

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER. FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated October 30, 2021 (“Letter of Offer”), which is available on the websites of the Lead Manager, Registrar, our Company and the Stock Exchange where the Equity Shares of our Company are listed, i.e., BSE Limited. You are encouraged to read greater details available in the Letter of Offer. Capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

THIS ABRIDGED LETTER OF OFFER CONTAINS 12 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

Our Company has made available on the Registrar’s website <https://rights.cameoindia.com/ncl>, the Abridged Letter of Offer, along with the Rights Entitlement Letter and Application Form, to the Eligible Equity Shareholders. You may also download the Letter of Offer from the websites of the Lead Manager, the Company, the Securities and Exchange Board of India (“SEBI”), the Stock Exchange and the Registrar, i.e., www.sarthiwm.in, www.naturalcapsules.com, www.sebi.gov.in, www.bseindia.com, <https://rights.cameoindia.com/ncl>, respectively, and at the Registrar’s web based application platform accessible at <https://rights.cameoindia.com/ncl> (“R-WAP”). The Application Form is available on the website of our Lead Manager, Company, BSE, and on the R-WAP. In accordance with Regulation 76 of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for Resident Individual Investors in this Issue, i.e., R-WAP. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, and therefore will have to apply through ASBA mode. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “*Procedure for Application through the ASBA Process*” and “*Procedure for Application through R-WAP*” on pages 80 and 69 respectively.



NATURAL CAPSULES LIMITED

Registered Office: Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka, 560 011

Tel: 080-2667 1571; **E-mail:** company.sec@naturalcapsules.com; **Website:** www.naturalcapsules.com;

Contact Person: Mrs. Shilpa Burman, Company Secretary and Compliance Officer;

Corporate Identification Number: L85110KA1993PLC014742

PROMOTERS OF OUR COMPANY: SUNIL LAXMINARYAN MUNDRA, SUSHIL KUMAR MUNDRA, INDRA MUNDRA, JYOTI MUNDRA, SHARADA MUNDRA, LAXMINARAYAN MOONDR, RADHA S MUNDRA, SATYANARAYAN MUNDRA, SHREY MUNDRA, MADHAV MUNDRA, JYOTSNA DAGA AND NIDHI SETHIA,

ISSUE DETAILS, LISTING AND PROCEDURE

ISSUE OF UPTO 31,16,350 PARTLY PAID-UP* EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH AT A PRICE OF ₹100.00 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹90.00 PER EQUITY SHARE) (“RIGHTS EQUITY SHARES”) FOR AN AMOUNT UP TO ₹3,116.35 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF NATURAL CAPSULES LIMITED (“THE COMPANY” OR THE “ISSUER”) IN THE RATIO OF 1 RIGHTS EQUITY SHARES FOR EVERY 2 FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. ON NOVEMBER 12, 2021 (THE “ISSUE”). FOR DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 66 OF THE LETTER OF OFFER.

**Assuming full subscription.*

AMOUNT PAYABLE PER EQUITY SHARE(₹)	FACE VALUE (₹)	PREMIUM (₹)	TOTAL (₹)
On Application	2.50	22.50	25.00
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	7.50	67.50	75.00

The existing Equity Shares are listed on BSE Limited (“BSE”). Our Company has received ‘in-principle’ approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue *vide* their letter dated September 08, 2021.

Procedure: If you wish to know about processes and procedures applicable to a rights issue, you may refer to the section titled “*Terms of the Issue*” on page 66 of the Letter of Offer. You may download a copy of the Letter of Offer from the websites of our Company, SEBI, BSE, Lead Manager, Registrar and on R-WAP, as stated above.

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ELIGIBILITY FOR THE ISSUE

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clauses (1) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Clause (1) of Part B of Schedule VI to the SEBI ICDR Regulations.

INDICATIVE TIMETABLE

Issue Opening Date	Tuesday, November 30, 2021	Date of Allotment/ Initiation of Refunds (on or about)	Wednesday, December 29, 2021
Last Date for On Market Renunciation[#]	Wednesday, December 15, 2021	Date of credit of Equity Shares to demat account of Allottees (on or about)	Thursday, December 30, 2021
Issue Closing Date*	Monday, December 20, 2021	Date of listing / Commencement of trading of Equity Shares on the Stock Exchange (on or about)	Friday, December 31, 2021
Finalizing the basis of allotment with the Designated Stock Exchange (on or about)	Monday, December 27, 2021		

[#] Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.

* Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 14 of this Letter of Offer.

Name of the Lead Manager and contact details	<p>SARTHI CAPITAL ADVISORS PRIVATE LIMITED CIN: U65190DL2012PTC238100 401, 4th Floor, Manek Plaza, 167, Vidyanagari Marg, Kalina, Santacruz (E), Mumbai – 400 098 Telephone: +91 22 2652 8671/ 72 E-mail: compliance@sarthiwm.in; Website: www.sarthiwm.in Contact Person: Mr. Deepak Sharma SEBI Registration Number: INM000012011</p>
Name of the Registrar to the Issue and contact details	<p>CAMEO CORPORATE SERVICES LIMITED CIN: U67120TN1998PLC041613 Subramanian Building, 1, Club House Road, Chennai-600002 Telephone: +91 44 4002 0700 E-mail: priya@cameoindia.com; Website: www.cameoindia.com Contact person: Ms. K. Sreepriya Investor grievance: investor@cameoindia.com SEBI Registration No: INR000003753</p>
Self-Certified Syndicate Banks (“SCSBs”)	<p>The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted</p>

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Banker to the Issue	Axis Bank Limited BKC Foreign Exchange Branch, Fortune 2000, Ground Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 4000051 Telephone: +91 22 6148 3110 E-mail: bkc.branchead@axisbank.com; Contact Person: Ms. Shruti Khanna SEBI Registration Number: INBI00000017
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SUMMARY OF BUSINESS

Our Company is capsule manufacturing company in India. It has a well-equipped modern manufacturing plant at Bangalore and Pondicherry to manufacture Hard Gelatin Capsule shells, Hard Cellulose Capsule shells and Pharmaceutical Dosage Forms in Capsule Dosage Format. For further details, please refer to the chapter titled “*Our Business*” at page 44 of this Letter of Offer.

OBJECTS OF THE ISSUE

Requirement of Funds:

The details of objects of the Issue are set forth in the following table:

(₹ in lakhs)

Particulars	Amount*
Meeting Capital Expenditure for Modernization/Expansion of Capsules Unit	1,281.35
Investment in Wholly Owned Subsidiary (WOS) viz, Natural Biogenex Private Limited	1,800.00
Issue related expenses	35.00
Net proceeds from the Issue	3,081.35

*Assuming full subscription and Allotment of the Rights Equity Shares.

Our Company proposes to utilize ₹1,281.35 lakhs of the Net Proceeds and through other means of Finance, towards meeting capital expenditure for Modernization/Expansion of Capsules Unit located at Bengaluru and the details are set forth herein below:

Sr. No.	Nature of Expenses	Approx. Amount in Lakhs	Remarks
1)	Water cooled Centrifugal Chiller	180.00	Quotation received from Kirloskar Chillers Private Limited
2)	Civil Works	560.00	Quotation received from Shilpa Roofing
3)	Air Handling Units	220.00	Quotation received from KOMFORT HVAC
4)	Capsule Making Machine	1,600.00	Quotation received DBDS Robotics Private Limited
5)	Hardened Pin Bars	470.40	Quotation received from Hallmark Advanced Technology Private Limited
	TOTAL	3,030.40	

Natural Biogenex Private Limited was incorporated as a wholly owned subsidiary of Natural Capsules Limited, with the objective of manufacturing of Steroidal Active Pharmaceutical Ingredient (API) and intermediates. This is part of the diversification of the business as decided by the Board of Directors. The company’s project to manufacture API have been approved and is eligible for the Production Linked Incentive (PLI) scheme of the Department of Pharmaceuticals (DoP). Therefore, Natural Biogenex Private Limited will be a centre for Research & Development and manufacture of Active Pharmaceutical Ingredient. Our Company proposes to utilize ₹1,800.00 lakhs of the Net Proceed towards Investment in Wholly Owned Subsidiary (WOS) viz, Natural Biogenex Private Limited and the details are set forth herein below:

Particulars	Amount
Issue of 45,00,000 Equity Shares by Natural Biogenex Private Limited to Natural Capsules Limited at a Price of ₹40.00	1,800.00 Lakhs

Means of finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from 1) Issue of Equity Shares through this Letter of Offer 2) Term Loan sanctioned by HDFC Bank Limited 3) Internal accruals of the Company

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

For more details, please refer to the chapter titled “*Objects of the Issue*” on page 32 of the Letter of Offer.

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EQUITY SHAREHOLDING PATTERN OF THE COMPANY AS ON DATE OF THE LETTER OF OFFER

The statement of the shareholding pattern of our Company as on September 30, 2021, as included in the Letter of Offer is as follows:

Category of Shareholder	Pre-Issue number of Equity Shares held	Total as a % of Total Voting right
(A) Promoter & Promoter Group	33,89,272	54.38%
(B) Public	28,43,428	45.62%
Grand Total	62,32,700	100.00%

For more details, please refer to the chapter titled “*Capital Structure*” on page 30 of the Letter of Offer.

BOARD OF DIRECTORS

S. No.	Name	Designation	Other Directorships
1.	Mr. C.P Rangachar	Chairman & Independent Director	1) Yuken India Limited 2) Polyene General Industries Private Limited 3) Polyene Film Industries Private Limited 4) Sai India Limited 5) Yuflow Engineering Private Limited 6) Grotek Enterprises Private Limited 7) Indian Machine Tool Manufacturers association 8) Benefic Investment and Finance Company Private Limited 9) Bourton Consulting (India) Private limited 10) Imtma Machine Tool Industry Park Limited
2.	Sunil Laxminarayan Mundra	Managing Director	1) Natural Biogenex Private Limited 2) Tajos Investments Private Limited 3) Natural Phyto Pharma Private Limited 4) Square Plus Life Sciences Private Limited
3.	Anjan Kumar Roy	Independent Director	1) Ray Life Sciences Private Limited 2) Troy Life Sciences Private Limited
4.	Pramod Kasat	Independent Director	1) Advanced Enzyme Technologies Limited 2) Shilpa Medicare Limited 3) JC Biotech Private Limited
5.	Satyanarayan Mundra	Whole Time Director	1) Nandi Synthetics Private Limited 2) Square Plus Life Sciences Private Limited
6.	Laxminarayan Mundra	Independent Director	1) Tajos Investments Private Limited 2) Square Plus Life Sciences Private Limited
7.	Sushil Kumar Mundra	Director	1) Natural Biogenex Private Limited 2) Nandi Synthetics Private Limited 3) Natural Phyto Pharma Private Limited 4) Square Plus Life Sciences Private Limited
8.	Jyoti Mundra	Director	NIL

For more details, see the chapter titled “*Our Management*” on page 52 of the Letter of Offer.

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NEITHER OUR COMPANY NOR OUR PROMOTER OR ANY OF OUR DIRECTORS HAVE BEEN DECLARED AS A WILFUL DEFAULTER BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITY

FINANCIAL INFORMATION

A summary of the Consolidated Audited financial information of our Company as at and for the Financial Years ended on March 31, 2021 and March 31, 2020 is set out below:

(₹ in lakhs)

S. No.	Particulars	March 31, 2021	March 31, 2020
1.	Total Income from operations (net)	8,024.30	6,250.79
2.	Net Profit/(Loss) before Tax and extraordinary items	697.89	137.07
3.	Profit/(Loss) after Tax and extraordinary items	691.22	85.75
4.	Equity Share Capital	623.27	623.27
5.	Reserves and Surplus (excluding revaluation reserves)	5,586.26	4,938.26
6.	Net Worth	6,209.79	5,562.38
7.	Basic earnings per share	10.99	1.41
8.	Diluted earnings per share	10.99	1.41
9.	Net asset value per equity share (Shares of ₹10.00 each)	99.63	89.24
10.	Return on Net Worth (RONW)	11.13%	1.54%

INTERNAL RISK FACTORS

The below mentioned risks are the top five risk factors as per the Letter of Offer:

- 1) If the Company is unable to develop new products or improve upon its existing products at the rate that the market requires, the Company's business and financial condition could be adversely affected.
- 2) Our Company requires several licenses/ approvals/ permissions for carrying on its business. If our Company is unable to obtain the required approvals and licenses in a timely manner, our business and operations may be adversely affected.
- 3) Our inability to manage growth could result in disruptions in our business and performance.
- 4) Any delay, interruption or reduction in the supply of raw materials to manufacture our products may adversely affect our business, results of operations, financial condition and cash flows
- 5) We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, results of operations and cash flows may be adversely affected.

For further details, see the section "Risk Factors" on page 14 of the Letter of Offer.

SUMMARY OF OUTSTANDING LITIGATION, CLAIMS AND REGULATORY ACTION

A summary of the pending tax proceedings and other material litigations involving our Company is provided below:

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	7	226.41
Indirect Tax matters	1	22.08
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	Nil	Nil

*To the extent quantifiable

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Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Material civil litigations	6	2,119.55

**To the extent quantifiable*

iii) Litigations involving our Promoter

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax matters	Nil	Nil
Indirect Tax matters	Nil	Nil
Actions taken by regulatory authorities	Nil	Nil
Material civil litigations	1	21.21

**To the extent quantifiable*

For further details in relation to the pending litigation involving our Company, see section “*Outstanding Litigation and Material Developments*” on page 58 of the Letter of Offer.

TERMS OF THE ISSUE

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the (instituted only for resident Shareholders in this Issue, in the event the Shareholders are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “Procedure for Application through the ASBA Process” on Page 80. The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders on Page 73”. In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares may also apply in this Issue during the Issue Period. Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may apply for the Equity Shares by: Shareholders may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein:

- i. the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii. the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Shareholders).

ASBA facility: Investors shall submit the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before

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making their Application through the ASBA process. For details, see “Procedure for Application through the ASBA Process” on page 80. Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

R-WAP facility: In accordance with the SEBI Relaxation Circulars, a separate web-based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/ncl>), has been instituted for making an Application in this Issue by resident Shareholders. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Shareholders are not able to utilize the ASBA facility for making an Application despite their best efforts. At the R-WAP, resident Shareholders can access and submit the online Application Form in electronic mode using the R-WAP. Resident Shareholders, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Shareholders should enable the internet banking or UPI facility of their respective bank accounts and such Shareholders should ensure that the respective bank accounts have sufficient funds. Set out below is the procedure followed using the R-WAP:

- a) Prior to making an Application using the R-WAP facility, the Shareholders should enable the internet banking or UPI facility of their respective bank accounts and the Shareholders should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Relaxation Circulars.
- b) Resident Shareholders should visit R-WAP (accessible at www.alankit.com) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.
- c) Non-resident Shareholders are not eligible to apply in this Issue through R-WAP.
- d) Shareholders should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Shareholders can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.
- e) Shareholders who are Renounees should select the category of ‘Renounee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renounees shall also be required to provide the required Application details, such as total number of Equity Shares applied for in the Issue.
- f) The Shareholders shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- g) Verification, if any, in respect of Application through Shareholders’ own bank account, shall be done through the latest beneficial position data of our Company containing Shareholders’ bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account opened by our Company with the Escrow Collection Bank(s).
- i) For guidance on the Application process through R-WAP and resolution of difficulties faced by the Shareholders, the Shareholders are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated Shareholders helpdesk (<https://rights.cameoindia.com/ncl>).

PLEASE NOTE THAT ONLY RESIDENT SHAREHOLDERS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTORS”.

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Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Rights Equity Share(s) for every 2 Equity Share(s) held on the Record Date.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1 Rights Equity Share(s) for every 2 Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders not in the multiple of 2, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges or (b) through an off-market transfer, during the Renunciation Period. Such renunciation shall result in renouncement of the Rights Equity Shares. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE. THE LEAD MANAGER, THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company. In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE936B20015 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements. The On-Market Renunciation shall take place only during the Renunciation Period for On-Market Renunciation, i.e. from November 30, 2021 to December 15, 2021 (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE936B20015 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account. The On-Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis' where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

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(b) *Off Market Renunciation*

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialized form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE936B20015, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account. The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “Basis of Allotment” on page 93.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares. Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

ANY OTHER IMPORTANT INFORMATION AS PER THE COMPANY

PROCEDURE FOR APPLICATION

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the (instituted only for resident Shareholders in this Issue, in the event the Shareholders are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “Procedure for Application through the ASBA Process” on Page 80. The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders on Page 73”. In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares may also apply in this Issue during the Issue Period. Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may apply for the Equity Shares by: Shareholders may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

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Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India. Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Natural Capsules Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number/DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option – only dematerialized form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for within the Rights Entitlements;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹100.00 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
- Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

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- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
- An approval obtained from the RBI, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 26.00% or more of the post-issue paid-up equity share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrar at investor@cameoindia.com.
- In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act) (“U.S. QIBs”) pursuant to Section 4(a)(2) of the US Securities Act and other exemptions from the registration requirements of the US Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States, except in each case to persons in the United States who are U.S. QIBs. I/ we confirm that I am/ we are (a)(i) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (ii) a U.S. QIB in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs) or is outside of India and the United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation.

I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/ncl>.

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH COMPANY’S EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 94.

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Important

Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**NATURAL CAPSULES LIMITED– RIGHTS ISSUE**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Cameo Corporate Services Limited

CIN: U67120TN1998PLC041613

Subramanian Building, 1, Club House Road, Chennai-600 002

Contact Person: Ms. K. Sreepriya

Tel No.: +91 44 2846 0390

E-Mail Id: priya@cameoindia.com

Investor Grievance E-Mail Id: investor@cameoindia.com

This Issue will remain open for at least minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

DECLARATION BY OUR COMPANY

We hereby certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Letter of Offer are true and correct.

Place: Bengaluru

Date: October 30, 2021