

**Ref No. NLL/CS/2022-164**

**August 24, 2022**

1. National Stock Exchange of India Limited  
Listing Department,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051

**Symbol: NECLIFE**

2. BSE Limited  
Corporate Relationship Department,  
P J Towers, Dalal Street,  
Mumbai 400 001

**Scrip Code: 532649**

## **Sub: Notice of Annual General Meeting and Annual Report**

Dear Sir/ Madam,

Pursuant to Regulations 30 and 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of Annual Report for the financial year ended on March 31, 2022, containing therein inter alia:

1. Notice of 27<sup>th</sup> Annual General Meeting ("AGM").
2. Standalone Financial Statements, Directors and Auditors Report thereon.
3. Consolidated Financial Statements and Auditors Report thereon.
4. Corporate Governance Report.
5. Management Discussion and Analysis Report along with Attendance Slip and E-voting Instructions.

The above details are also available on the website of the Company.

Consequent to resignation of Dr. Sanjit Singh Lamba, he is not being proposed to be appointed as a regular director as well as Wholetime Director in the AGM.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **Nectar Lifesciences Limited**

**ANUBHA** Digitally signed by ANUBHA  
Date: 2022.08.24 10:32:08 +05'30'

(Anubha)

**Company Secretary & Compliance Officer**

25  
*years of*

**Nurturing,  
Enriching and  
Caring for life**



**Celebrating Silver Jubilee of Operations**

Nectar Lifesciences Ltd | ANNUAL REPORT 2021-22

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# We turned 25!

Zealous in our Mind, Gutsy on our feet,

We're excited to have passed hurdles and to achieve this feat!

Rich in experience and Young in energy,

Our Silver lining has been our People-Quality-Processes and their Synergy!

We're at this age where everything is achievable in our spirit & sight,

We're at that milestone from where the horizon is Bright.

**It's simply  
fantastic  
to be 25**

And we're enjoying it.

## About the Company

A global leader in the cephalosporin space.

A Company that emerged as a top ranked organisation amongst mid-sized Pharmaceutical companies in India.\*

We are  
Just 25!

\*As per "Fortune Next 500" 2022

Nectar Lifesciences Ltd. is a knowledge driven organisation which constitutes a vital part of fast growing Indian Pharmaceutical industry. The company has global leadership

in several oral and sterile cephalosporin drugs, and has cGMP facilities along with those approved by the European Union and Japan.

The Company enjoys a strong

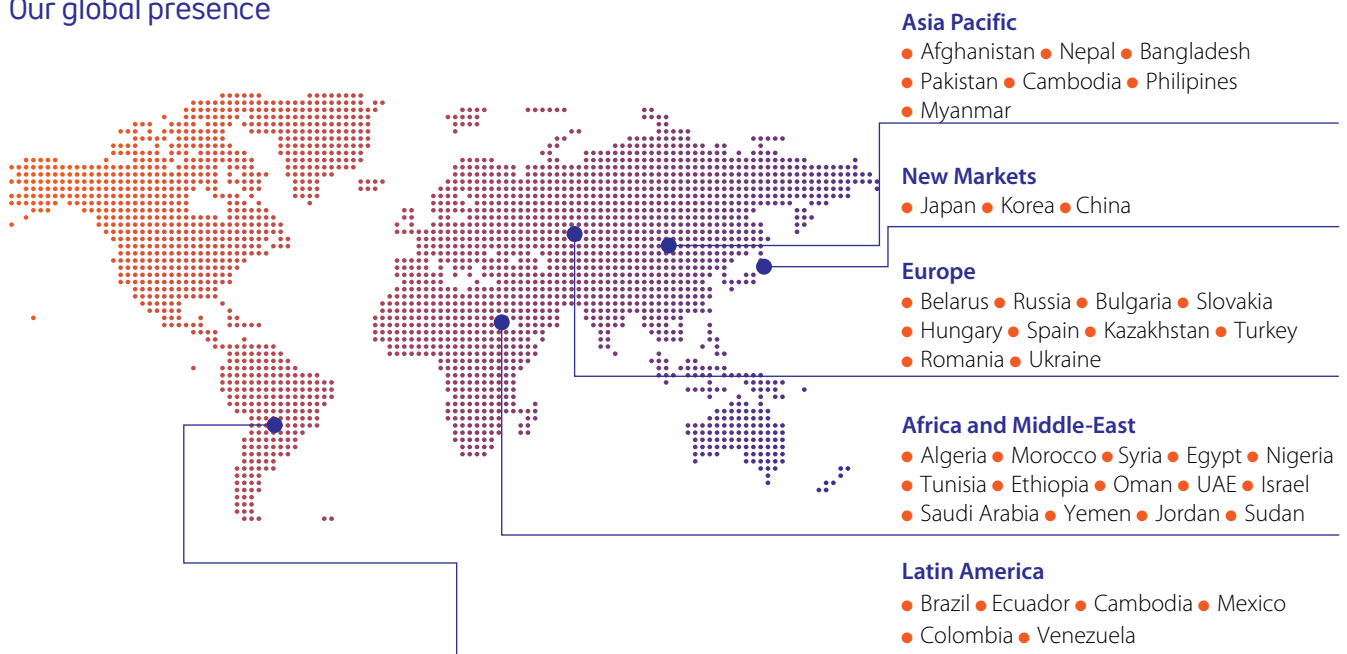
presence in almost 64 countries of the world, with 13 state of Art API manufacturing facilities spread across the States of Punjab and Himachal Pradesh with compliance to

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.

## Our global certifications



## Our global presence



## Our business verticals

### Active Pharmaceutical Ingredients (APIs)

Nectar has two manufacturing units with 13 facilities. The Plant has a total oral and sterile capacity of more than 2000 MT.

All its facilities can be converted to multi-purpose plants based on product basket requirement.

Nectar is the world's leading producer of Cefixime Trihydrate, Cefuroxime Axetil, Cefpodoxime Proxetil and Sterile APIs.

### Formulations

Nectar's facility over 5 acres in Baddi is operated with minimum human intervention.

Our product basket includes Tablets (180 mn per year), Capsules (180 mn per year), Injectable Vials (240 mn per year) and Oral Suspension (10.5 mn per year).

Have a strong compliance and quality which leads to highest quality products that conform to stringent regulatory guidelines of various authorities such as USFDA, EDQM, MHRA, MCC, PMDA etc.

Currently cater to high-end RoW markets.

Major breakthrough by filing two major cephalosporin formulations in Europe, soon to be followed by 10 additional MAs.



## Our key numbers

13

APIs Manufacturing facilities.

1

Formulations Manufacturing facility.

1

Empty hard gelatine capsule Manufacturing facility.

3

Phytochemical (Menthol) Manufacturing facilities

1

Guar Gum Manufacturing facility.\*

1,669

Team size (March 31, 2022)

\* un-operational as of now



Regulatory Filings

**44**

Approved DMFs

**10**

CEPs

**170**

EBITDA (₹ Crore)

**25.32**

Profit after Tax (₹ Crore)

**1,086.86**

Net worth (₹ Crore)



# Our 25-year journey

**1997**

Nectar Lifesciences started business operations

**2006**

Issue of Foreign Currency Convertible Bonds (FCCBs) and listing thereof on Singapore Stock Exchange.

400,000 sq. meter API Manufacturing Unit II was inaugurated

**2010**

Issue of Private Equity to Foreign Investor

Issue of Global Depository Receipts (GDRs) and listing thereof on Luxembourg Stock Exchange.

**2005**

Initial Public Issue and listing on BSE and NSE

**2007**

Formulation manufacturing Unit 6 was inaugurated

EHGC Manufacturing Unit 7 was inaugurated

**2011**

Repayment of FCCBs  
USFDA, EUGMP, PMDA, KFDA approvals attained

Collaboration with an innovator company.

Received an Award of Honour by APCON

**2013**

ANDA Filings initiated

**2015**

National Energy conservation award (NECA)- Runners Up!

44 DMFs across the globe

ANVISA approval to API Unit 2

**2019**

Bagged Outstanding export performance by Pharmexcil

**2022**

Bagged Best Preferred Supplier in Total Quality Achievement by a Leading MNC for third year in a row

Ranked 119 in Fortune India Next 500 Most Emerging Company

**2014**

Received Best Strategic Partner Award from an US MNC

**2018**

Ranked No1 mid-sized drugs & pharma company by "Fortune Next 500"

Bagged National Energy conservation award (NECA)

**2021**

Bagged Best Strategic partner Award from global suppliers.





### From the Chairman's desk

With the worst behind us, we are particularly energised for a riveting journey ahead.

*Dear shareholders,*

It is an absolute pleasure to be sharing my thoughts with you at a time when the Company's fortunes turned around – from a negative bottom line of ₹73.14 Crore in FY21 to the positive zone with a Net Profit of ₹25.32 Crore in FY22. The swing of nearly ₹100 Crore was owing to a combination of two factors – a 9% increase in the topline and numerous small yet meaningful initiatives that pruned costs to sales by about 6%.

What make this turnaround special is that it has come at a time when the Company successfully completes 25 years of its exciting business journey. I take this opportunity to express my wholehearted gratitude to the entire team who have been with Nectar along this journey. The contribution of every individual along the way, has helped in uplifting the Company to a global position of respect and recognition.

Having come this far, the lingering question is how we would sustain this momentum going forward—a pertinent thought, especially after four years of subdued performance. I remain pragmatic about the future as I can see green shoots of opportunity over the horizon.

The Covid-19 pandemic, while brutally impacting lives, has made one-and-all extremely health-conscious. As such, the consumption of medicine, protective and curative, has seen a considerable jump in recent times. This trend will continue for some time until we get back to our undisciplined days, yet again. It augurs well for the entire pharmaceutical sector.

Coming to our therapy that is anti-infective, the future appears inspiring. Credible estimates suggest that the global anti-infective drugs market is expected to increase from US\$116.4 billion in 2021 to US\$158.29 billion in 2025 at a CAGR of 8%<sup>1</sup>. Moreover, the consumption of high-end cephalosporin both orals and injectable,

are fast substituting low-end antibiotics owing to two reasons: 1) their narrow spectrum of activity and 2) the tendency of developing anti-microbial resistance (AMR), which is emerging as a huge issue across the globe in recent times.

While demand is set to increase, supply could be constrained. The anti-infective space is a low-margin and highly cluttered space. Large global pharma players and generic companies in the West are consolidating their operations in this space and re-allocating their energy and expertise to a more remunerative therapeutic space. The combination of mature growth opportunities and declining supplies augurs well for fully-integrated players like Nectar.

We endeavour to fill in the void in API availability by direct supplies to global generic majors or by partnering with them on a contractual basis for the medium-term. We have had some conversations exploring both options. We are confident that they will open interesting opportunities, particularly in the medium- to long-term.

What also works in our favour is the established reality that Cephalosporins do not result in AMR. To prove and measure this, we have an excellent and proven Standard Operating Procedure to establish that no incidents of AMR ever occur through air, water or soil.

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The consumption of high-end cephalosporin both orals and injectable, are fast substituting low-end antibiotics owing to two reasons: 1) their narrow spectrum of activity and 2) the tendency of developing anti-microbial resistance (AMR),

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Currently, growing awareness and increasing consumption of cephalosporin API and Formulation are expected to drive demand by about 12% CAGR in ROW markets and by 5-6% in highly regulated markets. The EU appears to be the most

exciting prospect for us in the next 5 years. This market should shore our business volumes and make a healthy contribution to profitability. We expect to receive approvals for some of our filings in regulated markets for APIs and Formulations in the near term. That achievement would take the Company into a new orbit.

With the worst behind us, we are excited for the riveting journey ahead.

I take the opportunity to thank the entire team for their unique passion and dedication to our clients and our business. I express my sincere gratitude to fellow Directors for their commitment and professionalism in paving Nectar's long-term path. My thanks to our other stakeholders, who continue to be our partners in growth. I also place on record my deep appreciation to all our loyal and valuable shareholders for their continued confidence and support.

It's your confidence that has brought us this far, it is this fuel that will accelerate us into a new orbit.

Regards  
**Sanjiv Goyal**  
 Chairman

<sup>1</sup><https://www.globenewswire.com/en/news-release/2021/09/23/2301968/28124/en/Global-Anti-Infective-Drugs-Market-to-Recover-by-2025-to-Reach-158-29-Billion.html>



### From the CEO's desk



Let's carry forward the momentum & strive for excellence!



*Dear shareholders,*

When the going gets tough, the tough get going. Beating the pandemic blues, course correcting the Company's output by 360 degrees to attaining a bounced growth, we achieved something extraordinary in FY22. We Bounced back.. Smarter, Stronger and Sleeker. I am more than satisfied with Nectar achieving a prolific turnaround of ₹100 Crore in FY22.

The two years Covid-19 spread and its subsequent economic impact posed a challenge and pushed us to the corner, but through various initiatives such as higher price realisations and cost containment through Operational Excellence (OE), we could bring about significant changes leading to improved profitability.

An important initiative taken by the Company was to refocus on exports and consolidate market share in a progressive manner, leading to better EBITDA realization, despite certain global key markets not operating at peak levels.

This, along with better product differentiation and newer markets leading to improved realization, made a big difference. Besides, our six Sigma/Kaizen/OE initiatives, especially in the areas of solvent recovery and process improvements, helped the Company in the turnaround Operational Strategy.

On the other end, with repositioning of products from customary old molecules to high-end, more effective new molecules through technical intervention, substantial process improvements by the R&D team, more efficient and streamlined supply chain management, minimization of waste, spillage and stringent control on overheads helped the Company to successfully optimise costs to sales by 6%.

Operational Excellence is now well established and yet an evolving facet that leads to efficient and profitable management. Our initiatives are not only progressive, but also highly sustainable, sleek, streamlined and above all, simple.

Sustaining freight costs that had jumped 25-60% was a big challenge. We had just the right Mantra. Through efficient procurement, despite spiralling prices and shortages due to supply chain disruptions, freight costs were managed efficiently through sustained negotiations and long-term relationship management through CHAs, freight forwarding companies and some key customers.

To keep it lean, in every Nectar department, particularly manufacturing, quality management systems and solvent recovery process, Kaizen and Six Sigma propelled excellent cost management.

Streamlined processes and services showed our resolve in these trying times. It turned the tables for us. As I mentioned earlier, product and market differentiation, both in domestic and exports, led to excellent EBITDA management despite the overarching influence of the pandemic on the economy and people. Nectar continued its

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There are certain products in the pipeline where we will have a dominating position. Our R&D scientists have put in significant hard work. Their painstaking initiatives will successfully lead to upscaling in due course of time.

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foray into more attractive markets like the EU, Mexico, and Brazil, just to name a few and will continue to do so in the future.

The R&D put in a sterling performance in FY22. Through new and superior technology, difficult-to-make molecules, particularly in injectables, have been developed and successfully optimised – this effort will yield the desired benefit in the next 2-3 years after upscaling.

Moreover, there are certain products in the pipeline where we will have dominating position. Our R&D scientists have put in significant hard work. Their painstaking initiatives will successfully lead to upscaling in due course of time. To maintain confidentiality, I cannot deliberate more on this matter for now.

Now talking about our plans for next year, I would say our blueprint is simple and straightforward. Carrying forward the momentum, we aim to operate effectively and efficiently with an eye on continued cost containment despite current inflationary trends. Aligning with this, we need to up the ante in continuing the learning experience in QMS across all verticals. We wish to attain new heights in OE by making it more aggressive and sustained. We are committed to establishing a proper network with all stakeholders, particularly top-end customers and suppliers, to nurture a sustained relationship and de-risk any future challenges, especially in the supply chain, which is increasingly becoming complicated and challenging globally. Last but not the least, motivating and empowering the workforce is an avenue, we wish to bolster. After all, they have turned the Company around.

Let's dream together.

**Amit Chadah**  
Chief Executive Officer

Annexure 1 of Board of  
Directors' Report

# Management Discussion & Analysis

## An overview of the economy

**World economy:** Most economies across the globe displayed immense resilience. The world GDP rebounded by an estimated 5.5%<sup>1</sup> in 2021. The resurgence of advanced economies was more pronounced. Growth impetus in developing economies and economies in transition, owing to great adversity by the pandemic, grew at a slower pace. The economic activities in developed markets was supported by household spending and were on a firmer footing because they continued to adapt to new ways of working.

Although most global trades took hold during the first half of 2021, progress continued in the year's second half. International trade in goods and services recovered after the overall flow dropped by 5.6% in 2020. The positive trend for international trade in 2021 was primarily owing to an increase in commodity prices, reduced pandemic restrictions and a strong recovery in demand due to economic stimulus packages although supply & transport disruptions continued.

On an annual basis, global consumer price inflation picked up from 2.2% in 2020 to 3.8% in 2021 and will average 4.1% in 2022 before subsiding to 2.8% in 2023<sup>2</sup>.

Just as regions were recovering from the delta variant, the Omicron variant emerged, sending global COVID-19 infection rates to new highs. As 2022 began, economies were adapting to the new, highly contagious variant.

**Outlook:** Global growth will expectedly normalise upto 4.1%<sup>3</sup> in 2022 as pent-up demand dissipates and fiscal and monetary support unwinds across the world. While the outlook for commodity markets depends heavily on the duration of the Russia-Ukraine crisis and the extent of sanctions, it is assumable that the channels through which commodity markets were affected would continue to persist.

With shipping bottlenecks and some critical supply shortages persisting, global price inflation will remain high in 2022. Worldwide inflation will likely remain near 5.0%<sup>4</sup> in early 2022 before gradually easing in response to decline in industrial and agricultural commodity prices.

Most commodity prices are expected to see a sizeable increase in 2022 and remain high in the medium term, with price increasing specifically for commodities where Russia and Ukraine are the key exporters. Brent crude oil prices will expectedly average \$100/bbl in 2022, showing an increase of 42% compared to 2021.

**Source:**

<sup>1</sup> Global Economic Prospects – A World Bank Group flagship report

<sup>2</sup> <https://ihsmarkit.com/research-analysis/global-economy-disrupted-higher-inflation-slower-growth-2022.html>

<sup>3</sup> Global Economic Prospects – A World Bank Group flagship report

<sup>4</sup> <https://ihsmarkit.com/research-analysis/global-economy-disrupted-higher-inflation-slower-growth-2022.html>

**Domestic economy:** India shone as the shining star in the global economic landscape as it emerged as one of the fastest growing economies in the world. From a GDP contraction of 6.6% in FY21, India rebounded sharply to register an 8.9%<sup>1</sup> growth in its GDP in FY22. It primarily owed to the Governments' thrust on vaccination, ensuring adequate availability of vaccines, financial support, waning of the fear from the pandemic and opening up of trades and services of most sectors.

All the sectors supported the economic resurgence well, whereby agriculture and allied sector grew by 3.9%, the industrial sector grew by 11.8%, and the services sector upped by 8.2%.

Estimates suggested that exports will touch US\$670 billion in FY22, which will position the nation among the top 10 exporters globally in value terms. Despite this jump, India's mercantile trade deficit increased by 55%<sup>2</sup> due to high crude oil prices and a spike in prices of metals and other commodities. First time ever, India's services exports achieved the targeted US\$250<sup>2</sup> Billion in FY22, exhibiting a positive growth of 21.31% over FY21.

The Russia-Ukraine crisis towards the closing of the year, dampened the last quarter of the fiscal as prices of crude oil and its derivatives surged. Aligned to this jump, prices of all commodities scaled new highs.

**Outlook:** The Reserve Bank of India has pegged down the economic growth rate for 2022-23 at 7.2%<sup>3</sup> because of uncertainties on account of the pandemic and elevated global commodity prices. Overall global financial market volatility increased international commodity

prices, especially crude oil, and continuing global supply-side disruptions pose downside risks to the outlook.

#### Source

<sup>1</sup> [https://www.business-standard.com/article/news-cm/fm-projects-india-s-gdp-growth-at-8-9-for-current-fiscal-122052000564\\_1.html](https://www.business-standard.com/article/news-cm/fm-projects-india-s-gdp-growth-at-8-9-for-current-fiscal-122052000564_1.html)

<sup>2</sup> <https://www.hindustantimes.com/business/indian-exports-set-to-cross-650bn-in-fy22-as-services-hit-record-250bn-101649902129253.html>

<sup>3</sup> <https://www.livemint.com/economy/india-gdp-growth-projected-at-7-2-for-2022-23-rbi-governor-shaktikanta-das-11649387649480.html>

## The pharmaceutical space

**Global:** The global pharmaceutical industry has seen substantial growth over the last two years due to the COVID-19 pandemic and consequently elevated spending on vaccines and therapeutics. The global medicine market — using invoice price levels — is expected to grow at 3–6% CAGR through 2026, reaching about US\$1.8 trillion in total market size.

The largest driver of medicine spending through the next five years is expected to be global COVID-19 vaccinations, which are unprecedented both because of the number of people being inoculated and the speed with which it is expected to be achieved and then repeated with frequent booster shots.

<sup>1</sup>The Global Use of Medicines 2022 OUTLOOK TO 2026, A document by IQVIA Institute

**Domestic:** India is a world leader in the pharmaceutical industry, ranked 3rd in pharmaceutical production by volume and 14th in terms of value globally. Nicknamed “Pharmacy of the world”, it is globally the largest supplier of generic drugs; due to price competitiveness and the quality of products manufactured. The Indian pharmaceutical industry is presently expected to grow to \$65 billion by 2024 and \$120-130 billion by 2030.

## The Active Pharmaceutical Ingredients (API) sector

APIs represent biologically-active substances and primary components for drug manufacturing.

It is the founding block of strategic architecture in the pharmaceutical value chain. More importantly, APIs provide the therapeutic effect of medicine and therefore, are the central innovation. More often, it is the critical intellectual property that drives the industry. API manufacturing is not only about expertise in the field of chemistry but also regulatory prowess to circumvent the maze of patents that inventors and others file to ring-fence and evergreen their invention.

**Global:** API production in the world is primarily centred in developing nations. This skew is due to their capability to scale production as per customisation needs and low-cost manufacturing.

The rising volume of API production from Asia has led to issues related to quality assurance and compliance with standards. It has led to more stringent compliance requirements from regulatory bodies in the US, Japan, and the EU – increasing the challenge for API manufacturing.

The newest generation of APIs are very complex such as peptides, oligonucleotides, and sterile APIs, because of which the R&D and certification processes become longer and more complex.

The global API market, estimated at US\$177.5 Billion in 2020, is projected to reach a revised size of US\$265.3 billion by 2026, growing at a CAGR of 6.7 % over the analysis period.

The API market is slated to gain from the following:

- Increasing focus on generic and branded drugs as a result of rising prevalence of non-communicable and chronic medical conditions due to lifestyle changes and rapid urbanisation.
- The transition away from conventional manufacturing techniques, rising investment in drug discovery, and strong adherence to product quality.
- Rising adoption of biologics in disease management, increasing regulatory approvals, patent expiration of major drugs, growing trend of outsourcing and an increase in the geriatric population.
- The COVID-19 pandemic and the resulting disruptions in supply chain are driving various governments to boycott sourcing of APIs from China – which will expectedly result in capacity augmentation.

**India:** API is a crucial part of the Indian pharma industry, contributing to around 35% of the market. It made considerable progress from the 1980s when the pharma industry was heavily reliant on API exports from Europe. As costs increased in the Western World, India’s reliance on China for its APIs grew with each passing year. According to an analysis done by the consultant PwC, as of 2020, 50% of India’s critical API requirements were met via imports which primarily originated from China. Understanding the risk of the pharmaceutical sector, the government has sharpened its focus on augmenting this space through favourable policies.

As a result, India’s API space is now a sought-after investment destination for global bulge-bracket investors and private equity managers, consequent of the pandemic reshaping the sector’s fortunes and boosting valuations. The API sector has seen a three-fold increase in investments in 2021 compared with a year ago.

Additionally, India’s Union cabinet has cleared two production linked incentives worth US \$4bn to promote domestic manufacturing of APIs and other essential Key Starting Materials resulting in total incremental sales of INR 2.94 tn and exports of INR 1.96 tn between 2021 and 2026. This is expected to bolster API production in India towards an Atmanirbhar Bharat.



From 2016-2020, the Indian API market grew at a CAGR of 9% and is expected to expand and grow at a CAGR of 9.6%\* till 2026, on the back of increased domestic demand and an increased focus on newer geographies.

**Sources**

<https://finance.yahoo.com/news/global-active-pharmaceutical-ingredients-api-123400297.html>

<https://www.expresspharma.in/new-opportunities-for-india-in-global-api-market/>

<https://www.livemint.com/companies/news/why-pharma-api-is-the-flavour-of-the-season-11628525228678.html>

## The Cephalosporin space

Cephalosporins generation II-V, have demonstrated success amongst anti-infectives and have shown no Anti-Microbial Resistance (AMR).

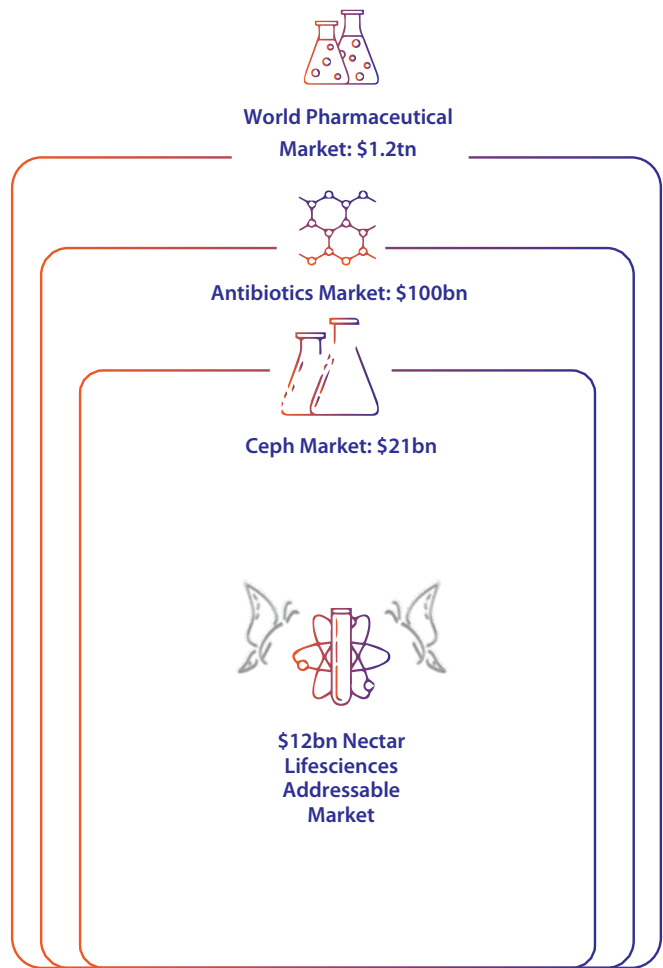
The Relative safety of Cephalosporin-based non-Pen G – only 1-3% of the population has reported having an allergic reaction to cephalosporins if compared to the 10% allergy rate of penicillin.

The rising prevalence of diseases and an aging population will lead to an increased usage of antibiotics.

India has the largest capacities for Cephalosporin and holds great promise for Indian Pharma to fill the supply gap in collaboration with global pharma.

India is one of the world’s largest anti-infective markets (including cephalosporins) which is expected to reach US\$3.4bn by 2023 at a CAGR of 17%.

No fresh global capacity addition is envisaged as Cephalosporin require dedicated facilities like Oncology & Hormones.



## About Nectar Lifesciences Limited

Nectar Lifesciences Limited (Nectar or NLL or Neclife) is an integrated pharmaceutical organisation that holds a significant position in the fast-growing Indian pharmaceutical industry. The Company has incorporated a knowledge-based approach with the help of which it reshaped itself from being a small domestic API player to one of the most integrated players in the global cephalosporins industry within the Anti-Infective Therapeutic segment.

Nectar has a strong hold of API & Formulation business in almost 64 countries. It has 13 state-of-the-art manufacturing facilities spread across Punjab and Himachal Pradesh with compliance to global standards of cGMP, Environment Health Safety (EHS). It also has hundreds of highly-skilled, knowledgeable, competent and qualified workforce at all levels.

### 1) API's & Intermediates

Nectar is one of the leading manufacturers of Cephalosporin range of products - oral and Sterile APIs – at its two units in Derabassi Punjab. It has been certified by global regulatory authorities such as USFDA, EUGMP INFARMED, COFEPRIS, KFDA, PMDA, MCC, and ANVISA Brazil. Unit 2 – dedicated to catering to regulated markets is one of Asia’s best sterile facilities with the least amount of human intervention. The Company’s products are exported to more than 40 nations globally.

The Company’s competitive advantage lies in its flexibility to produce multiple products in the same manufacturing facilities and its deep knowledge and chemistry skills in diverse and challenging therapeutic domains. Nectar is also one of the few companies in India which possess both Lyophilisation and Crystallisation facilities.

Production is carried out in dedicated production units, each unit coupled to a fully dedicated isolated finishing suite. The Company maintains stringent controls through its institutionalised Quality Management System (QMS) that covers the entire production cycle - from raw materials, manufacturing to packaging and dispatch.

The Company has a sophisticated R&D unit that continues to enrich the product basket with new and relevant products – strengthening its opportunity promise. The team continues to develop new processes for Cephalosporin molecules to emerge as cost effective player.

Currently, the API business team is exploring new avenues of growth through new products, new markets and new customers.

## 2) Formulations/Finished Dosage Formulations (“FDF”)

Nectar has a strong presence in the formulation space. The Baddi facility houses cutting-edge technology and best-in-class assets operated by a talented and energetic team.

The FDF facility in Baddi also has been recognised & 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.

The Company's stringent compliance and quality orientation enable it to generate products of the highest quality, conforming to the guidelines mandated by some of the world's most stringent regulatory authorities like the USFDA, EDQM, MHRA, MCC etc.

The Company's products are marketed to the ROW markets such as South East Asia, Latin America, the Commonwealth of Independent States (CIS), and Africa. The Company has filed two of its major Cephalosporin Formulations in Europe in its bid to enter regulated markets of the world.

## 3) Menthol

*Mint derivatives*

Leveraging its pharmaceutical mindset and discipline, Nectar has created a niche for itself in this otherwise highly unorganised business space.

Its global-sized processing capacities and world-class production practices have positioned Nectar as a leader in the Menthol Arena. The Company is also a global leader in manufacturing Pharmaceutical Grade Menthol.

The Company's state-of-the-art infrastructure at its facilities based in North India manufactures menthol-based products in strict

adherence to global standards for its domestic and international customers. Right from sourcing of natural raw material to world-class production practices and specialised packaging, the Company's products pass through stringent quality control checks, carried under GMP norms, supervised by experienced and skilled manpower. Nectar is the first company to file a US Drug Master File (DMF) for Natural menthol.

We are re-focusing on this section by working on new technologies to produce value added products so that it becomes a niche and specialised product rather than commodity model.

### Certifications for our menthol vertical

GMP (Issued by World Health Organisation - COPP)

ISO 14001: 2015 - Environment Management Systems

ISO 45001: 2018 - Occupational Health and Safety Management System FSSAI

Approved by University of Georgia, Centre for Isotope studies-C14 (available)

## 4) Empty Hard Gelatin Capsules

Nectar's state-of-the-art Empty Hard Gelatin Capsules (EHGC) manufacturing facility allows it to cater to India's 120 billion capsule EHGC market, continually growing at a healthy pace.

The Company has a production capacity of 4 billion capsule shells enabling it to feature among the Top 5 EHGC manufacturers in India catering to domestic & export markets.

Nectar currently offers capsules in five sizes (0, 0el, 1, 2, 3) with all colour and printing options. NLL specially caters to customisation needs of BSE-Free shells-without sulphites, sodium or ethylene oxide. This manufacturing unit replicates the pharma value orientation into its processes and systems to manufacture globally benchmarked products finding US and EU acceptance. It is also the only unit to follow unique concept of SMSR (Single Machine Single Room).

The Company's two-piece double lock gelatin capsules are manufactured in compliance with cGMP requirements of US FDA and EDQM norms.

Nectar has recently launched two new innovative products in EHGC – menthol capsules (Nexxicap Minty™) and pearl capsules (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 Drug Master File & EDQM (The European Directorate for the Quality of Medicines & HealthCare) certified gelatin.

## Regulatory filings

Nectar has a pipeline of 101 Drug Master Files (DMFs) filing till date in regulated markets like the US, EU, Japan, Korea, Canada and South Africa for its Cephalosporin APIs, intermediates, capsules shells and menthol. The Company has also filed dossiers for its formulations in large and growing markets, which are at an advanced stage in the approval lifecycle.

## Impact of Covid-19 on the business.

The first wave of the pandemic dealt a body blow to India's progressive aspiration. But India recovered well after about six months – the economic impact of this health scare was colossal as India's GDP growth plummeted into the negative territory. Towards the end of FY21, India was back on track with some semblance of normalcy with an aspiration to cover all the lost ground.

But as India stepped into FY22, the nation got hit with the second wave of the pandemic – a more virulent variant and contagious, and India recorded an all-time 4.20 lakh new infections in a day. Panic gripped the nation as the healthcare infrastructure came under severe pressure. Unlike the first wave, this variant hit India's

underbelly – the rural masses, who already suffer due to the abysmal healthcare services. The loss of lives and livelihood across the landmass was painful to say the least.

But a resilient India and determined Indians flattened the pandemic curve in only about 45 days. The nation as a single force, resurged to ensure that the wheels of the economy continued to move... with speed!

Business operations of India were impacted but the adversities were considerably lower this time around. And it was no different for Nectar. Given the magnitude of the covid-19 pandemic and its impact on the operations of global as well as on Indian economy and also, they are in recovery mode, it's difficult to estimate impact in absolute terms of same on operations and financials of the Company.

## Financial performance

The highlights of financial performance were as under:

	FY22	FY21
EBITDA Margin (%)	10.20	7.33
Profit (Loss) Before Tax Margin (%)	2.06	(-)5.49
Profit (Loss) After Tax Margin (%)	1.52	(-)4.74

The turnaround from losses to profits was mainly because of post pandemic situation. In the last 2 years, consumption patterns had by and large demonstrated an upward trend, particularly in view of a huge health consciousness and awareness globally. This augured very well for future growth in a sustained manner. The global market was also gradually getting consolidated and even larger generic companies were either slowing down their own manufacturing or shutting down costly manufacturing in the west thereby yielding place to fully integrated players like Nectar Lifesciences Limited.

Details of significant changes (i.e., change of 25% or more as compared to the immediately previous financial year) in key financial ratios has been provided in Note no. 2.53 of Standalone Financial Statements, along with detailed explanations thereof. However, the ratios not provided in the said note are provided hereunder:

Key financial ratios	FY22	FY21	Change %	Numerator/ Denominator	Detailed Explanation in case change is more than 25%:
(i) Interest Coverage Ratio	1.44	0.24	500	(EBIT/Interest)	With Profits from operations and reduction in interest cost over last year, the ratio stands improved.
(ii) Operating Profit Margin (%)	6.10	3.17	92.43	(Operating Margin / Net Sale)	The ratio improved due to better profits from the operations

Return on Net worth [Profit (Loss) After Tax/ Net Worth]

FY22	FY21	Detailed Explanation
2.36%	(-)6.90%	The return on Net worth improved due to profits from the operations in FY22 against loss in FY21

## Restructuring

Due to Covid-19 pandemic resulting in lock downs and curfews leading to stoppages in production, migration of trained labour, struck up of materials at ports, cancellation of bulk orders, delay in sales realisations and reduction in demand of the products manufactured by the Company during covid times, it faced mismatch in its fund flows. To overcome this unforeseen situation, but with the support of the lenders it invoked Resolution Plan on December 24, 2020, and Inter Creditor Agreement was executed on January 14, 2021, under Covid 19 framework as per RBI guidelines. The resolution plan was successfully implemented on June 21, 2021.

### Benefits under Resolution Plan

- Deferment of existing term loan repayments for a period upto 2 years.
- Conversion of Non-Fund based working capital limits of INR 1600 million into WCTL/WCDL (to be repaid over a period of 5 years from the date of implementation) to maintain the liquidity and to meet the cash deficit at a rate of interest of 9.35%.
- Conversion of fund based working capital of EXIM Bank to the extent of INR 900 million into Corporate Loan at a Rate of Interest of 9.35%.
- There was no change in the COVID loan and Funded Interest Term Loan ("FITL") repayment schedule, and it has been paid as per the existing terms.
- Concession in bank charges.

## Internal control system & adequacy

Internal control review assumes greater importance in the light of current economic downturn. Monitoring and assessment of internal controls across various functions is performed through continuous evaluations to ensure whether the implemented internal control system is as effective as intended by the Board of Directors. The assessment facilitates identification of internal control deficiencies for further corrective actions.

The Company has a comprehensive system of Internal Controls to safeguard its assets against loss from unauthorised use and ensure reliability of financial reporting. 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, centralised global process framework and integrated key support functions. Quarterly tracking of annual quality objectives is done using QMS (quality management software), and concerns, if any, are immediately flagged for effective addressing.

The system of internal controls monitors and ensures process for:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

All transactions are recorded and reported as per the Indian Accounting Standards. The internal auditors submit reports and updates. The Audit Committee of the Board reviews reports submitted by the internal auditors and monitors follow-up and takes corrective action whenever required.

## Opportunities and threats



- 1) Anti-infective/Microbial and Antibiotics are the largest therapy areas amongst all the therapy areas globally. Currently valued at \$100 billion in 2020. The market is expected to grow at a CAGR of 6% reaching \$130 billion in 2025.
- 2) Nectar's addressable market is Non-Pen-G, which is valued at US\$ 13 Bio in Gen 2, Gen 3, Gen 4 and Gen 5 molecules.
- 3) Despite the growing concern globally about Anti-Microbial Resistance (AMR), there is no instance of AMR exhibited in any molecule in Nectar's Cephalosporin range.



People, Media and Doctor Fraternity needs to be educated about the judicious use of Antibiotics, particularly cephalosporin, rather than its indiscriminate use.

## Outlook

As the World is coming off Covid 19 and recovery is being achieved, there is a resurgence in our business. The pipeline of antibiotics was impacted and had gone through a supply shortage because of supply disruptions and lockdowns. Additionally, the flow of Materials was restricted, OPDs were non-operative, and there were hardly any Elective surgeries.

As Covid's global impact subsides, the company expects that the flow and demand of antibiotics will normalise and the business will stabilise henceforth. After normalisation, we hope to see the anticipated growth of the business. NLL will focus on adding more customers and increasing its business share of the existing customers, as NLL's support and performance during difficult times were at an exceptional level which created more credibility with our customers.

NLL is embarking on the business growth trajectory by changing the market and customer mix and moving towards a FDF focused approach to achieve business goals

## Human resource

The Company is under the superintendence of industry professionals who are not only dedicated but are adept at the work they do. Nectar understands that each employee is an asset to the Company. Therefore, substantial resources and strategies are utilised for training, enriching, retaining and acquiring its talent. In order to further its learning and development, NLL's human resource policy which is listed below:

- Attract, build and retain the right talent at all levels.
- Create and nurture a performance culture through continuous capability building and motivation.
- 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 productivity.

The Company's human resource learning and development is in agreement with the needs of a growing and fast track organisation. Every year as the Company adopts new strategies and challenges to move forward, its processes, technology and most importantly its people feel the immediate impact. Nectar has embraced continual learning so that employees are more productive and feel the heat of increase in their span of control. The shop floor resources are encouraged to stay focused on key development areas as they are the doers and are required to maintain the necessary cGMP compliance levels. Shop floor executives are given proper training

in compliance management, keeping the Company goals in mind along with establishing a sense of value within the Company.

## EHS

NLL's EHS (Environment Health & Safety Cell) strictly adheres to the US Environmental Protection Agency's principles of Green Chemistry to comply & fulfil in-house mandatory guidelines.

## Whistle Blower Policy

The Company has made the Whistle Blower Policy for the employees of the Company where employees are given the freedom to disclose to the management- any instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. As per policy:

- No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
- The Company condemns any discrimination, harassment, victimisation or other unfair employment practice being adopted against Whistle Blowers.
- Complete protection will 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

Nectar undertakes the following activities as a part of Employee Welfare services:

- Safety Services
- Skill development training
- Personal protective equipment
- Basic Facilities for Welfare of Employees
- Ambulatory services at the workplace

## Risk Management

**Approach:** Risk Management aims to identify and manage threats that could severely impact or bring down an organisation. Generally, Risk Management in an organisation involves reviewing operations, identifying potential threats and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats. Nectar is committed to managing the risk in a proactive and effective manner. The Company believes that risk cannot be eliminated but can be considerably reduced.

To manage risk more efficiently, the Company identifies the risk faced while trying to achieve its objectives. After identifying the risks, it further assesses and evaluates those risks. Based on the impact of these risks, company categorises them into critical and non-critical risks.

**Framework:** NLL tries to identify probable events affecting the achievement of its objectives. Enterprise risk management ensures that the management has a process in place to set objectives that

would support and align with the entity's mission and are consistent with its risk appetite.

The Company has constituted a Risk Management Committee with Dr. Dinesh Dua as its Chairman and Dr. Rupinder Tewari and Mr. Amit Chadah as its members. Necessary inputs from the functional heads are sought for constructive discussions at the meeting. The Committee submits its periodical report to the Board regarding measures taken to mitigate risk in the organisation.

Risk	Impact	Mitigation
<b>Competition Risk</b>	Cephalosporin manufacturers pose a threat to the company's sales.	Being one of the leading API manufacturers in this space, NLL provides economies of scale and maintain long & healthy customer relations, which works to its advantage.  The Company has a proficient R&D team, which continues to work on developing robust processes enabling them to stand out from the clutter and focus on cost optimization.  Further, an efficient workforce across various other departments responsible for daily operations curbs the chances of this kind of a risk.
<b>Regulatory Risk</b>	Many countries have included, additional and upgraded regulations in their processes to deliver better quality and better-priced products.	The Company has a dedicated team that continues to survey the global regulatory environment that impact its geographies of presence.  Moreover, a strong quality assurance mechanism and continuous training to the team on regulatory changes helps the Company to align with the regulatory ecosystem.
<b>Global Economic Volatility Risks</b>	NLL has a diverse customer base across the globe. Since the customers are from different countries, any change in policy of their respective country might affect profitability.	The company has a robust marketing & regulatory affairs team that connects with their global customers regularly. This keeps them abreast of the evolving regulatory framework in those market and helps them align with those frameworks proactively.
<b>Patent Protection Risks</b>	Some companies prefer having the comfort of knowing that they are less likely to be undercut by poor quality knock-offs and therefore have their own patents.	A dedicated team of scientists ensure that no product or processes are infringed. The team undertakes a detailed study of the patents in vogue and ensures non-infringement at the initial stage of a new product or new process development.
<b>Raw Material Import Risks</b>	Most companies are dependent upon others for the raw materials of their production.	NLL is highly dependent on China for its raw materials. The Company is making a conscious effort to broaden its vendor base and develop substitute inputs to decrease overdependence.
<b>People Risks</b>	Good industrial and employee relations add to the stability in business which is essential for continuous growth.	Nectar is supported by an effective HR strategy that includes all aspects of Learning and Development, Recruitment, Benefits Administration, Compensation Management, Performance Appraisal and Management, Employee and Labour Relations and Compliance Management.

Risk	Impact	Mitigation
Financial Risks	Financial Risk includes risks relating to Financial Reporting, Corporate Accounting Frauds, Liquidity, Credit, Foreign Exchange and Interest Rate Management, and Revenue Concentration.	<p>NLL is committed to maintain high standards of corporate governance and public disclosure and its efforts to comply with evolving laws, regulations and standards in this regard would further help us address risks of Financial Reporting, Corporate Accounting Frauds.</p> <p>For Liquidity Risk Cash management services are availed from Bank to avoid any loss of interest on collections. Exposures to Foreign Exchange transactions are supported by L.Cs and Bank guarantees and steps to protect undue fluctuations in rates etc.</p> <p>For Credit Risk systems put in place for assessment of credit worthiness of dealers/customers. Provision for bad and doubtful debts made to arrive at correct financial position of the Company. Appropriate recovery management and follow up.</p> <p>Nectar is not only an export-oriented company, but it also has considerable imports and working capital that backs export-oriented projects. The Company has natural forex hedge in case of imports and exports.</p> <p>NLL has adopted prudent norms based on which it monitors and prevents undesirable concentration in a geography, industry, or customer.</p> <p>Concentration of revenue from any particular section of industry is sought to be minimized over the long term by careful extension into other activities, particularly in areas the company has some basic advantage such as availability of infrastructure, technical knowhow or manpower resources.</p>
Commodity Risks	The commodity business can be impacted anytime by variances in its demand and supply. A manufacturing concern procures a lot of raw materials whose prices may fluctuate in short or long periods.	Nectar deliberately purchases materials only against order to tackle this challenge. Additionally, a strong export base acts as a safety net for raw material procurement.

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

**(Sanjiv Goyal)**

Chairman and Managing Director  
DIN: 00002841

Place: Dubai, UAE  
Date: 30-05-2022



# Board of Directors' Report

of NECTAR LIFESCIENCES LIMITED

Dear Members,

Your directors have pleasure in presenting the 27<sup>th</sup> 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, 2022.

## Financial results and state of affairs

(₹ in Millions)

	31-Mar-22	31-Mar-21
Gross Sales (Including GST)	19249.22	17622.69
Other Income	113.18	37.94
Profit before interest and depreciation & exceptional items	1701.31	1129.49
Interest	788.10	1120.32
Depreciation & Amortization	569.68	602.53
Profit (Loss) before exceptional items & tax	343.53	(593.36)
Exceptional items (Net of Tax)	-	253.15
Profit (Loss) before tax	343.53	(846.51)
Tax expenses	90.34	(115.04)
Profit (Loss) after tax	253.20	(731.47)
Other Comprehensive income (Net of Taxes)	8.13	3.94
Profit (Loss) after tax available for Appropriations	261.32	(727.53)

The Company's revenue during Financial Year ('FY') 2021-22 stood at INR 1925/- Crore against INR 1762/- Crore in the previous year recording an Increase of 9.23%. With a significant improvement in its performance, the company reported a profit before tax of INR 34.35 Crore in the FY 2021-22 compared to loss before tax of INR 84.65 Crore in FY 2020-21. Finance cost was also decreased by 29.65% to INR 78.81 Crore.

The detailed discussion on Company's various operations, state of Company's affairs, nature of business and changes therein, material changes during and after the closure of financial year, if any, financial position and Covid-19 impact on operations and finances are set out in **Management Discussion and Analysis Report ("MDA")**. The MDA 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 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.

Pursuant to guidelines in Reserve Bank of India's circular RBI/2020-21/16 DOR.No. BP/BC/3/21.04.048/2020-21 dated August 06, 2020, 'Resolution Framework for COVID-19 related Stress', the company approached the lenders with respect to the resolution plan. The Resolution Plan was duly invoked on December 24, 2020 and "Inter Creditor Agreement (ICA)" was duly signed by all the lenders on January 14, 2021. Subsequently, the Resolution Plan was approved and implemented by the majority of the lenders on June 21, 2021 with the extension of moratorium in the repayment of principal of term loan.

The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable. Further, the Company has not gone for one time settlement but for loan restructuring pursuant to guidelines in Reserve Bank of India's circulars on 'Resolution Framework for COVID-19 related Stress'.

There has been no change in the nature of business of the Company. The financial results of the company for the quarter ended on



June 30, 2022 will be made available on the website of the company (URL: <https://www.neclife.com>).

### Indian Accounting Standards (Ind AS) and Secretarial Standards

The company has adopted Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("Act"), 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.

### 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 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

The BR Report as required under LODR Regulations, is given as **Annexure 4**.

### Share capital

The authorised capital of the Company is INR 350.00 million divided into 350 million equity shares of INR 1.00 each. The paid-up equity share capital as on March 31, 2022 was INR 224.26 million. 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. Thus, there is nothing to report on change in share capital.

### 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 ("WOSs") 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 of America. 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 2021-22 and till date in financial year 2022-23. Therefore, nothing is to report on the performance and financial position of Nectar Lifesciences UK Limited and NECLIFE PT, UNIPESSOAL LDA.

However, the Nectar Lifesciences US, LLC is doing the business operations of trading of pharmaceutical products. The company incurred the loss of US\$ 0.04 Million during the year under review as compared to US\$ 0.01 Million during last year.

The contribution of WOSs in the performance of the Company is negligible.

Pursuant to the provisions of Section 129(3) of the 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 WOSs 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 WOSs are also available on the website of your Company at (URL: <https://www.neclife.com>).

None of the WOSs is material as per Policy for determining Material Subsidiaries of the Company and LODR Regulations. The Company does not have any associate company or joint venture company, therefore, nothing to report thereon.

### 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, 2022 of the Company are attached.

### Dividend, Reserves and Dividend Distribution Policy

Considering the financial position and working capital requirements of the company in forthcoming financial years, your directors have decided to retain the profits and not recommended a Dividend for the year ended March 31, 2022.

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.

The Dividend Distribution Policy is placed on the website of the Company at:

[https://www.neclife.com/\\_files/ugd/6aa048\\_08a096eaff2643ee8944920c02642ea8.pdf](https://www.neclife.com/_files/ugd/6aa048_08a096eaff2643ee8944920c02642ea8.pdf) and Company is in compliance of the same.

## Directors and Key Managerial Persons

Mr. Sanjiv Goyal (DIN – 00002841), Chairman & Managing Director will retire by rotation in the forthcoming AGM and being eligible, offer himself for re-appointment. The Board recommends his re-appointment as a Director.

Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon (DIN - 09032214) who was appointed as an additional director in the capacity of Independent Director of the company, had resigned from the Board with effect from June 24, 2021 due to old age and health reasons.

Mr. Vivek Sett (DIN: 00031084), Director has resigned from the Board with effect from May 6, 2022, due to personal reasons and pre-occupations.

Ms. Guljit Sethi (DIN: 00669460), Independent Director has resigned from the Board with effect from May 9, 2022, due to her pre-occupation in her own company's expansion which needs her to devote more time there.

Based on the recommendation of Nomination & Remuneration Committee ("NRC") and Board of Directors, the members in their AGM held on September 21, 2021 have appointed Dr. Kuldip Kumar Bhasin (DIN – 09250008) as an independent director for a term of 5 years with effect from September 21, 2021.

In the opinion of the Board, Dr. Bhasin has the integrity, expertise and experience (including the proficiency) for being appointed as an independent director. However, he has not yet passed the online proficiency self-assessment test conducted by Indian Institute of Corporate Affairs. He has time to clear such test till July 26, 2023 as per sub rule (4) of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

As on the date end of FY, the company has right proportion 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 are in compliance of sub-rule (1) and sub-rule (2) of Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014.
3. They have complied with the Code of Conduct for Directors and senior management.

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, 2022 were as under:

Mr. Sanjiv Goyal, Chairman & Managing Director  
 Dr. Dinesh Dua, Wholetime Director designated as Executive Director  
 Mr. Amit Chadah, Chief Executive Officer  
 Mr. Sandeep Goel, Chief Financial Officer  
 Ms. Anubha, Company Secretary & Compliance Officer\*

\*Note: Ms. Sukriti Saini, Company Secretary & Compliance Officer has resigned w.e.f. June 15, 2021. Ms. Anubha has been appointed as a Company Secretary & Compliance Officer with effect from August 1, 2021.

## Number of meetings of the board

Six (6) meetings of the board were held during the year. The details of Directors and meeting held during the financial year 2021-22 are provided in Corporate Governance Report which forms 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 LODR Regulations, the evaluation of the Board involves multiple levels:

1. Board as a whole;
2. Committees of the Board;
3. Individual Directors and Chairperson, Chief Executive Officer ("CEO"), Independent Directors, Non Independent Directors, etc.

The performance of the Board and committees was evaluated by the NRC and 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 following information is provided in agenda papers for evaluation of:

**A. Board**

1. Frequency of meetings
2. Attendance by Board members
3. Duration and conduct of meetings
4. Agenda and documentation
5. Board Structure
6. Functions of the Board
7. Communications and Interaction

**B. Committees**

1. Size of the Committee is appropriate for the complexity & operations of the organization.
2. Effectiveness of the Committee in performing its role and discharging its responsibilities (as mandated under the Act and the LODR Regulations).
3. The Committee oversees the terms of references assigned to it/ its statutory obligations/ role defined.
4. The Committee review / approves matters of its terms of reference.
5. Agenda of the Committees are being circulated at a reasonable time in advance
6. Draft and Signed Minutes of the Committees circulated to the members of the Committee.
7. Minutes of meeting(s) of the Committee are placed before the Board regularly.
8. The Committee effectively performs support functions to the Board in fulfilling its responsibilities.
9. Overall functioning of the Committee.

The NRC and the Board have reviewed the performance of the individual directors and CEO 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 based on Knowledge, Skills, Attitude, Application to the job, Communication, Human Behavior & Team Work and Overall Performance.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole

and performance of the Chairman and CEO was evaluated on the basis of parameters as provided above.

### 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://www.neclife.com/\\_files/ugd/6aa048\\_17d769b4f1064d5eadb8fb8d97a4520f.pdf](https://www.neclife.com/_files/ugd/6aa048_17d769b4f1064d5eadb8fb8d97a4520f.pdf). The salient features of the Policy are to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management. The remuneration / compensation / commission etc., to the Directors, Key Managerial Personnel and Senior Management are determined by the NRC and recommended to the Board for its approval. There is no change in the policy during financial year 2021-22.

### 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 2021-22, 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 MDA, which forms part of this report.

### Auditors

The current statutory auditors, M/s Ashwani K. Gupta & Associates, Chartered Accountants completed a term of five years which came to an end on the conclusion of 27<sup>th</sup> AGM.

Accordingly, the Board of Directors on recommendations of Audit Committee proposed the appointment of M/s Deepak Jindal & Co, Chartered Accountants (Firm Registration No. 023023N) as the Statutory Auditors of the Company, for a period of five years commencing from the conclusion of the 27<sup>th</sup> AGM till the conclusion of the 32<sup>nd</sup> AGM to be held in the year 2027.

M/s Deepak Jindal & Co have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

## Auditors' Report

The Report given by the M/s Ashwani K. Gupta & Associates, 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. Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

No fraud has been reported by the Auditors under sub-section (12) of section 143 of the Act to the Audit Committee or the Board.

## Secretarial Auditor and Secretarial Audit Report

During the year, Secretarial Audit was carried out by Mr. Prince Chadha of P. Chadha & Associates, Practicing Company Secretary, the Secretarial Auditor of the company for the Financial Year 2021-22. The Secretarial Audit Report is appended as **Annexure 5** to this report.

There is a remark, though not qualified, in the sub point B of Point I of said report that the Financial Results for the quarter ended on March 31, 2021 had been submitted on July 23, 2021 causing delay of 23 days in submission.

The Company had made the default good and paid the requisite fine to BSE limited ("BSE") and National Stock Exchange of India Limited ("NSE") as per SEBI Circular dated January 22, 2020. On request of the Company, the NSE and BSE has waived the levy of fine and refunded/adjusted the already paid fine.

There is another remark again not qualified, in the said report that NSE and BSE had imposed fine on the company under Regulation 17(1A) for non-compliance pertaining to appointment of Maj. Gen (Retd.) Dr. Ajit Singh Dhillon ("Dr. Dhillon") Independent Director on February 13, 2021, who attained the age of seventy-five years without passing of Special Resolution.

Pursuant to the SOP Circular, the stock exchanges have to issue the notice of non-compliance, if any, within 30 days of submission of the information. No such notice has been issued by NSE or BSE within 30 days of February 13, 2021 or during the review of CGR for the quarter ended on March 31, 2021. The BSE sought clarification on April 26, 2021. Upon reply by the Company, there was no further letter issued/ action taken by the BSE. Had the BSE and NSE issued the Notices within 30 days of submission of information of appointment of Dr. Dhillon by the Board or during the review of CGR for the quarter ended on March 31, 2021, the Company would have responded appropriately or settle with very less amount of the fine.

As far as special resolution is concerned, it was understood that whenever the appointment is to be proposed to members for the confirmation of appointment of Independent Director who had attained the age of 75 years, it has to be approved by the members by way of Special Resolution. The parliament has given to the Board of Directors via section 161 read with section 149 of the Act, the inherent right to appoint directors as an additional director. If it is the case that the prior approval of members by way of special

resolution is required than it is against the essence of power of Board of Directors provided by the Parliament.

The company is always in compliance of SEBI regulations in letter and spirit and properly file returns/ reports/ disclosures and other required information within stipulated time. The company had requested for waiver of the fine, which was acknowledged by NSE and BSE and are under their active considerations.

The Company has undertaken an audit for the financial year 2021-22 for all applicable compliances as per SEBI 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 Cost Auditor has submitted the Cost Audit Report for the financial year 2020-21 on September 25 2021 which has been filed on October 04, 2021 within the prescribed time.

The Cost Auditor shall forward the Cost Audit Report for the financial year 2021-22 by September 26, 2022. The report will be filed with Ministry of Corporate Affairs within 30 days of date of Cost Audit Report.

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 2022-23.

## Risk management

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

The Company has re-constituted a Risk Management Committee with Dr. Dinesh Dua as the Chairman, and Dr. Rupinder Tewari and Mr. Amit Chadah as a member on July 23. The terms of reference of the committee and its meetings held during the year, are provided in the Corporate Governance Report which forms part of this report.

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 provided 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 6** 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 7** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR 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 MGT-7 (Annual Return) is also available on the website of the company at [https://www.neclife.com/\\_files/ugd/6aa048\\_ff31861ae53841bc8e2c2a94170efbe1.pdf](https://www.neclife.com/_files/ugd/6aa048_ff31861ae53841bc8e2c2a94170efbe1.pdf)

## 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 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. This information is also available on the website of the Company (URL: [www.neclife.com](http://www.neclife.com)).

## Fixed deposits

During the year under Report, your Company did not accept any deposits from the public in terms of the provisions of Companies Act, 2013. Therefore, there is nothing to report on deposits or defaults therefore as per the provisions of the Act or rules made thereunder.

## Disclosure requirements

- Details of the familiarization programme of the independent directors are available on the website of the Company (URL: <https://www.neclife.com/investor-relations>).
- Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: <https://www.neclife.com/investor-relations>).

- Policy on dealing with related party transactions is available on the website of the Company (URL: <https://www.neclife.com/investor-relations>).
- The Whistle Blower Policy to provide Vigil Mechanism for employees including directors is available on the website of the Company (URL: <https://www.neclife.com/investor-relations>).

## 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, 2021 - NIL
- b. number of complaints filed during the financial year 2021-22 - Nil
- c. number of complaints disposed of during the financial year 2021-22 - N.A.
- d. number of complaints pending as on March 31, 2022 - N.A.

## 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**

Place: Dubai, UAE  
Date: 30-05-2022

(**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 ("NLL" or "Company") 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's 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, 2022, 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 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 the Company 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:

- i. Director in more than 20 companies or
- ii. Director in more than 10 public companies including private companies which are holding or subsidiaries of public companies or
- iii. Director of more than 7 listed companies or
- iv. Independent Director of more than 7 listed companies or
- v. Independent Director of more than 3 listed companies in case of director who is Wholetime director of a listed company or
- vi. Memberships in Committees of the Board in more than 10 Audit Committees and Stakeholders Relationship Committees or
- vii. 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 2021-2022, Six meetings of the Board of Directors were held on June 20, 2021, July 23, 2021, August 14, 2021, September 25, 2021, November 13, 2021, and February 14, 2022.

**The names and categories of the Directors on the Board, their attendance at the Board meetings during the financial year 2021-22 and at the last Annual General Meeting ("AGM"), and also the number of directorship, committee memberships and committee chairmanship (Audit and Stakeholders Relationship Committees) held by them in other companies is as follows:**

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, 2022	Number of Board Committees of other companies in which	
					Member	Chairman
Mr. Sanjiv Goyal (Chairman and Managing Director)	Promoter & Executive Director	6	Not Present	2	Nil	N.A.
Dr. Dinesh Dua (Executive Director)	Non Promoter & Executive Director	6	Present	1	Nil	N.A.
Mr. Vivek Sett (Director)**	Non-Independent & Non-Executive Director	5	Not Present	7	Nil	N.A.
Mr. Ajay Swaroop (Director)	Independent & Non-Executive Director	6	Not Present	Nil	N.A.	N.A.
Ms. Guljit Sethi (Director)***	Independent & Non-Executive Director	6	Present	3	Nil	N.A.
Ms. Meena Verma (Director)	Nominee Director	5	Not Present	Nil	N.A.	N.A.
Dr. Rupinder Tewari (Director)	Independent & Non-Executive Director	5	Present	Nil	N.A.	N.A.
Dr. Kuldip Kumar Bhasin (Director) Appointed with effect from September 21, 2021.	Independent & Non-Executive Director	3	N.A.	Nil	N.A.	N.A.
Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon (Director) - Appointed with effect from February 13, 2021.*	Independent & Non-executive Director	1	N.A.	N.A.	N.A.	N.A.

N.A. stands for Not Applicable.

\* Resigned with effect from June 24, 2021, due to his old age and health reasons and confirmed that there are no other material reasons for his resignation, other than those provided.

\*\* Resigned with effect from May 06, 2022, due to personal reasons and pre-occupations.

\*\*\* Resigned with effect from May 09, 2022, due to her pre-occupation in her own company's expansion which needs her to devote more time there and confirmed that there are no other material reasons for her resignation, other than those provided.

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.necolife.com](http://www.necolife.com). All Board members and senior management personnel affirmed compliance with the Code. A declaration to this effect signed by Mr. Amit Chadah, Chief Executive Officer is attached to this Report.

## III. Audit Committee

During the financial year 2021-22, the Audit Committee comprised of four directors including Ms. Guljit Sethi as a Chairperson of Audit Committee with Dr. Rupinder Tewari and Dr. Dinesh Dua as members.

The Board of Directors had inducted Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon as a member of committee with effect from April 01, 2021 and he had ceased to be member of the committee as he had resigned as a director w.e.f. June 24, 2021.

The Board of Directors have inducted Dr. Kuldip Kumar Bhasin as a member of Audit Committee w.e.f. September 21, 2021.

Ms. Guljit Sethi graduated in Economics (Hons.), did full time MBA from Jamnalal Bajaj Institute, Mumbai University and a PhD. fellowship from University of Pune. She has a career spanning 38 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. Dinesh Dua is MBA from IIM, Ahmedabad from 1979 batch. He has the experience of more than 41 years in varied industries in middle to senior management positions.

Dr. Rupinder Tewari, enjoys the experience of more than 40 years in academics. He has written 100 research publications and 5 books.

Maj. Gen. (Dr.) Ajit Singh Dhillon MBBS, MD was an Additional Director General in Army Medical Directorate and served as professor and Head of Department in Punjab Institute of Medical Sciences, Jalandhar. He also served as Dean in Index Medical College, Indore. He enjoyed the experience of more than 35 years.

Dr. Kuldip Kumar Bhasin, a fellow of National Academy of Science India, Allahbad (F.N.A.Sc.)-2010 and Fellow of Punjab Academy of Science, Patiala (F.P.A.Sc.)-2014. He has written 179 research papers and 5 books and holding 06 US Patents.

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 ("Act") 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 Act;
  - (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, Six meetings of the Audit Committee were held, the dates being June 14, 2021, July 23, 2021, August 14, 2021, September 21, 2021, November 13, 2021 and February 14, 2022.

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 (Chairperson)	Independent & Non-executive Director	6	5
Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon (Member)	Independent & Non-executive Director	1	1
Dr. Dinesh Dua (Member)	Executive Director	6	6
Dr. Rupinder Tewari (Member)	Independent & Non-executive Director	6	6
Dr. Kuldeep Kumar Bhasin (Member)	Independent & Non-executive Director	3	3

Mr. Sandeep Goel, Chief Financial Officer and Mr. Ravi Kant Aggarwal, Vice President (Accounts) of the Company, Mr. Chander Parkash, Internal Auditor 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 & Remuneration Committee

At the beginning of financial year 2021-22 the Nomination & Remuneration Committee ("NRC") comprised of three directors including Dr. Rupinder Tewari as its Chairman and Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon and Mr. Ajay Swaroop as its members. However, Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon resigned from directorship on June 24, 2021 and ipso facto ceased to be a member of the NRC.

The Board of Directors reconstituted the NRC (as per the table given below) and inducted Dr. Kuldeep Kumar Bhasin as a member of committee with effect from September 21, 2021 After his induction, the constitution of NRC is as under:

Sr. No.	Name of Director	Category	Status
1.	Dr. Rupinder Tewari	Independent Director	Chairperson
2.	Mr. Ajay Swaroop	Independent Director	Member
3.	Dr. Kuldeep Kumar Bhasin	Independent Director	Member

During the financial year ended on March 31, 2022, two meetings of the committee were held on July 23, 2021, and August 14, 2021.

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. Rupinder Tewari (Chairperson)	Independent & Non-executive Director	2	2
Mr. Ajay Swaroop (Member)	Independent & Non-executive Director	2	2
Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon (Member)	Independent & Non-executive Director	Nil	N.A.
Dr. Kuldeep Kumar Bhasin (Member)	Independent & Non-executive Director	Nil	N.A.

The terms of reference NRC are as under:

- i. to formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. to recommend 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 Act and Regulation 19 and Part D of Schedule II of LODR Regulations.

The Nomination, Remuneration and Evaluation Policy is formulated by the NRC 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:

Opening balance as on 01-04-2021	Received during the year	Complaints resolved during the year	Closing balance as on 31-03-2022
Nil	7	7	Nil

Quarter-wise details of complaints during 2021-22:

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	3	3	Nil
October-December	Nil	1	1	Nil
January-March	Nil	1	1	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.

- i. Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates;
- ii. 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;
- iii. 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.
- iv. As specified in the provisions of the Section 178 of the Act and Regulation 19 and Part D of Schedule II of LODR Regulations.

As on March 31, 2022, 99.9999% of the Company's shares are held in electronic (demat) form.

During the financial year ended on March 31, 2022, one meeting of the committee was held on August 11, 2021, which was attended by all its members.

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 are as follows:

### Secretarial Compliance Certificate

As per the provisions of the LODR Regulations, the Company has obtained the Secretarial Compliance Certificate on 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 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, 2021	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 Act 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, 2022	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.necolife.com. The said codes were adhered during the year under review.

## VI. Other committees

### A. Corporate Social Responsibility ("CSR") Committee:

At the beginning of financial year 2021-22 the CSR Committee comprised of three directors including Mr. Sanjiv Goyal as its Chairman and Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon and Dr. Dinesh

Dua as its members. However, due to the resignation of Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon on June 24, 2021, the Board of Directors reconstituted the CSR Committee (as per the table given below) and inducted Dr. Kuldip Kumar Bhasin as a member of committee with effect from September 21, 2021. The new constitution of CSR Committee is as under:

Sr. No.	Name of Director	Category	Status
1.	Mr. Sanjiv Goyal	Chairman & Managing Director	Chairman
2.	Dr. Dinesh Dua	Executive Director	Member
3.	Dr. Kuldip Kumar Bhasin	Independent Director	Member

During the financial year ended on March 31, 2022, two meetings of the CSR Committee were held on July 22, 2021 and February 14, 2022 as per following details:

Name	Category of member of Committee	Number of meetings held during the tenure of each member	Number of meetings attended during the year
Mr. Sanjiv Goyal (Chairman)	Chairman & Managing Director	2	2
Dr. Dinesh Dua (Member)	Executive Director	2	2
Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon (Member)	Independent & Non-executive Director	Nil	N.A.
Dr. Kuldip Kumar Bhasin (Member)	Independent & Non-executive Director	1	1

### B. Risk Management Committee ("RMC") Committee:

Brief description of terms of reference of RMC are as under:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any

other risk as may be determined by the Committee.

- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
- (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk

management policy, including evaluating the adequacy of risk management systems;

- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (7) To frame the INTERNAL POLICY GUIDELINES on forex hedging on following principles:
  - i) Basic Philosophy is not to speculate.
  - ii) Since, the company is both into exports and imports which contribute around 35-40% of the total sales and purchases respectively and has a natural hedge covering the entire imports. The unhedged portion of exports/imports may be hedged either in full or part which would be decided by the Risk Management Committee in consultation with MD or CFO/ Vice President (Accounts).

At the beginning of financial year 2021-22 the RMC comprised of two members including Dr. Dinesh Dua as its Chairman and Mr. Amit Chadah as its member. However, the Board of Directors in their meeting held on July 23, 2021 have reconstituted the RMC as under:

Sr. No.	Name of Director	Category	Status
1.	Dr. Dinesh Dua	Executive Director	Chairman
2.	Dr. Rupinder Tewari	Independent Director	Member
3.	Mr. Amit Chadah	Chief Executive Officer	Member

During the financial year ended on March 31, 2022, two meetings of the RMC were held on August 11, 2021 and February 07, 2022 as per following details:

Name	Number of meetings held during the tenure of each member	Number of meetings attended during the year
Dr. Dinesh Dua, Chairman	2	2
Dr. Rupinder Tewari, Member	2	2
Mr. Amit Chadah, Member	2	2

### C. Management Committee:

At the beginning of financial year 2021-22 the Management Committee comprised of two directors including Mr. Sanjiv Goyal as its Chairman and Dr. Dinesh Dua as its member. However, the Board of Directors in their meeting held on February 14, 2022 reconstituted the Management committee as follows:

Sr. No.	Name of Director	Category	Status
1.	Mr. Sanjiv Goyal	Chairman & Managing Director	Chairman
2.	Dr. Dinesh Dua	Executive Director	Member
3.	Mr. Amit Chadah	Chief Executive Officer	Member

During the financial year ended on March 31, 2022 four meetings of the Management committee were held on July 02, 2021, August 26, 2021, September 27, 2021 and November 30, 2021 and attended by all its members. No meeting was held in the tenure of Mr. Amit Chadah.

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 2021-22, one meeting of Independent Directors was held on July 23, 2021 which was attended by all independent Directors at that time.

In compliance with Schedule IV to the Act and regulation 25(3) of the LODR Regulations, the independent directors held their separate meeting on May 30, 2022, 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 2021-22 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 Mr. Ajay Swaroop 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 AGMs held:

1.26 <sup>th</sup> AGM:	September 21, 2021 at 11.00 am at the registered office and works of the Company i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab
2.25 <sup>th</sup> AGM:	September 21, 2020 at 11.00 am 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 i.e. Village Saidpura, Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab
3.24 <sup>th</sup> AGM:	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

One Extraordinary General Meeting held on February 01, 2021 at 11:00 am ("EGM") 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 26<sup>th</sup> AGM held on September 21, 2021, the following special resolutions were passed:
  - i) Re-appointment of Dr. Dinesh Dua Executive Director and to approve his remuneration.
  - ii) Re-appointment of Mr. Sanjiv Goyal as Chairman & Managing Director of the Company for a term of three years and to approve his remuneration.
  - iii) Appointment of Mr. Kuldip Kumar Bhasin as an Independent Director of the Company and to hold office for a term of five years.
2. At the EGM, the following special resolutions were passed:
  - i) Approval of Remuneration payable to Managing Director in the event of no profit or inadequate profit in the company.
  - ii) Approval of Remuneration payable to Executive Director in the event of no profit or inadequate profit in the company.
3. At the 25<sup>th</sup> AGM held on September 21, 2020, the following special resolutions were passed:
  - i) Re-appointment of Dr. Dinesh Dua Executive Director and to approve his remuneration.
  - ii) Re-appointment of Ms. Guljit Sethi as an Independent Director of the Company for a second term and to hold office for a term of five years.
4. At the 24<sup>th</sup> AGM 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.

Apart from the said resolutions, there was no other special resolution passed at the above General Meetings. The resolutions at 23<sup>rd</sup>, 24<sup>th</sup> and 25<sup>th</sup> AGMs and EGM are passed through e-voting as per section 108 of the Act and polling at the venue of General Meeting as per Section 109 of the Act, 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 AGM.

## 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 2019-20, 2020-21 and 2021-22.

However, the company had submitted the financial results for the quarter ended on June 30, 2020 on October 01, 2020 which was 16 days after the prescribed period that was expired on September 15, 2020. Both, National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) had imposed fine on the company for late submission of said financial results amounted to INR 80,000/- plus GST, each.

The company had submitted the financial results for the quarter ended on March 31, 2021 on July 23, 2021 which was 23 days after the prescribed extended period that expired on June 30, 2021. Both, NSE and BSE had imposed fine on the company amounted to INR 1,15,000/- plus GST, each.

The company had deposited the above fines along with GST, which were acknowledged by NSE and BSE. The Company had applied waiver applications in respect to these, which were duly accepted, and the Fines were waived off by both NSE and BSE.

Additionally, NSE and BSE had imposed fine on the company under Regulation 17(1A) for non-compliance. The fine was INR 2000/- per day for a period of delay, which amounted to INR 2,64,000/- plus GST for NSE and BSE each.

The company had requested for waiver of the fine, which was acknowledged by NSE and BSE and are under their active considerations.

- b. 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.

- c. There is no application made or any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 during the financial year 2021-22.
- d. The Company had adopted the Whistle Blower Policy/ Vigil Mechanism since 2014-15. The policy is available on URL: www.neclife.com. No employee has been denied access to the audit committee.
- e. 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.

- f. **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 been obtained in their General Meeting.

There were no loan or advances given by the company to its wholly owned subsidiaries.

The Investments as on March 31, 2022, in Nectar Lifesciences USA LLC was USD 51950/-, in Nectar Lifesciences UK Limited was GBP 1/- and in Neclife PT, Unipessoal LDA was EURO 1000/- only.

The Company does not have any associate company or joint venture company.

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.

- g. **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount: Nil**

**Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan: Nil**

- h. **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.

- i. **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 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.

- j. **Remuneration of Directors: With effect from August 14, 2021, the Non-Executive Directors (their parent organisation in case of nominee directors) are entitled to sitting fee of INR 20,000 per board meeting attended by them. The sitting fee of INR 5000 is paid to them for every Committee meeting attended by them. Earlier, the members were entitled to sitting fee of INR 10,000 per board meeting and INR 1000 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 and entitled to any other remuneration.**

During the financial year 2021-22, the Company paid the remuneration to Mr. Sanjiv Goyal, Chairman & Managing Director and Dr. Dinesh Dua, Executive 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, 2022:

Name and designation of Director	Sitting fee (INR)	Salaries and perquisites (INR)	Period of service	Number of shares held as on March 31, 2022
Mr. Sanjiv Goyal, Chairman and Managing Director	N.A.	19863600/-	5 years from June 01, 2017 and Resolution passed in EGM held on February 01, 2021	55845600
Dr. Dinesh Dua, Executive Director	N.A.	6027594/-	1 year from October 14, 2021	Nil
Mr. Vivek Sett, (Nominee Director of Private Equity Investor)	80000/-	N.A.	Non rotational Director	Nil
Mr. Ajay Swaroop, Independent Director	107000/-	N.A.	5 years from September 30, 2019	Nil
Ms. Guljit Sethi Independent Director	117000/-	N.A.	5 years from December 29, 2020	Nil
Ms. Meena Verma (Nominee Director of Financial Institution)	80000/-	N.A.	No term specified.	Nil
Rupinder Tewari, Independent Director	114000/-	N.A.	5 years from February 11, 2019	Nil
Maj. Gen. (Retd.) Dr. Ajit Singh Dhillon, Independent Director (Resigned on June 24, 2021)	11000/-	N.A.	N.A.	N.A.
Dr. Kuldip Kumar Bhasin, Independent Director (w.e.f. September 21, 2021)	80000/-	N.A.	5 years from September 21, 2021	Nil

**Notes:**

- The Company did not provide any stock option to its directors and employees.
  - There are no performance linked incentives provided by the company to its directors.
  - Dr. Dinesh Dua is entitled to a bonus equivalent to his one month salary in a financial year, proportionately to his tenure in a year.
  - 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.
  - No other director is entitled to severance fee.
- Details of the familiarization programme of the independent directors are available on the website of the Company (URL: <https://www.neclife.com>).
  - Policy for determining material subsidiaries of the Company is available on the website of the Company (URL: <https://www.neclife.com>).
  - Policy on dealing with related party transactions is available on the website of the Company (URL: <https://www.neclife.com>).
  - Commodity price risk or foreign exchange risk and hedging activities.
    - This activity is discussed in Management Discussion and

Analysis Report under Risk Management.

- Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:
  - 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 March 31, 2022 was INR 871.75 Crore.
  - Exposure of the listed entity to various commodities:

Commodity Name (Inventory as on 31.03.22)	Exposure in INR (Crores) towards the particular commodity	Exposure in Quantity (MT) terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Raw Material	175.08	Not ascertainable	Nil	Nil	Nil	Nil	Nil
Work in Progress	535.44	Not ascertainable	Nil	Nil	Nil	Nil	Nil
Finished Goods	143.75	Not ascertainable	Nil	Nil	Nil	Nil	Nil
Misc. Stocks	17.49	Not ascertainable	Nil	Nil	Nil	Nil	Nil

- 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.

- o. **Terms and conditions of Appointment of Independent Directors:** As per regulation 46(2) of LODR Regulations, 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 Act and regulation 25(2) of the 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.
- p. 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.
- q. There is no credit rating obtained by the company or any revisions thereto during the financial year 2021-22, 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.
- r. 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. Rupinder Tewari, Dr. Dinesh Dua Ms. Guljit Sethi, Dr. Kuldip Kumar Bhasin
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. Kuldip Kumar Bhasin

- s. 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.

- t. 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.
- u. 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 2021-22.
- v. 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 2,100,000/- (excluding GST @ 18%) towards Statutory audit fees and INR 4,00,000/- (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 as under:

Quarter	English daily	Punjabi daily
April-June	<i>Financial Express</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 Act of Notice of ensuing AGM.

## XI. General Shareholder Information

i.	27 <sup>th</sup> AGM	
	Date	Wednesday, September 21, 2022
	Time	11.00 AM
	Venue	Registered Office and Works: Village Saidpura Tehsil Derabassi, District S.A.S. Nagar (Mohali) Punjab – 140507.
ii.	Financial year	April 1, 2021 to March 31, 2022
iii.	Date of book closure	September 15, 2022 to September 21, 2022 (Both days inclusive).
iv.	Dividend payment date	-NA
v.	The equity shares of ₹1/-each of the Company are listed on	<p><b>NSE</b> Regd. Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India Tel : 91-22-26598100, 66418100</p> <p><b>BSE</b> New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India Tel : 91-22-22721233, 22721234,</p>
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

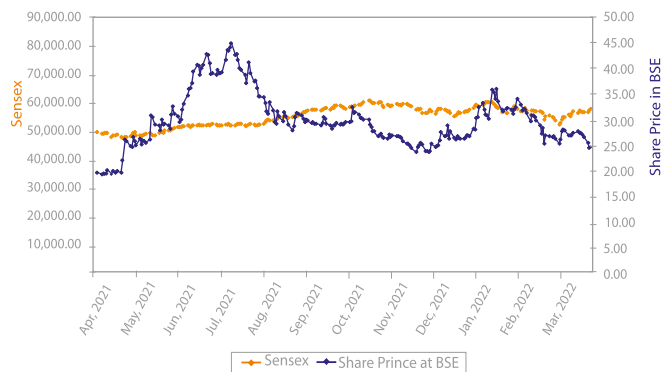
xiv. Market price data:

The high and low prices of the Company's share (of Re. 1/- each) at BSE and NSE from April 1, 2021 to March 31, 2022 were as below:

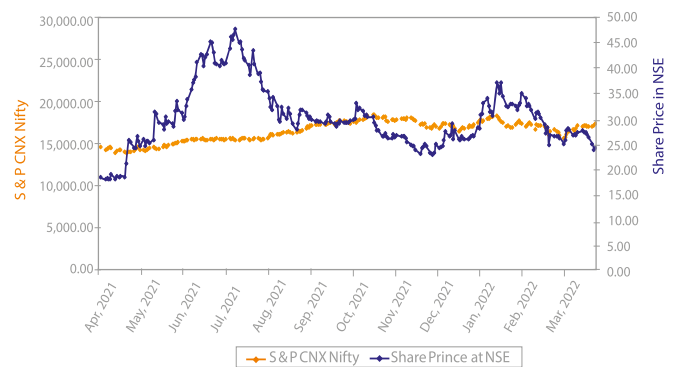
Month	BSE			NSE		
	High (INR)	Low (INR)	Total Traded Quantity	High (INR)	Low (INR)	Total Traded Quantity
Apr-21	29.45	18.55	45,20,672	29.50	18.70	4,43,65,391
May-21	34.25	24.60	47,92,615	34.20	24.50	4,52,26,821
Jun-21	46.35	29.40	93,03,638	46.40	29.40	6,63,19,432
Jul-21	48.40	34.65	40,25,519	47.90	34.65	3,71,88,079
Aug-21	35.75	26.85	24,73,999	35.90	26.75	1,63,02,527
Sep-21	31.70	28.05	11,99,244	31.65	28.25	79,27,219
Oct-21	34.00	26.15	19,29,099	34.15	26.15	1,21,70,720
Nov-21	27.90	23.15	8,60,160	27.55	23.10	53,60,150
Dec-21	31.05	23.10	20,28,989	31.00	23.15	1,71,49,596
Jan-22	38.95	26.90	65,55,458	39.00	26.90	3,56,69,792
Feb-22	35.95	24.90	18,99,662	35.95	25.00	1,02,15,892
Mar-22	30.00	23.90	11,96,677	29.10	23.85	73,99,630

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

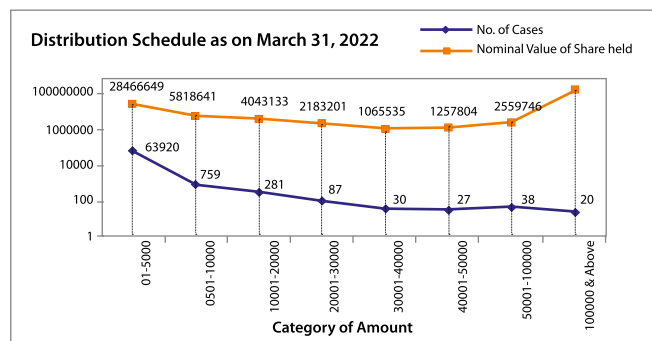


xvi.	Registrar and Transfer Agents and contact person there at	KFIN TECHNOLOGIES LIMITED Unit: Nectar Lifesciences Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: (91-40) 67161527, Fax: (91-40) 23420814 Contact Person : Mr. Raj Kumar 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. +91-172-5047915-16
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.  The Stakeholders' Relationship Committee approves the transfer and transmission of shares.

xx. Distribution of shareholding

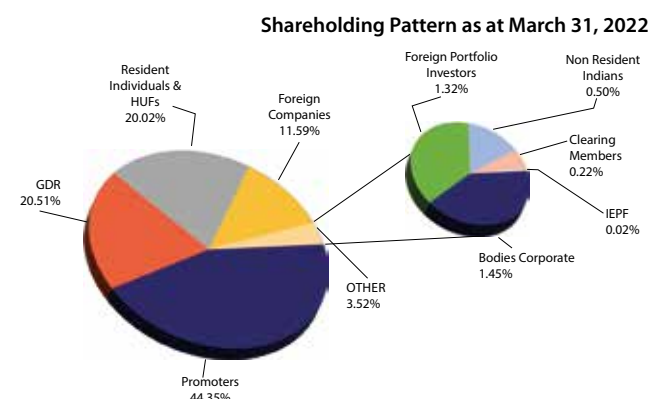
a) Class-wise distribution of equity shares as on March 31, 2022

Category (Amount)	Total Cases	Total Cases %	Total Shares	Total Amount	Total Amount %
01-5000	63920	98.09	28466649	28466649	12.69
05001- 10000	759	1.16	5818641	5818641	2.59
10001- 20000	281	0.43	4043133	4043133	1.80
20001- 30000	87	0.13	2183201	2183201	0.97
30001- 40000	30	0.05	1065535	1065535	0.48
40001- 50000	27	0.04	1257804	1257804	0.56
50001- 100000	38	0.06	2559746	2559746	1.14
100001 & Above	20	0.03	178866261	178866261	79.76
<b>Total</b>	<b>65162</b>	<b>100.00</b>	<b>224260970</b>	<b>224260970</b>	<b>100.00</b>



b) Shareholding pattern as on March 31, 2022

Category	Number of Cases	Total shares	% to equity
Promoters	3	99468000	44.35
GDR	1	46000000	20.51
Resident Individuals & HUFs	64285	44894307	20.02
Foreign Companies	1	26000000	11.59
Bodies Corporate	217	3261742	1.45
Foreign Portfolio Investors	5	2970699	1.32
Non Resident Indians	574	1126110	0.50
Clearing Members	75	485189	0.22
IEPF	1	54923	0.02
<b>Total</b>	<b>65162</b>	<b>224260970</b>	<b>100.00</b>



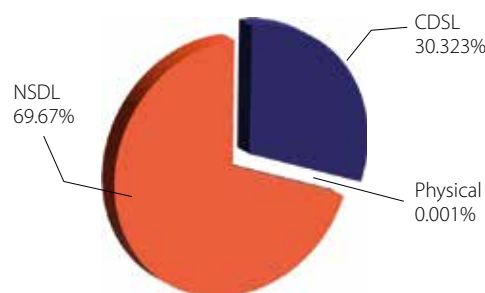
xxi. Dematerialisation of shares and liquidity

The Company's shares are compulsory traded in dematerialized form. Equity shares of the Company representing 99.999% of the Company's share capital were dematerialised as on March 31, 2022.

The Distribution of shareholding of the Company as per the depository system as on March 31, 2022 was as under:

Sr. No.	Category	No. of Holders	Total Shares	Percentage
1	PHYSICAL	8	2050	0.001
2	N S D L	24586	156257015	69.676
3	C D S L	40568	68001905	30.323
<b>Total</b>		<b>65162</b>	<b>224260970</b>	<b>100.000</b>

The Company's shares are regularly traded on the NSE and the BSE, in electronic form.



Distribution of Shareholding as on March 31, 2022

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 ₹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:

**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 forms part of paid up equity capital of INR 224,260,970/- comprising of 224,260,970 equity shares of ₹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 Dharmpur, Tehsil Nalagarh District Solan, (Himachal Pradesh) 4. Formulation Unit Village Bhatoli Kalan, Pargana Dharmpur, Tehsil Nalagarh District Solan, (Himachal Pradesh) 5. Narbada 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 Chief Executive Officer and the Chief Financial Officer, were placed at the meeting of the Board of Directors held on May 30, 2022.

## XIII. Report on corporate governance

This report, read together with the information given in the Board's Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during the financial year 2021-22. 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**

Place: Dubai, UAE  
Date: 30-05-2022

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

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

I, Amit Chadah, Chief Executive Officer 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 2021-22.

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

Place: Chandigarh  
Date: 28-04-2022

**(Amit Chadah)**  
Chief Executive Officer

## 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 31<sup>st</sup> March, 2022 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

**Prince Chadha**  
(Prop.)

M. No.: 32856

C.P. No.: 12409

Place: Chandigarh  
Date: 25.04.2022

Peer Review Certificate No.: 1671/2022  
UDIN: A032856D000198450

# 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, 2022. 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 2022, 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 and Associates**

Chartered Accountants

(Firm's Registration No. 003803N)

**Paras Gupta**

Partner

**Place :** Chandigarh

(Membership No. 546125)

**Date :** 30.05.2022

UDIN: 22546125AJWLGV8169

## Annexure 4 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, 2022.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24232PB1995PLC016664
2	Name of the Company	NECTAR LIFESCIENCES LIMITED ("NLL" or "NECLIFE" or "Company")
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 2021 To March 2022
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 2022)

Paid-up Capital	INR 224260970/-
Total turnover (sale of products)	INR 19249.22 Million
Profit (Loss) after taxes	INR 253.20 Million

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 education and health care, including preventive health care and infrastructure development. Annual Report on CSR activities is attached to the Board's Report.

## SECTION C: OTHER DETAILS

A global pharmaceutical Company, NLL is a research-driven, leading manufacturer of Active Pharmaceutical Ingredients (API), intermediates as well as finished dosage forms offering largest segment of anti-infectives namely Cephalosporin. As on date, the Company has three wholly owned subsidiaries (WOSs) namely Nectar Lifesciences UK Limited, incorporated in United Kingdom, Nectar Lifesciences US, LLC, incorporated in United States and NECLIFE PT, UNIPESOAL LDA, Portugal. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the

Company. 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 WOSs are also available on the website of our Company at www.neclife.com.

## 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	Chief Executive Officer
4.	Telephone Number	+91-172-5047915-16
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' compliance by the Company

### 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 to be reviewed by a Board Committees, 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 <a href="https://www.necolife.com/investor-relations">https://www.necolife.com/investor-relations</a> . 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.**

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?**

Report is form and part of Annual Report which is posted on the Company's website– <https://www.necolife.com> . It is published annually.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

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

A firm believer of good corporate governance, the Company adheres to transparent, fair and ethical governance practices. The Board of Directors and Senior Management 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.

Details relating to shareholders' grievances 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.

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

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

The Company is dedicated to integrating environmental, social and ethical principles into its Business Vision i.e. **"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 persistently putting its efforts into having a sustainable business and is committed to providing goods and services that are safe and continue to be sustainable throughout their life cycle.

NLL is an integrated pharmaceutical organization with fully developed 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 worldwide.

NLL currently has a stronghold of API & Formulation with 14 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 a pool of thousands of highly skilled, knowledgeable, competent qualified workforces at all levels.

Contributing to sustainability, 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, ensuring that the discharge of waste meets the norms prescribed by respective pollution control boards.

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

NLL has well-defined policies to promote the well-being of all its employees. Policies on compensation, sexual harassment, training

and retraining of employees are well entrenched. These well-construed policies support employees' welfare and aims to enhance their engagement in the Company.

All the units of the Company are certified under safety standards. They are also certified under Quality Management System (QMS) and Environmental Health and Safety System (EHS) system standards.

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

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

- Total number of employees hired on temporary/contractual/casual basis are 1033.
- The Company has a total of 37 permanent women employees.
- The Company has 5 permanent employees with disabilities.

ii. The Company has a recognised employee's association and 66% of employees at our bulk drugs plant are members of this association. The Company has not received any complaints relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.

The safety and security of employees are of prime importance to the Company. NLL has adopted policies against employing children, forced labour, and compulsory labour. These policies ensure that all employees including contract and franchisee employees' are more than eighteen years old. Ensuring women's safety, NLL has also adopted a policy on the Prevention of Sexual Harassment. With changing times, NLL is adapting to new approaches to business and communication.

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% of 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?

Yes, 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, The Company has 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 believes in gender equality and has always extended its support towards empowering women at work. As on March 31, 2022, the Company had two women directors and one woman key managerial person, placed as leaders and given decision making roles.

**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.

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

The Company values the need for business transformation towards sustainable growth and uses a strategic approach to minimize the impact of its carbon footprint. The Company has adopted efficient processes, encouraging ideas to create sustainable products and third-party certifications, such as 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://www.neclife.com/ehs>
- 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://www.neclife.com/ehs> .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, suitable reply of the same will be submitted to the concerned authorities.

The Company has pioneered environmentally sustainable processes in terms of raw material acquisition, vendor management, manufacturing, and recycling. Many engagements towards taking forward the Sustainable Development Goals are being initiated. The Environmental Health & Safety Systems at factory level help mitigate and prevent environmental risks across the Company.

**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 to education, health care and social outreach programs and a majority of its CSR spending in the previous financial year have 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 80 customer complaints received in the reporting period. Out of which 6 complaints are pending as on the end of the financial year. There is no case filed by any customer or consumer against the Company as at the end of Financial Year 2021-22.
- 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: Dubai, UAE  
Date: 30-05-2022

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

## Annexure 5 of Board of Directors' Report

# Secretarial Audit Report

## Form No. MR-3

For the Financial Year ended March 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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, 2022 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, 2022 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 Commercials 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) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (stand repealed w.e.f. June 10, 2021) and Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- 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) Securities and Exchange Board of India (Issue of Sweat Equity) Regulations, 2002 (stand repealed w.e.f. August 13, 2021), Securities and Exchange Board of India (Share Based Employee Benefits)

Regulations, 2014 (stand repealed w.e.f. August 13, 2021) and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and

Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021.

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. except in respect of matters specified below:

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	As per Regulation 33 of LODR Regulations, the Financial Results for the year ended on March 31, 2021 has to be submitted by the Listed entity to the BSE and NSE by May 30, 2021. However, the said due date has been extended to June 30, 2021 as per SEBI Circular dated April 29, 2021.	The Financial Results for the year ended on March 31, 2021 has been submitted on July 23, 2021 causing delay of 23 days in submission.	<ol style="list-style-type: none"> <li>1. The Listed entity has made the default good and paid the requisite fine to BSE and NSE as per SEBI Circular dated January 22, 2020.</li> <li>2. The reason for delay has been submitted by the Listed entity to Stock Exchanges as per SEBI Circular dated November 19, 2018 as due to some of staff members from Accounts Department got infected with COVID-19, and were quarantined. This has caused immense disruption in the day-to-day workings of accounts department and delay in preparation of financial results for the year ended on March 31, 2021.</li> <li>3. On application made by the Listed entity, the Fine have been waived by both BSE and NSE</li> </ol> <p>Our opinion is not modified in respect of this matter.</p>
2.	As per Regulation 17 (1A) of LODR Regulations, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.	Board of Directors ("Board") in their meeting held on February 13, 2021 had appointed Maj. Gen (Retd.) Dr. Ajit Singh Dhillon ("DR. Dhillon"), who had attained the age of 75 years, as an Additional Director in the capacity of an Independent Director	<ol style="list-style-type: none"> <li>1. Due to old age and health reasons, Dr. Dhillon had resigned from the post of director with effect from June 24, 2021. Therefore, question of Compliance does not arise.</li> <li>2. The Listed entity has filed the application with BSE and NSE to waive off the fine imposed on the Listed entity and represented before the Committee of Waiver of NSE on following grounds: <ul style="list-style-type: none"> <li>a. Board of the Listed entity has a power to appoint an Additional (Independent) Director and whenever the appointment is to be purposed to members for the confirmation of appointment of Independent Director who has attained the age of 75 years, it has to be approved by the members by way of Special Resolution;</li> <li>b. BSE and NSE have not imposed any fine for Non-Compliance of Re. 17(1A) within the time prescribed under SOP Circular;</li> <li>c. The Covid -19 Pandemic had impacted the functionality of the Listed entity.</li> </ul> <p>The detailed reasons and submissions were provided in Listed entity's reply and request of waiver dated August 25, 2021.</p> </li> <li>3. The matter of waiving of fine is still under consideration of BSE and NSE at the time of signing of this report.</li> </ol> <p>Since, the Stock Exchanges have already imposed the fine and waiver is their discretion or if the waiver is not approved, the filing of an appeal is the discretion of Listed entity.</p> <p>Our opinion is not modified in respect of this matter.</p>

- 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. The Board meetings were called on June 20, 2021 and September 25, 2021 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. except herein below:
- As disclosed Financial Statements, pursuant to guidelines in Reserve Bank of India's circular RBI/2020-21/16 DOR.No. BP:BC/3/21.04.048/2020-21 dated August 06, 2020, 'Resolution Framework for COVID-19 related Stress', the company approached the lenders with respect to the resolution plan. The Resolution Plan was approved and implemented by the majority of the lenders on June 21, 2021 with the extension of moratorium in the repayment of principal of term loan.
- Our opinion is not modified in respect of this matter.

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

**(Prince Chadha)**  
ACS 32856,  
CP 12409

**Date:** 30-05-2022

Peer Review Certificate No.: 1671/2022

**Place:** Chandigarh

UDIN: A032856D000419550

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

**(Prince Chadha)**

ACS 32856,

CP 12409

Peer Review Certificate No.: 1671/2022

UDIN: A032856D000419550

**Date:** 30-05-2022

**Place:** Chandigarh

**Annexure 6** of Board of Directors' Report

**Form No. AOC-2**

**For the Financial Year ended March 31, 2022**

**(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 2021-22. However, the details of non-material contract or arrangement or transaction with its related parties which are at arm's length during financial year 2021-22, 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**

**(Sanjiv Goyal)**

Chairman and Managing Director

Place: Dubai, UAE

Date: 30-05-2022

## Annexure 7 of Board of Directors' Report

## Report on CSR Activities

1. A brief outline of the Company's Corporate Social Responsibility (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 per our CSR we actively implement Projects and initiatives for the betterment of society, communities, and the environment. 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 is engaged in promoting education and employment enhancing vocational skills among women to help them in earning their livelihood. It manages an institute under the name of Nectar Polytechnic for Women in Derabassi, Punjab by which it provided opportunity to the underprivileged girls. The company's indirect aim is also to bring about an improvement in 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.

The Company spends a portion of its annual CSR towards education and skilling initiatives. The programme supports organizations doing good work in education and also pushes other social organisations to implement education projects. It integrates not only tutoring but also assistive technology, health and nutrition.

- ii. Promoting Healthcare and Preventive Healthcare: Preventive healthcare has not inculcated in Indian society and in rural areas in particular, causing untold suffering. The CSR programme of the Company laid emphasis on preventive healthcare, one of the most important human development indicators with an aim to address the needs of all sections of society. Various medical institutions/hospitals have been identified, where poor and marginal people are getting treated, for CSR programme.

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

2. The composition of the CSR Committee.

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
The details are provided in the Corporate Governance Report which forms part of Board's Report.				

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company.

Company's 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 for FY 2021-22 and onwards may be accessed on the Company's website at the link: [https://www.neclife.com/\\_files/ugd/6aa048\\_e0f388e184e24277a4c7ebfc42c716b9.pdf](https://www.neclife.com/_files/ugd/6aa048_e0f388e184e24277a4c7ebfc42c716b9.pdf).

The Composition of CSR committee of the Company may be accessed on the Company's website at the link: [https://www.neclife.com/\\_files/ugd/6aa048\\_08037e48742147788e09ffeedd990b33.pdf](https://www.neclife.com/_files/ugd/6aa048_08037e48742147788e09ffeedd990b33.pdf).

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy)

Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial year (In INR in Millions)	Amount required to be set-off for the financial year, if any (In INR in Millions)
1.	2020-21	1.33	1.33
	Total	1.33	1.33

6. Average net profit of the company for last three financial years: INR in Millions : 116.64
7. (a) Two percent of average net profit of the company as per section 135(5): 2.33
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil
- (c) Amount required to be set off for the financial year, if any: 1.33
- (d) Total CSR obligation for the financial year (7a+7b- 7c) : 1.00
- 8 a. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (In INR)	Amount Unspent (In INR)				
	Total Amount Transferred to Unspent CSR Account as per section 135(6).		Amount Transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
3.25 Million	NA	NA	NA	NA	NA

b. Details of CSR Amount spent against ongoing projects for the financial year:

1 Sr. No.	2 Name of the Project.	3 Item from the list of activities in Schedule VII to the Act.	4 Local area (Yes/ No).	5 Location of the project.		6 Project Duration	7 Amount allocated for the project (in INR)	8 Amount spent in the current financial Year (in INR).	9 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR)	10 Mode of Implementation - Direct (Yes/ No).	11 Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
1.	Nectar Polytechnic for Women	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Yes	Punjab	SAS Nagar	Perpetual	1.26 Million	1.26 Million	NIL	Yes, through CSR Vehicle of the Company	Nectar Lifesciences Charitable Foundation	CSR00019896
<b>Total</b>							<b>1.26 Million</b>	<b>1.26 Million</b>				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1 Sr. No.	2 Name of the Project.	3 Item from the list of activities in Schedule VII to the Act.	4 Local area (Yes/No).	5 Location of the project.		6 Amount spent in the current financial Year (in INR).	7 Mode of Implementation - Direct (Yes/No).	8 Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
1.	Preventive Healthcare and Covid care	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	No	Delhi	Central Delhi	0.50	No	Delhi Sikh Gurudwara Management Committee ("DSGMC")	CSR000004559
2.			No	Delhi	Central Delhi	1.00	No	Guru Harkrishan Hospital, Delhi a venture of DSGMC	CSR000004559
3.			No	Uttar Pradesh	Gautam Buddha Nagar	0.25	No	Aasra Shiksha Smiti	CSR00020592
4.	Promoting Education and Drugs eradication	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Yes	Himachal Pradesh	Sirmaur	0.20	No	Kalgidhar Society, Baru Sahib	CSR000004523
5.			Yes	Chandigarh	Chandigarh	0.04	Yes	N.A.	N.A.
<b>Total</b>						<b>1.99</b>			

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **INR 3.25 Million**

(g) Excess amount for set off, if any

S. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	2.33 Million
(ii)	Total amount spent for the Financial Year <b>with addition of carry forward of previous year</b>	4.57 Million
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.24 Million
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.24 Million

9. (a) Details of Unspent CSR amount for the preceding three financial years:



Sr. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account under section 135(6) (In INR)	Amount Spent in the reporting Financial Year (In INR)	Amount Transferred to any fund specified under Schedule VII as per section 135(6), If any.	Amount remaining to be spent in succeeding financial years (In INR)
Not Applicable					
<b>Total</b>					

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (In INR)	Amount spent on the project in the reporting Financial Year (In INR)	Cumulative Amount spent at the end of reporting Financial Year (In INR)	Status of the project – Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

**(Asset-wise details)**

a) Date of creation or acquisition of the Capital Asset(s).

**Not Applicable**

b) Amount of CSR spent for creation or acquisition of capital asset.

**Not Applicable**

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

**Not Applicable**

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

**Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

**Not Applicable**

For **Nectar Lifesciences Limited**

**Mr. Amit Chadah**  
Chief Executive Officer  
Place: Chandigarh  
Date: 30-05-2022

**Mr. Sanjiv Goyal,**  
Chairman & Managing Director  
(Chairman CSR Committee)  
Place: Dubai, UAE  
Date: 30-05-2022

## 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 2021-22, the percentage increase in remuneration of Chairman & Managing Director ("CMD"), Executive Director ("ED"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Company Secretary ("CS") during the Financial Year 2021-22:

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	CMD	73:1	3.29
2.	Dinesh Dua	ED	22:1	(-)29.95
3.	Amit Chadah	CEO*	Not Applicable ("NA")	N.A.
4.	Sandeep Goel	CFO	NA	Nil
5.	Sukriti Saini	CS**	NA	NA
6.	Anubha	CS***	NA	NA

**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 2021-2022.

\*In financial year 2020-21, Mr. Amit Chadah has been promoted from President (Business Development) to CEO from October 30, 2020, therefore his yearly remuneration is not comparable, however his monthly remuneration remains the same.

\*\*In financial year 2021-22, Ms. Sukriti Saini resigned w.e.f. June 15, 2021, therefore her yearly remuneration is not comparable.

\*\*\*In financial year 2021-22, Ms. Anubha has joined on August 01, 2021 therefore her yearly remuneration is not comparable.

2. The percentage increase in the median remuneration of Employees for the financial year was 3.66%.
3. The Company has 1669 permanent Employees on the rolls of Company as on March 31, 2022.
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 2.44% whereas the increase (decrease) in the managerial remuneration was approximately (7.15%). The average increase 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: Dubai, UAE  
Date: 30-05-2022

(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

During the year, the company has installed two Energy efficient Ammonia Vapour Absorption machines, with an improved design, each having a capacity of 150 Tons of Refrigeration (TR) at minus -20°C which use an evaporative condenser instead of a conventional condenser. These machines use less power of approximately 800 units per day than the previous design. Consequently, savings of approximately INR 3.20 Millions are expected every year. Besides power saving, this machine also reduces the wastage of water.

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

As an alternative fuel, LPG is used instead of Diesel in Thermic fluid heater. As a result, emission of Standard Particulate Matter (SPM) reduces, which helps to maintain a clean environment. Commercial benefits due to the same of approximately INR 6.00 Million are expected every year.

Additionally, in case of power plant turbine failure (TG), the company has resorted to using low-cost PSPCL power instead of a high-cost diesel generated (DG) power set by making modifications and provisions in the electrical power control system.

It enabled the company to stop its dependency on one DG set during TG failure for 48 hours and reduced 6000 liter diesel consumption per month. It will help save approximately INR 5.50 Millions per year. Using low-cost PSPCL power will also help to reduce environmental pollution.

##### (iii) The capital investment on energy conservation equipments

Capital expenditure incurred on energy conservation equipments: INR 4.71 Millions

#### B) Technology Absorption

##### (i) Efforts made towards technology absorption

One of the main benefits of innovation is its contribution to economic progress that benefits consumers, businesses and the overall economy. In the pharmaceutical world, the development of technology is a continuous activity, implemented without altering the quality of the drugs for the human. Nectar collaborates with academic institutions for future progress and utilizes an industry-

academia platform to upgrade the existing technologies and develop advanced or new technologies.

Nectar has also developed with a Multi-National Company (MNC) a collaborative R & D programme, wherein technology is successfully scaled up at a commercial level.

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

Research and Development are an integral part of the NLL's operations. It helps provide knowledge to develop, design, and enhance its product basket, technologies and/or processes.

The incessantly improving technology can drive existing/new products by maintaining sustainable growth, and ensuring profitability. In a research-based organization, a paradigm shift from exploration to exploitation wherein technology is developed and transferred for commercialization expands the company's overall performance along with its 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 125.51 Millions

#### C) Foreign exchange earnings and outgo

(i) During the year 2021-22, the Company had exported its pharmaceutical products to 64 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, 2022: INR 6319.05 Millions

b) Foreign exchange outgo in terms of actual outflow during the financial year ended on March 31, 2022: INR 7060.46 Millions

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

Place: Dubai, UAE  
Date: 30-05-2022

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

# Independent Auditor's 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, 2022, 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 ended on that date and a summary of 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, 2022 and its profit, 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 ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Emphasis of Matter

Due to COVID-19 the Company's operations and results were impacted during FY 2020-21. Therefore, the company approached the lenders with respect to the resolution plan. We would like to draw attention to **Note 2.29** to the Ind AS financial results and inform that pursuant to guidelines in Reserve Bank of India's circular

RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6<sup>th</sup> August 2020, 'Resolution Framework for COVID-19 related Stress'; the Resolution Plan was approved and implemented by the lenders on 21<sup>st</sup> June 2021.

Our opinion is not modified in respect of this matter.

#### 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.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's 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 Responsibilities 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 financial position, financial performance, including other comprehensive income, changes in equity and cash

flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 are also responsible for overseeing the Company's financial reporting process.

### Auditor's 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 auditor's 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.
- Obtain an understanding of internal financial control 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 the 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 auditor's 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 auditor's 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 auditor's 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 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 Flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone 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 as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's 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.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the

aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. No dividend has been declared or proposed to be declared during the year. Accordingly, the clause is not applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Ashwani K. Gupta and Associates**  
Chartered Accountants  
(Firm's Registration No. 003803N)

**Paras Gupta**  
Partner

**Place :** Chandigarh  
**Date :** 30.05.2022

(Membership No. 546125)  
UDIN: 22546125AJXHIX6019

## Annexure "A" to the Independent Auditor's Report

(REFERRED TO IN PARAGRAPH 1(f) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF NECTAR LIFESCIENCES LIMITED OF EVEN DATE)

### Report on the Internal Financial Controls Over Financial Reporting 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 of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Management of the Company 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 (the "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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditor's judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For **Ashwani K. Gupta and Associates**  
Chartered Accountants  
(Firm's Registration No. 003803N)

**Paras Gupta**  
Partner

Place : Chandigarh  
Date : 30.05.2022

(Membership No. 546125)  
UDIN: 22546125AJXHIX6019

## Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NECTAR LIFESCIENCES Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - b. The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - d. The Company has not revalued during the year any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets.
  - e. According to the information and explanation given to us, No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) (a) The inventory has been physically verified at regular intervals during the year as explained to us. In our opinion, the frequency of such verification is reasonable. No material discrepancy was noticed on such physical verification. Further, physical verification of inventory was verified/valued by the internal auditor at the Year end.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company and external reports, the Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are prima facie in agreement with the books of account of the Company and there is no material discrepancy noted as per our professional Judgement.
- iii) The Company has not made any investment and not granted any unsecured loan or advances in the nature of loans or stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other entity during the year. Hence the clauses are not applicable to the company.
- iv) The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi) 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.
- vii) In respect of statutory dues:
  - a. In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.  
There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Custom, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
  - b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:



Statute	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.75	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 15-16	Commissioner of Income Tax Appeal
Income Tax Act, 1961	Income Tax	1.47	Assessment Year 17-18	DCIT, Chandigarh
Income Tax Act, 1961	Income Tax	0.15	Assessment Year 19-20	CPC Bengaluru
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
Central Excise Act, 1944	Excise Duty	7.55	Financial Year 07-08	Commissioner, Ludhiana
Central Excise Act, 1944	Excise Duty	- <sup>o</sup>	Financial Year 14-17	Commissioner, Ludhiana
Service Tax, 1994	Service Tax	5.78 <sup>#</sup>	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
Punjab VAT Act, 2005	VAT	1.20	Financial Year 2013-2014	DETC, Mohali
Uttarakhand VAT Act, 2005	VAT	19.21	Financial Year 2010-2011	Joint Commissioner of State Tax (Appeals), Haldwani

\* Net of amounts deposited under protest.

\*\* In case of adverse judgment, MAT credit entitlement would reduce by ₹ 113.72 million.

<sup>o</sup> In case of adverse judgment, Balances with Revenue authorities would reduce by ₹ 520.72 million.

<sup>#</sup> In case demand is confirmed, penalty up to equivalent amount may be imposed.

viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

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| <p>ix) a. According to the information available and explanations given to us and after considering resolution plan (Refer Para III of Note No. 2.29 to the Ind AS financial results) implemented by the lenders on 21<sup>st</sup> June 2021, the company has not defaulted in repayment of dues including any interest thereof, to any financial institution or Bank or Debenture Holders as at Balance sheet date.</p> <p>b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.</p> <p>c. The terms loans were applied for the purpose for which it was obtained.</p> <p>d. On an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.</p> <p>e. On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.</p> <p>f. The Company has not raised any loans on the pledge of securities held in its subsidiaries, Joint ventures or associates during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.</p> | <p>x) a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.</p> <p>b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.</p> <p>xi) a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> <p>b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.</p> <p>c. We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.</p> <p>xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.</p> <p>xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to</p> |
|---|--|

applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- xiv) a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit. However, there were cash losses of ₹243.97 Million in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, this clause of the order

is not applicable.

- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **Ashwani K. Gupta and Associates**

Chartered Accountants  
(Firm's Registration No. 003803N)

**Paras Gupta**

Partner

(Membership No. 546125)  
UDIN: 22546125AJXHIX6019

**Place :** Chandigarh

**Date :** 30.05.2022

## Standalone Balance Sheet as at March 31, 2022

(₹ in Million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2.02	6,800.77	7,335.24
Capital work-in-progress	2.34	850.98	986.29
Intangible assets	2.03	430.21	383.64
Inventory	2.04	2,119.95	2,510.87
<b>Financial assets</b>			
Investments	2.05	5.73	5.73
Trade receivables	2.06	78.28	102.89
Other financial assets	2.07	24.94	24.94
Deferred tax assets (net)	2.08	24.33	119.03
Other non-current assets	2.09	24.34	23.85
<b>Total Non Current Assets</b>		<b>10,359.53</b>	<b>11,492.49</b>
<b>Current Assets</b>			
Inventory	2.04	6,597.70	5,869.68
<b>Financial assets</b>			
Investments	2.05	4.60	4.57
Trade receivables	2.06	4,469.78	3,745.90
Cash and cash equivalents	2.10	177.39	254.34
Loans	2.11	3.94	4.29
Other financial assets	2.07	1,633.60	1,769.51
Other current assets	2.12	650.53	727.39
<b>Total Current Assets</b>		<b>13,537.53</b>	<b>12,375.67</b>
<b>Total Assets</b>		<b>23,897.06</b>	<b>23,868.16</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2.13	224.26	224.26
Other equity	2.14	10,644.37	10,383.05
<b>Total Equity</b>		<b>10,868.63</b>	<b>10,607.31</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	2.15	2,910.75	1,282.38
Lease liabilities		-	-
Other financial liabilities	2.16	8.30	18.95
Provisions	2.17	63.93	77.38
Other Non-Current Liabilities	2.18	7.96	8.21
<b>Total Non-Current Liabilities</b>		<b>2,990.94</b>	<b>1,386.92</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	2.15	5,688.50	7,751.71
Lease liabilities		-	-
<b>Trade payables</b>			
Total outstanding dues of micro enterprises and small enterprises	2.19	23.88	7.90
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,742.64	3,413.63
Other financial liabilities	2.16	103.65	128.41
Other current liabilities	2.20	461.82	556.17
Provisions	2.17	16.99	16.10
<b>Total Current Liabilities</b>		<b>10,037.49</b>	<b>11,873.92</b>
<b>Total Equity and Liabilities</b>		<b>23,897.06</b>	<b>23,868.16</b>
Significant Accounting Policies	1	-	-
Notes to Financial Statements	2	-	-

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

**Sanjiv Goyal**  
Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**  
Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**  
Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**  
Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**  
Vice President Accounts  
Place: Chandigarh

**Anubha**  
Company Secretary  
Place: Chandigarh

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

**Paras Gupta**  
Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

## Standalone Statement of Profit & Loss Account for the year ended March 31, 2022

(₹ in Million)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
<b>Continuing Operations</b>			
Revenue from Operations (Gross)	2.21	19,249.22	17,622.69
Less: GST Recovered		2,566.91	2,204.45
Revenue from Operations (Net of GST)		16,682.31	15,418.24
Other Income (Net)	2.22	113.18	37.94
		<b>16,795.50</b>	<b>15,456.18</b>
<b>Expenses</b>			
Raw Material Consumed	2.23	12,068.83	10,283.96
Purchase of Stock in Trade (Traded Goods)		4.40	244.20
(Increase)/ Decrease in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.24	149.73	1,027.98
Employees Benefits Expense	2.25	745.47	733.72
Finance Cost	2.26	788.10	1,120.32
Depreciation & Amortization	2.02 & 2.03	569.68	602.53
Other Expenses	2.27	2,125.76	2,036.82
		<b>16,451.96</b>	<b>16,049.54</b>
<b>Profit/ (Loss) before exceptional items &amp; tax</b>		<b>343.53</b>	<b>(593.36)</b>
Exceptional items (Net of tax)		-	253.15
<b>Profit/(Loss) before tax</b>		<b>343.53</b>	<b>(846.50)</b>
Tax Expenses	2.42	90.34	(115.04)
<b>Profit/ (Loss) for the period</b>		<b>253.20</b>	<b>(731.47)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset (Net of Tax)		8.13	3.94
<b>Total Comprehensive income for the period</b>		<b>261.32</b>	<b>(727.53)</b>
<b>Earnings per equity share</b> (Equity Shares of ₹1/- each fully paid up)	2.46		
Basic (₹) Before Exceptional Item		1.13	(3.26)
Basic (₹) After Exceptional Item		1.13	(3.26)
Diluted (₹) Before Exceptional Item		1.13	(3.26)
Diluted (₹) After Exceptional Item		1.13	<b>(3.26)</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to Financial Statements</b>	<b>2</b>		

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

**Sanjiv Goyal**

Chairman & Managing Director

DIN: 00002841

Place: Dubai, UAE

**Dinesh Dua**

Executive Director

DIN: 02436706

Place: Delhi

**Amit Chadah**

Chief Executive Officer

Place: Chandigarh

Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer

Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts

Place: Chandigarh

**Anubha**

Company Secretary

Place: Chandigarh

As per our report of even date

For **Ashwani K. Gupta & Associates**

**Chartered Accountants**

Firm Regn. No. 003803N

**Paras Gupta**

Partner

M. No. 546125

Place: Chandigarh

Date: 30.05.2022

## Standalone Statement of Changes in Equity for the year ended March 31, 2022

### A. Equity Share Capital

(₹ in Million)

#### 1) Current reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity Share Capital of ₹1 each	224.26	-	-	-	224.26

#### 2) Previous reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity Share Capital of ₹1 each	224.26	-	-	-	224.26

### B. Other Equity

#### (1) Current reporting period

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Other Equity
	Security Premium	General Reserves	Retained Earnings	Remeasurements of the net defined benefit plans	
<b>Balance at the beginning of the current reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>6,919.94</b>	<b>34.11</b>	<b>10,383.05</b>
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	253.20	8.13	261.32
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
<b>Balance at the end of the current reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>7,173.14</b>	<b>42.23</b>	<b>10,644.37</b>

#### (2) Previous reporting period

<b>Balance at the beginning of the previous reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>7,662.62</b>	<b>30.17</b>	<b>11,121.80</b>
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	(731.47)	3.94	(727.53)
Dividends	-	-	(11.21)	-	(11.21)
Transfer to retained earnings	-	-	-	-	-
<b>Balance at the end of the previous reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>6,919.94</b>	<b>34.11</b>	<b>10,383.05</b>

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

**Sanjiv Goyal**

Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**

Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**

Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts  
Place: Chandigarh

**Anubha**

Company Secretary  
Place: Chandigarh

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

**Paras Gupta**

Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

## Standalone Cash Flow Statement for the year ended March 31, 2022

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax & Extra Ordinary Items	343.53	(593.36)
Adjustments For :		
Depreciation & Amortization	569.68	602.53
Other Comprehensive Income (Net of tax)	8.13	3.94
Tax on Other Comprehensive Income	4.36	2.11
Provision for Doubtful debts/ Insurance Claims	9.65	(75.89)
Provision for Employees Retirement Benefits	(12.57)	(8.34)
Exceptional Items (Net of tax)	-	(253.15)
Tax on Exceptional Items	-	(135.98)
Loss/ (Profit) on Sale of Fixed Assets	(94.07)	1.31
Profit on Sale / Restatement of Investment	(0.03)	(0.40)
Interest on Borrowings	788.10	1,120.32
Other Non-Operating Income	(18.83)	(26.82)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,597.96</b>	<b>636.28</b>
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,238.77)	3,806.05
Increase/(Decrease) in Current Liabilities	196.74	(1,744.10)
Increase/(Decrease) in Long Term Liabilities	(10.65)	(3.91)
Increase/ (Decrease) in Non Current Liabilities	(0.25)	(0.25)
(Increase)/ Decrease in Non Current Assets	405.38	(2,444.67)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>950.41</b>	<b>249.39</b>
Direct Taxes Paid	-	(36.05)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>950.41</b>	<b>213.34</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(249.70)	(312.41)
Interest Received	18.83	26.82
Dividend Received	0.01	0.00
Sale of Fixed Assets	397.31	1.85
Sale/(Purchase) of Investments	0.00	(2.50)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>166.44</b>	<b>(286.24)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Term Loans from Banks	1,567.80	330.82
Proceeds/(Repayment) from Working Capital Limits from Banks	(2,063.21)	922.92
Proceeds from Directors/Relatives/Entities in which directors have significant influence	100.00	-
Proceeds/(Repayment) from Vehicle Loans	(10.28)	(7.28)
Dividend Paid	-	(11.21)
Interest Paid	(788.10)	(1,120.32)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(1,193.79)</b>	<b>114.93</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(76.95)</b>	<b>42.03</b>
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	254.34	212.31
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	177.39	254.34

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

**Sanjiv Goyal**

Chairman &amp; Managing Director

DIN: 00002841

Place: Dubai, UAE

**Dinesh Dua**

Executive Director

DIN: 02436706

Place: Delhi

**Amit Chadah**

Chief Executive Officer

Place: Chandigarh

Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer

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Vice President Accounts

Place: Chandigarh

**Anubha**

Company Secretary

Place: Chandigarh

As per our report of even date

For **Ashwani K. Gupta & Associates****Chartered Accountants**

Firm Regn. No. 003803N

**Paras Gupta**

Partner

M. No. 546125

Place: Chandigarh

Date: 30.05.2022

## Notes to the Standalone Financial Statements

### 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 GST Input tax credit, 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 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.

#### 1.6 INVESTMENTS

Investments are classified into current and Non-current Investments. Non-Current 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.

## Notes to the Standalone Financial Statement

### 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.

###### 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.



## Notes to the Standalone Financial Statement

### 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 under current liabilities 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

## Notes to the Standalone Financial Statement

of a non-cash nature, any deferrals or accruals of past or future 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 Depositary Receipts (GDRs) are listed on Luxembourg Stock Exchange (LuxSE).

## Notes to the Standalone Financial Statement

(₹ in Million)

### Note - 2.02 "Property, Plant And Equipment"

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As At 01-Apr-21	Additions	Sale/ Deletion	As At 31-Mar-22	Up To 31-Mar-21	During the Year	Deletion/ Adjustments	Up To 31-Mar-22	As At 31-Mar-22	As At 31-Mar-21
Freehold Land & Site Development	803.15	-	290.38	512.78	-	-	-	-	512.78	803.15
Leasehold Land	3.27	-	-	3.27	0.53	0.04	-	0.57	2.70	2.74
Buildings	1,750.35	22.68	-	1,773.03	613.84	54.37	-	668.20	1,104.82	1,136.51
Tube Well	27.47	-	-	27.47	22.30	1.50	-	23.80	3.67	5.17
Plant & Machinery	9,265.55	200.01	-	9,465.56	4,659.24	340.29	-	4,999.53	4,466.03	4,606.32
Boiler	170.70	-	-	170.70	118.89	8.93	-	127.82	42.88	51.82
Pollution Control Equipment	75.25	-	-	75.25	71.45	0.01	-	71.46	3.79	3.80
Laboratory	115.50	0.39	-	115.89	92.38	4.02	-	96.40	19.49	23.12
Miscellaneous Fixed Assets	1,561.60	31.64	-	1,593.24	908.32	73.36	-	981.68	611.56	653.28
Furniture & Fixture	101.62	0.46	-	102.08	86.74	2.80	-	89.54	12.54	14.88
Motor Vehicles	91.86	3.38	22.15	73.09	61.45	4.44	9.28	56.60	16.50	30.41
Computer	48.02	0.94	-	48.96	43.98	0.98	-	44.95	4.00	4.04
<b>GRAND TOTAL</b>	<b>14,014.35</b>	<b>259.50</b>	<b>312.52</b>	<b>13,961.32</b>	<b>6,679.11</b>	<b>490.73</b>	<b>9.28</b>	<b>7,160.56</b>	<b>6,800.77</b>	<b>7,335.24</b>
<b>Previous Year</b>	<b>13,656.64</b>	<b>364.95</b>	<b>7.25</b>	<b>14,014.35</b>	<b>6,200.08</b>	<b>483.12</b>	<b>4.09</b>	<b>6,679.11</b>	<b>7,335.24</b>	<b>7,456.56</b>

### Note - 2.03 "Intangible Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening Gross Block</b>	<b>1,542.64</b>	<b>1,431.49</b>
Additions during the year	125.51	111.15
<b>Closing Gross Block</b>	<b>1,668.15</b>	<b>1,542.64</b>
<b>Opening Accumulated amortization</b>	<b>1,158.99</b>	<b>1,039.58</b>
Amortization during the year	78.95	119.41
<b>Closing Accumulated amortization</b>	<b>1,237.94</b>	<b>1,158.99</b>
<b>Net Intangible Assets</b>	<b>430.21</b>	<b>383.64</b>

Also refer note 2.35

### NOTE - 2.04 "Inventory" (As Certified by The Management)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Raw Material	167.70	167.70
Work In Progress	1,644.10	1,870.90
Finished Goods	308.12	472.24
Stock in Trade	-	-
Other Miscellaneous Stocks	0.03	0.03
	<b>2,119.95</b>	<b>2,510.87</b>
<b>Current</b>		
Raw Material	1,583.05	1,141.35
Work In Progress	3,710.32	2,981.78
Finished Goods	1,114.00	1,603.32
Stock in Trade	15.43	13.44
Other Miscellaneous Stocks	174.92	129.78
	<b>6,597.70</b>	<b>5,869.68</b>

## Notes to the Standalone Financial Statement

(₹ in Million)

## NOTE - 2.05 "Investments"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>UNQUOTED</b>		
<b>In Subsidiary Companies</b>		
1 Equity Share of 1 GBP Fully Paid Up In Nectar Lifesciences UK Ltd.-England [Absolute amount ₹75 (Previous Year ₹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	0.08
<b>In Others</b>		
1,85,000 (Previous Year 1,85,000) Equity Shares of ₹10/- each Fully paid up In Mohali Green Environment Private Limited	1.85	1.85
50,000 Equity Shares of ₹10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
20 Equity Shares of ₹50/- each in The Thane Janta Sahakari Bank Ltd [Absolute amount ₹1,000 (Previous Year ₹1,000)]	0.00	0.00
<b>Total - "A"</b>	<b>5.73</b>	<b>5.73</b>
<b>Current Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>QUOTED</b>		
5 Equity Shares of ₹1/- each, Fully Paid Up In Aurobindo Pharma Ltd. [Absolute amount ₹314 (Previous Year ₹314)]	0.00	0.00
4,700 Equity Shares of ₹ 5/- each, Fully Paid Up In Parsvanath Developers Ltd.	1.31	1.31
155,445.53 units of Nippon India Banking & PSU Fund - Growth	2.50	2.50
SBI PSU Fund	1.00	1.00
PRINCIPAL BALANCED FUND	1.00	1.00
<b>UNQUOTED</b>		
2,500 Equity Shares of ₹10/- each, Fully Paid Up In Saraswat Co-operative Bank Ltd.	0.03	0.03
<b>Total "B"</b>	<b>5.84</b>	<b>5.84</b>
Provision for Loss on Investment "C"	1.24	1.27
<b>Net Current Investments "D" ("B" - "C")</b>	<b>4.60</b>	<b>4.57</b>
<b>Total Investment "A" + "D"</b>	<b>10.33</b>	<b>10.30</b>
<b>Market value of Quoted Investment ₹5.60 Million (Previous Year ₹4.97 Million)</b>		

## Notes to the Standalone Financial Statement

(₹ in Million)

### NOTE - 2.06 "Trade Receivables"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Trade Receivables - considered good - unsecured	149.31	164.27
Less: Provision For Doubtful Debts	71.03	61.38
<b>Total - "A"</b>	<b>78.28</b>	<b>102.89</b>
<b>Current</b>		
Trade Receivables - considered good - unsecured	4,469.78	3,745.90
Less: Provision For Doubtful Debts	-	-
<b>Total - "B"</b>	<b>4,469.78</b>	<b>3,745.90</b>
<b>Total Trade Receivables ("A" + "B")</b>	<b>4,548.06</b>	<b>3,848.79</b>

(Also refer Note - 2.37)

### NOTE - 2.07 "Other Financial Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Balances Recoverable from Revenue Authorities	24.94	24.94
<b>Total - "A"</b>	<b>24.94</b>	<b>24.94</b>
<b>Current</b>		
Export and Other Incentives Accrued	436.51	304.47
Balances with Revenue Authorities	963.06	1,305.87
Other Recoverables	17.00	7.53
Insurance Claim Receivable :	217.02	151.64
<b>Total - "B"</b>	<b>1,633.60</b>	<b>1,769.51</b>
<b>Total Other Financial Assets ("A" + "B")</b>	<b>1,658.54</b>	<b>1,794.45</b>

### NOTE - 2.08 "Deferred Tax Assets (net)"

#### Deferred Tax Liability

Particulars	As at March 31, 2022	As at March 31, 2021
Tax Impact on Deferred Tax Liability arising on account of:		
Property, plant & equipments and Intangible assets	1,284.04	1,258.32
<b>Total - "A"</b>	<b>1,284.04</b>	<b>1,258.32</b>
Tax Impact on Deferred Tax Assets arising on account of:		
Provision for Employee Retirement Benefits	28.28	32.67
Unabsorbed Depreciation	191.62	191.62
Carry forward of losses as per Income Tax Act	133.15	196.75
Provision on Trade Receivables	24.82	21.45
<b>Total - "B"</b>	<b>377.86</b>	<b>442.48</b>
<b>Net Deferred Tax Liability ("A" - "B")</b>	<b>906.18</b>	<b>815.84</b>
Tax Impact of Other Comprehensive Income	22.33	17.97
<b>Net Deferred Tax Liability</b>	<b>928.51</b>	<b>833.81</b>
MAT Credit Entitlement	952.84	952.84
<b>Net Deferred Tax Assets</b>	<b>24.33</b>	<b>119.03</b>

## Notes to the Standalone Financial Statement

(₹ in Million)

## NOTE - 2.09 "Other Non-Current Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	19.34	18.84
Others	5.00	5.00
	<b>24.34</b>	<b>23.85</b>

## NOTE - 2.10 "Cash &amp; Cash Equivalents"

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Banks	23.14	1.18
FDRs with Banks (including interest accrued)	133.96	236.42
Balances in Dividend Accounts	0.32	0.38
Cash In Hand (Incl Staff Imprest)	19.96	16.36
	<b>177.39</b>	<b>254.34</b>

## NOTE - 2.11 "Loans"

Particulars	As at March 31, 2022	As at March 31, 2021
Loans & Advances to Staff	3.94	4.29
	<b>3.94</b>	<b>4.29</b>

## NOTE - 2.12 "Other Current Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
Advances other than capital advances		
Payment to vendors for supply of goods	604.64	674.34
Others	45.88	53.04
	<b>650.53</b>	<b>727.39</b>

## NOTE - 2.13 "SHARE CAPITAL"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised Share Capital</b>		
35,00,00,000 Equity Shares of ₹1/- Each.	350.00	350.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
22,42,60,970 Equity Shares of ₹1/- Each Fully Paid up	224.26	224.26
<b>(Also Refer Note 2.28)</b>	<b>224.26</b>	<b>224.26</b>

## Notes to the Standalone Financial Statement

(₹ in Million)

### NOTE - 2.14 "OTHER EQUITY"

#### Statement of Change in Equity (FY 2021-22)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2021	224.26	3,287.98	141.02	6,954.05	10,607.31
<b>Changes in equity for the year ended March 31, 2022</b>					
Add: - Profit/ (Loss) for the period	-	-	-	261.32	261.32
Less: - Final Dividend & Tax on Dividend	-	-	-	-	-
Balance as of March 31, 2022	224.26	3,287.98	141.02	7,215.37	10,868.63

#### Statement of Change in Equity (FY 2020-21)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2020	224.26	3,287.98	141.02	7,692.79	11,346.06
<b>Changes in equity for the year ended March 31, 2021</b>					
Add: - Profit/ (Loss) for the period	-	-	-	(727.53)	(727.53)
Less: - Final Dividend & Tax on Dividend	-	-	-	11.21	11.21
Balance as of March 31, 2021	224.26	3,287.98	141.02	6,954.05	10,607.31

### NOTE - 2.15 "Borrowings"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
<b>Secured</b>		
<b>Term Loans</b>		
From Banks	2,807.99	1,274.57
<b>Vehicle Loans</b>		
From Banks	2.76	7.80
<b>Unsecured</b>		
From Directors/Relatives/Entities in which directors have significant influence	100.00	-
	<b>2,910.75</b>	<b>1,282.38</b>
<b>(Also Refer Note 2.29)</b>		
<b>Current</b>		
<b>Secured</b>		
<b>Working Capital Limits</b>		
From Banks	5,027.70	6,971.79
<b>Unsecured</b>		
From Banks*	-	148.26
Current Maturities of Long Term Debts	659.04	624.66
Current Maturities of Vehicle Loans	1.77	7.01
	<b>5,688.50</b>	<b>7,751.71</b>
<b>Total Borrowings</b>	<b>8,599.25</b>	<b>9,034.09</b>

\* Limits from Axis Bank against sale invoice financing. The same got secured after the implementation of Resolution Plan on 21.06.2021.

## Notes to the Standalone Financial Statement

(₹ in Million)

## NOTE - 2.16 "Other Financial Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Other Capital Advances	8.30	18.95
	<b>8.30</b>	<b>18.95</b>
<b>Current</b>		
Interest Accrued and due on Borrowings	-	14.68
Interest Accrued but not due on Borrowings	9.41	12.44
Unpaid Dividends (Refer Note 2.30)	0.32	0.38
Accrued Compensation to Employees	48.01	53.92
Statutory dues payable	16.77	15.11
Accrued Expenses	29.13	31.88
	<b>103.65</b>	<b>128.41</b>
<b>Total Other Financial Liabilities</b>	<b>103.65</b>	<b>128.41</b>

## NOTE - 2.17 "Provisions"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Provision for Employees Retirement Benefits (Refer Note 2.32)	63.93	77.38
	<b>63.93</b>	<b>77.38</b>
<b>Current</b>		
Provision for Employee Retirement Benefits (Refer Note 2.32)	16.99	16.10
	<b>16.99</b>	<b>16.10</b>
<b>Total Provisions</b>	<b>80.92</b>	<b>93.48</b>

## NOTE - 2.18 "Other Non Current Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Deferred Income	7.96	8.21
	<b>7.96</b>	<b>8.21</b>

## NOTE - 2.19 "Trade Payables"

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	23.88	7.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,742.64	3,413.63
	<b>3,766.52</b>	<b>3,421.53</b>

(Also refer Note - 2.30 &amp; 2.31)



## Notes to the Standalone Financial Statement

(₹ in Million)

### NOTE - 2.20 "Other Current Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
Advances From Customers	71.69	67.12
Creditors against capital goods and expenses	390.14	489.05
	<b>461.82</b>	<b>556.17</b>

### NOTE - 2.21 "Revenue from Operations"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Sale of Manufactured Products</b>		
Export	7,430.32	7,941.77
Domestic	11,810.15	9,426.03
<b>Trading Sale</b>		
Export	8.76	21.94
Domestic	-	232.95
	<b>19,249.22</b>	<b>17,622.69</b>

### NOTE - 2.22 "Other Income"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Operating Income</b>		
Other Operating Income	-	10.47
Deferred Income - Govt. Grants	0.25	0.25
<b>Other Income</b>		
Interest Income	18.83	26.82
Dividend From Investments	0.01	0.00
[Absolute amount ₹ 5039 (Previous year ₹ 40)]		
Gain/ (Loss) on Restatement of Investment	0.03	0.40
Profit on sale of fixed asset	94.07	-
	<b>113.18</b>	<b>37.94</b>

### NOTE - 2.23 "Raw Material Consumed"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Opening Stock	1,309.05	1,635.82
Add:- Purchase of Raw Material	12,510.53	10,346.31
	13,819.58	11,982.13
Less :- Closing Stock	1,750.75	1,309.05
Less :- Reprocessing Cost	-	389.12
	<b>12,068.83</b>	<b>10,283.96</b>

## Notes to the Standalone Financial Statement

(₹ in Million)

## NOTE - 2.24 "(Increase)/ Decrease in Inventories of Finished Goods, Stocks in Process &amp; Stock in Trade"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Inventory (At Close)</b>		
Finished Goods	1,422.12	2,075.57
Stock in Process	5,354.41	4,852.68
Stock in Trade	15.43	13.44
	<b>6,791.96</b>	<b>6,941.69</b>
<b>Inventory (At Commencement)</b>		
Finished Goods	2,075.57	2,369.13
Stock in Process	4,852.68	5,568.85
Stock in Trade	13.44	31.69
	<b>6,941.69</b>	<b>7,969.67</b>
	<b>149.73</b>	<b>1,027.98</b>

## NOTE - 2.25 "Employee Benefit Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries & Wages	590.38	598.37
Remuneration To Directors	26.41	28.26
Contribution to Provident and Other Funds	36.27	30.91
Staff Welfare	92.40	76.18
	<b>745.47</b>	<b>733.72</b>

## NOTE - 2.26 "Financial Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest Expenses	699.44	857.65
Other Borrowing Costs & Foreign Exchange Fluctuation (Net)	88.66	262.67
	<b>788.10</b>	<b>1,120.32</b>

## NOTE - 2.27 "Other Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Manufacturing Expenses</b>		
Consumable Stores, Spares & Packing Expenses	301.14	318.78
Power, Fuel & Steam Expenses	1,012.87	844.59
Chemical Testing Expenses	30.70	24.35
Repairs & Maintenance		
Electricals	16.72	9.88
Machinery	94.23	82.37
Building	8.08	6.20
<b>Total - "A"</b>	<b>1,463.74</b>	<b>1,286.19</b>

Contd.

## Notes to the Standalone Financial Statement

(₹ in Million)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Administrative Expenses</b>		
Travelling & Conveyance	9.98	7.52
Advertisement & Subscription	1.10	0.49
Books & Periodicals	0.23	0.19
Business Promotion	1.85	1.15
Insurance	52.20	69.09
Electricity Expenses (Office)	1.25	1.70
Postage, Telephone, Telegram	6.02	8.58
Printing & Stationery	5.13	4.42
Professional Fees	35.74	34.34
Rate, Fees & Taxes	12.21	21.53
Vehicle Running & Maintenance	4.70	4.83
Rent	17.60	17.77
Audit Fees	2.50	2.50
Office Expenses	11.34	8.45
Diwali & Pooja Expenses	3.88	3.59
Donation	8.30	11.63
Contribution to Political Party (Refer Note 2.48)	1.00	-
Loss on Sale of Fixed Assets	-	1.31
<b>Total - "B"</b>	<b>175.04</b>	<b>200.09</b>
<b>Selling &amp; Distribution Expenses</b>		
Discount & Samples	37.56	25.32
Freight & Cartage Outward	306.44	404.76
Sales Commission	133.32	76.15
Bad debts written off	-	120.21
Provision for Doubtful Debts/ Insurance claim	9.65	(75.89)
<b>Total - "C"</b>	<b>486.97</b>	<b>550.55</b>
<b>Grand Total ("A" + "B" + "C")</b>	<b>2,125.76</b>	<b>2,036.82</b>

### NOTE 2.28 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	55,845,600	24.90%	55,845,600	24.90%
Depository of GDRs	46,000,000	20.51%	46,000,000	20.51%
Sanjiv (HUF)	43,622,400	19.45%	43,622,400	19.45%
NSR Direct PE Mauritius, LLC (Name changed to Isengard Direct PE LLC)	26,000,000	11.59%	26,000,000	11.59%

**Note:**

Since, the equity shares underlying GDRs are held by Deutsche Bank Trust Company Americas being depository of GDRs, hence disclosed per se. All the equity shares held by the promoter group i.e., Mr. Sanjiv Goyal and Sanjiv (HUF) are pledged with bankers (except vehicle loan providers) of the company w.e.f. 31<sup>st</sup> May 2021.

# Notes to the Standalone Financial Statement

(₹ in Million)

## Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2022	As at 31 <sup>st</sup> March, 2021
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

## NOTE 2.29. SECURED LOANS

- I. Long Term Loans from various banks are secured by way of First Pari Passu Charge on all the fixed assets of the Company (both present & future) and further secured by way of Second Pari Passu Charge on all the current assets of the Company, personal guarantee of Sh. Sanjiv Goyal, Chairman & Managing Director & Sanjeev and Sons HUF (HUF of Sh. Sanjiv Goyal) and pledging of their 100% shares (w.e.f. 31<sup>st</sup> May 2021).

### Repayment Schedule of Term Loans: \*

Year of Repayment	Amount (₹ in Million)
1-2	683.00
2-5	2,124.98
>5	-

Other Loans comprise of Vehicle Loans which are secured against hypothecation of respective vehicles.

### Repayment Schedule of Vehicle Loans:

Year of Repayment	Amount (₹ in Million)
1-2	1.09
2-5	1.68
>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, personal guarantee of Sh. Sanjiv Goyal, Chairman & Managing Director & Sanjeev and Sons HUF (HUF of Sh. Sanjiv Goyal) and pledging of their 100% shares (w.e.f. 31<sup>st</sup> May 2021).
- III. Pursuant to guidelines in Reserve Bank of India's circular RBI/2020-21/16 DOR.No. BPBC/3/21.04.048/2020-21 dated August 06, 2020, 'Resolution Framework for COVID-19 related Stress', the Resolution Plan was approved and implemented by the lenders on June 21, 2021.

## NOTE NO 2.30 CURRENT LIABILITIES

- I. The principal amount remaining unpaid as at 31<sup>st</sup> March 2022 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are ₹23.88 million (Previous year ₹7.90 million). The interest amount computed based on the provisions under Section 16 of the MSMED Act of ₹0.56 million (Previous year ₹0.48 million) remains unpaid as at 31<sup>st</sup> March 2022. The principal amount that remained unpaid as at 31<sup>st</sup> March 2021 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 financial liabilities include ₹0.32 million (Previous year ₹0.38 million) which relates to unpaid/ unclaimed dividend. During the year ₹0.05 million (Previous year ₹0.04 million) was deposited relating to unclaimed dividend with the Investor Education and Protection Fund.

## NOTE NO 2.31 TRADE PAYABLES

### Ageing schedule for the year ended March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	< 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
MSME	23.88	-	-	-	23.88
Others	3,736.10	4.56	1.98	-	3,742.64

## NOTE NO 2.32 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

## Notes to the Standalone Financial Statement

(₹ in Million)

### Changes in Present Value of Defined Benefit Obligations (DBO)

Particulars	Gratuity	Earned leave
Present Value of DBO as at 1 <sup>st</sup> April 2021	66.18	27.30
Acquisition adjustment	-	-
Interest on DBO	4.19	2.20
Past Service Cost	-	-
Current Service Cost	7.50	6.56
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits paid	(12.68)	(7.85)
Remeasurement of DBO	(7.43)	(5.06)
Present Value of DBO as at 31 <sup>st</sup> March 2022	57.76	23.15

### Changes in the Fair Value of Plan Assets

Particulars	Gratuity	Earned leave
Fair Value of Plan Assets as at 1 <sup>st</sup> April 2021	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2022	-	-

### Remeasurement of DBO

Particulars	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	7.43	5.06
Actuarial gain/(loss) for the year – Plan Assets	-	-
Total gain/(loss) for the year	7.43	5.06
Actuarial (gain)/ loss recognized in the year	(7.43)	(5.06)
Unrecognized actuarial (gains)/losses at the end of year	-	-

### Fair Value of Plan Assets

Particulars	Gratuity	Earned leave
Fair Value of Plan Assets as at 1 <sup>st</sup> April 2021	-	-
Acquisition Adjustments	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2022	-	-
Funded Status	-	-

### Amount recognized in the Balance Sheet

Particulars	Gratuity	Earned leave
Present value of DBO as at 31 <sup>st</sup> March 2022	57.76	23.15
Fair value of plan assets as at 31 <sup>st</sup> March 2022	-	-
Funded Status	57.76	23.15
Unrecognized actuarial (gains)/losses	-	-
Net asset/(liability) recognized in the balance sheet	(57.76)	(23.15)

### Expenses recognized in the Statement of Profit & Loss

Particulars	Gratuity	Earned leave
Current service cost	7.50	6.56
Past service cost	-	-
Interest cost	4.19	2.20
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	11.69	8.76

### Amount recognized as other comprehensive income

Particulars	Gratuity	Earned leave
Actuarial loss on DBO	(7.43)	(5.06)
Excess of interest on plan assets over actual return	-	-
Change in the effect of asset ceiling	-	-
Expense recognized as other comprehensive income	(7.43)	(5.06)

### Valuation Assumptions

Discount Rate	7.20%
Estimated rate of increase in compensation levels	5.00%
Attrition Rate	5.00%
Mortality Rates	Table A

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	Mortality Rates	Age	Mortality Rates
20	0.000924	70	0.024058
30	0.000977	80	0.061985
40	0.001680	90	0.163507
50	0.004436	100	0.039773
60	0.011162	110	0.784383

## Notes to the Standalone Financial Statement

(₹ in Million)

### 2.33 CONTINGENT LIABILITIES AND COMMITMENTS

S. No.	Particulars	31.03.2022	31.03.2021
<b>a)</b>	<b>Contingent Liabilities</b>		
i)	Claims not acknowledged as debts: - *	122.50	199.46
	-Income Tax matters**	541.29	541.29
	-Excise matters @	7.22	7.22
	-Service Tax matters #	32.98	13.76
	-VAT & CST matters \$		
ii)	Bank Guarantees	12.91	16.34
iii)	Bills Discounted	-	-
iv)	Letter of Credit (Foreign / Inland)	39.60	116.80
<b>b)</b>	<b>Commitments</b>		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	11.20	37.63

\* 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 ₹ 3.01 million and MAT credit entitlement would be reduced by ₹ 113.72 million, in case of adverse judgment.

@Amount deposited under protest ₹5.93 million. In case of adverse judgement, Balances with Revenue authorities would be reduced by ₹520.72 million.

# Amount deposited under protest ₹0.52 million.

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

\$ Amount deposited under protest ₹3.54 million.

### 2.34 CAPITAL WORK IN PROGRESS

#### Ageing schedule for the year ended March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
Projects in Process	5.10	-	-	-	5.10
Projects temporarily suspended*	-	-	-	845.88	845.88

\* Completion time of projects is not ascertainable because the projects have been temporarily suspended.

### 2.35 INTANGIBLE ASSETS

During the year, the Company incurred an amount of ₹125.51 million (Previous Year ₹111.15 million) on product development, product approval 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.

### 2.36 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.

### 2.37 TRADE RECEIVABLES

Ageing schedule of Trade Receivables for the year ended March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	< 6 Months	6 Months to 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
Undisputed Trade Receivables - considered good	-	-	14.49	32.75	102.07	149.31
Undisputed Trade Receivables - considered good	4,319.17	150.61	-	-	-	4,469.78

2.38 FDRs with Banks reflects amount on account of FDRs held as Margin Money.

### 2.39 PAYMENT TO AUDITORS

Particulars	2021-22	2020-21
Statutory Audit and Limited Review Fees	2.10	2.10
Tax Audit Fee	0.40	0.40
GST	0.45	0.45

### 2.40 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 Asset accruing during the year aggregating to ₹90.34 million (Previous Year ₹200.90 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.

## Notes to the Standalone Financial Statement

(₹ in Million)

### 2.41 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 ₹17.60 million (Previous Year ₹17.77 million).

### 2.42 TAX EXPENSE COMPRISES OF:

Particulars	FY 2021-22	FY 2020-21
Current Tax	-	-
Deferred Tax Liability/ (Asset)	90.34	(200.90)
Mat Credit of earlier years lapsed	-	85.86
<b>Total</b>	<b>90.34</b>	<b>(115.04)</b>

### 2.43 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)

S. No.	Particulars	31.03.2022	31.03.2021
(a)	India	11,810.15	9,658.98
(b)	Outside India	7,439.07	7,963.71
	<b>Total Sales (inclusive of GST)</b>	<b>19,249.22</b>	<b>17,622.69</b>

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

### 2.44 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 (Inoperative during the year)

#### ii. Key Management Personnel (Managing Director/ Whole-time directors/ CEO/ CFO/ Company Secretary)

Mr. Sanjiv Goyal, Chairman & Managing Director  
Dr. Dinesh Dua, Executive Director  
Mr. Amit Chadah, Chief Executive Officer  
Mr. Sandeep Goel, Chief Financial Officer  
Ms. Sukriti Saini, Company Secretary (upto 15.06.2021)  
Ms. Anubha, Company Secretary (w.e.f. 01.08.2021)

#### iii. Joint Ventures and Associates

None

#### iv. Relatives of the Key Management Personnel\*

Mrs. Raman Goyal  
Sanjeev and Sons HUF

#### 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  
Nureca 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

S. No.	Particulars	31.03.2022	31.03.2021
i	Sale during the year	-	-
ii	Investment made during the year	-	-
iii	Received during the year	1.00	-
iv	Paid during the year	15.60	-

##### ii. Key Management Personnel and their relatives

S. No.	Particulars	31.03.2022	31.03.2021
i	Director Remuneration & Perquisites*	26.48	27.88
ii	Salary & Perquisites*	9.98	6.09
iii	Rent (Excluding GST)	8.40	8.40
iv	Unsecured Loan (Interest free) received as per 'Resolution Framework for COVID-19 related Stress'	100.00	-

\*Includes Taxable value of Perquisites as per Income Tax Act 1961 and including sitting fees paid to non-executive directors.

## Notes to the Standalone Financial Statement

(₹ in Million)

## iii. Entities over which key management personnel/their relatives are able to exercise significant influence

S. No.	PARTICULARS	31.03.2022	31.03.2021
i	CSR expenditure through CSR vehicle	1.26	1.05
ii	Net Sales (inclusive of applicable indirect taxes)	-	244.13
iii	Net Purchases/ (Returns) (inclusive of applicable indirect taxes)	-	(6.31)
iv	Reimbursement of Expenses incurred on their behalf	-	46.81
v	Sale of vehicles (inclusive of applicable indirect taxes)	11.79	-

## c. Balances at the year end

## i. Subsidiary Companies

S. No.	PARTICULARS	31.03.2022	31.03.2021
i	Receivable/(Payable) at the year end	(9.42)	5.35

## ii. Key Management Personnel and their relatives

S. No.	PARTICULARS	31.03.2022	31.03.2021
i.	Director Remuneration & Perquisites	1.89	7.88
ii.	Salary & Perquisites	0.48	0.42
iii.	Rent (Excluding GST)	-	-
iv.	Loan & advance to KMP	3.06	3.06
v.	Unsecured Loan (Interest free) received as per 'Resolution Framework for COVID-19 related Stress'	100.00	-

## iii. Entities over which key management personnel/their relatives are able to exercise significant influence

S. No.	PARTICULARS	31.03.2022	31.03.2021
i	Balance at year end	-	-

## 2.45. 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.

## 2.46 EARNINGS PER SHARE (EPS)

PARTICULARS	UNIT	YEAR ENDED 31.03.2022	YEAR ENDED 31.03.2021
Profit After Tax, before other comprehensive income	₹ in million	253.20	(731.47)
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	₹	1.00	1.00
Earnings per Share			
-Basic	₹	1.13	(3.26)
-Diluted	₹	1.13	(3.26)

2.47 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to ₹4.68 million (Previous Year loss on account of foreign exchange fluctuation (net) amounting to ₹84.92 million).

2.48 Contribution to political party pertains to amount paid to "Bhartiya Janta Party" (Previous year Nil).

## 2.49 DETAIL OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES &amp; SPARES CONSUMED

## a. Raw Material Consumed

S. No.	Particulars	2021-2022		2020-2021	
		Amount	(%)	Amount	(%)
1.	Imported	7,113.68	58.94	6,847.46	66.58
2.	Indigenous	4,955.15	41.06	3,436.50	33.42

## b. Stores, Spares And Packing Material Consumed

S. No.	Particulars	2021-2022		2020-2021	
		Amount	(%)	Amount	(%)
1.	Imported	106.29	35.30	75.09	23.56
2.	Indigenous	194.85	64.70	243.69	76.44

## 2.50. OTHER INFORMATION

Particulars	2021-2022	2020-2021
(a) CIF Value of Imports		
1. Raw Material	7,147.41	6,297.07
2. Traded Goods	-	230.31
3. Capital Goods, Store & Spares and Packing Material etc.	100.78	73.66



## Notes to the Standalone Financial Statement

(₹ in Million)

<b>(b) Expenditure in Foreign Currency</b>			
1.	Travelling Expenses	Nil	Nil
2.	Export Commission	113.64	57.33
3.	Other Expenses	16.99	11.32
<b>(c) Remittances in Foreign Currency</b>			
1.	Raw Material	6,838.15	7,259.38
2.	Traded Goods	-	215.68
3.	Capital Goods, Stores & Spares and Packing Material etc.	91.68	70.72
<b>(d) Expenditure in Foreign Currency on account of dividend</b>			
Particulars		2021-2022	2020-2021
1.	Number of Non-Resident Shareholders	2	2
2.	Number of Equity Shares held by them	72,000,000	72,000,000
3.	(i) Amount of Dividend Paid	Nil	3.60
	(ii) Year to which dividend relates	-	2019-20
<b>(e) Earning in Foreign Currency</b>			
Particulars		2021-2022	2020-2021
	FOB Value of Exports	6,669.11	7,187.72

### 2.51 Corporate Social Responsibility Expenses

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹2.33 million (Previous Year ₹10.43 million).

Expenditure incurred during the year related to Corporate Social

Responsibility is ₹3.25 million (Previous Year ₹11.76 million).

Particulars	2021-22	2020-21
Health (Including Covid – 19)	1.75	4.28
Education	1.50	3.15
Renewable Energy	-	3.33
Others (Including Sports, animal welfare & Rural transformation)	-	1.00
<b>Total</b>	<b>3.25</b>	<b>11.76</b>

2.52 COVID-19 pandemic has significant impact on business operations and financial results of the Company. The company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external factors up to the date of approval of these financial results, in determination of the recoverability and carrying value of financial assets and non-financial assets.

The company approached the lenders for Resolution Plan as per guidelines issued by Reserve Bank of India's vide its circular RBI/2020-21/16 DOR.No. BPBC/3/21.04.048/2020-21 dated 6<sup>th</sup> August 2020, 'Resolution Framework for COVID-19 related Stress'. The Resolution Plan was duly invoked on 24<sup>th</sup> Dec 2020 and "Inter Creditor Agreement (ICA)" was duly signed by all the lenders on 14<sup>th</sup> Jan 2021. Subsequently, the Resolution Plan was approved and implemented by the majority of the lenders on 21<sup>st</sup> June 2021.

### 2.53. ACCOUNTING RATIOS

S. No.	Particulars	Numerator	Denominator	31.03.22	31.03.21	Variance
1	Current Ratio <sup>1</sup>	Current Assets	Current Liabilities	1.35	1.04	29.40%
2	Debt-Equity Ratio	Total Debt	Shareholder's equity	0.79	0.85	7.10%
3	Debt Service Coverage Ratio <sup>2</sup>	Earnings available for debt service	Debt Service	1.02	0.45	125.76%
4	Return on Equity (ROE) <sup>2</sup>	Net Profits after taxes	Average Shareholder's Equity	2.36%	-6.90%	134.19%
5	Inventory turnover ratio	Gross Sales	Average Inventory	1.95	1.84	6.07%
6	Trade receivables turnover ratio	Revenue (Gross)	Average Trade Receivables	4.58	4.46	2.89%
7	Trade payable turnover ratio <sup>3</sup>	Net Purchases	Average Trade Payables	3.48	2.38	46.23%
8	Net capital turnover ratio <sup>4</sup>	Revenue (Net of GST)	Working Capital	4.77	30.73	84.49%
9	Net profit ratio <sup>2</sup>	Net Profit	Revenue (Net of GST)	1.52%	-4.74%	131.99%
10	Return on capital employed (ROCE) <sup>2</sup>	Earnings before interest and taxes	Capital Employed	5.95%	2.75%	116.16%
11	Return on Investments (ROI)					
	a. Unquoted	Income generated from investments	Time weighted average investments	20.00%	-	-
	b. Quoted	Income generated from investments	Time weighted average investments	-	-	-

- Pursuant to 'Resolution Framework for COVID-19 related Stress', certain working capital limits of the company were converted into long term loans. This has resulted in reduction of current liabilities leading to improvement of current ratio of the company from 1.04 as on 31.03.2021 to 1.35 as on 31.03.2022.
- Due to Covid 19 pandemic, the company incurred losses during FY 2020-21 whereas the company had profits during FY 2021-22 leading to improvement in debt service coverage ratio, Return on Equity (ROE), Net profit ratio and Return on capital employed.

## Notes to the Standalone Financial Statement

(₹ in Million)

3. Due to liquidation of creditors during FY 2021-22, trade payable turnover ratio has improved from 2.38 as on 31.03.2021 to 3.48 as on 31.03.2022.
4. Pursuant to 'Resolution Framework for COVID-19 related Stress', certain working capital limits of the company were converted into long term loans. This has resulted in increase in working capital of the company which leads to improvement of Net capital turnover ratio of the company from 30.73 as on 31.03.2021 to 4.77 as on 31.03.2022.

### 2.54 DISCLOSURE OF TRANSACTIONS WITH STRUCK OFF COMPANIES

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

### 2.55 ADDITIONAL REGULATORY DISCLOSURE REQUIREMENTS

No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- a. Crypto Currency or Virtual Currency
- b. Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- c. Registration of charges or satisfaction with Registrar of Companies
- d. Relating to borrowed funds:
  - i. Willful defaulter
  - ii. Utilization of borrowed funds & share premium
  - iii. Borrowings obtained on the basis of security of current assets
  - vi. Discrepancy in utilization of borrowings
  - v. Current maturity of long-term borrowings
- e. Title deeds of immovable properties

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

#### For Nectar Lifesciences Limited

##### Sanjiv Goyal

Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

##### Dinesh Dua

Executive Director  
DIN: 02436706  
Place: Delhi

##### Amit Chadah

Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

##### Sandeep Goel

Chief Financial Officer  
Place: Chandigarh

##### R.K. Aggarwal

Vice President Accounts  
Place: Chandigarh

##### Anubha

Company Secretary  
Place: Chandigarh

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

##### Paras Gupta

Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

# Independent Auditor's Report

TO THE MEMBERS OF NECTAR LIFESCIENCES LIMITED

Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the accompanying consolidated financial statements of **NECTAR LIFESCIENCES LIMITED** (the "Company") and its subsidiaries namely Nectar Lifesciences UK Limited, United Kingdom, Nectar Lifesciences USA LLC and Neclife PT, Unipessoal LDA-Portugal (the Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, 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 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 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 consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's 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") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Emphasis of Matter

Due to COVID-19 the Company's operations and results were impacted during FY 2020-21. Therefore, the company approached the lenders with respect to the resolution plan. We would like to draw attention to Note 2.29 to the Ind AS financial results and inform that pursuant to guidelines in Reserve Bank of India's circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6<sup>th</sup> August 2020, 'Resolution Framework for COVID-19 related Stress', the Resolution Plan was approved and implemented by the lenders on 21<sup>st</sup> June 2021.

Our opinion is not modified in respect of this matter.

## 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.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's 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, consider whether the other information is materially inconsistent with the consolidated 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 Responsibilities for the Consolidated Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies 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 the Group 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 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 Company, as aforesaid.

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

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## Auditor's 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 auditor's 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 scepticism 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 financial control 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 and its subsidiary companies which are companies incorporated in India, 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 the 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 ability of the Group to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group 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 the entities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the 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 auditor's 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, 2022, which have been incorporated in the consolidated financial statements. The annual financial statements of subsidiaries reflect total assets of ₹10.97 million as at March 31, 2022 (Previous year ₹17.95 million), total revenues of ₹6.00 million (Previous year ₹14.73 million) and net cash inflows/(Outflows) amounting ₹(0.36) million for the year ended on that date (Previous year ₹0.42 million). These annual 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

1. 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 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, 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 Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. With respect to the other matters to be included in

the Auditor's 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, 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 and its subsidiary companies incorporated in India.
  - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. No dividend has been declared or proposed during the year. Accordingly, the clause is not applicable.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, the clause is not applicable as no Domestic Subsidiaries are there.

For **Ashwani K. Gupta and Associates**  
Chartered Accountants  
(Firm's Registration No. 003803N)

**Paras Gupta**  
Partner

**Place :** Chandigarh  
**Date :** 30.05.2022

(Membership No. 546125)  
UDIN: 22546125ALALEN1935

## Annexure "A" to the Independent Auditor's Report

(REFERRED TO IN PARAGRAPH 1(f) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF NECTAR LIFESCIENCES LIMITED OF EVEN DATE)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of **NECTAR LIFESCIENCES** Limited (hereinafter referred to as the "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (the "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 the respective 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 Act..

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditor's judgement, 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 internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India..

#### 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Ashwani K. Gupta and Associates**

Chartered Accountants  
(Firm's Registration No. 003803N)

**Paras Gupta**

Partner

(Membership No. 546125)

UDIN: 22546125ALALEN1935

**Place :** Chandigarh

**Date :** 30.05.2022



## Consolidated Balance Sheet as at March 31, 2022

(₹ in Million)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2.02	6,800.77	7,335.24
Capital work-in-progress	2.34	850.98	986.29
Intangible assets	2.03	430.21	383.64
Inventory	2.04	2,119.95	2,510.87
<b>Financial assets</b>			
Investments	2.05	2.35	2.35
Trade receivables	2.06	78.28	102.89
Other financial assets	2.07	24.94	24.94
Deferred tax assets (net)	2.08	28.00	122.79
Other non-current assets	2.09	24.34	23.85
<b>Total Non Current Assets</b>		<b>10,359.83</b>	<b>11,492.87</b>
<b>Current Assets</b>			
Inventory	2.04	6,598.55	5,878.88
<b>Financial assets</b>			
Investments	2.05	4.60	4.57
Trade receivables	2.06	4,469.78	3,748.26
Cash and cash equivalents	2.10	178.08	255.39
Loans	2.11	3.94	4.29
Other financial assets	2.07	1,633.60	1,769.51
Other current assets	2.12	659.95	727.39
<b>Total Current Assets</b>		<b>13,548.49</b>	<b>12,388.28</b>
<b>Total Assets</b>		<b>23,908.32</b>	<b>23,881.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2.13	224.26	224.26
Other equity	2.14	10,654.79	10,396.04
<b>Total Equity</b>		<b>10,879.05</b>	<b>10,620.30</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	2.15	2,910.75	1,282.38
Lease liabilities		-	-
Other financial liabilities	2.16	8.30	18.95
Provisions	2.17	63.93	77.38
Other Non-Current Liabilities	2.18	7.96	8.21
<b>Total Non-Current Liabilities</b>		<b>2,990.94</b>	<b>1,386.92</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	2.15	5,688.50	7,751.71
Lease liabilities		-	-
<b>Trade payables</b>	<b>2.19</b>		
Total outstanding dues of micro enterprises and small enterprises		23.88	7.90
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,742.64	3,413.63
Other financial liabilities	2.16	103.65	128.41
Other current liabilities	2.20	462.67	556.17
Provisions	2.17	16.99	16.10
<b>Total Current Liabilities</b>		<b>10,038.33</b>	<b>11,873.92</b>
<b>Total Equity and Liabilities</b>		<b>23,908.32</b>	<b>23,881.14</b>
Significant Accounting Policies	1		
Notes to Financial Statements	2		

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

**Sanjiv Goyal**

Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**

Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**

Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts  
Place: Chandigarh

**Anubha**

Company Secretary  
Place: Chandigarh

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

**Paras Gupta**

Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

## Consolidated Statement of Profit & Loss for the year ended March 31, 2022 (₹ in Million)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
<b>Continuing Operations</b>			
Revenue from Operations (Gross)	2.21	19,255.23	17,637.42
Less: GST Recovered		2,566.91	2,204.45
Revenue from Operations (Net of GST)		<b>16,688.32</b>	<b>15,432.97</b>
Other Income (Net)	2.22	113.18	37.94
		<b>16,801.50</b>	<b>15,470.91</b>
<b>Expenses</b>			
Raw Material Consumed	2.23	12,068.83	10,283.96
Purchase of Stock in Trade (Traded Goods)		4.40	244.20
(Increase)/ Decrease in Inventories of Finished Goods, Stock-in-Process and Stock in Trade	2.24	158.08	1,042.94
Employees Benefits Expense	2.25	745.47	733.72
Finance Cost	2.26	788.10	1,120.35
Depreciation & Amortization	2.02 & 2.03	569.68	602.53
Other Expenses	2.27	2,126.14	2,037.74
		<b>16,460.69</b>	<b>16,065.44</b>
<b>Profit/ (Loss) before exceptional items &amp; tax</b>		<b>340.80</b>	<b>(594.53)</b>
Exceptional items		-	253.15
<b>Profit/(Loss) before tax</b>		<b>340.80</b>	<b>(847.67)</b>
Tax Expenses	2.42	90.34	(115.04)
<b>Profit/ (Loss) for the period</b>		<b>250.47</b>	<b>(732.64)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset (Net of Tax)		8.13	3.94
Items that will be reclassified subsequently to profit or loss			
Foreign Exchange Translation Reserve (Net of Tax)		0.16	0.05
<b>Total Comprehensive income for the period</b>		<b>258.75</b>	<b>(728.65)</b>
<b>Earnings per equity share</b> (Equity Shares of ₹1/- each fully paid up)			
Basic (₹) Before Exceptional Item	2.46	1.12	(2.14)
Basic (₹) After Exceptional Item		1.12	(3.27)
Diluted (₹) Before Exceptional Item		1.12	(2.14)
Diluted (₹) After Exceptional Item		1.12	(3.27)
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes to Financial Statements</b>	<b>2</b>		

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

**Sanjiv Goyal**

Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**

Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**

Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts  
Place: Chandigarh

**Anubha**

Company Secretary  
Place: Chandigarh

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

**Paras Gupta**

Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

## Consolidated Statement of Changes in Equity for the year ended March 31, 2022

### A. Equity Share Capital

(₹ in Million)

#### 1) Current reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity Share Capital of ₹1 each	224.26	-	-	-	224.26

#### 2) Previous reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity Share Capital of ₹1 each	224.26	-	-	-	224.26

### B. Other Equity

#### (1) Current reporting period

Particulars	Reserve and Surplus			Items of other comprehensive income		Total Other Equity
	Security Premium	General Reserves	Retained Earnings	Remeasurements of the net defined benefit plans	Foreign currency translation reserves	
<b>Balance at the beginning of the current reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>6,941.02</b>	<b>33.02</b>	<b>(7.01)</b>	<b>10,396.04</b>
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	250.47	8.13	0.16	258.75
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
<b>Balance at the end of the current reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>7,191.48</b>	<b>41.15</b>	<b>(6.85)</b>	<b>10,654.79</b>

#### (2) Previous reporting period

<b>Balance at the beginning of the previous reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>7,684.87</b>	<b>30.17</b>	<b>(7.06)</b>	<b>11,136.99</b>
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	(732.64)	3.94	0.05	(728.65)
Dividends & Corporation Tax	-	-	(11.21)	(1.09)	-	(12.30)
Transfer to retained earnings	-	-	-	-	-	-
<b>Balance at the end of the previous reporting period</b>	<b>3,287.98</b>	<b>141.02</b>	<b>6,941.02</b>	<b>33.02</b>	<b>(7.01)</b>	<b>10,396.04</b>

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

**Sanjiv Goyal**  
Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**  
Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**  
Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**  
Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**  
Vice President Accounts  
Place: Chandigarh

**Anubha**  
Company Secretary  
Place: Chandigarh

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

**Paras Gupta**  
Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

## Consolidated Cash Flow Statement for the year ended March 31, 2022

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax & Extra Ordinary Items	340.80	(594.53)
Adjustments For :		
Depreciation & Amortization	569.68	602.53
Other Comprehensive Income (Net of tax)	8.29	3.98
Tax on Other Comprehensive Income	4.45	2.14
Provision for Doubtful debts/ Insurance Claims	9.65	(54.75)
Provision for Employees Retirement Benefits	(12.57)	(8.34)
Exceptional Items (Net of tax)	-	(253.15)
Tax on Exceptional Items	-	(135.98)
Loss/ (Profit) on Sale of Fixed Assets	(94.07)	1.31
Profit on Sale / Restatement of Investment	(0.03)	(0.40)
Interest on Borrowings	788.10	1,120.35
Other Non-Operating Income	(18.83)	(26.82)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,595.48</b>	<b>656.35</b>
Adjustments For :		
(Increase)/Decrease in Current Assets	(1,237.49)	3,808.66
Increase/(Decrease) in Current Liabilities	197.59	(1,744.10)
Increase/(Decrease) in Long Term Liabilities	(10.65)	(3.91)
Increase/ (Decrease) in Non Current Liabilities	(0.25)	(0.25)
(Increase)/ Decrease in Non Current Assets	405.38	(2,465.82)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>950.05</b>	<b>250.92</b>
Direct Taxes Paid	-	(37.13)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>950.05</b>	<b>213.79</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(249.70)	(312.41)
Interest Received	18.83	26.82
Dividend Received	0.01	0.00
Sale of Fixed Assets	397.31	1.85
Sale/(Purchase) of Investments	0.00	(2.50)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>166.44</b>	<b>(286.24)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Term Loans from Banks	1,567.80	330.82
Proceeds/(Repayment) from Working Capital Limits from Banks	(2,063.21)	922.92
Proceeds from Directors/Relatives/Entities in which directors have significant influence	100.00	-
Proceeds/(Repayment) from Vehicle Loans	(10.28)	(7.28)
Dividend Paid	-	(11.21)
Interest Paid	(788.10)	(1,120.35)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(1,193.80)</b>	<b>114.90</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(77.31)</b>	<b>42.45</b>
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	255.39	212.94
CASH & CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	178.08	255.39

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

**Sanjiv Goyal**

Chairman &amp; Managing Director

DIN: 00002841

Place: Dubai, UAE

**Dinesh Dua**

Executive Director

DIN: 02436706

Place: Delhi

**Amit Chadah**

Chief Executive Officer

Place: Chandigarh

Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer

Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts

Place: Chandigarh

**Anubha**

Company Secretary

Place: Chandigarh

As per our report of even date

For **Ashwani K. Gupta & Associates****Chartered Accountants**

Firm Regn. No. 003803N

**Paras Gupta**

Partner

M. No. 546125

Place: Chandigarh

Date: 30.05.2022

## Notes to the Consolidated Financial Statements

### 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 GST Input tax credit, 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 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.

#### 1.6 INVESTMENTS

Investments are classified into current and Non-current Investments. Non-Current 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.

## Notes to the Consolidated Financial Statement

### 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.

##### 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.

## Notes to the Consolidated Financial Statement

### 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 under current liabilities 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

## Notes to the Consolidated Financial Statement

of a non-cash nature, any deferrals or accruals of past or future 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 Depositary Receipts (GDRs) are listed on Luxembourg Stock Exchange (LuxSE).



## Notes to the Consolidated Financial Statement

(₹ in Million)

### Note - 2.02 "Property, Plant And Equipment"

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As At 01-Apr-21	Additions	Sale/ Deletion	As At 31-Mar-22	Up To 31-Mar-21	During the Year	Deletion/ Adjustments	Up To 31-Mar-22	As At 31-Mar-22	As At 31-Mar-21
Freehold Land & Site Development	803.15	-	290.38	512.78	-	-	-	-	512.78	803.15
Leasehold Land	3.27	-	-	3.27	0.53	0.04	-	0.57	2.70	2.74
Buildings	1,750.35	22.68	-	1,773.03	613.84	54.37	-	668.20	1,104.82	1,136.51
Tube Well	27.47	-	-	27.47	22.30	1.50	-	23.80	3.67	5.17
Plant & Machinery	9,265.55	200.01	-	9,465.56	4,659.24	340.29	-	4,999.53	4,466.03	4,606.32
Boiler	170.70	-	-	170.70	118.89	8.93	-	127.82	42.88	51.82
Pollution Control Equipment	75.25	-	-	75.25	71.45	0.01	-	71.46	3.79	3.80
Laboratory	115.50	0.39	-	115.89	92.38	4.02	-	96.40	19.49	23.12
Miscellaneous Fixed Assets	1,561.60	31.64	-	1,593.24	908.32	73.36	-	981.68	611.56	653.28
Furniture & Fixture	101.62	0.46	-	102.08	86.74	2.80	-	89.54	12.54	14.88
Motor Vehicles	91.86	3.38	22.15	73.09	61.45	4.44	9.28	56.60	16.50	30.41
Computer	48.02	0.94	-	48.96	43.98	0.98	-	44.95	4.00	4.04
<b>GRAND TOTAL</b>	<b>14,014.35</b>	<b>259.50</b>	<b>312.52</b>	<b>13,961.32</b>	<b>6,679.11</b>	<b>490.73</b>	<b>9.28</b>	<b>7,160.56</b>	<b>6,800.77</b>	<b>7,335.24</b>
<b>Previous Year</b>	<b>13,656.64</b>	<b>364.95</b>	<b>7.25</b>	<b>14,014.35</b>	<b>6,200.08</b>	<b>483.12</b>	<b>4.09</b>	<b>6,679.11</b>	<b>7,335.24</b>	<b>7,456.56</b>

### Note - 2.03 "Intangible Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening Gross Block</b>	<b>1,542.64</b>	<b>1,431.49</b>
Additions during the year	125.51	111.15
<b>Closing Gross Block</b>	<b>1,668.15</b>	<b>1,542.64</b>
<b>Opening Accumulated amortization</b>	<b>1,158.99</b>	<b>1,039.58</b>
Amortization during the year	78.95	119.41
<b>Closing Accumulated amortization</b>	<b>1,237.94</b>	<b>1,158.99</b>
<b>Net Intangible Assets</b>	<b>430.21</b>	<b>383.64</b>

Also refer note 2.35

### NOTE - 2.04 "Inventory" (As Certified by The Management)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Material	167.70	167.70
Work In Progress	1,644.10	1,870.90
Finished Goods	308.12	472.24
Stock in Trade	-	-
Other Miscellaneous Stocks	0.03	0.03
	<b>2,119.95</b>	<b>2,510.87</b>
Raw Material	1,583.05	1,141.35
Work In Progress	3,710.32	2,981.78
Finished Goods	1,114.85	1,612.53
Stock in Trade	15.43	13.44
Other Miscellaneous Stocks	174.92	129.78
	<b>6,598.55</b>	<b>5,878.88</b>

## Notes to the Consolidated Financial Statement

(₹ in Million)

## NOTE - 2.05 "Investments"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>UNQUOTED</b>		
<b>In Others</b>		
1,85,000 (Previous Year 1,85,000) Equity Shares of ₹10/- each Fully paid up In Mohali Green Environment Private Limited	1.85	1.85
50,000 Equity Shares of RS. 10/- each, fully paid up in Nimbua Greenfield (Punjab) Ltd.	0.50	0.50
20 Equity Shares of ₹50/- each in The Thane Janta Sahakari Bank Ltd [Absolute amount ₹1,000 (Previous Year Rs.1,000)]	0.00	0.00
<b>Total - "A"</b>	<b>2.35</b>	<b>2.35</b>
<b>Current Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>QUOTED</b>		
5 Equity Shares of ₹1/- each, Fully Paid Up In Aurobindo Pharma Ltd. [Absolute amount ₹314 (Previous Year ₹314)]	0.00	0.00
4,700 Equity Shares of ₹ 5/- each, Fully Paid Up In Parsvanath Developers Ltd.	1.31	1.31
155,445.53 units of Nippon India Banking & PSU Fund - Growth	2.50	2.50
SBI PSU Fund	1.00	1.00
PRINCIPAL BALANCED FUND	1.00	1.00
<b>UNQUOTED</b>		
2,500 Equity Shares of ₹10/- each, Fully Paid Up In Saraswat Co-operative Bank Ltd.	0.03	0.03
<b>Total "B"</b>	<b>5.84</b>	<b>5.84</b>
Provision for Loss on Investment "C"	1.24	1.27
<b>Net Current Investments "D" ("B" - "C")</b>	<b>4.60</b>	<b>4.57</b>
<b>Total Investment "A" + "D"</b>	<b>6.95</b>	<b>6.92</b>

Market value of Quoted Investment ₹5.60 Million (Previous Year ₹4.97 Million)

## Notes to the Consolidated Financial Statement

(₹ in Million)

### NOTE - 2.06 "Trade Receivables"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured consists of following</b>		
<b>Non Current</b>		
Trade Receivables - considered good - unsecured	149.31	164.27
Less: Provision For Doubtful Debts	71.03	61.38
<b>Total - "A"</b>	<b>78.28</b>	<b>102.89</b>
<b>Current</b>		
Trade Receivables - considered good - unsecured	4,469.78	3,748.26
Less: Provision For Doubtful Debts	-	-
<b>Total - "B"</b>	<b>4,469.78</b>	<b>3,748.26</b>
<b>Total Trade Receivables ("A" + "B")</b>	<b>4,548.06</b>	<b>3,851.15</b>

(Also refer Note - 2.37)

### NOTE - 2.07 "Other Financial Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Balances Recoverable from Revenue Authorities	24.94	24.94
<b>Total - "A"</b>	<b>24.94</b>	<b>24.94</b>
<b>Current</b>		
Export and Other Incentives Accrued	436.51	304.47
Balances with Revenue Authorities	963.06	1,305.87
Other Recoverables	17.00	7.53
Insurance Claim Receivable :	217.02	151.64
<b>Total - "B"</b>	<b>1,633.60</b>	<b>1,769.51</b>
<b>Total Other Financial Assets ("A" + "B")</b>	<b>1,658.54</b>	<b>1,794.45</b>

### NOTE - 2.08 "Income Taxes"

#### Deferred Tax Liability

Particulars	As at March 31, 2022	As at March 31, 2021
Impact on Deferred Tax Liability arising on account of:		
Property, plant & equipments and Intangible assets	1,284.04	1,258.32
<b>Total - "A"</b>	<b>1,284.04</b>	<b>1,258.32</b>
Tax Impact on Deferred Tax Assets arising on account of:		
Provision for Employee Retirement Benefits	28.28	32.67
Unabsorbed Depreciation	191.62	191.62
Carry forward of losses as per Income Tax Act	133.15	196.75
Provision on Trade Receivables	24.82	21.45
<b>Total - "B"</b>	<b>377.86</b>	<b>442.48</b>
<b>Net Deferred Tax Liability ("A" - "B")</b>	<b>906.18</b>	<b>815.84</b>
Tax Impact of Other Comprehensive Income	22.33	17.97
Impact of Foreign Exchange Translation Reserve	(3.67)	(3.76)
<b>Net Deferred Tax Liability</b>	<b>924.84</b>	<b>830.05</b>
MAT Credit Entitlement	952.84	952.84
	<b>28.00</b>	<b>122.79</b>

## Notes to the Consolidated Financial Statement

(₹ in Million)

## NOTE - 2.09 "Other Non-Current Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	19.34	18.84
Others	5.00	5.00
	<b>24.34</b>	<b>23.85</b>

## NOTE - 2.10 "Cash &amp; Cash Equivalents"

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Banks	23.83	2.23
FDRs with Banks (including interest accrued)	133.96	236.42
Balances in Dividend Accounts	0.32	0.38
Cash In Hand (Incl Staff Imprest)	19.96	16.36
	<b>178.08</b>	<b>255.39</b>

## NOTE - 2.11 "Loans"

Particulars	As at March 31, 2022	As at March 31, 2021
Loans & Advances to Staff	3.94	4.29
	<b>3.94</b>	<b>4.29</b>

## NOTE - 2.12 "Other Current Assets"

Particulars	As at March 31, 2022	As at March 31, 2021
Advances other than capital advances		
Payment to vendors for supply of goods	614.07	674.34
Others	45.88	53.04
	<b>659.95</b>	<b>727.39</b>

## NOTE - 2.13 "SHARE CAPITAL"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorised Share Capital</b>		
35,00,00,000 Equity Shares of ₹1/- Each.	350.00	350.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
22,42,60,970 Equity Shares of ₹1/- Each Fully Paid up	224.26	224.26
<b>(Also Refer Note 2.28)</b>	<b>224.26</b>	<b>224.26</b>

## Notes to the Consolidated Financial Statement

(₹ in Million)

### NOTE - 2.14 "OTHER EQUITY"

#### Statement of Change in Equity (FY 2021-22)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2021	224.26	3,287.98	141.02	6,967.03	10,620.30
<b>Changes in equity for the year ended March 31, 2022</b>					
Add: - Profit/ (Loss) for the period	-	-	-	259.75	259.75
Balance as of March 31, 2022	224.26	3,287.98	141.02	7,226.79	10880.05

#### Statement of Change in Equity (FY 2020-21)

Particulars	Equity Share Capital	Other Equity			Total equity attributable to equity holders
		Security Premium	General Reserves	Retained Earnings	
Balance as of April 1, 2020	224.26	3,287.98	141.02	7,707.98	11,361.25
<b>Changes in equity for the year ended March 31, 2021</b>					
Add: - Profit for the period	-	-	-	(728.65)	(728.65)
Less: - Corporation tax of USA paid	-	-	-	1.09	1.09
Less: - Final Dividend & Tax on Dividend	-	-	-	11.21	11.21
Balance as of March 31, 2021	224.26	3,287.98	141.02	6,967.03	10,620.30

### NOTE - 2.15 "Borrowings"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
<b>Secured</b>		
<b>Term Loans</b>		
From Banks	2,807.99	1,274.57
<b>Vehicle Loans</b>		
From Banks	2.76	7.80
<b>Unsecured</b>		
From Directors/Relatives/Entities in which directors have significant influence	100.00	-
	<b>2,910.75</b>	<b>1,282.38</b>
<b>(Also Refer Note 2.29)</b>		
<b>Current</b>		
<b>Secured</b>		
<b>Working Capital Limits</b>		
From Banks	5,027.70	6,971.79
<b>Secured</b>		
From Banks*	-	148.26
Current Maturities of Long Term Debts	659.04	624.66
Current Maturities of Vehicle Loans	1.77	7.01
	<b>5,688.50</b>	<b>7,751.71</b>
<b>Total Borrowings</b>	<b>8,599.25</b>	<b>9,034.09</b>

\* Limits from Axis Bank against sale invoice financing. The same got secured after the implementation of Resolution Plan on 21.06.2021.

## Notes to the Consolidated Financial Statement

(₹ in Million)

## NOTE - 2.16 "Other Financial Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Other Capital Advances	8.30	18.95
	<b>8.30</b>	<b>18.95</b>
<b>Current</b>		
Interest Accrued and due on Borrowings	-	14.68
Interest Accrued but not due on Borrowings	9.41	12.44
Unpaid Dividends (Refer Note 2.30)	0.32	0.38
Accrued Compensation to Employees	48.01	53.92
Statutory dues payable	16.77	15.11
Accrued Expenses	29.13	31.88
	<b>103.65</b>	<b>128.41</b>
<b>Total Other Financial Liabilities</b>	<b>103.65</b>	<b>128.41</b>

## NOTE - 2.17 "Provisions"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Provision for Employees Retirement Benefits (Refer Note 2.32)	63.93	77.38
	<b>63.93</b>	<b>77.38</b>
<b>Current</b>		
Provision for Employee Retirement Benefits (Refer Note 2.32)	16.99	16.10
	<b>16.99</b>	<b>16.10</b>
<b>Total Provisions</b>	<b>80.92</b>	<b>93.48</b>

## NOTE - 2.18 "Other Non Current Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non Current</b>		
Deferred Income	7.96	8.21
	<b>7.96</b>	<b>8.21</b>

## NOTE - 2.19 "Trade Payables"

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	23.88	7.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,742.64	3,413.63
	<b>3,766.52</b>	<b>3,421.53</b>

(Also refer Note - 2.30 &amp; 2.31)

## Notes to the Consolidated Financial Statement

(₹ in Million)

### NOTE - 2.20 "Other Current Liabilities"

Particulars	As at March 31, 2022	As at March 31, 2021
Advances From Customers	72.53	67.12
Creditors against expenses and capital goods	390.14	489.05
	<b>462.67</b>	<b>556.17</b>

### NOTE - 2.21 "Revenue from Operations"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Sale of Manufactured Products</b>		
Export	7,436.32	7,956.50
Domestic	11,810.15	9,426.03
<b>Trading Sale</b>		
Export	8.76	21.94
Domestic	-	232.95
	<b>19,255.23</b>	<b>17,637.42</b>

### NOTE - 2.22 "Other Income"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Operating Income</b>		
Other Operating Income	-	10.47
Deferred Income - Govt. Grants	0.25	0.25
<b>Other Income</b>		
Interest Income	18.83	26.82
Dividend From Investments	0.01	0.00
[Absolute amount ₹ 5039 (Previous year ₹ 40)]		
Gain/ (Loss) on Restatement of Investment	0.03	0.40
Profit on sale of fixed asset	94.07	-
	<b>113.18</b>	<b>37.94</b>

### NOTE - 2.23 "Raw Material Consumed"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Opening Stock	1,309.05	1,635.82
Add:- Purchase of Raw Material	12,510.53	10,346.31
	13,819.58	11,982.13
Less :- Closing Stock	1,750.75	1,309.05
Less :- Extraordinary Item- Reprocessing Cost	-	389.12
	<b>12,068.83</b>	<b>10,283.96</b>

## Notes to the Consolidated Financial Statement

(₹ in Million)

## NOTE - 2.24 "(Increase)/ Decrease in Inventories of Finished Goods, Stocks in Process &amp; Stock in Trade"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Inventory (At Close)</b>		
Finished Goods	1,422.97	2,084.77
Stock in Process	5,354.41	4,852.68
Stock in Trade	15.43	13.44
	<b>6,792.81</b>	<b>6,950.89</b>
<b>Inventory (At Commencement)</b>		
Finished Goods	2,084.77	2,393.30
Stock in Process	4,852.68	5,568.85
Stock in Trade	13.44	31.69
	<b>6,950.89</b>	<b>7,993.83</b>
	<b>158.08</b>	<b>1,042.94</b>

## NOTE - 2.25 "Employee Benefit Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries & Wages	590.38	598.79
Remuneration To Directors	26.41	27.84
Contribution to Provident and Other Funds	36.27	30.91
Staff Welfare	92.40	76.18
	<b>745.47</b>	<b>733.72</b>

## NOTE - 2.26 "Financial Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest Expenses	699.44	857.65
Other Borrowing Costs & Foreign Exchange Fluctuation (Net)	88.66	262.70
	<b>788.10</b>	<b>1,120.35</b>

## NOTE - 2.27 "Other Expenses"

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Manufacturing Expenses</b>		
Consumable Stores, Spares & Packing Expenses	301.14	318.78
Power, Fuel & Steam Expenses	1,012.87	844.59
Chemical Testing Expenses	30.70	24.35
Repairs & Maintenance		
Electricals	16.72	9.88
Machinery	94.23	82.37
Building	8.08	6.20
<b>Total - "A"</b>	<b>1,463.74</b>	<b>1,286.19</b>

Contd.



## Notes to the Consolidated Financial Statement

(₹ in Million)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Administrative Expenses</b>		
Travelling & Conveyance	9.98	7.52
Advertisement & Subscription	1.10	0.49
Books & Periodicals	0.23	0.19
Business Promotion	1.85	1.15
Insurance	52.20	69.09
Electricity Expenses (Office)	1.25	1.70
Postage, Telephone, Telegram	6.02	8.58
Printing & Stationery	5.13	4.42
Professional Fees	36.12	35.95
Rate, Fees & Taxes	12.21	21.53
Vehicle Running & Maintenance	4.70	4.83
Rent	17.60	17.77
Audit Fees	2.50	2.50
Office Expenses	11.34	8.45
Diwali & Pooja Expenses	3.88	3.59
Donation (Refer Note 2.48)	8.30	11.63
Contribution to Political Party (Refer Note 2.48)	1.00	-
Loss on Sale of Fixed Assets	-	1.31
<b>Total - "B"</b>	<b>175.42</b>	<b>200.71</b>
<b>Selling &amp; Distribution Expenses</b>		
Discount & Samples	37.56	25.32
Freight & Cartage Outward	306.44	405.07
Sales Commission	133.32	76.15
Bad debts written off	-	120.21
Provision for Doubtful Debts/ Insurance claim	9.65	(75.89)
<b>Total - "C"</b>	<b>486.97</b>	<b>550.85</b>
<b>Grand Total ("A" + "B" + "C")</b>	<b>2,126.14</b>	<b>2,037.74</b>

### NOTE 2.28 DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Mr. Sanjiv Goyal	55,845,600	24.90%	55,845,600	24.90%
Depository of GDRs	46,000,000	20.51%	46,000,000	20.51%
Sanjiv (HUF)	43,622,400	19.45%	43,622,400	19.45%
NSR Direct PE Mauritius, LLC (Name changed to Isengard Direct PE LLC)	26,000,000	11.59%	26,000,000	11.59%

**Note:**

Since, the equity shares underlying GDRs are held by Deutsche Bank Trust Company Americas being depository of GDRs, hence disclosed per se. All the equity shares held by the promoter group i.e., Mr. Sanjiv Goyal and Sanjiv (HUF) are pledged with bankers of the company w.e.f. 31<sup>st</sup> May 2021.

**Reconciliation of the number of shares outstanding:**

## Notes to the Consolidated Financial Statement

(₹ in Million)

Particulars	As at March 31, 2022	As at 31 <sup>st</sup> March, 2021
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

## NOTE 2.29. SECURED LOANS

- I. Long Term Loans from various banks are secured by way of First Pari Passu Charge on all the fixed assets of the Company (both present & future) and further secured by way of Second Pari Passu Charge on all the current assets of the Company, personal guarantee of Sh. Sanjiv Goyal, Chairman & Managing Director & Sanjeev and Sons HUF (HUF of Sh. Sanjiv Goyal) and pledging of their 100% shares (w.e.f. 31<sup>st</sup> May 2021).

**Repayment Schedule of Term Loans: \***

Year of Repayment	Amount
1-2	683.00
2-5	2,124.98
>5	-

Other Loans comprise of Vehicle Loans which are secured against hypothecation of respective vehicles.

**Repayment Schedule of Vehicle Loans:**

Year of Repayment	Amount
1-2	1.09
2-5	1.68
>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, personal guarantee of Sh. Sanjiv Goyal, Chairman & Managing Director & Sanjeev and Sons HUF (HUF of Sh. Sanjiv Goyal) and pledging of their 100% shares (w.e.f. 31<sup>st</sup> May 2021).
- III. Pursuant to guidelines in Reserve Bank of India's circular RBI/2020-21/16 DOR.No. BPBC/3/21.04.048/2020-21 dated August 06, 2020, 'Resolution Framework for COVID-19 related Stress', the Resolution Plan was approved and implemented by the lenders on June 21, 2021.

## NOTE NO 2.30 CURRENT LIABILITIES

- I. The principal amount remaining unpaid as at 31<sup>st</sup> March 2022 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" are ₹23.88 million (Previous year ₹7.90 million). The interest amount computed based on the provisions under Section 16 of the MSMED Act of ₹0.56 million (Previous year ₹0.48 million) remains unpaid as at 31<sup>st</sup> March 2022. The principal amount that remained unpaid as at 31<sup>st</sup> March 2021 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 financial liabilities include ₹0.32 million (Previous year ₹0.38 million) which relates to unpaid/ unclaimed dividend. During the year ₹0.05 million (Previous year ₹0.04 million) was deposited relating to unclaimed dividend with the Investor Education and Protection Fund.

## NOTE NO 2.31 TRADE PAYABLES

**Ageing schedule for the year ended March 31, 2022**

Particulars	Outstanding for following periods from due date of payment				Total
	< 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
MSME	23.88	-	-	-	23.88
Others	3,736.10	4.56	1.98	-	3,742.64

## NOTE NO 2.32 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

## Notes to the Consolidated Financial Statement

(₹ in Million)

### Changes in Present Value of Defined Benefit Obligations (DBO)

Particulars	Gratuity	Earned leave
Present Value of DBO as at 1 <sup>st</sup> April 2021	66.18	27.30
Acquisition adjustment	-	-
Interest on DBO	4.19	2.20
Past Service Cost	-	-
Current Service Cost	7.50	6.56
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits paid	(12.68)	(7.85)
Remeasurement of DBO	(7.43)	(5.06)
Present Value of DBO as at 31 <sup>st</sup> March 2022	57.76	23.15

### Changes in the Fair Value of Plan Assets

Particulars	Gratuity	Earned leave
Fair Value of Plan Assets as at 1 <sup>st</sup> April 2021	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2022	-	-

### Remeasurement of DBO

Particulars	Gratuity	Earned leave
Actuarial gain/(loss) for the year – Obligation	7.43	5.06
Actuarial gain/(loss) for the year – Plan Assets	-	-
Total gain/(loss) for the year	7.43	5.06
Actuarial (gain)/ loss recognized in the year	(7.43)	(5.06)
Unrecognized actuarial (gains)/losses at the end of year	-	-

### Fair Value of Plan Assets

Particulars	Gratuity	Earned leave
Fair Value of Plan Assets as at 1 <sup>st</sup> April 2021	-	-
Acquisition Adjustments	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	-	-
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2022	-	-
Funded Status	-	-

### Amount recognized in the Balance Sheet

Particulars	Gratuity	Earned leave
Present value of DBO as at 31 <sup>st</sup> March 2022	57.76	23.15
Fair value of plan assets as at 31 <sup>st</sup> March 2022	-	-
Funded Status	57.76	23.15
Unrecognized actuarial (gains)/losses	-	-
Net asset/(liability) recognized in the balance sheet	(57.76)	(23.15)

### Expenses recognized in the Statement of Profit & Loss

Particulars	Gratuity	Earned leave
Current service cost	7.50	6.56
Past service cost	-	-
Interest cost	4.19	2.20
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	11.69	8.76

### Amount recognized as other comprehensive income

Particulars	Gratuity	Earned leave
Actuarial loss on DBO	(7.43)	(5.06)
Excess of interest on plan assets over actual return	-	-
Change in the effect of asset ceiling	-	-
Expense recognized as other comprehensive income	(7.43)	(5.06)

### Valuation Assumptions

Discount Rate	7.20%
Estimated rate of increase in compensation levels	5.00%
Attrition Rate	5.00%
Mortality Rates	Table A

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	Mortality Rates	Age	Mortality Rates
20	0.000924	70	0.024058
30	0.000977	80	0.061985
40	0.001680	90	0.163507
50	0.004436	100	0.039773
60	0.011162	110	0.784383

## Notes to the Consolidated Financial Statement

(₹ in Million)

### 2.33 CONTINGENT LIABILITIES AND COMMITMENTS

S. No.	Particulars	31.03.2022	31.03.2021
a)	Contingent Liabilities		
i)	Claims not acknowledged as debts: - *	122.50	199.46
	-Income Tax matters**	541.29	541.29
	-Excise matters @	7.22	7.22
	-Service Tax matters #	32.98	13.76
	-VAT & CST matters \$		
ii)	Bank Guarantees	12.91	16.34
iii)	Bills Discounted	-	-
iv)	Letter of Credit (Foreign / Inland)	39.60	116.80
b)	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	11.20	37.63

\* 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 ₹ 3.01 million and MAT credit entitlement would be reduced by ₹ 113.72 million, in case of adverse judgment.

@Amount deposited under protest ₹5.93 million. In case of adverse judgement, Balances with Revenue authorities would be reduced by ₹520.72 million.

# Amount deposited under protest ₹0.52 million.

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

\$ Amount deposited under protest ₹3.54 million.

### 2.34 CAPITAL WORK IN PROGRESS

#### Ageing schedule for the year ended March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
Projects in Process	5.10	-	-	-	5.10
Projects temporarily suspended*	-	-	-	845.88	845.88

\* Completion time of projects is not ascertainable because the projects have been temporarily suspended.

### 2.35 INTANGIBLE ASSETS

During the year, the Company incurred an amount of ₹125.51 million (Previous Year ₹111.15 million) on product development, product approval, 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.

### 2.36 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.

### 2.37 TRADE RECEIVABLES

Ageing schedule of Non-Current Trade Receivables for the year ended March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	< 6 Months	6 Months to 1 Year	1 to 2 Years	2 to 3 Years	> 3 Years	
Undisputed Trade Receivables - considered good	-	-	14.49	32.75	102.07	149.31
Undisputed Trade Receivables - considered good	4,319.17	150.61	-	-	-	4,469.78

2.38 FDRs with Banks reflects amount on account of FDRs held as Margin Money.

### 2.39 PAYMENT TO AUDITORS

Particulars	2021-22	2020-21
Statutory Audit and Limited Review Fees	2.10	2.10
Tax Audit Fee	0.40	0.40
GST	0.45	0.45

### 2.40 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 Asset accruing during the year aggregating to ₹90.34 million (Previous Year ₹200.90 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.

## Notes to the Consolidated Financial Statement

(₹ in Million)

### 2.41 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 ₹17.60 million (Previous Year ₹17.77 million).

### 2.42 TAX EXPENSE COMPRISES OF:

Particulars	FY 2021-22	FY 2020-21
Current Tax	-	-
Deferred Tax Liability/ (Asset)	90.34	(200.90)
Mat Credit of earlier years lapsed	-	85.86
<b>Total</b>	<b>90.34</b>	<b>(115.04)</b>

### 2.43 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)

S. No.	Particulars	31.03.2022	31.03.2021
(a)	India	11,810.15	9,658.98
(b)	Outside India	7,445.08	7,978.44
	<b>Total Sales (inclusive of GST)</b>	<b>19,255.23</b>	<b>17,637.42</b>

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

### 2.44 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 as follow: -

#### a) Relationship

##### i) Joint Ventures and Associates

None

##### ii. Key Management Personnel (Managing Director/ Whole-time directors/ CEO/ CFO/ Company Secretary)

Mr. Sanjiv Goyal, Chairman & Managing Director

Dr. Dinesh Dua, Executive Director

Mr. Amit Chadah, Chief Executive Officer

Mr. Sandeep Goel, Chief Financial Officer

Ms. Sukriti Saini, Company Secretary (upto 15.06.2021)

Ms. Anubha, Company Secretary (w.e.f. 01.08.2021)

#### iii. Relatives of the Key Management Personnel\*

Mrs. Raman Goyal

Sanjeev and Sons HUF

#### 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

Nureca 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

S. No.	Particulars	31.03.2022	31.03.2021
i	Director Remuneration & Perquisites*	26.48	27.88
ii	Salary & Perquisites*	9.98	6.09
iii	Rent (Excluding GST)	8.40	8.40
iv	Unsecured Loan (Interest free) received as per 'Resolution Framework for COVID-19 related Stress'	100.00	-

\*Includes Taxable value of Perquisites as per Income Tax Act 1961 and including sitting fees paid to non-executive directors.

##### ii. Entities over which key management personnel/their relatives are able to exercise significant influence

S. No.	PARTICULARS	31.03.2022	31.03.2021
i	CSR expenditure through CSR vehicle	1.26	1.05
ii	Net Sales (inclusive of applicable indirect taxes)	-	244.13
iii	Net Purchases/ (Returns) (inclusive of applicable indirect taxes)	-	(6.31)
iv	Reimbursement of Expenses incurred on their behalf	-	46.81
v	Sale of vehicles (inclusive of applicable indirect taxes)	11.79	-

## Notes to the Consolidated Financial Statement

(₹ in Million)

### c. Balances at the year end

#### i. Key Management Personnel and their relatives

S. No.	PARTICULARS	31.03.2022	31.03.2021
i.	Director Remuneration & Perquisites	1.89	7.88
ii.	Salary & Perquisites	0.48	0.42
iii.	Rent (Excluding GST)	-	-
iv.	Loan & advance to KMP	3.06	3.06
v.	Unsecured Loan (Interest free) received as per 'Resolution Framework for COVID-19 related Stress'	100.00	-

#### ii. Entities over which key management personnel/their relatives are able to exercise significant influence

S. No.	PARTICULARS	31.03.2022	31.03.2021
i.	Balance at year end	-	-

### 2.45. 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.

### 2.46 EARNINGS PER SHARE (EPS)

PARTICULARS	UNIT	YEAR ENDED 31.03.2022	YEAR ENDED 31.03.2021
Profit After Tax, before other comprehensive income	₹ in million	250.47	732.64
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	₹	1.00	1.00
Earnings per Share			
-Basic	₹	1.12	(3.27)
-Diluted	₹	1.12	(3.27)

2.47 Other Borrowing Costs include gain on account of foreign exchange fluctuation (net) amounting to ₹4.68 million (Previous

Year loss on account of foreign exchange fluctuation (net) amounting to ₹84.92 million).

2.48 Contribution to political party pertains to amount paid to "Bhartiya Janta Party" (Previous year Nil).

### 2.49 DETAIL OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES CONSUMED

#### a. Raw Material Consumed

S. No.	Particulars	2021-2022		2020-2021	
		Amount	(%age)	Amount	(%age)
1.	Imported	7,113.68	58.94	6,847.46	66.58
2.	Indigenous	4,955.15	41.06	3,436.50	33.42

#### b. Stores, Spares And Packing Material Consumed

S. No.	Particulars	2021-2022		2020-2021	
		Amount	(%age)	Amount	(%age)
1.	Imported	106.29	35.30	75.09	23.56
2.	Indigenous	194.85	64.70	243.69	76.44

### 2.50. OTHER INFORMATION

Particulars	2021-2022	2020-2021
<b>(a) CIF Value of Imports</b>		
1. Raw Material	7,147.41	6,297.07
2. Traded Goods	-	230.31
3. Capital Goods, Store & Spares and Packing Material etc.	100.78	73.66
<b>(b) Expenditure in Foreign Currency</b>		
1. Travelling Expenses	Nil	Nil
2. Export Commission	113.64	57.33
3. Other Expenses	16.99	11.32
<b>(c) Remittances in Foreign Currency</b>		
1. Raw Material	6,838.15	7,259.38
2. Traded Goods	-	215.68
3. Capital Goods, Stores & Spares and Packing Material etc.	91.68	70.72
<b>(d) Expenditure in Foreign Currency on account of dividend</b>		
Particulars	2021-2022	2020-2021
1. Number of Non-Resident Shareholders	2	2
2. Number of Equity Shares held by them	72,000,000	72,000,000
3. (i) Amount of Dividend Paid	Nil	3.60
(ii) Year to which dividend relates	-	2019-20
<b>(e) Earning in Foreign Currency</b>		
Particulars	2021-2022	2020-2021
FOB Value of Exports	6,669.11	7,187.72

## Notes to the Consolidated Financial Statement

(₹ in Million)

### 2.51 Corporate Social Responsibility Expenses

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹2.33 million (Previous Year ₹10.43 million).

Expenditure incurred during the year related to Corporate Social Responsibility is ₹3.25 million (Previous Year ₹11.76 million).

Particulars	2021-22	2020-21
Health (Including Covid – 19)	1.75	4.28
Education	1.50	3.15
Renewable Energy	-	3.33
Others (Including Sports, animal welfare & Rural transformation)	-	1.00
<b>Total</b>	<b>3.25</b>	<b>11.76</b>

**2.52** COVID-19 pandemic has significant impact on business operations and financial results of the Company. The company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external factors up to the date of approval of these financial results, in determination of the recoverability and carrying value of financial assets and non-financial assets.

The company approached the lenders for Resolution Plan as per guidelines issued by Reserve Bank of India's vide its circular RBI/2020-21/16 DOR.No. BP/BC/3/21.04.048/2020-21 dated 6<sup>th</sup> August 2020, 'Resolution Framework for COVID-19 related Stress'. The Resolution Plan was duly invoked on 24<sup>th</sup> Dec 2020 and "Inter Creditor Agreement (ICA)" was duly signed by all the lenders on 14<sup>th</sup> Jan 2021. Subsequently, the Resolution Plan was approved and implemented by the majority of the lenders on 21<sup>st</sup> June 2021.

#### For Nectar Lifesciences Limited

**Sanjiv Goyal**

Chairman & Managing Director  
DIN: 00002841  
Place: Dubai, UAE

**Dinesh Dua**

Executive Director  
DIN: 02436706  
Place: Delhi

**Amit Chadah**

Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022

**Sandeep Goel**

Chief Financial Officer  
Place: Chandigarh

**R.K. Aggarwal**

Vice President Accounts  
Place: Chandigarh

**Anubha**

Company Secretary  
Place: Chandigarh

For **Ashwani K. Gupta & Associates**  
**Chartered Accountants**

Firm Regn. No. 003803N

**Paras Gupta**

Partner

M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022

### 2.53 DISCLOSURE OF TRANSACTIONS WITH STRUCK OFF COMPANIES

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

### 2.54 ADDITIONAL REGULATORY DISCLOSURE REQUIREMENTS

No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- a. Crypto Currency or Virtual Currency
- b. Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- c. Registration of charges or satisfaction with Registrar of Companies
- d. Relating to borrowed funds:
  - i. Willful defaulter
  - ii. Utilization of borrowed funds & share premium
  - iii. Borrowings obtained on the basis of security of current assets
  - vi. Discrepancy in utilization of borrowings
  - v. Current maturity of long-term borrowings
- e. Title deeds of immoveable properties

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

**Nectar Lifesciences Limited**

(CIN: L24232PB1995PLC016664)

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

Email: cs@neclife.com, Website: www.neclife.com

Phone: +91-01762-532001 Fax: +91-01762- 531833

**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 ₹)**

S. No.	Particulars	Nectar Lifesciences UK Limited	Nectar Lifesciences USA, LLC	Neclife PT, Unipessoal LDA Portugal
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 <sup>st</sup> March 2011	29 <sup>th</sup> Oct 2014	11 <sup>th</sup> 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 99.5524 for 1 GBP	US\$ and Exchange rate is INR 75.8071 for 1 US\$	Euro and Exchange rate is INR 84.6599 for 1 Euro
5.	Share capital	75	3,301,942	80,280
6.	Reserves & surplus	-	6,742,301	-
<b>7.</b>	<b>Total assets</b>	<b>75</b>	<b>10,044,243</b>	<b>80,280</b>
8.	Total Liabilities	-	842,217	-
9.	Investments	-	-	-
10.	Turnover	-	6,004,570	-
11.	Profit/ (Loss) before taxation	-	(2,729,080)	-
12.	Provision for taxation	-	-	-
13.	Profit after taxation	-	(2,729,080)	-
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.

**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures****Not Applicable**

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  
Place: Dubai, UAE**Dinesh Dua**Executive Director  
DIN: 02436706  
Place: Delhi**Amit Chadah**Chief Executive Officer  
Place: Chandigarh  
Date: 30.05.2022**Sandeep Goel**Chief Financial Officer  
Place: Chandigarh**R.K. Aggarwal**Vice President Accounts  
Place: Chandigarh**Anubha**Company Secretary  
Place: Chandigarh**For Ashwani K. Gupta & Associates****Chartered Accountants**  
Firm Regn. No. 003803N**Paras Gupta**Partner  
M. No. 546125  
Place: Chandigarh  
Date: 30.05.2022



## NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system)

### Nectar Lifesciences Limited

(Corporate Identification Number: L24232PB1995PLC016664)

Registered Office: Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab - 140507

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**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting ("AGM") of Nectar Lifesciences Limited ("Company") will be held at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab - 140507 on Wednesday, September 21, 2022 at 11.00 A.M. 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, 2022 and the Reports of the Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company for the year ended March 31, 2022 and the Report of Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary** Resolution:

**"RESOLVED THAT** Standalone Financial Statements of the Company for the year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company for the year ended March 31, 2022 and the Report of Auditors thereon, circulated to members be and are hereby received, considered and adopted."

2. To appoint a director in place of Mr. Sanjiv Goyal (DIN – 00002841), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary** Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Mr. Sanjiv Goyal (DIN – 00002841) who retires from the board at the ensuing Annual General Meeting in accordance with the provisions of the Articles of Association, and being eligible offers himself for being re-appointed, be and is hereby re-appointed as a director of the company whose period in office will be liable to end by rotation."

3. To appoint M/s Deepak Jindal & Co, Chartered Accountants as Statutory Auditors from the conclusion of this AGM until the conclusion of 32<sup>nd</sup> AGM and to fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary** Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof for the time being in force), and on recommendations of the Audit Committee and Board of Directors, M/s Deepak Jindal & Co, Chartered Accountants (Firm Registration No.023023N), who have confirmed their eligibility for appointment as Statutory Auditors in terms of Section 141 of the Act and Rules, be and are hereby appointed as Statutory Auditors of the Company, and to hold office for a period of five years from the conclusion of the ensuing 27<sup>th</sup> Annual General Meeting ("AGM") till the conclusion of the 32<sup>nd</sup> AGM of the Company, at such remuneration and out of pocket expenses, as may be decided by the board of directors of the company.

**FURTHER RESOLVED THAT** the board of directors of the company be and is hereby authorized to decide and/or alter the terms and conditions of the appointment including the remuneration for subsequent financial years as it may deem fit and/or to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### SPECIAL BUSINESS:

4. To ratify the remuneration of Cost Auditors under section 148 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass 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 ("Act") 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, 2023, amounting to INR 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 approve the Contribution/ Donation to Bonafide Charitable Funds and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary** Resolution:

**“RESOLVED THAT** pursuant to Section 181 of the Companies Act, 2013 and the rules made there-under (“Act”) (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company be and is hereby authorized to subscribe or contribute or donate or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, sports, exhibition, national, public or any other institutions, objects or purposes or other funds not directly relating to the business of the Company or the welfare of its employees, from time to time in any financial year to the extent of Rupees One Crore only, notwithstanding that such contributions of the Company, in any financial year, may exceed 5% of the average net profits of the Company for the three immediately preceding financial years.”

**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.”

6. To approve the Special Incentive/ Bonus to Chairman & Managing Director and in this regard, to consider and if thought fit, to pass the following resolution as a **Special** Resolution:

**“RESOLVED THAT** in continuation of resolution passed by the Board of Directors in their meetings held on October 30, 2020 and/or July 23, 2021 and pursuant to the authority granted by the members in their Extraordinary General Meeting held on February 01, 2021 (“EGM 2021”) and/or in their Annual General Meeting held on September 21, 2021 (“AGM 2021”) and pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013, the rules made there-under (“Act”) and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the provisions of Memorandum and Articles of Association and Nomination, Remuneration and Evaluation Policy of the Company and recommendation of Board of Directors, the consent of the Members be and is hereby accorded for payment of Special Incentive/ Bonus of INR 16,50,000/- (Rupees Sixteen Lacs and Fifty Thousand only) to Mr. Sanjiv Goyal, Chairman & Managing Director (“CMD”) of the Company, an amount equivalent to his one month’s salary of March 2022.

**FURTHER RESOLVED THAT** other terms of his remuneration will remain the same as set out in resolution passed by the members in their EGM 2021 and/or in their AGM 2021.

**FURTHER RESOLVED THAT** in the event of no profits or the profits of the Company are inadequate, in any financial year, the Company may pay aforesaid remuneration to him exceeding the limits specified in the Schedule V of the Act, in compliance of Schedule V of the Act including any statutory modifications or re-enactment thereof.”

7. To approve the appointment of Dr. Indu Pal Kaur as an Independent Director of the Company to hold office for a first term of five years and shall not be liable to retire by rotation and in this regard, to consider and if thought fit, to pass 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 and pursuant to the provisions of Memorandum and Articles of Association and Nomination, Remuneration and Evaluation Policy of the Company, Dr. Indu Pal Kaur having Director Identification Number (DIN) 09686862, who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161(1) of the Act and the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and who has submitted a consent to act as a director and declaration that she meets the criteria for independence as provided in Section 149(6) 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 appointed as an Independent Director of the Company to hold office for a first term of five years from August 02, 2022, and she 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: 22-08-2022  
Place: Chandigarh

(Anubha)  
**Company Secretary**

**IMPORTANT NOTES:**

- 1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

- 2.** The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), which sets out details relating to Special Business at the AGM, is annexed hereto. Disclosures under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and under Secretarial Standard -2 issued by Institute of Company Secretaries of India ("ICSI") are also contained in Explanatory Statement pursuant to Section 102 of the Act. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- 3.** The register of members and the share transfer books of the company will remain closed from September 15, 2022 to September 21, 2022 (both days inclusive) in accordance with the provisions of the Act and the LODR Regulations, for the purpose of AGM.
- 4.** Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail 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.:
  - a.** For shares held in electronic form: to their Depository Participants (DPs)
  - b.** For shares held in physical form: to the Company/ Registrar and Share Transfer Agent ("RTA") of the Company KFin Technologies Limited ("KFIN") in prescribed Form ISR-1 and other forms pursuant to SEBI Circular dated November 3, 2021 which are available on the RTA website: [https://ris.kfintech.com/clientservices/isc/default.aspx#isc\\_download\\_hrd](https://ris.kfintech.com/clientservices/isc/default.aspx#isc_download_hrd) or the Company website: <https://www.necellife.com/investor-relations>.

[necellife.com/investor-relations](https://www.necellife.com/investor-relations). The Company has sent letters through speed post for furnishing the required details. Members may also refer to RTA's website or the Company's website for more information.

- 5.** Members who are holding shares in physical form are hereby informed that SEBI has amended regulation 40 of LODR Regulations vide Notification dated June 8, 2018 and January 24, 2022 and in terms of said notifications, the requests for effecting transfer and/or transmission and/or transposition of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
- 6.** Members may please note that SEBI vide its Circular dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the RTA's and Company's websites. It may be noted that any service request can be processed only after the folio is KYC Compliant.
- 7.** Electronic copy of the Annual Report for 2021-22 is being sent to all the members whose email IDs are registered with the Company/DPs for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for 2021-22 are being sent in the permitted mode.
- 8.** Members may also note that the Notice of the 27<sup>th</sup> AGM and the Annual Report for 2021-22 will also be available on the Company's website [www.necellife.com](http://www.necellife.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
- 9.** Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the AGM. Corporate members intending to send their authorised representatives to attend and vote at the AGM pursuant to Section 113 of the Act are requested to send, a certified true copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.
- 10.** Members desirous of having any information as regards accounts are requested to write to the company at least Seven days in advance so as to enable the Management to keep the information ready.
- 11.** All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office and Corporate Office of the Company during

normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays and Sundays, up to and including the date of the AGM of the Company. The details of above offices are given in this Annual Report.

12. Pursuant to the provisions of Section 124 and 125 of the Act, 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.
13. Members are informed that the dividend amount for the year ended 2014-15 remaining unclaimed shall become due for transfer on October 31, 2022 to the Investor Education and Protection Fund ("IEPF") established by the Central Government in terms of the Act. Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend 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 designated Beneficiary ("Demat") Account of the IEPF maintained with National Securities Depository Limited ("NSDL"). Details of such shareholders are also uploaded as per the requirements, on the Company's website [www.neclife.com](http://www.neclife.com).

Members, who have not encashed their dividend, are advised to write to the Company or KFIN immediately claiming dividends declared by the Company. Any member, who has not claimed dividend in respect of the financial year ended 2014-15 onwards, is requested to approach the Company/ KFIN 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 in respect Dividend upto 2013-14) 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 IEPF Authority, by submitting an application in the prescribed form.

14. Pursuant to Section 108 of Act read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at the 27<sup>th</sup> AGM by electronic means (remote e-voting) and the business may be transacted through remote e-voting services provided by KFIN. The Members, whose names appear in the Register of Members / list of Beneficial Owners on the close of the day on Wednesday, September 14, 2022 (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 AGM 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.

The remote e-voting facility will be available at the link <https://evoting.kfintech.com/> during the following voting period:

Commencement of remote e-voting: FROM 9.00 a.m. on Sunday, September 18, 2022

End of remote e-voting: TO 5.00 p.m. on Tuesday, September 20, 2022.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFIN upon expiry of aforesaid period.

In terms of provisions of Section 107 of the Act, 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. The facility for ballot / polling paper shall be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be able to vote at the AGM through ballot / polling paper. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the AGM.

The login ID and password for e-voting along with process and manner for generating or receiving the password and for casting of vote in a secure manner (remote e-voting instructions), is being sent along with this notice through permitted mode. Any person, who becomes member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date, may obtain the User Id and password in the manner as mentioned 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. The remote e-voting instructions are also available on the website of the company at [www.neclife.com](http://www.neclife.com).

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in dematerialised mode are allowed to vote through their Demat account maintained with Depositories and DPs. Shareholders are advised to update their mobile number and email Id in their Demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting for Individual shareholders holding securities in dematerialised mode Central Depository Services (India) Limited ("CDSL")/ NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Dematerialised mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi /Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/KFIN/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing Beneficiary (Demat) Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Beneficiary (Demat) Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

Individual Shareholders holding securities in Dematerialised mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Beneficiary (Demat) account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
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Individual Shareholders (holding securities in Dematerialised mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your Beneficiary (Demat) account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in dematerialised mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Helpdesk details
Individual Shareholders holding securities in Dematerialised mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Dematerialised mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

The Company has appointed Mr. Prince Chadha, Practising Company Secretary (C.P. No. 12409), as Scrutinizer to scrutinize the physical voting and 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 Advocate Vikas Garg, who shall act as Scrutinizer for e-voting and polling on resolutions to be passed at the forthcoming AGM of the Company.

After the conclusion of voting at the AGM, the scrutiniser shall, immediately first count the votes cast at the AGM, 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 AGM, to the Chairperson or a person authorised by him in writing who shall countersign the same. The

Chairperson 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](http://www.neclife.com)) and on the website of the KFIN (<https://evoting.kfintech.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.

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

**Item No. 2 and Item No. 6**

The Statement for Item No. 2 is provided, though strictly not required, as per Section 102 of the Act.

Mr. Sanjiv Goyal (DIN – 00002841), Director will retire by rotation in the forthcoming AGM and being eligible, offer himself for reappointment. The Board recommends his reappointment as proposed in Item No. 2. His term of office shall be liable to retire by rotation. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Additionally, members may please note that Company has recently completed 25 successful years in business. On this occasion, the company has decided and recommended to pay a Special Incentive/ Bonus to all its confirmed employees as appreciations of their services and association with the company, which would be equivalent to the one month’s salary of the respective employees.

The Board of Directors of the Company on recommendation of Nomination & Remuneration Committee (“NRC”) in their meetings held on May 30, 2022, have approved to to pay Special Incentive/ Bonus to the Chairman & Managing Director (“CMD”) an amount equivalent to his one month’s salary of March 2022.

The criteria laid out for payment of Special Incentive/ Bonus is same for all the employees, this payment (transaction) to CMD is justified.

Other terms of CMD’s remuneration will remain the same as approved in resolution passed by the members in their EGM 2021 and/or AGM 2021 (available on the website of the company at [www.neclife.com](http://www.neclife.com) or can be inspected in the manner as provided in Notes of AGM) and the relevant extracts of resolution passed in EGM 2021 are reproduced hereunder for the ready reference of the members:

- Salary:** INR 1600,000/- (Rupees Sixteen Lacs only) per month plus an annual increment of INR 50,000/- w.e.f. April 1 of every year or such other increment as may be decided by the Board of Directors from time to time.

- b) **Perquisites:** He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to INR 10.00 Lacs per annum.

Therefore, it is proposed to pay Special Incentive/ Bonus to CMD and seek the approval of members by way of special resolutions as required under Schedule V of the Act. In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Act, the Board recommends the Special Resolution of Item No. 6 of the accompanying Notice for the approval of the Members.

Statements of Particulars pursuant to Schedule-V of the Act, LODR Regulations and SS-2 are given as annexure 'A' to this explanatory statement and shall be deemed to be part of this explanatory statement.

Except Mr. Sanjiv Goyal, none of the Directors and/or Key Managerial Personnel (KMPs) of the Company and/or their relatives is concerned or interested, financial or otherwise, in the Item No. 2 and Item No. 6. He does not have any relation with any other directors or KMPs.

#### **Item No. 3**

The Statement for this item is provided, though strictly not required, as per Section 102 of the Act.

The term of M/s Ashwani K. Gupta & Associates, Chartered Accountants, Statutory Auditors of the Company, will end at the conclusion of the 27<sup>th</sup> AGM of the Company. In terms of Section 139 of the Act, the Board of Directors on recommendations of Audit Committee proposed the appointment of M/s Deepak Jindal & Co, Chartered Accountants (Firm Registration No. 023023N) as the Statutory Auditors of the Company, for a period of five years commencing from the conclusion of the 27<sup>th</sup> AGM till the conclusion of the 32<sup>nd</sup> AGM to be held in the year 2027.

M/s. Deepak Jindal & Co. has been in existence for the last 26 years and has adequate Professional Competence and infrastructure. They have 4 qualified and experienced Chartered Accountants as partners, 30 Semi Qualified staff and 5 audit and other support staff. The partners of the firm have vast experience in Statutory Audit of various Public Limited Listed and Unlisted Companies, Private Limited Companies, Partnership Firms and Proprietorships. Some of the main activities of the firm are Statutory Audit and Tax Audit of Companies in different sectors including Pharmaceuticals, Statutory Audits of Scheduled Bank Branches, Internal Audit, Stock Audit of Borrower Companies on behalf of the Banks.

M/s Deepak Jindal & Co have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act. The Firm has obtained Peer Review Certificate from the Institute of Chartered Accountants of India. The Proposed fees payable to the statutory auditor(s) is INR 21 Lacs. There are not any material changes in the fee payable to auditor from that paid to previous auditors. The other terms of their appointment are as per SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019.

The auditors are independent of the management. Based on their profile, experience, independence, capabilities and being peer reviewed firm, the Board recommends the resolution set forth in Item No. 3 for the approval of the Members.

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

#### **Item No. 4**

The Board, on the recommendation of the Audit Committee, has approved the re-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, 2023 on the remuneration of INR 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, 2023. 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/or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the resolution.

#### **Item No. 5**

The members may please note that there was a drastic change in the laws governing CSR expenditures in recent past including that all trusts/ societies etc. which are incurring CSR expenditure have to register under sections 12A and 80G of Income Tax Act, 1961 and to obtain CSR registration from Ministry of Corporate Affairs. Some of the trusts/ societies, which are incurring CSR expenditure on behalf of the Company, were not able to get the requisite registrations.

However, the Company is proposing to donate some amounts to that trusts/ societies etc. so that they could continue their welfare activities without any interruption in the interest of the society.

Pursuant to Section 181 of the Act, prior permission of the shareholders is required in the event that the Company contribute/ donate to any bona fide charitable and other funds in case any such amount, the aggregate of which, in any financial year exceed five per cent of its average net profits for the three immediately preceding financial years.

Accordingly, it is proposed to obtain the members' approval to contribute/ donate to bona fide charitable and other funds not exceeding Rupees One Crore in any financial year notwithstanding such contribution, in any financial year, exceeds five per cent of the Company's average net profits for the three immediately preceding financial years.

The Board recommends the Ordinary Resolution set out at Item no. 5 of the Notice for the approval of the Members.

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

#### **Annexure 'A' as referred in Item Nos. 2 and 6**

The Members may please note the company is in recovery mode from the impact Covid-19 pandemic and may have inadequate profits during the financial year 2021-22 and onwards for payment of managerial remuneration. Therefore, it is proposed that in the event of no profit or the profits of the company are inadequate, during the currency of tenure of Chairman & Managing Director ("CMD"), the company may pay remuneration to him exceeding the limit under the Schedule V of the Act in compliance of Schedule V of the Act including any statutory modifications or re-enactment thereof. Therefore, it is proposed to pay Special Incentive/ Bonus to CMD as proposed in the Item No. 6 and seek the approval of members by way of special resolutions pursuant to the provisions of Sections 197, Schedule V as applicable and other applicable provisions, if any, of the Act.

#### **Statement of particulars pursuant to Schedule-V of the Act, LODR Regulations and SS-2**

The Particulars of the information, pursuant to the provisions of Schedule V, Part II, Section II, clause (A) of the Act, LODR Regulations and SS-2 are as under:

##### 1. **General information:**

- a) **Nature of Industry:** Drugs and Pharmaceuticals

- b) **Date or expected date of commencement of Commercial Production:** Not applicable as Company is an existing company and have facilities where commercial production is already started.
- c) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable and as provided in clause (b) above.
- d) **Financial performance based on given indicators:**

INR in Millions

Particulars	Year ended on 31-Mar-22	Year ended on 31-Mar-21	Year ended on 31-Mar-20
Gross Sales (Including GST)	19249.22	17622.69	26392.81
Other Income	113.18	37.94	43.62
Profit before Interest, Depreciation & Amortization and Tax	1701.31	1129.49	2223.32
Interest	788.10	1120.32	1258.23
Depreciation & Amortization	569.68	602.53	607.66
Profit (Loss) before exceptional items & tax	343.53	(593.36)	357.43
Exceptional Items (Net of Tax)	-	253.15	-
Profit before tax	343.53	(846.51)	357.43
Tax expenses	90.34	(115.04)	56.82
Profit after tax	253.20	(731.47)	300.61
Other Comprehensive income (Net of Taxes)	8.13	3.94	12.62
Profit after tax available for Appropriations	261.32	(727.53)	313.22

##### e) **Foreign investments or collaborations, if any:**

#### **Global Depository Receipts (GDRs)**

GDRs: The Company has issued and allotted 46,000,000 equity shares underlying 46,000,000 Global Depository Receipts (GDRs) aggregating to 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.

#### **Foreign Direct Investment**

The Company issued 26,000,000 equity shares aggregating to INR 910.00 million by way of Preferential Allotment to NSR Direct PE Mauritius LLC (name changed to Isengard Direct PE, LLC) (a non-promoter entity).



## 2) Information about the appointees:

Particular	Item no. 6 - CMD
a) Background Details:	Mr. Sanjiv Goyal, aged 62 years, is commerce and law graduate. Mr. Sanjiv Goyal established Nectar Lifesciences Limited in 1995 and had been the CMD ever since its incorporation i.e. June 27, 1995.
b) Past Remuneration:	The Details of Remuneration he was drawing is provided in the Item No. 6.
c) Recognition or awards:	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.
d) Job profile and his suitability and Nature of expertise and specific functional area:	Because of his sustained efforts, the Company has sustained a growth pattern and has achieved success in creating a brand image in the Pharmaceutical Industry. He has wholesome exposure on all aspects of business of the Company and is engaged in supervision & conduct of business of all the industrial units of Company, along with a team of senior management personnel, who assist him in carrying out his activities. He has expertise in Overall Business Management and Corporate Management.
e) Remuneration Proposed:	Special Incentive/ Bonus to CMD as proposed in the Item No. 6
f) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):	The remuneration has been considered by the NRC and the Board of Directors of the Company and is in line with his expertise in Overall Business Management and Corporate Management, and the remuneration being drawn by similar positions in the industry.
g) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:	<p>Apart from receiving managerial remuneration, Mr. Sanjiv Goyal holds 55845600 Equity Share in the Company representing 24.90% of total paid up share capital of the company. He also holds 43622400 equity share as an ultimate beneficial owner as a Karta of Sanjiv (HUF) representing 24.90% of total paid up share capital of the company.</p> <p>Payment of rent in ordinary course of business and at arm's length basis of INR 700,000/- per month of premises of plot no. 110, Industrial Area, Phase 1, Chandigarh approximately 10000 square feet, to Mrs. Raman Goyal, wife of Mr. Sanjiv Goyal via rent agreement.</p> <p>Apart from above he does not have any Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.</p>
h) Directorships in other Companies	<p>His Directorships are as under:</p> <p>a) Nectar Organics Private Limited</p> <p>b) Nectar Lifesciences USA, LLC</p> <p>He is not holding directorship in any other listed entity</p> <p>Further, he has not resigned from any of the listed entity in past 3 years.</p>
i) Board Meetings	During the financial year 2021-22, 6 (Six) meetings of the Board of Directors had been held and Six meetings were attended by CMD
j) Committee memberships/ Chairmanships	<p>Mr. Sanjiv Goyal is the Chairman of CSR Committee and Management Committee and a Member of Stakeholders' Relationship Committee of the Company.</p> <p>He does not hold Committee memberships/ Chairmanships in any other company.</p>

The details of number of committee meetings attended by CMD, details of remuneration drawn and Shareholding in the Company have also been provided in the Corporate Governance Report, forming part of the Annual Report.

## 3) Other Information:

- a) Reasons of loss or inadequate profits:** Due to Covid-19 pandemic, revenue for the year ended March 31, 2021 had been impacted resulting in losses during the financial year 2020-21. Though, the Company has gained profits in financial year 2021-22, it cannot be guaranteed that the company will not incur losses in coming financial years. Thus, it cannot be guaranteed that the company will have sufficient profits as per section 197 to pay proposed remuneration to CMD. Therefore, the Board of Directors are in view to obtain approval of shareholders as per the provisions of Schedule V of the Act.
- b) Steps taken or proposed to be taken for improvement:** The Board of Directors and company will, in their best endeavor, try to improve the performance of the company in terms of adequate profits to pay remunerations to its managerial personnel.

**c) Expected increase in productivity and profits in measurable terms:**

The company is taking all the necessary precautions and keeping necessary measures in place to tackle with the challenges. The Company has managed to have profits in financial year 2021-22, thus, the company stands a good chance to come out on the better side amidst these situations and to ramp up its operations to have adequate profits.

**Item No. 7**

The members may please note that pursuant to section 149 of the Act, and LODR Regulations, it is mandatory for every listed company to have at least one Woman Independent Director on the Board of the Company. Due to resignation of Ms. Gujlit Sethi (DIN 00669460) on May 09, 2022, the company has to appoint another director in her place.

Therefore, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and pursuant of provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Act and LODR Regulations, the Board of Directors vide resolution dated August 02, 2022 have appointed Dr. Indu Pal Kaur (DIN 09686862) on the Board as an Additional Director in the capacity of Independent Director and she vacates her office at the ensuing AGM. The Board recommends the appointment of Dr. Indu Pal Kaur as regular independent director for a period of five years from August 02, 2022 in the ensuing AGM, whose period of office shall not be liable to determination by retirement of directors by rotation.

Dr. Indu Pal Kaur aged 57 years, completed her Graduation & Post-graduation in Pharmacy & Pharmaceutics respectively from Panjab University, Chandigarh, and is a Scholar Ph.D. in pharmaceutics from Panjab University, Chandigarh.

She has vast professional experience in teaching and in the field of Pharmaceutics Research of 33 years. She is a supervisor for Research assistants and Ph.D. Scholars and is currently the Chairperson of University Institute of Pharmaceutical Sciences (UIPS) Panjab University, Chandigarh. She has a specialisation in pharmaceutical research. She is one of the top 2% most cited scientists across the globe as per Stanford University, USA (2020;2021).

She does not have any relationship with any other director of the company. She does not hold any equity share in the company. She is not director in any other company as on date and thus, does not hold and Committee membership or chairpersonship. She has not resigned from the post of director of a listed entity in last three years.

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.

She has certified that she is not disqualified to become a Director under the Act and not debarred from holding the office of Director by virtue of any Securities & Exchange Board of India (SEBI) Order or any other such authority.

She has provided the declaration to the effect that she met the criteria of independence as provided under section 149(6) of the Act and LODR Regulations and she is not aware of any circumstance or situation, which existed or may be reasonably anticipated, that could impair or impact her ability to discharge her duties with an objective independent judgment and without any external influence. She has also 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.

In the opinion of the Board, Dr. Indu Pal Kaur fulfils the conditions specified in the Act, the Rules thereunder and the LODR Regulations for appointment as an Independent Director and that she is independent of the management of the Company. The NRC will evaluate the performance of all the Independent Directors including Dr. Kaur.

Dr. Indu Pal Kaur fulfils the requirement of her role of Skills/expertise/competence as an Independent Director as specified below:

1. Knowledge of domain of Pharmaceuticals, Science & Research
2. Overall familiarity about Finance, Accounting, Manufacturing, Quality Management Systems, Sales, marketing and business development
3. Skills in regulations
4. OH&S (Occupational health and safety)

Being a research scholar and having specialisation in pharmaceuticals, she will contribute immensely to the Board deliberations and the Company will be benefitted out of her vast experience in various fields of academics and pharmaceuticals.

Pursuant to the provisions of LODR Regulations, approval of the members by way of a special resolution is required for appointment of Independent Director. The Board recommends the Special Resolution set out in Item No. 7 of the accompanying Notice for approval by the Members.

Except Dr. Indu Pal Kaur, none of the Directors and/or Key Managerial Personnel (KMPs) of the Company and/or their relatives is concerned or interested, financial or otherwise, in her re-appointment. She does not have any relation with any other directors or KMPs.

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

Date: 22-08-2022  
Place: Chandigarh

(Anubha)  
**Company Secretary**

### Addendum to Board of Directors' Report dated May 30, 2022

This addendum is in continuation of 'Directors and Key Managerial Persons' section on Board of Directors' Report dated May 30, 2022.

Based on recommendation of Nomination and Remuneration Committee ("NRC") and pursuant of provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), the Board of Directors vide resolution dated August 02, 2022 have appointed Dr. Indu Pal Kaur (DIN 09686862) on the Board as an Additional Director in the capacity of Independent Director and she vacates her office at the ensuing Annual General Meeting ("AGM"). The Board recommends the appointment of Dr. Indu Pal Kaur as regular independent director for a period of five years from August 02, 2022 in the ensuing AGM.

The Company has received declarations from Dr. Kaur confirming that:

1. She meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act, and under LODR Regulations.
2. She has 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, Dr. Indu Pal Kaur, the proposed independent director fulfil the conditions specified in the Act and LODR Regulations and is independent of the management.

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

Place: Chandigarh  
Date: 22-08-2022

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

# Form No. MGT-11

## Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company: NECTAR LIFESCIENCES LIMITED

CIN: L24232PB1995PLC016664

Registered office: Village Saidpura, Tehsil Derabassi,

Distt. S.A.S. Nagar (Mohali) Punjab – 140 507

Name of the member (s): \_\_\_\_\_ DP ID: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Folio No/ Client Id: \_\_\_\_\_

Registered address: \_\_\_\_\_

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1. Name \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Registered address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

2. Name \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Registered address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

3. Name \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Registered address: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting ("AGM") of the company, to be held on Wednesday, September 21, 2022 at 11.00 a.m. at registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) (Punjab) and at any adjournment thereof in respect of all or such resolutions as are indicated below:

Resolution Nos.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Dated:

Affix  
Revenue  
Stamp

Signature of shareholder: \_\_\_\_\_

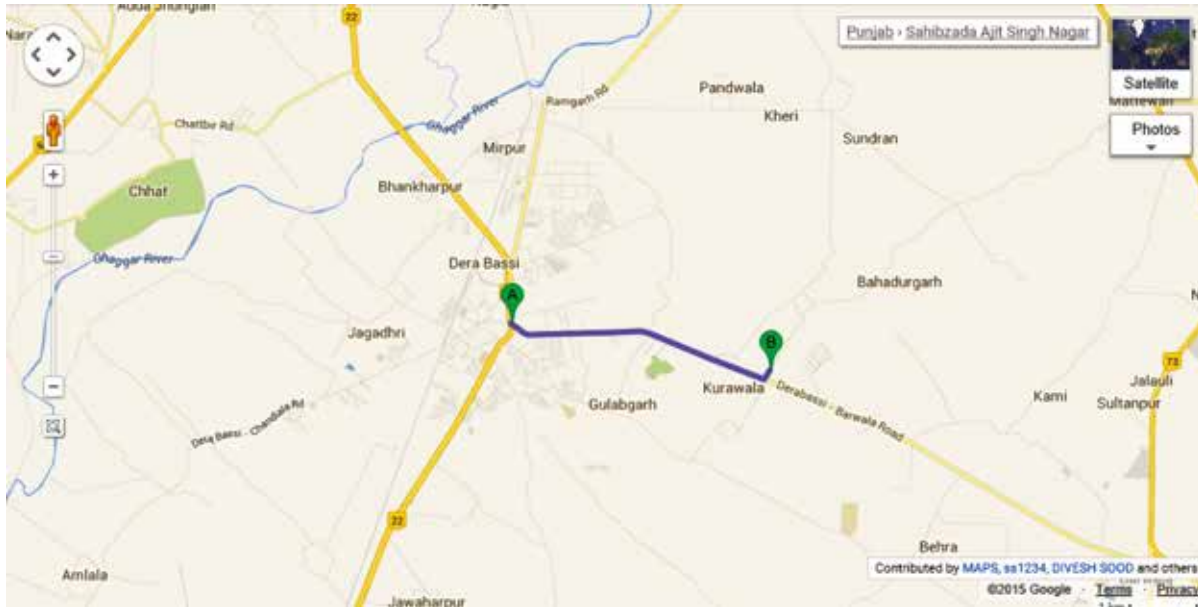
Signature of Proxy holder(s): \_\_\_\_\_

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the AGM.**

## Route map of location of 27<sup>th</sup> AGM.

A – Ambala Chandigarh Expressway (NH-22) at Derabassi.

B – Nectar Lifesciences Limited, Works and Registered Office at Village Saidpura, Derabassi, Punjab.



# NOTES

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS AT PRESENT

**Mr. Sanjiv Goyal** *Chairman & Managing Director*

**Mr. Ajay Swaroop** *Independent Director*

**Dr. Rupinder Tewari** *Independent Director*

**Ms. Meena Verma** *Nominee Director*

**Dr. Kuldip Kumar Bhasin** *Independent Director*

**Dr. Indu Pal Kaur** *Additional (Independent) Director*

## Chief Executive Officer

Mr. Amit Chadah

## Chief Financial Officer

Mr. Sandeep Goel

## Vice President (Accounts)

Mr. R.K. Aggarwal

## Company Secretary

Ms. Anubha

## Auditors

M/s Ashwani K. Gupta & Associates  
Chartered Accountants  
H. No. 1044-A, Sector-2, Panchkula.

## Bankers

Punjab National Bank, Chandigarh  
State Bank of India, Chandigarh  
Export Import Bank of India, Mumbai  
Jammu and Kashmir Bank Limited, Chandigarh  
Axis Bank Limited, Mumbai

## REGISTERED OFFICE

Village Saidpura, Tehsil Derabassi,  
Distt. S.A.S. Nagar (Punjab), INDIA  
Ph: 01762-532001 Fax: 01762-531833

## CORPORATE OFFICE

SCO-38-39, Sec-9-D Chandigarh 160009 (UT), INDIA  
Ph: 0172-5047915-16  
Website: <https://www.neclife.com>

## HEAD OFFICE

B-1011/1012, 10<sup>th</sup> Floor NAURANG HOUSE,  
21 K.G. Marg, C.P, New Delhi - 110001  
Ph: 91-11-42403311-22

## Plant Locations

### Nectar Lifesciences Limited-Unit-1

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

### Nectar Lifesciences Limited-Unit-2

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

### Empty Hard Gelatin Capsule Unit

Village Bhatoli Kalan, Pargana Dharampur Tehsil Nalagarh,  
Distt. Solan (H.P)

### Formulation Unit

Village Bhatoli Kalan, Pargana Dharampur Tehsil Nalagarh,  
Distt. Solan (H.P)

### Narbada Industries

Plot no-2, Lane no-4, Phase-2, SIDCO Industrial Complex, Bari  
Barhmana, Jammu (J & K)

### Guar Gum Unit

Village - Basauli, Near Lalru, Tehsil – Derabassi, Distt. S.A.S.  
Nagar, (Punjab)

## Registrar & Share Transfer Agent

KFin Technologies 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



Nectar Lifesciences Ltd.  
SCO 38-39, Sector 9D, Madhya Marg, Chandigarh 160009 (India)  
[www.neclife.com](http://www.neclife.com)

# NECTAR LIFESCIENCES LIMITED

CIN: L24232PB1995PLC016664

Regd. Office: Village Saidpura, Tehsil – Derabassi, Distt. S.A.S Nagar (Mohali) Punjab – 140507, India.

Ph: 01762-532001, Email: cs@neclife.com, Website: <https://www.neclife.com/>

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## **ATTENDANCE SLIP**

Sr. No.:

Registered Folio No. / DP No. / Client No. :

Name and Address of the Shareholder :

Name(s) of the Joint Holder(s) if any :

No. of shares held :

Full name of Proxy (IN BLOCK LETTERS) :

I hereby record my presence at the ANNUAL GENERAL MEETING ("AGM") of the Company held on Wednesday, September 21, 2022 at Vill. Saidpura, Tehsil Derabassi, Distt. S.A.S Nagar (Mohali) Punjab – 140507, at 11.00 a.m.

-----  
Member's / Proxy Signature

Notes:

1. Members/Proxy holders are requested to produce the attendance slip duly signed for entry to the AGM hall.
  2. Members are requested to bring their copy of AGM Notice for the reference at the AGM.
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## **ELECTRONIC VOTING PARTICULARS**

<b>EVEN(E Voting Event Number)</b>	<b>User ID</b>	<b>PASSWORD</b>
<b>6830</b>		

### **GENERAL INSTRUCTIONS**

1. The Members, whose names appear in the Register of Members / list of Beneficial Owners on the close of the day on Wednesday, September 14, 2022 (cut-off date) are entitled to vote on the Resolutions set forth in this Notice.
2. The voting rights of the Members for e-voting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on the cut-off date.
3. The Company has appointed Mr. Prince Chadha of M/s. P. Chadha & Associates, Company Secretaries, Chandigarh as a Scrutinizer to scrutinize the polling at AGM and remote e-voting ('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.
4. After the conclusion of polling at the AGM, the scrutinizer shall, immediately first count the votes cast at the AGM, thereafter unblock the votes cast through 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 AGM, 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 (<https://www.neclife.com/>) and on the website of the KFin Technologies Limited, Registrar & Share Transfer Agent ('KFin' or 'RTA') (<https://evoting.kfintech.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.



**Instructions and other information relating to remote e-voting (e-voting) are as under:**

1. The remote e-voting facility will be available at the link <https://evoting.kfintech.com> during the following voting period:

Commencement of remote e-voting: FROM 9.00 a.m. on Sunday, September 18, 2022.

End of remote e-voting: TO 5.00 p.m. on Tuesday, September 20, 2022.

2. In case a Member receives an email from Kfin (for Members whose email Ids are registered with the Company/Depository Participant(s)):

a) Launch internet browser by typing the URL: <https://evoting.kfintech.com>.

b) Enter the login credentials (i.e. User id and password mentioned in e-mail). Your Folio No./ DP ID / Client ID will be your User ID. However, if you are already registered with Kfin for e-voting, you can use your existing User ID and password for casting your vote.

c) After entering these details appropriately, click on "LOGIN".

d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. *It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.*

e) You need to login again with the new credentials.

f) On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for Nectar Lifesciences Limited.

g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off Date under each of the heading of the resolution and cast your vote by choosing the "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head. Option "FOR" implies assent to the resolution and "AGAINST" implies dissent to the resolution.

h) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

j) You may then cast your vote by selecting an appropriate option and click on "Submit".

k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, Members can login any number of times till they have voted on the Resolution(s).**

l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF / JPEG Format) of the Board Resolution / Authority Letter etc. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail id: prince.chadha88@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."

3. In case a Member receives physical copy of the AGM Notice by courier (for members whose email Ids are not registered with the Company/Depository Participant(s)).

a) User ID and initial password are provided overleaf.

b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (1) above, to cast your vote.

4. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently or cast the vote again.

5. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Kfin's website <https://evoting.kfintech.com> or call Kfin on 040-67161616 or send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com).

6. The facility for ballot / polling paper shall be made available at the AGM and the members attending AGM who have not cast their vote by e-voting shall be able to vote at the AGM through ballot / polling paper. The members who have cast their vote by e-voting may also attend AGM, but shall not be entitled to cast their vote again.

7. Any person who becomes member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date may obtain the User Id and password in the manner as mentioned below:

a) If the mobile number of the member is registered against Folio No./ DPID Client ID, the member may send SMS:

MYEPWD<space> E-Voting Event Number +Folio no. or DPID Client ID to +91-9212993399

Example for NSDL: MYEPWD<SPACE>IN12345612345678

Example for CDSL: MYEPWD<SPACE>1402345612345678

Example for Physical: MYEPWD<SPACE> XXXX1234567890

b) If e-mail address or mobile number of the member is registered against Folio No. / DPID Client ID, then on the home page of <https://evoting.kfintech.com>, the member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

If the member is already registered with KFin for e-voting, he can use his existing User ID and password for casting the vote through e-voting.

8. The members may please refer to notes of Notice of AGM for evoting through the login pages of Depositories/ Depository Participants.