

To,

**The Manager-Listing
BSE Limited
P.J. Towers, Dalal street,
Mumbai-400001
Scrip Code-524654**

Dear Sir/Madam,

Sub: Annual Report for the Financial Year 2019-20 and Notice of 27th Annual General Meeting of the Company

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are enclosing the Annual Report for the financial year 2019-20 along with Notice of the 27th AGM of the Company scheduled to be held on Friday, August 21, 2020 at 10:30 a.m. (IST) through Video Conference ("VC") or Other Audio Visual Means ("OAVM"), which is also being sent by electronic mode (emails) to the Members.

The Annual Report and AGM Notice is also being uploaded on the website of the Company:
Annual Report: <http://www.naturalcapsules.com/pdf/Annual%20Report%202019-20.pdf>
Notice: <http://www.naturalcapsules.com/pdf/AGM-Notice-2019-20.pdf>. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company has fixed Thursday, August 13, 2020 as the Cut-Off date to ascertain the eligibility of the Members of the Company entitled to vote electronically on the resolutions mentioned in the AGM Notice, as per the procedure and other details mentioned in the AGM Notice.

This is for your information and for public at large.

Thanking you
Yours Faithfully

For Natural Capsules Limited


**Sunil L. Mundra
Managing Director**





27th Annual Report 2019-20

NATURAL
CAPSULES
LIMITED



CHARMAN'S ADDRESS



Dear Shareholders,

I have pleasure of announcing the completion of yet another eventful Financial Year 2019-20. The Financial Year had been full of challenges and your company has come out with results which are before you. COVID-19 has presented fresh challenges to whole country.

The Company has taken up a new project to manufacture Active Pharma Ingredient (Bulk Drugs) in Tumkur at revised estimated cost of Rs. 67.03 Crores, which is being funded by term loan from Banks and internal accruals. Project capacities have been increased in view of current developments due to COVID-19. Necessary Environmental Clearance for the Project has been recently received and work is about to start soon. The said project is expected to go on stream by FY- 22. This is expected to give significant increase in both Top line and Bottom line of company in the coming years.

The Company intends to maintain a decent return for shareholders and confidently looks forward for your continued support.

Thank You,
CP RANGACHAR
Chairman

FROM MANAGING DIRECTOR'S DESK



Dear Members,

Working results for the Financial Year 2019-20 are before you for consideration. Despite continuing challenges from export front and pricing pressure in domestic market and due to increase in input costs etc., your company has made PBT of Rs. 137.07 Lakhs as compared to Rs. 206.85 Lakhs in the previous year. Total Revenue has increased to 62.50Cr, from Rs. 60.92Cr in the earlier year. Despite aforesaid challenges, we propose to declare dividend of Rs. 0.60 per equity share if approved at the 27th Annual General Meeting.

Despite challenges posed by COVID-19 to worldwide economy, pharma industry is expected to do well. We also hope that performance of your company will improve in the next year.

We will be much obliged to have your valuable suggestions and look forward to your continued support.

Thank You,
Sunil L Mundra
Managing Director

Board of Directors:

| | |
|---------------------------------|-----------------------------------|
| Shri. C.P Rangachar | : Chairman & Independent Director |
| Shri. Laxminarayan Mundra | : Whole Time Director |
| Shri. Satyanarayan Mundra | : Whole Time Director |
| Shri. Sunil Laxminarayan Mundra | : Managing Director |
| Shri. Anjan Kumar Roy | : Independent Director |
| Shri. Pramod Kasat | : Independent Director |
| Shri. Sushil Kumar Mundra | : Director |
| Smt. Jyoti Mundra | : Director |

Company Secretary & Compliance Officer : Smt. Shilpa Burman

Chief Financial Officer : Shri. Prasanna B Junnarkar

Bankers : M/s State Bank of India
Commercial Branch
Bengaluru.

Secretarial Auditor : R Parthasarathy

Statutory Auditor : M/s P Chandrasekar LLP

Registered Office : M/s Natural Capsules Limited
Trident Towers, 4th Floor, No. 23
100 Feet Road, Jayanagar II Block
Bengaluru-560011
CIN: L85110KA1993PLC014742
company.sec@naturalcapsules.com

Registrar and Share Transfer Agents : M/s Cameo Corporate Services Limited
Subramanian Building, No. 1 Club House
Road, Chennai-600 002
Email Id: Kandhimathi@cameoindia.com

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Financial Highlights

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales & other Income | 5418.89 | 5942.12 | 6811.53 | 6328.53 | 5445.57 | 5557.01 | 6091.77 | 6250.79 |
| Exports | 1432.36 | 1589.94 | 2054.72 | 1884.34 | 1225.04 | 1174.74 | 837.99 | 856.93 |
| PBT | 729.41 | 742.64 | 753.71 | 607.46 | 31.57 | 168.22 | 206.85 | 137.07 |
| PAT | 633.11 | 456.19 | 564.92 | 433.88 | 62.78 | 111.11 | 192.04 | 87.81 |
| EPS | 14.06 | 10.09 | 11.18 | 8.06 | 1.04 | 1.78 | 3.08 | 1.41 |
| Dividend Per Share (Rs.) | 1.5 | 1.5 | 1.5 | 1.5 | 1 | 1 | 1 | 0.60 |
| Reserve & Surplus | 3225.95 | 3729.79 | 4160.25 | 4773.78 | 5276.57 | 4809.11 | 4926.18 | 4938.86 |
| Share Capital | 450.27 | 502.27 | 524.27 | 579.27 | 523.27 | 623.27 | 623.27 | 623.27 |
| Share holders fund | 3676.22 | 4232.06 | 4684.52 | 5353.05 | 5899.84 | 5432.38 | 5549.45 | 5562.38 |
| ROI | 17.22 | 10.76 | 12.06 | 8.11 | 1.06 | 6.16 | 12.99 | 13.12 |

Note :

Above figures are in Rs. (In Lakhs) Except for EPS, Dividend per Share and ROI.

EPS and Dividend Per Share are in terms of numbers

ROI is in terms of percentage.

Notice

Notice is hereby given to all the members of the Company, that the **27th Annual General Meeting** of Natural Capsules Limited will be held on **Friday, the 21st day of August, 2020** at 10.30 AM through video conferencing ("VC"), or Other Audio Visual Means ("OAVM") at the registered office of the Company at **Trident Towers, 4th Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011**, to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Consolidated and Standalone Audited Financial Statements for the Financial Year ended 31st March 2020 together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend for the Financial Year 2019-20.
3. To appoint a director in place of Smt. Jyoti Mundra (DIN: 07143035), who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in place of Shri. Laxminarayan Mundra (DIN: 00214298), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

5. To consider re-appointment Shri. Laxminarayan Mundra (DIN: 00214298) as Whole time Director for a Period of 3 Years and to revise his remuneration:

To consider and if thought fit, to pass the following as a Special Resolution:

"**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time) Clause 92 and Clause 95 of the Company's Articles of Association, the consent of the Company be and is hereby accorded for re-appointment of Shri. Laxminarayan Mundra as a Whole time Director of the company for a period of 3 years with immediate effect, on the same terms and conditions of the earlier agreement except that his remuneration shall be as per the following terms (as approved by Nomination and Remuneration Committee):-

| |
|--|
| 1. Salary of Rs. 2,80,000/- Per month on the scale of pay of Rs. 2,80,000-15,000-2,95,000 |
| 2. Car with the driver for official work |
| 3. Medical re imbursement for self and dependent family members not exceeding 1 month's Salary in a year or 3 month's salary in block of 3 years |
| 4. LTC once in a year not exceeding 1 month's salary for self and dependent family. |
| 5. PF and Gratuity as applicable to the other officers of the company. |
| 6. Commission of 1% of Profit |

"**RESOLVED FURTHER THAT** the aforesaid remuneration shall be construed as minimum remuneration in the absence of profits/ inadequate profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible limit as per Schedule V and that the commission will not be paid."

"**RESOLVED FURTHER THAT Mr. Sunil L Mundra, Managing Director** be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By ORDER OF THE BOARD

Sunil L Mundra
Managing Director
DIN: 00214304

Place: Bangalore

Date: 20.07.2020

Note:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“**Act**”), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business is annexed hereto.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively “**MCA Circulars**”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (“**SEBI Circular**”) read with and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), the 27th Annual General Meeting (“**AGM**”) of the Company is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 27th AGM shall be deemed to be made at the Registered Office of the Company situated at **Trident Towers, 4th Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011** (deemed venue for the AGM).
3. M/s P. Chandrasekar LLP, Chartered Accountants, continues to be the Statutory Auditors of the Company for the current financial year 2020-21.
4. The register of members and share transfer books will remain closed from **14th August 2020 to 21st August 2020 (both days inclusive)** for determining the members entitled to receive dividend for the financial year ended **31st March 2020**. Subject to the provisions of the Companies Act, 2013, dividend if approved by the shareholders will be payable on or after **August 21, 2020** and will be paid to those shareholders whose names appear in the Company's Register of Shareholders as on **13th August 2020**. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). HDFC Bank Limited has been appointed as the banker for the payment of dividend to the shareholders.
5. Members are requested to register/update mandate for receiving the Dividend electronically and to note the following:
 - a. Members holding shares in physical form are requested to register or intimate any change in their address, name, bank details, ECS Mandates, nominations, Power of Attorney etc. to the Company's Registrar and Transfer Agent (RTA), **Cameo Corporate Services Limited, Subramanian Building, No. 1 Club House, Road, Chennai-600 002 (kandhimathi@cameoindia.com)**. Kindly quote the ledger folio number in all your correspondence. For updation of the Bank Account details / mandate, kindly send the scan copy of a signed request letter mentioning therein the name, folio number, Bank Account details, self-attested copy of PAN Card and a cancelled cheque leaf with pre-printed name of the Member (first shareholder) of the Company, to the RTA.
 - b. Members holding shares in dematerialized form are requested to register or intimate any change in their address, name, bank details, ECS mandates, nominations, Power of Attorney etc. to their respective Depository Participants (DPs) only. Kindly quote client ID and DP ID numbers in all your correspondence.
 - c. In the cases where the ECS mandates of the Members are not available to enable the payment of Dividend electronically, the Dividend warrant/cheques shall be dispatched only upon resumption and normalization of the postal services.
6. Members are requested to address all correspondence, including dividend-related correspondence, to the Registrar and Share Transfer Agents, M/s. CAMEO CORPORATE SERVICES LIMITED, Subramanian Building, No 1, Club House Road, Chennai – 600002 or to the Company at its Registered Office at Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011.
7. The 27th Annual Report along with Notice of the AGM including general guidelines for participation at the 27th AGM through VC/OAVM, procedure for remote e-voting including during the AGM, is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depository. The same has also been uploaded on the website of the Company, i.e. www.naturalcapsules.com. To support the ‘Green

Initiative' and in accordance with the MCA Circulars and SEBI Circular, copy of the Annual Report is being sent only through emails to the Members of the Company. Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent / respective Depository Participant(s).

8. Corporate Members intending to attend the meeting through VC/OAVM are requested to send a scanned copy of the certified true copy of Board Resolution / Power of Attorney from the Corporate Member's registered email address authorizing their representatives to attend the AGM on their behalf, at the email ID, company.sec@naturalcapsules.com. Further, the Corporate Members are requested to also state the Client ID/DP ID in which the Company's shares are held.
9. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility.
10. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited (NSDL) and instructions for e-voting are given herein below. A resolution passed by members through e-voting is/are deemed to have been passed as if they've been passed at the AGM.
11. Members may also note that the Notice of the **27th AGM** of Natural Capsules Limited and the Annual Report 2019-20 will be available on the Company's website: www.naturalcapsules.com
12. Additional information, as per SEBI (LODR) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules framed thereunder.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository participant(s). Members holding shares in physical form are required to submit their PAN details to the company's Registrar and Transfer Agent. As per Regulation 40 of SEBI listing Regulations (as amended), request for effecting transfer of securities, except in case of transposition or transmission of securities shall not be processed effective from April 1, 2019 unless the securities are held in dematerialized form. Hence, the Members holding equity shares of the Company in physical form are requested to take action to dematerialize the same promptly.
14. The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the Company has already paid the annual listing fees for the Financial Year 2020-21 to BSE as well as custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited within the prescribed time.
15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection during the AGM electronically.
16. All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 27th Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company Secretary (Email ID:company.sec@naturalcapsules.com) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).
17. General instructions for accessing or participating at the 27th AGM through Electronic Means (VC/OAVM)
 - i. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the EGM/AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.

- ii. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- iii. The members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
- iv. The attendance of the Members attending the EGM/AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- v. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the EGM/AGM will be provided by NSDL.
- vi. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at www.naturalcapsules.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and www.nseindia.com and AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
- vii. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

18. Voting through electronic means:

The Company is pleased to provide remote e-voting facility through National Securities Depository Limited (NSDL) for the Members of the Company to enable them to cast their votes electronically on the resolutions mentioned in this Notice of 27th Annual General Meeting of the Company dated (“**Notice**”). The details and instructions for remote e-voting are furnished in Note No. 20 of the AGM Notice. These details form an integral part of this Notice of 27th AGM.

19. Procedure for Remote E-Voting: The instructions for the shareholders / Members voting electronically are as under:**Voting through electronic means:**

- i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 27th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on **18th August 2020 (10:00 am)** and ends on **August 20th, 2020 (5:00 pm)**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th August 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. The process and manner for remote e-voting are as under:

As per the section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (as amended from time to time), e-voting facility is a mandatory requirement for listed companies. The instructions for shareholders voting electronically are as under:

| The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below | | | |
|---|--|---|---|
| Step I: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/ | | Step II: Cast your vote electronically on NSDL e-Voting system | |
| Details on Step I is mentioned below | | Details on Step 2 is given below | |
| 1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile | | 1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles | |
| 2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section | | 2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status | |
| 3. A new screen will open. You will have to enter your User ID and Password and a Verification Code as shown on the screen | | 3. Select "EVEN" of company for which you wish to cast your vote | |
| 4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically. | | 4. Now you are ready for e-Voting as the Voting page opens | |
| 5. Your User ID details are given below | | 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted | |
| | | 6. Upon confirmation, the message "Vote cast successfully" will be displayed. | |
| | Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: | 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page |
| | a) For Members who hold shares in demat account with NSDL | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. | 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote |
| | b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is | General Guidelines for shareholders |

| | | | |
|---|---|--|--|
| | | 12***** then your user ID is 12***** | |
| | c) For Members holding shares in Physical Form | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** | 1. Institutional shareholders (i.e. other than individuals HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to <csdeepaksadhu@gmail.com> with a copy marked to evoting@nsdl.co.in |
| 5. Your password details are given below | | | 2. It is strongly recommended not to share your password With any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password |
| a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote | | | 3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in |
| b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password | | | |
| c) How to retrieve your ‘initial password’? | | | |
| (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’ | | | |
| (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address | | | |
| 6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password | | | |
| | | | |
| If you are unable to retrieve or have not received the “Initial password” or have forgotten your password | | | |
| a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com | | | |
| b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com | | | |
| | | | |

| |
|--|
| c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address |
| d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL |
| 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box |
| 8. Now, you will have to click on "Login" button |
| 9. After you click on the "Login" button, Home page of e-Voting will open |

Explanatory Statement to Section 102(2) of the Companies Act, 2013:**Item No.5). To consider re-appointment Shri. Laxminarayan Mundra (DIN: 00214298) as Whole time Director for a Period of 3 Years and to revise his remuneration:**

Shri. Laxminarayan Mundra aged about 79 years, is Promoter and Whole time Director of the Company and considering his immense contribution to the progress of the Company, knowledge on various aspects relating to the company's affairs and long business experience, the Board of Directors is of the opinion that his continuance as Whole time Director on the terms as stated in the resolution is necessary.

His reappointment is duly approved by both the Board and Nomination and Remuneration & Compensation Committee

In terms of the provisions of the companies Act, and the Articles of Association of the Company, the Nomination and Remuneration Committee, the Board and the Board of Directors have at their meeting held on 05th June 2020 re-appointed him as Whole time Director of the Company for further period of 3 years effect on the same terms and conditions of the earlier agreement except that his remuneration shall be as per the following terms.

| |
|---|
| 1. Salary of Rs. 2,80,000/- Per month on the scale of pay of Rs. 2,80,000-15000-2,95,000 |
| 2. Car with the driver for official work |
| 3. Medical reimbursement for self and dependent family members not exceeding 1 month's Salary in a year or 3 month's salary in block of 3 years |
| 4. LTC once in a year not exceeding 1 month's salary for self and dependent family. |
| 5. PF and Gratuity as applicable to the other officers of the company. |
| 6. Commission of 1% of Profit |

The aforesaid remuneration shall be for a period of 3 years which shall be construed as minimum remuneration in the absence of profits/ inadequate profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible limit as per schedule v and that the commission will not be paid."

Except the promoter directors, none of the other directors /Key Managerial Personnel of the Company and their relatives, is / are in any way concerned / interested in the resolution set out at item No. 5 of the accompanying Notice of the AGM.

The board recommends the passing of the resolution as set out at Item No. 5 of the Notice of the AGM as an **Special resolution**.

Listing Requirements:-

As mandated under Regulation 36(3) of SEBI Listing Obligation and Disclosure Requirements (LODR) Regulation 2015 and Secretarial Standards on General Meetings (SS-2), the required details are given below:

Information Relating to Re-Appointment of Whole time Director and Director/s Retiring by Rotation & Seeking Reappointment:

| | | |
|---|--|--|
| Name | Smt. Jyoti Mundra | Shri Laxminarayan Mundra |
| Age | 53 Years | 79 years |
| Date of Birth | 31.07.1967 | 27.04.1941 |
| Date of Appointment | 27.08.2015 | 01.06.2011 |
| Purpose | Retiring director seeking re-appointment | Retiring director seeking re-appointment |
| Type of Business and Resolution | Ordinary Business –Ordinary Resolution | Ordinary Business –Ordinary Resolution/ Special Business-Special Resolution |
| DIN | 07143035 | 00214298 |
| Qualification | B.Com | B.Com |
| Expertise and Experience | 20 years of experience in Accounts and Finance. | 30 years of experience in Banking, Finance, Human Resource and Management. |
| Brief Resume | Smt. Jyoti Mundra serves as Non-Executive Director of Natural Capsules Limited. She has extensive experience in the areas of business administration, financial control. | Mr. Laxminarayan Mundra serves as Whole Time Director of Natural Capsules Limited. He is a Commerce graduate. He advises the company on matters relating to finance, management and control of human resource. |
| Committee Membership In Listed Entities | NIL | 1. Stakeholder's Relationship Committee 2. Share Transfer Committee 3. Performance & performance Evaluation Committee |
| Directorship in Companies | 1. Natural Capsules Limited | 1. Natural Capsules Limited 2. Tajos Investments Private Limited 3. Square Plus Life Sciences Private Limited |
| Share Holdings in The Company as on 31st March 2020 | 204463 equity shares of Rs. 10/- each | 160294 equity shares of Rs. 10/- each |

Relationship amongst Promoter Directors and Other Directors:

| SL No. | Name of Promoter Director | Other Promoter Director | Relationship Between Director and other Directors |
|---------------|----------------------------------|---|--|
| 1. | Shri Laxminarayan Mundra | Sri Sathyanarayan Mundra Sri Sunil L Mundra Sri Sushil Kumar Mundra | Brother Son Son |
| 2. | Shri Sathyanarayana Mundra | Sri Laxminarayan Mundra Sri Sunil L Mundra Sri Sushil Kumar Mundra | Brother Brother's Son Brother's Son |

| | | | |
|----|--|--|---|
| 3. | Shri Sushil Kumar Mundra | Sri Laxminarayan Mundra Sri Sathyanarayan Mundra Sri Sushil Kumar Mundra | Father Father's Brother Brother |
| 4. | Shri Sunil L Mundra | Sri Laxminarayan Mundra Sri Sathyanarayan Mundra Sri Sushil Kumar Mundra | Father Father's Brother Brother |
| 5. | Smt. Jyoti Mundra | Sri Sunil L Mundra Sri Laxminarayan Mundra Sri Sathyanarayan Mundra Sri Sushil Kumar Mundra | Husband Husband's Father Husband's Uncle Husband's Brother |
| 6. | Shri CP Rangachar, Chairman and Independent Non-Executive Director | There is no Inter-se relationship among executive directors and Independent Non-Executive Directors. | |
| 7. | Shri Anjan Kumar Roy, Independent Non-Executive Director | | |
| 8. | Shri Pramod Kasat, Independent | | |

Director's Report to The Members:

Your Directors have pleasure in presenting their **27th Twenty Seventh** Annual Report together with the Audited Accounts of the company for the year ended **31st March 2020**.

Financial results:

The Company's financial performance, for the year ended is **31st March 2020**. Summarized below:

| Particulars | (Rs. In Lakhs) 31 st March, 2020 | (Rs. In Lakhs) 31 st March, 2019 |
|---|--|--|
| Gross Sales | 7073.11 | 7107.25 |
| Less : GST | 917.62 | 1129.21 |
| Net Sales | 6155.49 | 5978.04 |
| Other Income | 95.30 | 113.72 |
| Total | 6250.79 | 6091.76 |
| Profit before depreciation & taxation | 549.14 | 526.59 |
| Less : Depreciation | 412.07 | 319.74 |
| Less : Provision for taxation | 65.73 | 79.49 |
| Less: Prior period adjustment (Taxation) | 0 | 0 |
| Add: Deferred Tax withdrawn | -14.41 | -64.68 |
| Profit after taxation | 85.75 | 192.04 |
| Add: Balance brought forward from previous year/Other Equity | 4938.86 | 4926.18 |
| Surplus available for appropriation | 0 | 0 |
| Appropriations | 0 | 0 |
| General Reserve | 0 | 0 |
| Proposed Dividend | 37.40 | 62.33 |
| Tax on Dividend | 0 | 12.69 |
| Additional depreciation on fixed asset as per Companies Act, 2013 | 0 | 0 |
| Balance carried to Balance sheet | 4938.86 | 4926.18 |
| Total | 4938.86 | 4926.18 |

The Change in the Nature of Business, if any:

There was no change in nature of business for the period under review. However the company is in process of setting up a facility for manufacture of steroids/API which will add value to the existing business.

Transfer to reserves:

The company does not propose to transfer any amount to the General Reserves.

Dividend:

Based on the performance of the Company and the need for conservation of internal accruals, while maintaining the dividend for the shareholders, your Directors are pleased to recommend a final dividend of Rs. 0.60 per equity share at the rate of 6 % subject to the approval of members. The dividend, if approved by the Members, will result in the out flow of Rs. 37.40 lakhs from the Company, Dividend if declared will be paid to the Members whose names appear in the Register of Members as on the record date as on 13th August 2020.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund & Transfer of Shares To Investor Education And Protection Fund

In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year **2012-13**, will be transferred to the Investor Education and Protection Fund established by the Central Government, after the conclusion of **27th** Annual General Meeting.

Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred in the name of Investor Education and Protection Fund (IEPF).

The unclaimed equity shares pertaining to financial year 2011-12 to 2017-18 has been transferred as per the provisions of the Act.

The details of the said shares transferred are provided on the website of the Company at <http://www.naturalcapsules.com/pages/bes-compliance.html>

Share capital:

During the year under consideration, there was no change in the paid up capital. However, 62,500 stock options equity shares were issued to employee as per the statutory provisions, for which in-principle approval has been obtained from the exchange. The present share capital stands at **Rs. 6,23,27,000 Comprising of 62,32,700 Equity Shares of Rs. 10/- only each**. Further, the company has not made any fresh issue of shares for the Financial Year 2019-20.

COVID Impact:

The global economy is confronting with an unprecedented COVID- 19 pandemic which has a rippling effect on the real GDP business of all the affected countries. In Indian context, almost all the sectors are impacted due to lock down and the social distancing restrictions, resulting in contraction of demand for banking products /services. The resilience depends on the health & societal factors like disease progression, vaccine development, spending habits, timely availability of labour force etc. However, pharma and healthcare industry is supposed to be one of the few segments which have not been adversely affected, but for limited impact due to sudden lockdown, lack of availability of labour, drop in retail sales of medicines during initial phases of lockdown

The management has assessed the potential impact on COVID-19 on the Company. Based on the current assessment the management is of the view that the impact of the COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material. In assessing the recoverability of receivables, intangible assets, and Loans & advances, the Company has considered internal and external information upto the date of approval of financial results.

However the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

Extract of Annual Return:

Pursuant to Section 92(3) and Section 134(3)(a) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return is attached and marked as Annexure 7 to this report and also uploaded on the website of the Company web link www.naturalcapsules.com

Board Meetings and Its Committees Conducted During The Period Under Review:

| Board Meeting No. | Date of Board Meeting | Board Strength | No. of Director's Present |
|-------------------|--|----------------|---------------------------|
| 128 th | Thursday, 30 th May 2019 | 9 | 8 |
| 129 th | Friday, 9 th August 2019 | 10 | 8 |
| 130 th | Tuesday, 12 th November 2019 | 8 | 7 |
| 131 st | Saturday, 21 st December 2019 | 8 | 7 |
| 132 ND | Saturday, 8 th February 2020 | 8 | 7 |

Further details of the same have been enumerated in the Corporate Governance Report annexed in **Annexure-5** to this report.

Fixed Deposits:

Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Loans, Guarantees or Investments:

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company are given in the notes to the financial statements.

Internal control systems and their adequacy:

Internal financial controls means the policies and procedures adopted by the company 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; The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, internal audit reports, secretarial audit reports, project reports, quarterly budgets, significant processes and accounting policies and other key issues from time to time.

Directors' Responsibility Statement

| |
|---|
| The Directors confirm that – |
| (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards. |
| (b) 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 profit of the Company for that period; |
| (c) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; |
| (d) They have prepared the annual accounts on a going concern basis; |
| (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively. Based on the framework of internal financial controls established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March |

| |
|--|
| 31, 2020. |
| (f) They have duly complied with Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) from time to time. |

Information Pertaining to Auditors and Other Allied Matters:-**Details In Respect Of Frauds Reported By Auditors under Section 143(12) Other Than Those Which Are Reportable To the Central Government**

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

Explanation and Comments on Auditor Reports:

The reports of the Statutory Auditors (annexed elsewhere in the Annual Report) and that of the Secretarial Auditors (annexed hereto as **Annexure – 2**) and the explanations on the observations of Secretarial Audit Report is given below:

| Comments/Observations of the Secretarial Auditor: | Company's Response/Explanations: |
|--|---|
| The Company has not consolidated Financials of its subsidiary M/s Natural Phyto Pharma Private Limited(Formerly known as Natural Drug Discoveries Private Limited) for the quarter ended June 2019. | The Company has since rectified deficiency and submitted the same to BSE on receipt of Notice and payment of levied fine. |
| Some of the Promoter Shareholders holding 3600 equity share belonging to promoter's group is yet to demat his share/s | The Company is in the process of dematerializing the shares of the said promoter. |
| There were few instances of delays in filing of E forms with the Registrar of Companies with additional fees. | The said delay was due to inadvertence and the forms have been filed with additional fees and there were no instance of non-compliance. |
| The adjudication for default U/s 203(1) read with Rule 8A of Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 regarding Non Appointment of whole time Company Secretary for the earlier period 01/04/2014 to 25/03/2015 is pending with ROC | the company's application for adjudication of the default is pending disposal with ROC. |

Statutory Auditors:

M/s **P. Chandrasekar LLP**, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a term of five consecutive years at the **24th Annual General Meeting** held on **29th August 2017** subject to annual ratification by shareholders. However with the advent of Companies (Amendment) Act, 2017 the requirement of annual ratification of the appointment of the Statutory Auditors of the Company by the shareholders at the Annual General meeting has been done away with. Accordingly, M/s **P. Chandrasekar LLP**, Chartered Accountants will continue to be the Statutory Auditors of the Company for the FY **2020-21** and for the remaining tenure.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time) the Company has appointed Shri R. Parthasarathy, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure - 2**.

Cost Auditors

The provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014(as amended from time to time) is currently not applicable to the company.

Significant and Material Orders Passed By the Regulators or Courts:

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Declaration of Independent Directors:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to act as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

Directors:

Shri. Laxminarayan Mundra and **Smt. Jyoti Mundra**, Directors retire by rotation and being eligible, offer themselves for re appointment.

During the year under consideration, Mr, Sunil L Mundra and Mr. Satyanarayana Mundra were reappointed as MD and WTD respectively for a period of 5 years and 3 years.

Mr. Laxminarayana Mundra's tenure as Whole time director is ending on 31.08.2020. Considering his immense contribution to the progress of the company as a promoter and executive director since inception, the Board recommends his reappointment for a further period of 3 years.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. All Directors have given declaration relating to compliance with code of conduct.

Nomination and Remuneration & Compensation Committee and Policy:

As per the requirements of the provisions of the Companies Act, 2013, a Nomination and Remuneration & Compensation Committee of Directors was constituted by the Board of Directors and the details of the Members of the Committee are disclosed elsewhere in this Annual Report. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on Director's appointment and remuneration including criteria for determining qualification, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178. The said Policy is available on the website of the Company, various web links of the company's policy is detailed under the head Policy.

Related Party Transactions:

All transactions of the Company with the related parties were in the ordinary course of business and on an arm's length pricing basis. There were no material significant related party transactions having potential conflict with the interest of company.

The Policy on Related Party Transactions (including the revised policy applicable for related party transactions effective April 01, 2019), is available on the Company's website and can be accessed at <http://www.naturalcapsules.com/pdf/policy-on-related-party-transactions.pdf>

As prescribed by Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of contracts/arrangements with related parties are given in Form AOC-2, annexed as **Annexure - 1** to this report.

(A). Name of the related party and nature of relationship where control exists:

| Name of Related Party | Nature of Relationship |
|------------------------------|--|
| M/s. Mundra enterprises | Entity in which Director or KMP is related: |
| | Mr. Sunil Laxminarayana Mundra- Partner |
| | Mr. Laxminarayana Mundra-His wife is a Partner |
| | Mr. Sathyanarayana Mundra- Partner |
| | Mr. Sushil Kumar Mundra- Partner |
| | Mrs. Jyothi Mundra- Her husband is partner |

(B) (i) Related Party Transactions:

| Name of Related Party | Nature of Transaction | Amount of Transaction | Amount Outstanding at the end of year | |
|---|-----------------------------|-----------------------|--|---|
| | | | Credit (Rs.) Current Year\ (Previous Year) 2019-20 | Debit (Rs.) Current Year\ (Previous Year) 2018-19 |
| Mr. Sunil Laxminarayana Mundra | Directors Remuneration | 44,40,000 | 2,27,110 | 2,36,340 |
| Mr. Laxminarayana Mundra | Directors Remuneration | 31,80,000 | 1,56,270 | 1,73,370 |
| Mr. Sathyanarayana Mundra | Directors Remuneration | 31,80,000 | 1,80,420 | 1,73,450 |
| Mr. Prasanna Junnarkar | Salaries | 10,47,774 | 65,177 | 63,526 |
| Mr. Skandan p. Jain | Salaries | 2,77,481 | 0.0 | 28,790 |
| Mrs. Shilpa Burman | Salaries | 2,34,234 | 37,250 | 0.0 |
| Mr. Sushil Kumar Mundra | Sitting Fees | 75,000 | - | - |
| Mrs. Jyothi Mundra | Sitting Fees | 60,000 | - | - |
| M/s. Mundra Enterprises | Operating | 0.0 | - | 0.0 |
| M/S Natural Phyto Pharma Private Limited (Formerly known as Natural Drug Discoveries Private Limited) | Investment in Equity Shares | 0.0 | 0.0 | 75,000 |

Material Changes and Commitments Affecting the Financial Position of the Company:

There is no material change or commitments after the closure of the financial year as on **31st March 2020** and till the date of this report, except COVID Impact on the performance of the Company has already been mentioned in this report.

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and Outgo as required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (as amended from time to time) is attached herewith as **Annexure - 3** to this report.

Risk Management:

The Company follows a comprehensive and integrated risk management process. The risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventoried and integrated with the management process such that they receive the necessary consideration during decision making and are periodically reviewed and revised by the Board of Directors.

Corporate Social Responsibility:

The CSR Committee was reconstituted due to retirement of Dr. CM Gurumurthy. The present Committee members are Shri Anjan Kumar Roy, **Shri** Sunil L Mundra and **Shri** Sushil Kumar Mundra. In view of profits being less than the prescribed limits as per section 135 of the Companies Act, 2013, CSR provisions are not applicable to the Company.

Board Evaluation:

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The performance evaluation was carried out on the basis of inputs received from all the Directors / Members of the Committees, as the case may be.

The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results of evaluation have been communicated to the Chairman of the Board of Directors.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees effectiveness
- Peer evaluation

The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

Corporate Governance:

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, Report on Corporate Governance, Management Discussion and Analysis Report and Auditors Certificate regarding compliance of conditions of Corporate Governance provided in **Annexure - 5** in this Report and the same forms part of the Directors' Report.

Composition of Audit Committee and Vigil Mechanism / Whistle Blower Policy:

The Audit Committee was reconstituted due to retirement of Dr. CM Gurumurthy. The present Committee members are Mr. CP Rangachar, Mr. Pramod Kasat, Mr. Anjan Kumar Roy & Mr. Sunil L Mundra. The Board has constituted an Audit Committee, details of which are enumerated in the Corporate Governance Report. The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and the policy is explained in corporate governance report. During the year under review, there were no complaints received under this mechanism.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints from any employee pending resolution during the financial year **2019 - 20**.

Other Disclosure:

- a) details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;
- b) details of compliance with mandatory requirements and adoption of the non-mandatory requirements;
- c) web link where policy for determining 'material' subsidiaries is disclosed;
- d) web link where policy on dealing with related party transactions;
- e) a certificate from a company secretary in practice 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 Board/Ministry of Corporate Affairs or any such statutory authority.

Particulars of Employees:

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure - 6** to this Report.

Employee Stock Option Schemes

27th Annual Report-2019-20

Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 The Company has implemented ESOP Scheme 2018, to reward and retain the qualified and skilled employees and to give them an opportunity to participate in the growth of the Company. These Schemes are administered by the Nomination, Remuneration and Compensation Committee of the Company has been appended as **Annexure - 7** to this Report

Subsidiaries, Joint Ventures and Associate Companies:

The name of subsidiary company has since been changed from M/s Natural Drug Discoveries Private Limited to M/S Natural Phyto Pharma Private Limited and its main objects has been amended to include new objects for diversification of business such as manufacture of chemical intermediates and API (Active Pharmaceuticals Ingredients)

Internal Control Systems and Their Adequacy:

The Company has an adequate Internal Control System commensurate with its size and operations. Management has overall responsibility for the Company's Internal Control System to safeguard the assets and to ensure reliability of financial records. Audit Committee reviews all financial statements and ensures adequacy of internal control systems. The Company has engaged the services of an Independent Chartered Accountant to carry out the internal audit and ensure that recording and reporting are adequate and proper, the internal controls exist in the system and that sufficient measures are taken to update the internal control system. The system also ensures that all transaction are appropriately authorized, recorded and reported. Exercises for safeguarding assets and protection against unauthorized use are undertaken from time to time. The company has also installed an extensive CCTV Surveillance system to cover the entire factory premises. All these measures are continuously reviewed by the management and as and when necessary improvements are affected.

Discussions on financial performance with respect to operational performance:

The **Net Sales** during the year was Rs. **5978.04 lakhs** and your Company could make **Net Profit** of Rs.**192.04 Lakhs** after tax.

No. of Employees:

| 31-03-2020 | | | | 31-03-2019 | | | |
|------------|---------|---------|-------|------------|---------|---------|-------|
| PLACE | REGULAR | TRANIEE | TOTAL | PLACE | REGULAR | TRANIEE | TOTAL |
| HO | 21 | 0 | 21 | HO | 22 | 0 | 22 |
| UNIT-1 | 34 | 0 | 34 | UNIT-1 | 32 | 0 | 32 |
| UNIT-2 | 86 | 1 | 87 | UNIT-2 | 75 | 9 | 84 |
| UNIT-3* | 8 | 4 | 12 | - | 4 | 5 | 9 |

*Unit 3 is established for the proposed API Project

Management Discussion and Analysis Report:

1. Industry structure and developments:

During the year under review, Indian Pharma Industry has grown by around 9%. In domestic market, the industry is expected to grow at around 12%. At the same time, the exports are likely to grow at the rate of 8 to 10%. Your company during the Financial Year **2019-20** had a gross turnover of **Rs. 7,073.11 Lakhs** as against **Rs. 7,107.25 Lakhs** in the previous year, a marginal growth declined of 0.48 %. Profit before depreciation and taxation was **Rs.549.14 Lakhs** as against **Rs.526.59 lakhs** in the previous year. The net profit of the Company for the year under review was placed at **Rs. 85.75 Lakhs** as against **Rs. 192.04 Lakhs** previous year. Post COVID-19 Indian Pharma industry is expected to get boost and will perform better than earlier years.

Opportunities and threats:

a).Opportunities

1. Opening of export opportunities for Gelatine capsules in various countries, due to lesser competition from china.
2. Increase in demand for capsules within the country due to JAN AUSHADHI Programme of the Government.
3. New dosage formulations using hard capsules.
4. Company new API project will market products which are currently being imported and hence will have good demand and margins.

b).Threats:

1. General slow down in international business due to COVID-19.

2. Increase in prices of raw material due to short supply in domestic market and higher import costs due to devaluation of Indian currency.
3. Slowdown in exports due to challenges in international economy.

c). Segment –wise or product wise performance is not relevant in view of the company having single product.

d). Outlook:

Based on the company's performance up to the date of this report, orders on hand and realizing the incremental capacity post up gradation of machines, your company is hopeful of achieving a turnover of around Rs. 7073.11 Lakhs in the current year. However due to increase in input costs, company may still earn lower margins as compared to earlier years. New API project once commissioned will give a big boost to company's revenue and profits.

e). Risks & Concerns

Risk of competition and exchange fluctuations may have an adverse impact on the projections. Risk of delay in receiving payments for both local & international customers can lead to higher finance cost. Risk of short supplies of raw material can cause loss of business to some extent.

f). Discussions on financial performance with respect to operational performance:

The Net Sales During the year was Rs. 6,155.48 Lakhs and your company could make Net Profit of Rs. 87.81 Lakhs after tax.

2. Disclosure of Accounting in case of different from the prescribed Accounting Standards: No deviation

| Management Discussion and Analysis: (in Lakhs except % Rate) | |
|--|----------|
| (h) Material developments in Human Resources / Industrial Relations front, including number of people employed. | N.A |
| (i) details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including: | N/A |
| (i) Debtors Turnover | 1.97 |
| (ii) Inventory Turnover | 4.74 |
| (iii) Interest Coverage Ratio | 2.78 |
| (iv) Current Ratio | 2.10 |
| (v) Debt Equity Ratio | 1.23 |
| (vi) Operating Profit Margin (%) | 3.15 |
| (vii) Net Profit Margin (%) or sector-specific equivalent ratios, as applicable. | 3.21 |
| (j) details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof | NIL |
| (j) the amounts, if any, which it proposes to carry to any reserves; | NIL |
| Other Disclosures: | |
| (k) 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.] | 3,00,000 |

Acknowledgement:

The Board acknowledges the continued assistance from the Bankers, State Governments, Local Bodies, Customers, Suppliers, Executives, Staffs, workers at all levels and the Shareholders for their continuous cooperation and assistance.

For and on Behalf of the Board

Sd/-

Sd/-

Sunil L Mundra Satyanarayan Mundra
Managing Director Whole Time Director

Place : Bengaluru
Date : 05th June 2020

Extract of Annual Return as on the Financial Year ended 31.03.2020**[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended from time to time)]****FORM NO. MGT – 9****I. Registration and Other Details:**

| | |
|--|---|
| CIN | L85110KA1993PLC014742 |
| Registration Date | 20-09-1993 |
| Name of the Company | Natural Capsules Limited |
| Category/Sub-category of the Company | Company Limited by shares |
| Address of the Registered office & Contact details | Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560 011 Tel no : +91 80 2656 1562/ 2565 1581 Email : company.sec@naturalcapsules.com |
| Whether listed company | YES |
| Name, Address & contact details Of the Registrar & Transfer Agent | Cameo Corporate Services Limited Subramanian Building, No. 1, Club House Road, Chennai – 600 002. Ph: 2846 0390 (5 lines) |

II. Principal Business Activities Of The Company (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code | Percentage to Total Turnover of the Company |
|---------|--|----------|---|
| 1 | E.H.G.CAPSULES | 21001 | 100% |

III. Particulars of Holding, Subsidiary and Associate Companies – Not Applicable**IV. Share holding pattern (equity share capital breakup as percentage of total equity)****i) Category-wise Share Holding**

| IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) | |
|---|-----------------------------------|
| (i) Category-wise Share Holding | |
| Name of the Company | : NATURAL CAPSULES LTD |
| Face Value | : 10 /- |
| Paidup Shares as on 01-Apr-2019 | : 6232700 |
| Paidup Shares as on 31-Mar-2020 | : 6232700 |
| For the Period From | 01-Apr-2019 To 31-Mar-2020 |

| C C | Category of Shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % CH AN GE |
|-----------|---|---|-------------|----------------|---------------|---|-------------|----------------|---------------|------------|
| | | DEMAT | PHYSIC AL | Total | % of Total Sh | DEMAT | PH YS IC AL | Total | % of Total Sh | |
| A. | SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| 1. | INDIAN | | | | | | | | | |
| a. | INDIVIDUALS/HINDU UNDIVIDED FAMILY | 1954729 | 0 | 1954729 | 31.36 | 1954729 | 0 | 1954729 | 31.36 | |
| b. | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0 | |
| c. | BODIES CORPORATE | 1293354 | 0 | 1293354 | 20.75 | 1293354 | 0 | 1293354 | 20.25 | |
| d. | FINANCIAL INSTITUTIONS/ BANKS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0 | |
| e. | ANY OTHER | | | | | | | | | |
| | DIRECTORS AND THEIR RELATIVES | 0 | 3800 | 3800 | 0.06 | 200 | 3600 | 3800 | 0.0609 | |
| | SUB - TOTAL (A)(1) | 3248083 | 3800 | 3251883 | 52.17 | 3248083 | 3800 | 3251883 | 52.17 | |
| 2. | FOREIGN | | | | | | | | | |
| a. | INDIVIDUALS (NON- RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | |
| b. | BODIES CORPORATE | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | |
| c. | INSTITUTIONS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | |
| d. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | |
| e. | ANY OTHER | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| | SUB - TOTAL (A)(2) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | |
| | TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2) | 3248083 | 3800 | 3251883 | 52.17 | 3248283 | 3600 | 3251883 | 52.17 | |
| B. | PUBLIC SHAREHOLDING | | | | | | | | | |
| 1. | INSTITUTIONS | | | | | | | | | |

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| | | | | | | | | | | |
|----|--|---------------|-------------|---------------|--------------------|------------|----------------|-------------|--------------------|---------------|
| a. | MUTUAL FUNDS/UTI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b. | FINANCIAL INSTITUTIONS/ BANKS | 200 | 0 | 200 | 0.00 32 | 200 | 0 | 200 | 0.003 2 | |
| c. | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| d. | VENTURE CAPITAL FUNDS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| e. | INSURANCE COMPANIES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| f. | FOREIGN INSTITUTIONAL INVESTORS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| g. | FOREIGN VENTURE CAPITAL INVESTORS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.000 0 | |
| h. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.000 0 | |
| i. | ANY OTHER | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.000 0 | |
| | | | | | | | | | | |
| | SUB - TOTAL (B)(1) | 200 | 0 | 200 | 0.00 32 | 200 | 0 | 200 | 0.003 2 | |
| | | | | | | | | | | |
| 2. | NON-INSTITUTIONS | | | | | | | | | |
| a. | BODIES CORPORATE | 661255 | 1600 | 662855 | 10.6 3 | 626080 | 16 00 | 6276 80 | 10.07 | - 0.5 7 |
| b. | INDIVIDUALS - | | | | | | | | | |
| | I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH | 826685 | 181140 | 1007825 | 16.1 6 | 984637 | 17 04 40 | 1155 077 | 18.53 | 2.3 6 |
| | II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH | 1085436 | 0 | 1085436 | 17.4 1 | 772155 | 0 | 7721 55 | 12.39 | - 4.7 5 |
| c. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| d. | ANY OTHER | | | | | | | | | |
| | CLEARING MEMBERS | 1580 | 0 | 1580 | 0.02 | 189977 | 0 | 1899 77 | 3.05 | 3.0 3 |
| | DIRECTORS AND THEIR RELATIVES | 7000 | 0 | 7000 | 0.11 | 0 | 0 | 0 | 0 | - 0.1 1 |
| | HINDU UNDIVIDED FAMILIES | 112891 | 0 | 112891 | 1.81 | 126451 | 0 | 0 | 2.03 | 0.2 2 |
| | IEPF | 73755 | 0 | 73755 | 1.81 | 79198 | 0 | 7919 8 | 1.27 | - 0.5 4 |
| | NON RESIDENT INDIANS | 20175 | 9100 | 29275 | 0.46 | 30279 | 0 | 3027 9 | 0.48 | 0.0 2 |
| | Others | 215401 | 9100 | 224501 | 3.60 | 0 | 0 | 0 | 0.000 | |

| | | | | | | | | | | |
|-----------|---|---------|--------|---------|-------|---------|--------|---------|-------|--|
| | | | | | 19 | | | | 0 | |
| | | | | | | | | | | |
| | SUB - TOTAL (B)(2) | 2788777 | 191840 | 2980817 | 47.82 | 2799677 | 181340 | 2981017 | 47.83 | |
| | | | | | | | | | | |
| | TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2) | 2788777 | 191840 | 2980817 | 47.82 | 2799677 | 181340 | 2981017 | 47.83 | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | TOTAL (A)+(B) | 6037060 | 195640 | 6232700 | 100 | 6047960 | 184740 | 6232700 | 100 | |
| | | | | | | | | | | |
| C. | SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | | | | | | | | | |
| | Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| | Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| | TOTAL CUSTODIAN (C) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | |
| | | | | | | | | | | |
| | GRAND TOTAL (A)+(B)+(C) | 6037060 | 195640 | 6232700 | 100 | 6047960 | 184740 | 6232700 | 100 | |

ii) Shareholding of promoters

| SI N o | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | | FOLIO/D P_CL_ID | PAN | Pledge d Shares at beginning of the Year | Pledge d Shares at end of the Year |
|--------------|-----------------------|--|--|--|--|--|--|---|--------------------|-----|---|---|
| | | No of share s | % of total share s of the com pany | % of share s pledged / encumbered to total share s | No of share s | % of total share s of the com pany | % of share s pledged / encumbered to total share s | % change in share holdi ng durin g the year | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

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| | | | | | | | | | | | | |
|----|-----------------------------------|------------|-------------|------------|------------|-----------------|------------|------------|---------------------------|--------------------|---|---|
| 1 | TAJOS INVESTMENTS PRIVATE LIMITED | 76900 0 | 12.3 381 | 0.000 0 | 7690 00 | 12. 338 1 | 0.000 0 | 0.000 0 | 'IN302148 10419870 | AABC T6204 F | 0 | 0 |
| | | | | | | | | | | | | |
| 2 | NANDI SYNTHETICS PVT LTD | 52435 4 | 8.41 29 | 0.000 0 | 5243 54 | 8.4 129 | 0.000 0 | 0.000 0 | 'IN301135 26382796 | AABC N3237 C | 0 | 0 |
| | | | | | | | | | | | | |
| 3 | SUNIL LAXMINARYAN MUNDRA | 41600 3 | 6.67 45 | 0.000 0 | 4160 03 | 6.6 745 | 0.000 0 | 0.000 0 | 'IN303077 10159790 | ADVP M5759 J | 0 | 0 |
| | | | | | | | | | | | | |
| 4 | SUSHIL KUMAR MUNDRA | 29440 0 | 4.72 34 | 0.000 0 | 2944 00 | 4.7 234 | 0.000 0 | 0.000 0 | 'IN303077 10131512 | ACSP M4710 B | 0 | 0 |
| | | | | | | | | | | | | |
| 5 | INDRA MUNDRA | 21620 0 | 3.46 88 | 0.000 0 | 2162 00 | 3.4 688 | 0.000 0 | 0.000 0 | 'IN303077 10131667 | AJKP M3403 A | 0 | 0 |
| | | | | | | | | | | | | |
| 6 | JYOTI MUNDRA | 20446 3 | 3.28 04 | 0.000 0 | 2044 63 | 3.2 804 | 0.000 0 | 0.000 0 | 'IN303077 10131659 | AGXP M3106 C | 0 | 0 |
| | | | | | | | | | | | | |
| 7 | LAXMINARAYAN MOONDRA | 16029 4 | 2.57 18 | 0.000 0 | 1602 94 | 2.5 718 | 0.000 0 | 0.000 0 | 'IN303077 10609322 | ABQP M2191 P | 0 | 0 |
| | | | | | | | | | | | | |
| 8 | RADHA S MUNDRA | 15960 0 | 2.56 06 | 0.000 0 | 1596 00 | 2.5 606 | 0.000 0 | 0.000 0 | 'IN303077 10131642 | AAIP M2313 G | 0 | 0 |
| | | | | | | | | | | | | |
| 9 | SHARADA MUNDRA | 12941 4 | 2.07 63 | 0.000 0 | 1294 14 | 2.0 763 | 0.000 0 | 0.000 0 | 'IN303077 10131634 | AJMP M5149 H | 0 | 0 |
| | | | | | | | | | | | | |
| 10 | SATYANARAYAN MUNDRA | 12325 5 | 1.97 75 | 0.000 0 | 1232 55 | 1.9 775 | 0.000 0 | 0.000 0 | 'IN303077 10134268 | ADVP M5763 A | 0 | 0 |
| | | | | | | | | | | | | |
| 11 | SHREY MUNDRA | 11010 0 | 1.76 64 | 0.000 0 | 1101 00 | 1.7 664 | 0.000 0 | 0.000 0 | 'IN303077 10570490 | CBHP M1841 B | 0 | 0 |
| | | | | | | | | | | | | |
| 12 | MADHAV MUNDRA | 11010 0 | 1.76 64 | 0.000 0 | 1101 00 | 1.7 664 | 0.000 0 | 0.000 0 | 'IN303077 10570512 | CBHP M1839 H | 0 | 0 |
| | | | | | | | | | | | | |
| 13 | JYOTSNA DAGA | 20900 | 0.33 53 | 0.000 0 | 2090 0 | 0.3 353 | 0.000 0 | 0.000 0 | 'IN300214 13809320 | ABQP M2190 N | 0 | 0 |
| | | | | | | | | | | | | |
| 14 | NIDHI SETHIA | 10000 | 0.16 04 | 0.000 0 | 1000 0 | 0.1 604 | 0.000 0 | 0.000 0 | '1601430 10033467 1 | AFPP M1197 L | 0 | 0 |
| | | | | | | | | | | | | |

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| | | | | | | | | | | | | |
|----|--|------|------------|------------|------|------------|------------|------------|---------------|--|---|---|
| 15 | DEEPAK KABRA | 1200 | 0.01 92 | 0.000 0 | 1200 | 0.0 192 | 0.000 0 | 0.000 0 | '0000005 5 | | 0 | 0 |
| | | | | | | | | | | | | |
| 16 | CHANDRA R LADDHA | 1000 | 0.01 60 | 0.000 0 | 1000 | 0.0 160 | 0.000 0 | 0.000 0 | '0000000 8 | | 0 | 0 |
| | | | | | | | | | | | | |
| 17 | B SAMPATHLAL | 500 | 0.00 80 | 0.000 0 | 500 | 0.0 080 | 0.000 0 | 0.000 0 | '0000001 0 | | 0 | 0 |
| | | | | | | | | | | | | |
| 18 | MUKUND GATTANI | 500 | 0.00 80 | 0.000 0 | 500 | 0.0 080 | 0.000 0 | 0.000 0 | '0000006 3 | | 0 | 0 |
| | | | | | | | | | | | | |
| 19 | DAMANI VIJAY JT1 : DAMANI SHASHI | 200 | 0.00 32 | 0.000 0 | 200 | 0.0 032 | 0.000 0 | 0.000 0 | '0000009 8 | | 0 | 0 |
| | | | | | | | | | | | | |
| 20 | BHAGYALAXMI GURUMURTHY | 200 | 0.00 32 | 0.000 0 | 200 | 0.0 032 | 0.000 0 | 0.000 0 | '0000767 9 | | 0 | 0 |
| | | | | | | | | | | | | |
| 21 | C M GURUMURTHY | 200 | 0.00 32 | 0.000 0 | 200 | 0.0 032 | 0.000 0 | 0.000 0 | '0000768 2 | | 0 | 0 |

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

| | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | | |
|----------|---|--|--|---|--|-----------------------|------------|
| Sl No | Name of the Share holder | No of shares | % of total share s of the comp any | No of shares | % of total share s of the comp any | FOLIO/DP_CL_I D | PAN |
| | | | | | | | |
| 1 | TAJOS INVESTMENTS PRIVATE LIMITED | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 769000 | 12.33 81 | 769000 | 12.33 81 | 'IN302148104198 70 | AABCT6204F |
| | At the end of the Year 31-Mar-2020 | 769000 | 12.33 81 | 769000 | 12.33 81 | | |
| | | | | | | | |
| 2 | NANDI SYNTHETICS PVT LTD | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 524354 | 8.412 9 | 524354 | 8.412 9 | 'IN301135263827 96 | AABCN3237C |
| | At the end of the Year 31-Mar-2020 | 524354 | 8.412 9 | 524354 | 8.412 9 | | |
| | | | | | | | |
| 3 | SUNIL LAXMINARYAN MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 416003 | 6.674 5 | 416003 | 6.674 5 | 'IN303077101597 90 | ADVPM5759J |
| | At the end of the Year 31-Mar-2020 | 416003 | 6.674 5 | 416003 | 6.674 5 | | |

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| | | | | | | | |
|----|--|--------|------------|--------|------------|-----------------------|------------|
| | | | | | | | |
| 4 | SUSHIL KUMAR MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 294400 | 4.723 4 | 294400 | 4.723 4 | 'IN303077101315 12 | ACSPM4710B |
| | At the end of the Year 31-Mar-2020 | 294400 | 4.723 4 | 294400 | 4.723 4 | | |
| | | | | | | | |
| 5 | INDRA MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 216200 | 3.468 8 | 216200 | 3.468 8 | 'IN303077101316 67 | AJKPM3403A |
| | At the end of the Year 31-Mar-2020 | 216200 | 3.468 8 | 216200 | 3.468 8 | | |
| | | | | | | | |
| 6 | JYOTI MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 204463 | 3.280 4 | 204463 | 3.280 4 | 'IN303077101316 59 | AGXPM3106C |
| | At the end of the Year 31-Mar-2020 | 204463 | 3.280 4 | 204463 | 3.280 4 | | |
| | | | | | | | |
| 7 | LAXMINARAYAN MOONDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 160294 | 2.571 8 | 160294 | 2.571 8 | 'IN303077106093 22 | ABQPM2191P |
| | At the end of the Year 31-Mar-2020 | 160294 | 2.571 8 | 160294 | 2.571 8 | | |
| | | | | | | | |
| 8 | RADHA S MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 159600 | 2.560 6 | 159600 | 2.560 6 | 'IN303077101316 42 | AAIPM2313G |
| | At the end of the Year 31-Mar-2020 | 159600 | 2.560 6 | 159600 | 2.560 6 | | |
| | | | | | | | |
| 9 | SHARADA MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 129414 | 2.076 3 | 129414 | 2.076 3 | 'IN303077101316 34 | AJMPM5149H |
| | At the end of the Year 31-Mar-2020 | 129414 | 2.076 3 | 129414 | 2.076 3 | | |
| | | | | | | | |
| 10 | SATYANARAYAN MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 123255 | 1.977 5 | 123255 | 1.977 5 | 'IN303077101342 68 | ADVPM5763A |
| | At the end of the Year 31-Mar-2020 | 123255 | 1.977 5 | 123255 | 1.977 5 | | |
| | | | | | | | |
| 11 | SHREY MUNDRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 110100 | 1.766 4 | 110100 | 1.766 4 | 'IN303077105704 90 | CBHPM1841B |
| | At the end of the Year 31-Mar-2020 | 110100 | 1.766 4 | 110100 | 1.766 4 | | |
| | | | | | | | |
| 12 | MADHAV MUNDRA | | | | | | |

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| | | | | | | | |
|----|--|--------|------------|--------|------------|-----------------------|------------|
| | At the beginning of the year 01-Apr-2019 | 110100 | 1.766 4 | 110100 | 1.766 4 | 'IN303077105705 12 | CBHPM1839H |
| | At the end of the Year 31-Mar-2020 | 110100 | 1.766 4 | 110100 | 1.766 4 | | |
| | | | | | | | |
| 13 | JYOTSNA DAGA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 20900 | 0.335 3 | 20900 | 0.335 3 | 'IN300214138093 20 | ABQPM2190N |
| | At the end of the Year 31-Mar-2020 | 20900 | 0.335 3 | 20900 | 0.335 3 | | |
| | | | | | | | |
| 14 | NIDHI SETHIA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 10000 | 0.160 4 | 10000 | 0.160 4 | '1601430100334 671 | AFPPM1197L |
| | At the end of the Year 31-Mar-2020 | 10000 | 0.160 4 | 10000 | 0.160 4 | | |
| | | | | | | | |
| 15 | DEEPAK KABRA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 1200 | 0.019 2 | 1200 | 0.019 2 | '00000055 | AATPK8187H |
| | At the end of the Year 31-Mar-2020 | 1200 | 0.019 2 | 1200 | 0.019 2 | | |
| | | | | | | | |
| 16 | CHANDRA R LADDHA | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 1000 | 0.016 0 | 1000 | 0.016 0 | '00000008 | AAOPL5278M |
| | At the end of the Year 31-Mar-2020 | 1000 | 0.016 0 | 1000 | 0.016 0 | | |
| | | | | | | | |
| 17 | B SAMPATHLAL | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 500 | 0.008 0 | 500 | 0.008 0 | '00000010 | ACAPB5535B |
| | At the end of the Year 31-Mar-2020 | 500 | 0.008 0 | 500 | 0.008 0 | | |
| | | | | | | | |
| 18 | MUKUND GATTANI | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 500 | 0.008 0 | 500 | 0.008 0 | '00000063 | AMTPG5256D |
| | At the end of the Year 31-Mar-2020 | 500 | 0.008 0 | 500 | 0.008 0 | | |
| | | | | | | | |
| 19 | DAMANI VIJAY JT1 : DAMANI SHASHI | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 200 | 0.003 2 | 200 | 0.003 2 | '00000098 | AACPD7811L |
| | At the end of the Year 31-Mar-2020 | 200 | 0.003 2 | 200 | 0.003 2 | | |
| | | | | | | | |
| 20 | BHAGYALAXMI GURUMURTHY | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 200 | 0.003 2 | 200 | 0.003 2 | '00007679 | AQLPB4758K |
| | At the end of the Year 31-Mar-2020 | 200 | 0.003 2 | 200 | 0.003 2 | | |

| | | | | | | | |
|----|--|-----|--------|-----|--------|-----------|------------|
| 21 | C M GURUMURTHY | | | | | | |
| | At the beginning of the year 01-Apr-2019 | 200 | 0.0032 | 200 | 0.0032 | '00007682 | AAVPG5522R |
| | At the end of the Year 31-Mar-2020 | 200 | 0.0032 | 200 | 0.0032 | | |

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

| | | Shareholding at the beginning of the year | | Shareholding at the end of the year | | | |
|-------|---|---|----------------------------------|-------------------------------------|---------------|------------------|------------|
| SI No | Name of the Share holder | No of shares | % of total shares of the company | No of shares | % of total Sh | FOLIO/DP_CL_ID | PAN |
| 1 | SANGEETHA S | 50453 | 0.8094 | 50453 | 0.8094 | IN30131320493057 | AIJPS3739F |
| 2 | VIVOG COMMERCIAL LIMITED | 283623 | 4.5505 | 283623 | 4.5505 | 1201060002032340 | AAACV8936D |
| 3 | MAHENDRA LABS PVT LTD | 263200 | 4.2228 | 263200 | 4.2228 | IN30160411944838 | AACCM6620K |
| 4 | NISHA DUDHERIA | 165000 | 2.6473 | 165000 | 2.6473 | IN30180310030305 | BKRPD5938G |
| 5 | PRABHA MOHTA | 155614 | 2.4967 | 155614 | 2.4967 | IN30210510217862 | AFIPM7411C |
| 6 | HDFC SECURITIES LTD | NIL | NIL | 116000 | 2.66 | IN30012611276555 | AAACH8215R |
| 7 | JYOTIVARDHAN JAIPURIA JT1 : SANTOSH JAIPURIA | 81479 | 1.3072 | 89818 | 1.441 | IN30509910014740 | AACPJ7042D |
| 8 | INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | 73755 | 1.1833 | 79198 | 1.2707 | IN30070810656671 | EXEMPTCATG |
| 9 | LAXMIPAT DUDHERIA HUF | 40000 | 0.6417 | 40000 | 0.6417 | 1201060001846163 | AABHL5328K |
| 10 | DALAL & BROACHA STOCK BROKING PVT.LTD. | 35000 | 0.5616 | 35000 | 0.5616 | 1201170000003793 | AAACD5662J |

(v) Shareholding of Directors and Key Managerial Personnel:

| | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|--|---|----------------------------------|---|----------------------------------|
| Sl No | Name of the Share holder | No of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | SUSHIL KUMAR MUNDRA | | | | |
| | At the beginning of the year 01-Apr-2019 | 294400 | 4.72 | 294400 | 4.72 |
| | At the end of the Year 31-Mar-2020 | 294400 | 4.72 | 294400 | 4.72 |
| 2 | SATYANARAYAN MUNDRA | | | | |
| | At the beginning of the year 01-Apr-2019 | 123255 | 1.98 | 123255 | 1.98 |
| | At the end of the Year 31-Mar-2020 | 123255 | 1.98 | 123255 | 1.98 |
| 4 | SUNIL L MUNDRA | | | | |
| | At the beginning of the year 01-Apr-2019 | 416003 | 6.67 | 416003 | 6.67 |
| | At the end of the Year 31-Mar-2020 | 416003 | 6.67 | 416003 | 6.67 |
| 5 | LAXMINARAYAN MOONDRA | | | | |
| | At the beginning of the year 01-Apr-2019 | 160294 | 2.57 | 160294 | 2.57 |
| | At the end of the Year 31-Mar-2020 | 160294 | 2.57 | 160294 | 2.57 |
| 6 | JYOTHI MUNDRA | | | | |
| | At the beginning of the year 01-Apr-2019 | 204463 | 3.28 | 204463 | 3.28 |
| | At the end of the Year 31-Mar-2020 | 204463 | 3.28 | 204463 | 3.28 |

V) Indebtedness –
Indebtedness of the Company Including Interest Outstanding/Accrued but not due for Payment.
(Rs. In lakhs)

| | Secured Loan (Excluding Deposits) | Unsecured Loans | Deposits | Total Indebtedness |
|---|-----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | 0 | 0 | 0 | 0 |
| i. Principal Amount | 0 | 0 | 0 | 0 |
| ii. Interest Due but not Paid | 0 | 0 | 0 | 0 |
| iii. Interest Accrued but not Due | 0 | 0 | 0 | 0 |
| Total (i. + ii. + iii) | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Change in Indebtedness during F.Y | 0 | 0 | 0 | 0 |
| *Additions | 0 | 0 | 0 | 0 |

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| | | | | |
|---|---|---|---|---|
| *Reductions | 0 | 0 | 0 | 0 |
| Net Change | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Indebtedness at the end of the financial year | 0 | 0 | 0 | 0 |
| i. Principal Amount | 0 | 0 | 0 | 0 |
| ii. Interest Due but not Paid | 0 | 0 | 0 | 0 |
| iii. Interest Accrued but not Due | 0 | 0 | 0 | 0 |
| Total (i. + ii. + iii) | 0 | 0 | 0 | 0 |

VI. A. Remuneration of Directors and Key Managerial Personnel

| SN. | Particulars of Remuneration | Name of MD/WTD/ M | | | Total Amount (In Lakhs) |
|--|---|-------------------|-------|-------|-------------------------|
| | | SLM | LMN | SNM | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the IT Act, 1961 | 44.40 | 31.80 | 31.80 | 108.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.50 | 0.54 | 0 | 1.04 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 0 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 | 0 |
| 4 | Commission- as % of profit-others, specify... | 0 | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 | 0 |
| | Total (A) | 44.90 | 32.34 | 31.80 | 109.04 |
| Note: The Remuneration is below the ceiling limit as prescribed under Companies Act 2013 | | | | | |

B. Remuneration to Other Directors:

| Name of Directors | Particulars of Remuneration | | | Total Rs.(In Lakhs) |
|-------------------------------|----------------------------------|--------------------------------------|--|----------------------|
| | Fee for attending Board Meetings | Fee for attending Committee Meetings | Commission, if any/other, please specify | |
| Independent Directors: | | | | |
| C P Rangachar | 0.60 | 0.60 | 0 | 1.20 |
| CM Gurumurthy | 0.30 | 0.15 | 0 | 0.45 |
| Anjan Kumar Roy | 0.45 | 0 | 0 | 0.45 |
| Pramod Kumar Kasat | 0.45 | 0.45 | 0 | 0.90 |
| Other Non-Executive Directors | | | | |
| Sushil Kumar Mundra | 0.75 | 0 | 0 | 0.75 |
| Jyoti Mundra | 0.60 | 0 | 0 | 0.60 |

C. Remuneration to KMP other than Manager, MD & WTD:

| SN | Particulars of Remuneration | Key Managerial Personnel | | | Total Rs. (In Lakhs) |
|----|--|--------------------------|-------------|--------------|-----------------------|
| | | CEO | CS | CFO | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Shilpa Burman & Skandan P. Jain-CS Prasanna B Junnarkar-CFO (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NIL | 5.11 | 10.47 | 15.58 |
| 2 | Stock Option | NIL | NIL | NIL | NIL |
| 3 | Sweat Equity | NIL | NIL | NIL | NIL |
| 4 | Commission | NIL | NIL | NIL | NIL |
| 5 | - as % of profit | NIL | NIL | NIL | NIL |
| | others, specify... | NIL | NIL | NIL | NIL |
| | Others, please specify | NIL | NIL | NIL | NIL |
| | Total | NIL | 5.11 | 10.47 | 15.58 |

Vii. Penalties / Punishment/ Compounding of Offences:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

Annexure - 1
Form AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: N.A**2. Details of material contracts or arrangement or transactions at arm's length basis**

| | | |
|----|---|--|
| a) | Name(s) of the related party and nature of relationship | M/s Mundra Enterprises, Entity in which Director or KMP is related : Shri. Sunil L Mundra Shri. Laxminarayan Mundra Shri. Sathyanaraya Mundra |
| b) | Nature of contracts/arrangements/transactions | Operating Lease Rental Payments |
| c) | Duration of the contracts/ arrangements/ transactions | Transaction during the year ended March 31, 2020 |
| d) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | N.A |

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
FINANCIAL YEAR 2019-20
Subsidiaries

| SL.NO | Particulars | Details |
|-------|---|---|
| 1 | Name of Subsidiary | Natural Phyto Pharma Private Limited (Formerly known as Natural Drug Discoveries Private Limited) |
| 2 | Reporting period for the subsidiary concerned, if different | FY 2019-20 |
| 3 | Reporting currency and exchange rate as on the last date of the relevant financial year in case of subsidiaries | INR |
| 4 | Share capital | 1,00,000 |
| 5 | Reserves & surplus | 0 |
| 6 | Total assets | 128600 |
| 7 | Total Liabilities | 128600 |
| 8 | Investments | 0 |
| 9 | Turnover | 0 |
| 10 | Profit /(Loss) before taxation | 0 |
| 11 | Provision for taxation | 0 |
| 12 | Other comprehensive income for the period | 0 |
| 13 | Profit /(Loss) after taxation | 0 |
| 14 | Proposed Dividend | 0 |
| 15 | % of shareholding | 75% |

| | | |
|----|--|--------------------------------------|
| 16 | Names of subsidiaries which are yet to commence operations : | Natural Phyto Pharma Private Limited |
| 17 | Names of subsidiaries which have been liquidated or sold during the year : | N.A |

For and on Behalf of the Board

Sd/-

Sd/-

Sunil L Mundra
Managing Director

Satyanarayan Mundra
Whole Time Director

Place : Bengaluru
Date : 05.06.2020

Annexure - 2**Form MR-3-Secretarial Audit Report (For the Financial Year ended 31st March 2020)**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
(As amended from time to time)

To,

The Members,
Natural Capsules Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Natural Capsules Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Natural Capsules Limited (name of the company's) books, papers, minute books, 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 has in general complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Natural Capsules Limited ("the Company") for the financial year ended on 31st March, 2020 according to the provisions of:

| |
|---|
| (i) The Companies Act, 2013 (the Act) and the rules made thereunder; |
| (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; |
| (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; |
| (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder |
| (v) 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; |
| (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; |

| |
|---|
| (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; ; |
| d) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 |
| e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; |

The Company has not dealt with Issue of Securities, Equity/Preference Shares, Issue and Listing of Debt Securities, Delisting of Equity Shares, Buyback of Securities and therefore the following regulations are not applicable:-

| |
|--|
| a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; |
| b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and |
| c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 |
| d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations, up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018 |

| |
|---|
| (vi) Company specific Laws as per the representations made by the management; |
| a) Drug Control Act, 1950 |
| b) Drugs and Cosmetic Act, 1940 |

I/We have also examined compliance with the applicable clauses of the following:

| |
|---|
| (i) Secretarial Standards issued by The Institute of Company Secretaries of India. |
| (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and I have verified the compliance under |

During the period under review and as per the explanations and representations received from the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations :-

| |
|--|
| a) The Company has not consolidated Financials of its subsidiary M/s Natural Phyto Pharma Private Limited(Formerly known as Natural Drug Discoveries Private Limited) as per Regulation 33 of SEBI (LODR) Regulations, 2015, for the quarter ended June 2019. |
| b) Some of the promoters physical share to the extent of 3600 equity shares are yet to be Dematerialised. |
| c) MR-1 for re-appointment of Managing Director and Whole-Time Director made in 2019-20 was not filed during the year under consideration. However, the same has since been filed |

I further report that based on the information provided and representation made by the Company and on the basis of Compliance report taken on record by the Board, in my opinion adequate systems and processes exist in the Company to monitor and ensure Compliance with Other applicable laws, rules, regulations and guidelines.

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 Act.

In general, 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 clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and

recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

| |
|--|
| a) There were few instances of delays in filing of E forms with the Registrar of Companies with additional fees. |
| b) The adjudication for default U/s 203(1) read with Rule 8A of Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 regarding Non Appointment of whole time Company Secretary for the earlier period 01/04/2014 to 25/03/2015 is pending with ROC. |
| c) The Company received Notice from ROC dtd.20/09/2019 for non-filing of Cost Audit Report for the year 2016-17 and the Company filed suitable reply denying the applicability of the provisions relating to filing. |
| d) The Company has received notice from Bombay Stock Exchange dated November 28, 2019 under Regulation 33 of SEBI (LODR) Regulations, 2015 for not submitting Consolidated Financials for the quarter ended June 2019. However, the Company has filed Consolidated Financials and filed suitable reply along with payment of fine levied by BSE. |
| e) Notice from ROC dated 25/06/2019 received for not filing credit rating for deposits collected as per Rule 3 (8) (a) of Companies (Acceptance of Deposits) Rules, 2014 and the Company has given a suitable reply refuting the violation, in the absence of acceptance of Deposits. |
| f) The Company has granted options to one of its employees as per the ESOP Scheme and in principle approval from Bombay Stock Exchange. |

Place: Bangalore
Date: 24 -06-2020

R. Parthasarathy
ACS No.3667
C P No.: 838

Note: This report is to be read with our letter of even date which is annexed as Annexure 2 and forms An integral part of this report.

To,

The Members
Natural Capsules Limited

Our report 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 that 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 and the applicable financial laws such as Direct and Indirect tax laws have not been reviewed since the same are subject to review under Statutory Audit and Other Audit/s by designated professionals.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions 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 report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 24-06-2020
Place: Bangalore

R. Parthasarathy
Practising Company Secretary
Membership No: ACS 3667
Certificate of Practice No: 838.

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,
NATURAL CAPSULES LIMITED
Bangalore

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Natural Capsules Limited having CIN L85110KA1993PLC014742 and having registered office at Trident Towers, 4th Floor (level 3), No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru Bangalore KA 560011 (hereinafter referred to as 'the Company'), produced before me 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 opinion and to the best of my 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 by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these 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 **DEEPAK SADHU & CO**

COMPANY SECRETARIES

Sd/-

DEEPAK SADHU

MEMBERSHIP NUMBER: **39541**

COP: **14992**

Date: **05.06.2020**

ANNEXURE – 3

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo [Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 (as amended from time to time):

A. Conservation of Energy:

- i. Steps taken for conservation of energy: Company has installed heat exchangers with condenser heat and has made conscious efforts to use of LED lights throughout the Factories.
- ii. Steps taken by the Company for utilizing alternate sources of energy rate: Company has placed order to install Concentrated Solar Thermal (CST) and Photo Voltaic (PV) systems to generate the water for its heating systems. Solar panels are also proposed to be installed for use of same in ensuring continuous generation of hot water and its circulation in the loop.
- iii. Capital investment on energy conservation equipment: Company has finalized orders worth **Rs. 250 lakhs** for Concentrated Solar Thermal (CST) and Photo Voltaic (PV) systems.

B. Technology Absorption:

- iv. Company during the year has modified one of the Automatic capsules making machine to increase the production capacity and it has resulted in about 150 % in increase in production capacity, which has a good demand in various countries.
- v. During the year no new technology was imported.
- vi. Expenditure incurred on Research & Development: Rs.1,02,80,522

C. Foreign exchange earnings and outgo:

| | |
|----------------------------------|-------------|
| Foreign Exchange Earnings | 8,45,63,065 |
| Foreign Exchange Outgo | 3,43,30,406 |

ANNEXURE - 4**Annual Report on Corporate Social Responsibility (CSR) Activities:****Corporate Social Responsibility (CSR) Committee:**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (As amended from time to time), the Company has constituted the Corporate Social Responsibility Committee.

CSR Policy

Our aim is to be one of the respected companies in India delivering superior and everlasting value to all our customers, associates, shareholders, employees and Society at large. The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society. To pursue these objectives we will continue to:

Work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, provide medical aid to the needy and down trodden. Collaborate with likeminded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals. Interact regularly with stakeholders, review and publicly report our CSR initiatives.

Corporate Social Responsibility (CSR) committee.

The terms of reference of this Committee, assigned by their Board encompasses:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013.
- b. To recommend the amount of expenditure to be incurred on the activities referred to in clause A.
- c. To monitor the CSR policy of the Company from time to time.
- d. Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India.

Composition:

As required under section 135 of the Companies Act, 2013 the company has formed a CSR committee consisting of the following Members from **28th May 2014**.

| SL. No. | Name of the Member | Designation |
|----------------|---------------------------|--------------------|
| 1 | Shri Anjan Kumar Roy | Chairman |
| 2 | Shri Sunil L Mundra | Member |
| 3 | Shri Sushil Kumar Mundra | Member |

The committee met on 12.11.2019 & 08.02.2020 during the financial year ended 31st March 2020. The attendance record of the members at the meeting was as follows.

| Sl No. | Date of Meeting | Committee Strength | No. of Members Present |
|--------|-----------------|--------------------|------------------------|
| 1 | 12.11.2019 | 3 | 3 |
| 2 | 08.02.2020 | 3 | 3 |

In view of profits being less than the prescribed limits as per section 135 of the Companies Act, 2013, CSR is not applicable to the Company, accordingly no further details are given.

ANNEXURE - 5**Report on Corporate Governance**

The Directors present the Company's Report on Corporate Governance for the year ended **31st March 2020**, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

Philosophy on Code of Governance:

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before they were mandated by the legislation. Transparency, integrity, professionalism and accountability - based values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. Your company has fulfilled all the existing guidelines mandated under SEBI (LODR) Regulations, 2015

Composition, Category of Directors and their other directorship as on March 31st 2020:

| Name of the Director | Category of Directorship | No. of Directorships in Public & Private Companies | DIN |
|----------------------------------|--|--|----------|
| Shri. Sunil Laxminarayana Mundra | Executive(Managing Director) | 5 | 00214304 |
| Shri. Satyanarayan Mundra | Executive(Whole time Director) | 3 | 00214349 |
| Shri. Laxminarayan Moondra | Executive(Whole time Director) | 3 | 00214298 |
| Shri. Sushil Kumar Mundra | Non - Executive (Promoter Director) | 5 | 00214332 |
| Mr. Pramod Kasat | Non - Executive (Independent Director) | 4 | 00819790 |
| Mr. Anjan Kumar Roy | Non - Executive (Independent Director) | 3 | 01032834 |
| Shri. CP Rangachar | Non -Executive (Independent Director) | 11 | 00310893 |
| Smt. Jyoti Mundra | Non-Executive Director | 1 | 07143035 |

Number of Board Meetings:

During the year ended 31st March, 2020, 5 (FIVE) Board Meetings were held on the following dates:

| Board Meeting No. | Date of Board Meeting | Board Strength | No. of Director's Present | Leave of Absence given to : |
|-------------------|--|----------------|---------------------------|-----------------------------|
| 128 th | Thursday, 30 th May 2019 | 9 | 8 | S Gopalan |
| 129 th | Friday, 9 th August 2019 | 10 | 8 | S Gopalan & Anjan K Roy |
| 130 th | Tuesday, 12 th November 2019 | 8 | 7 | Anjan K Roy |
| 131 st | Saturday, 21 st December 2019 | 8 | 7 | Pramod Kasat |
| 132 nd | Saturday, 8 th February 2020 | 8 | 7 | Jyoti Mundra |

Directors' attendance record:

| Name of the Director | Board Meetings Attended during the F.Y Year : 2019-20 | Whether attended Last AGM |
|----------------------------------|---|---------------------------|
| Shri. Sunil Laxminarayana Mundra | 5 | Yes |
| Shri. Satyanarayan Mundra | 5 | Yes |
| Shri. Laxminarayan Mundra | 5 | Yes |
| Shri. Sushil Kumar Mundra | 5 | Yes |
| Shri. Pramod Kasat | 4 | Yes |
| Shri. CP Rangachar | 5 | Yes |
| Smt. Jyoti Mundra | 4 | Yes |
| Shri. Shri. Anjan K Roy | 4 | Yes |

Relationship between directors:**The Names of Directors who are Related Inter Se are:**

| |
|--------------------------------|
| 1. Shri. Sunil L Mundra. |
| 2. Shri. Laxminaryan Mundra. |
| 3. Shri. Sushil Kumar Mundra. |
| 4. Shri. Sathyanarayan Mundra. |
| 5. Smt. Jyoti Mundra. |

Note: None of the other directors are related each other.

Committees of the Board:**Audit Committee:****Terms of Reference:**

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company, compliance of adequate internal control system, Accounting Standards and financial disclosure and other issues conforming to the requirements specified by the Companies Act, 2013 and by the Stock Exchanges in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition:

The Audit committee consists of **3** Independent Non-Executive Directors and 1 Executive non independent director:

| |
|--------------------------|
| 1. Shri. C.P. Rangachar |
| 2. Shri. Pramod Kasat |
| 3. Shri. Sunil L Mundra |
| 4. Shri. Anjan Kumar Roy |

Shri. C.P. Rangachar has been designated as chairman of the committee. The committee met **4 (Four)** times during the financial year ended **31st March 2020**. The attendance records of the members at the meeting were as follows:

| Name of the Member | Designation | No. of Meeting Attended |
|-----------------------|-------------|-------------------------|
| Shri. C P Rangachar | Chairman | 4 |
| Shri. Pramod Kasat | Member | 4 |
| Shri. Sunil L Mundra | Member | 4 |
| Shri. Anjan Kumar Roy | Member | 4 |

During the year ended **31st March 2020**, **4 (Four)** Audit Committee Meetings were held on the following dates.

| Meeting No. | Date of Meeting | Committee Strength | No. of members Present |
|------------------|-----------------|--------------------|------------------------|
| 65 th | 30.05.2019 | 4 | 4 |
| 66 th | 09.08.2019 | 4 | 3 |
| 67 th | 12.11.2019 | 4 | 3 |
| 68 th | 08.02.2020 | 4 | 4 |

Note: Smt. Shilpa Burman, Company Secretary is the Secretary of the Audit Committee. No person has been denied access to Audit Committee.

Nomination & Remuneration & Compensation Committee and its Policy:

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act 2013, and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee was constituted for identifying the persons to be appointed as Directors and Senior Management personnel, recommend to the Board –the appointment and removal of Directors, carry out evaluation of Directors, formulate the criteria for determining qualifications, positive attributes and independence of Directors, and to recommend a policy relating to the remuneration of Directors.

Composition:

The Nomination& remuneration committee for appointment & remuneration of executive directors was constituted with effect from **26th July, 2003** with Shri Anjan Kumar Roy, Shri C P Rangachar, Shri Pramod Kasat.

| Name of the Member | Designation |
|---------------------|-------------|
| Shri. Anjan K Roy | Chairman |
| Shri. C P Rangachar | Member |
| Shri Pramod Kasat | Member |

During the year ended **31st March 2020**, **3 (Three)** Nomination& Remuneration Committee Meetings were held on the following dates.

| Date of Meeting | Committee Strength | No. of members Present |
|-----------------|--------------------|------------------------|
| 30.05.2019 | 3 | 3 |
| 12.11.2019 | 3 | 3 |
| 08.02.2020 | 3 | 3 |

Evaluation of Board's Performance & Performance Evaluation Committee:

Terms of Reference:

The objective of this evaluation is to facilitate the review of performance of the Individual Directors, Chairperson, Board Committees and the Board as a whole.

- The Independent Directors at their meeting reviewed the performance of the Non-Independent Directors, the Chairman and the Board as a whole. The Independent Directors briefed the Board on the evaluation assessment undertaken at the meeting of the Independent Directors.
- The Performance Evaluation Committee evaluated the performance of all the Directors including the Executive Director and recommended their findings to the Board of Directors.
- The Board reviewed the performance assessment undertaken by the Independent Directors and the Nomination & Remuneration Committee. The Board discussed and analyses the performance of the Executive, Non-Executive and Independent Directors and of its own performance during the year including suggestions for improvement.

- d) The Board also reviewed the Charters of all Board Committees and the necessity of establishing any Committees and delegating certain of its responsibilities to the Committees.

Composition:

| Sr.No. | Name | Designation |
|--------|---------------------------|-------------|
| 1 | Shri. Laxminarayan Mundra | Chairman |
| 2 | Shri. Satyanarayan Mundra | Member |
| 3 | Shri. Sunil L Mundra | Member |
| 4 | Shri. Anjan K Roy | Member |

During the period, the PEC Committee evaluated performance of every Director, Chairman and Board as a whole based on their roles, functions and duties and their contribution to the Board/Committees of the Board.

During the year ended **31st March 2020**, **4 (Four)** PEC Committee Meetings were held on the following dates.

| Date of Meeting | Committee Strength | No. of members Present |
|-----------------|--------------------|------------------------|
| 30.05.2019 | 4 | 4 |
| 09.08.2019 | 4 | 4 |
| 12.11.2019 | 4 | 4 |
| 08.02.2020 | 4 | 4 |

Independent Directors' Meeting:**Terms of Reference:**

- (a) To review the performance of the Non-Independent Directors and the Board as a whole.
- (b) To review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- (c) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Composition:

| Sr.No. | Name | Designation |
|--------|---------------------|-------------|
| 1 | Shri. C.P.Rangachar | Chairman |
| 2 | Mr. Pramod Kasat | Member |
| 3 | Mr. Anjan Kumar Roy | Member |

During the year ended **31st March 2020** the Independent Directors Committee Met on **08th Feb 2020**.

Familiarization Program for Independent Directors

Pursuant to provisions of Regulation 25(7) of the SEBI Listing Regulations, a detailed familiarization program was held on **12th Nov 2019**. The detail of familiarization program is available at website of your Company at www.naturalcapsules.com

Shareholders/ Investors' Grievance Committee:

The Investor Grievance committee of the company was formed on **25th March, 2003**. The Committee reviews the services rendered namely - redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non-receipt of dividends, etc., and also the action taken by the Company on such matters.

Composition:

1. Shri Anjan Kumar Roy, Chairman
2. Shri Laxminarayan Mundra, Member
3. Shri Sunil L Mundra, Member

During the year ended **31st March 2020**, **3 (Three) Shareholders/ Investors' Grievance Committee** Meetings were held on the following dates:

| Sl No. | Date of Meeting | Committee Strength | No. of Members Present |
|--------|-----------------|--------------------|------------------------|
| 1 | 30.05.2019 | 3 | 3 |
| 2 | 12.11.2019 | 3 | 3 |
| 3 | 08.02.2020 | 3 | 3 |

Status of shareholders/Investors Grievance and Share Transfers as on 31st March 2020:

| | |
|--------------------------------|---|
| No. of Grievances received | 1 |
| No. of Grievances redressed | 1 |
| No. of Grievances pending | 0 |
| No. of share transfers pending | 0 |

Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary-Shilpa Burman and 3 members from the Board of Directors to approve -Transfer of shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on **31st March 2020**.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Composition:

1. Shri Anjan Kumar Roy, Chairman
2. Shri Laxminarayan Mundra, Member
3. Shri Sunil L Mundra, Member

During the year ended **31st March 2020**, **3 (Three) Share Transfer Committee** Meetings were held on the following dates:

| Sl No. | Date of Meeting | Committee Strength | No. of Members Present |
|--------|-----------------|--------------------|------------------------|
| 1 | 30.05.2019 | 3 | 3 |
| 2 | 12.11.2019 | 3 | 3 |
| 3 | 08.02.2020 | 3 | 3 |

Code of conduct for prohibition of insider trading:

Your Company has in place a Code of Conduct for Prohibition of Insider Trading, which lays down the process of trading in securities of the Company by the Designated Persons and to regulate, monitor and report trading by the employees of the Company either on his/her own behalf or on behalf of any other person, on the basis of Unpublished Price Sensitive Information. The said Code has been revised and substituted effective from April 01, 2019. The aforementioned Code is available on the website of the Company at www.naturalcapsules.com

ANNEXURE - 6

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (As amended from time to time):

- i. **Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2019-20:**

| Sl.No. | Name | Category | Ratio |
|--------|---|---------------------|-------|
| 1 | Shri. Sunil L Mundra | Managing Director | 11.10 |
| 2 | Shri. Laxminarayan Mundra | Whole Time Director | 7.95 |
| 3 | Shri. Satyanarayan Mundra | Whole Time Director | 7.95 |
| 4 | Percentage Increase in remuneration of MD,WTD=NIL | | |

- ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

| Sl.No. | Name | Category | Percentage (%) |
|--------|----------------------|-------------------------|----------------|
| 1 | Prasanna B Junnarkar | Chief Financial Officer | 6.15 |

- iii. The percentage increase in the median remuneration of employees in the financial year:

| SL No. | 2019-20 | 2019-20 | Percentage (%) |
|--------|---------|---------|----------------|
| 1 | 399.86 | 373.34 | +7.10 |

- iv. The number of employees of the Company:

| 31-03-2020 | | | | 31-03-2019 | | | |
|------------|---------|---------|-------|------------|---------|---------|-------|
| PLACE | REGULAR | TRAINEE | TOTAL | PLACE | REGULAR | TRAINEE | TOTAL |
| HO | 21 | 0 | 21 | HO | 22 | - | 22 |
| UNIT-1 | 34 | 0 | 34 | UNIT-1 | 32 | - | 32 |
| UNIT-2 | 86 | 1 | 87 | UNIT-2 | 75 | 9 | 84 |
| UNIT-3 | 8 | 4 | 12 | UNIT - 3 | 4 | 5 | 9 |

- v. Affirmation that the remuneration paid during the year is as per the Remuneration Policy of the Company. Yes
- vi. Particulars of employees: Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (As amended from time to time):

| Name | Age | Gross Remuneration Paid | Qualification | Date of Commencement of Employment (Experience in Years) | Previous Employment |
|------|-----|-------------------------|---------------|--|---------------------|
| NIL | | | | | |

- vii. The details of remuneration for the year ended 31st March 2020 to the Executive & Non-Executive Directors are as follows:

| (In Lakhs) | | | | |
|---------------------------------|--------------|------------------------|------------|----------------|
| Directors | Sitting Fees | Salary and Perquisites | Commission | Total (In Rs.) |
| Executive Directors: | | | | |
| Shri. Sunil L Mundra | 0 | 44.90 | 0 | 44.90 |
| Shri. Laxminarayan Mundra | 0 | 32.33 | 0 | 32.33 |
| Shri. Satyanarayan Mundra | 0 | 31.80 | 0 | 31.80 |
| Non-Executive Directors: | | | | |
| Shri. Dr. | 0.45 | 0 | 0 | 0.45 |

| | | | | |
|---------------------------|------|---|---|------|
| C.M.Gurumurthy | | | | |
| Shri. C.P.Rangachar | 1.20 | 0 | 0 | 1.20 |
| Shri. Sushil Kumar Mundra | 0.75 | 0 | 0 | 0.75 |
| Smt. Jyoti Mundra | 0.60 | 0 | 0 | 0.60 |
| Shri Anjan Kumar Roy | 0.45 | 0 | 0 | 0.45 |
| Shri Pramod Kumar Kasat | 0.90 | 0 | 0 | 0.90 |

viii. Average percentile increase :

| | |
|---|-------|
| viii. 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; | 7.10% |
| (2) The board's report shall include a statement showing 7[the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-] | NIL |
| (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than [one crore and two lakh rupees]; | NIL |
| (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than [eight lakh and fifty thousand rupees per month]; | NIL |
| (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company | NIL |

ix. Information as per Rule 5 of Chapter XII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Top 10 employees in terms of remuneration drawn during the year.

| | Employee Name | Designation | Educational Qualification | Status of Employment | Date Of joining | Previous Employment | Remuneration In Rs. | Relationship with Director/ Manager of the Company | % of Equity Shares Held |
|---|---------------------|--------------------|---------------------------|----------------------|-----------------|---------------------|---------------------|--|-------------------------|
| 1 | Sunil L Mundra | Managing Director | Chartered Account | Permanent | Sep-93 | NA | 3,70,000 | Son of Laxminarayan Mundra | 6.67 |
| 2 | Laxminarayan Mundra | Wholetime Director | Graduate | Permanent | June-11 | NA | 2,65,000 | Brother of Satyanarayan Mundra | 2.57 |

| | | | | | | | | | |
|----|----------------------|---|----------------------|-----------|---------|-------------------------------|----------|--------------------------------|------|
| 3 | Satyanarayana Mundra | Wholetime Director | Graduate | Permanent | Sep-93 | NA | 2,65,000 | Brother of Laxminarayan Mundra | 1.98 |
| 4 | M V N. Kutty | COO | B.Tech | Permanent | June-13 | Supreme Industries Ltd | 2,06,744 | NA | NA |
| 5 | R. Mallikarjuna Rao | General Manager - Marketing | B.Sc, MBA | Permanent | June-06 | Sunil Healthcare Limited | 1,51,369 | NA | NA |
| 6 | Kamlesh Thakur | Site Head | M.Sc , Chemistry | Permanent | Apr-18 | Avik Pharma Ltd | 1,13,009 | NA | NA |
| 7 | Surya Prakash | Chief Scientific Officer | M.Sc | Permanent | Oct-18 | Yuxin Pharmaceutical Co.Ltd | 1,09,494 | NA | N.A |
| 8 | Vasudeva Kumar | DGM – Corporate QA | B. Pharm | Permanent | Nov-09 | Awamedica Limited | 1,00,266 | NA | NA |
| 9 | Dipankar Mandal | General Manager and designated as Plant Head NCL Unit-2 | B-Tech in Mechanical | Permanent | Mar-14 | Associated Capsules Ltd | 86,170 | NA | NA |
| 10 | Prasanna B Junnarkar | CFO | Graduate | Permanent | Mar-13 | 1.Falma Laboratories (P) Ltd. | 84,458 | NA | NA |

ANNEXURE - 7
Disclosures on employee stock option scheme for the year ended 31st March 2020:
Details of the Scheme

At the Annual General Meeting of the Company held on **21st September 2018**, the Members of the Company passed a Special Resolution approving the Company's '**Employee Stock Option Scheme 2018**' ('ESOP 2018' or 'the Scheme') to be administered by the Nomination, Remuneration and Compensation Committee of the Board of Directors.

Under the Scheme, options not exceeding **3,00,000 (Three Lakh)** equity shares of Rs. 10/- each have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for equity share.

Statement pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014:

| | |
|---|--|
| Date of Shareholders' approval | 21 st Sept 2018 |
| Total number of options approved under ESOP | 3,00,000 |
| Vesting requirements | Options shall vest after a minimum period of 1 (One) year and not later than a maximum period of 10(Ten) |

| | years from the date of Grant of Options. | | | | | | | | | | | | | | |
|--|---|-----------------------|-------------------|---------------------------------------|--------------------------|--------------------------------------|-------|--|-------|-----------------------------------|---|---------------------------------|---|---|--------|
| Exercise price | Rs.10 | | | | | | | | | | | | | | |
| Maximum term of options granted | 10 Years | | | | | | | | | | | | | | |
| Source of shares (primary, secondary or combination) | Primary | | | | | | | | | | | | | | |
| Variation in terms of options | Not Applicable | | | | | | | | | | | | | | |
| Method used to account for ESOS - Intrinsic or fair value. | Intrinsic value | | | | | | | | | | | | | | |
| Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed | Refer Note No. 46 of Standalone and Consolidated Financials. | | | | | | | | | | | | | | |
| A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: | Refer Note No. 46 of Standalone and Consolidated Financials. | | | | | | | | | | | | | | |
| Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to | <p>Senior managerial personnel/ (KMPs):</p> <table border="1"> <tr> <td>Name of the Employee:</td><td>Mr. Surya Prakash</td></tr> <tr> <td>Designation:</td><td>Chief Scientific Officer</td></tr> <tr> <td>No. of Options Granted on 12.11.2019</td><td>62500</td></tr> </table> <p>Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: NIL</p> <p>Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: NIL</p> | Name of the Employee: | Mr. Surya Prakash | Designation: | Chief Scientific Officer | No. of Options Granted on 12.11.2019 | 62500 | | | | | | | | |
| Name of the Employee: | Mr. Surya Prakash | | | | | | | | | | | | | | |
| Designation: | Chief Scientific Officer | | | | | | | | | | | | | | |
| No. of Options Granted on 12.11.2019 | 62500 | | | | | | | | | | | | | | |
| Options Movement | <table border="1"> <thead> <tr> <th>Particulars</th><th>Details</th></tr> </thead> <tbody> <tr> <td>No. of Option Granted during the year</td><td>62500</td></tr> <tr> <td>Options Vested</td><td>0</td></tr> <tr> <td>Options Outstanding at the beginning of the year</td><td>62500</td></tr> <tr> <td>Options exercised during the year</td><td>0</td></tr> <tr> <td>No. of Options Lapsed/Cancelled</td><td>0</td></tr> <tr> <td>Options Outstanding at the end of the year-</td><td>125000</td></tr> </tbody> </table> | Particulars | Details | No. of Option Granted during the year | 62500 | Options Vested | 0 | Options Outstanding at the beginning of the year | 62500 | Options exercised during the year | 0 | No. of Options Lapsed/Cancelled | 0 | Options Outstanding at the end of the year- | 125000 |
| Particulars | Details | | | | | | | | | | | | | | |
| No. of Option Granted during the year | 62500 | | | | | | | | | | | | | | |
| Options Vested | 0 | | | | | | | | | | | | | | |
| Options Outstanding at the beginning of the year | 62500 | | | | | | | | | | | | | | |
| Options exercised during the year | 0 | | | | | | | | | | | | | | |
| No. of Options Lapsed/Cancelled | 0 | | | | | | | | | | | | | | |
| Options Outstanding at the end of the year- | 125000 | | | | | | | | | | | | | | |
| Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock | <p>(i) Weighted average exercise price of options granted during the year whose:</p> <p>a. Exercise price equals market price: NA b. Exercise price is greater than market price: NA c. Exercise price is less than the market price: Rs. 10</p> <p>(ii) Weighted average fair value of options granted during the year whose:</p> <p>a. Exercise price equals market price: NA b. Exercise price is greater than market price: NA c. Exercise price is less than the market price: Rs.69</p> | | | | | | | | | | | | | | |

Policies

The company seeks to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All our corporate governance policies are available on our website (<http://www.naturalcapsules.com/pages/policies.html>). The policies are reviewed periodically by the Board and updated based on need and compliance requirement.

| Name of the policy | Brief description | Web link |
|---|---|---|
| Whistleblower Policy (Policy on vigil Mechanism) | The company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016-17. No employee has been denied access to the audit committee. | For Practice for Fair Disclosure of UPSI, Policy of RPT, Whistle Mechanism, NRC , CSR, Materiality, Retention and Archival, Material Subsidiary and Conduct of Insider Trading : Visit: www.naturalcapsules.com Select- Investors Tab And then select sub tab-Policies. |
| Nomination and Remuneration policy | This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees. | |
| Corporate Social Responsibility Policy | The policy outline the Company's strategy to bring about a positive impact on society through programs relating to Hunger poverty, education, healthcare, environment and Lowering its resource footprint. | |
| Determination of materiality for disclosures Policy | The information covered by this Policy shall include "information related to the Company's business, operations or performance which has a significant effect on securities investment decisions" that the company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality. | |
| Related Party Transaction Policy | The Policy regulates all transactions between the Company and its related parties. | |
| Insider Trading Policy | The policy provides the framework in dealing with securities of the Company | |
| | | |

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| | | |
|--|---|--|
| Policy on Material subsidiary | The policy for Determining material subsidiary of the company. | |
| PIT Policy | The policy Determination of legitimate purposes for sharing of Unpublished Price Sensitive Information by the Insiders in the ordinary course of business | |
| Document Retention and Archival Policy | The policy deals with the retention and archival of corporate records of Natural capsules limited. | |

General Body Meetings:

| Financial Year | Date | Time | Venue |
|----------------|---------------------------------|-----------|---|
| 2018-19 | 22 nd August 2019 | 10.00 AM | Bengaluru Gayana Samaja, Bengaluru – 4 |
| 2017-18 | 21 st September 2018 | 10.00 A M | Kannada Sahithya Parishat, Bengaluru-18 |
| 2016-17 | 29th August 2017 | 10.00 A M | |
| 2015-16 | 26th August 2016 | 10.00 A M | Bengaluru Gayana Samaja, Bengaluru – 4 |
| 2014-15 | 27th August, 2015 | 10.00 A M | |

Special Resolutions passed through Postal Ballot:

- (a) None of the resolutions approved at the last Annual General Meeting required Postal Ballot approval.
- (b) During the year the Company has not passed any Special Resolution through Postal Ballot.
- (c) There is no immediate proposal for passing any resolution through Postal Ballot.

Means of Communication:

The Quarterly Un-Audited (Provisional) Results and the Annual Audited Financial results of the company are sent to the stock exchanges immediately after they are approved by the Board and are also published in one vernacular newspaper viz. "**Sanjevani**" and one English newspaper viz. "**Business Line**".

The Notice of Board Meeting is published in one vernacular newspaper viz. "**Sanjevani**" and one English newspaper viz. "**Business Line**".

Also they are uploaded on the company's website www.naturalcapsules.com. The results are published in accordance with the guidelines of the Stock Exchanges. In line with the existing provisions of the (LODR) Regulation, 2015,

The Company has created a separate e-mail address viz: company.sec@naturalcapsules.com to receive complaints and grievances of the investors. Further, No official news releases were made.

Presentations made to institutional investors or to the analysts: No.

General shareholder information:

| Particulars | Information |
|---|---|
| Annual General Meeting - Date, Time And Venue | 27 th Annual General Meeting to be held on 21 st August 2020 at 10.30 A.M through video conferencing ("VC"), or Other Audio Visual Means ("OAVM") at the registered office of the Company at Trident Towers, 4th Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011 |
| Financial Year | 2020-21. The Company follows April-March as its Financial Year |
| Dividend Payment Date: | Dividend declared will be paid on or before 21st August 2020 (30 days of the approval of the same in the Annual General Meeting) |
| Listing In Stock Exchanges And Stock Codes | The Bombay Stock Exchange Code No: 524654 |

| | | | | | |
|--|--|----------------------------|----------------------------|---------------------------|-----------------------------|
| Market Data | Month | Open Price | High Price | Low Price | Close Price |
| | Apr-19 | 71.5 | 71.5 | 71.5 | 71.5 |
| | May-19 | 59 | 61.50 | 57.90 | 57.90 |
| | Jun-19 | 57.90 | 62.75 | 57.00 | 62.25 |
| | Jul-19 | 45.50 | 45.50 | 45.00 | 45.05 |
| | Aug-19 | 44.20 | 47.45 | 44.00 | 47.45 |
| | Sep-19 | 49.50 | 49.50 | 49.50 | 49.50 |
| | Oct-19 | 50.45 | 54.30 | 50.45 | 54.05 |
| | Nov-19 | 46.00 | 49.40 | 45.05 | 48.95 |
| | Dec-19 | 58.00 | 58.00 | 55.45 | 55.55 |
| | Jan-20 | 52.00 | 56.00 | 52.00 | 56.00 |
| | Feb-20 | 46.65 | 46.65 | 46.65 | 46.65 |
| | Mar-20 | 32.65 | 32.85 | 32.65 | 32.85 |
| RTA Details | Cameo Corporate Services Limited Subramanian Building, No. 1 Club House Road, Chennai-600 002. Ph: 91-044-28460390 (5 Lines) Email: cameo@cameoindia.com | | | | |
| Dematerialization of shares and liquidity; | As on March 31, 2020, 97.04% (60,47,960) of shares were held in dematerialized form and the rest 2.96% (1,84,740) of shares held in physical form. | | | | |
| Share Transfer System | <p>Shares lodged for transfers are registered and duly transferred Share Certificates are dispatched to the lodger within a period of 15 days from the date of receipt, if the documents are otherwise in order.</p> <p>The Share Transfer Committee meets as often as is necessary to approve transfers and related matters as may be required by the Registrars and Share Transfer Agents.</p> <p>Pursuant to Circular issued by SEBI, the Company and R&T Agents will not be accepting any request for transfer of shares in physical form with effect from 1 April 2019. This restriction however shall not be applicable to requests received for transmission or transposition of physical shares.</p> | | | | |
| Address for Correspondence | Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011. L85110KA1993PLC014742. | | | | |
| Plant Location | <p>1. Plot No. 7A2, KIADB Industrial Area, Attibele – 562 107, and</p> <p>2. R.S. No. 84, Perambai Road, Pitchaiveerampet, Pondicherry -10</p> | | | | |
| Shareholding Pattern as on 31st March 2020 | Sl No. | Category | No. of Shareholders | No. of Shares Held | % To paid up capital |
| | 1 | Resident | 3443 | 2053483 | 32.9469 |
| | 2 | NRI | 38 | 30,279 | 0.4858 |
| | 3 | Corporate Body | 42 | 1921034 | 30.8218 |
| | 4 | Clearing Member | 7 | 189977 | 3.0480 |
| | 5 | Bank | 1 | 200 | 0.0032 |
| | 6 | IEPF | 1 | 79198 | 1.2706 |
| | 7 | Promoters | 12 | 1954729 | 31.3624 |
| | 8 | Directors/Relatives | 7 | 3800 | 0.0609 |
| | | Total | 3551 | 6232700 | 100 |
| Distribution of | No. of Shares | No. of Shareholders | % of Share Holders | No. of Shares | % of Share Holders |

| | | | | | |
|----------------|--------------|-------------|------------|----------------|------------|
| Holding | 1-100 | 2223 | 62.6020 | 153896 | 2.4691 |
| | 101-500 | 906 | 25.5139 | 250251 | 4.0151 |
| | 501-1000 | 192 | 5.4069 | 155233 | 2.4906 |
| | 1001-2000 | 90 | 2.5344 | 134313 | 2.1549 |
| | 2001-3000 | 41 | 1.1546 | 102276 | 1.6409 |
| | 3001-4000 | 17 | 0.4787 | 60752 | 0.9747 |
| | 4001-5000 | 17 | 0.4787 | 80824 | 1.2967 |
| | 5001-10000 | 23 | 0.6477 | 157733 | 2.5307 |
| | 10001& Above | 42 | 1.1827 | 5137422 | 82.4269 |
| | TOTAL | 3551 | 100 | 6232700 | 100 |

Cautionary Statement

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.

Certificate of Chief Financial Officer on Corporate Governance As Per Regulation 17 (8) of SEBI (LODR) regulations, 2015:

The Board of Directors
M/s. Natural Capsules Limited

We have reviewed the financial statements and the cash flow statement of Natural Capsules Limited for the financial year 2019-20 and certify that:

A. These statements to the best of our knowledge and belief:

- I. Do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
- II. Present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the year, which are fraudulent, illegal or violative of the company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- D. We have also indicated to the Auditors and the Audit Committee.
 - i. Significant changes in Internal Controls with respect to financial reporting during the year.
 - ii. Significant changes in accounting policies during the Year and these have been disclosed in the notes to the financial statements.
- E. To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

Place : Bengaluru
Date : 05.06.2020

Sd/-
Prasanna B Junnarkar
Chief Financial Officer

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:

We have examined the compliance condition of Corporate Governance of M/s Natural Capsules Limited ("the Company") for the year ended 31st March 2020 as stipulated in Schedule V (E) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and Implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance in the above mentioned listing Regulations.

We further state that such compliance is neither an assurance as to further viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s P Chandrasekar LLP
Chartered Accountants
FRN No. 000580S/S200066

P Chandrasekar
Partner
Membership No.026037
Date : 05.06.2020
Place : Bengaluru

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **NATURAL CAPSULES LIMITED**

Opinion

We have audited the accompanying Standalone financial statements of **M/S. NATURAL CAPSULES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its Profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note no 48 of the financial statement with regard to "The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of receivables, intangible assets, and Loans & Advances. For this purpose, the Company has considered internal and external sources of information up to the date of approval of the Financial Results including credit reports and related information. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The Company will continue to closely monitor for any material changes to future economic conditions."

Our opinion on the Financial Statements is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No | Key Audit Matter | How our audit addressed the key audit matter |
|--------------|--|---|
| 1. | Investment in Supreme Pharmaceuticals Mysore | |

| | | |
|----|---|--|
| | Pvt Ltd Refer Note No. 5 in the Financial Statement Investment of Rs.5.07 crores is carried at cost being long term investment. The company has not received any dividend since the investment made in FY 2015-16. As Significant judgment is required in determining the provision for diminution in the permanent value of the investment if any, consequently having an impact on related accounting and disclosures in the standalone financial statements. | <u>Principal Audit Procedures</u> Based on discussions with management and explanations given by management we are convinced that no provision for diminution in value is required. For those matters where the management concluded that no provision should be recorded , we also considered the adequacy and completeness of the disclosure made in relation to the Diminution in the value of Investment. |
| 2. | Evaluation of uncertain Tax positions As described in the summary of Significant accounting policies in note no 2.2 Significant judgment is required in determining the provision for income taxes both current and deferred as well as the assessment of the provisions for uncertain tax positions, consequently having an impact on related accounting and disclosures in the standalone financial statements. | Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. |
| 3. | Trade receivables Trade receivables are recognized at their anticipated realizable value which is the original invoiced amount Valuation of trade receivables is a key audit matter in the audit, due to size of the trade receivables balance and the high level of management judgement used in determining the impairment provision | For trade receivables and managements estimation for trade receivables, impairment provisions, our key audit procedure includes the following: We obtained management confirmation on trade receivables outstanding We analyzed the ageing of trade receivables and We obtained the list of long outstanding receivables of these through enquiring with the management and by obtaining sufficient corroborative evidences to support the conclusions. |

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 concept 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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 the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting and
- (g) 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 does not have any pending litigations which would impact its financial position other than the items disclosed under Note No 45.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For P. Chandrasekar LLP

Chartered Accountants

Firm Registration No. 000580S/S200066

P. Chandrasekaran

Partner

Membership No. 026037

UDIN No 20026037AAAACS4181

Place: Bangalore

Date: 05th June 2020

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

- i.
 - a) The Company has maintained records of its fixed assets.
 - b) As explained to us, the company is in the process of carrying out physical verification of its fixed assets. Adjustments if any, which may arise on such verification shall be dealt with on completion of the verification.
 - c) According to the information and explanation given to us, the title deeds in respect to immovable properties are held in the name of the company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and any material discrepancies were noticed have been properly dealt with in the books of account.

- iii. The Company not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security during the year under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii.
 - a) Undisputed statutory dues including investor education and protection fund, sales-tax and other material statutory dues, as applicable, have been deposited generally regularly with the appropriate authorities for provident fund, employees' state insurance, income-tax and service tax, as applicable other than the following amount which has been due

| Name of the Statute | Amount in Rs. | Period to which the amount relates |
|---------------------|---------------|------------------------------------|
| Karnataka VAT Act | 1,492 | 2015-16 |

- b) According to the information and explanation given to us, there are no material statutory dues which have not been deposited on account of any dispute other than the amounts as listed below :

| Name of the Statute | Nature of Dues | Amount in Rs. | Period to which the amount relates | Forum where dispute is Pending |
|---------------------|--------------------------------|---------------|------------------------------------|-----------------------------------|
| Service Tax | Service Tax Payable | 2,208,074 | Nov 2009 to Oct 2012 | Commissioner of Central Excise |
| Service Tax | Penalty on Service Tax Payable | 2,208,948 | Nov 2009 to Oct 2012 | Commissioner of Central Excise |
| Income Tax | DDT – Short remittance | 1,057,860 | April 2015 to March 2006 | Deputy Commissioner of Income Tax |

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- ix. The company has not raised moneys by way of initial public offer or further public offer during the year and the company has not availed any new terms loans during the year hence this clause is not applicable.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- xi. According to the information and explanation given to us , the company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule- V of companies act 2013.
- xii. The company is not a Nidhi company hence this clause not applicable
- xiii. all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act,2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards
- xiv. The company has not issued any shares or Debentures during the year hence this clause is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him hence this clause not applicable
- xvi. the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause not applicable

For P. Chandrasekar LLP
Chartered Accountants

Firm Registration No. 000580S/S20066

P. Chandrasekaran
Partner
Membership No. 026037
UDIN No 20026037AAAACS4181

Place: Bangalore
Date: 05th June 2020

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of 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, 2020, based on the internal control over financial reporting

criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Chandrasekar LLP**Chartered Accountants**

Firm Registration No. 000580S/S200066

P. Chandrasekaran

Partner

Membership No. 026037

UDIN No 20026037AAAACS4181

Place: Bangalore

Date: 05th June 2020**STANDALONE BALANCE SHEET AS AT MARCH 31, 2020**

(in Rs.)

| S.No | Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|----------|---|-----------|----------------------|----------------------|
| A | ASSETS | | | |
| | Non-Current Assets | | | |
| | (a) Property, Plant and equipment | 2 | 23,81,29,450 | 24,36,50,887 |
| | (b) Capital Work in Progress | | 2,10,74,558 | 2,45,32,775 |
| | (c) Investment Property | 3 | | |
| | (d) Other Intangible Assets | 4 | | |
| | (e) Financial Assets | | | |
| | (i) Investments | 5 | 5,58,10,709 | 5,08,10,709 |
| | (ii) Other financial assets | 6 | 87,95,558 | 1,03,31,711 |
| | (f) Deferred Tax Assets | | | |
| | (g) Other Non-Current Assets | 7 | 4,60,36,156 | 1,86,11,276 |
| | Total non-Current Assets | | 36,98,46,432 | 34,79,37,357 |
| | Current Assets | | | |
| | (a) Inventories | 8 | 5,28,05,088 | 4,31,59,832 |
| | (b) Financial Assets | | | |
| | (i) Other Investments | | | |
| | (ii) Trade Receivables | 9 | 30,35,66,759 | 32,19,97,365 |
| | (iii) Cash and Cash Equivalents | 10 | 32,82,093 | 5,66,301 |
| | (iv) Bank balances other than (iii) above | 11 | 59,81,455 | 44,10,688 |
| | (v) Loans | 12 | 20,00,000 | 20,00,000 |
| | (v) Other Financial assets | 13 | | |
| | (c) Current tax assets (Net) | 14 | | - |
| | (d) Other current Assets | 15 | 93,42,648 | 1,13,80,292 |
| | Total Current Assets | | 37,69,78,044 | 38,35,14,477 |

| | | | | |
|----------|--|----|---------------------|---------------------|
| | | | | |
| | | | 74,68,24,475 | 73,14,51,835 |
| B | TOTAL ASSETS | | | |
| | | | | |
| | EQUITY AND LIABILITIES | | | |
| | | | | |
| | Equity | | | |
| | (a) Equity Share Capital | 16 | 6,23,27,000 | 6,23,27,000 |
| | (b) Other Equity | 17 | 49,38,86,488 | 49,26,18,718 |
| | (c) Money Received against Share warrants | | - | - |
| | Total Equity | | 55,62,13,488 | 55,49,45,718 |
| | Liabilities | | | |
| | Non-Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 18 | - | - |
| | (ii) Other Financial Liabilities | 19 | - | - |
| | (b) Deferred Tax Liabilities | | 93,38,400 | 1,07,79,700 |
| | (c) Provisions | 20 | 14,40,264 | 15,16,989 |
| | (d) Other Non-Current liabilities | | | - |
| | Total Non-Current Liabilities | | 1,07,78,664 | 1,22,96,689 |
| | Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 21 | 6,26,26,332 | 5,40,78,630 |
| | (ii) Trade Payables | | | |
| | Dues of micro enterprises and small enterprises | 22 | - | - |
| | Dues of creditors other than micro enterprises and small enterprises | 22 | 6,96,23,897 | 8,26,14,987 |
| | (iii) Other Financial Liabilities | 23 | 1,45,87,383 | 1,35,20,813 |
| | (b) Provisions | 24 | 11,26,163 | 13,00,737 |
| | (c) Other Current Liabilities | 25 | 3,18,68,549 | 1,26,94,260 |
| | Total Current Liabilities | | 17,98,32,324 | 16,42,09,427 |
| | Total Liabilities | | 19,06,10,988 | 17,65,06,116 |
| | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 74,68,24,476 | 73,14,51,835 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board

For P.Chandrasekar LLP

Chartered Accountants

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 05.06.2020

Place : Bengaluru

Sunil L Mundra

Managing Director

DIN : 00214304

Shilpa Burman

Company Secretary

M.No. A5206

For and on behalf of the Board

Satyanarayan Mundra

Whole time Director

DIN :00214349

Prasanna Junnarkar

Chief Financial Officer

STANDALONE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

| S.No | Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------|--|----------|-----------------------------------|-----------------------------------|
| I | Revenue from Operations | 26 | 61,55,48,469 | 59,78,04,768 |
| II | Other Income | 27 | 95,30,960 | 1,13,72,385 |
| III | Total Income (I+II) | | 62,50,79,429 | 60,91,77,153 |
| IV | Expenses: | | | |
| | Cost of materials consumed | 28 | 27,92,45,573 | 22,80,04,475 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 29 | 10,58,279 | 3,69,39,941 |
| | Employee benefit expense | 30 | 6,99,33,978 | 6,59,48,697 |
| | Finance costs | 31 | 76,69,909 | 37,34,123 |
| | Depreciation and amortisation expense | 32 | 4,12,07,249 | 3,19,74,916 |
| | Other expenses | 33 | 21,22,57,257 | 21,79,52,863 |
| | Total Expenses (IV) | | 61,13,72,244 | 58,45,55,016 |
| V | Profit before exceptional items and Tax (III-IV) | | 1,37,07,185 | 2,46,22,137 |
| VI | Exceptional items | 34 | - | 39,36,949 |
| VII | Profit before Tax (V - VI) | | 1,37,07,185 | 2,06,85,188 |
| VIII | Tax Expense: | | | |
| | 1) Current tax | | 65,73,000 | 79,49,190 |
| | 2) Tax for earlier | | | - |
| | 3) Deferred tax | | -14,41,300 | -64,68,600 |
| | Total Tax expenses | | 51,31,700 | 14,80,590 |
| IX | Profit for the year (VII-VIII) | | 85,75,485 | 1,92,04,598 |
| | Other Comprehensive Income | | | |
| | A. i) Items that will not be reclassified to profit or loss | | | |
| | a) Re-measurement of the defined benefit plan | | 2,06,135 | - |
| | b) Equity instruments through other comprehensive income | | | |
| | ii) Income tax relating to items that will not be reclassified to profit or loss | | 2,06,135 | - |
| | B. i) Items that will be reclassified to profit or loss | | - | |
| | B. i) Items that will be reclassified to profit or loss | | - | |
| | ii) Income tax relating to items that will be re-classified to profit or loss | | | |
| | B. i) Items that will be reclassified to profit or loss | | | |
| X | Total other comprehensive income (A(i-ii)+(B(i-ii)) | | 2,06,135 | - |
| XI | Total Comprehensive Income (IX+X) | | 87,81,620 | 1,92,04,598 |
| XII | Earnings Per Equity Share (Nominal value per share Rs.10/-) | | | |
| | (a) Basic | | 1.41 | 3.08 |
| | (b) Diluted | | 1.41 | 3.08 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board

For P.Chandrasekar LLP

Chartered Accountants

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 05.06.2020

Place : Bengaluru

Sunil L Mundra

Managing Director

DIN : 00214304

Shilpa Burman

Company Secretary

M.No. A52069

For and on behalf of the Board

Satyanarayan Mundra

Whole time Director

DIN :00214349

Prasanna Junnarkar

Chief Financial Officer

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | For the Year ended 31st March 2020 | | For the Year ended March 31, 2019 | |
|---|------------------------------------|--------------|-----------------------------------|--------------|
| | | | | |
| A. Cash flow from operating activities | | | | |
| Profit before tax | | 1,37,07,185 | | 2,06,85,188 |
| Adjustments for: | | | | |
| Depreciation and Amortisation | 4,12,07,249 | | 3,19,74,916 | |
| Finance Costs (net) | 76,69,909 | | 37,34,123 | |
| Profit on sale of Fixed Assets (net) | - | | -3,78,550 | |
| Interest Income | -5,88,666 | | -1,61,974 | |
| Bad Debts | 18,42,658 | | 15,26,147 | |
| Liability no longer required written back | - | | 22,55,105 | |
| Re-measurement of the defined benefit plan | 2,06,135 | | | |
| Loss / (gain) on sale of investments | | 5,03,37,284 | | 3,89,49,767 |
| Operating profit before working capital changes | | 6,40,44,469 | | 5,96,34,955 |
| Changes in working capital | | | | |
| Adjustments for increase / (decrease) in | | | | |
| Trade and other receivables | 1,65,87,947 | | -1,09,23,359 | |
| Inventories | -96,45,256 | | 3,38,39,122 | |
| Bank balances other than cash and cash equivalent | -15,70,768 | | -26,75,322 | |
| Other Assets | 6,51,701 | | -2,09,08,077 | |
| Other Financial Assets | 15,36,153 | | -12,59,045 | |
| Trade Payable | -1,29,91,090 | | -4,01,43,596 | |
| Other Liabilities | 1,89,99,715 | | -4,07,008 | |
| Provisions | -76,725 | | -9,404 | |
| Other Financial Liabilities | 10,66,570 | 1,45,58,247 | 1,17,87,447 | -3,06,99,241 |
| Cash generated from operations | | 7,86,02,716 | | 2,89,35,714 |
| Taxes paid | | 65,73,000 | | 79,49,190 |
| Net cash generated from operating activities | | 7,20,29,716 | | 2,09,86,524 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets including capital advances and CWIP | -5,30,04,786 | | -7,11,01,457 | |
| Proceeds from sale of fixed assets | - | | 3,78,550 | |
| (Purchase) / Sale of investments | -50,00,000 | | -75,000 | |
| Investment income | | | - | |
| Interest received | 5,88,666 | | 1,61,974 | |
| Dividend received | | -5,74,16,120 | | -7,06,35,933 |
| Net cash used in investing activities | | -5,74,16,120 | | -7,06,35,933 |
| C. Cash flow from Financing activities | | | | |
| Proceeds from issue of Share Capital | - | - | - | - |
| Proceeds from short term borrowings | 85,47,702 | | 5,40,78,630 | |
| Repayment of Long Term loan Borrowings | - | | - | |
| Finance Cost | -65,64,815 | | -37,34,123 | |
| Lesae Payment - Including Interest Cost | -63,66,840 | | | |
| Dividend paid | -62,32,700 | | -62,32,700 | |
| Dividend Distribution tax paid | -12,81,150 | -1,18,97,803 | -12,64,868 | 4,28,46,939 |
| Net cash used in financing activities | | -1,18,97,803 | | 4,28,46,939 |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | | 27,15,792 | | -68,02,470 |
| Reconciliation | | | | |
| Cash and cash equivalents as at beginning of the year | | 5,66,301 | | 73,68,771 |
| Cash and cash equivalents as at end of the year | | 32,82,093 | | 5,66,301 |
| Net increase / (decrease) in cash and cash equivalents | | 27,15,792 | | -68,02,470 |

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The accompanying notes are an integral part of these financial statements

In terms of our report attached
For and on behalf of the Board

For and on behalf of the Board

For P.Chandrasekar LLP
Chartered Accountants
FRN.: 000580S/S200066
P Chandrasekar
Partner
Membership No.026037
Date : 05.06.2020
Place : Bengaluru

Sunil L Mundra
Managing Director
DIN : 00214304

Shilpa Burman
Company Secretary
M.No. A52069

Satyanarayan Mundra
Whole time Director
DIN : 00214349

Prasanna Junnarkar
Chief Financial Officer

Statement of Changes in Equity Share Capital and Other Equity for the Year ended 31st March 2020

| Reserves & Surplus | Items of other Comprehensive Income | | | | | | | | |
|---|-------------------------------------|-----------------|--------------------|-----------------|-------------------|---|-----------------------|------------------|--------------|
| | Share Capital | Capital Reserve | Securities Premium | General Reserve | Retained earnings | Equity Instruments other comprehensive income | Actuarial Gains/ Loss | Others (Specify) | Total |
| Balance at April 1, 2018 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 34,55,84,831 | - | - | - | 53,96,25,129 |
| Movement during 2018-19 | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 1,40,19,141 | - | - | - | 1,40,19,141 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (74,97,568) | - | - | - | (74,97,568) |
| Payment of Dividend | - | - | - | - | - | - | - | - | - |
| Balance at March, 2018 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 35,21,06,404 | - | - | - | 54,61,46,702 |
| Movement during 2019-20 | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 1,92,04,598 | - | - | - | 1,92,04,598 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (74,97,568) | - | - | - | (74,97,568) |
| Balance at March 31, 2019 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 36,38,13,434 | - | - | - | 55,78,53,732 |

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| | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|----------|-----------------|----------|---------------------|
| Movement during 2019-20 | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 85,75,485 | - | 2,06,135 | - | 87,81,620 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (75,13,850) | - | - | - | (75,13,850) |
| Balance at March 31, 2020 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 36,48,75,069 | - | 2,06,135 | - | 55,91,21,502 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached
For and on behalf of the Board

For and on behalf of the Board

For P.Chandrasekar LLP
Chartered Accountants
FRN.: 000580S/S200066
P Chandrasekar
Partner
Membership No.026037
Date : 05.06.2020
Place : Bengaluru

Sunil L Mundra
Managing Director
DIN : 00214304

Shilpa Burman
Company Secretary
M.No. A52069

Satyanarayan Mundra
Whole time Director
DIN :00214349

Prasanna Junnarkar
Chief Financial Officer

NOTE 2**PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS**

| Particulars | As at March 2020 | As at March 31, 2019 |
|-----------------------------|---------------------|----------------------|
| Carrying amounts of: | | |
| Freehold land | 82,65,028 | 82,65,028 |
| lease Hold Land | 3,51,80,145 | 3,51,80,145 |
| Building | 7,51,42,213 | 7,92,46,935 |
| Plant and Equipment | 11,26,62,741 | 11,96,19,810 |
| Computers | 1,20,407 | 1,44,162 |
| Furniture and Fixtures | 5,60,584 | 5,45,030 |
| Vehicles | - | - |
| Office Equipment | 5,19,684 | 6,49,777 |
| Right-of-use assets | 56,78,661 | |
| Total | 23,81,29,463 | 24,36,50,887 |
| Capital work-in-progress | 2,10,74,558 | 2,45,32,775 |
| | 25,92,04,021 | 26,81,83,662 |

| Particulars | Freehold land | Lease Hold Land | Building | Plant and Equipment | Computers | Furniture and fixtures | Vehicles | Office Equipment | Right of use Assets | Total |
|---------------------------|---------------|-----------------|--------------|---------------------|-------------|------------------------|-----------|------------------|---------------------|--------------|
| Balance at March 31, 2018 | 82,65,028 | - | 13,21,58,911 | 45,42,69,753 | 1,12,37,395 | 40,48,268 | 30,14,050 | 15,61,969 | - | 61,45,55,374 |
| Additions | - | 3,51,80,145 | - | 2,29,75,579 | 1,86,338 | 3,19,965 | - | 3,17,882 | - | 5,89,79,909 |
| Disposals | - | - | - | 1,30,95,283 | - | - | - | - | - | 1,30,95,283 |
| Balance at March 31, 2019 | 82,65,028 | 3,51,80,145 | 13,21,58,911 | 46,41,50,049 | 1,14,23,733 | 43,68,233 | 30,14,050 | 18,79,851 | - | 66,04,39,999 |
| Additions | - | - | 2,45,370 | 2,43,08,378 | 42,525 | 1,49,119 | - | - | 1,09,40,407 | 3,56,85,799 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balance at March 31 2020 | 82,65,028 | 3,51,80,145 | 13,24,04,281 | 48,84,58,426 | 1,14,66,259 | 45,17,352 | 30,14,050 | 18,79,851 | 1,09,40,407 | 69,61,25,799 |

| Particulars | Freehold land | Lease Hold Land | Building | Plant and Equipment | Computers | Furniture and fixtures | Vehicles | Office Equipment | Right-of-use assets | Total |
|---|---------------|-----------------|-------------|---------------------|-------------|------------------------|-----------|------------------|---------------------|--------------|
| Accumulated depreciation and impairment | | | | | | | | | | |
| Balance at 31 March, 2018 | - | | 4,76,15,928 | 32,90,50,852 | 1,12,37,395 | 37,21,753 | 30,14,050 | 11,12,776 | | 39,57,52,754 |
| Disposals | | | | 1,44,66,577 | | | | | | 1,44,66,577 |
| Depreciation expenses | - | | 52,96,048 | 2,99,45,963 | 42,176 | 1,01,450 | - | 1,17,298 | | 3,55,02,935 |
| Balance at March 2019 | - | | 5,29,11,976 | 34,45,30,238 | 1,12,79,571 | 38,23,203 | 30,14,050 | 12,30,074 | | 41,67,89,112 |
| Disposals | | | | | | | | | | |
| Depreciation expenses | | | 43,50,092 | 3,12,65,470 | 66,281 | 1,33,565 | - | 1,30,093 | 52,61,747 | 4,12,07,247 |
| Balance at March 2020 | - | - | 5,72,62,068 | 37,57,95,709 | 1,13,45,851 | 39,56,768 | 30,14,050 | 13,60,167 | 52,61,747 | 45,79,96,359 |
| | | | | | | | | | | |
| Carrying amount as on March 31, 2018 | 82,65,028 | - | 8,45,42,983 | 12,52,18,901 | - | 3,26,515 | - | 4,49,193 | | 21,88,02,620 |
| Carrying amount as on March 31, 2019 | 82,65,028 | 3,51,80,145 | 7,92,46,935 | 11,96,19,810 | 1,44,162 | 5,45,030 | - | 6,49,777 | | 24,36,50,887 |

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| | | | | | | | | | | |
|-----------------------------------|-----------|-------------|-------------|--------------|----------|----------|---|----------|-----------|--------------|
| Carrying amount as on Mar 31,2020 | 82,65,028 | 3,51,80,145 | 7,51,42,213 | 11,26,62,728 | 1,20,407 | 5,60,584 | - | 5,19,684 | 56,78,661 | 23,81,29,450 |
|-----------------------------------|-----------|-------------|-------------|--------------|----------|----------|---|----------|-----------|--------------|

INTANGIBLE ASSETS

| Particulars | Technical Knowhow |
|----------------------------------|-------------------|
| Cost or Deemed cost | |
| Balance at March 31, 2018 | 3,00,000 |
| Additions | - |
| Disposals | - |
| Balance at March 31, 2019 | 3,00,000 |
| Additions | - |
| Disposals | - |
| Balance at March 31, 2020 | 3,00,000 |

INTANGIBLE ASSETS

| Particulars | Technical Knowhow |
|--|-------------------|
| Accumulated depreciation & impairment | |
| Balance at March 31, 2018 | 3,00,000 |
| Disposals | - |
| Depreciation expenses | - |
| Balance at March 31, 2019 | 3,00,000 |
| Disposals | - |
| Depreciation expenses | - |
| Balance at March 31, 2020 | 3,00,000 |
| Carrying amount as on March 31,2018 | - |
| Carrying amount as on March 31,2019 | - |
| Carrying amount as on March 31,2020 | - |

Notes to Financial Statements for the year ended 31st March, 2020

1. Basis of Preparation and Measurement

(a) Basis of preparation

These Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Financial statements for the year ended 31st March, 2019 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2017, the Company prepared its Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS.

The Financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, all assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities financial statements.

The said Goodwill is not amortized, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the financial statements.

Non-controlling interests in the net assets of subsidiaries is identified and presented in the Balance Sheet separately within equity.

Non-controlling interests in the net assets of subsidiaries consists of:

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (b) The non-controlling interest's share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected in the relevant notes in these financial statements.

(b) Basis of measurement

These Financial statements are prepared under the historical cost convention unless otherwise indicated.

2. Key Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Measurement of defined benefit obligations
- (b) Measurement and likelihood of occurrence of provisions and contingencies
- (c) Recognition of deferred tax assets
- (d) Key assumptions used in discounted cash flow projections
- (e) Impairment of Intangible

The financial statements have been prepared using uniform accounting policies for like other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-Company balances, intra-Company transactions and the unrealized profits/ losses, unless cost/revenue cannot be recovered.

The excess of cost to the Company of its investment in subsidiaries, on the acquisition dates over and above the Company's share of equity in the subsidiaries, is recognized as 'Goodwill' being an asset in the financial statements. The said Goodwill is not amortized, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the financial statements.

Non-controlling interests in the net assets of subsidiaries is identified and presented in the Balance Sheet separately within equity.

Non-controlling interests in the net assets of subsidiaries consists of:

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (b) The non-controlling interest's share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these financial statements.

The Financial statements of the Company for the year ended 31st March, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 18th May, 2017.

3. Significant Accounting Policies**(a) Property, Plant and equipment:**

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in- progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

Plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management. Assets costing 5,000 or less are fully depreciated in the year of purchase. Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(b) Capital Work in Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Capital advances given towards purchase/ acquisition of PPE outstanding at each balance sheet date are disclosed separately as Other Non-Current Assets.

(c) Intangible assets:

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

| | |
|-------------------|----------|
| Design- | 5 years |
| Know-how- | 5 years |
| Computer software | -3 years |

The amortization period and the amortization method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Indefinite-life intangibles mainly consist of brands/trademarks. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognized based on the accounting policy for business combinations. These assets are not amortized but are tested for impairment annually.

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(d) inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(e) Cash and Cash equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

(f) Assets held for sale:

Non-current assets or disposal Company's comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- (i) Decision has been made to sell,
- (ii) The assets are available for immediate sale in its present condition,
- (iii) The assets are being actively marketed and
- (iv) Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal Company's classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortized.

(g) Financial Instruments:**i. Financial assets:**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognized at fair value, in case of financial assets which are recognized at fair value through profit and loss (FVTPL), its transaction cost is recognized in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

ii. Trade Receivables and Loans:

Trade receivables are initially recognized at fair value. Subsequently, these assets are held at amortized cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

iii. Debt instruments:

Debt instruments are initially measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

Measured at amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any

The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

(a) Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On

derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(b) Measured at fair value through profit or loss:

A financial asset not classified as either amortized cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognized as 'other income' in the Statement of Profit and Loss.

iv. Equity instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognized as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognized in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognized as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial asset

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognizes 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognized in Statement of Profit and Loss.

Financial liabilities:

Initial recognition and measurement:

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognized at fair value and subsequently, these liabilities are held at amortized cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

(g) Provisions and Contingent Liabilities:

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Decommissioning costs are measured as the best estimate of the expenditure to settle the obligation or to transfer the obligation to a third party. Provisions for decommissioning obligations are required to be recognized at the inception of the arrangement. The estimated costs to be incurred at the end of the arrangement are discounted to its present value using the market rate of return.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received if the Company settles the obligation.

(h) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discount, volume rebates and GST. Revenue is recognized when it is probable that the associated economic benefits will flow to the Company and the revenue can be measured reliably. Revenue can be recognized by following the five step model as under:

- i. Identification of contract with a customer- There must be a contract having commercial substance which creates enforceable rights and obligations between parties to contract and it is probable that economic benefits associated with the transaction will flow to the entity
 - ii. Identification of performance obligations- There must be a promise in the contract to transfer either goods or services or a bundle of goods or services, that is distinct or a series of distinct goods or services that are substantially the same and have a pattern of transfer to the customer. Timing of revenue recognition is based on satisfaction of performance obligation rather than the contract as a whole.
 - iii. Determination of Transaction price- It is the amount of consideration to which an entity expects to be entitled in exchange for transferring of goods and services.
 - iv. Allocation of transaction price to performance obligation- To each performance obligation (for distinct goods or service) in proportion to its stand-alone selling price.
 - v. Revenue recognition upon satisfaction of performance obligation- Revenue may be recognised either at a point in time (when the customer obtains control over the promised goods or service) or over a period of time (as the customer obtains control over the promised goods or service)
-
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding applying effective interest rate.
 - Dividend income is recognized in the period when the right to receive the same is established.
 - Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognized on accrual basis.
 - Rental income from investment property is recognized as part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Rental income from sub leasing is also recognized in a similar manner and included under other income.
 - Other items of income are recognized as and when the right to receive arises.

(i) Expenditure:

Expenses are accounted on accrual basis.

(j) Employee Benefits: defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/post- retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits including to the employees of Indian subsidiaries and a subsidiary of parent Company.

For defined benefit plans, the amount recognized as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognized immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognized immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit liabilities (using a discount rate by reference to market yields on government bonds at the end of the reporting period).

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring are recognized in the Statement of Profit and Loss. The Company recognizes termination benefits at the earlier of the following dates:

- (a) when the Company can no longer withdraw the offer of those benefits; or
- (b) When the Company recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

(l) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or Company's assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss.

The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognized in the Statement of Profit and Loss account.

(m) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognized based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(n) Deferred Taxes

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

(o) Leases:

Assets held under lease, in which a significant portion of the risks and rewards of ownership are transferred to lessee are classified as finance leases. Other leases are classified as operating leases.

As a Lessee

Finance Lease

Assets under finance leases are capitalized at lower of fair value or the present value of the minimum lease payments at the inception of the lease term and a liability is created for an equivalent period. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. The finance cost is charged to the statement of profit and loss.

Operating Lease

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a Lessor

The company normally enters into operating leases in which rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

(p) Foreign Currencies:

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rates are recognized in the Statement of Profit and Loss.

(q) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(r) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

(s) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "Other Unallocable corporate expenditure".
- Income that relates to the Company as a whole and not allocable to segments is included in "Unallowable income".
- Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit of the Company.
- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment

- Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(t) Cash Flow Statement

Cash flow Statement is prepared under the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

(u) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long term investments.

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognize a decline other than of a temporary nature. Current investments are stated at lower of cost or fair value.

Profit / loss on sale of investments are recognized with reference to the cost of the investment.

(v) Investments in Subsidiaries

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(w) Accounting For Interests in Associates, Joint Venture And Joint Arrangements

An associate is an entity over which the Company has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties Sharing control.

Investments in Joint ventures are accounted at cost less provision for impairment.

(x) Events after Reporting Date

Assets and liabilities are adjusted for events occurring after the reporting period that provides additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period.

Dividends declared by the Company after the reporting period are not recognized as liability at the end of the reporting period. Dividends declared after the reporting period but before the issue of financial statements are not recognized as liability since no obligation exists on the balance sheet date. Such dividends are disclosed in the notes to the financial statements.

(y) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Errors of material amount relating to prior period(s) are disclosed by a note with nature of prior period errors, amount of correction of each such prior period presented retrospectively, to the extent practicable along with change in basic and diluted earnings per share.

However, where retrospective restatement is not practicable for a particular period then the circumstances that lead to the existence of that condition and the description of how and from where the error is corrected are disclosed in Notes to Accounts.

(z) Research and development:

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognized if and only if all of the following have been demonstrated:

- Development costs can be measured reliably;
- The product or process is technically and commercially Feasible;
- Future economic benefits are probable; and the Company intends to and has sufficient resources
- Ability to complete development and to use or sell the asset.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in profit or loss as incurred.

Acquired research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there

Are indications that the carrying value may not be recoverable? Any impairment charge on such IPR&D assets is recognised in profit or loss. Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are

Tested for impairment when there are indications that the carrying value may not be recoverable.

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Company's future activity is recognised only when the activity requiring the payment is performed. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in the statement of profit and loss as incurred.

Amortization is recognised on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life and amortization method are reviewed at the end of each reporting period

(aa) Stock based Compensation:

Employees Stock Option Plans ("ESOPs"):

Equity-settled plans are accounted at fair value as at the grant date. The fair value of the share-based option is determined at the grant date using a market-based option valuation model (Black Scholes Option Valuation Model).

The fair value of the option is recorded as compensation expense amortized over the vesting period of the options, with a corresponding increase in Reserves and Surplus under the head "Employee Stock Option account". On exercise of the option, the proceeds are recorded as share capital.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are taken into account when determining the grant date fair value of awards.

NOTE 3 INVESTMENT PROPERTY

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | |
| Investment property | | - |
| Total | | - |

NOTE 4 OTHER INTANGIBLE ASSETS

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | |
| Software and licenses | | - |
| Total | | - |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Cost or Deemed cost | | |

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| | | |
|--------------------------------------|-----------------|-----------------|
| Balance at the beginning of the year | 3,00,000 | 3,00,000 |
| Additions | | - |
| Balance at end of the year | 3,00,000 | 3,00,000 |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Accumulated depreciation and impairment | | |
| Balance at the beginning of the year | 3,00,000 | 3,00,000 |
| Depreciation expenses | | - |
| Balance at end of the year | 3,00,000 | 3,00,000 |
| Carrying amount at the end of year | - | - |

NOTE 5

INVESTMENTS-NON CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| I. Quoted Investments | | |
| | | |
| II. Un-quoted Investments | | |
| | | |
| Investments in the nature equity in subsidiaries | | |
| Investment in equity shares of M/s.National Drug Discoveries Private Limited: | 75,000 | 75,000 |
| Fully Paid Equity Shares 7500 @ 10 Per Share) | | |
| | | |
| Other Investments | | |
| Investment in equity shares of M/s.Supreme Pharmaceuticals Mysore Private Limited: | | |
| Fully Paid Equity Shares (170,455 having face value 10 Per Share) | 1,50,00,040 | 1,50,00,040 |
| Partly Paid Equity Shares (1,160,249 having face value 10 Per Share) | 3,57,35,669 | 3,57,35,669 |
| Advance paid for Investment in Naari Pharma Private Limited | 50,00,000 | |
| Less: Diminution in value of investments | | - |
| Total aggregate of un-quoted Investments | 5,58,10,709 | 5,08,10,709 |
| | | |
| Aggregate book value of unquoted investments | 5,58,10,709 | 5,08,10,709 |
| Aggregate market value of quoted investments | - | - |

NOTE 6

OTHER FINANCIAL ASSETS-NON CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| At Amortized Cost | | |
| a) Security Deposit (Unsecured considered good) | 34,86,100 | 30,90,895 |
| b) Prepaid Rent deposit | 26,73,220 | 30,64,120 |
| c) Term Deposit | | 21,14,875 |
| d) Dividend from Associate /Subsidiary | | - |
| Less: Provision for Doubtful advances | | |
| e) Interest Receivable On Deposits | | |
| Secured, Considered good | | |
| Unsecured, Considered good | - | 20,61,821 |
| Doubtful | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| f) Other receivable | | |
| Total | 87,95,558 | 1,03,31,711 |

**NOTE 7
OTHER ASSETS-NON CURRENT**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------------|-------------------------|
| a) Security Deposit | | |
| b) Capital Advances | | |
| (i) Secured, Considered good | | |
| (ii) Unsecured and Considered good | 4,07,47,715 | 1,47,08,778 |
| (iii) Considered doubtful | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| e) Export incentive receivable | 52,88,441 | 39,02,498 |
| f) Balance with Customs and Central excise / GST authorities | | - |
| Total | 4,60,36,156 | 1,86,11,276 |

**NOTE 8
INVENTORIES**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Lower of Cost or Net realisable value | | |
| a) Raw Materials | 2,01,96,358 | 1,45,36,732 |
| b) Work-in-Process | 34,92,947 | 32,44,534 |
| c) Finished goods | 4,22,43,596 | 4,35,50,288 |
| d) Stock in trade (acquired for trading) | | - |
| e) Stores and spares | 19,29,086 | 18,73,764 |
| f) Goods in Transit | 6,97,970 | - |
| Less: Provision for Stock Reserve | -1,57,54,870 | -2,00,45,486 |
| Total | 5,28,05,088 | 4,31,59,832 |

NOTE:

- i) For details of inventories pledged as security refer note 21
- ii) The cost of inventories recognised as an expense is disclosed in note 29 and 30 as purchases of stock in trade in statement of Profit and Loss
- iii) Provision for stock reserve is made after considering the nature of inventory, ageing, liquidation plan and net realisable value. The changes in write downs are recognised as an expense in the statement of profit and loss.

**NOTE 9
TRADE RECEIVABLES**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Trade Receivables | | |
| Secured, Considered good | | - |
| Unsecured, Considered good | 33,11,63,915 | 35,39,86,842 |
| Doubtful | | - |
| Allowance for doubtful debts (Expected Credit Loss) | -2,75,97,155 | -3,19,89,478 |
| | 30,35,66,759 | 32,19,97,365 |
| Current | 30,35,66,759 | 32,19,97,365 |
| Non-current | - | - |

The credit period on sale of goods ranges from 0 to 120 days. No interest is charged on trade receivables.

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The Company uses available information in the public domain and on its own internal assessment and trading records before accepting any customer.

NOTE 10 CASH & CASH EQUIVALANTS

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Balances with banks | | |
| (i) In Current account | 11,502 | 10,541 |
| (ii) In Deposit account with original maturity less than 3 Months | | 37,500 |
| (ii) In EEFC account | 32,47,782 | 5,00,525 |
| b) Cash on hand | 22,809 | 17,735 |
| c) Cheques, drafts on hand | | - |
| Total | 32,82,093 | 5,66,301 |

NOTE 11 OTHER BANK BALANCES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Deposit Accounts | 45,35,921 | 27,50,555 |
| b) Earmarked Balances with banks | | |
| (i) In unpaid Dividend account | 14,43,534 | 16,58,133 |
| (ii) In margin money accounts for Bank Guarantee issued | 2,000 | 2,000 |
| Total | 59,81,455 | 44,10,688 |

NOTE 12 LOANS-CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| At Amortized Cost | | |
| e) Inter Corporate Deposit | | |
| Secured, Considered good | 20,00,000 | 20,00,000 |
| Unsecured, Considered good | | |
| Doubtful | | |
| less: Allowance for doubtful debts (Expected Credit Loss) | | |
| Total | 20,00,000 | 20,00,000 |

NOTE 13 OTHER FINANCIAL ASSETS-CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|-------------------------|
| At Amortized Cost | | |
| a) Security Deposit (Unsecured considered good) | | - |
| b) Prepaid Rent deposit | | - |
| c) Term Deposit | | - |
| Total | | - |

NOTE 14 CURRENT TAX ASSETS

| Particulars | As at March 31, 2020 | As at Mar 31, 2019 |
|--|-------------------------|-----------------------|
| Provision for Tax - Net of Advance Tax | 0 | |
| Total | | - |

**NOTE 15
OTHER CURRENT ASSTES**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| a) Security Deposit | | |
| b) Capital Advances | | |
| c) Advances to Employees | | |
| (i) Secured, Considered good | | |
| (ii) Unsecured and Considered good | 9,78,938 | 82,137 |
| (iii) Considered doubtful | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| e) Export incentive receivable | | |
| f) Balance with Customs and Central excise / GST authorities | 0 | 39,01,209 |
| g) Advance to suppliers | | |
| (i) Secured, Considered good | | |
| (ii) Unsecured and Considered good | 72,47,977 | 53,93,626 |
| (iii) Considered doubtful | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| h) Prepaid Expenses | 9,25,508 | 6,39,171 |
| i) Preliminary Expenses | | - |
| j) Other Advances | 1,90,225 | 13,64,149 |
| Less: Provision for Doubtful advances | | |
| | | |
| Total | 93,42,648 | 1,13,80,292 |

**NOTE 16
EQUITY SHARE CAPITAL**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| AUTHORISED | | |
| Equity Shares: | | |
| 70,00,000 (70,00,000) Equity shares of Rs.10 each | 7,00,00,000 | 7,00,00,000 |
| 12,00,000 Redeemable Preference shares of Rs.100 each | | |
| 20,00,000 Redeemable Preference shares of Rs.10 each | | |
| ISSUED, SUBSCRIBED AND FULLY PAID UP | | |
| 62,32,700 (62,32,700) Equity Shares of Rs 10/- each | 6,23,27,000 | 6,23,27,000 |
| Total | 6,23,27,000 | 6,23,27,000 |

16.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.

| Reconciliation | 2019-20 No. of shares | Amount in Rs | 2018-19 No. of shares | Amount in Rs |
|--|-----------------------------|--------------|--------------------------|--------------|
| a) Equity Shares of Rs.10 each fully paid up | | | | |
| At the beginning of the period | 62,32,700 | 6,23,27,000 | 62,32,700 | 6,23,27,000 |
| Issued during the period | - | - | - | - |
| At the end of the period | 62,32,700 | 6,23,27,000 | 62,32,700 | 6,23,27,000 |
| b) Redeemable Preference Share Capital (0%) | | | | |
| . | - | - | - | - |
| At the end of the period | | - | | - |

16.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the Company:

| Reconciliation | Mar 31, 2020 | | Mar 31, 2019 | |
|-----------------------------|--------------|-----|--------------|-----|
| | Nos. | % | Nos. | % |
| Tajos Investments Pvt. Ltd | 7,69,000 | 12% | 7,69,000 | 12% |
| Nandhi Synthetics Pvt. Ltd. | 5,24,354 | 8% | 5,24,354 | 8% |
| Sunil L Mundra | 4,16,003 | 7% | 4,16,003 | 7% |

16.3 Term attached to Equity Shares:

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

**NOTE 17
OTHER EQUITY**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Capital Reserve | 1,46,40,000 | 1,46,40,000 |
| Securities Premium Account: | 9,86,92,800 | 9,86,92,800 |
| General Reserve | 1,83,80,498 | 1,83,80,498 |
| Investments in equity / MF through FVTPL | | - |
| Revenue arising from Interest free rental deposit | | - |
| Effective interest rate | | - |
| Deferred tax adjustment | | - |
| Reserve for equity instruments through other comprehensive income | | - |
| Actuarial movement through other comprehensive income (net of tax) | | - |
| Retained earnings (surplus in profit or loss account) | 36,21,73,190 | 36,09,05,420 |
| Total | 49,38,86,488 | 49,26,18,718 |

**NOTE 18
NON-CURRENT BORROWINGS**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Unsecured - at amortised cost | - | - |
| i) Bonds / Debentures | - | - |
| ii) Term Loans from Banks | - | - |
| iii) Term Loans from others | - | - |
| Grand Total | - | - |

**NOTE 19
OTHER FINANCIAL LIABILITIES - NON CURRENT**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|-------------------------|-------------------------|
| At Amortised Cost | | |
| Advance from Customers | - | - |
| Deposit/ Retention | - | - |
| Total | - | - |

**NOTE 20
PROVISIONS - NON CURRENT**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Compensated absences (Earned Leave) | | - |
| b) Provision for Income Tax [net of TDS and Advance Tax] | | |
| c) Provision for gratuity | | |

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| | | |
|--------------|------------------|------------------|
| | 14,40,264 | 15,16,989 |
| Total | 14,40,264 | 15,16,989 |

NOTE 21 SHORT TERM BORROWINGS

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Secured - at amortised cost | | |
| Loan repayable on demand (refer note a below) | 6,26,26,332 | 5,40,78,630 |

a) Working capital facilities in the form of open cash credit from State bank of India is secured by Working Capital loan from State Bank of India is secured by hypothecation of stock of raw materials; work in process, finished goods, book debts, bills and other movable assets of the company. All the secured loans are further secured by the personal guarantees of promoter directors.

NOTE 23 TRADE PAYABLES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Dues of Micro Enterprises and Small Enterprises | - | - |
| Dues of creditors other than micro enterprises and small enterprises | 5,78,56,768 | 7,64,88,010 |
| Employee related | 1,17,67,129 | 61,26,977 |
| Total | 6,96,23,897 | 8,26,14,987 |

Trade payables are non-interest bearing are normally settled between 30-60 days

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

NOTE 23 OTHER FINANCIAL LIABILITIES-CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| At Amortised Cost | | |
| a) Current maturities of long-term debt | | - |
| b) Interest accrued but not due on borrowings | | - |
| c) Unclaimed dividends | 14,43,534 | 16,58,133 |
| d) Other Liabilities | | - |
| Lease Rent Payable | 89,51,273 | - |
| -Other liabilities (refer Note below) | 41,92,576 | 1,18,62,681 |
| Total | 1,45,87,383 | 1,35,20,813 |

Note: Other liabilities of Rs.35,32,052 (Rs. 1,18,62,681) is on account of book overdraft due to cheques issued but not presented by the third party and cheques received but not presented by the company

NOTE 24 PROVISIONS-CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Compensated absences (Earned Leave) | 4,20,630 | - |
| b) Provision for Income Tax [net of TDS and Advance Tax] | 64,655 | 86,466 |
| c) Provision for gratuity | 6,40,878 | 12,14,271 |
| Total | 11,26,163 | 13,00,737 |

NOTE 25 OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc.) | 72,74,161 | 7,63,034 |
| b) Advances and Deposits from Customers / others | 1,09,21,588 | 86,323 |
| c) Related to expenses | 1,36,72,800 | 1,18,44,904 |
| Total | 3,18,68,549 | 1,26,94,260 |

NOTE 26 REVENUE FROM OPERATIONS

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| Particulars | Year Ended 31, 2020 | March Year Ended March 31, 2019 |
|------------------------------|------------------------|---------------------------------------|
| (a) Sale of Products | 58,86,80,459 | 57,44,71,913 |
| (b) Other operating revenues | 2,68,68,010 | 2,33,32,855 |
| Total | 61,55,48,469 | 59,78,04,768 |

NOTE 27 OTHER INCOME

| Particulars | Year Ended 2020 | March 31, Year Ended March 31, 2019 |
|---|--------------------|---|
| (a) Interest income | | |
| On Bank Deposits at amortised cost | 5,88,666 | 1,61,974 |
| On other deposits | - | - |
| (b) Dividend Income | | |
| From equity investments designated | - | - |
| (b) Other gains or losses | | |
| - Profit on sale of Fixed Assets (net) | - | - |
| - Net gain arising on financial assets designated | | |
| - Net gain on foreign currency transaction | 52,22,032 | 57,07,524 |
| (c) Other non-operating income | | |
| Operating lease rental from Investment property | | |
| Insurance claims received | | |
| Liability no longer required written back | - | 22,55,105 |
| Interest income on Govt. grant | | |
| Profit on sale of Assets | - | 3,78,550 |
| Miscellaneous income | 37,20,262 | 28,69,232 |
| | 95,30,960 | 1,13,72,385 |

NOTE 28 COST OF MATERIAL CONSUMED

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|---------------------------|------------------------------|
| Inventories at the beginning of the year | 1,45,36,732 | 1,17,50,891 |
| Purchases during the year | 28,49,05,200 | 23,07,90,316 |
| Inventories at the end of the year | 2,01,96,358 | 1,45,36,732 |
| Total | 27,92,45,573 | 22,80,04,475 |

NOTE 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|-------------------------|---------------------------|------------------------------|
| Opening Stock: | | |
| Finished goods | | |
| Capsules | 4,35,50,288 | 6,44,14,639 |
| Work in progress | | |
| Capsules | 32,44,534 | 1,93,20,124 |
| | 4,67,94,822 | 8,37,34,763 |
| Closing Stock: | | |
| Finished goods | | |
| Capsules | 4,22,43,596 | 4,35,50,288 |
| Work in progress | | |
| Capsules | 34,92,947 | 32,44,534 |

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| | | |
|---|--------------------|--------------------|
| | 4,57,36,543 | 4,67,94,822 |
| Decrease / (Increase) in stocks | 10,58,279 | 3,69,39,941 |
| Net change (Increase) / Decrease | 10,58,279 | 3,69,39,941 |

NOTE 30**EMPLOYEE BENEFIT EXPENSES**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|---------------------------|---------------------------|
| (a) Salaries, Wages and Bonus | 5,40,22,007 | 5,07,67,032 |
| (b) Contribution to Provident and other Funds | 31,11,067 | 26,45,732 |
| (c) Director Remuneration | 1,08,00,000 | 1,02,60,000 |
| (d) Workmen and Staff welfare expenses | 20,00,905 | 22,75,933 |
| Total | 6,99,33,978 | 6,59,48,697 |

NOTE 31**FINANCE COST**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---------------------------------------|---------------------------|---------------------------|
| (i) Interest costs | | |
| (a) Bank Loans and others | 65,64,815 | 37,34,123 |
| (b) Government Loans | | - |
| (ii) Other borrowing costs - on Lease | 11,05,094 | - |
| Total | 76,69,909 | 37,34,123 |

NOTE 32**DEPRECIATION AND AMORTISATION EXPENSE**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|----------------------------------|---------------------------|---------------------------|
| Depreciation/amortisation on | | |
| a) Property, Plant and Equipment | 3,59,45,502 | 3,19,74,916 |
| b) Investment property | | |
| c) Right of use Asset - (Lease) | 52,61,747 | - |
| Total | 4,12,07,249 | 3,19,74,916 |

NOTE 33**OTHER EXPENSES**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|---------------------------|---------------------------|
| Consumption of stores and spare parts | 77,31,196 | 60,10,779 |
| Power and Fuel | 8,15,70,741 | 8,88,95,795 |
| Rent | - | 31,43,348 |
| Repairs and Maintenance -Buildings | 20,52,625 | 14,97,275 |
| Repairs and Maintenance-Machinery | 38,98,222 | 57,47,683 |
| Repairs and Maintenance -Others | 15,99,581 | 42,17,821 |
| Bad Debts | 18,42,658 | 15,26,147 |
| Insurance | 5,51,491 | 14,68,620 |
| Rates and Taxes | 16,04,120 | 13,08,429 |
| Freight & Clearing Expenses | 3,94,63,500 | 3,41,62,886 |
| Directors Sitting fees | 4,35,000 | 4,80,000 |
| Auditor's Remuneration | 3,00,000 | 3,00,000 |
| Travelling Expenses - Foreign | 10,16,205 | 26,96,299 |
| Travelling and Conveyance | 71,30,615 | 71,59,725 |
| Professional Fees | 82,33,971 | 48,12,891 |
| Commission | 6,26,873 | 10,47,036 |
| CSR expenditure | 3,00,000 | 1,05,000 |
| Security Charges | 17,25,285 | 14,76,708 |
| Contract Labour Charges | 3,00,36,867 | 2,84,20,656 |
| Postage and Courier | 13,38,942 | 13,17,497 |
| Communication Expenses | 7,67,157 | 6,66,096 |
| Business Promotion Expenses | 44,60,145 | 40,26,225 |
| Research & Development Expenditure - Revenue in Nature | 1,02,56,506 | 1,33,53,690 |
| Bank Charges | 14,06,373 | 15,63,000 |

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| | | |
|--------------------------------|---------------------|---------------------|
| Printing and Stationery | 11,93,038 | 11,82,526 |
| Miscellaneous Expenses | 27,16,146 | 13,66,730 |
| Profit on Sale of Fixed Assets | - | - |
| Total | 21,22,57,257 | 21,79,52,863 |

NOTE 34 EXCEPTIONAL ITEMS

| Particulars | Year Ended 2020 March 31, | Year Ended March 31, 2019 |
|--------------------------------------|---------------------------------|------------------------------|
| Exceptional items of (Debit) | | |
| Electricity matters | - | - |
| Stock Lost on Fire | - | 39,36,949 |
| Prior Period expenses | - | - |
| Cane related matters | - | - |
| Exceptional items of (Credit) | - | - |
| Tariff revision (EB related) | - | - |
| Exceptional items (Net) | - | 39,36,949 |

NOTE 35 PAYMENT TO AUDITORS

| Particulars | Year Ended 2020 March 31, | Year Ended March 31, 2019 |
|----------------------------|---------------------------------|------------------------------|
| a) Audit Fees | 2,75,000 | 2,75,000 |
| b) Fees for other services | 25,000 | 25,000 |
| Total | 3,00,000 | 3,00,000 |

NOTE 36

| Research and development expenditure included in the statement of Profit and Loss | Year ended 2020 March 31, | Year ended March 31, 2019 |
|---|---------------------------------|------------------------------|
| Salaries, wages and bonus | 82,40,628 | 88,70,692 |
| Contribution to provident and other funds | 4,01,856 | 4,60,836 |
| Consumption of materials, Stores and spare parts | 4,94,799 | 26,18,917 |
| Power and Fuel | 6,10,098 | 6,28,334 |
| Rent | 5,09,125 | 6,50,408 |
| Repairs and maintenance | - | 1,04,503 |
| Testing | - | 20,000 |
| Other Expenses | - | - |
| Less: | | |
| Receipts from research activities | - | - |
| Miscellaneous income | - | - |
| Total | 1,02,56,506 | 1,33,53,690 |

| Research and Development Expenditure | Year ended 2020 March 31, | Year ended March 31, 2019 |
|---------------------------------------|---------------------------------|------------------------------|
| Particulars | | |
| Revenue, net (excluding depreciation) | | - |
| Capital Expenditure | - | - |
| Total | - | - |

NOTE 37 OPERATING LEASE

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases retrospectively accordingly, the Company has not restated comparative information.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

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On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of `Rs.56.78 lacs and lease liability of Rs.89.51 Lacs has been recognised. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability. Refer Note 2 for the Cost of the right of the use of Asset carried in the at the end of the year - Interest on Lease Liabilities is Rs.11.05 Lacs

NOTE 38

Reconciliation of current tax Expense

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Profit or loss before tax | 1,37,07,185 | 2,06,85,188 |
| Income tax rate (%) applicable to the company # | 27.82% | 27.82% |
| Income tax calculated at income tax rate | 38,13,339 | 57,54,619 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense | | |
| Effect of expense that are not deductible | -4,98,176 | 16,57,377 |
| Effect of incremental deduction on account of research and development and other allowances | -14,26,680 | -19,60,624 |
| Effect of on account Depreciation | 44,47,836 | 24,97,818 |
| Withholding tax in respect of income earned outside India | - | |
| Effect of current/deferred tax relating to merged entities | - | |
| Effect of interest payable on short fall in Advance tax | 2,36,681.00 | |
| Income tax expense recognised in statement of Profit and Loss | 65,73,000 | 79,49,190 |

The tax rate used for reconciliation above is the corporate tax rate of 27.82% at which the company is liable to pay tax on taxable under the Indian tax law.

NOTE 39.1

BASIC EARNINGS PER SHARE

| | | |
|---|------------------|--------------------|
| Profit after Taxation | 87,81,620 | 1,92,04,598 |
| Earnings used in the calculation of basic earnings per share | 87,81,620 | 1,92,04,598 |
| Number of equity shares of 10 each outstanding at the beginning of the year | 62,32,700 | 62,32,700 |
| Number of equity shares of 10 each outstanding at the end of the year | 62,32,700 | 62,32,700 |
| Weighted Average number of Equity Shares | 62,32,700 | 62,32,700 |

'39.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share as follows

| | | |
|---|------------------|--------------------|
| Earnings used in the calculation of basic earnings per share | 87,81,620 | 1,92,04,598 |
| Adjustments (if any) | - | - |
| Earnings used in the calculation of diluted earnings per share | 87,81,620 | 1,92,04,598 |

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| | | |
|--|-----------|-----------|
| Weighted average number of equity shares used in calculation of basic earnings per share | 62,32,700 | 62,32,700 |
| Shares deemed to be issued for no consideration | - | - |
| Weighted average number of equity shares used in calculation of diluted earnings per share | 62,32,700 | 62,32,700 |

NOTE 41

DEFERRED TAX BALANCES

| Particulars | Year ended March 31, 2020 | Year Ended March 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Deferred tax assets | | |
| Deferred tax liabilities | 93,38,400 | 1,07,79,700 |
| Total | 93,38,400 | 1,07,79,700 |

| Particulars | Opening Balance | Recognised in profit or loss account | Recognised in other comprehensive income | Closing balance |
|---|---------------------|--------------------------------------|--|-------------------|
| Deferred tax (Liabilities) / Asset in relation to | | | | |
| Property, Plant and equipment | -1,07,79,700 | 7,45,300 | - | -1,00,34,400 |
| Provision compensated absences and others | | 6,96,000 | - | 6,96,000 |
| Defined benefit obligation | | | | |
| Total | -1,07,79,700 | 14,41,300 | - | -93,38,400 |
| Tax losses | | | | |
| Net Deferred tax Assets / (Liability) | -1,07,79,700 | 14,41,300 | - | -93,38,400 |

NOTE 42
Note (i) - Related Party Disclosures:

| | 2019-2020 | 2018-2019 |
|---|--|-----------------------|
| Related Party Transactions | | |
| Description of Relationship : | | |
| Key Management Personnel | Mr. Sunil Laxminarayana Mundra -Director Mr. Laxminarayana Mundra - Director Mr. Satyanarayana Mundra - Director Mrs. Shilpa Burman - Company Secretary | |
| Directors | Mr . Sushil Kumar Mundra Mrs. Jyothi Mundra | |
| Subsidiary Company | National Phyto Pharma Private Limited (Formerly known as Natural Drug Discoveries Private Limited) | |
| Enterprise in which Directors have significant Control | M/s.Mundra Enterprises M/s.Balurghat Technologies Ltd M/s.Minakshi Enamels | |
| Details of Transactions | Amount in Rs. | |
| <u>Remuneration Paid</u> | <u>2019-20</u> | <u>2018-19</u> |
| Mr. SUNIL LAXMINARAYANA MUNDRA | 44,40,000 | 42,60,000 |
| Mr. LAXMINARAYANA MUNDRA | 31,80,000 | 30,00,000 |
| Mr. SATHYANARAYANA MUNDRA | 31,80,000 | 30,00,000 |
| Mr. PRASANNA JUNNARKAR | 10,47,774 | 10,07,145 |
| Mr. SKANDAN P. JAIN | 2,77,481 | 4,27,567 |
| Mrs. SHILPA | 2,34,234 | - |
| <u>Sitting Fees Paid</u> | | |
| Mr . Sushil Kumar mundra | 75000 | 60,000 |
| Mrs. Jyothi Mundra | 60000 | 60,000 |
| <u>Rent Paid</u> | | |
| M/s.Mundra Enterprises | | 1,62,000 |
| <u>Purchase</u> | | |
| Investment in Equity Shares | | |
| Natural Phyto Pharma Private Limited (Formerly known as Natural Drug Discoveries Pvt Ltd) | | 75,000 |
| Balances outstanding at the end of the year | | |
| <u>Payables</u> | | |

| | | |
|--------------------------------|----------|----------|
| Mr. SUNIL LAXMINARAYANA MUNDRA | 2,27,110 | 2,36,340 |
| Mr. LAXMINARAYANA MUNDRA | 1,56,270 | 1,73,370 |
| Mr. SATHYANARAYANA MUNDRA | 1,80,420 | 1,73,450 |
| Mr. PRASANNA JUNNARKAR | 65,177 | 63,526 |
| Mr. SKANDAN P. JAIN | - | 28,790 |
| Mrs. SHILPA BURMAN | 37,250 | - |

NOTE 43
A. Defined contribution plans

The Company makes Provident Fund and Employee State Insurance which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.21,44,994 (PY Rs. 20,03,170) for provident fund contributions in the statement of Profit or loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans (Gratuity)

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2019. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss. the Company provided the gratuity benefit through annual contributions to a fund managed by the M/s. Life Insurance Corporation.

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk : The plan exposes the Company to the risk of fall in interest rates. A drop in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Investment risk : The probability or likelihood of occurrence of losses relative to the expected return on any particular investment which is inherent.

Salary escalation Risk : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk : The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

| Particulars | Gratuity (Funded) | |
|---|--------------------|--------------------|
| | 2019-20 | 2018-19 |
| Present value of obligations at the beginning of the year | 1,22,15,310 | 1,07,83,534 |
| Current service cost | 13,96,716 | 12,41,442 |
| Interest Cost | 8,28,129 | 7,81,676 |
| Re-measurement (gains) / losses: | | |
| -Actuarial gains and losses arising from change in financial assumption | 7,93,555 | 1,55,994 |
| -Actuarial gains and losses arising from experience adjustment | -10,49,881 | 5,16,465 |
| Benefit Payments from Plan Assets | -7,69,791 | -12,63,801 |
| Present value of obligations at the end of the year | 1,34,14,038 | 1,22,15,310 |
| Changes in the fair value of planned assets | | |
| Fair value of plan assets at the beginning of the year | 94,84,050 | 81,11,661 |
| Interest income | - | - |
| Return on plan assets | 6,63,884 | 6,24,598 |
| Contributions by the employer | 20,04,944 | 21,11,116 |
| Re-measurement (gains) / losses: | -50,191 | -99,524 |
| Benefits paid | -7,69,791 | -12,63,801 |
| Fair value of plan assets at the end of the year | 1,13,32,896 | 94,84,050 |

| | | |
|---|------------------|------------------|
| | | |
| Amounts recognized in the Balance Sheet | | |
| Projected benefit obligation at the end of the year | 1,34,14,038 | 1,22,15,310 |
| Less: share of obligation pertaining to Associate Company under common Gratuity Trust | - | - |
| Fair value of plan assets at end of the year | 1,13,32,896 | 94,84,050 |
| Funded status of the plans - Liability recognized in the balance sheet | 20,81,142 | 27,31,260 |
| Components of defined benefit cost recognized in profit or loss | | |
| Current service cost | 13,96,716 | 12,41,442 |
| Net interest Cost | 1,64,245 | 1,57,078 |
| Net cost in Profit or Loss | 15,60,961 | 13,98,520 |
| Components of defined benefit cost recognized in Other Comprehensive income | | |
| Re-measurement on the net defined benefit liability: | | |
| -Actuarial gains and losses arising from change in financial assumption | 7,93,555 | 1,55,994 |
| -Actuarial gains and losses arising from experience adjustment | -10,49,881 | 5,16,465 |
| Return on plan assets | 50,191 | 99,524 |
| Net Cost | -2,06,135 | 7,71,983 |
| Less: Allocation to Associate Company under common gratuity trust | - | - |
| Net Cost in other Comprehensive Income | -2,06,135 | 7,71,983 |

| Particulars | 2019-20 | 2018-19 |
|------------------------------------|---------|---------|
| Assumptions | | |
| Discount rate | 7.70% | 7.00% |
| Expected rate of salary increase | 7.00% | 7.00% |
| Average age of members | 40.68 | 40.47 |
| Average remaining working Life | 19.32 | 19.53 |
| Mortality (IALM (2006-08) Ultimate | 100% | 100% |

The Company has invested the plan assets with insurer managed funds. The Insurance Company has invested the plant assets in Govt. securities, Debit Funds, Mutual Funds ,Money market instruments etc. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

Experience Adjustments:

| Particulars | For the period ending | |
|-----------------------------------|-----------------------|----------|
| | 31-03-2020 | 31-03-19 |
| (Gain) / Loss on Plan Liabilities | -10,49,881 | 5,16,465 |
| % of Opening Plan Liabilities | -8.59% | 4.79% |
| Gain / (Loss) on Plan Assets | 5 0,191 | 9 9,524 |
| % of Opening Plan Assets | 0.53% | 1.23% |

Notes:

(a) Experience adjustment has been provided only to the extent of details available.

(b) Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.

(c) The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.

(d) The Company's gratuity funds are managed by the M/s. Life Insurance Corporation and therefore the composition of the fund assets is not presently ascertained.

Note (ii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:

| Particulars | March 31, 2020 | March 31, 2019 |
|------------------------------|----------------|----------------|
| | | |
| | | |
| Under Base Scenario | 1,34,14,038 | 1,22,15,310 |
| Salary Escalation (Up by 1%) | 1,45,84,033 | 1,32,35,954 |
| Salary Escalation (Down by | 1,23,76,788 | 1,13,09,366 |
| Withdrawal Rates (Up by 1%) | 1,34,01,889 | 1,21,66,188 |
| Withdrawal Rates (Down by | 1,34,26,441 | 1,12,88,461 |
| Discount Rates (Up by 1%) | 1,23,69,560 | 1,32,69,090 |
| Discount Rates (Down by 1%) | 1,46,05,618 | 1,22,59,366 |

NOTE 44

44.1 Capital management

The Company's capital management is intended to maximise the return to shareholders for meeting the long and short term objectives of the Company through the leveraging of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through long and short term borrowings. The Company monitors the capital structure on the basis of debt to equity ratio and the maturity of the overall debt of the Company.

The following table summarises the capital of the Company:

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Equity | 55,62,13,488 | 55,49,45,718 |
| Debt | - | - |
| Cash and cash equivalents | 32,82,093 | 5,66,301 |
| Net debt | 32,82,093 | 5,66,301 |
| Total capital (Equity + Net debt) | 55,94,95,581 | 55,55,12,019 |
| Net debt to capital ratio | 0.006 | 0.001 |

44.1 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (predominantly trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of trade receivables on case to case basis and has accordingly created loss allowance.

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The credit risk on cash and bank balances is limited because the counter parties are banks with high credit ratings assigned by accredited rating agencies.

44.2 Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding contractual maturities of financial liabilities as at 31 March 2020

| Particulars | Carrying amount | Upto 1 year | Between 1-3 years | More than 3 years | Total contracted cash flows |
|----------------|---------------------|---------------------|-------------------|-------------------|-----------------------------|
| Borrowings | 6,26,26,332 | 6,26,26,332 | | | 6,26,26,332 |
| Trade Payables | 6,96,23,897 | 6,96,23,897 | | | 6,96,23,897 |
| Other Payables | 1,05,86,598 | 1,05,86,598 | | | 1,05,86,598 |
| Total | 14,28,36,826 | 14,28,36,826 | - | - | 14,28,36,826 |

The table below provides details of financial assets at at 31st March 2020

| Particulars | Carrying amount-2019-20 | Carrying amount-2018-19 |
|------------------------|-------------------------|-------------------------|
| Trade receivables | 30,35,66,759 | 32,19,97,365 |
| Other Financial assets | 7,58,69,815 | 6,81,19,409 |

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

| Particulars | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------------------|--------------|----------------------|--------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | | | | | |
| Financial assets at amortised cost: | | | | | |
| Trade receivables | Level 3 | 30,35,66,759 | 30,35,66,759 | 32,19,97,365 | 32,19,97,365 |
| Cash and cash equivalents | Level 2 | 32,82,093 | 32,82,093 | 5,66,301 | 5,66,301 |
| Bank balances other than cash and cash equivalents | Level 2 | 59,81,455 | 59,81,455 | 44,10,688 | 44,10,688 |
| Other financial assets | Level 3 | 6,46,06,267 | 6,46,06,267 | 6,11,42,420 | 6,11,42,420 |

| Particulars | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------------------|-------------|----------------------|-------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Liabilities | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Borrowings | Level 2 | 6,26,26,332 | 6,26,26,332 | 5,40,78,630 | 5,40,78,630 |
| Trade payables | Level 3 | 6,96,23,897 | 6,96,23,897 | 8,26,14,987 | 8,26,14,987 |
| Other financial liabilities | Level 3 | 1,45,87,383 | 1,45,87,383 | 1,35,20,813 | 1,35,20,813 |

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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• Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

1. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value Hierarchy

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|------------------------------------|---|----------------------|------------------------------------|---|
| | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income |
| Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period | | | | | | |
| Financial assets : | | | | | | |
| Trade receivables | 30,35,66,759 | - | - | 32,19,97,365 | - | - |
| Cash and cash equivalents | 32,82,093 | - | - | 5,66,301 | - | - |
| Bank balances other than cash and cash equivalents | 59,81,455 | - | - | 44,10,688 | - | - |
| Loans | 20,00,000 | - | - | 20,00,000 | - | - |
| Other Financial Assets | - | - | - | - | - | - |
| Security Deposit (Unsecured considered good) | 34,86,100 | - | - | 30,90,895 | - | - |
| Rental Deposit | 26,73,220 | - | - | 30,64,120 | - | - |
| Term Deposit | - | - | - | 21,14,875 | - | - |
| Interest Receivable On Deposits | 26,36,238 | - | - | 20,61,821 | - | - |
| Financial Liabilities | | - | - | | - | - |
| Borrowings- Bank OD | 6,26,26,332 | - | - | 5,40,78,630 | - | - |
| Trade payables | 6,96,23,897 | - | - | 8,26,14,987 | - | - |
| Other Financial Liability | 41,92,576 | - | - | 1,18,62,681 | - | - |
| Unclaimed dividend | 14,43,534 | - | - | 16,58,133 | - | - |

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|------------------------------------|---|----------------------|------------------------------------|---|
| | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income |
| Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period | - | - | - | - | - | - |
| Financial Assets | - | - | - | - | - | - |
| Investments in equity- Quoted | - | - | - | - | - | - |
| Investments in equity- Un Quoted | 5,08,10,709 | - | - | 5,08,10,709 | - | - |
| Investments in government securities | - | - | - | - | - | - |
| Investment in Preference shares | - | - | - | - | - | - |
| Mutual funds | - | - | - | - | - | - |
| Derivatives not designated as hedges | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Financial liabilities | - | - | - | - | - | - |
| Derivatives not designated as hedges | - | - | - | - | - | - |
| Derivatives designated as hedges | - | - | - | - | - | - |

NOTE 45**Disclosure under the Micro , Small and Medium enterprises Development Act, 2006**

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

NOTE 46

| Particulars | 2019-20 | 2018-19 |
|---|-------------|--------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances. | 399.79 lacs | 4106.57 Lacs |
| | | |
| Other monies for which the Company is contingently liable | | |
| a) Bank Guarantees issued for loans and others | - | - |
| b) Disputed Income tax demands which are under various stages of appeal | 10.57 Lacs | 10.57 Lacs |
| c) Disputed Sales tax, Excise Duty ,Service tax, Urban land tax, Electricity matters and Customs demands. | 44.16 Lacs | 47.12 Lacs |

Future cash outflows in respect of the above referred matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

NOTE 47**EMPLOYEE SHARE-BASED PAYMENT PLANS**

The Shareholders of the Company at the Annual General Meetings held on 21st September, 2018 had approved the Employee Stock Option Scheme (ESOP) 2018 .The ESOS's are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

The company has offered equity shares under ESOP during the year for the identified employees and below is the summary of Options vested , exercised and outstanding during the year.

| Particulars | No of shares - 2019-20 |
|--|------------------------|
| No of Options Granted During the year | 62,500 |
| Options Vested During the year | - |
| Options Outstanding at the Beginning of the year | 62,500 |
| Options Exercised During the year | - |
| Number of Options cancelled | - |
| Number of options lapsed | - |
| Options Outstanding at the End of the year | 125,000 |

The following table summarises the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2020

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs

| Employee Stock Option Scheme 2018 | |
|---|---------------|
| Dates of Grant | 12th Nov 2019 |
| Market Price (` per share) on the dates of grant | Rs. 69 |
| Volatility | 78% |
| Risk free rate | 6.50% |
| Exercise price | 10 |
| Time to maturity (years) | 10 |
| Dividend yield | 1% |

| | |
|---------------------------------|----|
| Option fair value (₹ per share) | 69 |
|---------------------------------|----|

The Black Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessary provide a reliable measure of fair value of options.

NOTE 48

On March 11 2020, as COVID-19 spread rapidly both in terms on number of cases and the affected countries, the World Health Organisation (WHO) categorized the COVID-19 as a pandemic.

The Management has assessed the potential impact of COVID-19 on the Company. Based on the current assessment, the Management is of the view that the impact of the COVID-19 on the operations of the company and the carrying value of its assets and liabilities is not likely to be material. In assessing the recoverability of receivables, intangible assets, and Loans & Advances, the Company has considered internal and external information up to the date of approval of the financial results and related information. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

In terms of our report attached
For and on behalf of the Board

For and on behalf of the Board

For P.Chandrasekar LLP
Chartered Accountants
FRN.: 000580S/S200066
P Chandrasekar
Partner
Membership No.026037
Date : 05.06.2020
Place : Bengaluru

Sunil L Mundra
Managing Director
DIN : 00214304

Shilpa Burman
Company Secretary
M.No. A52069

Satyanarayan Mundra
Whole time Director
DIN :00214349

Prasanna Junnarkar
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATURAL CAPSULES LIMITED
Report on the Audit of the Consolidated Financial Statements
Opinion

We have audited the accompanying Consolidated financial statements of **M/S. NATURAL CAPSULES LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2020, 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 ended on that date and a summary of the 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2020, the consolidated Profit, consolidated total comprehensive income, consolidated changes in equity and its 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 Companies Act, 2013. 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 independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to note no 48 of the Consolidated financial statement with regard to "The Group Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of receivables, intangible assets, and Loans & Advances. For this purpose, the Group Company has considered internal and external sources of information up to the date of approval of the Financial Results including credit reports and related information. Based on the current estimates, the Company does not expect any significant impact

on such carrying values. The Group will continue to closely monitor for any material changes to future economic conditions.”

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No | Key Audit Matter | How our audit addressed the key audit matter |
|-------|---|--|
| 4. | Investment in Supreme Pharmaceuticals Mysore Pvt Ltd Refer Note No. 5 in the consolidated Financial Statement Investment of Rs.5.07 crores is carried at cost being long term investment. The company has not received any dividend since the investment made in FY 2015-16. As Significant judgment is required in determining the provision for diminution in the permanent value of the investment if any, consequently having an impact on related accounting and disclosures in the standalone financial statements. | <u>Principal Audit Procedures</u> Based on discussions with management and explanations given by management we are convinced that no provision for diminution in value is required. For those matters where the management concluded that no provision should be recorded, we also considered the adequacy and completeness of the disclosure made in relation to the Diminution in the value of Investment. |
| 5. | Evaluation of uncertain Tax positions As described in the summary of Significant accounting policies in note no 2.2 Significant judgment is required in determining the provision for income taxes both current and deferred as well as the assessment of the provisions for uncertain tax positions, consequently having an impact on related accounting and disclosures in the standalone financial statements. | Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. |
| 6. | Trade receivables Trade receivables are recognized at their anticipated realizable value which is the original invoiced amount Valuation of trade receivables is a key audit matter in the audit, due to size of the trade receivables balance and the high level of management judgement used in determining the impairment provision | For trade receivables and managements estimation for trade receivables, impairment provisions, our key audit procedure includes the following: We obtained management confirmation on trade receivables outstanding of the Group We analyzed the ageing of trade receivables and We obtained the list of long outstanding receivables of these through enquiring with the management and by obtaining sufficient corroborative evidences to support the |

| | | |
|--|--|--------------|
| | | conclusions. |
|--|--|--------------|

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

The Company's Board of Directors is 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 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 and, in doing so, 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 Responsibility for the preparation of consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board 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 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 with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company 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 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 Group'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 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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in 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 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 financial statements.

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 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (h) 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.
- (i) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- (j) 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 Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements,
- (k) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (l) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors and its subsidiaries incorporated in India 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 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (m) 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 auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- (n) 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.

- (o) 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:
- iv. The Company and its subsidiary companies incorporated in India does not have any pending litigations which would impact its financial position other than the items disclosed under Note No 45.
 - v. The Company and its subsidiary company incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - vi. 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 company incorporated in India.

For M/s P.Chandrasekar LLP
Chartered Accountants
Firm Registration No. 000580S/S200066

P. Chandrasekaran
Partner
Membership No. 026037

Place: Bangalore
Date: 05.06.2020

Annexure - A to the Independent Auditors' Report
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Natural Capsules Limited ("the Holding Company") as of 31 March 2020, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiaries, which are incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding 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 Holding 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 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 Holding 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 Holding 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, 2020, 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.

For M/s P.Chandrasekar LLP

Chartered Accountants

Firm Registration No. 000580S/S200066

P. Chandrasekaran

Partner

Membership No.026037

Place: Bangalore

Date: 05th June 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

| S.No | Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|----------|--|-----------|----------------------|----------------------|
| A | ASSETS | | | |
| | Non-Current Assets | | | |
| | (a) Property, Plant and equipment | 2 | 23,81,29,450 | 24,36,50,887 |
| | (b) Capital Work in Progress | | 2,10,74,558 | 2,45,32,775 |
| | (c) Investment Property | 3 | - | - |
| | (d) Other Intangible Assets | 4 | - | - |
| | (e) Financial Assets | | | |
| | (i) Investments | 5 | 5,57,35,709 | 5,07,35,709 |
| | (ii) Other financial assets | 6 | 87,95,558 | 1,03,31,711 |
| | (f) Deferred Tax Assets | | | - |
| | (g) Other Non-Current Assets | 7 | 4,60,36,156 | 1,86,11,276 |
| | Total non-Current Assets | | 36,97,71,432 | 34,78,62,357 |
| | Current Assets | | | |
| | (a) Inventories | 8 | 5,28,05,088 | 4,31,59,832 |
| | (b) Financial Assets | | | |
| | (i) Other Investments | | - | - |
| | (ii) Trade Receivables | 9 | 30,35,66,759 | 32,19,97,365 |
| | (iii) Cash and Cash Equivalents | 10 | 33,00,693 | 5,91,301 |
| | (iv) Bank balances other than (iii) above | 11 | 59,81,455 | 44,10,688 |
| | (v) Loans | 12 | 20,00,000 | 20,00,000 |
| | (v) Other Financial assets | 13 | - | - |
| | (c) Current tax assets (Net) | 14 | - | - |
| | (d) Other current Assets | 15 | 94,47,048 | 1,14,18,478 |
| | Total Current Assets | | 37,71,01,044 | 38,35,77,663 |
| | TOTAL ASSETS | | 74,68,72,475 | 73,14,40,021 |
| B | EQUITY AND LIABILITIES | | | |
| | Equity | | | |
| | (a) Equity Share Capital | 16 | 6,23,27,000 | 6,23,27,000 |
| | (b) Other Equity | 17 | 49,38,86,488 | 49,26,18,718 |
| | (c) Non Controlling Interest | | 25,000 | 25,000 |
| | Total Equity | | 55,62,38,488 | 55,49,70,718 |
| | Liabilities | | | |
| | Non-Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 18 | - | - |
| | (ii) Other Financial Liabilities | 19 | - | - |
| | (b) Deferred Tax Liabilities | | 93,38,400 | 1,07,79,700 |
| | (c) Provisions | 20 | 14,40,264 | 15,16,989 |
| | (d) Other Non-Current liabilities | | | - |
| | Total Non-Current Liabilities | | 1,07,78,664 | 1,22,96,689 |
| | Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 21 | 6,26,26,332 | 5,40,78,630 |
| | (ii) Trade Payables | | | |
| | Dues of micro enterprises and small enterprises | 22 | - | - |
| | Dues of creditors other than micro enterprises and small enterprises | 22 | 6,96,23,897 | 8,25,39,987 |
| | (iii) Other Financial Liabilities | 23 | 1,45,87,383 | 1,35,20,813 |
| | (b) Provisions | 24 | 11,26,163 | 13,00,737 |
| | (c) Other Current Liabilities | 25 | 3,18,91,549 | 1,27,32,446 |
| | Total Current Liabilities | | 17,98,55,324 | 16,41,72,613 |
| | Total Liabilities | | 19,06,33,988 | 17,64,69,302 |
| | TOTAL EQUITY AND LIABILITIES | | 74,68,72,476 | 73,14,40,021 |

The accompanying notes are an integral part of these financial statements
In terms of our report attached

For and on behalf of the Board

For P.Chandrasekar LLP
Chartered Accountants

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 05.06.2020

Place : Bengaluru

Sunil L Mundra

Managing Director

DIN : 00214304

Shilpa Burman

Company Secretary

M.No. A52069

For and on behalf of the Board

Satyanarayan Mundra

Whole time Director

DIN :00214349

Prasanna Junnarkar

Chief Financial Officer

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

| S.No | Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------|---|----------|-----------------------------------|-----------------------------------|
| I | Revenue from Operations | 26 | 61,55,48,469 | 59,78,04,768 |
| II | Other Income | 27 | 95,30,960 | 1,13,72,385 |
| III | Total Income (I+II) | | 62,50,79,429 | 60,91,77,153 |
| IV | Expenses: | | | |
| | Cost of materials consumed | 28 | 27,92,45,573 | 22,80,04,475 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 29 | 10,58,279 | 3,69,39,941 |
| | Employee benefit expense | 30 | 6,99,33,978 | 6,59,48,697 |
| | Finance costs | 31 | 76,69,909 | 37,34,123 |
| | Depreciation and amortisation expense | 32 | 4,12,07,249 | 3,19,74,916 |
| | Other expenses | 33 | 21,22,57,257 | 21,79,52,863 |
| | Total Expenses (IV) | | 61,13,72,244 | 58,45,55,016 |
| V | Profit before exceptional items and Tax (III-IV) | | 1,37,07,185 | 2,46,22,137 |
| VI | Exceptional items | 34 | - | 39,36,949 |
| VII | Profit before Tax (V - VI) | | 1,37,07,185 | 2,06,85,188 |
| VIII | Tax Expense: | | | |
| | 1) Current tax | | 65,73,000 | 79,49,190 |
| | 2) Tax for earlier | | - | - |
| | 3) Deferred tax | | -14,41,300 | -64,68,600 |
| | Total Tax expenses | | 51,31,700 | 14,80,590 |
| IX | Profit for the year (VII-VIII) | | 85,75,485 | 1,92,04,598 |
| | Other Comprehensive Income | | | |
| | A. i) Items that will not be reclassified to profit or loss | | | |
| | a) Re-measurement of the defined benefit plan | | 2,06,135 | - |
| | b) Equity instruments through other comprehensive income | | | |
| | ii) Income tax relating to items that will not be re-classified to profit or loss | | 2,06,135 | - |
| | B. i) Items that will be reclassified to profit or loss | | - | |
| | B. i) Items that will be reclassified to profit or loss | | - | |
| | ii) Income tax relating to items that will be re-classified to profit or loss | | | |
| | B. i) Items that will be reclassified to profit or loss | | | |
| X | Total other comprehensive income (A(i-ii)+(B(i-ii)) | | 2,06,135 | - |
| XI | Total Comprehensive Income (IX+X) | | 87,81,620 | 1,92,04,598 |
| XII | Earnings Per Equity Share (Nominal value per share Rs.10/-) | | | |
| | (a) Basic | | 1.41 | 3.08 |
| | (b) Diluted | | 1.41 | 3.08 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board

For P.Chandrasekar LLP**Chartered Accountants**

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 05.06.2020

Place : Bengaluru

Sunil L Mundra

Managing Director

DIN : 00214304

Shilpa Burman

Company Secretary

M.No. A52069

For and on behalf of the Board

Satyanarayan Mundra

Whole time Director

DIN :00214349

Prasanna Junnarkar

Chief Financial Officer

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

| Particulars | For the Year ended 31st March 2020 | | For the Year ended March 31, 2019 | |
|--|------------------------------------|--------------------|-----------------------------------|---------------------|
| | | | | |
| A. Cash flow from operating activities | | | | |
| Profit before tax | | 1,37,07,185 | | 2,06,85,188 |
| Adjustments for: | | | | |
| Depreciation and Amortisation | 4,12,07,249 | | 3,19,74,916 | |
| Finance Costs (net) | 76,69,909 | | 37,34,123 | |
| Interest Income | -5,88,666 | | -1,61,974 | |
| Liability no longer required written back | - | | 22,55,105 | |
| Re-measurement of the defined benefit plan | 2,06,135 | | | |
| Loss / (gain) on sale of investments | | 4,84,94,627 | | 3,89,49,767 |
| Operating profit before working capital changes | | 6,22,01,811 | | 5,96,34,955 |
| Changes in working capital | | | | |
| Adjustments for increase / (decrease) in | | | | |
| Trade and other receivables | 1,84,30,605 | | 1,09,23,359 | |
| Inventories | -96,45,256 | | 3,38,39,122 | |
| Bank balances other than cash and cash equivalent | -15,70,768 | | -26,75,322 | |
| Other Assets | 5,85,487 | | 2,09,08,077 | |
| Other Financial Assets | 15,36,153 | | -12,59,045 | |
| Trade Payable | -1,29,16,090 | | 4,01,43,596 | |
| Other Liabilities | 1,89,84,529 | | -4,07,008 | |
| Provisions | -76,725 | | -9,404 | |
| Other Financial Liabilities | 10,66,570 | 1,63,94,504 | 1,17,87,447 | -3,06,99,241 |
| Cash generated from operations | | 7,85,96,316 | | 2,89,35,714 |
| | | | | |
| Taxes paid | | 65,73,000 | | 79,49,190 |
| Net cash generated from operating activities | | 7,20,23,316 | | 2,09,86,524 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets including capital advances and CWIP | -5,30,04,786 | | 7,11,01,457 | |
| Proceeds from sale of fixed assets | - | | 3,78,550 | |
| (Purchase) / Sale of investments | -50,00,000 | | -75,000 | |
| Changes in Minority Interest | | | 25,000 | |
| Investment income | | | - | |

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| | | | | |
|---|------------|---------------------|-------------|---------------------|
| Interest received | 5,88,666 | | 1,61,974 | |
| Dividend received | | -5,74,16,120 | | -7,06,10,933 |
| Net cash used in investing activities | | -5,74,16,120 | | -7,06,10,933 |
| C. Cash flow from Financing activities | | | | |
| Proceeds from issue of Share Capital | - | - | - | - |
| Proceeds from short term borrowings | 85,47,702 | | 5,40,78,630 | |
| Repayment of Long Term loan Borrowings | - | | - | |
| Finance Cost | -65,64,815 | | -37,34,123 | |
| Lesae Payment - Including Interest Cost | -63,66,840 | | | |
| Dividend paid | -62,32,700 | | -62,32,700 | |
| Dividend Distribution tax paid | -12,81,150 | -1,18,97,803 | -12,64,868 | 4,28,46,939 |
| Net cash used in financing activities | | -1,18,97,803 | | 4,28,46,939 |
| Net (decrease) / increase in cash and cash equivalents | | 27,09,392 | | -67,77,470 |
| (A+B+C) | | | | |
| Reconciliation | | | | |
| Cash and cash equivalents as at beginning of the year | | 5,91,301 | | 73,68,771 |
| Cash and cash equivalents as at end of the year | | 33,00,693 | | 5,91,301 |
| Net increase / (decrease) in cash and cash equivalents | | 27,09,392 | | -67,77,470 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached
For and on behalf of the Board

For and on behalf of the Board

For P.Chandrasekar LLP
Chartered Accountants
FRN.: 000580S/S200066
P Chandrasekar
Partner
Membership No.026037
Date : 05.06.2020
Place : Bengaluru

Sunil L Mundra
Managing Director
DIN : 00214304

Shilpa Burman
Company Secretary
M.No. A52069

Satyanarayan Mundra
Whole time Director
DIN : 00214349

Prasanna Junnarkar
Chief Financial Officer

Statement of Changes in Equity Share Capital and Other Equity for the Year ended 31st March 2020

| Reserves & Surplus | Items of other Comprehensive Income | | | | | | | | |
|--------------------------------|-------------------------------------|-----------------|--------------------|-----------------|-------------------|---|-----------------------|------------------|--------------|
| | Share Capital | Capital Reserve | Securities Premium | General Reserve | Retained earnings | Equity Instruments other comprehensive income | Actuarial Gains/ Loss | Others (Specify) | Total |
| Balance at April 1, 2017 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 34,55,84,831 | - | - | - | 53,96,25,129 |
| Movement during 2017-18 | - | - | - | - | - | - | - | - | - |
| Profit for | - | - | - | - | 1,40,19,1 | - | - | - | 1,40,19 |

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| | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|--------------|---|----------|---|--------------|
| the year | | | | | 41 | | | | ,141 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (74,97,568) | - | - | | (74,97,568) |
| Payment of Dividend | - | - | - | - | - | - | - | - | - |
| Balance at March 31,2018 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 35,21,06,404 | - | - | - | 54,61,46,702 |
| Movement during 2019-20 | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 1,92,04,598 | - | - | - | 1,92,04,598 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (74,97,568) | - | - | - | (74,97,568) |
| Balance at March 31,2019 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 36,38,13,434 | - | - | - | 55,78,53,732 |
| Movement during 2019-20 | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 85,75,485 | - | 2,06,135 | | 87,81,620 |
| Payment of Dividend and Dividend Distribution Tax | - | - | - | - | (75,13,850) | - | - | - | (75,13,850) |
| Balance at March 31,2020 | 6,23,27,000 | 1,46,40,000 | 9,86,92,800 | 1,83,80,498 | 36,48,75,069 | - | 2,06,135 | - | 55,91,21,502 |

NOTE 2 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

| Particulars | As at March 2020 | As at March 31, 2019 |
|-----------------------------|------------------|----------------------|
| Carrying amounts of: | | |
| Freehold land | 82,65,028 | 82,65,028 |
| lease Hold Land | 3,51,80,145 | 3,51,80,145 |
| Building | 7,51,42,213 | 7,92,46,935 |
| Plant and Equipment | 11,26,62,741 | 11,96,19,810 |
| Computers | 1,20,407 | 1,44,162 |
| Furniture and Fixtures | 5,60,584 | 5,45,030 |
| Vehicles | - | - |

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| | | |
|--------------------------|---------------------|---------------------|
| Office Equipment | 5,19,684 | 6,49,777 |
| Right-of-use assets | 56,78,661 | |
| Total | 23,81,29,463 | 24,36,50,887 |
| Capital work-in-progress | 2,10,74,558 | 2,45,32,775 |
| | 25,92,04,021 | 26,81,83,662 |

| Particulars | Freehold land | Lease Hold Land | Building | Plant and Equipment | Computers | Furniture and fixtures | Vehicles | Office Equipment | Right-of-use assets | Total |
|----------------------------------|------------------|--------------------|---------------------|---------------------|--------------------|------------------------|------------------|------------------|---------------------|---------------------|
| Balance at March 31, 2018 | 82,65,028 | - | 13,21,58,911 | 45,42,69,753 | 1,12,37,395 | 40,48,268 | 30,14,050 | 15,61,969 | - | 61,45,55,374 |
| Additions | - | 3,51,80,145 | - | 2,29,75,579 | 1,86,338 | 3,19,965 | - | 3,17,882 | - | 5,89,79,909 |
| Disposals | - | - | - | 1,30,95,283 | - | - | - | - | - | 1,30,95,283 |
| Balance at March 31, 2019 | 82,65,028 | 3,51,80,145 | 13,21,58,911 | 46,41,50,049 | 1,14,23,733 | 43,68,233 | 30,14,050 | 18,79,851 | - | 66,04,39,999 |
| Additions | - | - | 2,45,370 | 2,43,08,378 | 42,525 | 1,49,119 | - | - | 1,09,40,407 | 3,56,85,799 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Balance at March 31 2020 | 82,65,028 | 3,51,80,145 | 13,24,04,281 | 48,84,58,426 | 1,14,66,259 | 45,17,352 | 30,14,050 | 18,79,851 | 1,09,40,407 | 69,61,25,799 |

| Particulars | Freehold land | Lease Hold Land | Building | Plant and Equipment | Computers | Furniture and fixtures | Vehicles | Office Equipment | Right-of-use assets | Total |
|--|------------------|-----------------|--------------------|---------------------|--------------------|------------------------|------------------|------------------|---------------------|---------------------|
| Accumulated depreciation and impairment | - | - | - | - | - | - | - | - | - | - |
| Balance at 31 March, 2018 | - | - | 4,76,15,928 | 32,90,50,852 | 1,12,37,395 | 37,21,753 | 30,14,050 | 11,12,776 | - | 39,57,52,754 |
| Disposals | - | - | - | 1,44,66,577 | - | - | - | - | - | 1,44,66,577 |
| Depreciation expenses | - | - | 52,96,048 | 2,99,45,963 | 42,176 | 1,01,450 | - | 1,17,298 | - | 3,55,02,935 |
| Balance at March 2019 | - | - | 5,29,11,976 | 34,45,30,238 | 1,12,79,571 | 38,23,203 | 30,14,050 | 12,30,074 | - | 41,67,89,112 |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Depreciation expenses | - | - | 43,50,092 | 3,12,65,470 | 66,281 | 1,33,565 | - | 1,30,093 | 52,61,747 | 4,12,07,247 |
| Balance at March 2020 | - | - | 5,72,62,068 | 37,57,95,709 | 1,13,45,851 | 39,56,768 | 30,14,050 | 13,60,167 | 52,61,747 | 45,79,96,359 |
| Carrying amount as on March 31, 2018 | 82,65,028 | - | 8,45,42,983 | 12,52,18,901 | - | 3,26,515 | - | 4,49,193 | - | 21,88,02,620 |

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| | | | | | | | | | | |
|--------------------------------------|-----------|-------------|-------------|--------------|----------|----------|---|----------|-----------|--------------|
| Carrying amount as on March 31, 2019 | 82,65,028 | 3,51,80,145 | 7,92,46,935 | 11,96,19,810 | 1,44,162 | 5,45,030 | - | 6,49,777 | - | 24,36,50,887 |
| Carrying amount as on Mar 31, 2020 | 82,65,028 | 3,51,80,145 | 7,51,42,213 | 11,26,62,728 | 1,20,407 | 5,60,584 | - | 5,19,684 | 56,78,661 | 23,81,29,450 |

INTANGIBLE ASSETS

| Particulars | Technical Knowhow |
|---------------------------|-------------------|
| Cost or Deemed cost | |
| Balance at March 31, 2018 | 3,00,000 |
| Additions | - |
| Disposals | - |
| Balance at March 31, 2019 | 3,00,000 |
| Additions | |
| Disposals | |
| Balance at March 31, 2020 | 3,00,000 |

INTANGIBLE ASSETS

| Particulars | Technical Knowhow |
|---------------------------|-------------------|
| Cost or Deemed cost | |
| Balance at March 31, 2018 | 3,00,000 |
| Additions | - |
| Disposals | - |
| Balance at March 31, 2019 | 3,00,000 |
| Additions | |
| Disposals | |
| Balance at March 31, 2020 | 3,00,000 |

Technical Knowhow

| | |
|--------------------------------------|---|
| Carrying amount as on March 31, 2018 | - |
| Carrying amount as on March 31, 2019 | - |
| Carrying amount as on March 31, 2020 | - |

Notes to accounts

2.1 Basis of preparation and measurement

(a) Basis of preparation

These Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Financial statements for the year ended 31st March, 2019 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2017, the Company prepared its Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS.

The Financial statements for the year ended 31st March, 2017 and the opening Balance Sheet as at 1st April, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 3.

The Financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities financial statements.

The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the financial statements.

Non-controlling interests in the net assets of subsidiaries is identified and presented in the Balance Sheet separately within equity.

Non-controlling interests in the net assets of subsidiaries consists of:

- (c) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- (d) The non-controlling interest's share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

(b) Basis of measurement

These Financial statements are prepared under the historical cost convention unless otherwise indicated.

(c) Basis of Consolidation

The consolidated financial statements Comprise of the financial statements of Natural Capsules Limited ("the Company") and its subsidiary National Drug Discoveries Pvt Ltd is incorporated in India and the Company's ownership interest and voting power is 75% as at the balance sheet date. The standalone financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and unrealized profit or losses.

These financial statements are prepared by applying uniform accounting policies in use at the Group. The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on consolidation. The financial statements of the subsidiary company which is included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2020. The financial statements of the subsidiary included in consolidation are audited.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.2 Use of estimates and Judgments

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of

financial statements. The actual outcome may diverge from these estimates. Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.3 Significant Accounting Policies

(a) Revenue Recognition:

- **Revenue from sale of goods**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc.

- **Income from export incentives**

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

- **Income from services**

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discount, volume rebates and GST. Revenue is recognized when it is probable that the associated economic benefits will flow to the Company and the revenue can be measured reliably. Revenue can be recognized by following the five step model as under:

- Identification of contract with a customer-** There must be a contract having commercial substance which creates enforceable rights and obligations between parties to contract and it is probable that economic benefits associated with the transaction will flow to the entity
- Identification of performance obligations-** There must be a promise in the contract to transfer either goods or services or a bundle of goods or services, that is distinct or a series of distinct goods or services that are substantially the same and have a pattern of transfer to the customer. Timing of revenue recognition is based on satisfaction of performance obligation rather than the contract as a whole.
- Determination of Transaction price-** It is the amount of consideration to which an entity expects to be entitled in exchange for transferring of goods and services.
- Allocation of transaction price to performance obligation-** To each performance obligation (for distinct goods or service) in proportion to its stand-alone selling price.
- Revenue recognition upon satisfaction of performance obligation-** Revenue may be recognised either at a point in time (when the customer obtains control over the promised goods or service) or over a period of time (as the customer obtains control over the promised goods or service)

- **Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding applying effective interest rate.

- **Dividend Income and Interest Income:**

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income from Export Incentives

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognized on accrual basis.

A Rental income from investment property is recognized as part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Rental income from sub leasing is also recognized in a similar manner and included under other income.

Other items of income are recognized as and when the right to receive arises. Interest income is recognized using the effective interest rate (EIR) method.

(b) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- **The Group as lessor**

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

- **The Group as lessee**

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

- **Functional Currency**

The consolidated financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the Holding Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

(d) Employee benefits

Retirement benefit costs and termination benefits

Employee benefits include provident fund, employee state insurance scheme, pension, gratuity, superannuation and compensated absences. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the

Return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are

Categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employee's upto the reporting date.

(e) Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(f) Property, Plant and equipment:

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- Plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.
- Assets costing ₹5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(g) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Group has elected to continue with the carrying value of its investment property recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(h) Intangible assets:

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight- line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

| | | |
|-------------------|---|----------|
| Design | - | 10 years |
| Know-how | - | 10 years |
| Computer software | - | 3 years |

The amortization period and the amortization method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Indefinite-life intangibles mainly consist of brands/trademarks. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations. These assets are not amortised but are tested for impairment annually.

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(i) inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is computed on a weighted average basis. Cost of finished goods and work- in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The financial obligation towards mine closure plans under relevant Acts and Rules are technically estimated, based on total available ore reserves of all the mining leases. The amount so determined is provided in the books of account on the basis of run of mine ore production of the mines of all the mining leases.

(k) Dividends

Dividends declared by the Company after the reporting period are not recognized as liability at the end of the reporting period. Dividends declared after the reporting period but before the issue of financial statements are not recognized as liability since no obligation exists on the balance sheet date. Such dividends are disclosed in the notes to the financial statements.

(l) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(m) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "Other un allocable corporate expenditure".
- Income that relates to the Company as a whole and not allocable to segments is included in "Unallocable

income".

- Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit of the Company.
- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment
- Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CMD. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(n) Operating cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as one year. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

(o) Cash Flow Statement

Cash flow Statement is prepared under the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

(p) Cash and Cash equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

(q) Assets held for sale:

Non-current assets or disposal Company's comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded Within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal Company's classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

(h) Financial instruments: Financial assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition

Value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost

- fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for Managing financial assets.

Capital Work in Progress

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Capital advances given towards purchase/ acquisition of PPE outstanding at each balance sheet date are disclosed separately as Other Non-Current Assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of

Financial instrument.

Debt instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow

Characteristics of the financial asset.

Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any

The amortization of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(c) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(d) Measured at fair value through profit or loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument

measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial asset

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognizes 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

Financial Liabilities:**Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or losses are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

(k) Expenditure:

Expenses are accounted on accrual basis.

(bb) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or Company's assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment

Loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

(r) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

(s) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long term investments.

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognize a decline other than of a temporary nature. Current investments are stated at lower of cost or fair value.

Profit / loss on sale of investments are recognized with reference to the cost of the investment.

(t) Investments in Subsidiaries

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(u) Accounting For Interests in Associates, Joint Venture And Joint Arrangements

An associate is an entity over which the Company has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has a joint arrangement

whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties

Sharing control. Investments in Joint ventures are accounted at cost less provision for impairment.\

(v) Events After Reporting Date

Assets and liabilities are adjusted for events occurring after the reporting period that provides additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period.

(w) Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Errors of material amount relating to prior period(s) are disclosed by a note with nature of prior period errors, amount of correction of each such prior period presented retrospectively, to the extent practicable along with change in basic and diluted earnings per share.

However, where retrospective restatement is not practicable for a particular period then the circumstances that lead to the existence of that condition and the description of how and from where the error is corrected are disclosed in Notes to Accounts.

(x) Research and development:

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- Development costs can be measured reliably;
- The product or process is technically and commercially feasible;
- Future economic benefits are probable; and the Company intends to and has sufficient resources
- Ability to complete development and to use or sell the asset.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Company's future activity is recognised only when the activity requiring the payment is performed. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

All other expenditures are recognised in the statement of profit and loss as incurred.

Amortization is recognised on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life and amortization method are reviewed at the end of each reporting period

**NOTE 3
INVESTMENT PROPERTY**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Carrying amounts of: | - | - |
| Investment property | - | - |

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| | | |
|--------------|---|---|
| Total | - | - |
|--------------|---|---|

**NOTE 4
OTHER INTANGIBLE ASSETS**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| Carrying amounts of: | | |
| Software and licenses | | - |
| Total | | - |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Cost or Deemed cost | | |
| Balance at the beginning of the year | 3,00,000 | 3,00,000 |
| Additions | | - |
| Balance at end of the year | 3,00,000 | 3,00,000 |

| Particulars | As at 31, 2020 | As at March 31, 2019 |
|--|-------------------|-------------------------|
| Accumulated depreciation and impairment | | |
| Balance at the beginning of the year | 3,00,000 | 3,00,000 |
| Depreciation expenses | | - |
| Balance at end of the year | 3,00,000 | 3,00,000 |
| Carrying amount at the end of year | - | - |

**NOTE 5
INVESTMENTS-NON CURRENT**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| I. Quoted Investments | | |
| II. Un-quoted Investments | | |
| Other Investments | | |
| Investment in equity shares of M/s.Supreme Pharmaceuticals Mysore Private Limited: | | |
| Fully Paid Equity Shares (170,455 having face value 10 Per Share) | 1,50,00,040 | 1,50,00,040 |
| Partly Paid Equity Shares (1,160,249 having face value 10 Per Share) | 3,57,35,669 | 3,57,35,669 |
| Advance paid for Investment in Naari Pharma Private Limited | 50,00,000 | |
| Less: Diminution in value of investments | | - |
| Total aggregate of un-quoted Investments | 5,57,35,709 | 5,07,35,709 |
| | | |
| Aggregate book value of unquoted investments | 5,57,35,709 | 5,07,35,709 |
| Aggregate market value of quoted investments | - | - |

**NOTE 6
OTHER FINANCIAL ASSETS - Non Current**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| At Amortized Cost | | |
| a) Security Deposit (Unsecured considered good) | 34,86,100 | 30,90,895 |
| b) Prepaid Rent deposit | 26,73,220 | 30,64,120 |
| c) Term Deposit | | 21,14,875 |
| d) Dividend from Associate /Subsidiary | | - |
| Less: Provision for Doubtful advances | | |

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| | | |
|---|----------|--------------------|
| e) Interest Receivable On Deposits | | |
| Secured, Considered good | | |
| Unsecured, Considered good | - | 26,36,238 |
| Doubtful | | 20,61,821 |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| f) Other receivable | | |
| Total | - | 87,95,558 |
| | | 1,03,31,711 |

NOTE 7

OTHER ASSETS - NON CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| a) Security Deposit | | |
| b) Capital Advances | | |
| (i) Secured, Considered good | | |
| (ii) Unsecured and Considered good | 4,07,47,715 | 1,47,08,778 |
| (iii) Considered doubtful | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| e) Export incentive receivable | 52,88,441 | 39,02,498 |
| f) Balance with Customs and Central excise / GST authorities | | - |
| Total | 4,60,36,156 | 1,86,11,276 |

NOTE 8

INVENTORIES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Lower of Cost or Net realisable value | | |
| a) Raw Materials | 2,01,96,358 | 1,45,36,732 |
| b) Work-in-Process | 34,92,947 | 32,44,534 |
| c) Finished goods | 4,22,43,596 | 4,35,50,288 |
| d) Stock in trade (acquired for trading) | | - |
| e) Stores and spares | 19,29,086 | 18,73,764 |
| f) Goods in Transit | 6,97,970 | - |
| Less: Provision for Stock Reserve | -1,57,54,870 | -2,00,45,486 |
| Total | 5,28,05,088 | 4,31,59,832 |

Note: i) For details of inventories pledged as security refer note 21

ii) The cost of inventories recognised as an expense is disclosed in note 29 and 30 as purchases of stock in trade in statement of Profit and Loss.

iii) Provision for stock reserve is made after considering the nature of inventory, ageing, liquidation plan and net realisable value. The changes in write downs are recognised as an expense in the statement of profit and loss.

NOTE 9

TRADE RECEIVABLES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Trade Receivables | | |
| Secured, Considered good | | - |
| Unsecured, Considered good | 33,11,63,915 | 35,39,86,842 |
| Doubtful | | - |
| Allowance for doubtful debts (Expected Credit Loss) | -2,75,97,155 | -3,19,89,478 |
| | 30,35,66,759 | 32,19,97,365 |
| Current | 30,35,66,759 | 32,19,97,365 |
| Non-current | - | - |

The credit period on sale of goods ranges from 0 to 120 days. No interest is charged on trade receivables. The Group uses available information in the public domain and on its own internal assessment and trading records before accepting any customer.

NOTE 10

CASH AND CASH EQUIVALENTS

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------|-------------------------|-------------------------|
|-------------|-------------------------|-------------------------|

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| | | |
|---|------------------|-----------------|
| a) Balances with banks | | |
| (i) In Current account | 30,102 | 35,541 |
| (ii) In Deposit account with original maturity less than 3 Months | 0 | 37,500 |
| (ii) In EEFC account | 32,47,782 | 5,00,525 |
| b) Cash on hand | 22,809 | 17,735 |
| c) Cheques, drafts on hand | | - |
| Total | 33,00,693 | 5,91,301 |

NOTE 11

OTHER BANK BALANCES

| Particulars | As at 31, 2020 | March | As at 31, 2019 | March |
|---|-------------------|-------|-------------------|-------|
| a) Deposit Accounts | 45,35,921 | | 27,50,555 | |
| b) Earmarked Balances with banks | | | | |
| (i) In unpaid Dividend account | 14,43,534 | | 16,58,133 | |
| (ii) In margin money accounts for Bank Guarantee issued | 2,000 | | 2,000 | |
| Total | 59,81,455 | | 44,10,688 | |

NOTE 12

LOANS - CURRENT

| Particulars | As at 31, 2020 | March | As at 31, 2019 | March |
|---|-------------------|-------|-------------------|-------|
| At Amortized Cost | | | | |
| e) Inter Corporate Deposit | | | | |
| Secured, Considered good | 20,00,000 | | 20,00,000 | |
| Unsecured, Considered good | | | | |
| Doubtful | | | | |
| less: Allowance for doubtful debts (Expected Credit Loss) | | | | |
| Total | 20,00,000 | | 20,00,000 | |

NOTE 13

OTHER FINANCIAL ASSETS - CURRENT

| Particulars | As at 31, 2020 | March | As at 31, 2019 | March |
|---|-------------------|-------|-------------------|-------|
| At Amortized Cost | | | | |
| a) Security Deposit (Unsecured considered good) | | | - | |
| b) Prepaid Rent deposit | | | - | |
| c) Term Deposit | | | - | |
| Total | | | - | |

NOTE 14

CURRENT TAX ASSETS

| Particulars | As at 31, 2020 | March | As at 31, 2019 | Mar |
|--|-------------------|-------|-------------------|-----|
| Provision for Tax - Net of Advance Tax | 0 | | | |
| Total | | | - | |

NOTE 15

OTHER CURRENT ASSETS

| Particulars | As at 31, 2020 | March | As at 31, 2019 | March |
|--|-------------------|-----------|-------------------|-------|
| a) Security Deposit | | | | |
| b) Capital Advances | | | | |
| c) Advances to Employees | | | | |
| (i) Secured, Considered good | | | | |
| (ii) Unsecured and Considered good | - | 9,78,938 | 82,137 | |
| (iii) Considered doubtful | | | | |
| Less: Allowance for doubtful debts (Expected Credit Loss) | | | | |
| e) Export incentive receivable | | | | |
| f) Balance with Customs and Central excise / GST authorities | 0 | | 39,01,209 | |
| g) Advance to suppliers | | | | |
| (i) Secured, Considered good | | | | |
| (ii) Unsecured and Considered good | | 72,42,377 | 53,93,626 | |
| (iii) Considered doubtful | | | | |

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| | | |
|---|------------------|--------------------|
| Less: Allowance for doubtful debts (Expected Credit Loss) | | |
| h) Prepaid Expenses | 9,25,508 | 6,39,171 |
| i) Preliminary Expenses - | 1,10,000 | 38,186 |
| j) Other Advances | 1,90,225 | 13,64,149 |
| Less: Provision for Doubtful advances - | | |
| Total - | 94,47,048 | 1,14,18,478 |

NOTE 16

EQUITY SHARE CAPITAL

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| AUTHORISED | | |
| Equity Shares: | | |
| 70,00,000 (70,00,000) Equity shares of Rs.10 each | 7,00,00,000 | 7,00,00,000 |
| 12,00,000 Redeemable Preference shares of Rs.100 each | | |
| 20,00,000 Redeemable Preference shares of Rs.10 each | | |
| ISSUED, SUBSCRIBED AND FULLY PAID UP | | |
| 62,32,700 (62,32,700) Equity Shares of Rs 10/- each | 6,23,27,000 | 6,23,27,000 |
| Total | 6,23,27,000 | 6,23,27,000 |

16.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.

| Reconciliation | 2019-20 No. of shares | Amount in Rs | 2018-19 No. of shares | Amount in Rs |
|--|--------------------------|--------------|--------------------------|--------------|
| a) Equity Shares of Rs.10 each fully paid up | | | | |
| At the beginning of the period | 62,32,700 | 6,23,27,000 | 62,32,700 | 6,23,27,000 |
| Issued during the period | - | - | - | - |
| At the end of the period | 62,32,700 | 6,23,27,000 | 62,32,700 | 6,23,27,000 |
| b) Redeemable Preference Share Capital (0%) | | | | |
| At the end of the period | - | - | - | - |

16.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the Company:

| Reconciliation | No. of shares held as at | | | |
|-----------------------------|-----------------------------|-----|--------------|-----|
| | Mar 31, 2020 | | Mar 31, 2019 | |
| | Nos. | % | Nos. | % |
| Tajos Investments Pvt. Ltd | 7,69,000 | 12% | 7,69,000 | 12% |
| Nandhi Synthetics Pvt. Ltd. | 5,24,354 | 8% | 5,24,354 | 8% |
| Sunil L Mundra | 4,16,003 | 7% | 4,16,003 | 7% |

16.3 Term attached to Equity Shares:

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

NOTE 17

OTHER EQUITY

| Particulars | As at 31, 2020 | As at March 31, 2019 |
|---|-------------------|-------------------------|
| Capital Reserve | 1,46,40,000 | 1,46,40,000 |
| Securities Premium Account: | 9,86,92,800 | 9,86,92,800 |
| General Reserve | 1,83,80,498 | 1,83,80,498 |
| Investments in equity / MF through FVTPL | | - |
| Revenue arising from Interest free rental deposit | | - |
| Effective interest rate | | - |
| Deferred tax adjustment | | - |
| Reserve for equity instruments through other comprehensive income | | - |

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| | | |
|--|---------------------|---------------------|
| Actuarial movement through other comprehensive income (net of tax) | | - |
| Retained earnings (surplus in profit or loss account) | 36,21,73,190 | 36,09,05,420 |
| Total | 49,38,86,488 | 49,26,18,718 |

Note:

- i) Capital reserve: on account of forfeiture of amount paid on convertible shares warrants allotted to non promoters share holders.
- ii) Securities Premium reserve: The amount received in excess of Face value of the equity shares is recognised as securities premium reserve.
- iii) General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. mandatory transfer to general reserve is not required under the Companies Act, 2013
- iv) Proposed dividend: Dividends proposed but declared by the Group after the reporting period are not recognized as liability at the end of the reporting period. Dividends declared after the reporting period but before the issue of financial statements are not recognized as liability since no obligation exists on the balance sheet date.

| Particulars | As at 31, 2020 | March | As at 31, 2019 | March |
|---|-------------------|---------------------|-------------------|---------------------|
| a) Capital Reserve | | | | |
| Opening balance | | 1,46,40,000 | | 1,46,40,000 |
| Add: Appropriation from Profit or Loss account | | | | - |
| Closing Balance | | 1,46,40,000 | | 1,46,40,000 |
| The capital redemption reserve is created out of the statutory requirement to create such reserve on redemption of Preference shares. These are not available for distribution of dividend and will not be reclassified subsequently to profit or loss. | | | | |
| b) Securities Premium Account | | | | |
| Opening balance | | 9,86,92,800 | | 9,86,92,800 |
| Add: Appropriation from Profit or Loss account | | | | - |
| Closing Balance | | 9,86,92,800 | | 9,86,92,800 |
| c) General Reserve | | | | |
| Opening balance | | 1,83,80,498 | | 1,83,80,498 |
| Add: Transfer from General Reserve | | | | - |
| Less: IND AS Adjustment | | | | - |
| Closing Balance | | 1,83,80,498 | | 1,83,80,498 |
| The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income., items included in the general reserve will not be reclassified subsequently to profit or loss except to the extent permitted as per Companies Act,2013 and rules made thereunder. | | | | |
| d) Actuarial movement through Other Comprehensive Income | | | | |
| Opening balance | | | | - |
| Additions/(Deletions) | | | | - |
| Closing Balance | | | | - |
| e) Retained Earnings | | | | |
| Opening balance | | 36,09,05,420 | | 34,91,98,390 |
| Profit /(Loss) for the year | 87,81,620 | | | 1,92,04,598 |
| Less: Transfer to Capital Redemption Reserve | | | | |
| Less: Dividend on Equity Shares | | -62,32,700 | | 62,32,700 |
| Less: Tax on Dividend on Equity Shares | | -12,81,150 | | 12,64,868 |
| Less: Transfer to Reserves | | | | - |
| Less: IND AS Adjustment | | | | |
| Closing Balance | | 36,21,73,190 | | 36,09,05,420 |

The amount that can be distributed by the Group as dividends to its equity shareholders is determined based on the separate financial statements of the Group and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

| | | |
|---------------------------|---------------------|---------------------|
| Total Other Equity | 49,38,86,488 | 49,26,18,718 |
|---------------------------|---------------------|---------------------|

NOTE 18**NON CURRENT BORROWINGS**

| Particulars | As at 2020 | March 31, March 31, 2019 |
|--------------------------------------|---------------|-----------------------------|
| Unsecured - at amortised cost | | |
| i) Bonds / Debentures | | |
| ii) Term Loans from Banks | | |
| iii) Term Loans from others | | |
| Grand Total | | - |

NOTE 19**OTHER FINANCIAL LIABILITIES - NON CURRENT**

| Particulars | As at 2020 | March 31, March 31, 2019 |
|--------------------------|---------------|-----------------------------|
| At Amortised Cost | | |
| Advance from Customers | | |
| Deposit/ Retention | | |
| Total | | - |

NOTE 20**PROVISIONS - NON CURRENT**

| Particulars | As at 31, 2020 | March March 31, 2019 |
|---|-------------------|-------------------------|
| a) Compensated absences (Earned Leave) | | - |
| b) Provision for Income Tax [net of TDS and Advance Tax] | | |
| c) Provision for gratuity | 14,40,264 | 15,16,989 |
| Total | 14,40,264 | 15,16,989 |

NOTE 21**SHORT TERM BORROWINGS**

| Particulars | As at 2020 | March 31, March 31, 2019 |
|---|---------------|-----------------------------|
| Secured - at amortised cost | | |
| Loan repayable on demand (refer note a below) | 6,26,26,332 | 5,40,78,630 |

Working capital facilities in the form of open cash credit from State bank of India is secured by Working Capital loan from State Bank of India is secured by hypothecation of stock of raw materials; work in process, finished goods, book debts, bills and other movable assets of the company. All the secured loans are further secured by the personal guarantees of promoter directors.

NOTE 22**TRADE PAYABLES**

| Particulars | As at 31, 2020 | March March 31, 2019 |
|--|--------------------|-------------------------|
| Dues of Micro Enterprises and Small Enterprises | - | - |
| Dues of creditors other than micro enterprises and small enterprises | 5,78,56,768 | 7,64,13,010 |
| Employee related | 1,17,67,129 | 61,26,977 |
| Total | 6,96,23,897 | 8,25,39,987 |

Trade payables are non-interest bearing are normally settled between 30-60 days.

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

NOTE 23**OTHER FINANCIAL LIABILITIES – CURRENT**

| Particulars | As at 2020 | March 31, March 31, 2019 |
|--------------------------|---------------|-----------------------------|
| At Amortised Cost | | |

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| | | |
|---|--------------------|--------------------|
| a) Current maturities of long-term debt | | - |
| b) Interest accrued but not due on borrowings | | - |
| c) Unclaimed dividends | 14,43,534 | 16,58,133 |
| d) Other Liabilities | | - |
| Lease Rent Payable | 89,51,273 | - |
| -Other liabilities (refer Note below) | 41,92,576 | 1,18,62,681 |
| Total | 1,45,87,383 | 1,35,20,813 |

Note: Other liabilities of Rs.35,32,052 (Rs. 1,18,62,681) is on account of book overdraft due to cheques issued but not presented by the third party and cheques received but not presented by the company.

NOTE 24 PROVISIONS -CURRENT

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Compensated absences (Earned Leave) | 4,20,630 | - |
| b) Provision for Income Tax [net of TDS and Advance Tax] | 64,655 | 86,466 |
| c) Provision for gratuity | 6,40,878 | 12,14,271 |
| Total | 11,26,163 | 13,00,737 |

NOTE 25 OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc.) | 72,74,161 | 7,63,034 |
| b) Advances and Deposits from Customers / others | 1,09,21,588 | 86,323 |
| c) Related to expenses | 1,36,95,800 | 1,18,83,090 |
| Total | 3,18,91,549 | 1,27,32,446 |

NOTE 26 REVENUE FROM OPERATIONS

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|------------------------------|---------------------------|---------------------------|
| (a) Sale of Products | 58,86,80,459 | 57,44,71,913 |
| (b) Other operating revenues | 2,68,68,010 | 2,33,32,855 |
| Total | 61,55,48,469 | 59,78,04,768 |

NOTE 27 OTHER INCOME

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|---------------------------|---------------------------|
| (a) Interest income | | |
| On Bank Deposits at amortised cost | 5,88,666 | 1,61,974 |
| On other deposits | | - |
| (b) Dividend Income | | |
| From equity investments designated | | - |
| (b) Other gains or losses | | |
| - Profit on sale of Fixed Assets (net) | | - |
| - Net gain arising on financial assets designated | | |
| - Net gain on foreign currency transaction | 52,22,032 | 57,07,524 |
| (c) Other non-operating income | | |
| Operating lease rental from Investment property | | |
| Insurance claims received | | |
| Liability no longer required written back | - | 22,55,105 |
| Interest income on Govt. grant | | |
| Profit on sale of Assets | - | 3,78,550 |
| Miscellaneous income | 37,20,262 | 28,69,232 |
| | 95,30,960 | 1,13,72,385 |

**NOTE 28
COST OF MATERIAL CONSUMED**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Inventories at the beginning of the year | 1,45,36,732 | 1,17,50,891 |
| Purchases during the year | 28,49,05,200 | 23,07,90,316 |
| Inventories at the end of the year | 2,01,96,358 | 1,45,36,732 |
| Total | 27,92,45,573 | 22,80,04,475 |

**NOTE 29
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|---------------------------|---------------------------|
| Opening Stock: | | |
| Finished goods | | |
| Capsules | 4,35,50,288 | 6,44,14,639 |
| Work in progress | | |
| Capsules | 32,44,534 | 1,93,20,124 |
| | 4,67,94,822 | 8,37,34,763 |
| Closing Stock: | | |
| Finished goods | | |
| Capsules | 4,22,43,596 | 4,35,50,288 |
| Work in progress | | |
| Capsules | 34,92,947 | 32,44,534 |
| | 4,57,36,543 | 4,67,94,822 |
| Decrease / (Increase) in stocks | 10,58,279 | 3,69,39,941 |
| | | - |
| Net change (Increase) / Decrease | 10,58,279 | 3,69,39,941 |

**NOTE 30
EMPLOYEE BENEFIT EXPENSE**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---|------------------------------|------------------------------|
| (a) Salaries, Wages and Bonus | 5,40,22,007 | 5,07,67,032 |
| (b) Contribution to Provident and other Funds | 31,11,067 | 26,45,732 |
| (c) Director Remuneration | 1,08,00,000 | 1,02,60,000 |
| (d) Workmen and Staff welfare expenses | 20,00,905 | 22,75,933 |
| Total | 6,99,33,978 | 6,59,48,697 |

**NOTE 31
FINANCE COST**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---------------------------------------|------------------------------|------------------------------|
| (i) Interest costs | | |
| (a) Bank Loans and others | 65,64,815 | 37,34,123 |
| (b) Government Loans | | - |
| (ii) Other borrowing costs - on Lease | 11,05,094 | - |
| Total | 76,69,909 | 37,34,123 |

**NOTE 32
DEPRECIATION AND AMORTISATION EXPENSE**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|----------------------------------|------------------------------|------------------------------|
| Depreciation/amortisation on | | |
| a) Property, Plant and Equipment | 3,59,45,502 | 3,19,74,916 |
| b) Investment property | | |
| c) Right of use Asset - (Lease) | 52,61,747 | - |
| Total | 4,12,07,249 | 3,19,74,916 |

**NOTE 33
OTHER EXPENSES**

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|---------------------------------------|------------------------------|------------------------------|
| Consumption of stores and spare parts | 77,31,196 | 60,10,779 |
| Power and Fuel | 8,15,70,741 | 8,88,95,795 |

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| | | |
|--|---------------------|---------------------|
| Rent | - | 31,43,348 |
| Repairs and Maintenance -Buildings | 20,52,625 | 14,97,275 |
| Repairs and Maintenance-Machinery | 38,98,222 | 57,47,683 |
| Repairs and Maintenance -Others | 15,99,581 | 42,17,821 |
| Bad Debts | 18,42,658 | 15,26,147 |
| Insurance | 5,51,491 | 14,68,620 |
| Exchange Rate Difference | - | - |
| Rates and Taxes | 16,04,120 | 13,08,429 |
| Freight & Clearing Expenses | 3,94,63,500 | 3,41,62,886 |
| Directors Sitting fees | 4,35,000 | 4,80,000 |
| Auditor's Remuneration | 3,00,000 | 3,00,000 |
| Travelling Expenses - Foreign | 10,16,205 | 26,96,299 |
| Travelling and Conveyance | 71,30,615 | 71,59,725 |
| Professional Fees | 82,33,971 | 48,12,891 |
| Commission | 6,26,873 | 10,47,036 |
| Provision for Stock Loss | - | - |
| Stock Lost on Fire | - | - |
| CSR expenditure | 3,00,000 | 1,05,000 |
| Security Charges | 17,25,285 | 14,76,708 |
| Contract Labour Charges | 3,00,36,867 | 2,84,20,656 |
| Postage and Courier | 13,38,942 | 13,17,497 |
| Communication Expenses | 7,67,157 | 6,66,096 |
| Business Promotion Expenses | 44,60,145 | 40,26,225 |
| Research & Development Expenditure - Revenue in Nature | 1,02,56,506 | 1,33,53,690 |
| Bank Charges | 14,06,373 | 15,63,000 |
| Printing and Stationery | 11,93,038 | 11,82,526 |
| Miscellaneous Expenses | 27,16,146 | 13,66,730 |
| Profit on Sale of Fixed Assets | - | - |
| Total | 21,22,57,257 | 21,79,52,863 |

NOTE 34 EXCEPTIONAL ITEMS

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--------------------------------------|------------------------------|---------------------------|
| Exceptional items of (Debit) | - | - |
| Electricity matters | - | - |
| Stock Lost on Fire | - | 39,36,949 |
| Prior Period expenses | - | - |
| Cane related matters | - | - |
| Exceptional items of (Credit) | - | - |
| Tariff revision (EB related) | - | - |
| Exceptional items (Net) | - | 39,36,949 |

NOTE 35 PAYMENT TO AUDITORS

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|----------------------------|------------------------------|---------------------------|
| a) Audit Fees | 2,75,000 | 2,75,000 |
| b) Fees for other services | 25,000 | 25,000 |
| Total | 3,00,000 | 3,00,000 |

NOTE 36

| Research and development expenditure included in the statement of Profit and Loss | Year ended March 31, 2020 | Year ended 31, 2019 |
|---|------------------------------|------------------------|
| Salaries, wages and bonus | 82,40,628 | 88,70,692 |
| Contribution to provident and other funds | 4,01,856 | 4,60,836 |
| Consumption of materials, Stores and spare parts | 4,94,799 | 26,18,917 |
| Power and Fuel | 6,10,098 | 6,28,334 |
| Rent | 5,09,125 | 6,50,408 |
| Repairs and maintenance | - | 1,04,503 |
| Testing | - | 20,000 |
| Other Expenses | - | - |
| Less: | - | - |
| Receipts from research activities | - | - |
| Miscellaneous income | - | - |
| Total | 1,02,56,506 | 1,33,53,690 |

| Research and Development Expenditure | | Year ended 31, 2019 | March |
|---|---|------------------------|-------|
| Particulars | | | |
| Revenue, net (excluding depreciation) Refer Note 29 | | | - |
| Capital Expenditure | - | | - |
| Total | | | - |

NOTE 37
OPERATING LEASE ARRANGEMENTS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards)

Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases retrospectively accordingly, the Group has not restated comparative information. On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of `Rs.56.78 lacs and lease liability of Rs.89.51 Lacs has been recognised.

NOTE 38
INCOME TAXES RELATING TO CONTINUING OPERATIONS

| Particulars | Year ended March 31, 2020 | Year ended 2019 | March 31, |
|---------------------|------------------------------|--------------------|-----------|
| Current tax | | | |
| for Current year | 65,73,000 | 79,49,190 | |
| for Previous years | | | |
| Deferred tax | | | |
| for Current year | -14,41,300 | -64,68,600 | |
| Total | 51,31,700 | 14,80,590 | |

NOTE 39
Reconciliation of current tax Expense

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Profit or loss before tax | 1,37,07,185 | 2,06,85,188 |
| Income tax rate (%) applicable to the company # | 27.82% | 27.82% |
| Income tax calculated at income tax rate | 38,13,339 | 57,54,619 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense | | |
| Effect of expense that are not deductible | -4,98,416 | 16,57,377 |
| Effect of incremental deduction on account of research and development and other allowances | -14,26,680 | -19,60,624 |
| Effect of on account Depreciation | 44,47,836 | 24,97,818 |
| Withholding tax in respect of income earned outside India | - | |
| Effect of current/deferred tax relating to merged entities | - | |
| Effect of interest payable on short fall in Advance tax | 2,36,681.00 | |
| Income tax expense recognised in statement of Profit and Loss | 65,72,760 | 79,49,190 |

The tax rate used for reconciliation above is the corporate tax rate of 27.82% at which the company is liable to pay tax on taxable under the Indian tax law.

NOTE 40
Earnings Per Share

| Particulars | Year ended March 31, 2020 | Year ended 2019 | March 31, |
|----------------------------|---------------------------|--------------------|-----------|
| Basic Earnings per share | 1.38 | 3.08 | |
| Diluted Earnings per share | 1.38 | 3.08 | |

40.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share as follows

| | | |
|---|------------------|--------------------|
| Profit after Taxation | 85,75,485 | 1,92,04,598 |
| Earnings used in the calculation of basic earnings per share | 85,75,485 | 1,92,04,598 |
| Number of equity shares of 10 each outstanding at the beginning of the year | 62,32,700 | 62,32,700 |
| Number of equity shares of 10 each outstanding at the end of the year | | |

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| | | |
|--|-----------|-----------|
| | 62,32,700 | 62,32,700 |
| Weighted Average number of Equity Shares | 62,32,700 | 62,32,700 |

40.2 Diluted Earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share as follows

| | | |
|---|-----------|-------------|
| Earnings used in the calculation of basic earnings per share | 85,75,485 | 1,92,04,598 |
| Adjustments (if any) | - | - |
| Earnings used in the calculation of diluted earnings per share | 85,75,485 | 1,92,04,598 |

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| | | |
|--|-----------|-----------|
| Weighted average number of equity shares used in calculation of basic earnings per share | 62,32,700 | 62,32,700 |
| Shares deemed to be issued for no consideration | - | - |
| Weighted average number of equity shares used in calculation of diluted earnings per share | 62,32,700 | 62,32,700 |

NOTE 41

DEFERRED TAX BALANCES

| Particulars | Year ended 2020 March 31, | Year Ended March 31, 2019 |
|--------------------------|---------------------------------|------------------------------|
| Deferred tax assets | | |
| Deferred tax liabilities | 93,38,400 | 1,07,79,700 |
| Total | 93,38,400 | 1,07,79,700 |

| Particulars | Opening Balance | Recognised in profit or loss account | Recognised in other comprehensive income | Closing balance |
|---|---------------------|--|---|--------------------|
| Deferred tax (Liabilities) / Asset in relation to | | | | |
| Property, Plant and equipment | -1,07,79,700 | 7,45,300 | - | -1,00,34,400 |
| Provision compensated absences and others | | 6,96,000 | - | 6,96,000 |
| Defined benefit obligation | | | | |
| Total | -1,07,79,700 | 14,41,300 | - | -93,38,400 |
| Tax losses | | | | |
| Net Deferred tax Assets / (Liability) | -1,07,79,700 | 14,41,300 | - | -93,38,400 |

NOTE 42

Note (i) - Related Party Disclosures:

| | 2019-2020 | 2018-2019 |
|---|---|----------------|
| Related Party Transactions | | |
| Description of Relationship : | | |
| Key Management Personnel | Mr. Sunil Laxminarayana Mundra -Director Mr. Laxminarayana Mundra - Director Mr. Satyanarayana Mundra - Director Mrs. Shilpa - Company Secretary | |
| Directors | Mr . Sushil Kumar mundra Mrs. Jyothi Mundra | |
| Enterprise in which Directors have significant Control | M/s.Mundra Enterprises M/s.Balurghat Technologies Ltd M/s.Minakshi Enamels | |
| Details of Transactions | Amount in Rs. | |
| Remuneration Paid | 2019-20 | 2018-19 |
| Mr. SUNIL LAXMINARAYANA MUNDRA | 44,40,000 | 42,60,000 |
| Mr. LAXMINARAYANA MUNDRA | 31,80,000 | 30,00,000 |
| Mr. SATHYANARAYANA MUNDRA | 31,80,000 | 30,00,000 |
| Mr. PRASANNA JUNNARKAR | 10,47,774 | 10,07,145 |
| Mr. SKANDAN P. JAIN | 2,77,481 | 4,27,567 |
| Mrs. SHILPA BURMAN | 2,34,234 | - |
| Sitting Fees Paid | | |
| Mr . Sushil Kumar mundra | 75000 | 60,000 |
| Mrs. Jyothi Mundra | 60000 | 60,000 |
| Rent Paid | | |

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| | | |
|--|----------|----------|
| M/s.Mundra Enterprises | - | 1,62,000 |
| Purchase | | |
| Balances outstanding at the end of the year | | |
| Payables | | |
| Mr. SUNIL LAXMINARAYANA MUNDRA | 2,27,110 | 2,36,340 |
| Mr. LAXMINARAYANA MUNDRA | 1,56,270 | 1,73,370 |
| Mr. SATHYANARAYANA MUNDRA | 1,80,420 | 1,73,450 |
| Mr. PRASANNA JUNNARKAR | 65,177 | 63,526 |
| Mr. SKANDAN P. JAIN | - | 28,790 |
| Mrs. SHILPA BURMAN | 37,250 | - |

NOTE 43

A. Defined contribution plans

The Group makes Provident Fund and Employee State Insurance which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs.21,44,994 (PY Rs. 20,03,170) for provident fund contributions in the statement of Profit or loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

B. Defined benefit plans (Gratuity)

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2019. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Group and the amount recognized in the Balance Sheet and Statement of Profit and Loss. the Group provided the gratuity benefit through annual contributions to a fund managed by the M/s. Life Insurance Corporation.

The Group is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate Risk : The plan exposes the Group to the risk of fall in interest rates. A drop in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Investment Risk : The probability or likelihood of occurrence of losses relative to the expected return on any particular investment which is inherent.

Salary escalation Risk : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk : The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

NOTE 44

44.1 Capital management

The Group's capital management is intended to maximise the return to shareholders for meeting the long and short term objectives of the Group through the leveraging of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through long and short term borrowings. The Group monitors the capital structure on the basis of debt to equity ratio and the maturity of the overall debt of the Group.

The following table summarises the capital of the Group:

| Particulars | Year ended 31, 2020 | March | Year ended March 31, 2019 |
|--|------------------------|-------|------------------------------|
| Equity | 55,62,38,488 | | 55,49,70,718 |
| Debt | - | | - |
| Cash and cash equivalents | 33,00,693 | | 5,91,301 |
| Net debt | 33,00,693 | | 5,91,301 |
| Total capital (Equity + Net debt) | 55,95,39,181 | | 55,55,62,019 |
| Net debt to capital ratio | 0.006 | | 0.001 |

44.1 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (predominantly trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. The Group uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit

loss based on the past experience. However, the Group assesses the impairment of trade receivables on case to case basis and has accordingly created loss allowance.

The credit risk on cash and bank balances is limited because the counter parties are banks with high credit ratings assigned by accredited rating agencies.

44.2 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below provides details regarding contractual maturities of financial liabilities as at 31 March 2020.

| Particulars | Carrying amount | Upto 1 year | Between 1-3 years | More than 3 years | Total contracted cash flows |
|----------------|---------------------|---------------------|-------------------|-------------------|-----------------------------|
| Borrowings | 6,26,26,332 | 6,26,26,332 | | | 6,26,26,332 |
| Trade Payables | 6,96,23,897 | 6,96,23,897 | | | 6,96,23,897 |
| Other Payables | 1,05,86,598 | 1,05,86,598 | | | 1,05,86,598 |
| Total | 14,28,36,826 | 14,28,36,826 | - | - | 14,28,36,826 |

The table below provides details of financial assets at at 31st March 2020

| Particulars | Carrying amount-2019-20 | Carrying amount-2018-19 |
|------------------------|-------------------------|-------------------------|
| Trade receivables | 30,35,66,759 | 32,19,97,365 |
| Other Financial assets | 7,58,13,415 | 6,80,69,409 |

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

| Particulars | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------------------|--------------|----------------------|--------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | | | | | |
| Financial assets at amortised cost: | | | | | |
| Trade receivables | Level 3 | 30,35,66,759 | 30,35,66,759 | 32,19,97,365 | 32,19,97,365 |
| Cash and cash equivalents | Level 2 | 33,00,693 | 33,00,693 | 5,91,301 | 5,91,301 |
| Bank balances other than cash and cash equivalents | Level 2 | 59,81,455 | 59,81,455 | 44,10,688 | 44,10,688 |
| Other financial assets | Level 3 | 6,45,31,267 | 6,45,31,267 | 6,10,67,420 | 6,10,67,420 |

| Particulars | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------------------|-------------|----------------------|-------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Liabilities | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Borrowings | Level 2 | 6,26,26,332 | 6,26,26,332 | 5,40,78,630 | 5,40,78,630 |
| Trade payables | Level 3 | 6,96,23,897 | 6,96,23,897 | 8,25,39,987 | 8,25,39,987 |
| Other financial liabilities | Level 3 | 1,45,87,383 | 1,45,87,383 | 1,35,20,813 | 1,35,20,813 |

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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1. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value Hierarchy

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|------------------------------------|---|----------------------|------------------------------------|---|
| | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income |
| Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period | | | | | | |
| Financial assets : | | | | | | |
| Trade receivables | 30,35,66,759 | - | - | 32,19,97,365 | - | - |
| Cash and cash equivalents | 33,00,693 | - | - | 5,91,301 | - | - |
| Bank balances other than cash and cash equivalents | 59,81,455 | - | - | 44,10,688 | - | - |
| Loans | 20,00,000 | - | - | 20,00,000 | - | - |
| Other Financial Assets | - | - | - | - | - | - |
| Security Deposit (Unsecured considered good) | 34,86,100 | - | - | 30,90,895 | - | - |
| Rental Deposit | 26,73,220 | - | - | 30,64,120 | - | - |
| Term Deposit | - | - | - | 21,14,875 | - | - |
| Interest Receivable On Deposits | 26,36,238 | - | - | 20,61,821 | - | - |
| Financial Liabilities | | | | | | |
| Borrowings- Bank OD | 6,26,26,332 | - | - | 5,40,78,630 | - | - |
| Trade payables | 6,96,23,897 | - | - | 8,25,39,987 | - | - |
| Other Financial Liability | 41,92,576 | - | - | 1,18,62,681 | - | - |
| Unclaimed dividend | 14,43,534 | - | - | 16,58,133 | - | - |

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|------------------------------------|---|----------------------|------------------------------------|---|
| | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income | Amortised cost | Fair value through Profit and loss | Fair value through Other comprehensive Income |
| Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period | - | - | - | - | - | - |
| Financial Assets | | | | | | |
| Investments in equity- Quoted | - | - | - | - | - | - |
| Investments in equity- Un Quoted | 5,07,35,709 | - | - | 5,07,35,709 | - | - |
| Investments in government securities | - | - | - | - | - | - |
| Investment in Preference shares | - | - | - | - | - | - |
| Mutual funds | - | - | - | - | - | - |
| Derivatives not designated as hedges | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Financial liabilities | | | | | | |
| | - | - | - | - | - | - |

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| | | | | | | |
|--------------------------------------|---|---|---|---|---|---|
| Derivatives not designated as hedges | - | - | - | - | - | - |
| Derivatives designated as hedges | - | - | - | - | - | - |

NOTE 45

Disclosure under the Micro , Small and Medium enterprises Development Act, 2006

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

NOTE 46

| Particulars | 2019-20 | 2018-19 |
|---|-------------|--------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances. | 399.79 lacs | 4106.57 Lacs |
| | | |
| Other monies for which the Company is contingently liable | | |
| a) Bank Guarantees issued for loans and others | - | 0 |
| b) Disputed Income tax demands which are under various stages of appeal | 10.57 Lacs | 10.57 Lacs |
| c) Disputed Sales tax, Excise Duty ,Service tax, Urban land tax, Electricity matters and Customs demands. | 44.16 Lacs | 47.12 Lacs |

Future cash outflows in respect of the above referred matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

NOTE 47

EMPLOYEE SHARE-BASED PAYMENT PLANS

The Shareholders of the Company at the Annual General Meetings held on 21st September, 2018 had approved the Employee Stock Option Scheme (ESOP) 2018 .The ESOS's are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

The company has offered equity shares under ESOP during the year for the identified employees and below is the summary of Options vested , exercised and outstanding during the year.

| Particulars | No of shares - 2019-20 |
|--|------------------------|
| No of Options Granted During the year | 62,500 |
| Options Vested During the year | - |
| Options Outstanding at the Beginning of the year | 62,500 |
| Options Exercised During the year | - |
| Number of Options cancelled | - |
| Number of options lapsed | - |
| Options Outstanding at the End of the year | 1,25,000 |

The following table summarises the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2020.

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs

| Employee Stock Option Scheme 2018 | |
|--|---------------|
| Dates of Grant | 12th Nov 2019 |
| Market Price (₹ per share) on the dates of grant | 78 |
| Volatility | 78% |
| Risk free rate | 6.50% |
| Exercise price | 10 |
| Time to maturity (years) | 10 |
| Dividend yield | 1% |
| Option fair value (₹ per share) | 69 |

The Black Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessary provide a reliable measure of fair value of options.

NOTE 48

On March 11 2020, as COVID-19 spread rapidly both in terms on number of cases and the affected countries, the World Health Organisation (WHO) categorized the COVID-19 as a pandemic.

The Management of the Group has assessed the potential impact of COVID-19 on the Company. Based on the current assessment the Management is of the view that the impact of the COVID-19 on the operations of the company and the carrying value of its assets and liabilities is not likely to be material. In assessing the recoverability of receivables, intangible assets, and Loans & Advances, the Group Company has considered internal and external information up to the date of approval of the financial results and related information. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Group company will continue to monitor any material changes to future economic conditions.

NOTE 49

Previous year figures have been regrouped to correspond to the current year classification where ever necessitated.

In terms of our report attached
For and on behalf of the Board

For and on behalf of the Board

For P.Chandrasekar LLP

Chartered Accountants

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 05.06.2020

Place : Bengaluru

Sunil L Mundra

Managing Director

DIN : 00214304

Shilpa Burman

Company Secretary

M.No. A52069

Satyanarayan Mundra

Whole time Director

DIN :00214349

Prasanna Junnarkar

Chief Financial Officer