



NATURAL CAPSULES LIMITED

Our Company was incorporated on September 20, 1993 as a public limited company under the provisions of Companies Act, 1956 with the Registrar of Companies, Bangalore in the name and style of 'Natural Capsules Limited'. The Registered Office of the Company was shifted from "Shreshta Bhumib, V.K. Iyenkarno.102, No. 87, K.R. Road, Bangalore, Karnataka to Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka-560011. The Corporate Identification Number of our Company is L85110KA1993PLC014742.

Registered Office: Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka, 560 011
Tel No: 080-2667 1571; **E-mail:** company.sec@naturalcapsules.com; **Website:** www.naturalcapsules.com
Contact Person: Mrs. Shilpa Burman, Company Secretary & Compliance Officer

PROMOTER OF OUR COMPANY:

SUNIL LAXMINARAYAN MUNDRA, SUSHIL KUMAR MUNDRA, INDRA MUNDRA, JYOTI MUNDRA, SHARADA MUNDRA, LAXMINARAYAN MOONDRA, RADHA S MUNDRA, SATYANARAYAN MUNDRA, SHREY MUNDRA, MADHAV MUNDRA, JYOTSNA DAGA AND NIDHI SETHIA,

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY

THE ISSUE

ISSUE OF UP TO 31,16,350 PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹100.00 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹90.00 PER RIGHTS EQUITY SHARE), FOR AN AMOUNT COLLECTIVELY NOT EXCEEDING ₹3,116.35 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 RIGHTS EQUITY SHARES FOR EVERY 2 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. NOVEMBER 12, 2021 (THE "ISSUE").

PAYMENT METHOD FOR RIGHTS EQUITY SHARES

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

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this 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 being offered in this Issue have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Investors are advised to refer to the "Risk Factors" on page 14 of this Draft Letter of Offer before making an investment in the Issue.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect

LISTING

The existing Equity Shares of our Company are listed on BSE limited ("BSE"). We have received "In-Principle" approval from BSE for listing the equity shares arising from the Issue vide letter dated September 08, 2021.

LEAD MANAGER TO THE ISSUE



Sarthi Capital Advisors Private Limited
CIN: U65190DL2012PTC238100
401, 4th Floor, Manek Plaza, 167, Vidyanagari Marg,
Kalina, Santacruz (E), Mumbai – 400 098
Tel No.: +91 22 2652 8671/ 72
Email Id: compliance@sarthiwm.in
Website: www.sarthiwm.in
Contact Person: Mr. Deepak Sharma
SEBI Registration No.: INM000012011

REGISTRAR TO THE ISSUE



Cameo Corporate Services Limited
CIN: U67120TN1998PLC041613
Subramanian Building, 1, Club House Road, Chennai-600002
Tel No.: +91 44 4002 0700
E-Mail Id: priya@cameoindia.com
Investor Grievance E-Mail Id: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: Ms. K. Sreepriya
SEBI Registration No.: INR000003753

ISSUE PROGRAMME

ISSUE OPENING DATE	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSING DATE [#]
NOVEMBER 30, 2021 (TUESDAY)	DECEMBER 15, 2021 (WEDNESDAY)	DECEMBER 20, 2021 (MONDAY)

*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.

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.

TABLE OF CONTENTS

SECTION I – GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
NOTICE TO INVESTORS	7
NO OFFER IN THE UNITED STATES	9
PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA	10
FORWARD-LOOKING STATEMENTS	11
SECTION II-LETTER OF OFFER SUMMARY	12
SECTION III-RISK FACTORS	14
SECTION IV – INTRODUCTION	26
THE ISSUE	26
GENERAL INFORMATION	27
CAPITAL STRUCTURE	30
OBJECTS OF THE ISSUE	32
STATEMENT OF TAX BENEFITS	36
SECTION VI – ABOUT THE COMPANY	37
OUR INDUSTRY	37
OUR BUSINESS	44
HISTORY AND CORPORATE STRUCTURE	51
OUR MANAGEMENT	52
SECTION VII-FINANCIAL INFORMATION	55
FINANCIAL STATEMENTS	55
ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT	56
MARKET PRICE INFORMATION	57
SECTION VIII - LEGAL AND OTHER INFORMATION	58
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	58
GOVERNMENT AND OTHER APPROVALS	61
OTHER REGULATORY AND STATUTORY DISCLOSURES	62
SECTION IX – OFFERING INFORMATION	66
TERMS OF THE ISSUE	66
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	102
STATUTORY AND OTHER INFORMATION	104
SECTION X– OTHER INFORMATION	105
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	105
DECLARATION	106

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Natural Capsules Limited”, “Natural”, the/our “Company”, “we”, “our”, “us” or similar terms are to Natural Capsules Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

Conventional or General Terms

Term	Description
Articles or Articles of Association or AOA	The Articles of Association of our Company, as amended from time to time
“ Natural Capsules Limited ”, or “ NCL ”, or “ Company ”, or “ Our Company ” or “ we ”, “ us ”, or “ our ” and the “ Issuer Company ”.	Natural Capsules Limited, a public limited company incorporated under the provisions of the Companies Act, 1956.
“We” or “us” or “our”	Unless the context otherwise indicates or implies, refers to Natural Capsules Limited
₹/Rs./Rupees /INR	Indian Rupees
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
Board of Directors	Board of Directors of our Company
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP or Depository Participant	Depository Participant as defined under the Depositories Act
Eligible Shareholder(s) or “Eligible Equity Shareholder(s)”	Eligible holder(s) of the equity shares of Natural Capsules Limited as on the Record Date
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standards) Rules 2015, as amended
NAV	Net Asset Value per share.
NEFT	National Electronic Fund Transfer
NR/Non- Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI
NRE Account	Non-resident external account
NRI	Non-resident Indian
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

Term	Description
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto
SAST Regulations, 2011/ Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Stock Exchange	BSE Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to the Equity Shareholders as on the Record date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottee(s)	Persons to whom Equity Shares are issued pursuant to the Issue
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Application Money	Aggregate amount payable at the time of Application, i.e., ₹25.00 per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue
ASBA/ Application Supported by Blocked Amount.	Application used by an investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA/Investor/ASBA applicant	An investor (Equity Shareholder or Renouncee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.
Banker(s) to the Issue/ Public Issue Bank(s).	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case, being Axis Bank Limited
Call(s)	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies
Call Money(ies)	The balance amount payable by the holders of the Rights Equity Securities pursuant to the Payment Schedule, being ₹75.00 per Rights Equity after payment of the Application Money
Controlling Branch of SCBs	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock

Term	Description
	Exchange and a list of which is available at http://www.sebi.gov.in , or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Draft Letter of Offer/ DLoF	The Draft Letter of Offer dated August 24, 2021
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹10.00 each unless otherwise specified in the context thereof
Equity Shareholder/Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	<p>Issue of 31,16,350 Rights Equity Shares of face value of ₹10.00 each of our Company for cash at a price of ₹100.00 per Rights Equity Share (including a premium of ₹90.00 per Rights Equity Share), for an amount collectively not exceeding ₹3,116.35 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1 Rights Equity Share for every 2 Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.</p> <p>On Application, Investors will have to pay ₹25.00 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹75.00 per Rights Equity Share which constitutes 75.00% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by the Board of Directors at its sole discretion, from time to time.</p>
Investor(s)	Equity Shareholders as on Record Date and/or Renounees applying in the Issue.
Issue Closing Date	November 30, 2021 (Tuesday)
Issue Opening Date	December 20, 2021 (Monday)
Issue Price	<p>₹100.00 for Rights Securities issued in one Rights Entitlement, (i.e. ₹100.00 per Rights Equity Share, including a premium of ₹90.00 per Rights Equity Share).</p> <p>On Application, Investors will have to pay ₹25.00 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹75.00 per Rights Equity Share which constitutes 75.00% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by the Board of Directors at its sole discretion, from time to time.</p>
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of 31,16,350 Equity Shares for an amount aggregating up to ₹3,116.35 Lakhs.
Letter of Offer	This Letter of Offer dated October 30, 2021
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circular and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before December 15, 2021.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circular and the circulars issued by the Depositories, from time to time, and other applicable laws
Non-Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or

Term	Description
	Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹2.00 Lakhs
Payment Schedule	Payment schedule under which 25.00% of the Issue Price is payable on Application, i.e., ₹25.00 per Rights Equity Share, and the balance unpaid capital constituting 75.00% of the Issue Price i.e., ₹75.00 will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time
Promoter	The Promoters of our Company, being Sunil Laxminaryan Mundra, Sushil Kumar Mundra, Indra Mundra, Jyoti Mundra, Sharada Mundra, Laxminarayan Moondra, Radha S Mundra, Satyanarayan Mundra, Shrey Mundra, Madhav Mundra, Jyotsna Daga and Nidhi Sethia
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchange from time to time
Offer Document	Means Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, 2018.
R-WAP	<p>Registrar's web-based application platform accessible at https://rights.cameoindia.com/ncl instituted as an optional mechanism in accordance with SEBI circulars bearing reference numbers</p> <p>SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24 2020; and SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/submitting online Application Forms by resident public Investors.</p> <p>This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.</p>
Record Date	November 12, 2021 (Monday)
Refund through electronic transfer of Funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar to the Issue	Cameo Corporate Services Limited
Renounees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹2.00 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
Rights Securities	Rights Equity Shares along with the detachable Warrants
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Working Day(s)	Working day means all days on which commercial banks in Bangalore are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Bangalore are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry Related Terms

Term	Description
BSE	Bovine Spongiform Encephalopathy
cGLP	Current Good Laboratory Practices
cGMP	Current Good Manufacturing Practices
HPMC	Hydroxypropyl methylcellulose
SLS	Sodium Lauryl Sulphate
TSE	Transmissible Spongiform Encephalopathy

Abbreviations

Term	Description
ADR	American Depository Receipt
Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
AGM	Annual General Meeting
Articles	Articles of Association of the Company as originally framed or as altered from time to time in pursuance of any previous companies' law or of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAF	Common Application Form
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
COVID- 19	Novel Coronavirus, 2019
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DR	Depository Receipts
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the regulations framed there under.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIs	Financial Institutions
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India.
FV	Face Value
FPIs	Foreign Portfolio Investors
F. Y	Financial Year
GDR	Global Depository Receipt
GNPA	Gross Net Performing Assets
GOI	Government of India.
GST	Goods & Service Tax
HUF	Hindu Undivided Family

Term	Description
ICDR Regulations/ Regulations/ Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.
Ind AS	Indian Accounting Standards
Indian GAAP/I-GAAP	Generally accepted accounting principles in India.
ISIN	International Securities Identification Number
IT	Information Technology
INR	Indian National Rupee
JV	Joint venture
Ltd.	Limited
MCLR	Marginal Cost of Funds based Lending Rate
NR	Non Resident
NSDL	National Securities Depository Limited.
Pvt.	Private
PBT	Profit Before Tax
SEBI	Securities and Exchange Board of India
SEBI Rights Issue circular	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
STT	Securities Transaction Tax

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Securities is permitted under laws of such jurisdictions. Further, this Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Securities is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges and on R-WAP.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with the Stock Exchange. Accordingly, the Rights Entitlements and the Rights Securities may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other offering materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

This Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Rights Securities and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the issue of the Rights Securities or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject the Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Securities or the Rights Entitlements referred to this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Neither the Company nor the Lead Manager is making any representation to any person regarding the legality of an investment in the Rights Entitlements or the Rights Securities by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Rights Securities offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Securities in accordance with the legal requirements applicable in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights

Securities will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “Other Regulatory and Statutory Disclosures” on page 62.

Neither the delivery of this Letter of Offer nor any sale of Rights Securities hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Securities or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Securities or Rights Entitlements. In addition, neither our Company nor the Lead Managers nor any of its affiliates is making any representation to any offeree or purchaser of the Rights Securities regarding the legality of an investment in the Rights Securities by such offeree or purchaser under any applicable laws or regulations.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND RIGHT SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (**THE “US SECURITIES ACT”**), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (**THE “UNITED STATES” OR “U.S.”**), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND RIGHTS SECURITIES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE US SECURITIES ACT (**“REGULATION S”**). THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS SECURITIES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or Abridged Letter of Offer and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Securities will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Securities or the Rights Entitlements, it will not be, in the United States of America when the buy order is made and (ii) it is authorized to acquire the Rights Entitlement and the Rights Securities in compliance with all applicable law, rules and regulations. Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or Allot any Rights Securities in respect of any such Application Form.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to Natural Capsules Limited”, “Natural”, the/our “Company”, “we”, “our”, “us” or similar terms are to National Capsules Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

FINANCIAL DATA

Unless stated otherwise, the financial data included in this Letter of Offer have been prepared in accordance with the applicable provisions of the Companies Act and Indian Accounting Standard (IND AS).

Our fiscal year commences on 1st April of each year and ends on 31st March of the next year. All references to a particular fiscal year are to the 12 months’ period ended 31st March of that year. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled “*Risk Factors*” on page 14 of this Letter of Offer have been calculated on the basis of the Financial Statements of our Company prepared in accordance with Ind AS and the Companies Act, 2013.

CURRENCY OF PRESENTATION

In this Letter of Offer, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million and ‘billion / bn./ Billions’ means ‘one hundred crores’.

FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements

Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability;
- Errors in the research disseminated or advice provided by us;
- Failure of, or inadequacies in, our information technology systems upon which our business operations are highly dependent;
- Significant competition in our businesses may limit our growth and prospects;
- Dependence on a number of key management personnel and senior management personnel;
- Our risk management and internal controls, as well as the risk management tools available to us, may not be adequate
- Our ability to carry on diversified business activities under one name;
- Our ability to provide satisfactory services to our customers;
- Fluctuations in other operating costs;
- Our ability to meet our working capital requirements;
- Our ability to successfully implement our business strategy and plans;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” on page 14 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Future looking statements speak only as of the date of this Letter of Offer. Neither we, our Directors, Manager to the Offer nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchange requirements, Our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission.

SECTION II-LETTER OF OFFER SUMMARY

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.

Objects of the Issue:

The issue proceeds are to be utilized for financing the following objects:

Particulars	Amount (₹ in lakhs)
Gross Proceeds from the Issue [#]	3,116.35
Less: Estimated Issue related Expenses	35.00
Net Proceeds from the Issue	3,081.35

Particulars	Amount (₹ in lakhs)
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
Total Net Proceeds	3,081.35*

[#] Assuming full subscription and allotment

Subscription to the issue by our Promoter and Promoter Group

Our Promoter and Promoter Group have undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoter or member(s) of the Promoter Group of our Company. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI (SAST) Regulations, our Promoters and our Promoter Group shall comply with the same. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Financial Information:

Particulars	FY 2020-21 Amount (₹ in lakhs)
Share Capital	623.27
Net worth	6,213.02
Total Income*	7,951.34
Profit after tax	688.28
Basic EPS (in ₹)	11.04
Diluted EPS (in ₹)	11.04
Net asset value per share (in ₹)	99.68
Total borrowings	962.93

*Revenue from Operations

Auditor Qualification:

No reservations, qualifications and adverse remarks have been made by our Auditors in their reports which have not been given effect to in the Financial Statements for Fiscals 2020-21.

Outstanding Litigation:

For details, please refer to chapter titled ‘*Outstanding Litigations and Material Developments*’ on page 58 of this Letter of Offer.

Risk Factors:

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please see ‘*Risk Factors*’ on page 14 of this Letter of Offer

Contingent Liabilities:

As on March 31, 2021, we have certain contingent liabilities that had not been provided for, details of the same is as under:

Particulars	Amount (₹ in lakhs)
Income Tax Demand	10.57

Related Party Transactions:

For details of the related party transactions, as reported in the Financial Statements, see ‘*Financial Statements*’ on page 55 of this Letter of Offer.

Financial Arrangements:

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, our directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six (6) months immediately preceding the date of the Letter of Offer.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the last one (1) year immediately preceding the date of filing the Letter of Offer.

SECTION III-RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to the country, the industry in which our Company operates in India, our Company or our Equity Shares. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of an investment in this Issue.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including merits and risks involved.

In this section, unless the context otherwise requires, a reference to “our Company” or to “we”, “us” and “our” refers to Natural Capsules Limited and our Subsidiaries on a consolidated basis.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in “Forward Looking Statements” on page 11 of this Letter of Offer. To obtain a better understanding of our business, you should read this section in conjunction with the section titled “Financial Statements” on page 55, together with all other financial information contained in this Letter of Offer.

INTERNAL RISK FACTORS

Business Related Risks

- 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.**

The Company believes that its future success depends, in part, on the ability to develop new technologically advanced products or improve on the Company’s existing products in innovative ways that meet or exceed its competitor’s product offerings. Maintaining the Company’s market position will require continued monitoring of technological advances that from global research and development efforts and sales and marketing. Industry standards, customer expectations, or other products may emerge that around render one or more of the Company’s products less desirable or obsolete. The Company may be unsuccessful in making the technological advances necessary to develop new products or improve its existing products to maintain its market position. If any of these events do occur, it could cause decrease in sales and have an adverse effect on the Company’s business, financial position, results of operations and cash flow.

- 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.**

Our Company requires certain approvals, licenses, registrations and permissions for operating our business. Some of which our Company has already obtained and/or has either made or is in the process of making the application. If our Company fails to obtain these approvals/registrations/ licenses/permissions, or renewal thereof, in a timely manner, or at all, our operations would be adversely affected, having a material adverse effect on our Company’s business, results of operations and financial condition. Such grant may also be subject to restrictions and/or permissions which may not be acceptable to our Company, or which may prejudicially affect our operations, and would have a material adverse effect on our Company’s business, results of operations and financial conditions.

Furthermore, the government approvals and licenses are subject to various conditions. If it fails to comply, or a regulator claims that the Company has not complied with these conditions, its business, financial position and operations would be materially adversely affected.

- 3) **There are certain outstanding litigations involving our Company, our Promoter, our Directors and our Group Entities and any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.**

A Summary of material outstanding legal proceedings involving our Company and our Subsidiaries as on date of this Letter of Offer, including the approximate amount involved to the extent ascertainable, is set out below:

Sr. No.	Types of Proceedings	No. of Cases	Approx. Amount to the extent quantifiable (in Lakhs)
LITIGATIONS INVOLVING OUR COMPANY			
Litigation matters against our Company			
1)	Income Tax matters	7	226.41
2)	Indirect Tax Matter	1	22.08
Litigation matters filed by our Company			
1)	Civil matters	6	2,119.55
Litigation involving our Promoter			
1)	Civil Matter	1	21.21
Litigation Involving our Subsidiaries			
	Nil	Nil	Nil

- 4) **Our inability to manage growth could result in disruptions in our business and performance.**

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Whilst we have generally been successful in execution of our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

While we have been able to successfully execute our business strategy in the past, the same may not be achievable in the future. Further, rapid growth could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management to meet the challenges of rapid growth could cause disruptions to our business and could be detrimental to our long-term business outlook.

- 5) **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**

We identify and approve multiple third-party vendors, with whom we place purchase orders from time to time, for the purchase of raw materials. We cannot assure you that we will be able to continue to obtain adequate supplies of our raw materials, in a timely manner, in the future. If our vendors fail to provide the raw materials required for our manufacture process for any reason our business operation may get interrupted. Our inability to continue to obtain raw material in a timely manner, could lead to the slowdown of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, cash flows, results of operations and financial condition. Further, in the event of an increase in the price of raw materials, we cannot assure you that we will be able to correspondingly increase the price of our products.

- 6) **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.**

Our operations are subject to extensive government regulation governing the Indian and global pharmaceutical market. We are required to obtain and maintain a number of statutory and regulatory permits and approvals under

central, state and local government rules in India, generally for carrying out our business and for each of our manufacturing facilities. We are also required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals for carrying out our business including consents to establish and operate under environmental laws, which are granted for a limited duration and require renewal. If we are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

7) Non-compliance with and changes in, safety, health, environmental and labor laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labor. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation.

8) Our business may be adversely affected if our API business do not perform as well as expected or if substitute products become available or gain wider market acceptance.

As we have incorporated Natural Biogenex Private Limited with a view to enter into business of API. There is cluttered market in the Pharma space and brand differentiation has become difficult. As a result of increased competition, pricing pressures or fluctuation in the demand or supply of our products, we may be exposed to the risk of our products becoming obsolete or being substituted to a greater or lesser extent by the alternatives.

9) Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations

Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations. Being a pharmaceutical company exporter generally foreign risk arises when there is accounting gains and loss between the moment of the invoice and settlement, transaction risk between the firm commitment and settlement and budget risk from the moment pricing is set. In simpler terms, any changes in the exchange rates between currencies may affect our business financial performance.

10) We depend on our management team and the loss of team members may adversely affect our business.

There have been change in management in the recent past. We believe that we have a team of professionals to oversee the operations and growth of our business. We have a number of technically qualified people in each area of our activity. If one or more members of our management team are unable or unwilling to continue in their present positions because of various factors, such persons would be difficult to replace and our business would be adversely affected. We may lose members of our key management team to our clients or competitors.

11) Being a pharmaceutical company, we operate in a highly regulated and controlled industry. Any change in regulatory environment may have an impact on the business of the Company.

Being a pharmaceutical company, we operate in an industry which is highly regulated and controlled. The industry has extensive regulations pertaining to research, testing, and manufacturing, quality standards, selling and marketing of pharmaceutical products. Regulatory authorities in each of these markets must approve our products before our Company or our distribution agents can market them. Applicable regulations have become increasingly stringent, a trend which may continue in the future. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business license, imposition of fines and criminal sanctions in those jurisdictions. Regulatory agencies may at any time inspect our manufacturing facilities for the quality of our products. If any inspection or quality assessment results in observations/ alerts or sanctions, the

relevant regulator may amend or withdraw our existing approvals to manufacture and market our products in such jurisdiction, which could adversely affect our business, financial condition and results of operations. If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for the manufacturing and marketing new products. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products or impose fines upon us. The time taken to obtain approvals varies by country, but generally takes between six months and several years from the date of application. If we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected.

We believe that our Company keeps itself abreast of the various developments relating to the regulatory environment and gears itself in order to comply with such regulatory changes, application and the renewal of regulatory approvals. However, in case our Company is unable to adapt itself to such regulatory changes, obtain the necessary approvals / renewals for all our products the business of the Company may be impacted adversely

12) Any manufacturing or quality control problems may damage our reputation for high quality production and expose us to potential litigation or other liabilities, which would negatively impact our business, prospects, results of operations and financial condition.

Pharmaceutical manufacturers are subject to significant regulatory scrutiny in most jurisdictions. Our manufacturing unit located at Bengaluru and Pondicherry manufactures products in accordance with stipulated manufacturing practices. We must register our facilities with regulatory authorities and our products must be made in a manner consistent with good manufacturing practices ("GMP") or similar standards stipulated by concerned regulatory authorities. In addition, we are required to meet various quality standards and specifications for our customers under our contracts with the customers. Furthermore, we are liable for the quality of our products during the entire shelf life of the product. We also face the risk of loss resulting from any adverse publicity, any contamination of our products by intermediaries, re-approval of products that are already marketed, new scientific information, greater scrutiny in advertising and promotion, the discovery of previously unknown side effects or the recall or loss of approval of products that we manufacture, market or sell. Disputes over non-conformity of our products with such quality standards or specifications are generally referred to independent government approved testing laboratories. If any such independent laboratory confirms that our products do not conform to the prescribed or agreed standards and specifications, we would bear the expenses of replacing and testing such products, which could adversely affect our business, results of operations and financial condition. We also face the risk or loss resulting from product liability lawsuits, whether or not such claims are valid. A successful product liability claim may require us to pay substantial sums and may adversely affect our results of operations and financial condition.

13) Stricter marketing norms prescribed by a new code of conduct in India for companies doing business in the pharmaceuticals industry could affect our ability to effectively market our products which may affect our profitability.

In 2014, the Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, Government of India introduced Uniform Code of Pharmaceuticals Marketing Practices (UCPMP) with effect from January 01, 2015. This code of conduct for marketing practices for the Indian pharmaceutical industry is expected to be voluntarily adopted by pharmaceutical companies.

The UCPMP amongst other things provides detailed guidelines about promotional materials, conduct of medical representatives, physician samples, gifts and relationships with healthcare professionals. For example, under the UCPMP, pharmaceutical companies may not supply or offer any gifts, pecuniary advantages or benefits in kind to persons qualified to prescribe or supply drugs. Further, the management of the company is responsible for ensuring adherence to the UCPMP and a self-declaration is required to be submitted by the management within two months of the closure of every financial year to the industry association. Although these guidelines are voluntary in nature, they may be codified in the future and we may have to spend a considerable amount of time and resources to conform to the requirements of the UCPMP.

14) The shutdown of operations at our manufacturing units could have a material adverse effect on our results of operations and financial condition.

Our manufacturing units are subject to operating risks, such as labour disputes, natural disasters and accidents, etc. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shut down. In addition, we may be forced to shut down any manufacturing unit due to unprofitable margins, irregular competition, unforeseen revival of healthy competition and other adverse economic conditions. No assurance can be given that one or more of the factors mentioned above will not occur, and this could have a material adverse effect on our results of operations and financial condition.

15) A shortage or non-availability of electricity may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.

In order to keep going our production activities, it is implied that we would require a sustained supply of electricity. In the event there is any disruption of power supply for long, the same could result in disruption in the production and therefore, may adversely affect our results of operations and financial condition of the company. However, there have been no such instances of long outages in the past few years.

Issue Specific Risks

16) Investment in Rights Equity Shares is exposed to certain risks. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, as determined by our Board at its sole discretion, from time to time. The holders of the Rights Equity Shares will not be able to trade in these securities till they are credited to the holders' account as fully paid-up. Further, until the subsistence of Rights Equity Shares, we may not be able to undertake certain forms of equity capital raising.

The Issue Price is ₹100.00 per Rights Equity Share. On Application, Investors will have to pay ₹25.00 (25.00% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on subsequent Calls of ₹75.00 per Rights Equity Share, after payment of the Application Money.

The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them.

If our Company does not receive the Call Money as per the timelines stipulated in the Call notice, unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Rights Equity Shares, in accordance with the Companies Act, 2013 and our Articles of Association. For details, see "Terms of the Issue-Procedure for Calls for Rights Equity Shares" on page 66. In case our Company declares any dividend, Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up, and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up equity capital of our Company. Therefore, the rights of holders of the Rights Equity Shares will not be *pari-passu* with the rights of the other shareholders of our Company in case of non-payment of Call Monies.

The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the Final Call would be sent. From the Call Record Date for each Call prior to the Final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Rights Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations. Furthermore, the holders of the partly paid-up

Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Similarly, for an applicable period, from the Call Record Date for each Call, the trading of the Rights Equity Shares would be suspended under the applicable law. Further, there is little history of trading of partly paid-up shares in India and therefore there could be less liquidity in this segment, which may cause the price of the Rights Equity Shares to fall and may limit ability of Investors to sell the Rights Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the index.

Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues. In terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

17) SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020 and January 19, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020 and January 19, 2021 and April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "Terms of the Issue" on page 66 of this Letter of Offer.

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 Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

18) The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI Relaxation Circulars, a separate R-WAP facility (accessible at <https://rights.cameoindia.com/ncl>), has been instituted for making an Application in this Issue by resident Investors (only in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "Terms of the Issue - Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process" on page 66 of this Letter of Offer. Such payment gateways and mechanisms are faced with risks such as:

- Keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- Scaling up technology infrastructure to meet requirements of growing volumes;
- Applying risk management policies effectively to such payment mechanisms;
- Keeping users' data safe and free from security breaches; and
- Effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of the COVID-19 pandemic. We cannot assure you that R-WAP will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or may be rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP.

19) Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements.

20) No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchange during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the trading price of the Equity Shares may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements.

21) The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 03, 2018 issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

22) Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Securities to the Applicant’s demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant’s decision to invest in the

Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

23) Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

24) There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares

The price at which the Equity Shares will trade after this Issue will be determined by the market place and may be influenced by many factors, including:

- Our financial results and the financial results of the other companies in the similar lines of businesses;
- The history of, and the prospects for, our business and the sectors in which we compete;
- The valuation of publicly traded companies that are engaged in business activities similar to us; and
- Significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

25) Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

26) Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements

Our revenues are dependent on various factors such as future earnings, financial condition, cash flows, working capital requirements and capital expenditures. The combination of these factors may result in significant variations in our revenues and profits and thereby may impact our ability to pay dividends.

27) There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which may not allow transactions beyond specified increases or decreases in the price of our Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

This circuit breaker will limit the upward and downward movements in the price of our Equity Shares during the day. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

28) Any future issuance of Equity Shares may dilute the investor's shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares by the Company could dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

EXTERNAL RISK FACTORS

29) Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

30) We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.

Any future equity issuances by us, may lead to the dilution of Investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the

Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

31) Rights of shareholders under Indian laws may be more limited than the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

32) Terrorist attacks, civil unrests and other acts of violence in India and around in the world could adversely affect the financial markets, result in a loss of consumer confidence and adversely affect our business, financial condition and cash flows.

Terrorist attacks, civil unrests and other acts of violence or war in India and around in the world may adversely affect worldwide financial markets and result in a loss of client's confidence and ultimately adversely affect our business, financial condition and cash flows. India has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighboring countries. Political tensions could create a perception that an investment in Indian companies involves higher degrees of risk and on our business and price of our Equity Shares.

33) Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favorable terms or at all.

34) Natural disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company.

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our intangible assets and the loss of business continuity. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, cash flows, financial condition and results of operations.

35) Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who

seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

36) Significant differences exist between IndAS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind AS contained in this Letter of Offer.

Our audited financial statements contained in this Letter of Offer have been prepared and presented in accordance with Ind AS. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this Letter of Offer. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information and is dependent on your familiarity with Ind AS and the Companies Act. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Letter of Offer should accordingly be limited.

37) Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- The General Anti Avoidance Rules ("GAAR") have been made effective from April 01, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- A comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 01, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a

limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

38) We and our Investors resident outside India are subject to foreign investment restrictions under Indian law which may adversely affect our Company's operations and its ability to freely sell the Rights Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

SECTION IV – INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on August 07, 2021 pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 66 of this Letter of Offer.

Equity Shares outstanding prior to the Issue	62,32,700 Equity Shares
Rights Securities being offered by our Company*	Up to 31,16,350 Rights Equity Shares*
Rights Entitlement	1 (One) Rights Equity Shares for every 2 (Two) Equity Shares held on the Record Date for every Rights Equity Share allotted.
Record Date	November 12, 2021
Face Value per Equity Share	₹10.00 each
Issue Price per Equity Share	₹100.00 per Rights Equity Share
Issue Size	Up to ₹ 3,116.35 Lakhs
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	93,49,050 [#] Equity Shares
Terms of the Issue	Please see “Terms of the Issue” on page 66 of this Letter of Offer.
Use of Issue Proceeds	Please see “Objects of the Issue” on page 66 of this Letter of Offer.

**For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in multiples of 2, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.*

[#]Includes 3,00,000 Equity Shares to be allotted under Scheme of ESOP. Our Company has received in-principle approval from BSE Limited for shares to be issued pursuant to a scheme Natural Capsules Limited – Employee Stock Option Plan 2018 for 3,00,000 Equity Shares of ₹10.00 each. The shares are yet to be exercised and will be allotted as and when exercised under the scheme

Terms of Payment of Rights Equity Shares

Amount Payable per Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	2.50	22.50	25.00
On 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
Total	10.00	90.00	100.00

Issue Schedule:

Issue Opening Date	November 30, 2021
Last Date for On Market Renunciation of Rights	December 15, 2021
Issue Closing Date	December 20, 2021

GENERAL INFORMATION

Our Company was incorporated on September 20, 1993 as a public limited company under the provisions of Companies Act, 1956 with the Registrar of Companies, Bangalore in the name and style of 'Natural Capsules Limited'. The Registered Office of the Company was shifted from "Shreshtha Bhumib, V.K. Iyenkarno, 102, No. 87, K.R. Road, Bangalore, Karnataka to Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka-560011. The Corporate Identification Number of our Company is L85110KA1993PLC014742.

Registered Office of the Company

Natural Capsules Limited

CIN: L85110KA1993PLC014742

Trident Towers, 4th Floor (Level 3), No. 23,
100 Feet Road, Jaynagar II Block, Bengaluru-560011

Tel No.: +91 80 2656 1562

E-mail: company.sec@naturalcapsules.com

Website: www.naturalcapsules.com

Registrar of Companies

The Registrar of Companies, Bangalore

'E' Wing, 2nd Floor, Kendriya Sadana,
Kormangala, Bangalore-560 034

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Letter of Offer:

Name	DIN	Address	Designation
Mr. C.P Rangachar	00310893	B-4, Epsilon Villas, Yemlur Home Owners Association, Behind HAL Airport, Bengaluru-560 037	Chairman & Independent Director
Mr. Sunil Laxminarayan Mundra	00214304	# 8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019	Managing Director
Mr. Anjan Kumar Roy	01032834	No. 335, 4 th Main, 14 th Cross, Sadashiva Nagar, Bangalore, Karnataka-560080	Independent Director
Mr. Pramod Kasat	00819790	Near Korum Mall, Aardra, Flat 24, Tarangam Complex, Bldg No-11, Jekegram, Thane, Maharashtra-400606	Independent Director
Mr. Satyanarayan Mundra	00214349	# 8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019	Whole Time Director
Mr. Laxminarayan Mundra	00214298	# 8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019	Whole Time Director
Mr. Sushil Kumar Mundra	00214332	# 8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore	Director

Name	DIN	Address	Designation
		South, Gaviopuram Extension, Bangalore, Karnataka-560019	
Mrs. Jyoti Mundra	07143035	# 8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019	Director

For further details of our Directors, please refer titled “Our Management” beginning on page 52 of this Letter of Offer.

Company Secretary & Compliance Officer	Registrar and Share Transfer Agent
Mrs. Shilpa Burman Trident Towers, 4 th Floor (Level 3), No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru-560 011 Tel. No.: 080-26671571 E-Mail: company.sec@naturalcapsules.com	Cameo Corporate Services Limited CIN: U67120TN1998PLC041613 Subramanian Building, 1, Club House Road, Chennai-600002 Contact Person: Ms. K. Sreepriya Tel No.: +91 44 4002 0700 E-Mail Id: priya@cameoindia.com Investor Grievance E-Mail Id: investor@cameoindia.com Website: www.cameoindia.com SEBI Registration No.: INR000003753

Banker to the Issue

Axis Bank Limited

Tel : +91 22 6148 3110
Email : bkc.branchead@axisbank.com
Contact Person : Ms. Shruti Khanna
SEBI Registration No. : INBI00000017

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time, or at such other website as may be prescribed from time to time. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time.

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 66 of this Letter of Offer.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked , ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “Terms of the Issue” beginning on page 66.

Inter-se Allocation of Responsibilities

The Company has appointed Sarthi Capital Advisors Private Limited as the sole Merchant Banker to the Issue and hence there is no inter-se allocation of responsibilities.

Credit Rating

This being an issue of Right Issue of Equity shares, credit rating is not required.

Monitoring Agency

As per Regulation 41(1) SEBI (ICDR) Regulations, 2018, the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹10,000 Lakhs. Since the Issue size is only of ₹3,116.35 Lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Appraising Agency

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

Expert Opinion

Except for the reports of the Auditor of our Company on the audited Financial Information and Statement of Tax Benefits, included in the Letter of Offer, our Company has not obtained any expert opinions.

Underwriting

This Issue of Equity Shares is not being underwritten and no standby support is being sought for the said Issue.

Debenture Trustee

Since this is not a Debenture issue, appointment of debenture trustee is not required.

Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, for this Issue the minimum subscription which is required to be achieved is of at least 90.00% of the Issue size. Our Company does not fall under the exemption to Regulation 86(1) which has been inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020.

If our Company does not receive the minimum subscription of at least 90.00% of the Issue size, or the subscription level falls below 90.00%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 4 days from the Issue Closing Date. If there is delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under "Terms of the Issue" beginning on page 66 of Letter of Offer.

Filing

SEBI vide its Amendment regulations i.e. SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020, has granted certain relaxations with respect to rights issues under the SEBI ICDR Regulations. One of those relaxations is the increase of threshold of the rights issue size for filing of the Letter of Offer with SEBI. The threshold of the rights issue size under Regulation 3 of the SEBI ICDR Regulations has been increased from Ten Crores to Fifty Crores. Since the size of this Issue falls under the threshold, the Letter of Offer had been filed with the Stock Exchanges and will not be filed with SEBI.

CAPITAL STRUCTURE

The Issue has been authorized by way of a resolution passed by our Board on August 07, 2021 pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Terms of the Issue” on page 66 of this Letter of Offer.

(₹ in Lakhs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorized Share Capital		
1,50,00,000 Equity Shares of ₹10.00 each	1,500.00	-
Issued, subscribed and paid-up capital before the Issue		
62,32,700 Equity Shares of ₹10.00 each	623.27	-
Present Issue in terms of this Letter of Offer⁽²⁾		
31,16,350 Equity Shares issued on Rights Basis, each at a premium of ₹90.00 Equity Share i.e. at a Price of ₹100.00 per Rights Equity Share	311.64	3,116.35
Issued, subscribed and paid-up capital after the Issue^{(1) (2)}		
93,49,050 Equity Shares of ₹10.00 each	934.91	-
Subscribed and paid-up share capital		
65,32,700 [#] fully paid-up Equity Shares	653.27 [#]	-
31,16,350 partly paid-up equity shares	311.64	
Securities Premium Account		
Before the Issue		986.93
After all the Calls are made in respect of Rights Equity Shares ⁽³⁾		3,791.64*

(1) The Issue has been authorized by our Board through resolution dated August 07, 2021.

(2) Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more calls will be as determined by the Board of Directors at its sole discretion.

(3) Assuming full payment of all Calls by holders of Rights Securities.

* Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.

[#]Includes 3,00,000 Equity Shares to be allotted under Scheme of ESOP. Our Company has received in-principle approval from BSE Limited for shares to be issued pursuant to a scheme Natural Capsules Limited – Employee Stock Option Plan 2018 for 3,00,000 Equity Shares of ₹10.00 each. The shares are yet to be exercised and will be allotted as and when exercised under the scheme

Notes to the Capital Structure

- 1) As on the date of this Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with option to convert or securities which are convertible at a later date into Equity Shares.
- 2) Our Company does not have a stock option scheme.
- 3) Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations
 - a) The shareholding pattern of our Company, as on September 30, 2021, can be accessed on the website of the BSE [here](#).

- b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on September 30, 2021, can be accessed on the website of the BSE [here](#).
- c) The statement showing holding of securities of persons belonging to the category "Public" including Equity Shareholders holding more than 1.00% of the total number of Equity Shares as on September 30, 2021, can be accessed on the website of the BSE [here](#).
- 4) No Equity Shares held by our Promoter or members of our Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.
- 5) The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer.
- 6) At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- 7) As on the date of this Letter of Offer, our company has not issued any SR equity shares and there are no outstanding equity shares having special voting rights.
- 8) There has been no acquisition of specified securities by the Promoter and Promoter Group in the last 1 (One) year immediately preceding the date of filing of this Letter of Offer except for the following

Date	Name of the Promoter	No. of Shares
November 13, 2020	Sushil Kumar Mundra	44,612
November 13, 2020	Indira Mundra	45,000
November 13, 2020	Sharada Mundra	47,277
July 13, 2021	Nidhi Sethia	500

- 9) The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the SAST Regulations, 2011 in connection with the Issue is ₹139.59
- 10) No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in the rights issue, except for fees or commission for services rendered in relation to the Issue.
- 11) Our Company has received in-principle approval from BSE Limited for shares to be issued pursuant to a scheme Natural Capsules Limited – Employee Stock Option Plan 2018 for 3,00,000 Equity Shares of ₹10.00 each. The shares are yet to be exercised and will be allotted as and when exercised under the scheme.

12) Details for subscription of Rights Equity Shares by Promoter and Promoter Group

Our Promoter and Promoter Group have undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoter or member(s) of the Promoter Group of our Company. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations. The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI (SAST) Regulations, our Promoters and our Promoter Group shall comply with the same. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

SECTION V - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards the following objects:

- 1) Meeting Capital Expenditure for Modernization/Expansion of Capsules Unit
- 2) Investment in Wholly Owned Subsidiary (WOS) viz, Natural Biogenex Private Limited

The main object clause of MoA of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our MoA.

Issue Proceeds

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

Particulars	Amount (₹ in lakhs)
Gross Proceeds from the Issue [#]	3,116.35
Less: Estimated Issue related Expenses	35.00
Net Proceeds from the Issue	3,081.35

[#] Assuming full subscription and allotment

Requirement of Funds of the Net Proceeds:

The intended use of the Net Proceeds of the Issue by our Company is set forth in the following table:

Sr. No.	Particulars	Total estimated amount to be utilized (₹ in lakhs)
1)	Meeting Capital Expenditure for Modernization/Expansion of Capsules Unit situated at Bengaluru	1,281.35
2)	Investment in Wholly Owned Subsidiary (WOS) viz, Natural Biogenex Private Limited	1,800.00
	Total	3,081.35

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the following means:

- 1) Issue of Equity Shares through this Letter of Offer
- 2) Term Loan sanctioned by HDFC Bank Limited for an amount of ₹1,800 Lakhs.
- 3) Internal accruals of the Company

Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75.00% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on our management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

Details of the Objects of the Issue

The details in relation to objects of the Issue are set forth herein below:

1) *Meeting Capital Expenditure for Modernization/Expansion of Capsules Unit at Bengaluru.*

As part of our growth strategy 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	

Our Company among the largest manufacturers of Empty Hard Gelatin Capsules in India with manufacturing facilities at Bengaluru and Pondicherry. We supply these capsules to Pharmaceutical and Nutraceutical formulation companies in India & in overseas markets. The company is presently expanding its manufacturing capacity of these capsules to cater the growing global demand due to increase thrust on healthcare. The Company also proposes to expand its marketing territories beyond the existing 28 countries.

Schedule of implementation and deployment of funds

We will be receiving 25.00% of the Net Proceeds on Application and the balance shall be received by our Company in subsequent Calls (the timing of which shall be determined by the Board of Directors at its sole discretion). Accordingly, our Company retains the right to utilize the Net Proceeds to meet the Capital Expenditure for Modernization/Expansion of Capsules Unit at Bengaluru. The following table lays out the detailed schedule of utilization of Net Proceeds in respect of the same upon receipt of (a) Application Money; and (b) Call Money:

Utilization of Net Proceeds upon receipt of Application Money

Estimated Amount (₹ in Lakhs)	Capital Expenditure
320.34	Part Investment for Capital Expenditure of ₹1,281.35 lakhs for modernization and expansion of capsules unit.

2) *Investment in Wholly Owned Subsidiary (WOS) viz, **Natural Biogenex Private Limited***

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

Schedule of implementation and deployment of funds

We will be receiving 25.00% of the Net Proceeds on Application and the balance shall be received by our Company in subsequent Calls (the timing of which shall be determined by the Board of Directors at its sole discretion). Accordingly, our Company retains the right to utilize the Net Proceeds to make Investment in Wholly Owned Subsidiary (WOS) viz, **Natural Biogenex Private Limited**.

Issue Related Expenses

The Issue related expenses consist of fees payable to the Lead Manager, processing fee to the SCSBs, Registrars to the Issue, Printing and Stationery expenses, Advertising Expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange. Our Company will need approximately 35.00 lakhs towards these expenses, a break-up of the same is as follows:

Activity	Estimated Expense	% of Total Expenses	As a % of Issue size
Fees payable to the intermediaries (including Lead Manager fees, selling commission, registrar fees and expenses)	21.00	60.00%	0.67%
Advertising, Printing, stationery and distribution Expenses	6.00	17.14%	0.19%
Statutory and other Miscellaneous Expenses	8.00	22.86%	0.26%
Total	35.00	100.00%	1.12%

Interim use of Funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Bridge Financing Facilities

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilized have been appraised.

Monitoring of utilization of funds

Since the proceeds from the Issue are less than ₹10,000 lacs, in terms of Regulation 16(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual

basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor. Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer.

Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group or Group Entities.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To

The Board of Directors

Natural Capsules Limited
Trident Towers, 3rd Floor, No. 23,
100 Feet Road, Jaynagar II Block,
Bengaluru-560 011

Dear Sirs,

Sub: Proposed Right Issue of Equity Shares (“Issue”) by Natural Capsules Limited (“Company”/”NCL”)

We report that there are no possible special direct tax benefits available to the Company and its shareholders under the Income-tax Act, 1961, presently in force in India.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither we are suggesting nor advising the investor to invest money based on this statement.

The contents of this statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We hereby give consent to include this statement of tax benefits in the Letter of Offer, the Letter of Offer and in any other material used in connection with the Issue.

Yours faithfully,

For **P Chandrasekar LLP**

Chartered Accountants

Sd/-

P Chandrasekaran

Partner

Membership No.: 026037

UDIN: 21026037AAAAFW7919

Place: Bangalore

Date: August 24, 2021

SECTION VI – ABOUT THE COMPANY

OUR INDUSTRY

Introduction

India, a South Asian nation, is the seventh-largest country by area, the second-most populous country with over 1.34 billion people, and the most populous democracy in the world. India boasts of an immensely rich cultural heritage including numerous languages, traditions, and people. The country holds its uniqueness in its diversity, and hence has adapted itself to international changes with poise and comfort. While the economy has welcomed international companies to invest in it with open arms since liberalization in the 1990s, Indians have been prudent and pro-active in adopting global approach and skills. Indian villagers have proudly taken up farming, advanced agriculture and unique handicrafts as their profession on one hand, while modern industries and professional services sectors are coming up in a big way on the other.

The economy of India is characterized as a middle income developing market economy. It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). According to the International Monetary Fund (IMF), on a per capita income basis, India ranked 142nd in terms of Nominal GDP and 124th rank in GDP in terms of Purchasing Power Parity in 2020.

In 2020, India's ten largest trading partners were USA, China, UAE, Saudi Arabia, Switzerland, Germany, Hong Kong, Indonesia, South Korea and Malaysia.

Key Economic Indicators

National Income

Gross Domestic Product (GDP) for FY 2020-21 is reported at ₹1,35,13,000 crores as compared to ₹1,45,69,000 crores in FY 2019-20, growth declining by -7.30% as compared to 4.00% in FY 2019-20. Gross Value added (GVA) has registered the decline of 6.30% in FY 2020-21, GVA is reported at ₹1,24,53,000 crores as compared to ₹1,32,71,000 crores in FY 2019-20.

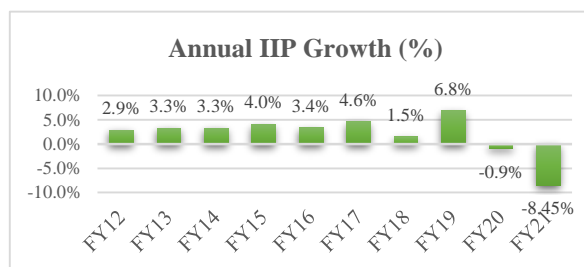
In the component of GVA for FY 2020-21, Agriculture, Forestry & Fishing grew by 4.30%, Mining & Quarrying declined by 2.70%, Manufacturing was down by 2.50%, Electricity, Gas, Water Supply and Other Utility Services grown by 2.00%, Construction grew by 1.10%, Trade, Hotels, Transport, Communication and Services Related to Broadcast grew by 6.40%, Financial, Real Estate and Professional Services grew by 7.20%, Public Administration, Defence and Other Services grew by 8.30%.

Post COVID-19, GDP estimates for FY 2020-21 is revised to -8.00%.

Component of GVA	FY2019-20 (₹ in Crores)	FY 2020-21 (₹ in Crores)	Growth YoY
Agriculture, Forestry & Fishing	19,68,000	20,40,000	-3.60%
Mining & Quarrying	3,22,000	2,95,000	-8.50%
Manufacturing	22,69,000	21,07,000	-7.20%
Electricity, Gas, Water Supply and Other Utility Services	3,00,000	3,07,000	1.90%
Construction	10,36,000	9,46,000	-8.60%
Trade, Hotels, Transport, Communication and Services Related to Broadcast	27,00,000	22,08,000	-18.20%
Financial, Real Estate and Professional Services	29,17,000	28,73,000	-1.50%
Public Administration, Defence and Other Services	17,59,000	16,78,000	-4.60%
GVA (Gross VALUE Added)	1,32,71,000	1,24,53,000	-6.20%

Industrial Production:

Index of Industrial Production (IIP) for FY 2020-21 stood at 118.10 compared to 129.00 in FY 2019-20, showing the plunge of 8.40% compared to the previous year. In FY 2019-20 IIP declined by 0.86%. As per Used Based Classification, Primary goods grew by -7.10%, Capital Goods declined by 18.80%, Intermediate goods grew by -9.30%, Infrastructure and Construction Goods declined by 8.70%, Consumer Durables plunged by 15.20%, and Consumer Non-Durables declined by 2.10% in FY 2020-21 compared to FY 2019-20..



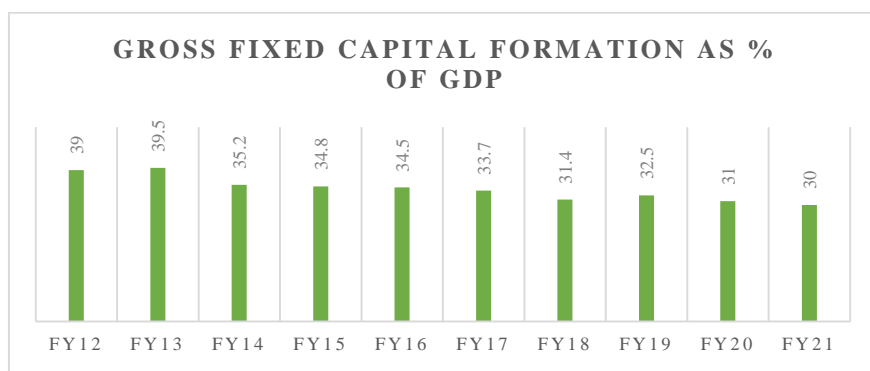
Inflation

Consumer Price Index (CPI) which measures the retail Inflation in the economy, grew at 5.70% in FY 2020-21 compared to 4.80% in FY 2019-20.

Wholesale Price Index (WPI) rose to 123.10 for the FY 2020-21 compared to 121.80 in FY 2019-20, showing the surge of 1.10% in wholesale inflation.

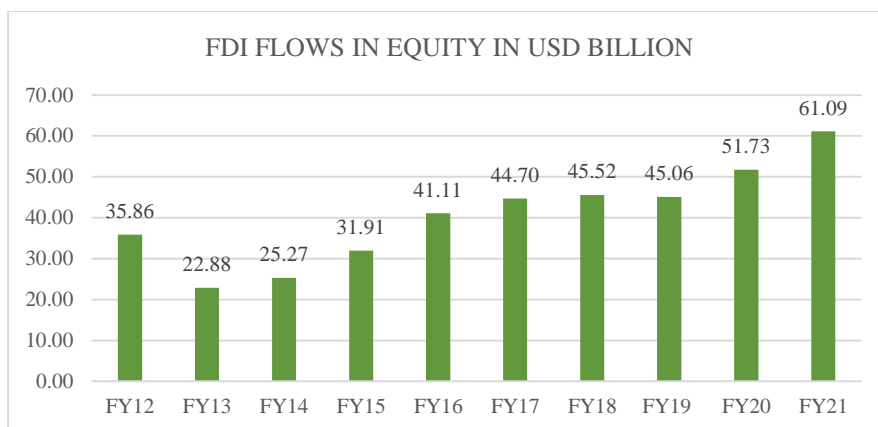
Gross Fixed Capital Formation

Gross Fixed Capital Formation (GFCF) for the financial year FY 2020-21, reported at ₹42,21,000 crores as compared to 47,30,000 crores in FY 2019-20. As a percent of GDP it was reported at 31.00% of FY 2020-21 GDP which was 30.00% of the GDP in FY 2019-20.



FDI Inflows

During the financial year FY 2020-21, India has received the FDI in equities of \$ 61.09 billion as compared to \$ 51.73 billion in FY 2019-20. FDI in FY 2019-20 registered the growth of 18.10% compared to 14.80% in FY 2018-19. On cumulative basis, from FY 2010-11 to FY 2019-20, India has received the total FDI of \$ 427.40 billion.



Source: www.rbi.org.in

Global Growth Outlook

COVID-19 had adversely impacted the global economy and human life severely. Lockdowns implemented across the globe from time to time had impacted the business activity and earning capacity, it has created the large unemployment due to shut downs and migration. There was complete meltdown till the first half of the year 2020. Recovery across the globe is witnessed post the lifting of lockdowns and industrial activity has started picking up but there is again, the concern of new COVID spread in various part of the world.

Vaccination rollout is running at good pace in Western countries and Asian countries have also on strong footing. In India more than 35 crores of population has received at least one dose of the vaccine. Economic activity across the globe is picking up very fast amid the detection of new variants of the COVID in Europe and in other parts of the world, which is a bit troublesome.

Growth Outlook

Global growth is projected at 6.00% in 2021, moderating to 4.40% in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

IMF projects the Indian GDP to top the Emerging countries and projected to grow by 12.50% in 2021 and 6.90% in 2022 followed by China with growth of 8.40% and 6.00% in 2021 and 2022 respectively.

WORLD ECONOMIC OUTLOOK PROJECTIONS

Particulars	Projection			
	2019	2020	2021	2022
World Output	2.80	-3.30	6.00	4.40
Advanced Economies	1.60	-4.70	5.10	3.60
United States	2.20	-3.50	6.40	3.50
Euro Area	1.30	-6.60	4.40	3.80
Germany	0.60	-4.90	3.60	3.40
France	1.50	-8.20	5.80	4.20
Italy	0.30	-8.90	4.20	3.60
Spain	2.00	-11.00	6.40	4.70
Japan	0.30	-4.80	3.30	2.50

Particulars			Projection	
	2019	2020	2021	2022
United Kingdom	1.40	-9.90	5.30	5.10
Canada	1.90	-5.40	5.00	4.70
Other Advanced Economies ²	1.80	-2.10	4.40	3.40
Emerging Market and Developing Economies	3.60	-2.20	6.70	5.00
Emerging and Developing Asia	5.30	-1.00	8.60	6.00
China	5.80	2.30	8.40	5.60
India ³	4.00	-8.00	12.50	6.90
ASEAN-5 ⁴	4.80	-3.40	4.90	6.10
Emerging and Developing Europe	2.40	-2.00	4.40	3.90
Russia	2.00	-3.10	3.80	3.80
Latin America and the Caribbean	0.20	-7.00	4.60	3.10
Brazil	1.40	-4.10	3.70	2.60
Mexico	-0.10	-8.20	5.00	3.00
Middle East and Central Asia	1.40	-2.90	3.70	3.80
Saudi Arabia	0.30	-4.10	2.90	4.00
Sub-Saharan Africa	3.20	-1.90	3.40	4.00
Nigeria	2.20	-1.80	2.50	2.30
South Africa	0.20	-7.00	3.10	2.00

² Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

³ For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

⁴ Indonesia, Malaysia, Philippines, Thailand, Vietnam

⁵ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$ 41.29 in 2020; the assumed price, based on futures markets, is \$58.52 in 2021 and \$ 54.83 in 2022.

⁶ The inflation rates for 2021 and 2022, respectively, are as follows: 1.40 percent and 1.20 percent for the euro area, 0.10 percent and 0.70 percent for Japan, and 2.30 percent and 2.40 percent for the United States.

⁷ Excludes Venezuela. See country-specific note for Venezuela in the “Country Notes” section of the Statistical Appendix.

⁸ For world output, the quarterly estimates and projections account for approximately 90.00 percent of annual world output at purchasing-power-parity weights. For emerging market and developing economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies’ output at purchasing-power-parity weights.

Source: www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021

INDIAN PHARMACEUTICAL INDUSTRY

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50.00% of global demand for various vaccines, 40.00% of generic demand in the US and 25.00% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80.00% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Globally, India ranks 3rd in terms of Pharmaceutical Production by volume and 14th by value. The domestic Pharmaceutical Industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20.00% of the global export in terms of volume, making the country the largest provider of generic medicines globally. It is expected to expand even further in the coming years.

India's medical devices market stood at US\$ 10.36 billion in FY 2019-20. The market is expected to increase at a CAGR of 37.00% from 2020 to 2025 to reach US\$ 50 billion.

To achieve self-reliance and minimize import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of ₹6,940 crores (US\$ 951.27 million) from FY 21 to FY 30.

Under Union Budget 2021-22, the Ministry of Health and Family Welfare has been allocated ₹73,932 crores (US\$ 10.35 billion) and the Department of Health Research has been allocated ₹2,663 crores (US\$ 365.68 billion). The government allocated ₹37,130 crores (US\$ 5.10 billion) to the 'National Health Mission'. PM Aatmanirbhar Swasth Bharat Yojana was allocated ₹64,180 crores (US\$ 8.80 billion) over six years. The Ministry of AYUSH was allocated ₹2,970 crores (US\$ 407.84 million), up from ₹2,122 crores (US\$ 291.39 million).

India plans to set up a nearly ₹1,00,000 crores (US\$ 1.30 billion) fund to provide boost to companies to manufacture pharmaceutical ingredients domestically by 2023.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US \$42 billion in 2021 and likely to reach US \$65 billion by 2024 and further expand to reach ~US \$ 120-130 billion by 2030.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US \$64 billion in 2019 and is expected to reach US \$150 billion by 2025. India's drugs and pharmaceuticals exports stood at US \$24.44 billion in FY 2021.

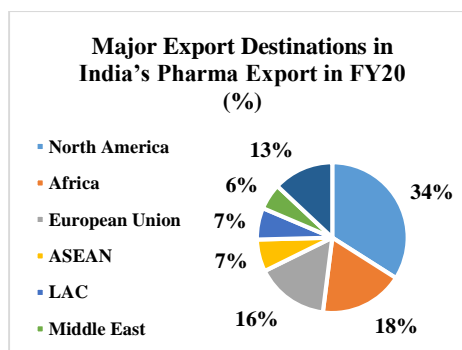
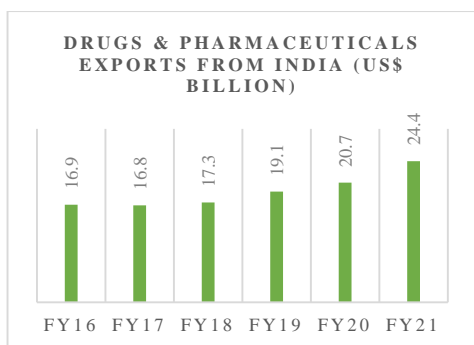
Pharmaceuticals Export to Continue Witnessing Positive Growth

India is the world's largest provider of generic medicines; the country's generic drugs account for 20.00% of global generic drug exports (in terms of volumes). Indian drugs are exported to more than 200 countries in the world, with the US as the key market.

Indian pharma companies are capitalizing on export opportunities in regulated and semi-regulated markets. Exports of Indian pharmaceuticals, including bulk drugs, intermediates, drug formulations, biologicals, AYUSH & herbal products and surgical products, reached US \$16.28 billion in FY 20. India's drugs and pharmaceuticals exports stood at US \$24.44 billion in FY 21.

The biggest export destination for Indian pharma product is the US. In FY 20, 32.10% of India's pharma exports were to the North America, followed by 17.96% to Africa and 15.70% to the European Union.

India's formulation surged 18.00% and the bulk drug exports rose 9.00% y-o-y in the first half of FY 21, according to a report by CRISIL.



EU - European Union, ASEAN - Association of Southeast Asian Nations, LAC - Latin America and the Caribbean

Important segments in Indian pharmaceutical sector

1) *Active Pharmaceutical Ingredients (API)*

Domestic API consumption is expected to reach US \$18.80 billion by FY 22. In April 2019, a high-level task force was constituted to create a roadmap for increasing domestic production of APIs. Currently India imports over 60.00% of its APIs from other countries.

2) *Contract Research and Manufacturing Services (CRAMS)*

Fragmented market with more than 1,000 players. CRAMS industry has posted 48.00% CAGR between FY 15-18 and is expected to witness a strong growth over 25.00% over 2018-21.

3) *Biosimilar*

The Government plans to allocate US \$70 million for local players to develop Biosimilar. The domestic market is expected to reach US \$35 billion by 2030.

4) *Formulations*

Largest exporter of formulations in terms of volume, with 14.00% market share and 12th in terms of export value. Double-digit growth is expected over the next five years.

Growth Drivers

1) *Launch of Patented Drugs*

Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India. Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. High Court allowing to export patent drugs, to foreign players in the Indian market.

2) *Medical Infrastructure*

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by US \$200 billion by 2024. India's medical devices market stood at US \$10.36 billion in FY 20. The market is expected to increase at a CAGR of 37.00% from 2020 to 2025 to reach US \$50 billion.

3) *Generic Market*

India's generic drugs account for 20.00% of global exports in terms of volume, making it the largest provider of generic medicines globally. The generics drug market accounts for around 70.00% of the India pharmaceutical industry. India supplies >40% generics to the US market.

4) *Over-The-Counter (OTC) drugs*

India's OTC drugs market is estimated to have grown at a CAGR of 16.30% to US \$6.60 billion over 2008-16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions. The India OTC market was accounted at US \$4.61 billion in 2018 and is expected to reach US \$10.22 billion by 2024.

Favorable Policy Measures

- 1) Up to 100.00%, FDI has been allowed through automatic route for Greenfield pharmaceuticals projects. For Brownfield pharmaceuticals projects, FDI allowed is up to 74.00% through automatic route and beyond that through government approval.

- 2) The cumulative FDI equity inflow in the Drugs and Pharmaceuticals industry is USD 17,746.39 million during the period April 2000 to March 2021. This constitutes 3.40% of the total FDI inflow received across sectors.
- 3) The Ministry of Health and Family Welfare has been allocated ₹73,932 crores (US \$10.35 billion) and the Department of Health Research has been allocated ₹2,663 crores (US \$365.68 million).
- 4) The government allocated ₹37,130 crores (US \$5.10 billion) to the 'National Health Mission'.
- 5) To achieve self-reliance and minimize import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated the PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of ₹6,940 crores (US \$951.27 million) from FY 21 to FY 30.

Source: www.ibef.org/download/Pharmaceuticals-May-2021

OUR BUSINESS

Our Company was incorporated on September 20, 1993 as a public limited company under the provisions of Companies Act, 1956 with the Registrar of Companies, Bangalore in the name and style of 'Natural Capsules Limited'. The Registered Office of the Company was shifted from "Shreshta Bhumb, V.K. Iyankarn, 102, No. 87, K.R. Road, Bangalore, Karnataka to Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka-560011. The Corporate Identification Number of our Company is L85110KA1993PLC014742.

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.

Our Company has ensured to provide turnkey solutions to all of our customers. We have evolved and strengthened our endeavors by constantly innovating through excellent products. With a mission to enable "Technology Assisted Business Transformation", Our Company has ensured to deliver the best products with a technological edge.

Our Company is also engaged in formulating the pharmaceutical dosage forms in Capsule dosage form, both Pharma and Nutraceutical Products. Our Company is fully committed to upgrade its facilities on a continuous basis to meet the requirements of National and International Standards, cGMP and cGLP practices. We have been serving the pharmaceutical industry over a decade, comprising of two units one at Bengaluru and other at Pondicherry.

Our Promoters have been instrumental in shaping the value system of our Company. With their rich experience, we shall continue to grow in the pharmaceutical industry. We value our customers and aim to exceed the expectations of our customers by offering diverse products and fulfilling valuable commitments.

We also use formal customer satisfaction measurement programs that provide routine opportunities for our customers to tell us what they like or, more importantly, what they don't like about dealing with Natural Capsules Limited.

Our Vision and Mission Statement

Vision Statement

- Be the Global Leader for supply of Cellulose Capsules (HPMC: non-animal alternative)
- Providing superior Quality two-piece hard Gelatin Capsules
- Be the Best Service provider to the Customers all around
- Invest in Research and Development of new capsule technologies and application

Mission Statement

We believe in a mission to constantly innovate and produce products that are an outcome of responses received from the market as well as its customers. We assure to provide the Highest Quality products on a consistent basis both to its National and International customers. "We truly believe in Relating Technology to Nature".

Our Group's mission is to be an integrated enterprise of global distinction. Essential to this mission is excellence in:

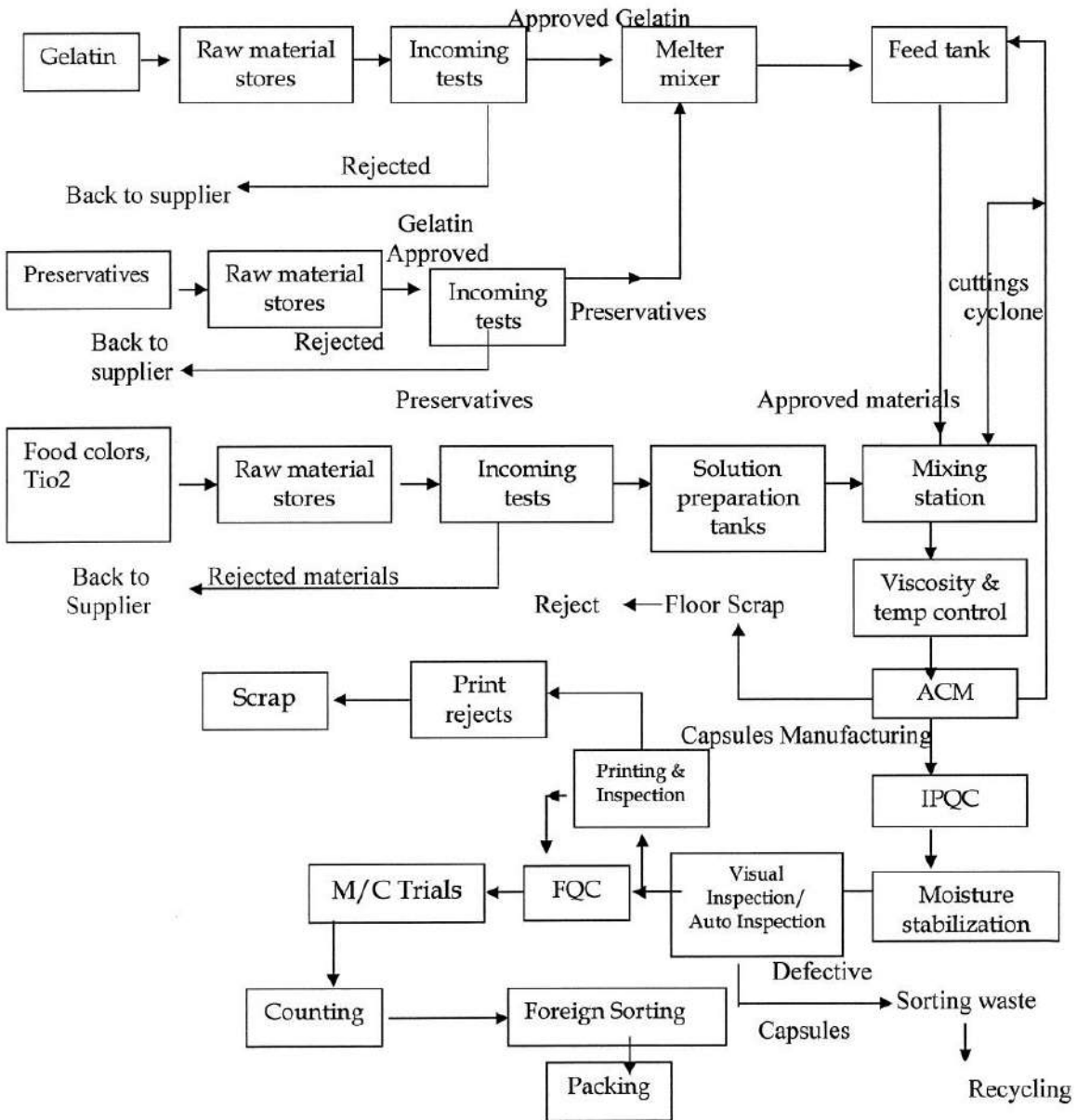
- Internationally benchmarked Quality and Regulatory Systems
- Customer relationship through outstanding products and services
- State of the art manufacturing facilities
- To understand our customer needs and adding value to our customers & products, so that we grow together

Our Products

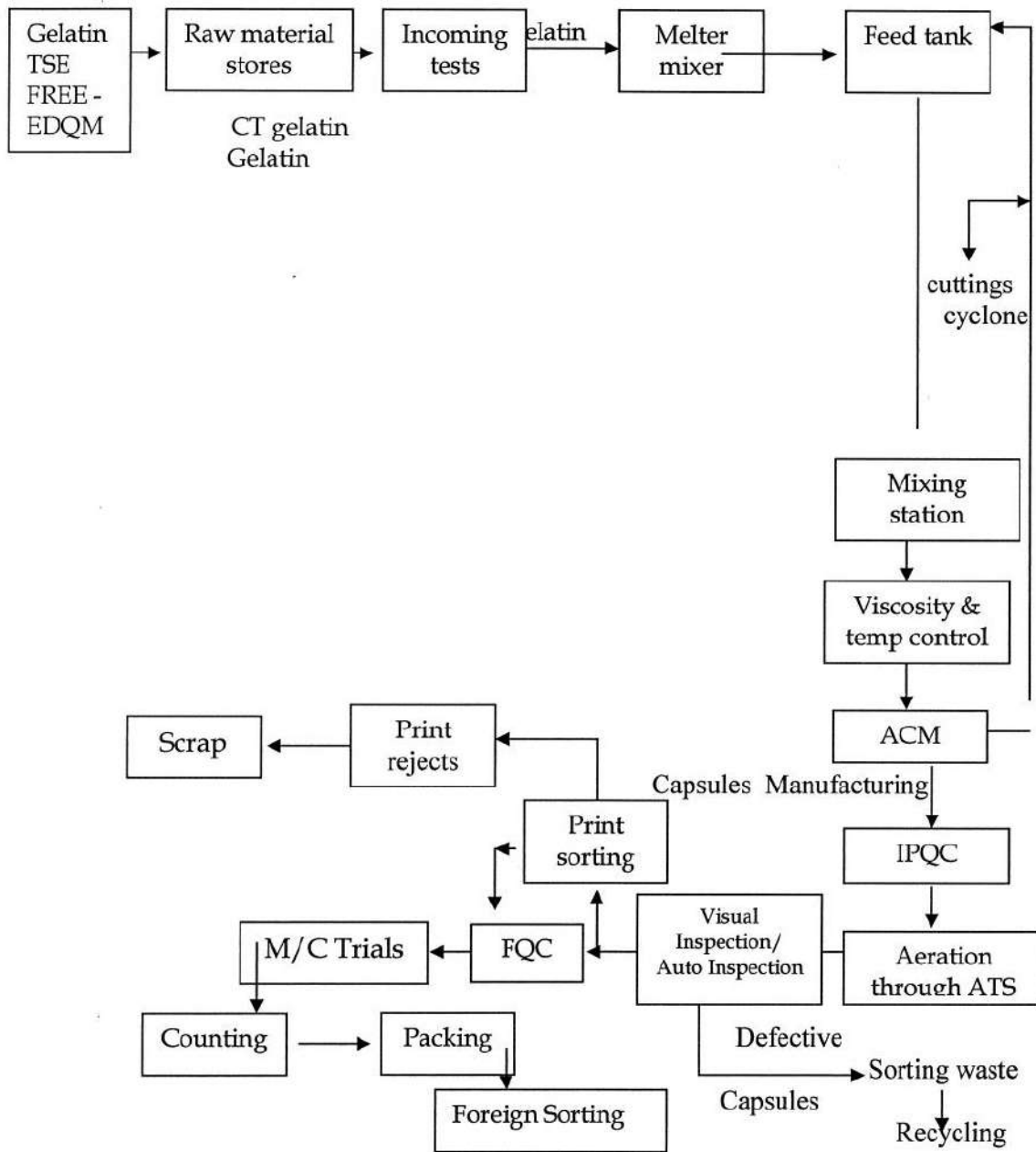
Sr. No.	Product	Description
1)	Hard Gelatin Capsule Shells	Hard Gelatin Capsules are preferred oral dosage form in pharmaceutical and nutritional applications. They are neutral in taste and easy to swallow. NCL manufacture two-piece hard gelatin capsules in sizes 00, 0e1, 0, 1, 2, 3 & 4. NCL procures & utilize the best Pharmaceutical Grade Gelatin and edible food grade colors from the Best Manufacturers of Raw Material for manufacturing of its products
2)	BSE /TSE Free Gelatin Capsule Shells	These Gelatin Capsules are manufactured from Gelatin derived from the bones of cattle which were born and bred in India only and are free from Bovine Spongiform Encephalopathy (BSE) and Transmissible Spongiform Encephalopathy (TSE). The bones were obtained from healthy animals slaughtered in slaughter house for human consumption and are Halal certified.
3)	Shiny Gelatin Capsule Shells	These Gelatin Capsules are made from Pearl Pigments as coloring agents. These are available in attractive shades matching to customer needs.
4)	SLS Free Gelatin Capsule Shells	These Gelatin Capsules are manufactured without Sodium Lauryl Sulphate as an excipient in the formulation of Gelatin Capsule Shells.
5)	Halal Certified Gelatin Capsule Shells	These Gelatin Capsules are manufactured from Gelatin derived from cattle bones which have been obtained as per Halal in accordance with Islamic Law.
6)	Fortified Gelatin Capsule Shells	These Gelatin Capsules, which are usually made of completely inert material (Gelatin), are now fortified with vitamins for added nutritional value.
7)	Sweet Gelatin Capsule Shells	These Gelatin Capsules are sweet and are highly suitable for Pediatric products in capsule dosage forms.
8)	Fast Release Gelatin Capsule Shells	These Gelatin capsules are designed to release its contents much faster than the normal Gelatin Capsules.
9)	Printed Gelatin/Cellulose Capsule Shells	More than any other dosage form, two-piece capsules offer many unique and colorful ways to enhance the image and utility of products. In addition to this, printing on capsules provides a unique identification system by adding information such as Name of the Company or Brand logo of the company, A brand or Product name, Details of the product claim (e.g. 250 mg / 500 mg etc.). The unique identifying feature of printed capsules helps in putting checks on cross-contamination and reducing the risk of medication errors.
10)	Vegetarian Capsule Shells	HPMC (hydroxypropyl methylcellulose) is derived from vegetable cellulose. 100.00% natural, capsules contain no preservatives, gelatin, wheat, animal by-products or starch, and vegicaps are made from pure cellulose of either pine or poplar.
11)	Enteric Capsule Shells	Have great utility for things that either upset the stomach or must be digested in the intestines. Delayed Release Capsules allows to make capsules that are water resistant, and better protected from the environment. Enteric coated capsules will last longer.

Manufacturing Process

Production Flow chart of Hard Gelatin capsule shells with Preservatives:



Production Flow chart of Hard Gelatin capsule shells without Preservatives & SLS:



PRODUCTION FACILITIES

Bengaluru



Land Area: 8,165 Sq. Mtrs.
Building Area: 3,750 Sq. Mtrs.
Production Capacity: 13,160 Lakhs/Annum
Number of Employees: Around 100

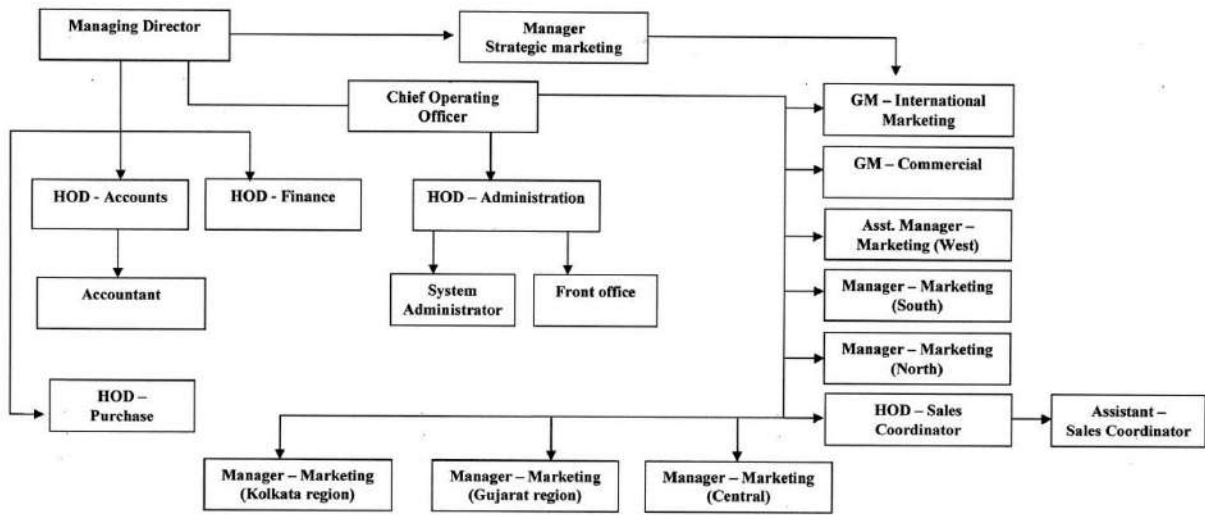
Pondicherry



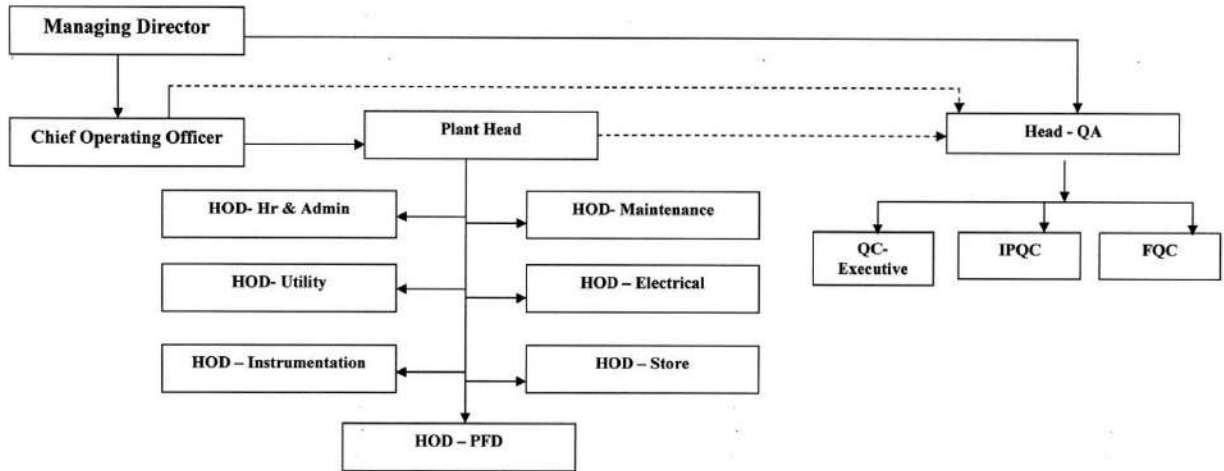
Land Area: 16,187 Sq. Mtrs.
Building Area: 8,361 Sq. Mtrs.
Production Capacity: 66,240 Lakhs/annum
Number of Employees: Around 300

ORGANIZATION STRUCTURE

HEAD OFFICE



UNIT-1



HISTORY AND CORPORATE STRUCTURE

Brief Corporate History of our Company

Our Company was incorporated on September 20, 1993 as a public limited company under the provisions of Companies Act, 1956 with the Registrar of Companies, Bangalore in the name and style of 'Natural Capsules Limited'. The Registered Office of the Company was shifted from "Shreshta Bhumib, V.K. Iyenkarno, 102, No. 87, K.R. Road, Bangalore, Karnataka to Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka-560011. The Corporate Identification Number of our Company is L85110KA1993PLC014742.

Subsidiaries

As on date of this Letter of Offer, our Company has 2 (Two) Subsidiary Companies viz, Natural Phyto Pharma Private Limited and Natural Biogenex Private Limited.

Main Objects of our Company

- 1) To carry on the business as manufacturers, producers, importers, exporters, merchants, distributors, commission agents, and whole sale and retail dealers in capsules of all kinds including hard gelatin and soft gelatin capsules.
- 2) To carry on the business as manufacturing chemists, whole sale and retail druggists, distributors, exporters, and manufacturers, makers, refiners, processors, or formulators, traders and dealers in pharmaceutical, chemical, biological, immunological and therapeutic preparations and drugs whether proprietary or otherwise.
- 3) To carry on the business as manufacturers, processors, re-packers, or formulators of pharmaceutical and medical preparations on behalf of others on Loans. Licenses or otherwise.
- 4) To grow, produce, extract, manufacture or otherwise acquire, sell, distribute, deal in and dispose of chemical and biological products of every nature and description and compounds, intermediates, derivatives and by products thereof.

OUR MANAGEMENT

Board of Directors

The following table sets forth details regarding the Board of Directors as on the date of this Letter of Offer:

Sr. No.	Name, Age, Designation, Address, Occupation, Nationality, Date of Appointment and DIN	Other Directorships
1)	<p>Mr. C.P Rangachar Date of Birth: July 23, 1942 Age: 78 Address: B-4, Epsilon Villas, Yemlur Home Owners Association, Behind HAL Airport, Yemlur, Bangalore South, Bengaluru, Karnataka-560037 Designation: Chairman & Independent Director Date of Appointment: June 29,1994 Nationality: Indian Occupation: Service DIN: 00310893</p>	<p>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</p>
2)	<p>Mr. Sunil Laxminarayan Mundra Date of Birth: November 30, 1964 Age: 56 Address: # 8/23 Manjari, 10th Cross, 3rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019 Designation: Managing Director Date of Appointment: June 01, 2011 Nationality: Indian Occupation: Service DIN: 00214304</p>	<p>1) Natural Biogenex Private Limited 2) Tajos Investments Private Limited 3) Natural Phyto Pharma Private Limited 4) Square Plus Life Sciences Private Limited</p>
3)	<p>Mr. Anjan Kumar Roy Date of Birth: January 10, 1953 Age: 68 Address: No. 335 4th Main, 14th Cross Sadashiva Nagar, Bangalore, Karnataka-560080 Designation: Independent Director Date of Appointment: July 30, 2018 Nationality: Indian Occupation: Service DIN: 01032834</p>	<p>1) Ray Life Sciences Private Limited 2) Trroy Life Sciences Private Limited</p>
4)	<p>Mr. Pramod Kasat Date of Birth: August 06, 1969 Age: 51 Address: Near Korum Mall Aardra, Flat 24, Tarangam Complex, Bldg No-11, Thane, Jekegram, Thane, Maharashtra-400606 Designation: Independent Director Date of Appointment: May 30, 2019 Nationality: Indian Occupation: Service DIN: 00819790</p>	<p>1) Advanced Enzyme Technologies Limited 2) Shilpa Medicare Limited 3) JC Biotech Private Limited</p>
5)	<p>Mr. Satyanarayan Mundra Date of Birth: April 22, 1951 Age: 69 Address: #8/23 Manjari, 10th Cross, 3rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019 Designation: Whole Time Director Date of Appointment: September 20, 1993 Nationality: Indian Occupation: Service</p>	<p>1) Nandi Synthetics Private Limited 2) Square Plus Life Sciences Private Limited</p>

Sr. No.	Name, Age, Designation, Address, Occupation, Nationality, Date of Appointment and DIN	Other Directorships
	DIN: 00214349	
6)	Mr. Laxminarayan Mundra Date of Birth: April 27, 1941 Age: 77 Address: #8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019 Designation: Whole Time Director Date of Appointment: June 01, 2011 Nationality: Indian Occupation: Service DIN: 00214298	1) Tajos Investments Private Limited 2) Square Plus Life Sciences Private Limited
7)	Mr. Sushil Kumar Mundra Date of Birth: December 03, 1969 Age: 51 Address: #8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019 Designation: Director Date of Appointment: September 20, 1993 Nationality: Indian Occupation: Service DIN: 00214332	1) Natural Biogenex Private Limited 2) Nandi Synthetics Private Limited 3) Natural Phyto Pharma Private Limited 4) Square Plus Life Sciences Private Limited
8)	Mrs. Jyoti Mundra Date of Birth: July 31, 1967 Age: 53 Address: #8/23 Manjari, 10 th Cross, 3 rd Main, Basappa Layout, Bangalore South, Gaviopuram Extension, Bangalore, Karnataka-560019 Designation: Director Date of Appointment: March 30, 2015 Nationality: Indian Occupation: Service DIN: 07143035	N.A

Relationship between Directors

Name of the Director	Relationship with other Director	
	Name	Relation
Mr. Laxminarayan Mundra	Mr. Sathyanarayan Mundra	Brother
	Mr. Sunil L Mundra	Son
	Mr. Sushil Kumar Mundra	Son
Mr. Sathyanarayana Mundra	Mr. Laxminarayan Mundra	Brother
	Mr. Sunil L Mundra	Nephew
	Mr. Sushil Kumar Mundra	Nephew
Sushil Kumar Mundra	Mr. Laxminarayan Mundra	Father
	Mr. Sathyanarayan Mundra	Uncle
	Mr. Sushil Kumar Mundra	Brother
Mr. Sunil L Mundra	Sri Laxminarayan Mundra	Father
	Sri Sathyanarayan Mundra	Uncle
	Sri Sushil Kumar Mundra	Brother
Mrs. Jyoti Mundra	Sri Sunil L Mundra	Husband
	Laxminarayan Mundra	Father in Law
	Sathyanarayan Mundra	Husband's Uncle
	Sushil Kumar Mundra	Brother in Law

Apart from the above details, there is no relationship between other Directors of the Company.

Confirmations

None of the Directors is or was a director of any listed company in India during the last five years preceding the date of filing of the Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company, which has been or was delisted from any recognized stock exchange in India during the term of their directorship in such company.

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination of employment.

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above-mentioned directors have been appointed in the Board.

SECTION VII-FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1)	Standalone and Consolidated Audited Financial Statements as at and for the year March 31, 2021 (Extract of Annual Report)	55-140 of Balance Sheet Extract
2)	Standalone and Consolidated Unaudited Financial Statements along with Limited Review Report for quarter ended June 30, 2021	1-10

The following tables set forth financial information derived from our Consolidated Audited Financial Information for the year ended March 31, 2021 and Quarter ended June 30, 2021. We have not given Restated Financials because we fall under Part-B of SEBI (ICDR), 2018.

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**

**D Mani Kumar
Partner
Membership No. 212544
Date : 31.05.2021
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, 2021, 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, 2021, 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.	Evaluation of uncertain Tax positions	

	<p>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.</p>	<p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management.</p> <p>Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions;</p> <p>We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p>
<p>2.</p>	<p>Trade receivables</p> <p>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</p>	<p>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</p> <p>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.</p>

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 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 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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

D Mani Kumar
Partner
Membership No. 212544
UDIN No 21212544AAAADG8989

Place: Bangalore
Date: 31st May 2021

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 2021, 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. 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 Statue	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 Statue	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

- 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

D. Mani Kumar
Partner
Membership No. 212544
UDIN No 21212544AAAADG8989

Place: Bangalore
Date: 31st May 2021

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 2021 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

28th Annual Report-2020-21

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

D Mani Kumar

Partner

Membership No. 212544

UDIN No 21212544AAAADG8989

Place: Bangalore

Date: 31st May 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

S.No	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A	ASSETS		Amount in Rs	Amount in Rs
	Non-Current Assets			
	(a) Property, Plant and equipment	2	34,59,01,490	23,81,29,450
	(b) Capital Work in Progress		3,44,54,229	2,10,74,558
	(c) Investment Property	3	-	-
	(d) Other Intangible Assets	4	-	-
	(e) Financial Assets			
	(i) Investments	5	1,75,000	5,58,10,709
	(ii) Other financial assets	6	1,32,34,457	87,95,558
	(f) Deferred Tax Assets			
	(g) Other Non-Current Assets	7	17,76,00,768	4,60,36,156
	Total non-Current Assets		57,13,65,943	36,98,46,432
	Current Assets			
	(a) Inventories	8	6,60,96,192	5,28,05,088
	(b) Financial Assets			
	(i) Other Investments		-	-
	(ii) Trade Receivables	9	26,69,59,537	30,35,66,759
	(iii) Cash and Cash Equivalents	10	9,31,151	32,82,093
	(iv) Bank balances other than (iii) above	11	58,66,212	59,81,455
	(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	5,33,66,341	93,42,648
	Total Current Assets		39,52,19,432	37,69,78,044
	TOTAL ASSETS		96,65,85,375	74,68,24,475
B	EQUITY AND LIABILITIES			
	Equity			

28th Annual Report-2020-21

(a) Equity Share Capital	16	6,23,27,000	6,23,27,000
(b) Other Equity	17	55,89,75,451	49,38,86,488
(c) Money Received against Share warrants			-
Total Equity		62,13,02,451	55,62,13,488
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	-	-
(ii) Other Financial Liabilities	19	-	-
(b) Deferred Tax Liabilities		95,52,800	93,38,400
(c) Provisions	20	12,13,355	14,40,264
(d) Other Non-Current liabilities			
Total Non-Current Liabilities		1,07,66,155	1,07,78,664
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	9,62,93,294	6,26,26,332
(ii) Trade Payables			
Dues of micro enterprises and small enterprises	22	-	-
Dues of creditors other than micro enterprises and small enterprises	22	16,05,80,731	6,96,23,897
(iii) Other Financial Liabilities	23	83,69,177	1,45,87,383
(b) Provisions	24	1,01,91,310	11,26,163
(c) Other Current Liabilities	25	5,90,82,256	3,18,68,549
Total Current Liabilities		33,45,16,768	17,98,32,324
Total Liabilities		34,52,82,923	19,06,10,988
TOTAL EQUITY AND LIABILITIES		96,65,85,375	74,68,24,476

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 : 31.05.2021

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 PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

S.No	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from Operations	26	79,51,34,936	61,55,48,469
II	Other Income	27	72,70,522	95,30,960
III	Total Income (I+II)		80,24,05,459	62,50,79,429
IV	Expenses:			
	Cost of materials consumed	28	36,09,63,130	27,92,45,573
	Changes in Inventories of finished goods, work-in-progress and stock in trade	29	1,33,12,049	10,58,279
	Employee benefit expense	30	8,04,85,770	6,99,33,978
	Finance costs	31	37,05,935	76,69,909
	Depreciation and amortisation expense	32	4,30,63,712	4,12,07,249
	Other expenses	33	23,07,37,465	21,22,57,257
	Total Expenses (IV)		73,22,68,060	61,13,72,244
V	Profit before exceptional items and Tax (III-IV)		7,01,37,398	1,37,07,185
			14.70%	10%
VI	Exceptional items - Income /(Expenses)	34	2,17,64,291	-
VII	Profit before Tax (V - VI)		9,19,01,689	1,37,07,185
VIII	Tax Expense:			
	1) Current tax		2,22,16,500	65,73,000
	2) Tax for earlier			
	3) Deferred tax		2,14,400	-14,41,300
	Total Tax expenses		2,24,30,900	51,31,700
IX	Profit for the year (VII-VIII)		6,94,70,789	85,75,485
	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Re-measurement of the defined benefit plan		-6,42,206	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		-6,42,206	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))		-6,42,206	2,06,135
XI	Total Comprehensive Income (IX+X)		6,88,28,583	87,81,620
XII	Earnings Per Equity Share (Nominal value per share Rs.10/-)			
	(a) Basic		11.04	1.41
	(b) Diluted		11.04	1.41

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 : 31.05.2021

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, 2021

Particulars	For the Year ended March 31, 2021		For the Year ended March 31, 2020	
A. Cash flow from operating activities				
Profit before tax		9,19,01,689		1,37,07,185
Adjustments for:				
Depreciation and Amortisation	4,30,63,712		4,12,07,249	
Finance Costs (net)	23,79,191		76,69,909	
Profit on sale of Fixed Assets (net)	-90,000			
Interest Income	-13,40,589		-5,88,666	
Bad Debts	56,58,712		18,42,658	
Liability no longer required written back	-		-	
Profit on sale of investments	-2,17,64,291		-	
Re-measurement of the defined benefit plan	-6,42,206		2,06,135	
		2,72,64,529		5,03,37,284
Operating profit before working capital changes		11,91,66,219		6,40,44,469
Changes in working capital				
Adjustments for increase / (decrease) in				
Trade and other receivables	3,09,48,510		1,65,87,947	
Inventories	-1,32,91,103		-96,45,256	
Bank balances other than cash and cash equivalent	1,15,243		-15,70,768	
Other Assets	-17,55,88,305		6,51,701	
Other Financial Assets	-44,38,899		15,36,153	
Trade Payable	9,09,56,834		-1,29,91,090	
Other Liabilities	3,62,78,854		1,89,99,715	
Provisions	-2,26,909		-76,725	
Other Financial Liabilities	-62,18,206		10,66,570	
Cash generated from operations		7,77,02,239		7,86,02,716
Taxes paid		2,22,16,500		65,73,000
Net cash generated from operating activities		5,54,85,739		7,20,29,716
B. Cash flow from investing activities				
Purchase of fixed assets including capital advances and CWIP	-16,42,15,423		-5,30,04,786	
Proceeds from sale of fixed assets	90,000		-	
(Purchase) / Sale of investments	7,74,00,000		-50,00,000	
Investment income				
Interest received	13,40,589		5,88,666	
Dividend received				
		-8,53,84,834		-5,74,16,120
Net cash used in investing activities		-8,53,84,834		-5,74,16,120
C. Cash flow from Financing activities				
Proceeds from issue of Share Capital	-	-	-	
Proceeds from short term borrowings	3,36,66,962		85,47,702	
Repayment of Long Term loan Borrowings / Advances	0		-	
Finance Cost	-23,79,191		-65,64,815	
Lesae Payment - Including Interest Cost			-63,66,840	
Dividend paid	-37,39,620		-62,32,700	
Dividend Distribution tax paid	-	2,75,48,151	-12,81,150	-1,18,97,803
Net cash used in financing activities		2,75,48,151		-1,18,97,803
Net (decrease) / increase in cash and cash equivalents (A+B+C)		-23,50,943		27,15,792
Reconciliation				
Cash and cash equivalents as at beginning of the year		32,82,093		5,66,301
Cash and cash equivalents as at end of the year		9,31,151		32,82,093
Net increase / (decrease) in cash and cash equivalents		-23,50,943		27,15,792

28th Annual Report-2020-21

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 : 31.05.2021
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 2021

Reserves and Surplus							Items of other comprehensive income		
Particulars	Share Capital	Capital Reserve	Securities Premium	General Reserve	Retained earnings	Equity Instruments through other Comprehensive income	Actuarial Gain / Loss	Others (specify)	Total
Balance at March 31,2018	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	34,91,98,390	-	-	-	54,32,38,688
Movement during 2018-19									
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	36,09,05,420	-	-	-	55,49,45,718
Movement during 2019-20									
Profit for the year					85,75,485		2,06,135.00		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	36,19,67,055	-	2,06,135	-	55,62,13,488
Profit for the period					2,47,73,711		-		2,47,73,711
Payment of Dividend and Dividend Distribution Tax					-				-
Balance at June 30,2020	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	38,67,40,765	-	2,06,135	-	58,09,87,198
Profit for the period					1,18,83,276				1,18,83,276
Payment of Dividend and Dividend Distribution Tax					(37,39,620)				(37,39,620)
Balance at Sep 30,2020	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	39,48,84,421	-	2,06,135	-	58,91,30,854

28th Annual Report-2020-21

Profit for the period					1,61,51,638				1,61,51,638
Payment of Dividend and Dividend Distribution Tax									
Balance at Dec 31,2020	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	41,10,36,060	-	2,06,135	-	60,52,82,493
Profit for the period					1,60,19,959				1,60,19,959
Payment of Dividend and Dividend Distribution Tax									
Balance at March 31,2021	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	42,70,56,018	-	2,06,135	-	62,13,02,451

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 : 31.05.2021
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 2021	As at March 31, 2020
Carrying amounts of:		
Freehold land	82,65,028	82,65,028
lease Hold Land	-	3,51,80,145
Building	7,12,42,127	7,51,42,213
Plant and Equipment	60,12,547	
Computers	25,86,84,953	11,26,62,728
Furniture and Fixtures	1,67,067	1,20,407
Vehicles	4,98,127	5,60,584
Office Equipment	-	-
Right-of-use assets	6,00,350	5,19,684
Total	34,59,01,490	23,81,29,450
Capital work-in-progress	3,44,54,229	2,10,74,558
	38,03,55,719	25,92,04,008

28th Annual Report-2020-21

Particulars	Freehold land	Lease Hold Land	Building-Factory	Building-Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right of use Assets	Total
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
Additions			4,70,924	60,62,375	17,90,51,318	1,35,785	85,150		2,10,358		18,60,15,910
Disposals		3,51,80,145			1,32,38,874	-					4,84,19,018
Balance at March 31 2021	82,65,028	-	13,28,75,205	60,62,375	65,42,70,871	1,16,02,043	46,02,502	30,14,050	20,90,208	1,09,40,407	83,37,22,690

Particulars	Freehold land	Lease Hold Land	Building-Factory	Building-Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
Accumulated depreciation and impairment											
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	52,61,746	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	52,61,746	45,79,96,359
Disposals					1,32,38,870						1,32,38,870
Depreciation expenses			43,71,010	49,828	3,30,29,080	89,125.00	1,47,607		1,29,692	52,47,370	4,30,63,712
Balance at March 2021			6,16,33,078	49,828	39,55,85,919	1,14,34,976	41,04,375	30,14,050	14,89,859	1,05,09,116	48,78,21,201
Carrying amount as on Mar 31, 2020	82,65,028	3,51,80,145	7,51,42,213	-	11,26,62,718	1,20,407	5,60,584	-	5,19,684	56,78,661	23,81,29,450
Carrying amount as on March 31, 2021	82,65,028	-	7,12,42,127	60,12,547	25,86,84,952	1,67,067	4,98,127	-	6,00,350	4,31,291	34,59,01,490

INTANGIBLE ASSETS

Particulars	Technical Knowhow
Cost or Deemed cost	
Balance at March 31, 2019	3,00,000
Additions	
Disposals	
Balance at March 31, 2020	3,00,000
Additions	
Disposals	
Balance at March 31, 2021	3,00,000

INTANGIBLE ASSETS

Particulars	Technical Knowhow
Accumulated depreciation and impairment	
Balance at 31 March, 2019	3,00,000
Disposals	
Depreciation expenses	
Balance at March 31, 2020	3,00,000
Additions	
Disposals	
Balance at March 31, 2021	3,00,000
Carrying amount as on March 31,2020	-
Carrying amount as on March 31,2021	-

Notes to Financial Statements for the year ended 31st March, 2021**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, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 31st May, 2021.

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.

(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-	5years
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.

(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, 2021	As at March 31, 2020
Carrying amounts of:		
Investment property		-
Total		-

**NOTE 4
OTHER INTANGIBLE ASSETS**

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Software and licenses		-
Total		-

Particulars	As at March 31, 2021	As at March 31, 2020
Cost or Deemed cost		

28th Annual Report-2020-21

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, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
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)		
Investment in equity shares of M/s.Natural Biogenex Private Limited:	1,00,000	-
(Fully Paid Equity Shares 10000@ 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
Partly Paid Equity Shares (1,160,249 having face value 10 Per Share)		3,57,35,669
Advances in the nature of Investment	-	50,00,000
Less: Diminution in value of investments		-
Total aggregate of un-quoted Investments	1,75,000	5,58,10,709
Aggregate book value of unquoted investments	1,75,000	5,58,10,709
Aggregate market value of quoted investments	-	-

NOTE 6

OTHER FINANCIAL ASSETS-NON CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortized Cost		
a) Security Deposit (Unsecured considered good)	75,25,270	34,86,100
b) Prepaid Rent deposit	26,74,220	26,73,220
c) Term Deposit		
d) Dividend from Associate /Subsidiary		
Less: Provision for Doubtful advances		
e) Interest Receivable On Deposits		
Secured, Considered good		
Unsecured, Considered good	30,34,967	26,36,238
Doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
f) Other receivable		
Total	1,32,34,457	87,95,558

**NOTE 7
OTHER ASSETS-NON CURRENT**

Particulars	As at March 31, 2021	As at March 31, 2020
a) Security Deposit		
b) Capital Advances		
(i) Secured, Considered good		
(ii) Unsecured and Considered good	17,27,87,782	4,07,47,715
(iii) Considered doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
e) Export incentive receivable	48,12,986	52,88,441
f) Balance with Customs and Central excise / GST authorities		
Total	17,76,00,768	4,60,36,156

**NOTE 8
INVENTORIES**

Particulars	As at March 31, 2021	As at March 31, 2020
Lower of Cost or Net realisable value		
a) Raw Materials	2,85,85,683	2,01,96,358
b) Work-in-Process	23,82,953	34,92,947
c) Finished goods	3,00,41,541	4,22,43,596
d) Stock in trade (acquired for trading)		
e) Stores and spares	2,29,44,892	19,29,086
f) Goods in Transit	41,300	6,97,970
Less: Provision for Stock Reserve	-1,79,00,178	-1,57,54,870
Total	6,60,96,192	5,28,05,088

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, 2021	As at March 31, 2020
Trade Receivables		
Secured, Considered good		
Unsecured, Considered good	26,69,59,537	30,35,66,759
Doubtful	2,76,23,167	2,75,97,155
Allowance for doubtful debts (Expected Credit Loss)	-2,76,23,167	-2,75,97,155
	26,69,59,537	30,35,66,759
Current	26,69,59,537	30,35,66,759
Non-current	-	-

28th Annual Report-2020-21

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

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

Trade receivables are further analysed as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Within Credit period	8,15,06,565	5,82,39,575
31-60 days past due	8,27,00,123	6,62,11,799
61-90 days past due	4,37,35,803	3,19,84,752
More than 90 days	8,66,40,213	17,47,27,789
Total	29,45,82,703	33,11,63,915

NOTE 10

CASH & CASH EQUIVALANTS

Particulars	As at March 31, 2021	As at March 31, 2020
a) Balances with banks		
(i) In Current account	1,45,337	11,502
(ii) In Deposit account with original maturity less than 3 Months		
(ii) In EEFC account	7,68,339	32,47,782
b) Cash on hand	17,475	22,809
c) Cheques, drafts on hand		
Total	9,31,151	32,82,093

NOTE 11

OTHER BANK BALANCES

Particulars	As at March 31, 2021	As at March 31, 2020
a) Deposit Accounts	45,40,921	45,35,921
b) Earmarked Balances with banks		
(i) In unpaid Dividend account	13,23,291	14,43,534
(ii) In margin money accounts for Bank Guarantee issued	2,000	2,000
Total	58,66,212	59,81,455

NOTE 12

LOANS-CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
At Amortized Cost		
a) Security Deposit (Unsecured considered good)		-

28th Annual Report-2020-21

b) Prepaid Rent deposit		-
c) Term Deposit		-
Total		-

NOTE 14 CURRENT TAX ASSETS

Particulars	As at March 31, 2021	As at Mar 31, 2020
Provision for Tax - Net of Advance Tax	0	
Total		-

NOTE 15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
a) Security Deposit		
b) Capital Advances		
c) Advances to Employees		
(i) Secured, Considered good		
(ii) Unsecured and Considered good	- 12,26,691	9,78,938
(iii) Considered doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
e) Export incentive receivable		
f) Balance with Customs and Central excise / GST authorities	2,27,30,870	0
g) Advance to suppliers		
(i) Secured, Considered good		
(ii) Unsecured and Considered good	2,52,43,799	72,47,977
(iii) Considered doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
h) Prepaid Expenses	13,13,770	9,25,508
i) Preliminary Expenses	-	
j) Other Advances	28,51,211	1,90,225
Less: Provision for Doubtful advances	-	
Total	- 5,33,66,341	93,42,648

NOTE 16 EQUITY SHARE CAPITAL\

Particulars	As at March 31, 2021	As at March 31, 2020
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	62,32,700	6,23,27,000
Total	62,32,700	6,23,27,000

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

Reconciliation	2020-21 No.of shares	Amount in Rs	2019-20 No.of shares
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
Issued during the period	-	-	-
At the end of the period	62,32,700	6,23,27,000	62,32,700
b) Redeemable Preference Share Capital (0%)			
.	-		-
At the end of the period			

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

Reconciliation	Mar 31, 2021		Mar 31, 2020	
			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%

14.3 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.

The Company has not issued any equity shares under ESOP (Employee Stock Option) .

**NOTE 17
OTHER EQUITY**

Particulars	As at March 31, 2021	As at March 31, 2020
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)	42,72,62,153	36,21,73,190
Total	55,89,75,451	49,38,86,488

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 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.

28th Annual Report-2020-21

Particulars	As at March 31, 2021	As at March 31, 2020
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	36,21,73,190	36,09,05,420
Profit /(Loss) for the year	6,88,28,583	87,81,620
Less: Transfer to Capital Redemption Reserve		
Less: Dividend on Equity Shares	-37,39,620	-62,32,700
Less: Tax on Dividend on Equity Shares		-12,81,150
Less: Transfer to Reserves		
Less: IND AS Adjustment		
Closing Balance	42,72,62,153	36,21,73,190
The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.		
Total Other Equity	55,89,75,451	49,38,86,488

28th Annual Report-2020-21

NOTE 18

NON-CURRENT BORROWINGS

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
At Amortised Cost		
Advance from Customers	-	-
Deposit/ Retention	-	-
Total	-	-

NOTE 20

PROVISIONS - NON CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
a) Compensated absences (Earned Leave)		
b) Provision for Income Tax [net of TDS and Advance Tax]		
c) Provision for gratuity	12,13,355	14,40,264
Total	12,13,355	14,40,264

NOTE 21

SHORT TERM BORROWINGS

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - at amortised cost		
Loan repayable on demand (refer note a below)	9,62,93,294	6,26,26,332

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 22

TRADE PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Dues of Micro Enterprises and Small Enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	14,83,57,557	5,78,56,768
Employee related	1,22,23,174	1,17,67,129
Total	16,05,80,731	6,96,23,897

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, 2021	As at March 31, 2020
At Amortised Cost		
a) Current maturities of long-term debt		
b) Interest accrued but not due on borrowings		

28th Annual Report-2020-21

c) Unclaimed dividends	13,23,291	14,43,534
d) Other Liabilities		
Lease Rent Payable	65,96,527	89,51,273
Payable for capital Goods Purchased	-	
-Other liabilities (refer Note below)	4,49,360	41,92,576
Total	83,69,177	1,45,87,383

NOTE 24 PROVISIONS-CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
a) Compensated absences (Earned Leave)	15,38,556	4,20,630
b) Provision for gratuity	8,98,066	6,40,878
c) Provision for Income Tax [net of TDS and Advance Tax]	77,54,688	64,655
Total	1,01,91,310	11,26,163

NOTE 25 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc.)	19,84,674	72,74,161
b) Advances and Deposits from Customers / others	4,46,58,308	1,09,21,588
c) Related to expenses	1,24,39,274	1,36,72,800
Total	5,90,82,256	3,18,68,549

NOTE 26 REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Sale of Products	74,02,03,586	58,86,80,459
(b) Other operating revenues	5,49,31,350	2,68,68,010
Total	79,51,34,936	61,55,48,469

NOTE 27 OTHER INCOME

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Interest income		
On Bank and Other Deposits	13,40,589	5,88,666
(b) Dividend Income		
From equity investments designated		
(b) Other gains or losses		
- Profit on sale of Fixed Assets (net)	90,000	
- Net gain arising on financial assets designated		
- Gain on foreign currency transaction	30,53,888	52,22,032
(c) Other non-operating income		
Profit on sale of Assets		-
Miscellaneous income	27,86,045	37,20,262
Total	72,70,522	95,30,960

28th Annual Report-2020-21

NOTE 28 COST OF MATERIAL CONSUMED

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Inventories at the beginning of the year	2,01,96,358	1,45,36,732
Purchases during the year	36,93,52,454	28,49,05,200
Inventories at the end of the year	2,85,85,683	2,01,96,358
Total	36,09,63,130	27,92,45,573

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening 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
Closing Stock:		
Finished goods		
Capsules	3,00,41,541	4,22,43,596
Work in progress		
Capsules	23,82,953	34,92,947
	3,24,24,495	4,57,36,543
Decrease / (Increase) in stocks	1,33,12,049	10,58,279
Net change (Increase) / Decrease	1,33,12,049	10,58,279

NOTE 30 EMPLOYEE BENEFIT EXPENSES

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2020
(a) Salaries, Wages and Bonus	6,48,89,080	5,40,22,007
(b) Contribution to Provident and other Funds	27,36,292	31,11,067
(c) Director Remuneration	1,08,00,000	1,08,00,000
(d) Workmen and Staff welfare expenses	20,60,397	20,00,905
Total	8,04,85,770	6,99,33,978

NOTE 31 FINANCE COST

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(i) Interest costs		
(a) Bank Loans and others	23,79,191	65,64,815
(b) other Interest charges	5,37,370	
(ii) Other borrowing costs - on Lease	7,89,374	11,05,094
Total	37,05,935	76,69,909

NOTE 32 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation/amortisation on		
a) Property, Plant and Equipment	3,78,16,342	3,59,45,502
b) Investment property	-	
c) Right of use Asset - (Lease)	52,47,370	52,61,747
Total	4,30,63,712	4,12,07,249

28th Annual Report-2020-21

NOTE 33 OTHER EXPENSES

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Consumption of stores and spare parts	33,52,215	77,31,196
Power and Fuel	8,51,24,577	8,15,70,741
Repairs and Maintenance -Buildings	19,27,694	20,52,625
Repairs and Maintenance-Machinery	76,29,738	38,98,222
Repairs and Maintenance -Others	22,04,207	15,99,581
Bad Debts	56,58,712	18,42,658
Insurance	14,41,809	5,51,491
Exchange Rate Difference	37,00,691	-
Rates and Taxes	14,80,835	16,04,120
Freight & Clearing Expenses	5,11,35,700	3,94,63,500
Directors Sitting fees	5,25,000	4,35,000
Auditor's Remuneration	3,00,000	3,00,000
Travelling Expenses - Foreign	-	10,16,205
Travelling and Conveyance	47,70,636	71,30,615
Professional Fees	70,17,201	82,33,971
Commission	25,59,939	6,26,873
CSR expenditure	1,46,500	3,00,000
Security Charges	22,05,051	17,25,285
Contract Labour Charges	2,94,10,521	3,00,36,867
Postage and Courier	11,12,096	13,38,942
Communication Expenses	7,50,445	7,67,157
Business Promotion Expenses	27,54,991	44,60,145
Research & Development Expenditure - Revenue in Nature	98,32,930	1,02,56,506
Bank Charges	17,31,205	14,06,373
Printing and Stationery	5,82,685	11,93,038
Miscellaneous Expenses	33,82,087	27,16,146
Total	23,07,37,465	21,22,57,257

NOTE 34 EXCEPTIONAL ITEMS

Particulars	Year Ended 31, 2021	March	Year Ended March 31, 2020
Exceptional items of (Debit)			
Stock Lost on Fire			
Exceptional items of (Credit)			
Profit on sale of Investments	2,17,64,291		
Exceptional items (Net)	2,17,64,291		

**NOTE 35
PAYMENT TO AUDITORS**

Particulars	Year Ended	March 31,	Year Ended
	2021	March 31,	March 31, 2020
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, 2021	Year ended 2020 March 31,
Salaries, wages and bonus	76,62,493	82,40,628
Contribution to provident and other funds	3,66,069	4,01,856
Consumption of materials, Stores and spare parts	11,71,822	4,94,799
Power and Fuel	2,49,270	6,10,098
Rent	3,83,276	5,09,125
Total	98,32,930	1,02,56,506

Research and Development Expenditure			
Particulars	Year ended	March 31,	Year ended
	2021	March 31,	March 31, 2020
Revenue, net (excluding depreciation)			-
Capital Expenditure		-	-
Total		-	-

**NOTE 37
OPERATING LEASE**

The Company has obtained certain premises for its business operations and also the company has provided leased accommodation to employees for period between 11 Months to 5 years

The operating lease payments, which are minimum lease payments recognised in the statement of profit and loss is Rs. 31,43,348 (31,43,348)

Particulars	Year Ended March 31, 2021	Year ended March 31, 2020
Not later than one year	33,00,885	31,43,700
Later than one year and not later than five years	41,95,233	74,96,118
Later than five years		-
Total	74,96,118	31,43,700

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.

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.7.89 Lacs (11.05 Lacs)

**NOTE 38
INCOME TAXES RELATING TO CONTINUING OPERATIONS**

Particulars	Year Ended March 31, 2021	Year ended 31, 2020 March
-------------	------------------------------	---------------------------------

28th Annual Report-2020-21

Current tax		
for Current year	2,22,16,500	65,73,000
for Previous years		
Deferred tax		
for Current year	2,14,400	-14,41,300
Total	2,24,30,900	51,31,700

Reconciliation of current tax Expense

Particulars	Year Ended March 31, 2021	Year ended March 31, 2020
Profit or loss before tax	9,19,01,689	1,37,07,185
Income tax rate (%) applicable to the company #	27.82%	27.82%
Income tax calculated at income tax rate	2,55,67,050	38,13,339
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Effect of expense that are not deductible	4,70,373	-4,98,176
Effect of incremental deduction on account of research and development and other allowances	-	-14,26,680
Effect of on account Depreciation	(5,20,541)	44,47,836
Effect of Capital Gain	-33,00,381	-
Effect of interest payable on short fall in Advance tax		2,36,681
Income tax expense recognised in statement of Profit and Loss	2,22,16,500	65,73,000

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

Earnings Per Share

Particulars	Year Ended March 31, 2021	Year ended 31, 2020	March
Basic Earnings per share	11.04		1.41
Diluted Earnings per share	11.04		1.41

NOTE 39.1

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	6,88,28,583	87,81,620
Earnings used in the calculation of basic earnings per share	6,88,28,583	87,81,620
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	6,88,28,583	87,81,620
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	6,88,28,583	87,81,620

28th Annual Report-2020-21

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 40

Corporate Social Responsibility

The company has not falls within the threshold limit for applicability of the CSR as per the condition specified in Section 135 of the Companies Act 2013. Hence the same is not applicale to the company for the year 2020-2021 and the company is not required to spent 2% of its average net profit (Profit before taxes) for the immediately preceding 3 financial years on CSR activities in India

NOTE 41

DEFERRED TAX BALANCES

Particulars	Year ended March 31, 2021	Year Ended March 31, 2020
Deferred tax assets		
Deferred tax liabilities	95,52,800	68,53,600
Total	95,52,800	68,53,600

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	-68,53,600	-37,14,600	-	-1,05,68,200
Provision compensated absences and others		10,15,400	-	10,15,400
Defined benefit obligation				
Total	-68,53,600	-26,99,200	-	-95,52,800
Tax losses				
Net Deferred tax Assets / (Liability)	-68,53,600	-26,99,200	-	-95,52,800

NOTE 42

Note (i) - Related Party Disclosures:

	2020-2021	2019-2020
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	
Subsidiary Company	M/s.NATURAL PHYTO PHARMA PRIVATE LIMITED M/s.NATURAL BIOGENEX 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.	
Remuneration Paid	2020-2021	2019-2020
Mr. SUNIL LAXMINARAYANA MUNDRA	44,40,000	44,40,000
Mr. LAXMINARAYANA MUNDRA	31,80,000	31,80,000

28th Annual Report-2020-21

Mr. SATYANARAYANA MUNDRA		31,80,000	31,80,000
Mr. PRASANNA JUNNARKAR		10,68,396	10,47,774
Mr. SKANDAN P. JAIN		-	2,77,481
Mrs. SHILPA		4,96,515	2,34,234
Sitting Fees Paid	-		
Mr . Sushil Kumar mundra		75000	75000
Mrs. Jyothi Mundra		75000	60000
Sale -Lease Hold Land	-		
NATURAL BIOGENEX PRIVATE LIMITED		3,51,80,145	-
Adance Paid	-		
NATURAL BIOGENEX PRIVATE LIMITED		5,65,67,498	-
NATURAL PHYTO PHARMA PRIVATE LIMITED		27,400	5,600
Investment in Equity Shares			
NATURAL PHYTO PHARMA PRIVATE LIMITED (Formerly National Drug Discoveries Pvt Ltd)		-	75,000
NATURAL BIOGENEX PRIVATE LIMITED		1,00,000	
Balances outstanding at the end of the year			
Payables	-		
Mr. SUNIL LAXMINARAYANA MUNDRA		2,50,210	2,27,110
Mr. LAXMINARAYANA MUNDRA		1,83,470	1,56,270
Mr. SATYANARAYANA MUNDRA		1,86,820	1,80,420
Mr. PRASANNA JUNNARKAR		74,766	65,177
Mrs. SHILPA		42,353	37,250
NATURAL PHYTO PHARMA PRIVATE LIMITED		27,000	5,600
NATURAL BIOGENEX PRIVATE LIMITED		9,17,47,643	-

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.22,38,417 (PY Rs. 21,44,994) 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.

28th Annual Report-2020-21

Particulars	Gratuity (Funded)	
	2020-2021	2019-2020
Present value of obligations at the beginning of the year	1,34,14,038	1,22,15,310
Current service cost	13,93,506	13,96,716
Interest Cost	9,38,983	8,28,129
Re-measurement (gains) / losses:		
-Actuarial gains and losses arising from change in financial assumption	1,21,341	7,93,555
-Actuarial gains and losses arising from experience adjustment	4,69,751	-10,49,881
Benefit Payments from Plan Assets	-6,39,631	-7,69,791
Present value of obligations at the end of the year	1,56,97,988	1,34,14,038
Changes in the fair value of planned assets		
Fair value of plan assets at the beginning of the year	1,13,32,896	94,84,050
Interest income	-	-
Return on plan assets	8,44,416	6,63,884
Contributions by the employer	21,00,000	20,04,944
Re-measurement (gains) / losses:	-51,114	-50,191
Benefits paid	-6,39,631	-7,69,791
Fair value of plan assets at the end of the year	1,35,86,567	1,13,32,896
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	1,56,97,988	1,34,14,038
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	-	-
Fair value of plan assets at end of the year	1,35,86,567	1,13,32,896
Funded status of the plans - Liability recognized in the balance sheet	21,11,421	20,81,142
Components of defined benefit cost recognized in profit or loss		
Current service cost	13,93,506	13,96,716
Net interest Cost	94,567	1,64,245
Net cost in Profit or Loss	14,88,073	15,60,961
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	1,21,341	7,93,555
-Actuarial gains and losses arising from experience adjustment	4,69,751	-10,49,881
Return on plan assets	51,114	50,191
Net Cost	6,42,206	-2,06,135
Less: Allocation to Associate Company under common gratuity trust	-	-
Net Cost in other Comprehensive Income	6,42,206	-2,06,135

Particulars	2020-2021	2019-20
Assumptions		
Discount rate	6.90%	7.00%
Expected rate of salary increase	7.00%	7.00%
Average age of members	42.62	40.68
Average remaining working Life	17.38	19.32
Disability Rate - IALM (2012-14) Table Ultimate	5% of Mortality Rate	5% of Mortality Rate

28th Annual Report-2020-21

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.

Note (i) Experience Adjustments

Experience Adjustments:

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
(Gain) / Loss on Plan Liabilities	4 69,751	-10,49,881
% of Opening Plan Liabilities	3.50%	-8.59%
Gain / (Loss) on Plan Assets	51,114	5 0,191
% of Opening Plan Assets	0.45%	0.53%

Notes:

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- 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.
- 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 have 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 is given below:

Particulars	March 31, 2021	March 31, 2020
Under Base Scenario	1,56,83,215	1,34,14,038
Salary Escalation (Up by 1%)	1,57,13,773	1,45,84,033
Salary Escalation (Down by	1,45,42,082	1,23,76,788
Withdrawal Rates (Up by 1%)	1,70,13,653	1,34,01,889
Withdrawal Rates (Down by	1,45,42,270	1,34,26,441
Discount Rates (Up by 1%)	1,56,97,988	1,23,69,560
Discount Rates (Down by 1%)	1,69,98,527	1,46,05,618

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, 2021	Year ended March 31, 2020
Equity	62,13,02,451	55,62,13,488
Debt	9,62,93,294	6,26,26,332
Cash and cash equivalents	9,31,151	32,82,093
Net debt	9,72,24,445	6,59,08,425
Total capital (Equity + Net debt)	71,85,26,896	62,21,21,913
Net debt to capital ratio	0.135	0.106

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.

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.

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	83,69,177	83,69,177			83,69,177
Total	14,06,19,406	14,06,19,406	-	-	14,06,19,406

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

Particulars	Carrying amount-2020-21	Carrying amount-2019-20
Trade receivables	26,69,59,537	30,35,66,759
Other Financial assets	99,62,96,184	7,58,69,815

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, 2021		As at March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets					
Financial assets at amortised cost:					
Trade receivables	Level 3	26,69,59,537	26,69,59,537	30,35,66,759	30,35,66,759
Cash and cash equivalents	Level 2	9,31,151	9,31,151	32,82,093	32,82,093
Bank balances other than cash and cash equivalents	Level 2	58,66,212	58,66,212	59,81,455	59,81,455
Other financial assets	Level 3	1,34,09,457	1,34,09,457	6,46,06,267	6,46,06,267

Particulars	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities					
Financial liabilities at amortised cost:					

28th Annual Report-2020-21

Borrowings	Level 2	9,62,93,294	9,62,93,294	6,26,26,332	6,26,26,332
Trade payables	Level 3	16,05,80,731	16,05,80,731	6,96,23,897	6,96,23,897
Other financial liabilities	Level 3	83,69,177	83,69,177	1,45,87,383	1,45,87,383

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.

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, 2021			As at March 31, 2020		
	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	26,69,59,537			30,35,66,759		
Cash and cash equivalents	9,31,151			32,82,093		
Bank balances other than cash and cash equivalents	58,66,212			59,81,455		
Loans	20,00,000			20,00,000		
Other Financial Assets	-			-		
Security Deposit (Unsecured considered good)	75,25,270			34,86,100		
Rental Deposit	26,74,220			26,73,220		
Term Deposit	-			-		
Interest Receivable On Deposits	30,34,967			26,36,238		
Financial Liabilities						
Borrowings- Bank OD	9,62,93,294			6,26,26,332		
Trade payables	16,05,80,731			6,96,23,897		
Other Financial Liability	4,49,360			41,92,576		
Unclaimed dividend	13,23,291			14,43,534		

Particulars	As at March 31, 2021			As at March 31, 2020		
	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	1,75,000			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	2020-21	2019-20
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	1634.06	399.79 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	44.16 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 10th Novemeber, 2008 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 - 2020-2021	No of shares - 2019-2020
No of Options Granted During the year		
Options Vested During the year	-	-
Options Outstanding at the Beginning of the year	62,500	62,500
Options Exercised During the year	-	-

28th Annual Report-2020-21

Number of Options cancelled	-	-
Number of options lapsed	-	-
Options Outstanding at the End of the year	62,500	62,500

The following table summarises the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2021

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	10th Nov 2018
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 necessarily provide a reliable measure of fair value of options.

NOTE 48

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.

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 : 31.05.2021
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, 2021, 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, 2021, 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
1.	<p>Evaluation of uncertain Tax positions</p> <p>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.</p>	<p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management.</p> <p>Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions;</p> <p>We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions</p>
2.	<p>Trade receivables</p> <p>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.</p>	<p>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</p> <p>We analyzed the ageing of trade receivables and We obtained the list of long outstanding</p>

		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:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- (c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash 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,
- (d) 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.
- (e) On the basis of the written representations received from the directors as on 31st March, 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating

effectiveness of such controls; refer to our separate Report in “Annexure A “which is based on the 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.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company 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.
 - (ii) 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.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

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

D Mani Kumar
Partner
Membership No. 212544

Place: Bangalore
Date: 31.05.2021

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 2021, 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

28th Annual Report-2020-21

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, 2021, 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

D Mani Kumar
Partner
Membership No. 212544

Place: Bangalore
Date: 31st May 2021

28th Annual Report-2020-21

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

S.No	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A	ASSETS		Amount in Rs	Amount in Rs
	Non-Current Assets			
	(a) Property, Plant and equipment	2	38,10,81,634	23,81,29,450
	(b) Capital Work in Progress		6,97,52,496	2,10,74,558
	(c) Investment Property	3	-	-
	(d) Other Intangible Assets	4	-	-
	(e) Financial Assets			
	(i) Investments	5	-	5,57,35,709
	(ii) Other financial assets	6	1,33,18,033	87,95,558
	(f) Deferred Tax Assets			
	(g) Other Non-Current Assets	7	8,68,53,125	4,60,36,156
	Total non-Current Assets		55,10,05,287	36,97,71,432
	Current Assets			
	(a) Inventories	8	6,60,96,192	5,28,05,088
	(b) Financial Assets			
	(i) Other Investments		-	-
	(ii) Trade Receivables	9	26,69,59,537	30,35,66,759
	(iii) Cash and Cash Equivalents	10	9,76,186	33,00,693
	(iv) Bank balances other than (iii) above	11	2,08,66,212	59,81,455
	(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	6,25,11,751	94,47,048
	Total Current Assets		41,94,09,877	37,71,01,044
	TOTAL ASSETS		97,04,15,164	74,68,72,476
B	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	16	6,23,27,000	6,23,27,000
	(b) Other Equity	17	55,86,26,945	49,38,86,488
	(c) Money Received against Share warrants			
	(d) Non Controlling Interest		25,000	25,000
	Total Equity		62,09,78,945	55,62,38,488
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	-
	(ii) Other Financial Liabilities	19	-	-
	(b) Deferred Tax Liabilities		95,52,800	93,38,400
	(c) Provisions	20	12,13,355	14,40,264
	(d) Other Non-Current liabilities			
	Total Non-Current Liabilities		1,07,66,155	1,07,78,664
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	21	9,62,93,294	6,26,26,332
	(ii) Trade Payables			
	Dues of micro enterprises and small enterprises	22	-	-
	Dues of creditors other than micro enterprises and small enterprises	22	16,32,82,727	6,96,23,897
	(iii) Other Financial Liabilities	23	92,82,236	1,45,87,383
	(b) Provisions	24	1,01,91,310	11,26,163
	(c) Other Current Liabilities	25	5,96,20,497	3,18,91,549
	Total Current Liabilities		33,86,70,064	17,98,55,324
	Total Liabilities		34,94,36,219	19,06,33,988
	TOTAL EQUITY AND LIABILITIES		97,04,15,164	74,68,72,476

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

28th Annual Report-2020-21

For and on behalf of the Board

For P.Chandrasekar LLP

Chartered Accountants

FRN.: 000580S/S200066

P Chandrasekar

Partner

Membership No.026037

Date : 31.05.2021

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, 2021

S.No	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from Operations	26	79,51,34,936	61,55,48,469
II	Other Income	27	72,95,180	95,30,960
III	Total Income (I+II)		80,24,30,117	62,50,79,429
IV	Expenses:			
	Cost of materials consumed	28	36,09,63,130	27,92,45,573
	Changes in Inventories of finished goods, work-in-progress and stock in trade	29	1,33,12,049	10,58,279
	Employee benefit expense	30	8,04,85,770	6,99,33,978
	Finance costs	31	37,05,935	76,69,909
	Depreciation and amortisation expense	32	4,30,63,712	4,12,07,249
	Other expenses	33	23,11,10,629	21,22,57,257
	Total Expenses (IV)		73,26,41,224	61,13,72,244
V	Profit before exceptional items and Tax (III-IV)		6,97,88,892	1,37,07,185
VI	Exceptional items - Income /(Expenses)	- 34	17% 2,17,64,291	10% -
VII	Profit before Tax (V - VI)		9,15,53,183	1,37,07,185
VIII	Tax Expense:			
	1) Current tax		2,22,16,500	65,73,000
	2) Tax for earlier			
	3) Deferred tax		2,14,400	-14,41,300
	Total Tax expenses		2,24,30,900	51,31,700
IX	Profit for the year (VII-VIII)		6,91,22,283	85,75,485
	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Re-measurement of the defined benefit plan		-6,42,206	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		-6,42,206	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))		-6,42,206	2,06,135
XI	Total Comprehensive Income (IX+X)		6,84,80,077	87,81,620
XII	Earnings Per Equity Share (Nominal value per share Rs.10/-)			
	(a) Basic		10.99	1.41
	(b) Diluted		10.99	1.41

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 : 31.05.2021
 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, 2021

Particulars	For the Year ended March 31, 2021		For the Year ended March 31, 2020	
A. Cash flow from operating activities				
Profit before tax		9,15,53,183		1,37,07,185
Adjustments for:				
Depreciation and Amortisation	4,30,63,712		4,12,07,249	
Finance Costs (net)	23,79,191		76,69,909	
Profit on sale of Fixed Assets (net)	0			
Interest Income	-13,65,247		-5,88,666	
Bad Debts	56,58,712		18,42,658	
Liability no longer required written back	-		-	
Profit on sale of investments	-2,17,64,291		-	
Re-measurement of the defined benefit plan	-6,42,206		2,06,135	
		2,73,29,871		5,03,37,284
Operating profit before working capital changes		11,88,83,055		6,40,44,469
Changes in working capital				
Adjustments for increase / (decrease) in				
Trade and other receivables	3,09,48,510		1,65,87,947	
Inventories	-1,32,91,103		-96,45,256	
Bank balances other than cash and cash equivalent	-1,48,84,757		-15,70,768	
Other Assets	-9,38,81,672		6,51,701	
Other Financial Assets	-45,22,475		15,36,153	
Trade Payable	9,36,58,830		-1,29,91,090	
Other Liabilities	2,77,28,948		1,89,99,715	
Provisions	88,38,238		-76,725	
Other Financial Liabilities	-53,05,147		10,66,570	
		2,92,89,373		1,45,58,247
Cash generated from operations		14,81,72,428		7,86,02,716
Taxes paid		2,22,16,500		65,73,000
Net cash generated from operating activities		12,59,55,928		7,20,29,716
B. Cash flow from investing activities				
Purchase of fixed assets including capital advances and CWIP	-23,46,93,834		-5,30,04,786	
Proceeds from sale of fixed assets	-		-	
(Purchase) / Sale of investments	7,75,00,000		-50,00,000	
Investment income				
Interest received	13,65,247		5,88,666	
Dividend received		-15,58,28,587		-5,74,16,120
Net cash used in investing activities		-15,58,28,587		-5,74,16,120
C. Cash flow from Financing activities				
Proceeds from issue of Share Capital	-		-	
Proceeds from short term borrowings	3,36,66,962		85,47,702	
Repayment of Long Term loan Borrowings /	0			

28th Annual Report-2020-21

Advances			-	
Finance Cost	-23,79,191		-65,64,815	
Lesae Payment - Including Interest Cost			-63,66,840	
Dividend paid	-37,39,620		-62,32,700	
Dividend Distribution tax paid	-	2,75,48,151	-12,81,150	-1,18,97,803
Net cash used in financing activities		2,75,48,151		-1,18,97,803
Net (decrease) / increase in cash and cash equivalents (A+B+C)		-23,24,507		27,15,792
Reconciliation				
Cash and cash equivalents as at beginning of the year		33,00,693		5,66,301
Cash and cash equivalents as at end of the year		9,76,186		32,82,093
Net increase / (decrease) in cash and cash equivalents		-23,24,507		27,15,792

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 : 31.05.2021
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 2021

Reserves and Surplus							Items of other comprehensive income			
Particulars	Share Capital	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other Comprehensive income	Actuarial Gain / Loss	Others (specify)	Non controlling Interest	Total
Balance at March 31,2019	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	36,09,05,420	-	-	-	25,000	55,49,45,718
Movement during 2019-20										
Profit for the year					85,75,485		2,06,135.00			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	36,19,67,055	-	2,06,135	-	25,000	55,62,38,488
Profit for the period					6,84,80,077					6,84,80,077
Payment of Dividend and Dividend Distribution Tax					(37,39,620)					(37,39,620)

28th Annual Report-2020-21

Balance at March 31,2021	6,23,27,000	1,46,40,000	9,86,92,800	1,83,80,498	42,67,07,512	-	2,06,135	-	25,000	62,09,78,945
--------------------------	-------------	-------------	-------------	-------------	--------------	---	----------	---	--------	--------------

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 : 31.05.2021
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 2021	As at March 2020
Carrying amounts of:		
Freehold land	82,65,028	82,65,028
Lease Hold Land	3,51,80,145	3,51,80,145
Building	7,12,42,127	7,51,42,213
Building- Others	60,12,547	
Plant and Equipment	25,86,84,953	11,26,62,728
Computers	1,67,067	1,20,407
Furniture and Fixtures	4,98,127	5,60,584
Vehicles	-	-
Office Equipment	6,00,350	5,19,684
Right-of-use assets	4,31,291	56,78,661
Total	38,10,81,634	23,81,29,450
Capital work-in-progress	6,97,52,496	2,10,74,558
	45,08,34,130	25,92,04,008

Particulars	Freehold land	Lease Hold Land	Building-Factory	Building - Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
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
Additions			4,70,924		60,224	3,300					5,34,448
Disposals					1,32,38,874	-					1,32,38,874
Balance at June 30 2020	82,65,028	3,51,80,145	13,28,75,205		47,52,79,777	1,14,69,559	45,17,352	30,14,050	18,79,851	1,09,40,407	68,34,21,3

28th Annual Report-2020-21

									07	73	
Additions			-		88,79,567	20,763	85,150		11,500	89,96,980	
Disposals					-	-				-	
Balance at Sep 30 2020	82,65,028	3,51,80,145	13,28,75,205		48,41,59,344	1,14,90,322	46,02,502	30,14,050	18,91,351	1,09,40,407	69,24,18,353
Additions			-		7,97,86,440	71,638	-		26,100	7,98,84,178	
Disposals					-	-				-	
Balance at Dec 31 2020	82,65,028	3,51,80,145	13,28,75,205		56,39,45,783	1,15,61,960	46,02,502	30,14,050	19,17,451	1,09,40,407	77,23,02,531
Additions			4,70,924	60,62,375	17,90,51,318	1,35,785	85,150		2,10,358	18,60,15,910	
Disposals					1,32,38,874	-				1,32,38,874	
Balance at March 31 2021	82,65,028	3,51,80,145	13,28,75,205	60,62,375	65,42,70,871	1,16,02,043	46,02,502	30,14,050	20,90,208	1,09,40,407	86,89,02,835

Particulars	Freehold land	Lease Hold Land	Building-Factory	Building-Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
Accumulated depreciation and impairment											-
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	52,61,746	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	52,61,746	45,79,96,359
Disposals					1,32,38,870						1,32,38,870
Depreciation expenses			43,71,010	49,828	3,30,29,080	89,125.00	1,47,607		1,29,692	52,47,370	4,30,63,712
Balance at March 2021	-	-	6,16,33,078	49,828	39,55,85,919	1,14,34,976	41,04,375	30,14,050	14,89,859	1,05,09,116	48,78,21,201
											-
Carrying amount as on Mar 31, 2020	82,65,028	3,51,80,145	7,51,42,213	-	11,26,62,718	1,20,407	5,60,584	-	5,19,684	56,78,661	23,81,29,450
Carrying amount as on March	82,	3,51,80,145	7,12,42,127	60,12,547	25,8	1,6	4,98,127	-	6,00,350	4,31,291	38,10,81,

28th Annual Report-2020-21

31,2021	65,028			6,84,952	7,067					634
---------	--------	--	--	----------	-------	--	--	--	--	-----

INTANGIBLE ASSETS

Particulars	Technical Knowhow
Cost or Deemed cost	
Balance at March 31, 2019	3,00,000
Additions	-
Disposals	-
Balance at March 31, 2020	3,00,000
Additions	
Disposals	
Balance at March 31, 2021	3,00,000

INTANGIBLE ASSETS

Particulars	Technical Knowhow
Cost or Deemed cost	
Balance at March 31, 2019	3,00,000
Additions	-
Disposals	-
Balance at March 31, 2020	3,00,000
Additions	
Disposals	
Balance at March 31, 2021	3,00,000

Technical Knowhow

Carrying amount as on March 31,2019	-
Carrying amount as on March 31,2020	-
Carrying amount as on March 31,2021	-

Notes to accounts

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, 2021. 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.

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.

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. Remeasurement, 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.

(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.

(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.

(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 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.

(b) **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, 2021	As at March 31, 2020
Carrying amounts of:	-	-
Investment property	-	-

28th Annual Report-2020-21

Total	-	-
-------	---	---

NOTE 4 OTHER INTANGIBLE ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Software and licenses		-
Total		-

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	March	As at March 31, 2020
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, 2021	As at March 31, 2020
I. Quoted Investments		
II. Un-quoted Investments		
Investments in the nature equity in subsidiaries		
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
Partly Paid Equity Shares (1,160,249 having face value 10 Per Share)		3,57,35,669
Advances in the nature of Investment	-	50,00,000
Less: Diminution in value of investments		
Total aggregate of un-quoted Investments	-	5,57,35,709
Aggregate book value of unquoted investments	-	5,57,35,709
Aggregate market value of quoted investments		-

NOTE 6 OTHER FINANCIAL ASSETS - Non Current

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortized Cost		
a) Security Deposit (Unsecured considered good)	75,84,188	34,86,100
b) Prepaid Rent deposit	26,74,220	26,73,220
c) Term Deposit		

28th Annual Report-2020-21

d) Dividend from Associate /Subsidiary		
Less: Provision for Doubtful advances		
e) Interest Receivable On Deposits		
Secured, Considered good		
Unsecured, Considered good	30,59,625	26,36,238
Doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
f) Other receivable		
Total	- 1,33,18,033	87,95,558

NOTE 7

OTHER ASSETS - NON CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
a) Security Deposit		
b) Capital Advances		
(i) Secured, Considered good		
(ii) Unsecured and Considered good	8,20,40,139	4,07,47,715
(iii) Considered doubtful		
Less: Allowance for doubtful debts (Expected Credit Loss)		
e) Export incentive receivable	48,12,986	52,88,441
f) Balance with Customs and Central excise / GST authorities		
Total	8,68,53,125	4,60,36,156

NOTE 8

INVENTORIES

Particulars	As at 31, 2021	As at 31, 2020
Lower of Cost or Net realisable value		
a) Raw Materials	2,85,85,683	2,01,96,358
b) Work-in-Process	23,82,953	34,92,947
c) Finished goods	3,00,41,541	4,22,43,596
d) Stock in trade (acquired for trading)		
e) Stores and spares	2,29,44,892	19,29,086
f) Goods in Transit	41,300	6,97,970
Less: Provision for Stock Reserve	-1,79,00,178	-1,57,54,870
Total	6,60,96,192	5,28,05,088

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, 2021	As at March 31, 2020
Trade Receivables		
Secured, Considered good		

28th Annual Report-2020-21

Unsecured, Considered good	26,69,59,537	30,35,66,759
Doubtful	2,76,23,167	2,75,97,155
Allowance for doubtful debts (Expected Credit Loss)	-2,76,23,167	-2,75,97,155
	26,69,59,537	30,35,66,759
Current	26,69,59,537	30,35,66,759
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, 2021	As at March 31, 2020
a) Balances with banks		
(i) In Current account	1,90,372	30,102
(ii) In Deposit account with original maturity less than 3 Months		
(ii) In EEFC account	7,68,339	32,47,782
b) Cash on hand	17,475	22,809
c) Cheques, drafts on hand		
Total	9,76,186	33,00,693

NOTE 11 OTHER BANK BALANCES

Particulars	As at March 31, 2021	As at March 31, 2020
a) Deposit Accounts	45,40,921	45,35,921
b) Earmarked Balances with banks		
(i) In unpaid Dividend account	13,23,291	14,43,534
(ii) In margin money accounts for Bank Guarantee issued	1,50,02,000	2,000
Total	2,08,66,212	59,81,455

NOTE 12 LOANS - CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
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

28th Annual Report-2020-21

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortized Cost		
a) Security Deposit (Unsecured considered good)		
b) Term Deposit		
c) Other Receivable	-	
Total	-	-

NOTE 14 CURRENT TAX ASSETS

Particulars	As at 31, 2021	March	As at 31, 2020	Mar
Provision for Tax - Net of Advance Tax	0			
Total			-	

NOTE 15 OTHER CURRENT ASSETS

Particulars	As at March 31, 2021	As at 31, 2020	March
a) Security Deposit			
b) Capital Advances			
c) Advances to Employees			
(i) Secured, Considered good			
(ii) Unsecured and Considered good	- 12,68,691	9,78,938	
(iii) Considered doubtful			
Less: Allowance for doubtful debts (Expected Credit Loss)			
e) Export incentive receivable			
f) Balance with Customs and Central excise / GST authorities	2,29,98,919	0	
g) Advance to suppliers			
(i) Secured, Considered good			
(ii) Unsecured and Considered good	2,84,41,177	72,42,377	
(iii) Considered doubtful			
Less: Allowance for doubtful debts (Expected Credit Loss)			
h) Prepaid Expenses	13,13,770	9,25,508	
i) Preliminary Expenses	- 56,37,983	1,10,000	
j) Other Advances	28,51,211	1,90,225	
Less: Provision for Doubtful advances	-		
Total	- 6,25,11,751	94,47,048	

NOTE 16 EQUITY SHARE CAPITAL

Particulars	As at 31, 2021	March	As at 31, 2020	March
AUTHORISED				
Equity Shares:				

28th Annual Report-2020-21

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	62,32,700	6,23,27,000
Total	62,32,700	6,23,27,000

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

Reconciliation	2020-21 No.of shares	Amount in Rs	2019-20 No.of shares
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
Issued during the period	-	-	-
At the end of the period	62,32,700	6,23,27,000	62,32,700
b) Redeemable Preference Share Capital (0%)			
.	-	-	-
At the end of the period			

14.2 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, 2021		Mar 31, 2020	
			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%

14.3 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.

The Company has not issued any equity shares under ESOP (Employee Stock Option) .

NOTE 17 OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
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)		

28th Annual Report-2020-21

Retained earnings (surplus in profit or loss account)	42,69,13,647	36,21,73,190
Total	55,86,26,945	49,38,86,488

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, 2021	March As at 31, 2020
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	36,21,73,190	36,09,05,420
Profit /(Loss) for the year	6,84,80,077	87,81,620
Less: Transfer to Capital Redemption Reserve		
Less: Dividend on Equity Shares	-37,39,620	-62,32,700
Less: Tax on Dividend on Equity Shares		-12,81,150
Less: Transfer to Reserves		
Less: IND AS Adjustment		
Closing Balance	42,69,13,647	36,21,73,190

28th Annual Report-2020-21

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

Total Other Equity	55,86,26,945	49,38,86,488
---------------------------	---------------------	---------------------

NOTE 18 NON CURRENT BORROWINGS

Particulars	As at 2021	March 31, March	As at 31, 2020	March
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 2021	March 31, March	As at 31, 2020	March
At Amortised Cost				
Advance from Customers				
Deposit/ Retention				
Total				-

NOTE 20 PROVISIONS - NON CURRENT

Particulars	As at 31, 2021	March	As at March 31, 2020
a) Compensated absences (Earned Leave)			-
b) Provision for Income Tax [net of TDS and Advance Tax]			
c) Provision for gratuity	12,13,355		14,40,264
Total	12,13,355		14,40,264

NOTE 21 SHORT TERM BORROWINGS

Particulars	As at 2021	March 31, March	As at March 31, 2020
Secured - at amortised cost			
Loan repayable on demand (refer note a below)	9,62,93,294		6,26,26,332

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, 2021	March	As at March 31, 2020
Dues of Micro Enterprises and Small Enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises	15,08,76,500		5,78,56,768
Employee related	1,24,06,227		1,17,67,129
Total	16,32,82,727		6,96,23,897

NOTE 23 OTHER FINANCIAL LIABILITIES – CURRENT

Particulars	As at 2021	March 31, March	As at 31, 2020	March
At Amortised Cost				

28th Annual Report-2020-21

a) Current maturities of long-term debt		
b) Interest accrued but not due on borrowings		
c) Unclaimed dividends	13,23,291	14,43,534
d) Other Liabilities		
Lease Rent Payable	65,96,527	89,51,273
Payable for capital Goods Purchased	-	
-Other liabilities (refer Note below)	13,62,419	41,92,576
Total	92,82,236	1,45,87,383

NOTE 24 PROVISIONS -CURRENT

Particulars	As at March 31, 2021	As at March 31, 2020
a) Compensated absences (Earned Leave)	15,38,556	4,20,630
b) Provision for gratuity	8,98,066	6,40,878
c) Provision for Income Tax [net of TDS and Advance Tax]	77,54,688	64,655
Total	1,01,91,310	11,26,163

NOTE 25 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2021	As at March 31, 2020
a) Statutory remittances (Contributions to PF, ESIC, TDS,GST,VAT,Service tax etc.)	24,73,095	72,74,161
b) Advances and Deposits from Customers / others	4,46,58,308	1,09,21,588
c) Related to expenses	1,24,89,094	1,36,95,800
Total	5,96,20,497	3,18,91,549

NOTE 26 REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Sale of Products	74,02,03,586	58,86,80,459
(b) Other operating revenues	5,49,31,350	2,68,68,010
Total	79,51,34,936	61,55,48,469

NOTE 27 OTHER INCOME

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Interest income		
On Bank and Other Deposits	13,65,247	5,88,666
(b) Dividend Income		
From equity investments designated		
(b) Other gains or losses		
- Profit on sale of Fixed Assets (net)	90,000	
- Net gain arising on financial assets designated		
- Net gain on foreign currency transaction	30,53,888	52,22,032
(c) Other non-operating income		
Profit on sale of Assets		-
Miscellaneous income	27,86,045	37,20,262
Total	72,95,180	95,30,960

NOTE 28 COST OF MATERIAL CONSUMED

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Inventories at the beginning of the year	2,01,96,358	1,45,36,732

28th Annual Report-2020-21

Purchases during the year	36,93,52,454	28,49,05,200
Inventories at the end of the year	2,85,85,683	2,01,96,358
Total	36,09,63,130	27,92,45,573

NOTE 29

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

Particulars	Year Ended March 31, 2021	Year Ended 31, 2020	March
Opening 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	
Closing Stock:			
Finished goods			
Capsules	3,00,41,541	4,22,43,596	
Work in progress			
Capsules	23,82,953	34,92,947	
	3,24,24,495	4,57,36,543	
Decrease / (Increase) in stocks	1,33,12,049	10,58,279	
Net change (Increase) / Decrease	1,33,12,049	10,58,279	

NOTE 30

EMPLOYEE BENEFIT EXPENSE

Particulars	Year Ended March 31, 2021	Year Ended 31, 2020	March
(a) Salaries, Wages and Bonus	6,48,89,080	5,40,22,007	
(b) Contribution to Provident and other Funds	27,36,292	31,11,067	
(c) Director Remuneration	1,08,00,000	1,08,00,000	
(d) Workmen and Staff welfare expenses	20,60,397	20,00,905	
Total	8,04,85,770	6,99,33,978	

NOTE 31

FINANCE COST

Particulars	Year Ended 31, 2021	March	Year Ended 31, 2020	March
(i) Interest costs				
(a) Bank Loans and others	23,79,191		65,64,815	
(b) other Interest charges	5,37,370			
(ii) Other borrowing costs - Lease	7,89,374		11,05,094	
Total	37,05,935		76,69,909	

NOTE 32

DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year Ended March 31, 2021	Year Ended 2020	March 31,
Depreciation/amortisation on			
a) Property, Plant and Equipment	3,78,16,342	3,59,45,502	
b) Investment property	-		
c) Right of use Asset - (Lease)	52,47,370	52,61,747	
Total	4,30,63,712	4,12,07,249	

NOTE 33

OTHER EXPENSES

Particulars	Year Ended March 31, 2021	Year Ended 31, 2020	March

28th Annual Report-2020-21

Consumption of stores and spare parts	33,52,215	77,31,196
Power and Fuel	8,51,24,577	8,15,70,741
Repairs and Maintenance -Buildings	19,27,694	20,52,625
Repairs and Maintenance-Machinery	76,29,738	38,98,222
Repairs and Maintenance -Others	22,04,207	15,99,581
Bad Debts	56,58,712	18,42,658
Insurance	14,41,809	5,51,491
Exchange Rate Difference	37,00,691	-
Rates and Taxes	14,80,835	16,04,120
Freight & Clearing Expenses	5,11,35,700	3,94,63,500
Directors Sitting fees	5,25,000	4,35,000
Auditor's Remuneration	3,25,000	3,00,000
Travelling Expenses - Foreign	-	10,16,205
Travelling and Conveyance	50,90,421	71,30,615
Professional Fees	70,17,201	82,33,971
Commission	25,59,939	6,26,873
CSR expenditure	1,46,500	3,00,000
Security Charges	22,05,051	17,25,285
Contract Labour Charges	2,94,10,521	3,00,36,867
Postage and Courier	11,12,096	13,38,942
Communication Expenses	7,50,445	7,67,157
Business Promotion Expenses	27,54,991	44,60,145
Research & Development Expenditure - Revenue in Nature	98,32,930	1,02,56,506
Bank Charges	17,31,205	14,06,373
Printing and Stationery	5,82,685	11,93,038
Miscellaneous Expenses	34,10,466	27,16,146
Total	23,11,10,629	21,22,57,257

NOTE 34 EXCEPTIONAL ITEMS

Particulars	Year Ended	March	Year Ended	March
	31, 2021		31, 2020	
Exceptional items of (Debit)				
Stock Lost on Fire				
Exceptional items of (Credit)				
Profit on sale of Investments	2,17,64,291			
Exceptional items (Net)	2,17,64,291			

NOTE 35 PAYMENT TO AUDITORS

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020

28th Annual Report-2020-21

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, 2021	Year ended 2020	March 31,
Salaries, wages and bonus	76,62,493		82,40,628
Contribution to provident and other funds	3,66,069		4,01,856
Consumption of materials, Stores and spare parts	11,71,822		4,94,799
Power and Fuel	2,49,270		6,10,098
Rent	3,83,276		5,09,125
Total	98,32,930		1,02,56,506

Research and Development Expenditure	Year ended March 31, 2021	Year ended 2020	March 31,
Particulars			
Revenue, net (excluding depreciation)	-		
Capital Expenditure	-		-
Total	-		-

NOTE 37

OPERATING LEASE

The Company has obtained certain premises for its business operations and also the company has provided leased accommodation to employees for period between 11 Months to 5 years

The operating lease payments, which are minimum lease payments recognised in the statement of profit and loss is Rs. 31,43,348 (31,43,348)

Particulars	Year ended March 31, 2021	Year ended 2020	March 31,
Not later than one year	33,00,885		31,43,700
Later than one year and not later than five years	41,95,233		74,96,118
Later than five years			-
Total	74,96,118		31,43,700

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.

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.7.89 Lacs (11.05 Lacs)

NOTE 38

INCOME TAXES RELATING TO CONTINUING OPERATIONS

Particulars	Year ended March 31, 2021	Year ended 2020	March 31,
Current tax			
for Current year	2,22,16,500		65,73,000
for Previous years			
Deferred tax			
for Current year	2,14,400		-14,41,300

28th Annual Report-2020-21

Total	2,24,30,900	51,31,700

NOTE 38

Reconciliation of current tax Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit or loss before tax	9,15,53,183	1,37,07,185
Income tax rate (%) applicable to the company #	27.82%	27.82%
Income tax calculated at income tax rate	2,54,70,096	38,13,339
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Effect of expense that are not deductible	1,50,942	-4,98,176
Effect of incremental deduction on account of research and development and other allowances	-	-14,26,680
Effect of on account Depreciation	(63,53,086)	44,47,836
Withholding tax in respect of income earned outside India		-
Effect of Capital Gain	-33,00,381	-
Effect of interest payable on short fall in Advance tax		2,36,681
Income tax expense recognised in statement of Profit and Loss	1,59,67,571	65,73,000

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

Earnings Per Share

Particulars	Year ended March 31, 2021	Year ended 2020 March 31,
Basic Earnings per share	10.99	1.41
Diluted Earnings per share	10.99	1.41

'39.1 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	6,84,80,077	87,81,620
Earnings used in the calculation of basic earnings per share	6,84,80,077	87,81,620
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	6,84,80,077	87,81,620
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	6,84,80,077	87,81,620

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 40

Corporate Social Responsibility

The Group company has not falls within the threshold limit for applicability of the CSR as per the condition specified in Section 135 of the Companies Act 2013. Hence the same is not applicbale to the Group company for the year 2020-2021 and the company is not required to spent 2% of its average net profit (Profit before taxes) for the immediately preceding 3 financial years on CSR activities in India

**NOTE 41
DEFERRED TAX BALANCES**

Particulars	Year ended 2021	March 31, Year Ended March 31, 2020
Deferred tax assets		
Deferred tax liabilities	95,52,800	68,53,600
Total	95,52,800	68,53,600

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	-68,53,600	-37,14,600	-	-1,05,68,200
Provision compensated absences and others		10,15,400	-	10,15,400
Defined benefit obligation				
Total	-68,53,600	-26,99,200	-	-95,52,800
Tax losses				
Net Deferred tax Assets / (Liability)	-68,53,600	-26,99,200	-	-95,52,800

**NOTE 42
Note (i) - Related Party Disclosures:**

	2020-2021	2019-2020
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	2020-2021	2019-2020
Mr. SUNIL LAXMINARAYANA MUNDRA	44,40,000	44,40,000
Mr. LAXMINARAYANA MUNDRA	31,80,000	31,80,000
Mr. SATYANARAYANA MUNDRA	31,80,000	31,80,000
Mr. PRASANNA JUNNARKAR	10,68,396	10,47,774
Mr. SKANDAN P. JAIN	-	2,77,481
Mrs. SHILPA	4,96,515	2,34,234
Sitting Fees Paid		
Mr . Sushil Kumar mundra	75000	75000
Mrs. Jyothi Mundra	75000	60000
Investment in Equity Shares		
NATURAL PHYTO PHARMA PRIVATE LIMITED (Formerly National Drug Discoveries Pvt Ltd)	-	75,000
NATURAL BIOGENEX PRIVATE LIMITED	1,00,000	
Balances outstanding at the end of the year		

28th Annual Report-2020-21

Payables			
Mr. SUNIL LAXMINARAYANA MUNDRA	-	2,50,210	2,27,110
Mr. LAXMINARAYANA MUNDRA	-	1,83,470	1,56,270
Mr. SATYANARAYANA MUNDRA	-	1,86,820	1,80,420
Mr. PRASANNA JUNNARKAR	-	74,766	65,177
Mrs. SHILPA	-	42,353	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.22,38,417 (PY Rs. 21,44,994) 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 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 Company 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.

Particulars	Gratuity (Funded)	
	2020-2021	2019-2020
Present value of obligations at the beginning of the year	1,34,14,038	1,22,15,310
Current service cost	13,93,506	13,96,716
Interest Cost	9,38,983	8,28,129
Re-measurement (gains) / losses:		
-Actuarial gains and losses arising from change in financial assumption	1,21,341	7,93,555
-Actuarial gains and losses arising from experience adjustment	4,69,751	-10,49,881
Benefit Payments from Plan Assets	-6,39,631	-7,69,791
Present value of obligations at the end of the year	1,56,97,988	1,34,14,038
Changes in the fair value of planned assets		
Fair value of plan assets at the beginning of the year	1,13,32,896	94,84,050
Interest income	-	-
Return on plan assets	8,44,416	6,63,884
Contributions by the employer	21,00,000	20,04,944
Re-measurement (gains) / losses:	-51,114	-50,191
Benefits paid	-6,39,631	-7,69,791
Fair value of plan assets at the end of the year	1,35,86,567	1,13,32,896
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	1,56,97,988	1,34,14,038
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	-	-
Fair value of plan assets at end of the year	1,35,86,567	1,13,32,896

28th Annual Report-2020-21

Funded status of the plans - Liability recognized in the balance sheet	21,11,421	20,81,142
Components of defined benefit cost recognized in profit or loss		
Current service cost	13,93,506	13,96,716
Net interest Cost	94,567	1,64,245
Net cost in Profit or Loss	14,88,073	15,60,961
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	1,21,341	7,93,555
-Actuarial gains and losses arising from experience adjustment	4,69,751	-10,49,881
Return on plan assets	51,114	50,191
Net Cost	6,42,206	-2,06,135
Less: Allocation to Associate Company under common gratuity trust	-	-
Net Cost in other Comprehensive Income	6,42,206	-2,06,135

Particulars	2020-2021	2019-20
Assumptions		
Discount rate	6.90%	7.00%
Expected rate of salary increase	7.00%	7.00%
Average age of members	42.62	40.68
Average remaining working Life	17.38	19.32
Disability Rate - IALM (2012-14) Table Ultimate	5% of Mortality Rate	5% of Mortality Rate

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.

Note (i) Experience Adjustments

Experience Adjustments

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
(Gain) / Loss on Plan Liabilities	4 69,751	-10,49,881
% of Opening Plan Liabilities	3.50%	-8.59%
Gain / (Loss) on Plan Assets	51,114	5 0,191
% of Opening Plan Assets	0.45%	0.53%

Notes:

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- 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.
- 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 have 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 is given below:

Particulars	March 31, 2021	March 31, 2020
Under Base Scenario	1,56,83,215	1,34,14,038

28th Annual Report-2020-21

Salary Escalation (Up by 1%)	1,57,13,773	1,45,84,033
Salary Escalation (Down by	1,45,42,082	1,23,76,788
Withdrawal Rates (Up by 1%)	1,70,13,653	1,34,01,889
Withdrawal Rates (Down by	1,45,42,270	1,34,26,441
Discount Rates (Up by 1%)	1,56,97,988	1,23,69,560
Discount Rates (Down by 1%)	1,69,98,527	1,46,05,618

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 debit 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 Group:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Equity	62,09,78,945	55,62,38,488
Debt	9,62,93,294	6,26,26,332
Cash and cash equivalents	9,76,186	33,00,693
Net debt	9,72,69,480	6,59,27,025
Total capital (Equity + Net debt)	71,82,48,425	62,21,65,513
Net debt to capital ratio	0.135	0.106

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 creditloss 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.

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 2021.

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	92,82,236	92,82,236			92,82,236
Total	14,15,32,465	14,15,32,465	-	-	14,15,32,465

The table below provides details of financial assets at at 31st March 2021

Particulars	Carrying amount- 2020-21	Carrying amount- 2019-20
Trade receivables	26,69,59,537	30,35,66,759

28th Annual Report-2020-21

Other Financial assets	1,01,19,69,145	7,58,13,415
------------------------	----------------	-------------

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, 2021		As at March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets					
Financial assets at amortised cost:					
Trade receivables	Level 3	26,69,59,537	26,69,59,537	30,35,66,759	30,35,66,759
Cash and cash equivalents	Level 2	9,76,186	9,76,186	33,00,693	33,00,693
Bank balances other than cash and cash equivalents	Level 2	2,08,66,212	2,08,66,212	59,81,455	59,81,455
Other financial assets	Level 3	1,33,18,033	1,33,18,033	6,45,31,267	6,45,31,267

Particulars	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities					
Financial liabilities at amortised cost:					
Borrowings	Level 2	9,62,93,294	9,62,93,294	6,26,26,332	6,26,26,332
Trade payables	Level 3	16,32,82,727	16,32,82,727	6,96,23,897	6,96,23,897
Other financial liabilities	Level 3	92,82,236	92,82,236	1,45,87,383	1,45,87,383

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.

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, 2021			As at March 31, 2020		
	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	26,69,59,537			30,35,66,759		
Cash and cash equivalents	9,76,186			33,00,693		
Bank balances other than cash and cash equivalents	2,08,66,212			59,81,455		
Loans	20,00,000			20,00,000		
Other Financial Assets	-			-		
Security Deposit (Unsecured considered good)	75,84,188			34,86,100		

28th Annual Report-2020-21

Rental Deposit	26,74,220			26,73,220		
Term Deposit	-			-		
Interest Receivable On Deposits	30,59,625			26,36,238		
Financial Liabilities						
Borrowings- Bank OD	9,62,93,294			6,26,26,332		
Trade payables	16,32,82,727			6,96,23,897		
Other Financial Liability	13,62,419			41,92,576		
Unclaimed dividend	13,23,291			14,43,534		

Particulars	As at March 31, 2021			As at March 31, 2020		
	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	0			5,07,35,709		
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	2020-21	2019-20
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	1634.06	399.79 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	44.16 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

28th Annual Report-2020-21

EMPLOYEE SHARE-BASED PAYMENT PLANS

The Shareholders of the Company at the Annual General Meetings held on 10th November, 2008 had approved the Employee Stock Option Scheme (ESOP) 2018. The ESOPs are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criteria. 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 - 2020-2021	No of shares - 2019-2020
No of Options Granted During the year		
Options Vested During the year	-	-
Options Outstanding at the Beginning of the year	62,500	62,500
Options Exercised During the year	-	-
Number of Options cancelled	-	-
Number of options lapsed	-	-
Options Outstanding at the End of the year	62,500	62,500

The following table summarises the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2021.

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	10th Nov 2018
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 necessarily provide a reliable measure of fair value of options.

NOTE 48

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 : 31.05.2021

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 REVIEW REPORT ON REVIEW OF INTERIM
CONSOLIDATED FINANCIAL RESULTS.**

TO

The Board of Directors,
Natural Capsules Limited
Bangalore

1. We have received the accompanying statement of Consolidated unaudited financial results of **M/s. NATURAL CAPSULES LIMITED** (the Parent) and its subsidiaries (the Parent and its subsidiaries together referred to as the Group), for the quarter ended June 2021 ("the Statement"), which are included in the accompanying statement of consolidated unaudited Financial results. This statement has been prepared by the company pursuant to the requirement of Regulation 33 of the securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 .
2. This statement is the responsibility of the company's Management and has been approved by the Board of Directors. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the IND AS 34 "Interim Financial Reporting " prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5 , 2016 and other accounting principles generally accepted in India . Our Responsibility is to issue a report on the statement of consolidated unaudited financial results based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.



Bangalore * Chennai

4. The Statement includes the results of the following entities:

Name of the Entity	Relationship
Natural Phyto Pharma Private Limited	Subsidiary
Natural Biogenex Private Limited	Subsidiary

5. Based on our review conducted as above and based on the consideration of the review reports of the other auditors as given below in point no.6, nothing has come to our attention that causes us to believe that the Statement, prepared in accordance with applicable Indian accounting standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial results of one subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs. Nil for the quarter ended 30 June 2021, total net profit after tax of Rs. Nil for the quarter ended 30 June 2021 as considered in the Statement. These interim financial results have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports furnished by the management. In our opinion and according to the Information and explanations given to us by management, these financial statements and other financial information are not material to the Group. Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the financial information certified by management.

For P. Chandrasekar LLP
Chartered Accountants
FRN No: 000580S/S200006

P. Chandrasekar

P. Chandrasekaran
Partner
Membership No: 026037



Place - Bangalore
Date: Aug 7, 2021

21026037 AAAAES 8031

NATURAL CAPSULES LIMITED

TRIDENT TOWERS, 4TH FLOOR, NO. 23,100 FEET ROAD, JAYANAGAR II BLOCK, BANGALORE-560 011
Ph. 26671571/573, Fax 26671562, E-mail : Info@naturalcapsules.com / CIN: L85110KA1993PLCO14742

Consolidated Unaudited Statement of Assets and Liabilities

Rs. In Lacs

S.No	Particulars	Note No.	As at June 30, 2021	As at March 31, 2021
A	ASSETS			
	Non-Current Assets			
	(a) Property, Plant and equipment	2	4,076	3,811
	(b) Capital Work in Progress		845	698
	(c) Investment Property	3	-	-
	(d) Other Intangible Assets	4	-	-
	(e) Financial Assets		-	-
	(i) Investments	5	-	-
	(ii) Other financial assets	6	207	133
	(f) Deferred Tax Assets		-	-
	(g) Other Non-Current Assets	7	1,357	849
	Total non-Current Assets		6,486	5,490
	Current Assets			
	(a) Inventories	8	543	661
	(b) Financial Assets			
	(i) Other Investments		-	-
	(ii) Trade Receivables	9	2,649	2,670
	(iii) Cash and Cash Equivalents	10	4	10
	(iv) Bank balances other than (iii) above	11	209	209
	(v) Loans	12	-	40
	(v) Other Financial assets	13	-	-
	(c) Current tax assets (Net)	14	-	-
	(d) Other current Assets	15	1,047	625
	Total Current Assets		4,452	4,214
	TOTAL ASSETS		10,938	9,704
B	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	16	623	623
	(b) Other Equity	17	5,795	5,586
	(c) Money Received against Share warrants		-	-
	Total Equity		6,419	6,210
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	-
	(ii) Other Financial Liabilities	19	-	-
	(b) Deferred Tax Liabilities		99	96
	(c) Provisions	20	-	24
	(d) Other Non-Current liabilities		-	-
	Total Non-Current Liabilities		99	120
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,163	963
	(ii) Trade Payables			
	Dues of micro enterprises and small enterprises	22	-	-
	Dues of creditors other than micro enterprises and small enterprises	22	1,615	1,633
	(iii) Other Financial Liabilities	23	692	93
	(b) Provisions	24	125	90
	(c) Other Current Liabilities	25	826	596
	Total Current Liabilities		4,421	3,375
	Total Liabilities		4,519	3,494
	TOTAL EQUITY AND LIABILITIES		10,938	9,704

For Natural Capsules Limited

 Managing Director

NATURAL CAPSULES LIMITED

TRIDENT TOWERS, 4TH FLOOR, NO. 23, 100 FEET ROAD, JAYANAGAR II BLOCK, BANGALORE-560 011

Ph. 26671571/573, Fax 26671562, E-mail : info@naturalcapsules.com / CIN: L85110KA1993PLCO14742

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE, 2021

Rs. in Lacs

Sl. No.	PARTICULARS	Quarter Ended		Year Ended	
		30th June 2021 Unaudited	31st March, 2021 Audited	30th June 2020 Unaudited	31st March 2021 Audited
1	Revenue from operations	2,571	2,312	1600	7,951
2	Other Income	4	20	34	73
3	Total Income (1+2)	2,575	2,332	1,634	8,024
4	Expenses				
	a) Cost of Material consumed	1,226	1,026	749	3,610
	b) Purchase of stock-in-trade	(79)	27	(8)	133
	c) (Increase) / Decrease in stock in trade	236	233	182	805
	d) Employees benefits expense	26	16	15	37
	f) Finance cost	116	113	103	431
	g) Depreciation	763	675	517	2,311
	h) Other Expenses				
	Total Expenses	2,288	2,089	1,558	7,326
5	Profit from ordinary activities after finance costs but before exceptional items	287	243	76	698
6	Exceptional Items Income / (Expenses)	-	-	-218	(218)
7	Profit from ordinary activities before tax	287	243	294	916
8	Tax Expense				
	- Current Tax	78	80	46	224
	- Income tax (Prior year)	75	53	60	222
	- Deferred Tax	3	26	(14)	2
9	Net Profit (+) / Loss (-) from ordinary activities after tax	209	163	248	691
10	Other Comprehensive income (OCI)				
	a) Items that will not be reclassified to profit or loss (net of tax)	-	(6)	-	(6)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-
11	Total Comprehensive Income (OCI) for the period	209	157	248	685
12	Paid-Up Equity Share Capital (face value per share Rs.10/-)	623	623	623	623
13	Earnings Per Share of (before & after extraordinary items) Rs. 10/-				
	(a) Basic	3.35	2.51	3.98	10.99
	(b) Diluted	3.35	2.51	3.98	10.99

For Natural Capsules Limited

 Managing Director

Note:

1 The Unaudited Consolidated financial results of the Company for the Quarter Ended 30th June 2021 have been approved by the Board of Directors of the Company at its meeting held on 7th August, 2021. The figures for the Quarter ended 30th June 2021 was subject to 'Limited Review' by Statutory Auditors of the Company who have expressed an unqualified review opinion.

2 The Unaudited Consolidated Financial results for the Quarter Ended 30th June 2021 have been prepared above in accordance with the Indian Accounting Standards (Ind AS) as prescribed under 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. The above Unaudited Consolidated Financial results are filed with Stock Exchanges under Regulation 33 of SEBI (Listing and Other Disclosure Requirements) Regulations, 2015 and are available on the Stock Exchange Website.

3 Previous years figures have been regrouped wherever necessary.

4 The figures for the quarter ended March 2021 are arrived at as difference between audited figures in respect of full financial year for the year ended March 31 2021 and the reviewed figures upto nine months period ended December 31st 2020

5 The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Company will assess the impact of these Codes and give effect in the unaudited Consolidated financial results when the Rules/Schemes thereunder are notified.

6 Position of investor complaints for the quarter ended 30th June 2021

Particulars	
Pending as on 31-03-2021	Nil
Received during the quarter	1
Resolved during the quarter	1
Pending as on 30-06-2021	Nil

Place : Bangalore

Date : 7th August 2021

For Natural Capsules Limited


Managing Director

P. CHANDRASEKAR LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS.

TO

The Board of Directors,
Natural Capsules Limited,
Bangalore.

1. We have received the accompanying statement of unaudited financial results of **M/s. NATURAL CAPSULES LIMITED** ("the company") for the quarter ended June 2021 ("the Statement"), which are included in the accompanying statement of unaudited Financial results. This statement has been prepared by the company pursuant to the requirement of Regulation 33 of the securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This statement is the responsibility of the company's Management and has been approved by the Board of Directors. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the IND AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and other accounting principles generally accepted in India. Our Responsibility is to issue a report on the statement of unaudited financial results based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Bangalore * Chennai

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard as specified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular number CIR/CFD/FAC/62/2016 dated July 5 2016 including the manner in which it is to be disclosed , or that it contains any material misstatement.
5. Attention is drawn to the fact that the figures for the three months ended 31 March 2021 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit

For P. Chandrasekar LLP
Chartered Accountants
FRN No: 000580S/S200006

Chandrasekar

P. Chandrasekaran
Partner
Membership No: 026037
Date: August 7th, 2021



21026037 AAAAER6352


NATURAL CAPSULES LIMITED

TRIDENT TOWERS, 4TH FLOOR, NO. 23,100 FEET ROAD, JAYANAGAR II BLOCK, BANGALORE-560 011
Ph. 26671571/573, Fax 26671562, E-mail : Info@naturalcapsules.com / CIN: L85110KA1993PLCO14742

Unaudited Standalone Statement of Assets and Liabilities

Rs. In Lacs

S.No	Particulars	Note No.	As at June 30, 2021	As at March 31, 2021
A	ASSETS			
	Non-Current Assets			
	(a) Property, Plant and equipment	2	3,721	3,459
	(b) Capital Work in Progress		459	345
	(c) Investment Property	3	-	-
	(d) Other Intangible Assets	4	-	-
	(e) Financial Assets		-	-
	(i) Investments	5	2	2
	(ii) Other financial assets	6	207	132
	(f) Deferred Tax Assets		-	-
	(g) Other Non-Current Assets	7	2,383	1,776
	Total non-current Assets		6,771	5,714
	Current Assets			
	(a) Inventories	8	543	661
	(b) Financial Assets			
	(i) Other Investments		-	-
	(ii) Trade Receivables	9	2,649	2,670
	(iii) Cash and Cash Equivalents	10	4	9
	(iv) Bank balances other than (iii) above	11	59	59
	(v) Loans	12	20	20
	(v) Other Financial assets	13	-	-
	(c) Current tax assets (Net)	14	-	-
	(d) Other current Assets	15	877	534
	Total Current Assets		4,152	3,952
	TOTAL ASSETS		10,923	9,666
B	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	16	623	623
	(b) Other Equity	17	5,800	5,590
	(c) Money Received against Share warrants		-	-
	Total Equity		6,423	6,213
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	-
	(ii) Other Financial Liabilities	19	-	-
	(b) Deferred Tax Liabilities		99	96
	(c) Provisions	20	12	12
	(d) Other Non-Current liabilities		-	-
	Total Non-Current Liabilities		111	108
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,163	963
	(ii) Trade Payables			
	Dues of micro enterprises and small enterprises	22	-	-
	Dues of creditors other than micro enterprises and small enterprises	22	1,609	1,606
	(iii) Other Financial Liabilities	23	683	84
	(b) Provisions	24	113	102
	(c) Other Current Liabilities	25	822	591
	Total Current Liabilities		4,389	3,345
	Total Liabilities		4,499	3,453
	TOTAL EQUITY AND LIABILITIES		10,923	9,666

For Natural Capsules Limited

Managing Director

NATURAL CAPSULES LIMITED
TRIDENT TOWERS, 4TH FLOOR, NO. 23,100 FEET ROAD, JAYANAGAR II BLOCK, BANGALORE-560 011
Ph. 26671571/573, Fax 26671562, E-mail : Info@naturalcapsules.com / CIN: L85110KA1993PLCO14742
UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE,2021

Rs.in Lacs

Sl. No.	PARTICULARS	Quarter Ended		Year Ended	
		30th June 2021 Unaudited	31st March, 2021 Audited	30th June 2020 Unaudited	31st March 2021 Audited
1	Revenue from operations	2,571	2,312	1,600	7,951
2	Other Income	4	20	34	73
3	Total Income (1+2)	2,575	2,332	1,634	8,024
4	Expenses				
	a) Cost of Material consumed	1,226	1,026	749	3,610
	b) Purchase of stock-in-trade		-		-
	c) (Increase) / Decrease in stock in trade	(79)	27	(8)	133
	d) Employees benefits expense	236	233	182	805
	f) Finance cost	26	16	15	37
	g) Depreciation	116	113	103	431
	h) Other Expenses	761	671	517	2,307
	Total Expenses	2,287	2,085	1,558	7,323
5	Profit from ordinary activities after finance costs but before exceptional items	288	246	76	701
6	Exceptional Items Income / (Expenses)	-	-	-218	-
7	Profit from ordinary activities before tax	288	246	294	701
8	Tax Expense				
	- Current Tax	78	80	46	224
	- Income tax (Prior year)	75	53	60	222
	- Deferred Tax	-	-	(14)	-
9	Net Profit (+) / Loss (-) from ordinary activities after tax	210	167	248	477
10	Other Comprehensive Income (OCI)				
	a) Items that will not be reclassified to profit or loss (net of tax)	-	(6)	-	(6)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-
11	Total Comprehensive Income (OCI) for the period	210	160	248	471
12	Paid-Up Equity Share Capital (face value per share Rs.10/-)	623	623	623	623
13	Earnings Per Share of (before & after extraordinary items) Rs. 10/-				
	(a) Basic	3.37	2.57	3.98	7.55
	(b) Diluted	3.37	2.57	3.98	7.55

For Natural Capsules Limited

Managing Director

Note:

1 The unaudited standalone financial results of the Company for the Quarter Ended 30th June 2021 have been approved by the Board of Directors of the Company at its meeting held on 7th August, 2021. The figures for the Quarter ended 30th June 2021 was subject to 'Limited Review' by Statutory Auditors of the Company who have expressed an unqualified review opinion.

2 The Unaudited Standalone Financial results for the Quarter Ended 30th June 2021 have been prepared above in accordance with the Indian Accounting Standards (Ind AS) as prescribed under 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. The above Unaudited Standalone Financial results are filed with Stock Exchanges under Regulation 33 of SEBI (Listing and Other Disclosure Requirements) Regulations, 2015 and are available on the Stock Exchange Website.

3 Previous years figures have been regrouped wherever necessary.

4 The figures for the quarter ended March 2021 are arrived at as difference between audited figures in respect of full financial year for the year ended March 31 2021 and the reviewed figures upto nine months period ended December 31st 2020

5 The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Company will assess the impact of these Codes and give effect in the unaudited standalone financial results when the Rules/Schemes thereunder are notified.

6 Position of investor complaints for the quarter ended 30th June 2021

Particulars	
Pending as on 31-03-2021	Nil
Received during the quarter	1
Resolved during the quarter	1
Pending as on 30-06-2021	Nil

Place : Bangalore

Date : 7th August 2021

For Natural Capsules Limited

Managing Director

ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT

ACCOUNTING RATIOS

Following are the Key Accounting Ratios for the financial year ended March 31, 2021:

Particulars	Consolidated	Standalone
Earnings Per Share (EPS) (Basic and Diluted) (₹)	10.99	11.04
Return on Net Worth (%)	11.13	11.18
Net Asset Value per Share (₹)	99.63	99.68
EBITDA (₹ in Lakhs)	1,383.23	1,386.71
EBITDA (%)	22.13	17.28

Formula:

- 1) **Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
- 2) **Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
- 3) **Net Asset Value Per Share (₹):** Net Assets as at the year-end/ period end divided by total number of equity shares outstanding at the end of the period.
- 4) **EBITDA (₹ in lakhs):** Profit before tax plus finance costs plus depreciation and amortization expense.
- 5) **EBITDA (%):** [EBITDA/ (Total Revenue)] * 100

CAPITALISATION STATEMENT

The capitalization statement of the Company as at March 31, 2021 and as adjusted for the Issue as per standalone financials is as follows:

Particulars	Pre-Issue as at March 31, 2021	Adjusted for the Issue
Total Borrowings		
Current Borrowings (A)	962.93	962.93
Non-current Borrowings (including current maturity) (B)	-	-
Total Borrowings (C) = (A) + (B)	962.93	962.93
Total Equity		
Equity Share Capital (D)	623.27	934.90
Other Equity (E)	5,589.75	8,394.47
Total Equity (F) = (D) + (E)	6,213.02	9,329.37

Note: The figures disclosed above are based on the audited books of accounts of the Company as at March 31, 2021

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed on the BSE Limited

- 1) Year is a Financial Year
- 2) Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- 3) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- 4) In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average closing prices recorded on the BSE, during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Shares)	Average Price for the Year
FY 2020-21	March 08, 2021	138.10	8,39,133	April 03, 2020	34.45	500	96.30
FY 2019-20	April 15, 2019	82.00	75	March 31, 2020	32.85	500	43.07
FY 2018-19	August 17, 2018	137.80	32,201	February 13, 2019	54.50	1,644	105.94

Source: www.bseindia.com

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

Month	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Shares)	Total No. of shares traded for the Month
April 2021	April 22, 2021	144.05	9,305	April 01, 2021	110.20	1,390	91,613
May 2021	May 31, 2021	158.40	25,403	May 11, 2021	128.40	12,629	1,88,928
June 2021	June 08, 2021	163.95	8,461	June 01, 2021	146.60	10,909	2,47,487
July 2021	July 15, 2021	178.95	1,84,879	July 02, 2021	149.75	5,143	3,56,502
August 2021	August 12, 2021	177.50	14,924	August 23, 2021	153.00	5,066	1,62,410
September 2021	September 07, 2021	164.60	4,560	September 21, 2021	149.65	3,122	95,070

Week end closing prices of the Equity Shares for the last four weeks:

Week ended on	Closing Price (₹)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
October 08, 2021	160.85	165.80	October 08, 2021	160.00	October 05, 2021
October 15, 2021	153.80	159.40	October 13, 2021	153.80	October 14, 2021
October 22, 2021	150.25	154.70	October 21, 2021	150.25	October 22, 2021
October 29, 2021	156.00	158.05	October 27, 2021	153.20	October 28, 2021

SECTION VIII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations involving our Company and our Subsidiaries including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, other than criminal proceedings, statutory or regulatory actions, as 'material';

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company is impleaded as a defendant in litigation proceedings before any judicial forum.

A. LITIGATION INVOLVING OUR COMPANY

Tax Matters

Income Tax matters

Details of outstanding demand in respect of Income Tax:

Sr. No.	Section	Assessment Year	Amount (₹ in Lakhs)	Remarks
1)	143(3)	2017-18	13.23	-
2)	143(3)	2017-18	8.33	-
3)	143(3)	2017-18	197.63	-
4)	274 read with 270A	2017-18	-	Misreporting of Income proceedings
5)	142(1)	2017-18	-	Additional documents sought from Department. Response submitted on November 26, 2019.
6)	143(1)(a)	2018-19	3.64	-
7)	143(1)(a)	2019-20	3.58	-

Indirect Tax Matter

Our Company has filed an appeal before the Additional Commissioner of Central Excise Bangalore-I against the order dated August 22, 2014 on the grounds for disallowance of eligible Credit availed. The amount involved in the matter is ₹22.08 lakhs. The matter is currently pending.

B. LITIGATIONS FILED BY OUR COMPANY

Sr. No.	Parties	Court /Case No./ Judge	Case Details	Approx. Amount involved (₹ in lakhs)	Current Status
1)	Natural Capsules Limited V/s Ayurwin Pharma Private Limited	CP(IB) No. 186/BB/2018 National Company Law Tribunal, Bengaluru Bench	Corporate Insolvency Resolution Process U/s 9B of IBC, 2016 R/w Rule 6 of I&B (AAA) Rules, 2016	26.68	Company is under Corporate Insolvency Resolution process of the Insolvency and Bankruptcy Code 2016 vide NCLT order dated 05.02.2020.
2)	Natural Capsules Limited V/s Cosmas Pharmacls Limited	Diary No. 5071 National Company Law Tribunal, Chandigarh Bench	Case is Filed before Chandigarh	15.49	Matter is yet to be listed before the Bench of NCLT

			Bench of Hon'ble NCLT		
3)	Natural Capsules Limited V/s Swiss Pharma Private Limited	C.P.(IB)-128/NCLT/AHM/2019 National Company Law Tribunal, Ahmedabad Bench	Application for initiation of corporate insolvency resolution process by operational creditor under section 9 of Insolvency and Bankruptcy code, 2016	6.39	Part Amount received. Order dated 19.12.2019 for disposed of. (Petition is dismissed for non-prosecution)
4)	Natural Capsules Limited V/s Quality Nexgen Pharmaceutical Private Limited	C.P.(IB)-1617(MB)/2018 National Company Law Tribunal, Mumbai Bench	Application for initiation of corporate insolvency resolution process by operational creditor under section 9 of Insolvency and Bankruptcy code, 2016	10.73	Currently at NCLT Mumbai bench and next Hearing date is 09.09.2021. (Party has now paid principal advised attorney to withdraw the case now)
5)	Natural Capsules Limited V/s Maersk Line India Private Limited	CC/2298/2017 National Consumer Disputes Redressal Commission, New Delhi Bench	Consumer Case at National Consumer Disputes Redressal Commission	2,050	Office Circular No. A-2/ Listing/NCDRC/021 dated 23.06.2021, the matter is adjourned to 02.08.2021 for the same purpose for which the matter is listed today.
6)	Natural Capsules Limited V/s Ind Swift Limited	CP/87/2015	Civil Litigation Suit	10.26	Case is currently pending at Punjab & Haryana High Court.

C. LITIGATIONS INVOLVING OUR PROMOTERS

Sr. No.	Parties	Court /Case No./ Judge	Case Details	Amount involved (₹ in lakhs)	Current Status
1)	DHL e-Commerce (India) Private Limited V/s Mr. Sunil Mudra	HJS/DST/Demand Notice/2021-22/Natural Capsules	Legal demand Notice towards overdue outstanding amount since, March 2019.	21.21	Letter received from DHL e-Commerce (India) Private Limited dated 23.07.2021. Matter is currently pending.

D. LITIGATIONS INVOLVING OUR SUBSIDIARIES

NIL

Disclosures pertaining to wilful defaulters

Neither our Company, our Directors nor our Promoters are or have been declared as wilful defaulters by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

Material development since the date of the last audited accounts

To our knowledge no circumstances have arisen since the date of the latest audited financial statements i.e. March 31, 2021, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

GOVERNMENT AND OTHER APPROVALS

Our Company and our Subsidiaries are required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits and licenses under them for conducting our operations. The requirement for approvals may vary based on factors such as the activity being carried out and the legal requirements in the jurisdiction in which we are operating. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company and our Subsidiaries have obtained all material consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we will apply for their renewal, from time to time.

As on the date of this Letter of Offer, there are no pending material approvals required for our Company or any of our Subsidiaries, to conduct our existing business and operations.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the following:

- 1) Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at their meeting held on August 07, 2021.
- 2) In-principle approval from BSE pursuant to the letter dated September 08, 2021.

The Board of Directors in their meeting held on August 07, 2021 have determined the Issue Price as ₹100.00 per Equity Share and the Rights Entitlement as 1 (One) Rights Equity Share(s) for every 2 (Two) Equity Share(s) held on the Record Date.

On Application, the Investors will have to pay ₹25.00 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹75.00 per Rights Equity Share, which constitutes 75.00% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.

Prohibition by SEBI and various agencies/ other Regulatory Bodies

Our Company, Promoters, members of Promoter Group and directors, have not been or are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the companies with which our Promoter or our directors are associated as promoter or directors have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, Promoter or director have been identified as willful Defaulters by the RBI. None of our Directors are associated with the securities market in any manner. Neither our Promoter nor our directors are declared as Fugitive Economic Offenders.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc. on our Company/Promoters/Directors/Group Companies.

Eligibility for the Issue

Our Company is a listed company incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the BSE Limited. Our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to this Issue.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with requirements of Regulation 61 and 62 of the SEBI ICDR Regulations to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to stock exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations:

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

- 1) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the SEBI and until date.
- 2) The reports, statements and information referred to above are available on the websites of stock exchanges.
- 3) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory Redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

The Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is below ₹5,000 Lakhs.

Disclaimer clauses from our Company

Our Company accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Bengaluru, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE Limited

Disclaimer Clause of BSE

“BSE Limited (“**the Exchange**”) has given vide its letter dated September 08, 2021, permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”

Filing

The Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is less than ₹5,000.00 Lakhs which does not require issuer to file Letter of Offer with SEBI. Issuer filed the Draft Letter of Offer with BSE for obtaining in-principle approval.

Investor Grievances and Redressal System

We have adequate arrangements for Redressal of investor complaints in compliance with the corporate governance requirements under the SEBI LODR Regulations as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Cameo Corporate Services Limited. The Redressal norm for response time for all correspondence including shareholder’s complaints is within 7 (seven) to 10 (ten) days.

The Stakeholders’ Relationship Committee consists of Mr. Anjan Kumar Roy as Chairperson and Mr. Laxminarayan Mundra and Mr. Sunil Laxminarayan Mundra as members of the said committee. All Investor Grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Investor grievances arising out of this Issue

Our Company’s Investor Grievances arising out of the Issue will be handled by Cameo Corporate Services Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as Folio No, name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer and/ or Registrar to the Issue at the below mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ demat credit etc.

Additionally, we have been registered with the SEBI Complaints Redress System (“**SCORES**”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 03, 2011. This would enable investors to lodge and follow up their complaints and track the status of Redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post Issue related matter. All grievances relating to the ASBA process or the R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), email address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA Process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process, see “Terms of the Issue” on page 66. The contact details of the Registrar to the Issue and Company Secretary & Compliance Officer are as follows:

COMPANY SECRETARY & COMPLIANCE OFFICER	REGISTRAR TO THE ISSUE
<p>Mrs. Shilpa Burman Natural Capsules Limited Trident Towers, 3rd Floor, No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru, Karnataka, 560 011 Tel No.: +91 80-2667 1571 E-mail: company.sec@naturalcapsules.com Website: www.naturalcapsules.com</p>	<p>Cameo Corporate Services Limited Subramanian Building, 1, Club House Road, Chennai-600002 Contact Person: Ms. K. Sreepriya Tel No.: +91 44 4002 0700 E-Mail Id: priya@cameoindia.com Investor Grievance E-Mail Id: investor@cameoindia.com Website: www.cameoindia.com</p>

SECTION IX – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section. Depending on the Issue opening date and applicability of the Circular and any further amendments or clarifications thereto, suitable modifications will be made in the Letter of Offer in this regard.

The Eligible Equity Shareholders are requested to note that application in this issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA and the relaxation on applications to be made by physical shareholders, are one time relaxations made available by SEBI in view of the COVID 2019 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by the Eligible Equity Shareholders, you are advised to read the frequently asked question (FAQ) on the website of the registrar at <https://rights.cameoindia.com/ncl>.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

IMPORTANT

1) Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, our Company will send through email or registered post or speed post, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses or registered address of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who makes a request in this regard.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of our Company at www.naturalcapsules.com; the Registrar to the Issue at <https://rights.cameoindia.com/ncl> ; the Stock Exchange at www.bseindia.com and to update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/ncl> .

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/ncl> by entering their DP ID and Client ID or Folio Number and PAN (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company i.e. www.naturalcapsules.com.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have

provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

2) Facilities for Application in this 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 70".

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 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".

Do's for Shareholders applying through R-WAP:

- a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- b) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- c) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.
- d) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.
- e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.
- f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Shareholders applying through R-WAP:

- a) Do not apply from bank account of third parties.
- b) Do not apply if you are a non-resident Shareholders.
- c) Do not apply from non-resident account.

3) Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholder

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 Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e. by December 20, 2021, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

4) Application by 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.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. 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 Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 85 and 94, respectively.

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Basis for This Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialized form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/ncl> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company i.e. www.naturalcapsules.com.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar i.e. <https://rights.cameoindia.com/ncl>. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer and the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. the Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar at

<https://rights.cameoindia.com/ncl>, our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.00.

Issue Price

Each Rights Equity Share is being offered at a price of ₹100.00 per Rights Equity Share (including a premium of ₹90.00 per Rights Equity Share). On Application, Investors will have to pay ₹25.00 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹75.00 per Rights Equity Share which constitutes 75.00% of the price of each Rights Equity Share respectively, will have to be paid, on one or more subsequent Call(s) for Rights Equity Shares, as determined by the Board of Directors at its sole discretion, from time to time.

The Issue Price has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

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

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat accounts either in full or in part. The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor of an Eligible Equity Shareholders being an erstwhile OCB

unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see “Procedure for Renunciation of Rights Entitlements” on page 81.

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, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in Dematerialized Account

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 Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE936B20015. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date i.e., by December 20, 2021, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer. Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after entering in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN INE936B20015. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On-Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be 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). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade.

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. For details, see “Procedure for Renunciation of Rights Entitlements – On Market Renunciation” and “Procedure for Renunciation of Rights Entitlements – Off Market Renunciation” on page 81.

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.

Terms of Payment

₹100.00 per Rights Equity Share (including premium of ₹90.00 per Rights Equity Share) shall be payable as follows:

Particulars	Face value (₹ per Rights Equity Share)	Premium (₹ per Rights Equity Share)	Total (₹ per Rights Equity Share)
On Application	2.50	22.50	25.00
On Calls(s) to be made by our Company*	7.50	67.50	75.00
Total	10.00	90.00	100.00

**Our Company shall have the right to call up the remaining paid-up capital in one or more Call(s), as determined by our Board at its sole discretion, from time to time.*

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed within such period as may be prescribed. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record Date for Calls and Suspension of Trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchange for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchange. Further, advertisements for the same will be published in English National daily newspaper; and Kannada language daily newspaper; (Kannada being the regional language of Karnataka, where our Registered office is situated), all with wide circulation.

The Calls shall be deemed to have been made at the time when the resolution authorizing such Calls are passed at the meeting of our Board/ Committee. The Calls may be revoked or postponed at the discretion of our Board. Pursuant to

the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Securities are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Shares for every 2 (Two) Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 2 (Two) Equity Shares or is not in the multiple of Two Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Security if they apply for additional Rights Securities over and above their Rights Entitlements, if any, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 3 (Three) Equity Shares, such Equity Shareholder will be entitled to 1 (one) Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 2 (Two) Equity Shares shall have 'zero' entitlement for the Rights Securities. Such Eligible Equity Shareholders are entitled to apply for additional Rights Securities and will be given preference in the Allotment of one Rights Security, if such Eligible Equity Shareholders apply for additional Rights Securities, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favor of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank *pari-passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and Trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter dated September 08, 2021. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The Rights Securities shall be listed and admitted for trading on the Stock Exchange under separate ISINs for Rights Equity Shares. The procedures for listing and trading of Rights Securities shall be completed within seven Working Days from the date of finalization of the Basis of Allotment.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 524654). The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by Our Promoter and Our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "Capital Structure-Subscription to this Issue by our Promoter and Promoter Group" on page 30.

Rights of Holders of Rights Equity Shares of Our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "Credit and Transfer of Rights Equity Shares in case of

Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non- receipt of demat account details in a timely manner”; and

- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialized mode is 1 (one) Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialized form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialized form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circular and MCA General Circular No. 21/2020, our Company will send through email or registered post or speed post or courier, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. The Letter of Offer will be provided, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 04, 2018 read with Foreign Exchange (Non-Debt Instruments) Regulations, 2019, issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favor of a person named by them; or (iii) apply for the shares renounced in their favor. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights

Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at investor@cameoindia.com.

The Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at <https://rights.cameoindia.com/ncl> or investor@cameoindia.com.

PROCEDURE FOR APPLICATION

How to Apply?

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. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” on page 85.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company. The Application Form along with the Abridged Letter of Offer and other applicable Issue material shall be sent through email and/or speed post/registered post/courier at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through to email address if they have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form

attributable to non- availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/ncl>. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of our Company at www.naturalcapsules.com; the Registrar at <https://rights.cameoindia.com/ncl>; and the Stock Exchanges at www.bseindia.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/ncl> by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company i.e. www.naturalcapsules.com

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the 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 Rights 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 accept this Issue and apply for the Rights Equity Shares 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, Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 86. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 82. Options available to the Eligible Equity Shareholders.

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder are entitled.

- a) If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:
- b) Apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- c) Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

- d) Apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- e) Apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- f) Renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circular, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 85 and 94 respectively.

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.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) 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.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

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

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 77.

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.

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.

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.

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.

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 Renouncees 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.

Application 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.

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:

1. Name of our Company, being **Natural Capsules Limited**;
2. 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);
3. Registered Folio Number/DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialized form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹100.00 per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. 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;
13. 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;
14. Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. 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);
16. 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.
17. 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>

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of Payment

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP. In case of Application through the ASBA facility, the Shareholders agree to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Shareholders in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Application by 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 Rights 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 Rights 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.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 85 and 94, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/ncl>

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in Physical Form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The Eligible Equity Shareholders can access the Application Form from the website of the Registrar <https://rights.cameoindia.com/ncl>; Company www.naturalcapsules.com; and the Stock Exchange at www.bseindia.com

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at <https://rights.cameoindia.com/ncl> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company at www.naturalcapsules.com;

- d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, 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,

Allotment of the Rights Equity Shares in Dematerialized Form

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.

General Instructions for Investors

1. Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
2. In accordance with the SEBI Rights Issue Circular, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of Rights Equity Shares for non-receipt of demat account details in a timely manner" on pages 85 and 91, respectively.
3. Please read the instructions on the Application Form sent to you.
4. The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
5. Application should be made only through the ASBA facility.
6. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
7. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "Application on Plain Paper under ASBA process" on page 77.
8. 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. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
9. An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
10. Applications should be submitted to the Designated Branch of the SCSB or made online/electronic 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. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
11. Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.
12. In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equivalent to the Application Money in the ASBA Account mentioned in the Application Form.

13. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
14. In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
15. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
16. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
17. All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
18. Only persons in the United States to U.S. Persons, who are U.S. QIBs and are also Qualified Purchasers and outside the United States to non-U.S. Persons in offshore transactions in compliance with Regulation S to existing shareholders located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
19. 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, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
20. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
21. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
22. Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, or obtained from the RBI with the Application and send a copy of such approval to the Registrar at investor@cameoindia.com, in case the Application and the resultant Rights Equity Shares will result in the

aggregate shareholding or total voting rights of the Applicant (along with persons acting in concert) in our Company, to be in excess of 26.00% of the post-issue paid-up equity share capital of our Company.

23. An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

1. Ensure that the Application Form and necessary details are filled in.
2. Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income- tax Act.
3. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("Demographic Details") are updated, true and correct, in all respects.
4. Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected.

Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

1. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
2. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
3. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
4. Do not pay the Application Money in cash, by money order, pay order or postal order.
5. Do not submit multiple Applications.

Do's for Investors applying through ASBA:

1. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialized form only.
2. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
3. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
4. Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
5. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

1. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
2. Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB) and branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
3. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

1. DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
2. Sending an Application to the Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
3. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
4. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
5. Account holder not signing the Application or declaration mentioned therein.
6. Submission of more than one application Form for Rights Entitlements available in a particular demat account.
7. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
8. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
9. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
10. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
11. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
12. Physical Application Forms not duly signed by the sole or joint Investors.

13. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
14. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
15. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
16. Applications which have evidence of being executed or made in contravention of applicable securities laws.
17. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor.

Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility and R-WAP Facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer and the Application Form and other applicable Issue materials shall be sent to their email addresses if they have provided their Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income- tax Act.
2. In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “Procedure for Applications by Mutual Funds” on page 99.

In cases where Multiple Application Forms are submitted, including cases where (a) an Shareholders submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “Capital Structure - Intention and extent of participation by our Promoter” mentioned above

Last Date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is December 20, 2021, i.e. Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “Basis of Allotment” on page 93.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

Shareholders who have applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to investor@cameoindia.com, in case of Application through R-WAP facility. However, no Shareholders, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

Issue Opening Date	November 30, 2021 (Tuesday)
Last Date for On Market Renunciation [#]	December 15, 2021 (Wednesday)
Issue Closing Date*	December 20, 2021 (Monday)
Finalization of Basis of Allotment (on or about)	December 27, 2021 (Monday)
Date of Allotment (on or about)	December 29, 2021 (Wednesday)
Date of credit (on or about)	December 30, 2021 (Thursday)
Date of listing (on or about)	December 31, 2021 (Friday)

**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 Renouncees on or prior to the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e. December 20, 2021, to enable the credit of the Rights Entitlements by way of transfer from the demat

suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. For details, see “General Information - Issue Schedule” on page 26.

Our Board may however decide 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 Opening Date).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee (s) who has or have applied for Rights Equity Shares renounced in their favor, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favor, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialized mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15.00% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository. In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Shareholders should ensure that such bank accounts remain valid and active.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- a) The Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- b) Within 6 Months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;
- e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any

requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and

- f) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.
- g) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below:

- a) Unblocking amounts blocked using ASBA facility.

- b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund Payment to Non-Residents

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Shareholders should ensure that such bank accounts remain valid and active.

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY

SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated September 24, 2001 with NSDL and an agreement dated August 24, 2001 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form 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 Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form" on pages 85 & 94, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50.00% of common control)) shall be below 10.00% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10.00% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10.00% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a) Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) Prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter

alia, that the total holding by any individual NRI or OCI will not exceed 5.00% of the total paid up equity capital on a fully diluted basis or should not exceed 5.00% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10.00% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10.00% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10.00% may be raised to 24.00%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”).

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹1.00 million or 1.00% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1.00 million or 1.00% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹5.00 million or with both.

Payment by StockInvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 05, 2003, the StockInvest scheme has been withdrawn. Hence, payment through StockInvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Shareholders in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Shareholders within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Utilizations of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertaking by our Company

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. 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.
2. 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).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the “Department of Industrial Policy and Promotion”) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 05, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10.00% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding PAN in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date, or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed.

SECTION X– OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of our Company between 11.00 a.m. to 5.00 p.m. on any Working Day from the date of the Letter of Offer until the closure of the subscription list.

A. MATERIAL CONTRACTS

- 1) Agreement dated September 14, 2021, between our Company and Cameo Corporate Services Limited, Registrar to the Issue.
- 2) Banker(s) to the Issue Agreement dated September 13, 2021 amongst our Company and Lead Manager to the Issue and the Registrar to the Issue and the Escrow Collection Bank(s).
- 3) Tripartite Agreement dated September 24, 2001 between our Company, National Securities Depository Ltd. (NSDL) and Cameo Corporate Services Limited
- 4) Tripartite Agreement dated August 24, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited.

B. DOCUMENTS FOR INSPECTION

- 1) Memorandum & Articles of Association of our Company
- 2) Copy of the resolution of the Board of Directors under Section 62 of the Companies Act passed in its meeting dated August 07, 2021 authorizing the Issue;
- 3) Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager to The Issue, Banker to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
- 4) Financial Statements of our Company for the financial years ended March 31, 2021, 2020 and 2019 and Unaudited Financials for the quarter ended June 30, 2021.
- 5) A statement of tax benefits dated August 24, 2021 received from M/s P Chandrasekar LLP, Statutory Auditor regarding tax benefits available to our Company and its shareholders.
- 6) In-principle listing approval dated September 08, 2021 from BSE Limited.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

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.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Sunil Laxminarayan Mundra
(Managing Director)

Sd/-

Satyanarayan Mundra
(Whole-Time Director)

Sd/-

Laxminarayan Mundra
(Whole-Time Director)

Sd/-

C.P Rangachar
(Chairman & Independent Director)

Sd/-

Anjan Kumar Roy
(Independent Director)

Sd/-

Pramod Kasat
(Independent Director)

Sd/-

Sushil Kumar Mundra
(Executive Director)

Sd/-

Jyoti Mundra
(Executive Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY OF OUR COMPANY:

Sd/-

Prasanna Bhaskar Junnarkar
(Chief Financial Officer)

Sd/-

Shilpa Burman
(Company Secretary & Compliance Officer)

Place: Bengaluru
Date: October 30, 2021