, and the environment.

Company's Corporate Social Responsibility (CSR) Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: <https://neclife.com/uploads/15129926051621224044.pdf>.

The objective of this policy is to do continuously and consistently:

- Initiate projects that benefit communities;
- Encourage an increased commitment from employees towards CSR activities and volunteering.
- Generate goodwill in communities where NLL operates or are likely to operate;

A brief overview of company's CSR projects and programs is as under:

- (i) Nectar Lifesciences Charitable Foundation which is engaged in promoting education and employment enhancing vocational skills among women to help them in earning their livelihood. It runs an institute under the name of Nectar Polytechnic for Women in Derabassi, Punjab providing opportunity to the underprivileged girls.

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. The program focuses on enrolling girls belonging to underprivileged section of society, other backward classes, migrant laborers and the ones below poverty line.

- (ii) Promoting Healthcare and Preventive Healthcare: Preventive healthcare has not been inculcated in Indian society and in rural areas in particular, causing untold suffering. The company lays emphasis on preventive healthcare, one of the most important human development indicators with an aim to address the needs of all sections of society. The company has identified the various medical institutions/ hospitals, where poor and marginal people are getting treated, for its CSR programme.
- (iii) Eradicating Hunger/ Safe Drinking Water: The lack of safe drinking water is a major public health issue, particularly in developing countries where majority of diseases are waterborne. Under this project, the company is identifying areas and providing necessary equipment for safe drinking water. Company has spent some amount of money for eradicating hunger, poverty and Malnutrition and helped the poor and marginal people to come out of that.
- (iv) Relief/ Donations: Your Company has always been at the forefront in responding to its call for national duty and has contributed generous amounts for Eradicating hunger, poverty, malnutrition and for Welfare of Animals etc.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act.

2. The composition of the CSR Committee.

Please refer to Corporate Governance Report for composition of CSR committee.

INR. in Millions

3.	Average net profit of the company for last three financial years:	575.41
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):	11.51
5.	Details of CSR spent during the financial year.	
	a. Total amount to be spent for the financial year	11.51
	b. Total amount spent for the financial year	17.61
	c. Amount unspent, if any:	N.A.
	d. Manner in which the amount spent during the financial year is detailed below:	

1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Nectar Lifesciences Charitable Foundation and Payment to Education Institutions	Promoting education and employment and women empowerment	Local at Derabassi, Distt. S.A.S. Nagar Punjab and Chandigarh	2.86	2.86	2.86	Direct and through implementing agency ¹

1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
2	Contribution through programmes and Charitable Trusts etc	Eradicating hunger, poverty, malnutrition and providing Safe Drinking Water	PAN India	5.40	5.40	5.40	Direct and through implementing agency ⁱⁱ
3	Contribution through Medical Institutions/ Charitable Trusts etc	Promoting preventive healthcare	PAN India	9.07	9.07	9.07	Through implementing agencies ⁱⁱⁱ
5	Payment for Gausewa	Animal Welfare	Haryana & Punjab	0.28	0.28	0.28	Through implementing agencies ^{iv}
	Direct Expenditure			17.61	17.61	17.61	
	Overheads			Nil	Nil	Nil	
	Total			17.61	17.61	17.61	

I Expenditure of INR 1.74 Million incurred directly through Nectar Lifesciences Charitable Foundation, INR 1.00 Millions to Shri Dhanwantry Educational Society (Regd.) Chandigarh and INR 0.12 Millions to Hamari Kaksha, Chandigarh.

II Expenditure of INR 5.10 Million to Mata Vaishno Devi Shrine Board, Katra and rest are directly through institutional programmes.

III Expenditure of INR 1.10 Millions to Shri Saibaba Sansthan Trust, Shirdi, INR 0.24 Millions to Sahayta Charitable Welfare Society, Chandigarh, INR 2.01 Millions to Shri Sainath Hospital, Shirdi, INR 0.40 Millions to Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh, INR 0.12 Millions to Govt. Institute of Mentally Retarded children and INR 5.20 Millions to Sri Venkateshwara Pranadana Trust, Andhra Pradesh.

IV Expenditure incurred through Panchkula Gaushala Trust, Panchkula, Haryana.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

Not Applicable

7. RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company, is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Dr. Dinesh Dua,
Executive Director

Mr. Sanjiv Goyal,
Chairman & Managing Director
(Chairman CSR Committee)

Place : Chandigarh
Date : 29-07-2020

Annexure 7 of Board of Directors' Report

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN:	L24232PB1995PLC016664
2	Registration Date	June 27, 1995
3	Name of the Company	NECTAR LIFESCIENCES LIMITED
4	Category/Sub-Category of the Company	Public Limited Company
5	Address of the Registered Office and contact details	VILLAGE SAIDPURA, TEHSIL DERABASSI, DISTT. S.A.S NAGAR, MOHALI (PUNJAB), Ph.01762-308000.
6	Whether listed company Yes/No	YES
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium, Tower – B, Plot No. 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Tel. (91 40) 67161527, Fax: (91 40) 23420814

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Drugs and Pharmaceuticals	2100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Nectar Lifesciences UK Limited, UK	N.A	Subsidiary	100	2(87)
2	Nectar Lifesciences US LLC, USA	N.A	Subsidiary	100	2(87)
3	NECLIFE PT, UNIPESSOAL LDA, Portugal	N.A	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01-04-2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31-03-2020				% CHANGE DURING THE YEAR	
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(a)	Individual /HUF	99,468,000	-	99,468,000	44.35	99,468,000	-	99,468,000	44.35	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	99,468,000	-	99,468,000	44.35	99,468,000	-	99,468,000	44.35	-
2	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	99,468,000	-	99,468,000	44.35	99,468,000	-	99,468,000	44.35	-

CATEGORY OF SHAREHOLDER		NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01-04-2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31-03-2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	183150	0	183150	0.08	7095	0	7095	0.00	-0.08
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	5171122	0	5171122	2.31	5171122	0	5171122	2.31	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Body Corporate	26000000	0	26000000	11.59	26000000	0	26000000	11.59	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	31354272	0	31354272	13.98	31178217	0	31178217	13.90	-0.08
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	5919191	510	5919701	2.64	4215707	510	4216217	1.88	-0.76
(b)	Individuals & HUFs									
	(i) Individuals holding nominal share capital upto INR 1 lakh	36374868	1790	36376658	16.22	37396633	1790	37398423	16.68	0.46
	(ii) Individuals holding nominal share capital in excess of INR 1 lakh	1979506	0	1979506	0.88	2714445	0	2714445	1.21	0.33
(c)	Others									
	CLEARING MEMBERS	160562	0	160562	0.07	194541	0	194541	0.09	0.02
	I E P F	33599	0	33599	0.01	39732	0	39732	0.02	0.00
	NBFC	311917	0	311917	0.14	0	0	0	0.00	-0.14
	NON RESIDENT INDIANS (NRI)	1394568	0	1394568	0.62	1672660	0	1672660	0.75	0.12
	NRI NON-REPATRIATION	1261362	0	1261362	0.56	1377910	0	1377910	0.61	0.05
	TRUSTS	825	0	825	0.00	825	0	825	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	47436398	2300	47438698	21.15	47612453	2300	47614753	21.23	0.08
	Total B=B(1)+B(2):	78790670	2300	78792970	35.13	78790670	2300	78792970	35.13	0.00
	Total (A+B) :	178258670	2300	178260970	79.49	178258670	2300	178260970	79.49	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
1.	Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
2.	Public	46000000	0	46000000	20.51	46000000	0	46000000	20.51	0.00
	GRAND TOTAL (A+B+C) :	224258670	2300	224260970	100.00	224258670	2300	224260970	100.00	0.00

ii) **Shareholding of Promoters and Promoters Group**

S. No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Mr. Sanjiv Goyal	55555600	24.77	24.77	55845600	24.90	-	0.13
2	Sanjiv (HUF)	43379400	19.34	-	43622400	19.45	-	0.11
3	Mr. Aryan Goyal	290000	0.13	-	-	-	-	-0.13
4	Mr. Saurabh Goyal	243000	0.11	-	-	-	-	-0.11
	Total	99468000	44.35	24.77	99468000	44.35	-	-

Note: For change in pledged shares, please see next point (iii)

iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

There are no changes in the overall aggregate Promoters shareholding during the financial year 2019-20.

The following change in promoters' individual shareholding during the year:

Names details of promoters of Nectar Lifesciences Limited	Shareholding at the beginning of the year		Change: Acquisition(+), Selling (-)		Shareholding at the end of the year	
	No. of shares / voting rights	% w.r.t total share capital	No. of shares / voting rights	% w.r.t total share capital	No. of shares / voting rights	% w.r.t total share capital
a. Acquirer(s)						
Mr. Sanjiv Goyal	55555600	24.77	290000	0.13	55845600	24.90
Sanjiv HUF	43379400	19.34	243000	0.11	43622400	19.45
b. Seller (s)						
Mr. Saurabh Goyal	243000	0.11	-243000	(0.11)	0	-
Mr. Aryan Goyal	290000	0.13	-290000	(0.13)	0	-
TOTAL	99468000	44.35	0	0.00	99468000	44.35

However, on repayment of loan by the company, the pledge on 55555600 equity shares representing 24.77% of Share Capital of the Company of one of promoter Mr. Sanjiv Goyal has been closed in August, 2019.

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. no.	Name of the Share Holder	Date	Reason	Increase/ Decrease in share holding	% of total shares of the company	Cumulative Shareholding during the Year			
						No of Shares	% of total shares of the company		
1	'DEUTSCHE BANK TRUST COMPANY AMERICAS	Opening Balance		Nil movement during the year		46000000	20.51		
		Closing Balance				46000000	20.51		
2	'NSR DIRECT PE MAURITIUS LLC	Opening Balance		Nil movement during the year		26000000	11.59		
		Closing Balance				26000000	11.59		
3	INGAIN TRADERS, LLC	Opening Balance		Nil movement during the year		2387012	1.06		
		Closing Balance				2387012	1.06		
4	RELIGARE FINVEST LTD	Opening Balance		Nil movement during the year		1717484	0.77		
		Closing Balance				1717484	0.77		
5	LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	Opening Balance		Nil movement during the year		1584500	0.71		
		Closing Balance				1584500	0.71		
6	RAMAN KAPUR	Opening Balance		Nil movement during the year		1000000	0.45		
		Closing Balance				1000000	0.45		
7	MALTI SECURITIES PVT LTD#	Opening Balance				900000	0.40		
		04/10/2019	sale			(900000)	(0.40)	0	0.00
		Closing Balance				0	0.00		
8	GAJANAND STOCKBROKERS PRIVATE LIMITED*	Opening Balance				0	0.00		
		27/12/2019	Purchase			900000	0.40	900000	0.40
		Closing Balance				900000	0.40		
9	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY C	Opening Balance		Nil movement during the year		501710	0.22		
		Closing Balance				501710	0.22		
10	ARVIND KUMAR GULGULIA*	Opening Balance				151500	0.07		
		19/04/2019	Purchase			35122	0.01	186622	0.08
		10/05/2019	Purchase			13378	0.01	200000	0.09
		13/09/2019	Purchase			18000	0.01	218000	0.10
		17/01/2020	Purchase			3035	0.00	221035	0.10
		24/01/2020	Purchase			23000	0.01	244035	0.11
		31/01/2020	Purchase			35000	0.01	279035	0.12
		07/02/2020	Purchase			45000	0.02	324035	0.14
		20/03/2020	Purchase			105965	0.05	430000	0.19
		31/03/2020	Purchase			13240	0.01	443240	0.20
		Closing Balance				0.00	443240	0.20	

S. no.	Name of the Share Holder	Date	Reason	Increase/ Decrease in share holding	% of total shares of the company	Cumulative Shareholding during the Year			
						No of Shares	% of total shares of the company		
11	SOURABH HEMRAJ BORA#	Opening Balance					425310	0.19	
		26/04/2019	Purchase	1716	0.00	427026	0.19		
		24/05/2019	Sale	(8697)	0.00	418329	0.19		
		07/06/2019	Sale	(47467)	(0.02)	370862	0.17		
		14/06/2019	Sale	(118750)	(0.06)	252112	0.11		
		28/06/2019	Sale	(82738)	(0.03)	169374	0.08		
		09/08/2019	Sale	(22058)	(0.01)	147316	0.07		
		31/01/2020	Sale	(132)	0.00	147184	0.07		
		28/02/2020	Sale	(41665)	(0.02)	105519	0.05		
			Closing Balance		0.00	105519	0.05		
		12	SHELL PENSIONS TRUST LIMITED AS TRUSTEE OF THE SHE	Opening Balance				Nil movement during the year	
Closing Balance					361300	0.16			
13	RAJESH MAAN*	Opening Balance					123200	0.05	
		05/04/2019	Purchase	350	0.00	123550	0.05		
		10/05/2019	Purchase	37100	0.02	160650	0.07		
		17/05/2019	Purchase	500	0.00	161150	0.07		
		31/05/2019	Purchase	27500	0.01	188650	0.08		
		07/06/2019	Purchase	6818	0.00	195468	0.08		
		14/06/2019	Purchase	2400	0.00	197868	0.08		
		21/06/2019	Purchase	7700	0.01	205568	0.09		
		28/06/2019	Purchase	1702	0.00	207270	0.09		
		05/07/2019	Purchase	4430	0.00	211700	0.09		
		12/07/2019	Purchase	2135	0.00	213835	0.09		
		26/07/2019	Purchase	4740	0.00	218575	0.09		
		02/08/2019	Purchase	5925	0.00	224500	0.09		
		16/08/2019	Purchase	425	0.00	224925	0.09		
		23/08/2019	Purchase	1025	0.00	225950	0.09		
		30/08/2019	Purchase	125	0.00	226075	0.09		
		06/09/2019	Purchase	6900	0.01	232975	0.10		
		13/09/2019	Purchase	340	0.00	233315	0.10		
		18/10/2019	Purchase	1100	0.00	234415	0.10		
		08/11/2019	Purchase	71625	0.03	306040	0.13		
		15/11/2019	Purchase	205	0.00	306245	0.13		
		06/12/2019	Purchase	160	0.00	306405	0.13		
		10/01/2020	Purchase	2220	0.00	308625	0.13		
		31/01/2020	Purchase	17000	0.01	325625	0.14		
		07/02/2020	Purchase	3575	0.00	329200	0.14		
		31/03/2020	Purchase	9800	0.01	339000	0.15		
			Closing Balance			339000	0.15		
14	PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO#	Opening Balance				Nil movement during the year		336600	0.15
		Closing Balance					336600	0.15	

Ceased to be in the list of Top 10 shareholders as on 31-03-2020. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2019.

* Not in the list of Top 10 shareholders as on 01-04-2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2020

v) **Shareholding of Directors and Key Managerial Personnel:**

S. No.	For Each of the Directors and KMP	Share holding at the Beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sanjiv Goyal, Chairman & Managing Director	55555600	24.77	55555600	24.77
	At the beginning of the year				
	Bought during the year	290000	0.13	55845600	24.90
	Sold during the year	-	-	55845600	24.90
	At the end of the year	55845600	24.90	55845600	24.90

S. No.	For Each of the Directors and KMP	Share holding at the Beginning of the year		Cumulative Shareholding During the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	Mr. Sandeep Goel, CFO At the beginning of the year	6760	0.00	6760	0.00
	Bought during the year	-	-	6760	0.00
	Sold during the year	-	-	6760	0.00
	At the end of the year	6760	0.00	6760	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rupees in Millions

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9015.74	18.75	-	9034.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21.19	-	-	21.19
Total (i+ii+iii)	9036.93	18.75	-	9055.68
Change in Indebtedness during the financial year				
· Addition	45.37	11.50	-	56.87
· Reduction	(1271.39)	(8.16)	-	(1279.55)
Net Change	(1226.02)	3.34	-	(1222.68)
Indebtedness at the end of the financial year				
i) Principal Amount	7765.54	22.09	-	7787.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	45.37	-	-	45.37
Total (i+ii+iii)	7810.91	22.09	-	7833.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rupees in Lacs

Sr. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sanjiv Goyal	Dinesh Dua	
1.	Gross salary	186.00	95.40	281.40
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.68	0.40	2.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total(A)	187.68	95.80	283.47
	Ceiling as per the Act (@ 10% of profits calculated under Section 198 of the Companies Act, 2013)			382.93

B. Remuneration to other directors:

Rupees in Lacs

Sr. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Ajay Swaroop	Dr. (Maj Gen) SS Chauhan	Rupinder Tewari	Guljit Sethi	
1.	Independent Directors					
	· Fee for attending board and committee meetings	0.32	0.58	0.30	0.15	1.35
	· Commission	-	-	-	-	-
	· Others, please specify	-	-	-	-	-
	Total(1)	0.32	0.58	0.30	0.15	1.35
2.	Other Non-Executive Directors		Vivek Sett		Meena Verma (EXIM Bank)	
	· Fee for attending board and committee meetings		0.30		0.50	0.80
	· Commission	-	-	-	-	-
	· Others, please specify	-	-	-	-	-
	Total(2)		0.30		0.50	0.80
	Total(B)=(1+2)					2.15
	Total Managerial Remuneration					285.62
	Over all Ceiling as per the Act (@ 11% of profits calculated under Section 198 of the Companies Act, 2013)					421.22

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Rupees in Lacs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		CFO	Total
		Ms. Ankita Jain	Ms. Sukriti Saini		
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.54	2.27	24.66	27.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option				
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	0.54	2.27	24.66	27.47
	Grand Total	0.54	2.27	24.66	27.47

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences for breach of any section of Companies Act against the company or its directors or other officers in default, if any, during the year ended March 31, 2020.

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

Place : Chandigarh
Date : 29-07-2020

(Sanjiv Goyal)
Chairman and Managing Director

**Annexure 8 of Board of Directors' Report
Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013
and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Ratio of the remuneration of each Wholetime Director to the median remuneration of the Employees of the Company for the Financial Year 2019-20, the percentage increase in remuneration of Managing Director, Wholetime Directors (WTD), Chief Financial Officer and Company Secretary during the Financial Year 2019-20:

S. No.	Name of the Director/ KMP	Designation	Ratio of Remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1.	Sanjiv Goyal	Chairman & Managing Director	76:1	3.73
2.	Dinesh Dua	WTD & CEO	39:1	(-)22.16
3.	Sandeep Goel	Chief Financial Officer	Not Applicable	0.12
4.	Ankita Jain	Company Secretary*	Not Applicable	-
5.	Sukriti Saini	Company Secretary**	Not Applicable	-

Note:

a) The Non- Executive Directors of the Company are entitled for sitting fee only as per the statutory provisions. The details of remuneration of Non- Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non- Executive Directors Remuneration is therefore not considered for the purpose above.

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2019-2020.

* In financial year 2019-20, Ms. Ankita Jain has resigned on June 22, 2019, therefore her yearly remuneration is not comparable, however her monthly remuneration remains the same.

** In financial year 2019-20, Ms. Sukriti Saini has joined on August 14, 2019, therefore her yearly remuneration is not comparable.

2. The percentage increase in the median remuneration of Employees for the financial year was 5.12%.
3. The Company has 2002 permanent Employees on the rolls of Company as on March 31, 2020.
4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**
Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 1.31% whereas the increase (decrease) in the managerial remuneration was approximately (6.75%). The average increases every year is an outcome of Company's market competitiveness as well as prevailing market scenario. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.
5. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

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

Place : Chandigarh
Date : 29-07-2020

(Sanjiv Goyal)
Chairman and Managing Director

Annexure 9 of Board of Directors' Report

**Statement of particulars as prescribed under Rule 8 (3) of the Companies
(Account) Rules, 2014**

A) Conservation of energy

(i) Steps taken or impact on Conservation of energy

To save energy, reduce the environmental emission and establishing a strong foundation for corporate green house gas management, company has three agro based Captive Power Plants of 6 MW each. This is also helping us to reduce cost of manufacturing. Besides above following initiatives have also been taken for energy conservation:

- a) Inhouse improvement in the performance of AVAMs (Brine Machines) by providing additional Vapour Absorption Adjector System.
- b) Power Factor improvement by using automatic power factor controller
- c) Steam condensate water which was earlier not being recovered is now being recovered. This saves water as well.
- d) Replacing conventional hot water generation system with energy efficient hot water generation system.
- e) VFD (Variable Frequency Drive) is being used on bigger motors.
- f) Restructuring of brine distribution system for Oral H Plant has been done by reducing pipeline length which reduced distribution losses.
- g) Oxygen Analyzer is being used to optimize air/ fuel ratio to minimise fuel consumption
- h) Energy efficient IE3 motors in plant and utility.
- i) Replacement of Centrifuge with ANFD (Agitator Nutch Filter Drier).

(ii) Steps taken by the Company for utilising alternate sources of energy

Instead of conventional fuels, Biomass fuel like rice husk, wild bushes etc. are being used to generate power in power plant.

(iii) The capital investment on energy conservation equipments

Capital expenditure incurred on energy conservation equipments: INR. 1.28 Millions

B) Technology Absorption

(i) Efforts made towards technology absorption

Emergence of innovation is an essential driver of economic progress that benefits consumers, businesses and the economy as a whole. In pharmaceutical world, the developments of technologies are continuous activities which are implemented without altering the quality of the drugs for human being. Nectar collaborates with academic institutions for future progress where industry-academia platform is utilized for up gradation of technologies and development of advance or new technologies. A joint venture has been developed for collaborative R & D programme with Multi-National Company (MNC) wherein technology is successfully scaled up at commercial level.

(ii) The benefits derived like product improvement, cost reduction, product development and import reduction

Research and Development is an integral part of the NLL's operations, which provides knowledge to develop, design, and enhance its product basket, technologies and/or processes.

The incessantly improving technology can drive existing or new products by maintaining the sustainable growth and ensuring the profitability. In research based organization, a paradigm shift from exploration to exploitation wherein technology developed and transferred for commercialization expands the company's overall performance along with product portfolio.

(iii) Information in case of imported technology (imports during last three years)

Not applicable

(iv) Expenditure on R & D

Total expenditure incurred on Research and Development: INR 120.72 Millions

C) Foreign exchange earnings and outgo

- (i) During the year 2019-20, the Company had exported its pharmaceutical products to 65 countries. Further, the Company is making all efforts to export its products to new countries & new markets and to expand its export portfolio.

(ii)	a)	Foreign exchange earned in terms of actual inflow during the financial year ended on March 31, 2020:	INR 9591.81 Millions
	b)	Foreign exchange outgo in terms of actual outflow during the financial year ended on March 31, 2020:	INR 7347.29 Millions

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

Place : Chandigarh
Date : 29-07-2020

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

Annexure 10 of Board of Directors' Report Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2020.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24232PB1995PLC016664
2	Name of the Company	NECTAR LIFESCIENCES LIMITED
3	Registered Address	Village Said Pura, Tehsil Derabassi, Distt S.A.S Nagar, Punjab 140507
4	Website	www.neclife.com
5	E-MAIL ID	cs@neclife.com
6	Financial Year Reported	April 2019 To March 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Company is engaged in Pharmaceutical and Phytochemicals Sector. (NIC Code – 2423)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Key Products of our company are Cefixime, Cefuroxime Axetil, Ceftriaxone Sodium and Menthol & its derivatives
9	Total number of locations where business activity is undertaken by the Company(a)Number of International Locations (Provide details of major 5)(b) Number of National Locations	(a) The Company has its wholly owned subsidiaries in USA, UK and Portugal (b) There are 9 locations where business activity is undertaken, two in Chandigarh, three in Punjab, two in Himachal Pradesh, one in Delhi and Mumbai each
10	Markets served by the Company –Local/ State/ National/ International	We serve all the markets be it local, national or international.

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON 31 MARCH 2020)

Paid-up Capital	INR 224260970/-
Total turnover (sale of products) profit after taxes	INR 26392813579/-
	INR 300607356/-

Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) and List of activities in which expenditure on CSR has been incurred and total spending as a percentage of profits after tax:

The Company has spent more than required towards Corporate Social Responsibility (CSR), being 2% of the average net profits for previous three years, computed as prescribed under the Companies Act, 2013 ("the Act") on energy conservation, education and health care, including preventive health care and infrastructure development. Annual Report on CSR activities is attached to the Directors' Report.

SECTION C: OTHER DETAILS

The Company is a global pharmaceutical Company with subsidiaries in India and across the world. As on date, the Company has three wholly owned subsidiaries (WOS) namely Nectar Lifesciences UK Limited, incorporated in United Kingdom, Nectar Lifesciences US, LLC, incorporated in United States and NECLIFE PT, UNIPESSOAL LDA, Portugal. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The separate audited/ unaudited financial statements in respect of each of the subsidiary companies are also available on the website of our Company at www.neclife.com. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the Company.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR:

a) **Details of the Director responsible for implementation of the BR Policy / Policies:**

Sr. No.	Particulars	Details
1.	DIN [if applicable]	02436706
2.	Name	Dr. Dinesh Dua
3.	Designation	Executive Director

b) **Details of the BR head:**

Sr. No.	Particulars	Details
1.	DIN [if applicable]	NA
2.	Name	Mr. Amit Chadah
3.	Designation	President
4.	Telephone Number	+91-172-3047777
5.	E-mail ID	amit@neclife.com

c) **Principle wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility which are as follows:

Principle 1: (P1) Business should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: (P2) Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: (P3) Businesses should promote the well-being of all employees.

Principle 4: (P4) Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: (P5) Businesses should respect and promote human rights.

Principle 6: (P6) Business should respect, protect and make efforts to restore the environment.

Principle 7: (P7) Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: (P8) Businesses should support inclusive growth and equitable development.

Principle 9: (P9) Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2. Principle wise (as per NVGs) BR Policy/policies

a) Details of compliance [Reply in Y/N]:

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Yes	Yes	Yes	Yes	We comply with all the statutory requirements.	Yes	N.A.	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders.	Yes	Yes	Yes	Yes		Yes	N.A.	Yes	Yes
3	Does the policy conform to any national/ international standards? If yes, specify?	The policies are drafted in line with the provisions of the respective extant laws of India								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The policies are approved by the functional heads, and a few of them have been adopted by the Board.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	While a few of the policies mandate requirement of a Board Committee, the rest of them are monitored by the management team.								
6	Indicate the link for the policy to be viewed online.	Link to the policies, which are available on the website at https://neclife.com/investor_relations.php . However, some policies are not placed at the website for the sake of privacy of dealing with stakeholders.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the company engage the stakeholder in implementation of the policies.								
8	Does the company have in-house structure to implement the policy/policies?	Yes, the policies are commensurate with the size of the organisation								
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies?	Yes, the Company has an active and robust mechanism within respective Management team to address grievances, if any.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The company has internal mechanism to evaluate the policies. However, no independent audit has been carried out by any external agency.								

b) If answer to the questions at serial number 1 against any principle, is "No", please explain why:

N.A.

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.

It is first time the BR report is applicable to company as SEBI expands the ambit of BR to top 1000 listed entities based on market capitalization by notification No. SEBI/LAD-NRO/GN/2019/45 dated December 26, 2019 (Securities and Exchange Board of India – Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019. The Board of Directors reviewed and will continue to review BR performance on an annual basis.

b) Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company's publishing BR report for the first time. Report is form and part of Annual Report which is posted on the Company's website– www.neclife.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

The Company firmly believes and adheres to transparent, fair and ethical governance practices. The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and senior management of the Company. This is reviewed and reported annually.

The company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during the reporting period with regard to ethics, bribery and corruption.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Nectar Lifesciences Limited ('NLL' or 'NECLIFE') is an integrated pharmaceutical organization and NLL 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 84 countries worldwide.

NLL currently has a stronghold of API & Formulation with 11 State of Art manufacturing facilities spread across the States of Punjab and Himachal Pradesh with compliance to global standards of cGMP, Environment Health Safety (EHS) as well as pool of thousands of highly skilled, knowledgeable, competent qualified work force at all levels.

The waste generated in the Company's operations is either recycled or disposed of safely & scientifically as per applicable rules / laws. Every manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste meets the norms prescribed by respective pollution control boards.

Principle 3: Businesses should promote the well-being of all employees

i. Please indicate the total number of employees and the number of contractual employees, women employees and permanent employees with disabilities:

The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, colour, gender and disability. The Company provides equal opportunities to all employees.

- Total number of employees hired on temporary/contractual/casual basis are 1051
 - We have a total of 33 permanent women employees.
 - We have one permanent employee with disabilities.
- ii. The Company has a recognised employee's association and 65% of employees at our bulk drugs plant are members of this association. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.
- iii. The permanent and contractual employees at the Company's manufacturing site, Research and Development Centre and other corporate offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions. 100% employees were imparted training for skill development, Environment, Health and Safety (EHS), etc.

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1) Has the company mapped its internal and external stakeholders?

The Company has mapped its internal and external stakeholders.

2) Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?

Yes, we have identified disadvantaged, vulnerable and marginalized stakeholders. The Senior Management of the Company also devotes their time and resources to various agencies involved in education and health arena as a part of its Corporate Social Responsibility which is also a part of the Annual Report.

3) The company has two women directors and one woman key managerial person for upliftment of woman and step towards gender equality.

Principle 5: Businesses should respect and promote human rights

1) Does the policy of the company on human rights cover only the company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?

The company is committed to promote human rights and adheres to the same in spirit and deed.

2) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We did not receive any complaints in the last financial year.

3) The company has made the Anti Sexual Harassment Policy under above referred Act for all individuals working for Nectar at all levels and grades, including senior executives, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, staff, casual workers, interns. As per policy any aggrieved woman employee who feels and is being sexually harassed directly or indirectly may make a complaint of the alleged incident to any member of the Committee constituted for this purpose. No complaint has been received during the year in this regard.

Principle 6: Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety [EHS]. We have been looking at these initiatives beyond statutory compliance with a focus on the 4 Rs—Reduce, Reuse, Recycle and Recover for valuable resources.

- We at our company premises generate our own electricity using Agro based fuels rather than coal, which is an Eco-Friendly product and thus help in protecting our environment. A weblink for the same - <https://neclife.com/greentech.php>
- We are actively identifying and assessing potential environmental risks with a help of a robust EHS team.
- Currently we do not have any project related to Clean Development Mechanism.
- Please find here the link to check out the Green Initiatives taken by us - <https://neclife.com/greentech.php>
- We are within the permissible limits given by CPCB/SPCB for the Emissions/ Waste generated by our company.
- There is one notice received from CPCB/SPCB which is pending at the end of the Financial Year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1) Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:

Our company is a member of some trade associations, major associations are –

- Bulk Drugs Manufacturer's Association (BDMA)
- Confederation of Indian Industry (CII)

2) Have you advocated/lobbied through above associations for the advancement or improvement of public good?

N.A

Principle 8: Businesses should support inclusive growth and equitable development

In line with its CSR policy, the Company has contributed towards energy conservation, education, health care and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

- There were 57 customer complaints received in the reporting period. Out of which 8 complaints are pending as on the end of the financial year. There are no cases filed by any customer or consumer against the Company as at the end of Financial Year 2019-20.
- Wherever applicable, the Company displays all product information on the product label for the use of the products by the consumers.
- The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behaviour.
- No consumer surveys were conducted by us as we are a B2B company majorly.

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

Place : Chandigarh
Date : 29-07-2020

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NECTAR LIFESCIENCES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Nectar Lifesciences Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. In our opinion, there is no Key Audit Matter to be reported.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained

during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

AUDITORS' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Standalone Financial Statements

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and 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, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner
M. No. 546125
UDIN: 20546125AAAACM9014

Place: Chandigarh
Dated: 29.07.2020

ANNEXURE “A” TO THE AUDITORS’ REPORT

REFERRED TO IN PARAGRAPH 1 UNDER ‘REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS’ SECTION 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 major portion of fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. In respect of its inventory:
 - (a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
 - (b) As explained to us, the discrepancies if any, noticed between the physical stocks and the books records were not material and have been properly dealt with in the books of accounts.
3. The Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clause 3 (iii) of the Companies (Auditor Reports) Order 2016 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of

Section 185 and 186 of the Act, with respect to the loans and investments made.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits attracting the provisions of sections 73 to 76, or any other relevant provisions of the Companies Act, 2013.
6. We have broadly reviewed the cost records maintained by the Company, pursuant to the rules made by the Central Government U/s 148(1) of the Companies Act, 2013 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.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Investor Education and Protection Fund, Income Tax, Customs Duty, Excise Duty, Goods and Services Tax, Cess and other material statutory dues as applicable with the appropriate authorities in India. We are informed that there are no undisputed statutory dues as at the end of the year, which are 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 as per records of the Company examined by us, there are no dues of Custom Duty, Goods and Services Tax and Cess which are outstanding as at 31st March, 2020 and which have not been deposited on account of any dispute. However, according to information and explanation given to us, the following dues of Excise duty, Income Tax and Service Tax have not been deposited by the Company on account of disputes as detailed below

(Rs. In Million*)

Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.41	Assessment Year 01-02	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	2.34	Assessment Year 01-02	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	0.03	Assessment Year 03-04	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	0.19	Assessment Year 04-05	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	1.19	Assessment Year 10-11	DCIT, Chandigarh
Income Tax Act, 1961	Income Tax	-**	Assessment Year 14-15	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	-**	Assessment Year 15-16	Income Tax Appellate Tribunal, Chandigarh
Income Tax Act, 1961	Income Tax	1.47	Assessment Year 17-18	DCIT, Chandigarh
Central Excise Act, 1944	Excise Duty	1.05	Financial Year 07-09	Joint Secretary, Ministry of Finance, Delhi
Central Excise Act, 1944	Excise Duty	5.58	Financial Year 05-06	CESTAT, Chandigarh
Central Excise Act, 1944	Excise Duty	0.45	Financial Year 10-13	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	5.78***	Financial Year 09-10	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	0.84	Financial Year 2011-12	CESTAT, Chandigarh
Service Tax, 1994	Service Tax	0.08	Financial Year 2011-2012	CESTAT, Chandigarh
Punjab VAT Act, 2005	VAT	4.66	Financial Year 2011-2012	DETC, Mohali
Punjab VAT Act, 2005	VAT	4.46	Financial Year 2012-2013	DETC, Mohali

* Net of amounts deposited under protest

** In case of adverse judgment, MAT credit entitlement would reduce by 190.69 million

*** In case demand is confirmed, penalty up to equivalent amount may be imposed.

8. 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.
9. In our opinion and according to the information and explanations given to us, during the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans availed during the year have been applied for the purpose for which they were raised.
10. According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

Standalone Financial Statements

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records the Company,

the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. According to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner

M. No. 546125

UDIN: 20546125AAAACM9014

Place: Chandigarh

Dated: 29.07.2020

ANNEXURE “B” TO THE AUDITORS’ REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Nectar Lifesciences Limited** (“the Company”) as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the Management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedure may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner

M. No. 546125

UDIN: 20546125AAAACM9014

Place: Chandigarh

Dated: 29.07.2020

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

BALANCE SHEET As At 31st March 2020

Particulars	NOTE	As At March 31, 2020	As At March 31, 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	2.02	7,456.56	7,856.36
Capital work-in-progress		1,149.99	995.50
Intangible assets	2.03	391.91	391.82
Financial assets			
Investments	2.04	5.73	6.00
Trade receivables	2.05	92.29	48.09
Other financial assets	2.06	24.94	24.94
Other non-current assets	2.07	1,063.46	1,040.16
Total Non Current Assets		10,184.88	10,362.88
Current Assets			
Inventory	2.08	9,751.34	9,145.27
Financial assets			
Investments	2.04	1.66	5.05
Trade receivables	2.05	3,968.73	5,613.79
Cash and cash equivalents	2.09	212.31	205.80
Loans	2.10	4.84	3.82
Other financial assets	2.06	1,799.85	1,019.06
Other current assets	2.11	398.06	682.08
Total Current Assets		16,136.79	16,674.87
Total Assets		26,321.67	27,037.76
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.12	224.26	224.26
Other equity	2.13	11,121.79	10,822.11
Total Equity		11,346.05	11,046.37
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	2.14	1,214.82	1,655.90
Other financial liabilities	2.15	22.87	119.25
Other Non-Current Liabilities	2.16	8.46	8.71
Provisions	2.17	81.99	93.63
Deferred tax liabilities (net)	2.18	1,168.57	1,121.58
Total Non-Current Liabilities		2,496.70	2,999.07
Current Liabilities			
Financial liabilities			
Borrowings	2.14	6,197.13	6,359.69
Other financial liabilities	2.15	461.44	1,129.94
Trade payables	2.19		
Due to Micro & Small Enterprises		12.76	44.43
Due to Others		5,258.69	4,785.57
Other current liabilities	2.20	493.01	574.04
Provisions	2.17	19.84	8.58
Current tax liabilities (net)		36.05	90.07
Total Current Liabilities		12,478.92	12,992.32
Total Equity and Liabilities		26,321.67	27,037.76
Significant Accounting Policies	1		
Notes to Financial Statements	2		

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing Director
DIN: 00002841

Dinesh Dua
Executive Director
DIN: 02436706

As per our report of even date
For Ashwani K. Gupta & Associates
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel
Chief Financial Officer

R.K. Aggarwal
Vice President Accounts

Sukriti Saini
Company Secretary
ACS: 58705

Paras Gupta
Partner
M. No. 546125

Place : Chandigarh
Dated : 29.07.2020

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Particulars	NOTE	Year Ended March 31, 2020	Year Ended March 31, 2019
Continuing Operations			
Revenue from Operations (Gross)	2.21	26,392.81	31,149.23
Less: GST Recovered		2,764.80	3,299.93
Revenue from Operations (Net of GST)		23,628.01	27,849.30
Other Income (Net)	2.22	43.62	60.44
		23,671.63	27,909.74
Expenses			
Raw Material Consumed	2.23	18,340.31	22,253.17
Purchase of Stock in Trade (Traded Goods)		287.95	428.17
(Increase)/ Decrease in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.24	(52.45)	(469.86)
Employees Benefits Expense	2.25	809.99	799.00
Finance Cost	2.26	1,258.23	1,481.34
Depreciation & Amortization	2.02 & 2.03	607.66	632.57
Other Expenses	2.27	2,062.50	2,199.82
		23,314.20	27,324.22
Profit/ (Loss) before exceptional items & tax		357.43	585.52
Exceptional items		-	-
Profit/(Loss) before tax		357.43	585.52
Tax Expenses		56.82	112.20
Profit/ (Loss) for the period		300.61	473.32
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset (Net of Tax)		12.62	0.26
Total Comprehensive income for the period		313.22	473.58
Earnings per equity share (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		1.34	2.11
Diluted (Rs.)		1.34	2.11
Significant Accounting Policies	1		
Notes to Financial Statements	2		

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing Director
DIN: 00002841

Dinesh Dua
Executive Director
DIN: 02436706

As per our report of even date
For Ashwani K. Gupta & Associates
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel
Chief Financial Officer

R.K. Aggarwal
Vice President Accounts

Sukriti Saini
Company Secretary
ACS: 58705

Paras Gupta
Partner
M. No. 546125

Place : Chandigarh
Dated : 29.07.2020

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

PARTICULARS	As At March 31, 2020	As At March 31, 2019
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net profit before Tax & Extra Ordinary Items	357.43	585.52
Adjustments For :		
Depreciation & Amortization	607.66	632.57
Other Comprehensive Income (Net)	12.62	0.26
Other Comprehensive Income (Tax)	6.78	0.14
Provision for Doubtful debts/ Insurance Claims	18.34	5.36
Provision for Employees Retirement Benefits	(0.38)	6.64
Loss/ (Profit) on Sale of Fixed Assets	-	2.23
Profit on Sale / Restatement of Investment	(0.39)	0.04
Interest on Borrowings	1,258.23	1,481.34
Other Non-Operating Income	(27.02)	(59.59)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,233.26	2,654.51
Adjustments For :		
(Increase)/Decrease in Current Assets	541.20	45.30
Increase/(Decrease) in Current Liabilities	335.15	(104.26)
Increase/(Decrease) in Long Term Liabilities	(96.39)	(56.39)
Increase/ (Decrease) in Non Current Liabilities	(0.25)	(0.25)
(Increase)/ Decrease in Non Current Assets	(63.17)	(14.44)
CASH GENERATED FROM OPERATIONS	2,949.80	2,524.47
Direct Taxes Paid	(93.29)	(135.59)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	2,856.51	2,388.88
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,856.51	2,388.88
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(547.70)	(381.27)
Interest Received	27.02	59.59
Dividend Received	0.00	0.00
Sale of Fixed Assets	185.27	24.20
Sale/(Purchase) of Investments	4.06	-
Other Financial Assets Received/ (Paid)	-	36.18
NET CASH USED IN INVESTING ACTIVITIES (B)	(331.36)	(261.30)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds/(Repayment) from Term Loans from Banks	(1,087.66)	(526.67)
Proceeds/(Repayment) from Working Capital Limits from Banks	(162.56)	18.86
Proceeds/(Repayment) from Vehicle Loans	3.34	(8.22)
Dividend Paid	(13.54)	(13.50)
Interest Paid	(1,258.23)	(1,481.34)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(2,518.65)	(2,010.87)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	6.52	116.71
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	205.80	89.08
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	212.31	205.80

For NECTAR LIFESCIENCES LIMITED

Sanjiv Goyal
Chairman & Managing Director
DIN: 00002841

Dinesh Dua
Executive Director
DIN: 02436706

As per our report of even date
For Ashwani K. Gupta & Associates
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel
Chief Financial Officer

R.K. Aggarwal
Vice President Accounts

Sukriti Saini
Company Secretary
ACS: 58705

Paras Gupta
Partner
M. No. 546125

Place : Chandigarh
Dated : 29.07.2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared to comply with the Indian Accounting Standards (Ind AS). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in million.

The Company has adopted all the Ind AS standards mandatorily applicable and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 USE OF ESTIMATES

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 PROPERTY, PLANT & EQUIPMENT

- i) Property, Plant & Equipment have been stated at cost, net of cenvat/ goods and service 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. Depreciation on assets is provided on straight line method in the manner prescribed in Schedule II to the Companies Act, 2013
- ii) Cost of leasehold assets is amortized over the period of the lease.

1.4 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment, wherever applicable. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The research costs are expensed as incurred. The development costs, which can be capitalized, include the cost of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

1.5 INVESTMENTS

Investments are classified into current and long-term investments. Long Term 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, if any.

1.6 REVENUE RECOGNITION

- i) Revenue from product sales is stated exclusive of returns, inter-division transfers, Sales Tax but includes Excise Duty and Goods and Service tax.
- 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.

1.7 FINANCIAL INSTRUMENTS

A. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

B. Subsequent measurement

a) *Non-derivative financial instruments*

- i. Financial assets carried at amortized cost
A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Standalone Financial Statements

- iii. Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- iv. Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.
- v. Investment in subsidiaries
Investment in subsidiaries is carried at cost in the separate financial statements.

b) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

C. Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

D. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.8 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.
- 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.

1.9 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 and as per Ind AS 21, exchange differences arising on account of consolidation with foreign operation, are recognized in Other Comprehensive Income. 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. The Company has opted for voluntary exemption given in Ind AS-101, which allows first time adopter to continue its Indian GAAP policy for accounting of exchange difference arising on translation of long term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

1.10 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.

Contribution 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 employee 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 other comprehensive income.

Long term employee benefit also comprises of compensated absences. These are measured based on 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 other comprehensive income.

1.11 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or

Standalone Financial Statements

expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.12 DIVIDENDS

Final dividends on shares are recorded as a liability on the date of approval by the shareholders.

1.13 OTHER INCOME

Other income is comprised primarily of interest income, dividend income and profit/ loss on sale of investment/ fixed assets. Dividend income is recognized when the right to receive payment is established.

1.14 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.

1.15 LEASES

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

1.16 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, such grant is recognized in Statement of Profit and Loss on a systematic basis over the useful life of the asset.

1.17 EARNINGS PER SHARE

Basic earnings 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.

1.18 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.

1.19 INCOME TAXES

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. NOTES TO FINANCIAL STATEMENTS

2.01 COMPANY OVERVIEW

Nectar Lifesciences Limited (CIN: L24232PB1995PLC016664) is an integrated pharmaceutical organization, incorporated in 1995, having its corporate office in Chandigarh and works in the states of Punjab, Himachal Pradesh and Jammu & Kashmir. The Company has sustainable production systems to manufacture APIs and Formulations. With an expertise in R&D, the Company has been experiencing growth in this segment. The Company is also in the Menthol business and succeeded in both domestic and international markets. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited and also Global Depository Receipts (GDRs) are listed on Luxembourg Stock Exchange (LuxSE).

Nectar Lifesciences Limited

(Rs. in Million)

NOTE - 2.02 "Property, Plant and Equipment"

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01-Apr-19	Additions	Sale/ Deletion	As At 31-Mar-20	Up To 31-Mar-19	During the Year	Deletion/ Adjustments	Up To 31-Mar-20	As At 31-Mar-20	As At 31-Mar-19
Freehold Land & Site Development	932.93	2.33	132.11	803.15	-	-	-	-	803.15	932.93
Leasehold Land	3.27	-	-	3.27	0.45	0.04	-	0.49	2.78	2.82
Buildings	1,649.07	7.91	6.97	1,650.01	512.79	51.01	1.19	562.61	1,087.40	1,136.28
Tube Well	22.66	4.82	-	27.48	17.73	2.52	-	20.25	7.23	4.93
Plant & Machinery*	8,868.31	204.43	52.71	9,020.03	4,024.08	320.16	13.69	4,330.56	4,689.48	4,844.22
Boiler	170.70	-	-	170.70	101.02	8.93	-	109.95	60.75	69.68
Pollution Control Equipment	75.25	-	-	75.25	64.58	3.52	-	68.10	7.15	10.67
Laboratory	111.32	2.17	-	113.49	82.78	4.95	-	87.74	25.75	28.54
Miscellaneous Fixed Assets	1,529.89	22.49	6.48	1,545.89	766.45	71.60	2.23	835.83	710.07	763.44
Furniture & Fixture	101.03	0.55	-	101.58	78.11	4.77	-	82.89	18.70	22.92
Motor Vehicles	95.61	15.26	11.76	99.11	59.63	6.70	7.66	58.67	40.43	35.98
Computer	46.10	0.58	-	46.67	42.14	0.86	-	43.01	3.67	3.95
GRAND TOTAL	13,606.13	260.54	210.03	13,656.64	5,749.76	475.08	24.76	6,200.08	7,456.56	7,856.36
Previous Year	13,356.33	292.02	42.22	13,606.13	5,292.02	473.55	15.80	5,749.76	7,856.36	8,064.31

*includes addition on account of foreign exchange fluctuation on ECB amounting to Rs. 18.67 Million (Previous Year addition of Rs. 53.03 Million)

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.03 "Intangible Assets"

Opening Gross Block	1,298.82	1,207.22
Additions during the year	132.67	91.60
Closing Gross Block	1,431.49	1,298.82
Opening Accumulated amortization	907.00	747.98
Amortization during the year	132.58	159.03
Closing Accumulated amortization	1,039.58	907.00
Net Intangible Assets	391.91	391.82

NOTE - 2.04 "Investments"

Non Current Investments

Investment in Equity Instruments

UNQUOTED

In Subsidiary Companies

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
51,950 Equity Shares of 1 USD Fully Paid Up In Nectar Lifesciences USA LLC	3.30	3.30
1,000 Equity Share of 1 Euro Fully Paid Up In Neclife PT, Unipessoal LDA - Portugal	0.08	-

In Others

1,85,000 (Previous Year 2,20,000) Equity Shares of Rs. 10/- each Fully paid up In Mohali Green Environment Private Limited	1.85	2.20
50,000 Equity Shares of RS. 10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
20 Equity Shares of Rs. 50/- each in The Thane Janta Sahakari Bank Ltd	0.00	0.00
[Absolute amount Rs. 1,000 (Previous Year Rs.1,000)]		
Total - "A"	5.73	6.00

Current Investments

Investment in Equity Instruments

QUOTED

5 Equity Shares of Re. 1/- each, Fully Paid Up In Aurobindo Pharma Ltd. [Absolute amount Rs. 314 (Previous Year Rs. 314)]	0.00	0.00
4,700 Equity Shares of Rs. 5/- each, Fully Paid Up In Parsvanath Developers Ltd.	1.31	1.31
SBI PSU Fund	1.00	1.00
PRINCIPAL BALANCED FUND	1.00	1.00
3,000 Bonds of IFCI @ Rs. 1,000/- Each	-	3.00

UNQUOTED

2,500 Equity Shares of Rs. 10/- each, Fully Paid Up In Saraswat Co-operative Bank Ltd.	0.03	0.03
---	------	------

Total "B"

	3.34	6.34
--	-------------	-------------

Provision for Loss on Investment "C"	1.68	1.28
--------------------------------------	------	------

Net Current Investments "D" ("B" - "C")

	1.66	5.05
--	-------------	-------------

Total Investment "A" + "D"	7.39	11.06
-----------------------------------	-------------	--------------

Market value of Quoted Investment Rs. 1.66 Million (Previous Year Rs. 6.45 Million)

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
NOTE - 2.05 "Trade Receivables"		
Unsecured consists of following		
Non Current		
Considered Good	92.29	48.09
Considered Doubtful	116.12	97.78
	208.41	145.87
Less: Provision For Doubtful Debts	116.12	97.78
Total - "A"	92.29	48.09
Current		
Considered Good	3,968.73	5,613.79
Considered Doubtful	-	-
	3,968.73	5,613.79
Less: Provision For Doubtful Debts	-	-
Total - "B"	3,968.73	5,613.79
Total Trade Receivables ("A" + "B")	4,061.01	5,661.88

NOTE - 2.06 "Other Financial Assets"

Non Current		
Balances Recoverable from Revenue Authorities	24.94	24.94
Insurance Claim Receivable :		
Considered Good	-	-
Considered Doubtful	21.15	21.15
	46.09	46.09
Less: Provision for Doubtful Insurance Claim	21.15	21.15
Total - "A"	24.94	24.94
Current		
Export and Other Incentives Accrued	349.34	520.35
Balances with Revenue Authorities	1,187.38	429.10
Other Recoverables	5.34	10.27
Insurance Claim Receivable :		
Considered Good	257.78	59.33
Considered Doubtful	-	-
	1,799.85	1,019.06
Less: Provision for Doubtful Insurance Claim	-	-
Total - "B"	1,799.85	1,019.06
Total Other Financial Assets ("A" + "B")	1,824.80	1,044.00

NOTE - 2.07 "Other Non-Current Assets"

Security Deposits	19.75	19.12
MAT Credit Entitlement	1,038.70	1,016.04
Others	5.00	5.00
	1,063.46	1,040.16

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.08 "Inventory"

(As Certified by The Management)

Raw Material	1,635.82	1,006.96
Work In Progress	5,568.85	5,993.30
Finished Goods	2,369.13	1,885.80
Stock in Trade	31.69	38.12
Other Miscellaneous Stocks	145.85	221.09
	9,751.34	9,145.27

NOTE - 2.09 "Cash & Cash Equivalents"

Balance with Banks	195.08	189.76
Balances in Dividend Accounts	0.38	0.38
Cash In Hand (Incl Staff Imprest)	16.85	15.66
	212.31	205.80

NOTE - 2.10 "Loans"

Loans & Advances to Staff	4.84	3.82
	4.84	3.82

NOTE - 2.11 "Other Current Assets"

Advances other than capital advances		
Payment to vendors for supply of goods	305.34	554.00
Others	92.72	128.08
	398.06	682.08

NOTE - 2.12 "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 2.28)

	224.26	224.26
--	---------------	---------------

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

NOTE - 2.13 "Other Equity"

Statement of Change in Equity (FY 2019-20)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2019	224.26	3,287.98	141.02	7,393.11	11,046.37
Changes in equity for the year ended March 31, 2020					
Add: - Profit for the period	-	-	-	313.22	313.22
Less: - Final Dividend & Tax on Dividend	-	-	-	13.54	13.54
Balance as of March 31, 2020	224.26	3,287.98	141.02	7,692.79	11,346.05

Statement of Change in Equity (FY 2018-19)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2018	224.26	3,287.98	141.02	6,933.02	10,586.29
Changes in equity for the year ended March 31, 2019					
Add: - Profit for the period	-	-	-	473.58	473.58
Less: - Final Dividend & Tax on Dividend	-	-	-	13.50	13.50
Balance as of March 31, 2019	224.26	3,287.98	141.02	7,393.11	11,046.37

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.14 "Borrowings"

Non Current

Secured

Term Loans

From Banks

1,200.00

1,644.00

Unsecured

Vehicle Loans

From Banks

14.82

11.62

From Others

-

0.28

1,214.82

1,655.90

(Also Refer Note 2.29)

Current

Secured

Working Capital Limits

From Banks

6,034.73

6,156.40

Unsecured

From Banks

162.40

203.29

6,197.13

6,359.69

Total Borrowings

7,411.94

8,015.58

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.15 "Other Financial Liabilities"

Non Current

Other Capital Advances	22.87	119.25
	22.87	119.25

Current

Current Maturities of Long Term Debts	368.41	1,012.07
Current Maturities of Finance Lease obligations	7.28	6.85
Interest Accrued but not due on Borrowings	45.37	21.19
Unpaid Dividends	0.38	0.38
Accrued Compensation to Employees	12.74	55.66
Statutory dues payable	13.93	13.11
Accrued Expenses	13.33	20.69
	461.44	1,129.94

Total Other Financial Liabilities

	461.44	1,129.94
--	---------------	-----------------

NOTE - 2.16 "Other Non Current Liabilities"

Non Current

Deferred Income	8.46	8.71
	8.46	8.71

NOTE - 2.17 "Provisions"

Non Current

Provision for Employees Retirement Benefits	81.99	93.63
	81.99	93.63

Current

Provision for Employee Retirement Benefits	19.84	8.58
	19.84	8.58

Total Provisions

	101.82	102.21
--	---------------	---------------

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.18 “Deferred Tax Liability”

Tax Impact on Deferred Tax Liability arising on account of:

Depreciation	1,236.27	1,189.04
--------------	----------	----------

Total - “A”	1,236.27	1,189.04
--------------------	-----------------	-----------------

Tax Impact on Deferred Tax Assets arising on account of:

Employees Retirement Benefits	35.58	35.37
Other Expenses & Provisions	47.97	41.16

Total - “B”	83.55	76.53
--------------------	--------------	--------------

Net Deferred Tax Liability (“A” - “B”)	1,152.72	1,112.50
---	-----------------	-----------------

Tax Impact of Other Comprehensive Income	15.85	9.08
--	-------	------

Net Deferred Tax Liability	1,168.57	1,121.58
-----------------------------------	-----------------	-----------------

NOTE - 2.19 “Trade Payables”

Due to Micro & Small Enterprises	12.76	44.43
Due to Others	5,258.69	4,785.57

	5,271.45	4,830.00
--	-----------------	-----------------

NOTE - 2.20 “Other Current Liabilities”

Advances From Customers	105.65	96.23
Creditors against capital goods and expenses	387.36	477.81

	493.01	574.04
--	---------------	---------------

NOTE - 2.21 “Revenue from Operations”

Sale of Manufactured Products		
Export	9,245.50	10,690.15
Domestic	16,820.89	19,935.63

Trading Sale		
Export	132.65	24.88
Domestic	193.77	498.57

	26,392.81	31,149.23
--	------------------	------------------

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
NOTE - 2.22 "Other Income"		
Operating Income		
Other Operating Income	3.31	0.60
Deferred Income - Govt. Grants	0.25	0.25
Other Income		
Interest Income	27.02	59.59
Dividend From Investments	0.00	0.00
[Absolute amount Rs. 30 (Previous year Rs. 4,400)]		
Other Income	9.80	-
Profit on sale of fixed asset	3.24	-
	43.62	60.44
NOTE - 2.23 "Raw Material Consumed"		
Opening Stock	1,006.96	947.49
Add:- Purchase of Raw Material	18,969.18	22,312.65
	19,976.14	23,260.13
Less :- Closing Stock	1,635.82	1,006.96
	18,340.31	22,253.17
NOTE - 2.24 "(Increase)/ Decrease in Inventories of Finished Goods, Stocks in Process & Stock in Trade"		
Inventory (At Close)		
Finished Goods	2,369.13	1,885.80
Stock in Process	5,568.85	5,993.30
Stock in Trade	31.69	38.12
	7,969.67	7,917.22
Inventory (At Commencement)		
Finished Goods	1,885.80	434.23
Stock in Process	5,993.30	6,970.22
Stock in Trade	38.12	42.91
	7,917.22	7,447.36
	(52.45)	(469.86)
NOTE - 2.25 "Employee Benefit Expenses"		
Salaries & Wages	656.87	660.16
Remuneration To Directors	28.08	33.56
Contribution to Provident and Other Funds	33.78	34.08
Staff Welfare	91.25	71.21
	809.99	799.00

Standalone Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
-------------	------------------------------	------------------------------

NOTE - 2.26 “Financial Expenses”

Interest Expenses	918.07	878.23
Other Borrowing Costs & Foreign Exchange Fluctuation (Net)	340.17	603.11
	1,258.23	1,481.34

NOTE - 2.27 “Other Expenses”

Manufacturing Expenses

Consumable Stores, Spares & Packing Expenses	343.50	328.92
Power, Fuel & Steam Expenses	925.63	1,032.41
Chemical Testing Expenses	24.46	25.96
Repairs & Maintenance		
Electricals	6.65	8.98
Machinery	83.67	124.10
Building	5.62	10.72

Total - “A”

1,389.52

1,531.08

Administrative Expenses

Travelling & Conveyance	21.41	27.96
Advertisement & Subscription	0.72	0.66
Books & Periodicals	0.15	0.18
Business Promotion	4.72	6.58
Insurance	44.67	39.62
Electricity Expenses (Office)	1.59	2.27
Postage, Telephone, Telegram	9.28	10.03
Printing & Stationery	5.76	5.97
Professional Fees	31.60	37.01
Rate, Fees & Taxes	26.64	36.45
Vehicle Running & Maintenance	4.91	5.15
Rent	18.17	13.05
Audit Fees	2.50	2.50
Office Expenses	6.96	7.49
Diwali & Pooja Expenses	3.99	3.67
Donation	18.89	22.75
Directors' Sitting Fees	0.22	0.22
Loss on Sale of Fixed Assets	-	2.23
Loss on Restatement of Investment	0.39	0.04

Total - “B”

202.57

223.83

Selling & Distribution Expenses

Discount & Samples	31.56	40.55
Freight & Cartage Outward	300.99	282.80
Sales Commission	119.52	116.19
Provision for Doubtful Debts/ Insurance claim	18.34	5.36

Total - “C”

470.41

444.90

Grand Total (“A” + “B” + “C”)

2,062.50

2,199.82

Standalone Financial Statements

2.28 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	55,845,600	24.90%	55,555,600	24.77%
NSR Direct PE Mauritius, LLC (Name changed to Isengard Direct PE LLC)	26,000,000	11.59%	26,000,000	11.59%
Depository of GDRs	46,000,000	20.51%	46,000,000	20.51%
Sanjiv (HUF)	43,622,400	19.45%	43,379,400	19.34%

Note: Since, the equity shares underlying GDRs are 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, 2020	As at 31 st March, 2019
Equity shares at the beginning of the year	224,260,970	224,260,970
Add: Shares issued during the year	Nil	Nil
Equity shares at the end of the year	224,260,970	224,260,970

2.29 SECURED LOANS

I. Term Loans/ Corporate Loan 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 director/relative of a director namely Sh. Sanjiv Goyal and Sh. Aryan Goyal.

Repayment Schedule of Term Loans:

Year of Repayment	Amount (Rs. in Million)
1-2	370.00
2-5	790.00
>5	40.00

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 Million)
1-2	7.15
2-5	7.66
>5	-

II. Working Capital Limits 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 director/relative of a director namely Sh. Sanjiv Goyal and Sh. Aryan Goyal.

III. Pursuant to the Covid 19 pandemic, Reserve Bank of India, vide its notification no. RBI/2019-20/186 dated 27th March 2020 and RBI/2019-20/244 dated 23rd May 2020, announced a "Covid 19 Regulatory Package" to mitigate the adverse impact of the pandemic and ensure continuity of viable business. As per this package banks were inter alia permitted to grant a moratorium of six months for payment of all installments (principal and interest) on Term loans/ Corporate loans and interest on working capital failing due between 1st March 2020

and 31st August 2020. The company requested the lenders for availment of the package relating to term loans/ corporate loans and working capital. Accordingly, the financial statement has been prepared giving effect to the above.

2.30 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 and are subject to confirmation/reconciliation.

2.31 CURRENT LIABILITIES

I. The principal amount remaining unpaid as at 31st March 2020 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are Rs. 12.76 million (Previous year Rs. 44.43 million). The interest amount computed based on the provisions under Section 16 of the MSMED Act of Rs. 0.56 million (Previous year Rs. 3.25 million) remains unpaid as at 31st March 2020. The principal amount that remained unpaid as at 31st March 2019 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. 0.38 million (Previous year Rs. 0.38 million) which relates to unclaimed dividend. During the year, Rs. 0.04 million (Previous year Rs. 0.05 million) was deposited relating to unclaimed dividend with the Investor Education and Protection Fund.

2.32 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:-*		
	-Income Tax matters**	199.31	114.31
	-Excise matters @	13.02	12.53
	-Service Tax matters #	7.22	7.22
	-VAT & CST matters \$	12.16	-
ii)	Bank Guarantees	17.22	14.14
iii)	Bills Discounted	-	-
iv)	Letter of Credit (Foreign / Inland)	467.76	286.12
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	40.39	97.35

* 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.

** Amount deposited under protest Rs. 3.01 million and MAT credit entitlement would be reduced by Rs. 190.69 million, in case of adverse judgment.

@ Amount deposited under protest Rs. 5.93 million

Amount deposited under protest Rs. 0.52 million

In case demand is confirmed, penalty up to equivalent amount may be imposed.

\$ Amount deposited under protest Rs. 3.04 million

1.33 PAYMENT TO AUDITORS

(Rs. in million)

Particulars	2019-20	2018-19
Statutory Audit and Limited Review Fees	2.10	2.10
Tax Audit Fee	0.40	0.40
GST	0.45	0.45

Standalone Financial Statements

2.34 INCOME TAX

Current Tax

Provision for Current Income Tax has been made as per Income Tax Act, 1961, based on legal opinion obtained by the Company from its income tax consultant and the statutory auditors have relied upon the said legal opinion for the purpose of current income tax.

Deferred Tax

In compliance with Indian Accounting Standard (Ind AS 12) relating to "Income Tax" issued under Companies (Indian Accounting Standards) Rules, 2016 as amended up to date, the Company has provided Deferred Tax Liability accruing during the year aggregating to Rs. 40.21 million (Previous Year Rs. 38.06 million) and it has been recognized in the Statement of Profit & Loss. In accordance with Indian Accounting Standard (Ind AS 12) Deferred Tax Assets and Deferred Tax Liabilities have been set off.

2.35 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. 18.17 million (Previous Year Rs. 13.05 million).

2.36 INTANGIBLE ASSETS

During the year, the Company incurred an amount of Rs. 132.67 million (Previous Year Rs. 91.60 million) on product development, product approval, US FDA Fees, Abbreviated New Drug Application (ANDA) Fees and such other related development expenses, recognized as Intangible Assets in the books of accounts and the same is amortized on straight line basis over a period of next seven years.

2.37 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 Defined Benefit Obligations (DBO) (Rs. in million)

	Gratuity	Earned leave
Present Value of DBO as at 1st April 2019	73.91	28.29
Acquisition adjustment	-	-
Interest on DBO	5.69	3.48
Past Service Cost	-	-
Current Service Cost	10.61	10.07
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits paid	(5.86)	(4.96)
Remeasurement of DBO	(15.17)	(4.23)
Present Value of DBO as at 31 st March 2020	69.18	32.65

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

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2019	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets as at 31 st March 2020	-	-

Fair Value of Plan Assets (Rs. in million)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2019	-	-
Acquisition Adjustments	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair Value of Plan Assets as at 31 st March 2020	-	-
Funded Status	-	-

Remeasurement of DBO (Rs. in million)

	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	15.17	4.23
Actuarial gain/(loss) for the year – Plan Assets	-	-
Total gain/(loss) for the year	15.17	4.23
Actuarial (gain)/ loss recognized in the year	(15.17)	(4.23)
Unrecognized actuarial (gains)/losses at the end of year	-	-

Amount recognized in the Balance Sheet (Rs. in million)

	Gratuity	Earned leave
Present value of DBO as at 31 st March 2020	69.18	32.65
Fair value of plan assets as at 31 st March 2020	-	-
Funded Status	69.18	32.65
Unrecognized actuarial (gains)/losses	-	-
Net asset/(liability) recognized in the balance sheet	(69.18)	(32.65)

Expenses recognized in the Statement of Profit & Loss

(Rs. in million)

	Gratuity	Earned leave
Current service cost	10.61	10.07
Past service cost	-	-
Interest cost	5.69	3.48
Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Actuarial Loss/(gain) recognized in the year	-	-
Expenses recognized in the Statement of Profit & Loss	16.30	13.55

Amount recognized as other comprehensive income

(Rs. in million)

	Gratuity	Earned leave
Actuarial loss on DBO	(15.17)	(4.23)
Excess of interest on plan assets over actual return	-	-
Change in the effect of asset ceiling	-	-
Expenses recognized as other comprehensive income	(15.17)	(4.23)

Valuation Assumptions

Discount Rate	6.7%
Estimated rate of increase in compensation levels	5%
Attrition Rate	Table A
Mortality Rates	Table B

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.

Table A

Age	Rates
Upto 30 years	3%
31-44 years	2%
Above 44 years	1%

Standalone Financial Statements

Table B

Age	Mortality Rates	Age	Mortality Rates
20	0.000924	70	0.024058
30	0.000977	80	0.061985
40	0.000168	90	0.163507
50	0.004436	100	0.039773
60	0.011162	110	0.784383

2.38 TAX EXPENSE COMPRISES OF:

(Rs. in million)

	2019-20	2018-19
- Current Tax	39.27	106.43
- Deferred Tax	40.21	38.06
- MAT Credit Entitlement (net)	(22.66)	(32.28)
	56.82	112.20

2.39 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 Indian Accounting Standard (Ind AS 108) issued under Companies (Indian Accounting Standards) Rules, 2016 as amended up to date.

ii) Secondary Segment (By Geographical Segment)

(Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
(a)	India	17,014.66	20,434.20
(b)	Outside India	9,378.15	10,715.03
	Total Sales (inclusive of GST)	26,392.81	31,149.23

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

2.40 RELATED PARTY DISCLOSURES

Related party disclosures as required under Indian Accounting Standard (Ind AS 24) on "Related Party Disclosures" issued under Companies (Indian Accounting Standards) Rule 2016, as amended up to date, are given below: -

a) Relationship

i) Subsidiary Companies

Nectar Lifesciences USA, LLC

Nectar Lifesciences UK Limited, United Kingdom (Inoperative during the year)

Neclife PT, Unipessoal LDA – Portugal (Incorporated on 11th July 2019)

ii) Joint Ventures and Associates

None

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

Mr. Sanjiv Goyal, Chairman & Managing Director

Dr. Dinesh Dua, CEO & Whole time Director #

Mr. Sandeep Goel, Chief Financial Officer

Ms. Ankita Jain, Company Secretary (upto 22nd June 2019)

Ms. Sukriti Saini, Company Secretary (w.e.f. 14th August 2019)

Executive Director w.e.f. 1st June 2020

iv) Relatives of the Key Management Personnel*

Mrs. Raman Goyal

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

Nectar Lifesciences Charitable Foundation (CSR vehicle of the company)

Nectar Biopharma Private Limited

* 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 (Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
i	Receivable at the year end	13.19	100.49
ii	Sale during the year	231.83	289.83
iii	Investment made during the year	0.08	-

iii) Key Management Personnel and their relatives

(Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
i.	Director Remuneration & Perquisites*	28.35	33.64
ii.	Salary & Perquisites*	2.75	15.02
iii.	Rent (Excluding GST)	8.40	1.20

*Includes Taxable value of Perquisites as per Income Tax Act 1961

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

(Rs. in million)

S. No.	PARTICULARS	31.03.2020	31.03.2019
i	CSR expenditure through CSR vehicle	1.74	1.54
ii	Net Sales (inclusive of applicable indirect taxes)	208.04	472.57
iii	Net Purchases (inclusive of applicable indirect taxes)	11.33	13.03
iv	Balance due at the year-end (net receivable/ payable))	(1.12)	98.08

2.41 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.

2.42 EARNINGS PER SHARE (EPS)

PARTICULARS	UNIT	YEAR ENDED 31.03.2020	YEAR ENDED 31.03.2019
Profit After Tax, before other comprehensive income	Rs. in million	300.61	473.32
No of Shares Outstanding	Nos.	224,260,970	224,260,970
No of Weighted Average equity shares	Nos.	224,260,970	224,260,970
Diluted	Nos.	224,260,970	224,260,970
Nominal value of equity shares	Rs.	1.00	1.00

Standalone Financial Statements

PARTICULARS	UNIT	YEAR	YEAR
		ENDED	ENDED
		31.03.2020	31.03.2019
Earnings per Share			
-Basic	Rs.	1.34	2.11
-Diluted	Rs.	1.34	2.11

2.43 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to Rs. 64.07 million (Previous Year loss of Rs. 204.99 million).

2.44 Balance with banks includes amount of Rs. 186.32 million on account of FDRs held as Margin Money.

2.45 **DETAIL OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED**

a) RAW MATERIAL CONSUMED

(Rs. in million)

S. No.	Particulars	2019-2020		2018-2019	
		Amount	(%age)	Amount	(%age)
1.	Imported	7299.68	39.80	7355.70	33.05
2.	Indigenous	11040.63	60.20	14897.47	66.95

b) STORES, SPARES AND PACKING MATERIAL CONSUMED

(Rs. in million)

S. No.	Particulars	2019-2020		2018-2019	
		Amount	(%age)	Amount	(%age)
1.	Imported	78.21	22.76	1.45	0.44
2.	Indigenous	265.29	77.34	327.47	99.56

2.46 **OTHER INFORMATION** (Rs. in million)

S. No.	Particulars	2019-2020	2018-2019
(a)	CIF Value of Imports		
1.	Raw Material	7388.95	7099.23
2.	Traded Goods	174.65	380.12
3.	Capital Goods, Store & Spares and Packing Material etc.	90.45	22.24
(b)	Expenditure in Foreign Currency		
1.	Travelling Expenses	3.98	4.59
2.	Export Commission	104.95	98.19
3.	Other Expenses	23.09	22.02
(c)	Remittances in Foreign Currency		
1.	Raw Material	6955.60	6996.35
2.	Traded Goods	175.09	381.67
2.	Capital Goods, Stores & Spares and Packing Material etc.	84.58	19.83
(d)	Expenditure in Foreign Currency on account of dividend		
1.	Number of Non-Resident Shareholders	2	2
2.	Number of Equity Shares held by them	72000000	72000000

S. No.	Particulars	2019-2020	2018-2019
3.	(i) Amount of Dividend Paid	3.60	3.60
	(ii) Year to which dividend relates	2018-19	2017-18
(e)	Earning in Foreign Currency		
	FOB Value of Exports	8,864.94	10,715.03

2.47 **Corporate Social Responsibility Expenses**

Contribution includes an amount of Rs. 17.61 million (Previous Year Rs. 12.17 million) incurred by the Company on Corporate Social Responsibility (CSR) activities during the year, and Rs. Nil (Previous Year Rs. 13.97 million) capital expenditure incurred on power plant which is also eligible for CSR activities. In totality the Company incurred Rs. 17.61 million (Previous Year Rs. 26.14 million) on CSR activities against the requirement of Rs. 11.51 million (Previous Year Rs. 12.44 million).

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

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner
M. No.: 546125

FOR NECTAR LIFESCIENCES LIMITED

(Sanjiv Goyal)
Chairman & Managing Director
DIN: 00002841

(Dinesh Dua)
Executive Director
DIN: 02436706

(Sandeep Goel)
Chief Financial Officer

(R.K. Aggarwal)
Vice President Accounts

(Sukriti Saini)
Company Secretary
ACS: 58705

Place: Chandigarh
Dated: 29.07.2020

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NECTAR LIFESCIENCES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated annual financial statements of Nectar Lifesciences Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries Nectar Lifesciences UK Limited, United Kingdom and Nectar Lifesciences USA LLC, USA and Neclife PT, Unipessoal LDA-Portugal (together referred to as "the Group"), which comprise the consolidated Balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In our opinion, there is no Key Audit Matter to be reported.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group is responsible for overseeing the financial reporting process of each entity.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

Consolidated Financial Statements

circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the entity has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We have not carried out the audit of the subsidiary Companies namely Nectar Lifesciences UK Limited, United Kingdom, Nectar Lifesciences USA LLC and Neclife PT, Unipessoal LDA-Portugal. We have relied on the unaudited financial statements of these subsidiaries namely Nectar Lifesciences UK Limited, United Kingdom, Nectar Lifesciences USA LLC and Neclife PT, Unipessoal LDA-Portugal for the Year ended

March 31, 2020, which have been incorporated in the consolidated financial statements. The financial statements of subsidiaries reflects total assets of Rs. 27.98 million as at March 31, 2020 (Previous year Rs. 115.91 million), total revenues of Rs. 267.60 million (Previous year Rs. 286.76 million) and net cash inflows/(Outflows) amounting Rs. (6.85) million for the year ended on that date (Previous year Rs. 3.45 million). These financial statements, as approved by the Board of Directors of the subsidiary 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 financial statements. However, the size of the subsidiaries is insignificant.

Report on Other Legal and Regulatory Requirements

- (A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company and its subsidiaries which are incorporated in India, as on 31 March 2020 and taken on record by the Board of Directors of respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure-A.
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Group has disclosed the impact of pending litigations on the consolidated financial position in consolidated financial statements as referred to in Note 2.32 to the financial statements.
 - b) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

Consolidated Financial Statements

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner

M. No. 546125

UDIN: 20546125AAAAACL8845

Place: Chandigarh

Dated: 29.07.2020

ANNEXURE "A" TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Nectar Lifesciences Limited** ("the Company") as on 31 March 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiaries which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding company and its subsidiaries, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective entity's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the Management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedure may deteriorate.

Opinion

In our opinion, the group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner

M. No. 546125

UDIN: 20546125AAAAACL8845

Place: Chandigarh

Dated: 29.07.2020

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

CONSOLIDATED BALANCE SHEET As At 31st March 2019

Particulars	NOTE	As At March 31, 2020	As At March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.02	7,456.56	7,856.36
Capital work-in-progress		1,149.99	995.50
Intangible assets	2.03	391.91	391.82
Financial assets			
Investments	2.04	2.35	2.70
Trade receivables	2.05	92.29	48.09
Other financial assets	2.06	24.94	24.94
Other non-current assets	2.07	1,063.46	1,040.16
Total Non Current Assets		10,181.50	10,359.58
Current assets			
Inventory	2.08	9,775.51	9,179.70
Financial assets			
Investments	2.04	1.66	5.05
Trade receivables	2.05	3,958.72	5,587.32
Cash and cash equivalents	2.09	212.94	213.27
Loans	2.10	4.84	3.82
Other financial assets	2.06	1,799.85	1,019.06
Other current assets	2.11	398.06	682.08
Total Current Assets		16,151.58	16,690.30
Total Assets		26,333.08	27,049.88
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.12	224.26	224.26
Other equity	2.13	11,136.99	10,827.35
Total Equity		11,361.25	11,051.61
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.14	1,214.82	1,655.90
Other financial liabilities	2.15	22.87	119.25
Other Non-Current Liabilities	2.16	8.46	8.71
Provisions	2.17	81.99	93.63
Deferred tax liabilities (net)	2.18	1,164.78	1,121.73
Total Non-current liabilities		2,492.92	2,999.22
Current liabilities			
Financial liabilities			
Borrowings	2.14	6,197.13	6,359.69
Other financial liabilities	2.15	461.44	1,129.94
Trade payables			
Due to Micro, Small & Medium Enterprises	2.19	12.76	44.43
Due to Others		5,258.69	4,792.31
Other current liabilities	2.20	493.01	574.04
Provisions	2.17	19.84	8.58
Current tax liabilities (net)		36.05	90.07
Total Current liabilities		12,478.91	12,999.05
Total equity and liabilities		26,333.08	27,049.88
Significant Accounting Policies	1		
Notes to Financial Statements	2		

For **NECTAR LIFESCIENCES LIMITED**

Sanjiv Goyal
Chairman & Managing Director
DIN: 00002841

Dinesh Dua
Executive Director
DIN: 02436706

As per our report of even date
For **Ashwani K. Gupta & Associates**
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel
Chief Financial Officer

R.K. Aggarwal
Vice President Accounts

Sukriti Saini
Company Secretary

Paras Gupta
Partner
M. No. 546125

Place : Chandigarh
Dated : 29.07.2020

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT for the Year Ended 31st March 2020

Particulars	NOTE	Year Ended March 31, 2020	Year Ended March 31, 2019
Continuing Operations			
Revenue from Operations (Gross)	2.21	26,428.59	31,128.58
Less: GST Recovered		2,764.80	3,299.93
Revenue from Operations (Net of GST)		<u>23,663.79</u>	<u>27,828.65</u>
Other Income (Net)	2.22	43.62	60.44
		<u>23,707.40</u>	<u>27,889.09</u>
Expenses			
Raw Material Consumed	2.23	18,340.31	22,253.17
Purchase of Stock in Trade (Traded Goods)		287.95	428.17
(Increase)/ Decrease in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.24	(42.19)	(504.28)
Employees Benefits Expense	2.25	809.99	799.00
Finance Cost	2.26	1,258.26	1,481.36
Depreciation & Amortization	2.02 & 2.03	607.66	632.57
Other Expenses	2.27	2,070.71	2,210.89
		<u>23,332.69</u>	<u>27,300.89</u>
Profit/ (Loss) before exceptional items & tax		374.71	588.20
Exceptional items		-	-
Profit/(Loss) before tax		<u>374.71</u>	<u>588.20</u>
Tax Expenses		56.82	112.20
Profit/ (Loss) for the period		<u>317.89</u>	<u>476.00</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset (Net of Tax)		12.62	0.26
Items that will be reclassified subsequently to profit or loss			
Foreign Exchange Translation Reserve (Net of Tax)		(7.33)	2.25
Total Comprehensive income for the period		<u>323.18</u>	<u>478.51</u>
Earnings per equity share (Equity Shares of Re.1/- each fully paid up)			
Basic (Rs.)		1.42	2.12
Diluted (Rs.)		1.42	2.12
Significant Accounting Policies	1		
Notes to Financial Statements	2		

For **NECTAR LIFESCIENCES LIMITED**

Sanjiv Goyal
Chairman & Managing Director
DIN: 00002841

Dinesh Dua
Executive Director
DIN: 02436706

As per our report of even date
For **Ashwani K. Gupta & Associates**
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel
Chief Financial Officer

R.K. Aggarwal
Vice President Accounts

Sukriti Saini
Company Secretary

Paras Gupta
Partner
M. No. 546125

Place : Chandigarh
Dated : 29.07.2020

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

PARTICULARS	As At March 31, 2020	As At March 31, 2019
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net profit before Tax & Extra Ordinary Items	374.71	588.20
Adjustments For :		
Depreciation & Amortization	607.66	632.57
Other Comprehensive Income (Net)	5.29	2.51
Other Comprehensive Income (Tax)	2.84	1.33
Provision for Doubtful debts/ Insurance Claims	18.34	4.58
Provision for Employees Retirement Benefits	(0.38)	6.64
Loss/ (Profit) on Sale of Fixed Assets	-	2.23
Loss/ (Profit) on Sale / Restatement of Investment	(0.39)	0.04
Interest on Borrowings	1,258.26	1,481.36
Other Non-Operating Income	(27.02)	(59.59)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,239.30	2,659.87
Adjustments For :		
(Increase)/Decrease in Current Assets	534.99	35.90
Increase/(Decrease) in Current Liabilities	328.42	(97.53)
Increase/(Decrease) in Long Term Liabilities	(96.39)	(56.39)
Increase/ (Decrease) in Non Current Liabilities	(0.25)	(0.25)
(Increase)/ Decrease in Non Current Assets	(63.17)	(13.66)
CASH GENERATED FROM OPERATIONS	2,942.90	2,527.94
Direct Taxes Paid	(93.29)	(135.59)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	2,849.60	2,392.35
Extra-Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,849.60	2,392.35
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(547.70)	(381.27)
Interest Received	27.02	59.59
Dividend Received	0.00	0.00
Sale of Fixed Assets	185.27	24.20
Sale/(Purchase) of Investments	4.14	-
Other Financial Assets Received/ (Paid)	-	36.18
NET CASH USED IN INVESTING ACTIVITIES (B)	(331.28)	(261.30)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds/(Repayment) from Term Loans from Banks	(1,087.66)	(526.67)
Proceeds/(Repayment) from Working Capital Limits from Banks	(162.56)	18.86
Proceeds/(Repayment) from Vehicle Loans	3.34	(8.22)
Dividend Paid	(13.54)	(13.50)
Interest Paid	(1,258.26)	(1,481.36)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	(2,518.67)	(2,010.89)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(0.34)	120.16
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	213.27	93.11
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	212.93	213.27

For **NECTAR LIFESCIENCES LIMITED**

Sanjiv Goyal

Chairman & Managing Director
DIN: 00002841

Dinesh Dua

Executive Director
DIN: 02436706

As per our report of even date

For **Ashwani K. Gupta & Associates**
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel

Chief Financial Officer

R.K. Aggarwal

Vice President Accounts

Sukriti Saini

Company Secretary

Paras Gupta

Partner
M. No. 546125

Place : Chandigarh

Dated : 29.07.2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared to comply with the Indian Accounting Standards (Ind AS). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in million.

The Company has adopted all the Ind AS standards mandatorily applicable and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 USE OF ESTIMATES

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 PROPERTY, PLANT & EQUIPMENT

- i) Property, Plant & Equipment have been stated at cost, net of cenvat/ goods and service 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. Depreciation on assets is provided on straight line method in the manner prescribed in Schedule II to the Companies Act, 2013
- ii) Cost of leasehold assets is amortized over the period of the lease.

1.4 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment, wherever applicable. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, from the date they are available for use. The estimated useful life of an identifiable asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The research costs are expensed as incurred. The development

costs, which can be capitalized, include the cost of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

1.5 INVESTMENTS

Investments are classified into current and long-term investments. Long Term 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, if any.

1.6 REVENUE RECOGNITION

- i) Revenue from product sales is stated exclusive of returns, inter-division transfers, Sales Tax but includes Excise Duty and Goods and Service tax.
- 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.

1.7 FINANCIAL INSTRUMENTS

A. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

B. Subsequent measurement

- a) Non-derivative financial instruments
 - i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are

Consolidated Financial Statements

classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

- iii. Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- iv. Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.
- v. Investment in subsidiaries
Investment in subsidiaries is carried at cost in the separate financial statements.
- b) Derivative financial instruments
The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

C. Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

D. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.8 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.
- 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.

1.9 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 and as per Ind AS 21, exchange differences arising on account of consolidation with foreign operation, are recognized in Other Comprehensive Income. 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. The Company has opted for voluntary exemption given in Ind AS-101, which allows first time adopter to continue its Indian GAAP policy for accounting of exchange difference arising on translation of long term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

1.10 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.

Contribution 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 employee 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 other comprehensive income.

Long term employee benefit also comprises of compensated absences. These are measured based on 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 other comprehensive income.

1.11 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future

Consolidated Financial Statements

operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.12 DIVIDENDS

Final dividends on shares are recorded as a liability on the date of approval by the shareholders.

1.13 OTHER INCOME

Other income is comprised primarily of interest income, dividend income and profit/ loss on sale of investment/ fixed assets. Dividend income is recognized when the right to receive payment is established.

1.14 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.

1.15 LEASES

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

1.16 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, such grant is recognized in Statement of Profit and Loss on a systematic basis over the useful life of the asset.

1.17 EARNINGS PER SHARE

Basic earnings 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.

1.18 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.

1.19 INCOME TAXES

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. NOTES TO FINANCIAL STATEMENTS

2.01 COMPANY OVERVIEW

Nectar Lifesciences Limited (CIN: L24232PB1995PLC016664) is an integrated pharmaceutical organization, incorporated in 1995, having its corporate office in Chandigarh and works in the states of Punjab, Himachal Pradesh and Jammu & Kashmir. The Company has sustainable production systems to manufacture APIs and Formulations. With an expertise in R&D, the Company has been experiencing growth in this segment. The Company is also in the Menthol business and succeeded in both domestic and international markets. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited and also Global Depository Receipts (GDRs) are listed on Luxembourg Stock Exchange (LuxSE).

Consolidated Financial Statements

(Rs. in Million)

Note - 2.02 "Property, Plant And Equipment"

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01-Apr-19	Additions	Sale/ Deletion	As At 31-Mar-20	Up To 31-Mar-19	During the Year	Deletion/ Adjustments	Up To 31-Mar-20	As At 31-Mar-20	As At 31-Mar-19
Freehold Land & Site Development	932.93	2.33	132.11	803.15	-	-	-	-	803.15	932.93
Leasehold Land	3.27	-	-	3.27	0.45	0.04	-	0.49	2.78	2.82
Buildings	1,649.07	7.91	6.97	1,650.01	512.79	51.01	1.19	562.61	1,087.40	1,136.28
Tube Well	22.66	4.82	-	27.48	17.73	2.52	-	20.25	7.23	4.93
Plant & Machinery *	8,868.31	204.43	52.71	9,020.03	4,024.08	320.16	13.69	4,330.56	4,689.48	4,844.22
Boiler	170.70	-	-	170.70	101.02	8.93	-	109.95	60.75	69.68
Pollution Control Equipment	75.25	-	-	75.25	64.58	3.52	-	68.10	7.15	10.67
Laboratory	111.32	2.17	-	113.49	82.78	4.95	-	87.74	25.75	28.54
Miscellaneous Fixed Assets	1,529.89	22.49	6.48	1,545.89	766.45	71.60	2.23	835.83	710.07	763.44
Furniture & Fixture	101.03	0.55	-	101.58	78.11	4.77	-	82.89	18.70	22.92
Motor Vehicles	95.61	15.26	11.76	99.11	59.63	6.70	7.66	58.67	40.43	35.98
Computer	46.10	0.58	-	46.67	42.14	0.86	-	43.01	3.67	3.95
GRAND TOTAL	13,606.13	260.54	210.03	13,656.64	5,749.76	475.08	24.76	6,200.08	7,456.56	7,856.36

Previous Year 13,356.33 292.02 42.22 13,606.13 5,292.01 473.55 15.80 5,749.76 7,856.36 8,064.32

*Includes addition on account of foreign exchange fluctuation on ECB amounting to Rs. 18.67 Million (Previous Year addition of Rs. 53.03 Million)

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

Note - 2.03 "Intangible Assets"

Opening Gross Block	1,298.82	1,207.22
Additions during the year	132.67	91.60
Closing Gross Block	1,431.49	1,298.82
Opening Accumulated amortization	907.00	747.98
Amortization during the year	132.58	159.03
Closing Accumulated amortization	1,039.58	907.00
Net Intangible Assets	391.91	391.82

NOTE - 2.04 "Investments"

Non Current Investments

Investment in Equity Instruments

UNQUOTED

In Others

2,20,000 (Previous Year 2,20,000) Equity Shares of Rs. 10/- each Fully paid up In Mohali Green Environment Private Limited	1.85	2.20
50,000 Equity Shares of RS. 10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
20 Equity Shares of Rs. 50/- each in The Thane Janta Sahakari Bank Ltd	0.00	0.00
[Absolute amount Rs. 1,000 (Previous Year Rs.1,000)]		
Total - "A"	2.35	2.70

Current Investments

Investment in Equity Instruments

QUOTED

5 Equity Shares of Re. 1/- each, Fully Paid Up In Aurobindo Pharma Ltd. [Absolute amount Rs. 314 (Previous Year Rs. 314)]	0.00	0.00
4,700 Equity Shares of Rs. 5/- each, Fully Paid Up In Parsvanath Developers Ltd.	1.31	1.31
SBI PSU Fund	1.00	1.00
PRINCIPAL BALANCED FUND	1.00	1.00
3,000 Bonds of IFCI @ Rs. 1,000/- Each	-	3.00

UNQUOTED

2,500 Equity Shares of Rs. 10/- each, Fully Paid Up In Saraswat Co-operative Bank Ltd.	0.03	0.03
---	------	------

Total "B"

Provision for Loss on Investment "C"

Net Current Investments "D" ("B" - "C")

Total Investment "A" + "D"

Total "B"	3.34	6.34
Provision for Loss on Investment "C"	1.68	1.28
Net Current Investments "D" ("B" - "C")	1.66	5.05
Total Investment "A" + "D"	4.01	7.76

Market value of Quoted Investment Rs. 1.66 Million (Previous Year Rs. 6.45 Million)

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
NOTE - 2.05 "Trade Receivables"		
Unsecured consists of following		
Non Current		
Considered Good	92.29	48.09
Considered Doubtful	116.12	97.78
	208.41	145.87
Less: Provision For Doubtful Debts	116.12	97.78
Total - "A"	92.29	48.09
Current		
Considered Good	3,958.72	5,587.32
Considered Doubtful	-	-
	3,958.72	5,587.32
Less: Provision For Doubtful Debts	-	-
Total - "B"	3,958.72	5,587.32
Total Trade Receivables ("A" + "B")	4,051.01	5,635.41

NOTE - 2.06 "Other Financial Assets"

Non Current		
Balances Recoverable from Revenue Authorities	24.94	24.94
Insurance Claim Receivable :		
Considered Good	-	-
Considered Doubtful	21.15	21.15
	46.09	46.09
Less: Provision for Doubtful Insurance Claim	21.15	21.15
Total - "A"	24.94	24.94
Current		
Export and Other Incentives Accrued	349.34	520.35
Balances with Revenue Authorities	1,187.38	429.10
Other Recoverables	5.34	10.27
Insurance Claim Receivable :		
Considered Good	257.78	59.33
Considered Doubtful	-	-
	1,799.85	1,019.06
Less: Provision for Doubtful Insurance Claim	-	-
Total - "B"	1,799.85	1,019.06
Total Other Financial Assets ("A" + "B")	1,824.80	1,044.00

NOTE - 2.07 "Other Non-Current Assets"

Security Deposits	19.75	19.12
MAT Credit Entitlement	1,038.70	1,016.04
Others	5.00	5.00
	1,063.46	1,040.16

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.08 "Inventory"

(As Certified by The Management)

Raw Material	1,635.82	1,006.96
Work In Progress	5,568.85	5,993.30
Finished Goods	2,393.30	1,920.22
Stock in Trade	31.69	38.12
Other Miscellaneous Stocks	145.85	221.09
	9,775.51	9,179.70

NOTE - 2.09 "Cash & Cash Equivalents"

Balance with Banks	195.71	197.23
Balances in Dividend Accounts	0.38	0.38
Cash In Hand (Incl Staff Imprest)	16.85	15.66
	212.94	213.27

NOTE - 2.10 "Loans"

Loans & Advances to Staff	4.84	3.82
	4.84	3.82

NOTE - 2.11 "Other Current Assets"

Advances other than capital advances		
Payment to vendors for supply of goods	305.34	554.00
Others	92.72	128.08
	398.06	682.08

NOTE - 2.12 "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 2.28)

224.26

224.26

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

NOTE - 2.13 "OTHER EQUITY"

Statement of Change in Equity FY 19-20

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2019	224.26	3,287.98	141.02	7,398.35	11,051.61
Changes in equity for the year ended March 31, 2020					
<u>Add</u> : - Profit for the period	-	-	-	323.18	323.18
<u>Less</u> : - Corporation tax of USA paid	-	-	-	-	-
<u>Less</u> : - Final Dividend & Tax on Dividend	-	-	-	13.54	13.54
Balance as of March 31, 2020	224.26	3,287.98	141.02	7,707.98	11,361.25

Statement of Change in Equity FY 18-19

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2018	224.26	3,287.98	141.02	6,933.33	10,586.60
Changes in equity for the year ended March 31, 2019					
<u>Add</u> : - Profit for the period	-	-	-	479	478.51
<u>Less</u> : - Corporation tax of USA paid	-	-	-	-	-
<u>Less</u> : - Final Dividend & Tax on Dividend	-	-	-	13.50	13.50
Balance as of March 31, 2019	224.26	3,287.98	141.02	7,398.35	11,051.61

Particulars	As At	As At
	March 31, 2020	March 31, 2019

NOTE - 2.14 "Borrowings"

Non Current

Secured

Term Loans

From Banks

1,200.00

1,644.00

Unsecured

Vehicle Loans

From Banks

14.82

11.62

From Others

-

0.28

1,214.82

1,655.90

(Also Refer Note 2.30)

Current

Secured

Working Capital Limits

From Banks

6,034.73

6,156.40

Unsecured

From Banks

162.40

203.29

6,197.13

6,359.69

Total Borrowings

7,411.94

8,015.58

Consolidated Financial Statements

Nectar Lifesciences Limited	(Rs. in Million)	
Particulars	As At March 31, 2020	As At March 31, 2019
NOTE - 2.15 "Other Financial Liabilities"		
Non Current		
Other Capital Advances	22.87	119.25
	22.87	119.25
Current		
Current Maturities of Long Term Debts	368.41	1,012.07
Current Maturities of Other Loans	7.28	6.85
Interest Accrued but not due on Borrowings	45.37	21.19
Unpaid Dividends	0.38	0.38
Accrued Compensation to Employees	12.74	55.66
Statutory dues payable	13.93	13.11
Accrued Expenses	13.33	20.69
	461.44	1,129.94
Total Other Financial Liabilities	461.44	1,129.94
NOTE - 2.16 "Other Non Current Liabilities"		
Non Current		
Deferred Income	8.46	8.71
	8.46	8.71
NOTE - 2.17 "Provisions"		
Non Current		
Provision for Employees Retirement Benefits	81.99	93.63
	81.99	93.63
Current		
Provision for Employee Retirement Benefits	19.84	8.58
	19.84	8.58
Total Provisions	101.82	102.21

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	As At March 31, 2020	As At March 31, 2019
-------------	-------------------------	-------------------------

NOTE - 2.18 "Deferred Tax Liability"

Tax Impact on Deferred Tax Liabilities arising on account of: Depreciation	1,236.27	1,189.04
Total - "A"	1,236.27	1,189.04
Tax Impact on Deferred Tax Assets arising on account of: Employees Retirement Benefits	35.58	35.37
Other Expenses & Provisions	47.97	41.16
Total - "B"	83.55	76.53
Net Deferred Tax Liability ("A" - "B")	1,152.72	1,112.50
Impact of Other Comprehensive Income	15.85	9.08
Impact of Foreign Exchange Translation Reserve	(3.79)	0.15
Net Deferred Tax Liability	1,164.78	1,121.73

NOTE - 2.19 "Trade Payables"

Due to Micro, Small & Medium Enterprises	12.76	44.43
Due to Others	5,258.69	4,792.31
	5,271.45	4,836.73

NOTE - 2.20 "Other Current Liabilities"

Advances From Customers	105.65	96.23
Creditors Against Expenses & Capital Goods	387.36	477.81
	493.01	574.04

NOTE - 2.21 "Revenue from Operations"

Sale of Manufactured Products		
Export	9,281.28	10,669.50
Domestic	16,820.89	19,935.63
Trading Sale		
Export	132.65	24.88
Domestic	193.77	498.57
	26,428.59	31,128.58

NOTE - 2.22 "Other Income"

Operating Income		
Other Operating Income	3.31	0.60
Deferred Income - Govt. Grants	0.25	0.25
Other Income		
Interest Income	27.02	59.59
Dividend From Investments [Absolute amount Rs. 4,400 (Previous year Rs. 38)]	0.00	0.00
Other Income	9.80	-
Profit on sale of fixed asset	3.24	-
	43.62	60.44

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
-------------	------------------------------	------------------------------

NOTE - 2.23 “Raw Material Consumed”

Opening Stock	1,006.96	947.49
Add:- Purchase of Raw Material	18,969.18	22,312.65
	19,976.14	23,260.13
Less :- Closing Stock	1,635.82	1,006.96
	18,340.31	22,253.17

NOTE - 2.24 “(Increase)/ Decrease in Inventories of Finished Goods, Stocks in Process & Stock in Trade”

Inventory (At Close)

Finished Goods	2,393.30	1,920.22
Stock in Process	5,568.85	5,993.30
Stock in Trade	31.69	38.12
	7,993.83	7,951.64

Inventory (At Commencement)

Finished Goods	1,920.22	434.23
Stock in Process	5,993.30	6,970.22
Stock in Trade	38.12	42.91
	7,951.64	7,447.36
	(42.19)	(504.28)

NOTE - 2.25 “Employee Benefit Expenses”

Salaries & Wages	656.87	660.16
Remuneration To Directors	28.08	33.56
Contribution to Provident and Other Funds	33.78	34.08
Staff Welfare	91.25	71.21
	809.99	799.00

NOTE - 2.26 “Financial Expenses”

Interest Expenses	918.07	878.23
Other Borrowing Costs & Foreign Exchange Fluctuation (Net)	340.19	603.12
	1,258.26	1,481.36

Consolidated Financial Statements

Nectar Lifesciences Limited

(Rs. in Million)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
-------------	------------------------------	------------------------------

NOTE - 2.27 "Other Expenses"

Manufacturing Expenses

Consumable Stores, Spares & Packing Expenses	343.50	328.92
Power, Fuel & Steam Expenses	925.63	1,032.41
Chemical Testing Expenses	24.46	25.96
Repairs & Maintenance		
Electricals	6.65	8.98
Machinery	83.67	124.10
Building	5.62	10.72

Total - "A"

1,389.52

1,531.08

Administrative Expenses

Travelling & Conveyance	21.41	27.96
Advertisement & Subscription	0.72	0.66
Books & Periodicals	0.15	0.18
Business Promotion	4.72	6.58
Insurance	44.67	39.62
Electricity Expenses (Office)	1.59	2.27
Postage, Telephone, Telegram	9.28	10.03
Printing & Stationery	5.76	5.97
Professional Fees	33.66	37.45
Rate, Fees & Taxes	26.64	36.45
Vehicle Running & Maintenance	4.91	5.15
Rent	18.17	13.05
Audit Fees	2.50	2.50
Office Expenses	6.96	7.49
Diwali & Pooja Expenses	3.99	3.67
Donation	18.89	22.75
Directors' Sitting Fees	0.22	0.22
Loss on Sale of Fixed Assets	-	2.23
Loss on Sale/ Restatement of Investment	0.39	0.04

Total - "B"

204.62

224.27

Selling & Distribution Expenses

Discount & Samples	31.56	40.55
Freight & Cartage Outward	307.13	292.61
Sales Commission	119.52	116.19
Provision for Doubtful Debts/ Insurance claim	18.34	6.19

Total - "C"

476.56

455.54

Grand Total ("A" + "B" + "C")

2,070.71

2,210.89

Consolidated Financial Statements

2.28 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	55,845,600	24.90%	55,555,600	24.77%
NSR Direct PE Mauritius, LLC (Name changed to Isengard Direct PE LLC)	26,000,000	11.59%	26,000,000	11.59%
Depository of GDRs	46,000,000	20.51%	46,000,000	20.51%
Sanjiv (HUF)	43,622,400	19.45%	43,379,400	19.34%

Note: Since, the equity shares underlying GDRs are 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, 2020	As at 31 st March, 2019
Equity shares at the beginning of the year	224,260,970	224,260,970
Add: Shares issued during the year	Nil	Nil
Equity shares at the end of the year	224,260,970	224,260,970

2.29 SECURED LOANS

- I. Term Loans/ Corporate Loan 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 director/relative of a director namely Sh. Sanjiv Goyal and Sh. Aryan Goyal.

Repayment Schedule of Term Loans:

Year of Repayment	Amount (Rs. in Million)
1-2	370.00
2-5	790.00
>5	40.00

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 Million)
1-2	7.15
2-5	7.66
>5	-

- II. Working Capital Limits 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 director/relative of a director namely Sh. Sanjiv Goyal and Sh. Aryan Goyal.
- III. Pursuant to the Covid 19 pandemic, Reserve Bank of India, vide its notification no. RBI/2019-20/186 dated 27th March 2020 and RBI/2019-20/244 dated 23rd May 2020, announced a "Covid 19 Regulatory Package" to mitigate the adverse impact of the pandemic and ensure continuity of viable business. As per this package banks were inter alia permitted to grant a moratorium of six months for payment of all installments

(principal and interest) on Term loans/ Corporate loans and interest on working capital failing due between 1st March 2020 and 31st August 2020. The company requested the lenders for availment of the package relating to term loans/ corporate loans and working capital. Accordingly, the financial statement has been prepared giving effect to the above.

2.30 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 and are subject to confirmation/reconciliation.

2.31 CURRENT LIABILITIES

- I. The principal amount remaining unpaid as at 31st March 2020 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are Rs. 12.76 million (Previous year Rs. 44.43 million). The interest amount computed based on the provisions under Section 16 of the MSMED Act of Rs. 0.56 million (Previous year Rs. 3.25 million) remains unpaid as at 31st March 2020. The principal amount that remained unpaid as at 31st March 2019 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. 0.38 million (Previous year Rs. 0.38 million) which relates to unclaimed dividend. During the year, Rs. 0.04 million (Previous year Rs. 0.05 million) was deposited relating to unclaimed dividend with the Investor Education and Protection Fund.

2.32 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts:- *		
	-Income Tax matters**	199.31	114.31
	-Excise matters @	13.02	12.53
	-Service Tax matters #	7.22	7.22
	-VAT & CST matters §	12.16	-
ii)	Bank Guarantees	17.22	14.14
iii)	Bills Discounted	-	-
iv)	Letter of Credit (Foreign / Inland)	467.76	286.12
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	40.39	97.35

* 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.

** Amount deposited under protest Rs. 3.01 million and MAT credit entitlement would be reduced by Rs. 190.69 million, in case of adverse judgment.

@ Amount deposited under protest Rs. 5.93 million

Amount deposited under protest Rs. 0.52 million

In case demand is confirmed, penalty up to equivalent amount may be imposed.

§ Amount deposited under protest Rs. 3.04 million

Consolidated Financial Statements

2.33 PAYMENT TO AUDITORS

(Rs. in million)

Particulars	2019-20	2018-19
Statutory Audit and Limited Review Fees	2.10	2.10
Tax Audit Fee	0.40	0.40
GST	0.45	0.45

2.34 INCOME TAX

Current Tax

Provision for Current Income Tax has been made as per Income Tax Act, 1961, based on legal opinion obtained by the Company from its income tax consultant and the statutory auditors have relied upon the said legal opinion for the purpose of current income tax.

Deferred Tax

In compliance with Indian Accounting Standard (Ind AS 12) relating to "Income Tax" issued under Companies (Indian Accounting Standards) Rules, 2016 as amended up to date, the Company has provided Deferred Tax Liability accruing during the year aggregating to Rs. 40.21 million (Previous Year Rs. 38.06 million) and it has been recognized in the Statement of Profit & Loss. In accordance with Indian Accounting Standard (Ind AS 12) Deferred Tax Assets and Deferred Tax Liabilities have been set off.

2.35 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. 18.17 million (Previous Year Rs. 13.05 million).

2.36 INTANGIBLE ASSETS

During the year, the Company incurred an amount of Rs. 132.67 million (Previous Year Rs. 91.60 million) on product development, product approval, US FDA Fees, Abbreviated New Drug Application (ANDA) Fees and such other related development expenses, recognized as Intangible Assets in the books of accounts and the same is amortized on straight line basis over a period of next seven years.

2.37 EMPLOYEE RETIREMENT BENEFITS

- Benefits valued: Gratuity & Earned leave (both availment & encashment)
- Nature of the plans: Defined benefit; both gratuity & compensated absence
Liabilities are unfunded
- Valuation method: Projected Unit Credit Method

Changes in Present Value of Defined Benefit Obligation (DBO)

(Rs. in million)

	Gratuity	Earned leave
Present Value of DBO as at 1st April 2019	73.91	28.29
Acquisition adjustment	-	-
Interest on DBO	5.69	3.48
Past Service Cost	-	-
Current Service Cost	10.61	10.07
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits paid	(5.86)	(4.96)
Remeasurement of DBO	(15.17)	(4.23)
Present Value of DBO as at 31 st March 2020	69.18	32.65

Changes in the Fair Value of Plan Assets

(Rs. in million)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2019	-	-
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 2020	-	-

Fair Value of Plan Assets

(Rs. in million)

	Gratuity	Earned leave
Fair Value of Plan Assets as at 1st April 2019	-	-
Acquisition Adjustments	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair Value of Plan Assets as at 31st March 2020	-	-
Funded Status	-	-

Remeasurement of DBO

(Rs. in million)

	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	15.17	4.23
Actuarial gain/(loss) for the year – Plan Assets	-	-
Total gain/(loss) for the year	15.17	4.23
Actuarial (gain)/ loss recognized in the year	(15.17)	(4.23)
Unrecognized actuarial (gains)/losses at the end of year	-	-

Amount recognized in the Balance Sheet

(Rs. In million)

	Gratuity	Earned leave
Present value of DBO as at 31 st March 2020	69.18	32.65
Fair value of plan assets as at 31 st March 2020	-	-
Funded Status	69.18	32.65
Unrecognized actuarial (gains)/losses	-	-
Net asset/(liability) recognized in the balance sheet	(69.18)	(32.65)

Expenses recognized in the Statement of Profit & Loss

(Rs. in million)

	Gratuity	Earned leave
Current service cost	10.61	10.07
Past service cost	-	-
Interest cost	5.69	3.48

Consolidated Financial Statements

Expected return on plan assets	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Actuarial Loss/(gain) recognized in the year	-	-
Expenses recognized in the Statement of Profit & Loss	16.30	13.55

Amount recognized as other comprehensive income (Rs. in million)

	Gratuity	Earned leave
Actuarial loss on DBO	(15.17)	(4.23)
Excess of interest on plan assets over actual return	-	-
Change in the effect of asset ceiling	-	-
Expense recognized as other comprehensive income	(15.17)	(4.23)

Valuation Assumptions

Discount Rate	6.7%
Estimated rate of increase in compensation levels	5%
Attrition Rate	Table A
Mortality Rates	Table B

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.

Table A

Age	Rates
Upto 30 years	3%
31-44 years	2%
Above 44 years	1%

Table B

Age	Mortality Rates	Age	Mortality Rates
20	0.000924	70	0.024058
30	0.000977	80	0.061985
40	0.000168	90	0.163507
50	0.004436	100	0.039773
60	0.011162	110	0.784383

2.38 TAX EXPENSE COMPRISES OF:

(Rs. in million)

	2019-20	2018-19
- Current Tax	39.27	106.43
- Deferred Tax	40.21	38.06
- MAT Credit Entitlement (net)	<u>(22.66)</u>	<u>(32.28)</u>
	56.82	112.20

2.39 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 Indian Accounting Standard (Ind AS 108) issued under Companies (Indian Accounting Standards) Rules, 2016 as amended up to date.

ii) Secondary Segment (By Geographical Segment)

(Rs. in million)

S. No.	Particulars	31.03.2020	31.03.2019
(a)	India	17,014.66	20,434.20
(b)	Outside India	9,413.93	10,694.38
	Total Sales (inclusive of GST)	26,428.59	31,128.58

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

2.40 RELATED PARTY DISCLOSURES

Related party disclosures as required under Indian Accounting Standard (Ind AS 24) on "Related Party Disclosures" issued under Companies (Indian Accounting Standards) Rule 2016, as amended up to date, are given below: -

a) Relationship

i. Joint Ventures and Associates

None

ii. Key Management Personnel (Managing Director/ Whole-time directors/CFO/Company Secretary)

Mr. Sanjiv Goyal, Chairman & Managing Director
Dr. Dinesh Dua, CEO & Whole time Director #
Mr. Sandeep Goel, Chief Financial Officer
Ms. Ankita Jain, Company Secretary (upto 22nd June 2019)
Ms. Sukriti Saini, Company Secretary (w.e.f. 14th August 2019)

Executive Director w.e.f. 1st June 2020

iii. Relatives of the Key Management Personnel*

Mrs. Raman Goyal

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

Nectar Lifesciences Charitable Foundation (CSR vehicle of the company)
Nectar Biopharma Private Limited

* 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

(Rs. in million)

S. No.	PARTICULARS	31.03.2020	31.03.2019
i.	Director Remuneration & Perquisites*	28.35	33.64
ii.	Salary & Perquisites*	2.75	15.02
iii.	Rent (Excluding GST)	8.40	1.20

*Includes Taxable value of Perquisites as per Income Tax Act 1961

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

(Rs. in million)

S. No.	PARTICULARS	31.03.2020	31.03.2019
i	CSR expenditure through CSR vehicle	1.74	1.54
ii	Net Sales (inclusive of applicable indirect taxes)	208.04	472.57
iii	Net Purchases (inclusive of applicable indirect taxes)	11.33	13.03
iv	Balance due at the year-end (net receivable/ (payable))	(1.12)	98.08

Consolidated Financial Statements

2.41 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.

2.42 EARNINGS PER SHARE (EPS)

Particulars	Unit	Year Ended 31.03.2020	Year Ended 31.03.2019
Profit After Tax, before other comprehensive income	Rs. in million	317.89	476.00
No of Shares Outstanding	Nos.	224,260,970	224,260,970
No of Weighted Average equity shares	Nos.	224,260,970	224,260,970
Diluted	Nos.	224,260,970	224,260,970
Nominal value of equity shares	Rs.	1.00	1.00
Earnings per Share			
-Basic	Rs.	1.42	2.12
-Diluted	Rs.	1.42	2.12

2.43 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to Rs. 64.07 million (Previous Year loss of Rs. 204.99 million).

2.44 Balance with banks includes amount of Rs. 186.32 million on account of FDRs held as Margin Money.

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

a) RAW MATERIAL CONSUMED

(Rs. in million)

S. No.	Particulars	2019-2020		2018-2019	
		Amount	(%age)	Amount	(%age)
1.	Imported	7299.68	39.80	7355.70	33.05
2.	Indigenous	11040.63	60.20	14897.47	66.95

b) STORES, SPARES AND PACKING MATERIAL CONSUMED (Rs. in million)

S. No.	Particulars	2019-2020		2018-2019	
		Amount	(%age)	Amount	(%age)
1.	Imported	78.21	22.76	1.45	0.44
2.	Indigenous	265.29	77.34	327.47	99.56

2.46 OTHER INFORMATION

(Rs. in million)

Particulars	2019-2020	2018-2019
(a) CIF Value of Imports		
1. Raw Material	7388.95	7099.23
2. Traded Goods	174.65	380.12
3. Capital Goods, Store & Spares and Packing Material etc.	90.45	22.24
(b) Expenditure in Foreign Currency		
1. Travelling Expenses	3.98	4.59
2. Export Commission	104.95	98.19
3. Other Expenses	23.09	22.02

	Particulars	2019-2020	2018-2019
(c) Remittances in Foreign Currency			
1.	Raw Material	6955.60	6996.35
2.	Traded Goods	175.09	381.67
2.	Capital Goods, Stores & Spares and Packing Material etc.	84.58	19.83
(d) Expenditure in Foreign Currency on account of dividend			
1.	Number of Non-Resident Shareholders	2	2
2.	Number of Equity Shares held by them	72000000	72000000
3.	(i) Amount of Dividend Paid	3.60	3.60
	(ii) Year to which dividend relates	2018-19	2017-18
(e) Earning in Foreign Currency			
	FOB Value of Exports	8864.94	10715.03

2.47 Corporate Social Responsibility Expenses

Contribution includes an amount of Rs. 17.61 million (Previous Year Rs. 12.17 million) incurred by the Company on Corporate Social Responsibility (CSR) activities during the year, however Rs. Nil (Previous Year Rs. 13.97 million) capital expenditure incurred on power plant which is also eligible for CSR activities. In totality the Company incurred Rs. 17.61 million (Previous Year Rs. 26.14 million) on CSR activities against the requirement of Rs. 11.51 million (Previous Year Rs. 12.44 million).

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

For **Ashwani K. Gupta & Associates**
Chartered Accountants
Firm Regn. No. 003803N

(Paras Gupta)
Partner
M. No.: 546125

FOR NECTAR LIFESCIENCES LIMITED

(Sanjiv Goyal)
Chairman & Managing Director
DIN: 00002841

(Dinesh Dua)
Executive Director
DIN: 02436706

(Sandeep Goel)
Chief Financial Officer

(R.K. Aggarwal)
Vice President Accounts

(Sukriti Saini)
Company Secretary
ACS: 58705

Place: Chandigarh
Dated: 29.07.2020

Consolidated Financial Statements

Nectar Lifesciences Limited

(CIN: L24232PB1995PLC016664)

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

Email: sunderlal@neclife.com, Website: www.neclife.com

Phone: +91-01762-308000, Fax: +91-01762- 308135

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S. No.	Particulars			
1.	Name of the subsidiary	Nectar Lifesciences UK Limited	Nectar Lifesciences USA, LLC	Neclife PT, Unipessoal LDA Portugal
2.	The date since when subsidiary was acquired	1 st March 2011	29 th Oct 2014	11 th July 2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP and Exchange rate is INR 93.0760 for 1 GBP	US\$ and Exchange rate is INR 75.3859 for 1 US\$	Euro and Exchange rate is INR 83.0496 for 1 Euro
5.	Share capital	75	3,301,942	80,280
6.	Reserves & surplus	-	11,405,575	-
7.	Total assets	75	27,898,243	80,280
8.	Total Liabilities	-	13,190,726	-
9.	Investments	-	-	-
10.	Turnover	-	267,604,911	-
11.	Profit/ (Loss) before taxation	-	17,283,498	-
12.	Provision for taxation	-	-	-
13.	Profit after taxation	-	17,283,498	-
14.	Proposed Dividend	-	-	-
15.	% of shareholding	100	100	100

Notes: The following information shall be furnished at the end of the statement:

- 1) Names of subsidiaries which are yet to commence operations:
 - a) Nectar Lifesciences UK Limited
 - b) Neclife PT, Unipessoal LDA Portugal
- 2) Names of subsidiaries which have been liquidated or sold during the year: N.A.

Consolidated Financial Statements

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	N.A.	N.A.	N.A.
1. Latest audited Balance Sheet Date	N.A.	N.A.	N.A.
2. Date on which the Associate or Joint Venture was associated or acquired	N.A.	N.A.	N.A.
2. Shares of Associate/Joint Ventures held by the company on the year end	N.A.	N.A.	N.A.
No.	N.A.	N.A.	N.A.
Amount of Investment in Associates/Joint Venture	N.A.	N.A.	N.A.
Extend of Holding%	N.A.	N.A.	N.A.
3. Description of how there is significant influence	N.A.	N.A.	N.A.
4. Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.	N.A.	N.A.
6. Profit/Loss for the year	N.A.	N.A.	N.A.
i. Considered in Consolidation	N.A.	N.A.	N.A.
ii. Not Considered in Consolidation	N.A.	N.A.	N.A.

1. Names of associates or joint ventures which are yet to commence operations: N.A.

2. Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For **NECTAR LIFESCIENCES LIMITED**

Sanjiv Goyal

Chairman & Managing Director
DIN: 00002841

Dinesh Dua

Executive Director
DIN: 02436706

As per our report of even date
For **Ashwani K. Gupta & Associates**
CHARTERED ACCOUNTANTS
Firm Regn. No. 003803N

Sandeep Goel

Chief Financial Officer

R.K. Aggarwal

Vice President Accounts

Sukriti Saini

Company Secretary

Paras Gupta

Partner
M. No. 546125

Place : Chandigarh

Dated : 29.07.2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Sanjiv Goyal	:	Chairman & Managing Director
2. Dr. Dinesh Dua	:	Executive Director
3. Mr. Ajay Swaroop	:	Independent Director
4. Ms. Guljit Sethi	:	Independent Director
5. Mr. Rupinder Tewari	:	Independent Director
6. Dr. (Maj. Gen.) S.S. Chauhan, VSM (Retd.)	:	Independent Director
7. Ms. Meena Verma	:	Nominee Director
8. Mr. Vivek Seth	:	Director

◆ **Chief Financial Officer**
Mr. Sandeep Goel

◆ **Vice President (Accounts)**
Mr. R.K. Aggarwal

◆ **Auditors**
M/s Ashwani K. Gupta & Associates
Chartered Accountants
H.No. 1044-A, Sector-2, Panchkula

◆ **Bankers**
1. Punjab National Bank, Chandigarh
2. State Bank of India, Chandigarh
3. EXIM Bank, Mumbai
4. Axis Bank, Mumbai
5. Jammu and Kashmir Bank Limited, Chandigarh
6. Shinhan Bank, 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, Sec-9-D Chandigarh 160009 (UT), INDIA
Ph: 0172-3047777, 3047701
Fax: 0172-3037755
Website: <http://www.neclife.com>

◆ **HEAD OFFICE**
F-66, 6th Floor, Himalaya House
23 KG Marg, C.P. New Delhi-110001, INDIA
Ph: 91-11-42403311-22

◆ Plant Locations

1. **Nectar Lifesciences Limited-Unit-1**
Village Saidpura, Tehsil Derabassi Distt.
S.A.S Nagar, (Punjab)

2. **Nectar Lifesciences Limited-Unit-2**
Village Saidpura, Tehsil Derabassi
Distt. S.A.S Nagar, (Punjab)

3. **Empty Hard Gelatin Capsule Unit**
Village Bhatoli Kalan, Pargana Dharampur
Tehsil Nalagarh, Distt. Solan (H.P)

4. **Formulation Unit**
Village Bhatoli Kalan, Pargana Dharampur
Tehsil Nalagarh, Distt. Solan (H.P)

5. **Narbada Industries**
Plot no-2, Lane no-4, Phase-2,
SIDCO Industrial Complex,
Bari Barhmana, Jammu (J & K)

6. **Guar Gum Unit**
Village - Basauli, Near Lalru, Tehsil - Derabassi
Distt. S.A.S. Nagar, (Punjab)

◆ **Registrar & Share Transfer Agent**
KFin Technologies Pvt Limited
Unit: Nectar Lifesciences Ltd.
Karvy Selenium Tower-B
Plot No.31-32, Gachibowli, Financial District,
Nanakramguda, Serilingampally, Hyderabad- 500032
Ph. 040-67161527 Fax. 040-23311968



NecLife[®]

Nectar Lifesciences Ltd.

SCO 38-39, Sector 9D, Madhya Marg, Chandigarh 160009 (India)

www.necLife.com