



**Nectar Lifesciences Ltd.**

# ANNUAL REPORT | 2016-2017

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SERVING HUMANITY, SAVING LIVES

## Disclaimer

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

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## NOTICE

### Nectar Lifesciences Limited

(Corporate Identification Number: L24232PB1995PLC016664)

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

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

**Phone:** +91-01762-308000, **Fax:** +91-01762- 308135

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

**NOTICE IS HEREBY GIVEN THAT THE 22<sup>nd</sup> ANNUAL GENERAL MEETING OF Nectar Lifesciences Limited** will be held at the registered office and works of the company at Village Saidpura, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab on Thursday, September 28, 2017 at 10.00 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, 2017 and the Reports of the Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company for the year ended March 31, 2017 and the Report of Auditors thereon.
2. To declare Final Dividend @5% i.e. Re. 0.05/- per equity share for the financial year ended on March 31, 2017.
3. To appoint a Director in place of Mr. Harparkash Singh Gill (DIN – 06414839), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider, and if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, including any amendment, modification or variation thereof, and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s Ashwani K. Gupta & Associates, Chartered Accountants (ICAI Registration No. 003803N), be and are hereby appointed as the Auditors of the Company in place of the retiring auditors, M/s Datta Singla & Company, Chartered Accountants, for a period of five years to hold office from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022, to examine and audit the accounts of the Company, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

**RESOLVED FURTHER THAT** the appointment of M/s Ashwani K. Gupta & Associates, Chartered Accountants, as the Auditors of the Company shall be subject to ratification by the Members of the Company at every subsequent Annual General Meeting (as applicable under the Companies Act, 2013) held after this Meeting.

**RESOLVED FURTHER THAT** the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company.”

#### SPECIAL BUSINESS:

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to V. KUMAR & ASSOCIATES (Firm registration no. 100137), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018, amounting to Rs. 2 lacs (Rupees Two Lacs only) as also the payment of Goods and Service Tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

**RESOLVED FURTHER 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 consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as, “the Act”) and pursuant to the provisions of Memorandum and Articles of Association and subject to the approval of Central Government, if necessary, the consent of the members be and is hereby accorded to the re-appointment of Mr. Sanjiv Goyal (DIN-00002841) as a Chairman & Managing Director of the company for a period of 5 years starting from June 1, 2017 on the terms and conditions including remuneration as are set out herein below:

- a) **Salary:** Rs. 1450,000/- (Rupees Fourteen Lacs Fifty Thousand only) per month plus an annual increment of Rs. 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 Rs. 10.00 lacs per annum

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

- a) Leave Encashment at the end of the tenure.
- b) Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
- c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service



- d) Any other perquisites, which is specifically provided in the Companies Act, to be excluded for the purpose of computation of the ceiling on remuneration.

**RESOLVED FURTHER THAT** Mr. Sanjiv Goyal shall have all the requisite powers and authority to enable him to manage the company on a day to day basis.

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as, "the Act") and pursuant to the provisions of Memorandum and Articles of Association of the Company, and subject to the requisite approval of the Central Government, if necessary, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Harparkash Singh Gill (DIN-06414839) as a Wholtime Director designated as President (Operations) & Director of the company for a period of 2 years starting from November 1, 2017 on the terms and conditions including remuneration as are set out herein below:

- Salary and Allowances:** Rs. 269201.00 (Rupees Two Lac Sixty Nine Thousand Two Hundred and One only) per month or such other increment as may be decided by the Board of Directors from time to time.
- Perquisites:** He shall be entitled to medical reimbursement, Leave Travel and such other perquisites in accordance with the company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962, being restricted to Rs. 0.63 lacs per annum.
- He is also entitling to bonus not exceeding Rs. 274500.00 in a financial year.

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

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

Date : 12.08.2017  
Place : Chandigarh

(Dinesh Dua)  
Chief Executive Officer & Director

#### IMPORTANT NOTES:

- 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.

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act'), which sets out details relating to Special Business at the meeting, is annexed hereto. Details under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'LODR Regulations') in respect of the Directors seeking appointment/re-appointment at the AGM, also contained in Explanatory Statement pursuant to Section 102 of the Act. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- The register of members and the share transfer books of the company will remain closed from September 22, 2017 to September 28, 2017 (Both days inclusive) in accordance with the provisions of the Companies Act, 2013 and the LODR Regulations, for the purpose of AGM and determining names of the shareholders eligible for dividend on equity shares, if declared. The dividend, if declared at the AGM, will be paid:
  - For equity shares held in physical form - those shareholders whose names will appear in the Register of Members on the close of the day on September 21, 2017.
  - For equity shares held in dematerialised form - those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owner on close of day on September 21, 2017.
- Reserve Bank of India has introduced Electronic Clearing Service (NECS) for facilitating crediting of dividend directly to the shareholder's bank account. This facility eliminates loss of dividend warrants sent by post due to pilferage in transit, delay in receipt of dividend warrants and ensures quick credit of the dividend. Members holding shares in dematerialised form are requested to notify / update their ECS details to / with their respective Depository Participants. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.
- Members holding shares in dematerialised form are requested to ensure that addresses furnished by them to their respective Depository Participants are correct and up-to-date, so that the correspondence from company could reach them promptly. However, the Members holding shares in physical form may notify the same to the Registrar and Share Transfer Agent of the Company.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
- Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 is being sent in the permitted mode.





8. Members may also note that the Notice of the 22<sup>nd</sup> AGM and the Annual Report for 2016-17 will also be available on the Company's website [www.neclife.com](http://www.neclife.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 meeting.
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 Companies Act 2013, the amount of dividend remaining unclaimed upto the financial year 2008-2009 (Final) and 2009-2010 (Interim) have been transferred, on due date, to the Investors Education & Protection Fund. 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. 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 22<sup>nd</sup> AGM by electronic means (remote e-voting) and the business may be transacted through remote e-voting services provided by Karvy Computershare Private Limited ("Karvy"). The Members, whose names appear in the Register of Members / list of Beneficial Owners on the close of the day on Thursday, September 21, 2017 (cut of date), i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. The voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. Thursday, September 21, 2017.

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

Commencement of remote e-voting: FROM 9.00 a.m. on Monday, September 25, 2017

End of remote e-voting: TO 5.00 p.m. on Wednesday, September 27, 2017.

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

In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM. The facility for ballot / polling paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through ballot / polling paper. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by

both the modes, vote casted 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 Meeting.

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 meeting 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).

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.

After the conclusion of voting at the general meeting, the scrutiniser shall, immediately first count the votes cast at the meeting, 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, Scrutiniser shall give a consolidated report, specifying the total votes cast in favour or against, if any, within forty eight hours of conclusion of the meeting, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The results declared shall be available on the website of the Company ([www.neclife.com](http://www.neclife.com)) and on the website of the Karvy ([https:// evoting.karvy.com](https://evoting.karvy.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**

##### **Item No. 4**

The Statement for this item is provided, though strictly not required, as per Section 102 of the Act.

In terms of Section 139 of the Act, the term of M/s Datta Singla & Company, Chartered Accountants, the current Statutory Auditors of the Company, will end at the conclusion of the 22<sup>nd</sup> Annual General Meeting ("AGM") of the Company and the Company is required to appoint new Statutory Auditors to conduct the Statutory Audit of the books of accounts of the Company for the Financial Year 2017-18 onwards.

The Board of Directors recommend the appointment of M/s Ashwani K. Gupta & Associates, Chartered Accountants (ICAI Registration No. 003803N) as the Statutory Auditors of the Company, for a period of 5 years commencing from the conclusion of the 22<sup>nd</sup> AGM till the conclusion of the 27<sup>th</sup> AGM to be held in the year 2022 (subject to ratification of their appointment at every AGM, if so required under the Act).

The firm has been in existence for the last 34 years and has adequate



Professional Competence and infrastructure. Some of the main activities of the firm are Statutory Audit of Listed Companies and Manufacturing companies in different sectors including Pharmaceuticals, Statutory Audits of Scheduled Bank Branches, Statutory Audit of Government Companies (CAG Audits), Internal Audit, Stock Audit/ Concurrent Audit of Borrower Companies on behalf of the Bank and Income Tax Consultancy.

M/s Ashwani K. Gupta & Associates, Chartered Accountants 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 Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

#### **Item No. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment of V. KUMAR & ASSOCIATES (Firm registration no. 100137), Cost Accountants as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 on the remuneration of Rs. 2 lacs. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018. The Board recommends the Ordinary Resolution set out at Item no. 5 of the Notice for the approval of the Members.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

#### **Item No. 6**

Mr. Sanjiv Goyal (DIN-00002841) has been re-appointed as a Chairman & Managing Director of the company w.e.f. June 01, 2012 for a period of 5 years. As a result, his tenure as a Managing Director has expired on May 31, 2017. Therefore, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on May 30, 2017, has resolved to re-appoint Mr. Sanjiv Goyal as Chairman & Managing Director of the Company for a period of 5 years with effect from June 01, 2017 on the terms and conditions as set out in the proposed resolution, subject to the approval of the members.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution as per item no. 6 of the accompanying Notice for the approval of the Members.

Mr. Sanjiv Goyal, aged 57 years, is commerce and law graduate. Mr. Sanjiv Goyal established Nectar Lifesciences Limited in 1995 and had been the managing director ever since. The company became fully operational in April 1997. He was conferred with prestigious global award of "Entrepreneur of the Year" for financial year 2013-14, instituted by Asia Pacific Entrepreneurship Awards (APEA), a global NGO from Malaysia.

His Directorships were as under:

- a) Nectar Organics Private Limited

- b) Nectar Lifestyles Private Limited
- c) SAS Pro Build Private Limited

His committee membership and the details of number of Board and committee meetings attended by him are given in Corporate Governance Report.

He holds 55555600 Equity Share in the Company representing 24.77% of total paid up shares capital of the company.

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

#### **Item No. 3 and 7**

The Statement for item no. 3 is provided, though strictly not required, as per Section 102 of the Act.

Mr. Harparkash Singh Gill (DIN – 06414839), Director will retire by rotation in the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends his reappointment as proposed in item no. 3

Mr. Harparkash Singh Gill has been re-appointed as a Wholetime Director designated as President (Operations) & Director from November 1, 2015 for a period of two years. As a result, his tenure, as a President (Operations) & Director, will expire on October 31, 2017. Therefore, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on August 12, 2017, have decided to re-appoint Mr. Harparkash Singh Gill as President (Operations) & Director of the Company for a period of 2 years with effect from November 1, 2017 on the terms and conditions as set out in the proposed resolution.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution of item no. 7 of the accompanying Notice for the approval of the Members.

Mr. Harparkash Singh Gill has joined the company in the year 2005. Based on his performance in the Company, the Board of Directors have appointed him as a Wholetime Director designated as President (Operations) & Director from November 1, 2012. Mr. Harparkash Singh Gill, born in October, 1954, holds a B.E. (Electrical) degree and was selected through UPSC, as Marketing Development Officer in Directorate and Marketing Inspection, Ministry of Agriculture and Rural Development, Govt. of India. He has worked with various companies at senior positions before moving to Nectar Lifesciences Limited in 2005. He has the experience of 38 years.

He does not hold any equity share in the Company. He is also does not have directorship and committee membership in any other company. The details of number of Board and committee meetings attended by him are given in Corporate Governance Report.

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

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

Place : Chandigarh  
Date : 12.08.2017

(Dinesh Dua)  
Chief Executive Officer & Director



## Board of Directors' Report of Nectar Lifesciences Limited

### Dear members,

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report together with the audited accounts of Nectar Lifesciences Limited ('NLL' or 'NecLife' or 'Nectar' or 'the Company') for the financial year ended March 31, 2017.

### Financial results

(Rs. in millions)

	March 31, 2017	March 31, 2016
Gross Sales	17436.27	17932.25
Other Income	226.57	57.78
Profit before interest and depreciation	2468.97	2452.23
Interest	1174.13	1233.06
Depreciation & Amortisation	622.51	573.89
Profit before tax	672.33	645.28
Tax Expenses	120.79	95.85
Profit after tax available for Appropriations	551.54	549.43

### Company's performance

The overall performance of the company was at par of last year. The Turnover decreased by 2.77% over last year primarily on account of compression in domestic market on account of steep decline of Key Starting Raw Materials which is borne out by the fact that there was volume growth in exports of 5% in value & 10% in volume. There was marginal increase in profits over last financial year.

The company has adopted Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued there under, from April 01, 2016 and accordingly, standalone and consolidated audited financial statements (including comparative figures for the year ended March 31, 2016) had been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and the other accounting principles generally accepted in India.

The financial results of the company for the quarter ended on June 30, 2017 are available on the website of the company (URL: [www.necLife.com](http://www.necLife.com)).

### Management Discussion and Analysis Report

The details of the Company's various operations and state of affairs and nature of business are discussed under **Management Discussion and Analysis Report**. The Management Discussion and Analysis of financial condition and result of operations of the Company for the year under review as required under Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), is given as Annexure 1 and forms part of this report.

### 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.

### Global Depository Receipts (GDRs)

The Company has issued and allotted 46,000,000 equity shares of Rs. 1/- each underlying 46,000,000 Global Depository Receipts

(GDRs). The GDRs are listed on:

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

### Subsidiary companies

The company has a wholly owned subsidiaries namely Nectar Lifesciences UK Limited, incorporated in United Kingdom and Nectar Lifesciences US, LLC in United States. There are negligible investments in Nectar Lifesciences UK Limited and no business activity has been carried out in it in financial year 2016-17 and till date in financial year 2017-18. Therefore, nothing is to report on the performance and financial position of Nectar Lifesciences UK Limited.

However, the Nectar Lifesciences US, LLC commenced the business operations of trading of pharmaceutical products. The company's gained the profit of US\$ 16077.72 during financial year 2016-17 as compared to loss of US\$ 38455.11 in financial year 2015-16.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (hereinafter referred as 'Act'), a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Financial Statements. The separate financial statements in respect of each of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting (AGM). Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary companies are also available on the website of your Company at [www.necLife.com](http://www.necLife.com).

### Consolidated financial statement

As required under Section 129 of the Act and LODR Regulations a consolidated financial statements for the year ended on March 31, 2017 of the Company are attached.

### Dividend

Your Directors are pleased to recommend a Final Dividend @ 5% i.e. Re. 0.05 per equity shares of face value of Re. 1/- each aggregating to Rs. 11,213,048.50 for the year ended 31st March, 2017. The final dividend, subject to the approval by the shareholders in the forthcoming Annual General Meeting and if declared, will be paid on or after October 3, 2017, to those members whose names appears in the register of members as on date of book closure. The register of members and the share transfer books of the Company will remain closed from September 22, 2017 to September 28, 2017 (Both days inclusive) for Annual General Meeting and payment of dividend, if declared, on equity shares.

Your Directors are not proposing to carry any amount to any reserve.

### Directors and Key Managerial Persons

Mr. Harparkash Singh Gill (DIN – 06414839), Director will retire by rotation in the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends his reappointment as a Director.

Mr. Harparkash Singh Gill has been re-appointed as Wholetime Director designated as President (Operation) & Director by the Board of Directors in their meeting held on August 12, 2017 w.e.f. November 1, 2017 for a period of 2 years. The Board recommends his reappointment as a Wholetime Director.



Ms. Guljit Chaudhri has been appointed as regular independent director for a period upto December 28, 2020 in Annual General Meeting of your company held on September 30, 2016.

Mr. Sanjiv Goyal, Chairman & Managing Director has been re-appointed by the Board of Directors in their meeting held on May 30, 2017 w.e.f. June 1, 2017 for a period of 5 years. The Board recommends his reappointment.

As on the date of this report, the company has right proportionate of Independent Directors viz a viz Non-Independent Directors as per applicable provisions of Section 149 of the Act, and LODR Regulations.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act, and under LODR Regulations.

Pursuant to the provisions of Section 203 of the Act, the key managerial personnel of the Company during financial year 2016-17 are as under:

Mr. Sanjiv Goyal, Chairman & Managing Director

Mr. Dinesh Dua, Wholetime Director designated as Chief Executive Officer & Director

Mr. Harparkash Singh Gill, Wholetime Director designated as President (Operations) & Director

Mr. Sandeep Goel, Chief Financial Officer

Mr. Sunder Lal, Company Secretary

#### **Number of meetings of the board**

Six meetings of the board were held during the year. The details of Directors and meeting held during the financial year 2016-2017 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 the corporate governance requirements as prescribed by LODR Regulations, the performance of the Board and committees was evaluated by the Board after seeking inputs from all the directors/ committee members on the basis of the criteria such as the Board/ committee composition and structure, effectiveness of board processes, information and functioning, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated. The same was discussed in the board meeting that precedes the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

#### **Policy on directors' appointment and remuneration and other details**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the directors' report.

#### **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 2016-17, are detailed out in the Corporate Governance Report. The Board of Directors accepted all recommendations of the Audit Committee.

#### **Internal financial control systems and their adequacy**

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

#### **Auditors and Auditors' Report**

In terms of the provisions of the Companies Act, 2013 ('Act'), statutory auditors need to be rotated on completion of two consecutive terms of five years each. For those of the companies that have firms audit their accounts for more than ten years as of April 1, 2014, the Act provided such companies a transition period of three years to comply with the provisions of the Act. The current statutory auditors, M/s Datta Singla & Company, Chartered Accountants completed two consecutive terms as of April 1, 2014 and hence the Company availed the benefit of the transition period which came to an end on March 31, 2017. Accordingly, the Company will need to appoint a new audit firm to audit its books of account for the year ending March 31, 2018 and onwards.

Based on the recommendation of the Audit Committee, the Board of Directors in their meeting held on August 12, 2017, proposed to appoint M/s Ashwani K. Gupta & Associates, Chartered Accountants (ICAI Registration No. 003803N) as the statutory auditors of the Company for a period of five years commencing from the conclusion of the forthcoming 22<sup>nd</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022.

The firm has been in existence for the last 34 years and has adequate Professional Competence and infrastructure. Some of the main activities of the firm are Statutory Audit of Listed Companies and Manufacturing companies in different sectors including Pharmaceuticals, Statutory Audits of Scheduled Bank Branches, Statutory Audit of Government Companies (CAG Audits), Internal Audit, Stock Audit/ Concurrent Audit of Borrower Companies on behalf of the Bank and Income Tax Consultancy.

The Firm has also obtained Peer Review Certificate from the Institute of Chartered Accountants of India.





M/s Ashwani K. Gupta & Associates, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditors in terms of section 143 of the Act.

The Board seeks your support in approving the appointment of Ashwani K. Gupta & Associates, Chartered Accountants as the new statutory auditor of the Company.

M/s Datta Singla & Company, Chartered Accountants, are the auditors of the Company and will hold office until the conclusion of the ensuing AGM. On your behalf and on our own behalf we place on record our sincere appreciation for the services rendered by them during their long association with the Company.

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

#### **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 2016-17. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit Report is appended as an Annexure 4 to this report.

#### **Cost Audit**

The company has appointed Dr. Vimal Kumar (Membership No. 9982) prop. of M/s V. Kumar and Associates, SCO 124-125, Sector 34A, Chandigarh, Cost and Works Accountants as the Cost Auditors of the Company for the financial year 2017-18.

The Cost Audit Reports for the financial year 2015-16 have been filed on September 20, 2016, being within 30 days of date of report i.e. August 23, 2016.

The Cost Auditor shall forward the Cost Audit Report for the financial year 2016-17 by September 30, 2017. The report will be filed with Ministry of Corporate Affairs within 30 days of date of Cost Audit Report.

#### **Risk management**

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

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

#### **Particulars of loans, guarantees and investments**

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

#### **Transactions with related parties**

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

#### **Corporate social responsibility**

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

#### **Extract of annual return**

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure 7 in the prescribed Form MGT-9, which forms part of this report.

#### **Employees**

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

#### **Fixed deposits**

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

#### **Disclosure requirements**

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

#### **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 looks forward to their valuable support in the future plans of the Company.

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

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

Place : Chandigarh  
Dated : 12.08.2017

**Sanjiv Goyal**  
**Chairman and Managing Director**



## Annexure 1 of Board of Directors' Report Management Discussion and Analysis

### Economy

Global growth in 2016 is estimated at a post-crisis low of 2.3% and is projected to rise to 2.7% in 2017. Growth in emerging market and developing economies (EMDEs) is expected to pick up in 2017, reflecting receding obstacles to activity in commodity exporters and continued solid domestic demand in commodity importers. <http://www.worldbank.org>

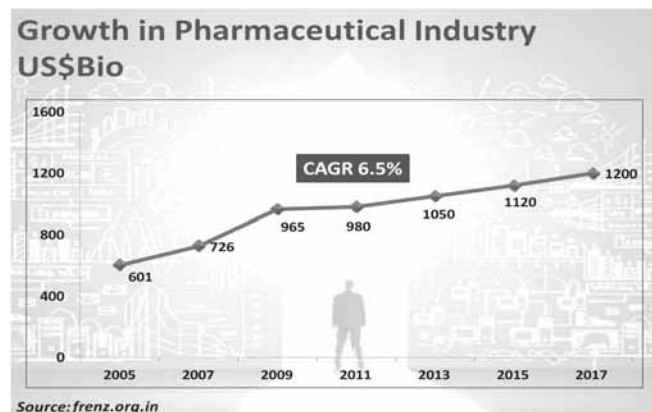
India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18.

Moody's has affirmed the Government of India's Baa3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

Source: **IBEF**

### Global Pharmaceutical Industry

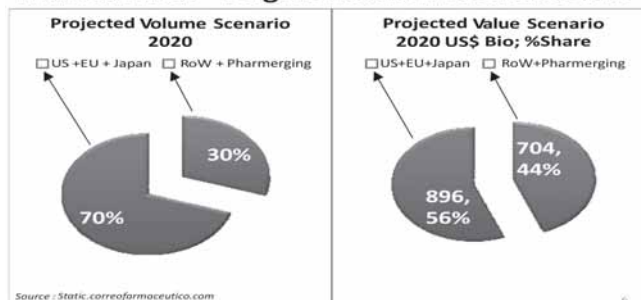
Market research firm Evaluate Pharma, in its annual World Preview report, projects a global growth rate for the Pharma industry of 6.3% CAGR through 2022, up from the 5% CAGR it predicted last year for the 2014-2020 period. Nevertheless, for investors, the "spectacular four-year bull run" of Pharma and biotech valuations during 2011-2015 might be coming to an end, with uncertainties over Brexit and the US presidential election, in an atmosphere of rising skepticism over the worth of Pharma products at ever-escalating prices.



### Market Shifts – Segmentation Scenario 2016



### Market Shifts – Segmentation Scenario 2020



### R&D spend growth flattens

During the 2008-2015 period, the compound annual growth rate of global R&D spending was 1.7%; during the 2016-2022 period, the rate will grow at 2.8%. Overall spending will reach \$182 billion in 2022. By 2022, the biggest-selling global branded drug will be Opdivo (nivolumab) from BMS and Ono Pharma, with sales projected to go from \$1.119 billion in 2015 to \$14,634 billion, and overtaking the current No. 1 drug, AbbVie's and Eisai's Humira (adalimumab), currently at \$14.359 billion and dropping slightly to \$13.645 billion in 2022. However, among the Top 50 drugs in the market currently, the largest growth will be seen by J&J's Darzalex (daratumumab), an anti-CD38 antibody for multiple myeloma, projected to rise from \$9 million now to \$4.9 billion by 2022, a 146% growth.

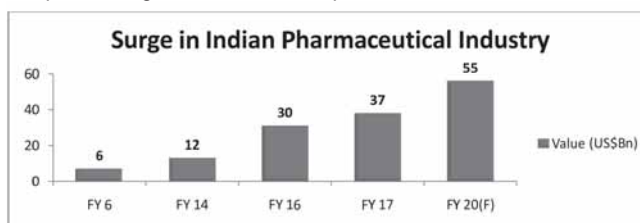
Source: <http://Pharmaceuticalcommerce.com>

### Indian Pharmaceutical Industry

The Indian Pharmaceuticals market increased at a CAGR of 17.46 per cent during 2005-16 with the market increasing from US\$ 6 billion in 2005 to US\$ 36.7 billion in 2016 and is expected to expand at a CAGR of 15.92 per cent to US\$ 55 billion by 2020. Indian Pharmaceutical Industry continues to surge both in Exports & Domestic.

Indian Pharma industry in spite of demonetization & FDC imbroglio in FY 2016-17 is expected to grow over 15 per cent per annum between 2017 and 2020, will outperform the global Pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest Pharmaceutical market globally by absolute size, as stated by Mr. Arun Singh, Indian Ambassador to the US. Branded generics dominate the Pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

India has also maintained its lead over China in Pharmaceutical exports with a year-on-year growth of 11.44 per cent to US\$ 16.23 billion in FY 2016-17, according to data from the Ministry of Commerce and Industry. In addition, Indian Pharmaceutical exports are poised to grow between 8-10 per cent in FY 2017-18.



Source: **IBEF**