

NATURAL CAPSULES LIMITED

25th ANNUAL REPORT 2017-18



CHAIRMAN'S ADDRESS



Dear Shareholders,

I have pleasure of announcing the completion of yet another eventful Financial Year 2017-18. The Financial Year had been a mix of challenges and your company has come out with results which are before you. Despite challenges, the company has taken all efforts for sustaining and improving its performance.

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

Thank You,

Srirangam Gopalan
Chairman

FROM MANAGING DIRECTOR'S DESK



Dear Shareholders,

Working results for the Financial Year 2017-18 are before the members for consideration. Due to continuing challenges on export front and pricing pressure in domestic front and increase in other input costs, margins remained in lower percentages. Despite these challenges Profit before Tax for 2017-18 has increased to Rs. 168.22 Lakhs compared to 31.57 Lakhs in the previous year. Despite difficult situation, we propose to declare dividend of Rs.1.00 per equity share, if approved at the AGM.

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

Sunil L Mundra,
Managing Director

BOARD OF DIRECTORS

CHAIRMAN & INDEPENDENT DIRECTOR	:	Shri Srirangam Gopalan
INDEPENDENT DIRECTOR	:	Shri C.P Rangachar
INDEPENDENT DIRECTOR	:	Dr. C.M Gurumurthy
WHOLE TIME DIRECTOR	:	Shri Laxminarayan Mundra
WHOLE TIME DIRECTOR	:	Shri Satyanarayan Mundra
MANAGING DIRECTOR	:	Shri Sunil Laxminarayan Mundra
DIRECTOR	:	Shri Sushil Kumar Mundra
DIRECTOR	:	Smt. Jyoti Mundra
COMPANY SECRETARY AND COMPLIANCE OFFICER	:	Shri Skandan. P. Jain
CHIEF FINANCIAL OFFICER	:	Shri Prasanna. B. Junnarkar
BANKERS	:	M/s. State Bank of India Bangalore Commercial Branch Hudson Circle, BENGALURU- 560 001.
SECRETARIAL AUDITORS	:	Shri R. Parthasarathi Company Secretary 188, 1st Floor, Aicoboanagar, 9th Main, BTM 2nd Stage, 11th Cross, BENGALURU
SATUTORY AUDITORS	:	M/s P Chandrasekar LLP Chartered Accountants S – 512-514, Manipal Centre (South Block),47, Dickenson Road, Bengaluru– 560042.
REGISTERED OFFICE	:	Trident Towers, 4 th Floor,No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011. company.sec@naturalcapsules.com www.naturalcapsules.com L85110KA1993PLC014742 ISIN INE936B01015
REGISTRAR AND TRANSFER AGENTS	:	M/s. Cameo Corporate Services Ltd. Subramanian Building, No. 1, Club House Road, CHENNAI - 600 002. Tel : 91-044-28460390 (5 Lines) E-mail : cameo@cameoindia.com Contact Person : Ms. Kanthimathi J

CONTENTS

SL No.	Particulars	Page No.
1.	Notice to Shareholders.	4
2.	Directors Report.	12
3.	Management Discussion and Analysis Report.	15
4.	Secretarial Audit Report	29
5.	Report on Corporate Governance	33
6.	Auditor's Report	42
7.	Balance Sheet	45
8.	Profit and Loss Account	46
9.	Cash Flow	47
10.	Notes to Accounts	48
11.	Attendance Sheet.	72
12.	Form MGT-11-Proxy Form.	73
13.	Polling Paper	75

FINANCIAL HIGHLIGHTS (8 YEARS)

(Rupees in Lakhs)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sales & Other Income	3,453.96	4,459.17	5,418.89	5,942.12	6,811.53	6,328.53	5,445.57	5,957.01
Exports	615.17	605.92	1,432.36	1,589.94	2,054.72	1,884.34	1,225.04	1,174.74
P B T	663.79	772.26	729.41	742.64	753.71	607.46	31.57	168.22
P A T	446.76	506.87	633.11	456.19	564.92	433.88	62.78	111.11
EPS	10.00	11.26	14.06	10.09	11.18	8.06	1.04	1.78
Dividend per share (Rs)	1.20	1.50	1.50	1.50	1.50	1.50	1.00	1.00
Reserves & Surplus	2,242.95	2,671.33	3,225.95	3,729.79	4,160.25	4,773.78	5,276.57	4,809.11
Share Capital	450.27	450.27	450.27	502.27	524.27	579.27	623.27	623.27
Share holders fund	2,693.22	3,121.60	3,676.22	4,232.06	4,684.52	5,353.05	5,899.84	5,432.38
R O I (%)	16.59	16.24	17.22	10.76	12.06	8.11	1.06	6.16

TWENTY FIFTH ANNUAL REPORT 2017-2018

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of Natural Capsules Limited will be held on **Friday, the 21st September 2018** at **10.00 A.M.** at **The Bangalore Gayana Samaja, Krishna Rajendra Road, Basavangudi, Bengaluru-560004** to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March 2018 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the Financial Year 2017-18.
3. To appoint a director in place of Shri Laxminarayan Mundra (DIN:00214298), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Smt Jyoti Mundra (DIN:07143035), who retires by rotation and being eligible, offers herself for re-appointment.

Special Business:

5. To appoint Mr. Anjan K Roy as Independent Non-Executive Director (DIN:01032834) of the Company

To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, of the Companies Act, 2013 (hereinafter referred to as 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014, (as amended from time to time) and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), Shri. Anjan K Roy (DIN :01032834), who was appointed by the Board of Directors as an Additional Director with effect from **30th July 2018** and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act be and is hereby appointed as an Independent Non-executive Director of the Company to hold office for a term of **5 (five)** consecutive years with effect from **30th July, 2018 to 30th June, 2023**, not liable to retire by rotation."

6. To consider the approval of Natural Capsules Limited- 'Employees Stock Option Plan 2018' (ESOP 2018)

To consider and if thought fit, to convey assent or dissent to the following Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the member(s) of the Company be and is hereby accorded to the formulation and implementation of 'Natural Capsules Limited-Employees Stock Option Plan 2018' (hereinafter referred to as "ESOP 2018" or the "Scheme") and authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee, including the Nomination, Remuneration & Compensation Committee, which the Board has constituted to exercise certain powers, including the powers, conferred by this resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, not exceeding **3,00,000 (Three Lakh)** Stock Options to or for the benefit of such (i) permanent employees of the Company whether working in India or outside India; (ii) Directors of the Company, whether a Whole-time Director or not but not an Independent Director; and (iii) other employees and persons as may be permitted under the applicable laws and as may be approved by the Board, from time to time, which would give rise to the issue of equity shares not exceeding **3,00,000 (Three Lakh)** equity shares at such price, in one or more tranches and on such terms and conditions, as contained in the Scheme and summarized in the Explanatory Statement annexed hereto and to provide for grant and subsequent vesting and exercise of options by eligible employees in the manner and method contained in the Explanatory Statement, as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2018.

RESOLVED FURTHER THAT the equity shares to be issued and allotted as mentioned herein before shall rank paripassu with the existing equity shares of the Company for all purposes.

RESOLVED FURTHER THAT in case of any corporate action(s) such as right issues, bonus issues, change in capital structure, merger, split, consolidation of shares, sale of division/undertaking and others, the ceiling as aforesaid of **3,00,000 (Three Lakh)** shares shall be deemed to be increased/decreased, as may be determined by the Board, to facilitate making a fair and reasonable adjustment to the entitlements of participants under ESOP 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under ESOP 2018, from time to time, on the Stock Exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, decide upon and bring into effect the ESOP 2018 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate ESOP 2018 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of ESOP 2018 and do all other things incidental to and ancillary thereof.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including authorizing the Board to appoint various intermediaries, Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2018 as also to make applications to the appropriate Authorities, for their requisite approvals as also to initiate all necessary actions for and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard."

Place : Bengaluru

Date : 30th July 2018

By Order of the Board

Sd/-
Skandan Prakash Jain

Company Secretary

NATURAL CAPSULES LIMITED

Listing Requirements:

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

Information Relating to Appointment of New Director and Directors Retiring by Rotation & Seeking Reappointment:

Name	Shri Laxminarayan Mundra	Smt. Jyoti Mundra	Shri Anjan K Roy
Age	77 Years	57 Years	65 Years
Date of Birth	27 th April 1941	31 st July 1961	10 th January 1953
Date of Appointment	1 st September 2014	30 th March 2015	30 th July 2018 (As Additional Director)
Purpose	Retiring director seeking re-appointment	Retiring director seeking re-appointment	Appointment as Independent Non-Executive Director
Type of Business and Resolution	Ordinary Business – Ordinary Resolution	Ordinary Business – Ordinary Resolution	Special Business - Ordinary Resolution
DIN	00214298	07143035	01032834
Qualification	B.Com	B.Com	Masters in Science (Organic Chemistry)
Expertise and Experience	30 years of experience in Banking, Finance, Human Resource and Management.	20 years of experience in Accounts and Finance.	More than 32 years of experience in Managing large API manufacturing facilities complying with requirements of US FDA, EU GMP etc.
Other Info	Shri Laxminarayan Mundraserves as Whole Time Director of Natural Capsules Limited. He is a Commerce graduate. He advises the company on matters relating to finance, management and control of human resource.	Smt. Jyoti Mundra serves as Non-Executive Director of Natural Capsules Limited. She has extensive experience in the areas of business administration, financial control.	As mentioned in Explanatory Statement.
Directorship In Other Listed Entities & Committee Membership In Listed Entities (Other Companies)	NIL	NIL	NIL
Directorship in Other Companies	1. Tajos Investment (P) Ltd. 2. Square Plus Life Science (P) Ltd.	N.A	1. Ray Chemicals (P) Limited 2. Trray Life Sciences (P) Limited
Share Holdings In The Company as on 31 st March 2018	160294 Shares of Rs.10/- Each	204463 Shares of Rs. 10/- Each	NIL

Relationship amongst Promoter Directors and Other Directors:

SL No.	Name of Promoter Director	Other Promoter Director	Relationship Between Director and other Directors
1.	Shri Laxminarayan Mundra	Shri Sathyanarayan Mundra Shri Sunil L Mundra	Brother Son
2.	Shri Sathyanarayana Mundra	Shri Sushil Kumar Mundra Shri Laxminarayan Mundra Shri Sunil L Mundra	Son Brother Brother's Son
3.	Shri Sushil Kumar Mundra	Shri Laxminarayan Mundra Shri Sathyanarayan Mundra Shri Sushil Kumar Mundra	Brother's Son Father Father's Brother
4.	Shri Sunil L Mundra	Shri Sushil Kumar Mundra Shri Laxminarayan Mundra Shri Sathyanarayan Mundra	Brother Father Father's Brother
5.	Smt. Jyoti Mundra	Shri Sushil Kumar Mundra Shri Sunil L Mundra Shri Laxminarayan Mundra Shri Sathyanarayana Mundra Shri Sushil Kumar Mundra	Brother Husband Husband's Father Husband's Uncle Husband's Brother

TWENTY FIFTH ANNUAL REPORT 2017-2018

6.	S Gopalan, Chairman and Independent Non-Executive Director	There is no Inter-se relationship among executive directors and Independent Non-Executive Directors.
7.	C. P Rangachar, Independent Non-Executive Director	
8.	CM Gurumurthy, Independent Non-Executive Director	
9.	ShriAnjan K Roy, Independent Non-Executive Director	

Note:

- A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting instead of him / her, and the proxy need not be member of the company. A person can act as a proxy on behalf of not exceeding 50 (fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the company. Corporate members intending to send their authorized representatives to attend the meeting shall be supported by appropriate resolutions/authority as applicable.
- The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 (Forty Eight) hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
- The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed hereto.
- M/s P. Chandrasekar LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a term of five consecutive years at the 24th Annual General Meeting held on 29th August 2017 subject to annual ratification by shareholders. However with the advent of Companies (Amendment) Act, 2017 the requirement of annual ratification of the appointment of the Statutory Auditors of the Company by the shareholders at the Annual General meeting has been done away with. Accordingly, M/s P. Chandrasekar LLP, Chartered Accountants will continue to be the Statutory Auditors of the Company for the FY 2018-19 and thereafter. Hence, no resolution is proposed for ratification of the appointment of Auditors, who were appointed at the Annual General Meeting, held on 29th August 2017.**
- Members / proxies / authorized representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.
- The register of members and share transfer books will remain closed from **15th September 2018 to 21st September 2018** (both days inclusive) for a total of 7(Seven) days for determining the members entitled to receive dividend for the financial year ended **31st March 2018**. Subject to the provisions of the Companies Act, 2013, dividend if approved by the shareholders will be payable on or after **September 21st, 2018** and will be paid to those shareholders whose names appear in the Company's Register of Shareholders as on **14th September 2018**. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). HDFC Bank Limited has been appointed as the banker for the payment of dividend to the shareholders.
- Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details. National Electronic clearing service (NECS), Electronic Clearing Service (ECS), mandates nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's registrars and Transfer Agents, CAMEO CORPORATE SERVICES LIMITED (CCSL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to CCSL.
- Members are requested to address all correspondence, including dividend-related correspondence, to the Registrar and Share Transfer Agents, M/s. CAMEO CORPORATE SERVICES LIMITED, Subramanian Building, No 1, Club House Road, Chennai – 600002. Ph# 28460390 (5 Lines) or to the Company at its Registered Office at Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011.
- Members are requested to note that as per Section 124 of The Companies Act, dividends not claimed within **7(Seven) years** from the date of transfer to the Company's unpaid dividend account, shall be transferred to the investor education and protection Fund. As per the Amended Rules, the due date for transfer of Equity Shares was **October 31, 2017**. Accordingly the Company transferred equity shares whose dividend had remained unpaid or unclaimed for a period of seven consecutive years as on **October 31, 2017** to IEPF. The List of shares transferred to the IEPF Account can be found on the Company's website. Further equity shares held pertaining to the unpaid/unclaimed dividend for **FY 2010-11** and which has remained unpaid/unclaimed for a consecutive period of 7 years will be transferred to the IEPF account after the conclusion of this **25th Annual General Meeting**. List of such shares which are liable to be transferred to the IEPF account can also be found on the Company's website on <http://www.naturalcapsules.com/pages/unpaid-dividend.html> any further dividend on such shares shall be credited to the IEPF. The members, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in respective Form (s) available on www.iepf.gov.in. Members who have not yet encashed their dividend warrant(s) for the financial years as indicated above are requested to claim the amounts forthwith from the company by writing to the company's registrar and share transfer agents-Cameo India Limited.
- With a view to using natural resources responsibly as a part of Green Initiative, we request shareholders who have not registered their email to register the same with CCSL/Depositories to enable the company to send communications electronically. The Annual report **2017-18** is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report **2017-18** are being sent by the permitted mode.
- In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited (NSDL) and instructions for e-voting are given herein below. A resolution passed by members through e-voting is/are deemed to have been passed as if they've been passed at the AGM. The facility for voting, through polling paper (**Form MGT-12**), will also be made available at the AGM and for members who have not cast their votes by remote E-Voting.

12. The Notice of the **25th AGM** and instructions for e-voting, along with the Attendance Slip, Proxy form and other necessary documents is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.
13. Members may also note that the Notice of the 25th AGM and the Natural Capsules Limited Annual Report 2017-18 will be available on the Company's website: www.naturalcapsules.com.
14. Additional information, as per SEBI (LODR) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules framed thereunder.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository participant(s). Members holding shares in physical form are required to submit their PAN details to the company.
16. Securities and Exchange Board of India (SEBI) vide Circular ref. No. MRD/DoP/CIR-05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market / private transactions involving transfer of shares of Listed Companies in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTA for registration of such transfer of shares.
17. As per SEBI notification SEBI/LAD-NRO/GN/2018/24 dated **June 8, 2018** & BSE circular No. LIST/COMP/15/2018-19 dated July 5, 2018; no requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall be processed after **December 5, 2018**, unless the securities are held in the dematerialized form with the depositories. Hence you are requested to dematerialize your physical securities at the earliest.
18. The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and The Company has already paid the annual listing fees for the Financial Year 2018-19 to BSE and NSE as well as custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited within the prescribed time.
19. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
20. Attendance registration: **Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.**
21. Route map for the venue of the AGM to be held on **21st September 2018** is attached:

E-Voting Facility:

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

Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the **25th Annual General Meeting** by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Polling paper (Form MGT-12) shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Polling paper (Form MGT-12).
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on **18th September, 2018 (10:00 am)** and ends on **September, 20th 2018 (5:00 pm)**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **14th September, 2018**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details will be as per details given below :
 - a) **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
 - b) **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
 - c) **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).

TWENTY FIFTH ANNUAL REPORT 2017-2018

5. Your password details are given below:
 - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
 - c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a. Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2 : Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail vijaypaliya@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

Other information:

- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

Explanatory Statement to Section 102(2) of the Companies Act, 2013:**Item No. 5:****To appoint Shri Anjan K Roy as Independent Non-Executive Director (DIN: 01032834) of the Company:**

Sri Anjan Roy, born in the year 1952, did his Masters in Science (Organic Chemistry) from Bangalore University in the year 1980.

He briefly worked with M/s. Dr Reddy's Laboratories Ltd., and then went on to establish his own firm in the name of M/s. Ray Laboratories in the year 1984.

His group of companies later rechristened as M/s. R L Fine Chem Pvt Ltd., is world's largest producer of Amitriptyline. This group also produces a big range of Anti-Depressants, Anti-Histamines, Anti-Psychotic, and Anti-hypertension drugs.

Recently he has given up controlling stake in his company to another group, but continues to guide them as founder. At the same time he is focused on R&D work on various drug intermediates and new molecules which is his area of passion.

He was president of Karnataka Drugs and Pharma Manufacturer's Association, during 2008. His is a multi-faceted personality and has various hobbies including film Production. He carries vast experience of running large API manufacturing facilities complying with requirements of US FDA, EU GMP etc.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended from time to time) and Regulation 16(1)(b) of SEBI Listing Obligation Requirement (LODR) Regulation, 2015, being eligible for appointment as an Independent Non-Executive-Director.

Shri. Anjan K Roy (DIN :01032834), who was appointed by the Board of Directors as an Additional Director with effect from **30th July 2018** and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and the Board also considers that his continued association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Non-Executive Director. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Shri. Anjan K Roy as Independent Director Non-Executive Director is now placed before the Members at the General Meeting for approval. Accordingly, the Board recommends special resolution in relation to the appointment of Shri Anjan K Roy as an Independent Non-Executive Director for a term of **5(five)** consecutive years from **30th July, 2018 to 30th June 2023**, not liable to retire by rotation, for the approval by the shareholders of the Company.

Copies of draft letters for appointment of Shri Anjan K Roy as Independent Non-executive Director setting out terms and conditions of appointment would be available for inspection without any fee by the members at the registered office of the Company during office hours on all working days except public holidays between 10.00 am to 12.00 noon up to and including the date of AGM.

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

Shri Anjan K Roy is not related to any director(s) of the Company. The board recommends the passing of the resolution as set out at Item No. 5 of the Notice of the AGM as an Ordinary resolution.

Item No. 6:**To consider the approval of Natural Capsules Limited- 'Employees Stock Option Plan 2018' (ESOP 2018):****Explanatory Statement in relation to Special Resolution No. 6 of Notice for approval of Natural Capsules Limited- Employees Stock Option Plan 2018' (ESOP 2018) and grant of options eligible employees of the Company under ESOP 2018.**

With the objective of rewarding and motivating employees and also to attract and retain the best talent, the Company proposes to grant stock options to its present and future permanent employees (in India or outside India) and directors (whether whole time or not), subject to the employees meeting the eligibility criteria and on such other terms as may be determined by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination & Remuneration Committee).

In accordance with the terms of these resolutions and ESOP – 2018, the options would be granted in one or more tranches as may be decided by the Board/Nomination Remuneration and Compensation Committee, from time to time.

The Company seeks members' approval in respect of ESOP 2018 and grant of Stock Options to the eligible employees of the Company as decided in this behalf from time to time in due compliance of Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

The Main Features of the ESOP 2018 are as under:**a) Brief description of the Scheme:**

The Company proposes to introduce ESOP 2018 for the benefit of the present and future permanent employees (in India or outside India) and directors (whether whole time or not) such other eligible persons as may be determined as per SEBI SBEB Regulations. Options granted under the Scheme shall vest on satisfaction of vesting conditions which can thereafter be exercised resulting in allotment of equity shares of the Company. The Nomination, Remuneration and Compensation Committee ("Committee") of the Company shall be the Compensation Committee for administration of ESOP 2018. All questions of interpretation of the ESOP 2018 shall be determined by the Committee and such determination shall be final and binding. The ESOP 2018 shall contain the broad terms and conditions for the grant of options in accordance with the laid provision of the applicable laws. The specific terms and conditions of the ESOP 2018 including specific parameters unique to each eligible employee and/or grant shall be determined by Committee, from time to time, and/or stated in the option agreement, which shall be executed by the relevant parties at the time of grant of options.

b) Total number of Options to be granted:

The total number of options to be granted under ESOP 2018 shall not exceed **3,00,000 (Three Lakh)** options. Each option when exercised shall be converted into one Equity Share of Rs.10 (Rupees Ten) each fully paid-up. The SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such manner that the total value of the options granted under ESOP 2018 remain the same after any such corporate action. Accordingly, if any additional options are issued by the

TWENTY FIFTH ANNUAL REPORT 2017-2018

Company to the option grantees for making such fair and reasonable adjustment, the ceiling of **3,00,000 (Three Lakh)** Shares shall be deemed to be increased to the extent of such additional options issued.

c) Identification of classes of employees entitled to participate in ESOP 2018:

Following classes of employees are entitled to participate in ESOP 2018:

- (i) a permanent employee of the Company who has been working in India or outside;
- (ii) a director of the Company, whether a whole time director or not but excluding an independent director of the Company; but does not include—
 - (a) a director who is an independent director on the Board of the Company;
 - (b) an employee who is a Promoter or a person belonging to the Promoter Group; or
- (c) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10 (Ten) per cent of the outstanding Shares of the Company.

d) Requirements of vesting and period of vesting:

All the options granted on any date shall vest not earlier than **1 (One)** year and not later than a maximum of **10(Ten)** years from the date of grant of options. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable laws and in the interest of the option grantee. The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee. Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.

e) Maximum period within which the options shall be vested:

All the options granted on any date shall vest not later than a maximum **10 (Ten)** years from the date of grant of options.

f) Exercise price or pricing formula:

The Exercise Price shall be equal to any price, not being lesser than the face value of the Share, as decided by the Compensation Committee and set forth in the Option Agreement.

g) Exercise period and the process of Exercise:

The vested options shall be allowed for exercise on and from the date of vesting. The vested options need to be exercised within a maximum period of **1 (One)** year from the date of vesting of such options. The vested Option shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such vested Options in such manner and on such format as may be prescribed. The vested Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under ESOP 2018:

The appraisal process for determining the eligibility shall be decided from time to time by the Committee.

i) Maximum number of Options to be issued per employee and in aggregate:

The maximum number of options that may be granted per employee of the Company under the ESOP 2018, in any financial year under the ESOP 2018 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company at the time of grant, and the maximum number of options that may be granted in aggregate shall not exceed **3, 00,000 (Three Lakh)** options.

j) Maximum quantum of benefits to be provided per employee under the ESOP 2018:

The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to difference between the option Exercise price and the Market price of the shares on the exercise date.

k) Route of Scheme implementation:

The Scheme shall be implemented and administered directly by the Company.

l) Source of acquisition of shares under the Scheme: The Scheme contemplates fresh/new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.: This is not contemplated under the present Scheme.

n) Maximum percentage of secondary acquisition:

This is not relevant under the present Scheme.

o) Accounting and Disclosure Policies:

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein as per Regulation 15 of SEBI SBEB Regulations.

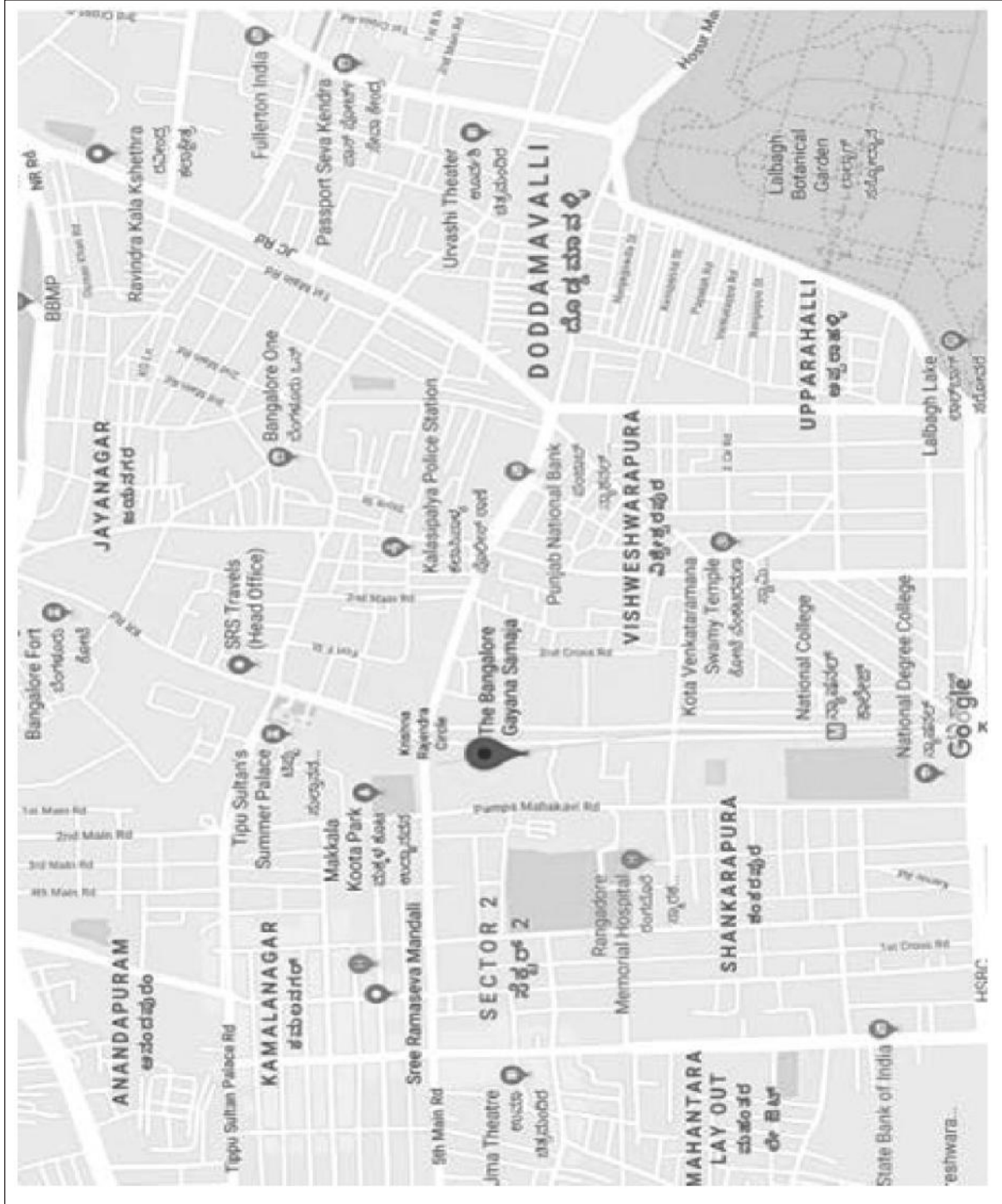
p) Method of option valuation:

The Company shall adopt the Intrinsic value method for valuation of options.

q) Declaration:

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earning Per Share of the Company shall also be disclosed in the Directors' Report. Consent of the members is being sought by way of Special Resolutions pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations. None of the Directors and Key Managerial Personnel of the Company including their relatives is interested or concerned in the resolution, except to the extent of their entitlements, if any, under the Scheme. In light of the above, you are requested to accord your approval to the **Special Resolution**.

Route Map for Venue



TWENTY FIFTH ANNUAL REPORT 2017-2018

DIRECTOR'S REPORT TO THE MEMBERS:

Your Directors have pleasure in presenting their **25th Twenty Fifth** Annual Report together with the Audited Accounts of the company for the year ended **31st March 2018**.

Financial results:

The Company's financial performance, for the year ended is **31st March 2018**. Summarized below:

(Rs. In Lakhs)		
Particulars	31 st March, 2018	31 st March, 2017
Gross Sales	6460.69	6122.96
Less : Excise duty & GST	985.17	758.69
Net Sales	5475.52	5364.27
Other Income	81.48	81.29
Total	5557.01	5445.57
Profit before depreciation & taxation	601.47	526.64
Less : Depreciation	433.25	431.75
Less : Provision for taxation	84.84	0
Less: Prior period adjustment (Taxation)	0	0.43
Add: Deferred Tax withdrawn	-27.72	-31.64
Profit after taxation	111.11	62.78
Add: Balance brought forward from previous year/Other Equity	4809.11	4772.98
Surplus available for appropriation		
Appropriations		
General Reserve		
Proposed Dividend	62.33	62.33
Tax on Dividend	12.69	12.69
Additional depreciation on fixed asset as per Companies Act, 2013		
Balance carried to Balance sheet	4809.11	4772.98
Total	4884.13	4848.00

The Change in the Nature of Business, if any:

There was no change in nature of business for the period under review.

Transfer to reserves:

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

Dividend:

Based on the performance of the Company and the need for conservation of internal accruals, while maintaining the dividend for the shareholders, your Directors are pleased to recommend a final dividend of Rs. 1 per equity share at the rate of **10 %** subject to the approval of members. The dividend, if approved by the Members, will result in the out flow of **Rs.62.33 lakhs** from the company in addition to **Rs. 12.69** lakhs by way of dividend distribution tax. Dividend if declared will be paid to the Members whose names appear in the Register of Members as on the record date as on **14th September 2018**.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year **2010-11**, will be transferred to the Investor Education and Protection Fund established by the Central Government, after the conclusion of **25th Annual General Meeting**.

Share capital:

During the year under consideration, there was no change in the paid up capital. The present share capital stands at **Rs. 6,23,27,000 Comprising of 62,32,700 Equity Shares of Rs. 10/- only each**. Further, the company has not made any fresh issue of shares for the Financial Year 2017-18.

Extract of Annual Return:

As per the requirements of the Companies Act, 2013, the extract of annual return in the prescribed Form MGT 9 is annexed hereto as **Annexure - 1** forming part of this report.

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

Board Meeting No. Present	Date of Board Meeting	Board Strength	No. of Director's
120 th	Saturday, 27th May 2017	8	6
121 st	Wednesday, 9th August 2017	8	8
122 nd	Saturday, 04th November 2017	8	7
123 rd	Monday, 29th January 2018	8	7

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

Fixed Deposits:

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

Particulars of Loans, Guarantees or Investments:

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

Internal control systems and their adequacy:

Internal financial controls means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information; The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, internal audit reports, secretarial audit reports, project reports, quarterly budgets, significant processes and accounting policies and other key issues from time to time.

Directors' Responsibility Statement

The Directors confirm that –

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively. Based on the framework of internal financial controls established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2018.
- They have duly complied with Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) from time to time.

Information Pertaining to Auditors and Other Allied Matters:-

Details In Respect Of Frauds Reported By Auditors under Section 143(12) Other Than Those Which Are Reportable To the Central Government

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

Explanation and Comments on Auditor Reports:

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

Comments/Observations of the Secretarial Auditor:	Company's Response/Explanations:
a) The Company has not provided/spent the amount as prescribed under sec. 135 of the Companies Act 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.	The company has spent part amount of Rs.1.5 Lakhs and is in the process of identifying proper areas of CSR.
b) There were some delays in filing of some of the e-forms with the Registrar of Companies.	Due to technical snag in the system, there was a delay in filing few e-forms with the Registrar of Companies, however the same was filed with additional fees and there was no instance of penalty/compounding.
c) The Company has received notice from Bombay Stock Exchange for delayed filing of some of the returns as per SEBI LODR Regulations, 2015 for non-compliance for earlier period 2013 to 2016 levying total penalty of Rs 49450/- which has since been paid by the Company.	The said delay was due to inadvertence and the penalty was paid within stipulated time.

Statutory Auditors:

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

M/s **P. Chandrasekar LLP**, Chartered Accountants will continue to be the Statutory Auditors of the Company for the FY **2018-19** and thereafter, hence, no resolution is proposed for ratification of the appointment of Auditors, who were appointed at the Annual General Meeting, held on **29th August 2017**.

TWENTY FIFTH ANNUAL REPORT 2017-2018

Secretarial Auditors:

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

Cost Auditors

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

Significant and Material Orders Passed By the Regulators or Courts:

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

Declaration of Independent Directors:

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

Directors:

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

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

Nomination and Remuneration Committee and Policy:

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

Related Party Transactions:

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

Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
M/s Mundra Enterprises	Entity in which Director or KMP is related: Shri. Sunil L Mundra Shri. Laxminarayan Mundra Shri. Sathyanarayana Mundra

(B) (i) Related Party Transactions:

Name of Related Party	Nature of Transaction	Amount of Transaction	Amount Outstanding at the end of year	
			Credit (Rs.) Current Year (Previous Year)	Debit (Rs.) Current Year (Previous Year)
M/s Mundra Enterprises	Operating Lease			
	Rental Payments	6,48,000	58,320	

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

There is no material change or commitments after the closure of the financial year as on **31st March 2018** and till the date of this report.

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

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

Risk Management:

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

Corporate Social Responsibility:

The Board has constituted a CSR Committee comprising of Shri Dr. C.M. Gurumurthy, Shri Sunil L Mundra and Shri Sushil Kumar Mundra. The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as **Annexure - 4** and attached to this report.

Board Evaluation:

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

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

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

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

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

Corporate Governance:

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

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

The Board has constituted an Audit Committee, details of which are enumerated in the Corporate Governance Report. The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and the policy is explained in corporate governance report. During the year under review, there were no complaints received under this mechanism.

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

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year **2017 - 18**.

Particulars of Employees:

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

Subsidiaries, Joint Ventures and Associate Companies:

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

Management Discussion and Analysis Report:**Industry structure and developments:**

During the year under review, Indian Pharma Industry has faced challenges in both domestic and international fronts. However despite these challenges, industry has grown by around **3 %**. On domestic front, industry faced challenges due to Introduction of GST during first quarter of Financial Year-2018; price control on many finished formulations had impacted the industry. Bigger Pharma companies had faced challenges of pricing in regulated markets, however stiff competition in these markets has given increased market share to Indian companies who have been more adept in handling the pricing pressure. At the same time exports to other countries were affected due to challenges of currency depreciation, hard currency availability etc. Your company during the Financial Year **2017-18** had a gross turnover of **Rs. 5232.32 Lakhs** as against **Rs. 5136.66 Lakhs** in the previous year, a marginal growth of **1.82%**. Profit before depreciation and taxation was **Rs. 168.22 Lakhs** as against **Rs. 90.00 lakhs** in the previous year. The net profit of the Company for the year under review was placed at **Rs. 111.11 Lakhs** as against **Rs. 62.78 Lakhs** previous year. Due to continuing challenges on export front and pricing pressure in domestic front and increase in other input costs, margins remained in lower percentages. Despite these challenges Profit after tax has increased by **43.49 %** during the year under review.

Opportunities and threats:**a). Opportunities**

1. Opening of export opportunities for HPMC capsules in various countries.
2. Increase in demand for HPMC capsules within the country due to trend of conversion of many products from gelatin to HPMC capsules.
3. New dosage formulations using hard capsules.
4. Company' new API project will market products which are currently being imported and hence will have good demand and margins.

b). Threats:

1. Aggressive expansion & price competition from Chinese suppliers.

TWENTY FIFTH ANNUAL REPORT 2017-2018

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

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

c). Outlook:

Based on the company's performance up to the date of this report, orders on hand and realizing the incremental capacity post up gradation of machines, your company is hopeful of achieving a turnover of around Rs. 58 to 60 crores in the current year. However due to increase in input costs, company may still earn lower margins as compared to earlier years. New API project once commissioned will give a big boost to company's revenue and profits.

d.) Risks & Concerns

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

Internal Control Systems and Their Adequacy:

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

Discussions on financial performance with respect to operational performance:

The **Net Sales** during the year was Rs.5475.52lakhs and your Company could make **Net Profit** of Rs.111.11 Lakhs after tax.

No. of Employees:

31-03-2017				31-03-2018			
PLACE	REGULAR	TRAINEE	TOTAL	PLACE	REGULAR	TRAINEE	TOTAL
HO	24	0	24	HO	22	0	22
UNIT-1	31	0	31	UNIT-1	29	0	29
UNIT-2	74	12	86	UNIT-2	73	10	83

Acknowledgement;

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

For and on Behalf of the Board

Sd/-

Sd/-

Place: Bengaluru
Date : May 18th 2018

Sunil L Mundra
Managing Director

S Gopalan
Chairman

Extract of Annual Return as on the Financial Year ended 31.03.2018
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended from time to time)]

FORM NO. MGT – 9

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	E.H.G.CAPSULES	21001	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -
Not Applicable.

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding
Name of the Company : NATURAL CAPSULES LTD
Face Value : 10 /-
Paidup Shares as on 01-Apr-2017 : 6232700
Paidup Shares as on 31-Mar-2018 : 6232700
For the Period From : 01-Apr-2017 To 31-Mar-2018

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
1. INDIAN									
a. INDIVIDUALS/HINDU UNDIVIDEDFAMILY	1954729	0	1954729	31.3624	1954729	0	1954729	31.3624	0.0000
b. CENTRAL GOVERNMENT /STATE GOVERNMENT	0	0	0	0.0000	0	0	0	0.0000	0.0000
c. BODIES CORPORATE	1293354	0	1293354	20.7511	1293354	0	1293354	20.7511	0.0000

TWENTY FIFTH ANNUAL REPORT 2017-2018

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(cont..)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d. FINANCIAL INSTITUTIONS/BANKS	0	0	0	0.0000	0	0	0	0.0000	0.0000
e. ANY OTHER DIRECTORS AND THEIR RELATIVES	0	3800	3800	0.0609	0	3800	3800	0.0609	0.0000
SUB - TOTAL (A)(1)	3248083	3800	3251883	52.1745	3248083	3800	3251883	52.1745	0.0000
2. FOREIGN									
a. INDIVIDUALS (NON-RESIDENT INDIVIDUALS/FOREIGN INDIVIDUALS)	0	0	0	0.0000	0	0	0	0.0000	0.0000
b. BODIES CORPORATE	0	0	0	0.0000	0	0	0	0.0000	0.0000
c. INSTITUTIONS	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0	0	0	0.0000	0.0000
e. ANY OTHER	0	0	0	0.0000	0	0	0	0.0000	0.0000
SUB - TOTAL (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP									
(A) = (A)(1)+(A)(2)	3248083	3800	3251883	52.1745	3248083	3800	3251883	52.1745	0.0000
B. PUBLIC SHAREHOLDING									
1. INSTITUTIONS									
a. MUTUAL FUNDS/UTI	0	3700	3700	0.0593	0	0	0	0.0000	0.0593
b. FINANCIAL INSTITUTIONS/BANKS	0	0	0	0.0000	200	0	200	0.0032	0.0032
c. CENTRAL GOVERNMENT /STATE GOVERNMENT(S)	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. VENTURE CAPITAL FUNDS	0	0	0	0.0000	0	0	0	0.0000	0.0000
e. INSURANCE COMPANIES	0	0	0	0.0000	0	0	0	0.0000	0.0000
f. FOREIGN INSTITUTIONAL INVESTORS	0	300	300	0.0048	0	0	0	0.0000	0.0048
g. FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.0000	0	0	0	0.0000	0.0000
h. QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0	0	0	0.0000	0.0000
i. ANY OTHER	0	0	0	0.0000	0	0	0	0.0000	0.0000
SUB - TOTAL (B)(1)	0	4000	4000	0.0641	200	0	200	0.0032	0.0609
2. NON-INSTITUTIONS									
a. BODIES CORPORATE	763380	2700	766080	12.2913	728126	1600	729726	11.7080	0.5832
b. INDIVIDUALS - INDIVIDUAL SHARE HOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	835563	261141	1096704	17.5959	827441	195541	1022982	16.4131	-1.1828

NATURAL CAPSULES LIMITED
VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(cont..)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of	Demat	Physical	Total	% of	
INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	851387	0	851387	13.6600	1032913	0	1032913	16.5724	2.9124
c. QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0	0	0	0.0000	0.0000
d. ANY OTHER									
CLEARING MEMBERS	0	0	0	0.0000	1845	0	1845	0.0296	0.0296
DIRECTORS AND THEIR RELATIVES	0	0	0	0.0000	9400	0	9400	0.1508	0.1508
HINDU UNDIVIDED FAMILIES	228762	0	228762	3.6703	86500	0	86500	1.3878	2.2825
IEPF	0	0	0	0.0000	67912	0	67912	1.0896	1.0896
NON RESIDENT INDIANS	20684	13200	33884	0.5436	20239	9100	29339	0.4707	0.0729
	244654	13200	257854	4.4513	249446	13200	262646	4.2140	-0.2373
	249446	13200	262646	4.2140	185896	9100	194996	3.1285	-1.0854
SUB - TOTAL (B)(2)	2699776	277041	2976817	47.7612	2774376	206241	2980617	47.8222	0.0609
TOTAL PUBLIC SHAREHOLDING(B) = (B)(1)+(B)(2)	2699776	281041	2980817	47.8254	2774576	206241	2980817	47.8254	0.0000
TOTAL (A)+(B)	5947859	284841	6232700	100.0000	6022659	210041	6232700	100.0000	0.0000
C. SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED									
Promoter and Promoter Group	0	0	0	0.0000	0	0	0	0.0000	0.0000
Public	0	0	0	0.0000	0	0	0	0.0000	0.0000
TOTAL CUSTODIAN (C)	0	0	0	0.0000	0	0	0	0.0000	0.0000
GRAND TOTAL (A)+(B)+(C)	5947859	284841	6232700	100.0000	6022659	210041	6232700	100.0000	0.0000

B) Shareholding of Promoter

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year				FOLIO/DP_CL_ID	PAN	Pledged Shares at end of the Year	Pledged Shares at beginning of the Year
		No of shares	% of total shares of the company	% of shares pledged / encumbered total shares	No of shares	% of total shares of the company	% of shares pledged / encumbered total shares	% change in shareholding during the year				
1	TAJOS INVESTMENTS PRIVATE LIMITED	769000	12.3381	0.0000	769000	12.3381	0.0000	0.0000	IN30214810419870	AABCT6204F	0	0
2	NANDI SYNTHETICS PVT LTD	524354	8.4129	0.0000	524354	8.4129	0.0000	0.0000	IN30113526382796	AABCN3237C	0	0
3	SUNIL LAXMINARYAN MUNDRA	416003	6.6745	0.0000	416003	6.6745	0.0000	0.0000	IN30307710159790	ADVPM5759J	0	0
4	SUSHIL KUMAR MUNDRA	294400	4.7234	0.0000	294400	4.7234	0.0000	0.0000	IN30307710131512	ACSPM4710B	0	0
5	INDRA MUNDRA	216200	3.4688	0.0000	216200	3.4688	0.0000	0.0000	IN30307710131667	AJKPM3403A	0	0
6	JYOTI MUNDRA	204463	3.2804	0.0000	204463	3.2804	0.0000	0.0000	IN30307710131659	AGXPM3106C	0	0
7	LAXMINARAYAN MOONDRA	160294	2.5718	0.0000	160294	2.5718	0.0000	0.0000	IN30307710609322	ABQPM2191P	0	0
8	RADHA S MUNDRA	159600	2.5606	0.0000	159600	2.5606	0.0000	0.0000	IN30307710131642	AAIPM2313G	0	0
9	SHARADA MUNDRA	129414	2.0763	0.0000	129414	2.0763	0.0000	0.0000	IN30307710131634	AJMPM5149H	0	0
10	SATYANARAYAN MUNDRA	123255	1.9775	0.0000	123255	1.9775	0.0000	0.0000	IN30307710134268	ADVPM5763A	0	0
11	SHREY MUNDRA	110100	1.7664	0.0000	110100	1.7664	0.0000	0.0000	IN30307710570490	CBHPM1841B	0	0
12	MADHAV MUNDRA	110100	1.7664	0.0000	110100	1.7664	0.0000	0.0000	IN30307710570512	CBHPM1839H	0	0
13	JYOTSNA DAGA	20900	0.3353	0.0000	20900	0.3353	0.0000	0.0000	IN30021413809320	ABQPM2190N	0	0
14	NIDHI SETHIA	10000	0.1604	0.0000	10000	0.1604	0.0000	0.0000	IN301430100334671	AFPPM1197L	0	0
15	DEEPAK KABRA	1200	0.0192	0.0000	1200	0.0192	0.0000	0.0000	IN300000055		0	0
16	CHANDRA R LADDHA	1000	0.0160	0.0000	1000	0.0160	0.0000	0.0000	IN300000008		0	0
17	B SAMPATHLAL	500	0.0080	0.0000	500	0.0080	0.0000	0.0000	IN300000010		0	0
18	MUKUND GATTANI	500	0.0080	0.0000	500	0.0080	0.0000	0.0000	IN300000063		0	0
19	DAMANI VIJAYJT1 : DAMANI SHASHI	200	0.0032	0.0000	200	0.0032	0.0000	0.0000	IN300000098		0	0
20	BHAGYALAXMI GURUMURTHY	200	0.0032	0.0000	200	0.0032	0.0000	0.0000	IN30007679		0	0
21	C M GURUMURTHY	200	0.0032	0.0000	200	0.0032	0.0000	0.0000	IN30007682		0	0

NATURAL CAPSULES LIMITED

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

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	TAJOS INVESTMENTS PRIVATE LIMITED						
	At the beginning of the year 01-Apr-2017	769000	12.3381	769000	12.3381	'IN30214810419870	AABCT6204F
	At the end of the Year 31-Mar-2018	769000	12.3381	769000	12.3381		
2	NANDI SYNTHETICS PVT LTD						
	At the beginning of the year 01-Apr-2017	524354	8.4129	524354	8.4129	'IN30113526382796	AABCN3237C
	At the end of the Year 31-Mar-2018	524354	8.4129	524354	8.4129		
3	SUNIL LAXMINARYAN MUNDRA						
	At the beginning of the year 01-Apr-2017	416003	6.6745	416003	6.6745	'IN30307710159790	ADVPM5759J
	At the end of the Year 31-Mar-2018	416003	6.6745	416003	6.6745		
4	SUSHIL KUMAR MUNDRA						
	At the beginning of the year 01-Apr-2017	294400	4.7234	294400	4.7234	'IN30307710131512	ACSPM4710B
	At the end of the Year 31-Mar-2018	294400	4.7234	294400	4.7234		
5	INDRA MUNDRA						
	At the beginning of the year 01-Apr-2017	216200	3.4688	216200	3.4688	'IN30307710131667	AJKPM3403A
	At the end of the Year 31-Mar-2018	216200	3.4688	216200	3.4688		
6	JYOTI MUNDRA						
	At the beginning of the year 01-Apr-2017	204463	3.2804	204463	3.2804	'IN30307710131659	AGXPM3106C
	At the end of the Year 31-Mar-2018	204463	3.2804	204463	3.2804		
7	LAXMINARAYAN MOONDRA						
	At the beginning of the year 01-Apr-2017	160294	2.5718	160294	2.5718	'IN30307710609322	ABQPM2191P
	At the end of the Year 31-Mar-2018	160294	2.5718	160294	2.5718		
8	RADHA S MUNDRA						
	At the beginning of the year 01-Apr-2017	159600	2.5606	159600	2.5606	'IN30307710131642	AAIPM2313G
	At the end of the Year 31-Mar-2018	159600	2.5606	159600	2.5606		
9	SHARADA MUNDRA						
	At the beginning of the year 01-Apr-2017	129414	2.0763	129414	2.0763	'IN30307710131634	AJMPPM5149H
	At the end of the Year 31-Mar-2018	129414	2.0763	129414	2.0763		
10	SATYANARAYAN MUNDRA						
	At the beginning of the year 01-Apr-2017	123255	1.9775	123255	1.9775	'IN30307710134268	ADVPM5763A
	At the end of the Year 31-Mar-2018	123255	1.9775	123255	1.9775		
11	SHREY MUNDRA						
	At the beginning of the year 01-Apr-2017	110100	1.7664	110100	1.7664	'IN30307710570490	CBHPM1841B
	At the end of the Year 31-Mar-2018	110100	1.7664	110100	1.7664		
12	MADHAV MUNDRA						
	At the beginning of the year 01-Apr-2017	110100	1.7664	110100	1.7664	'IN30307710570512	CBHPM1839H
	At the end of the Year 31-Mar-2018	110100	1.7664	110100	1.7664		
13	JYOTSNA DAGA						
	At the beginning of the year 01-Apr-2017	20900	0.3353	20900	0.3353	'IN30021413809320	ABQPM2190N
	At the end of the Year 31-Mar-2018	20900	0.3353	20900	0.3353		
14	NIDHI SETHIA						
	At the beginning of the year 01-Apr-2017	10000	0.1604	10000	0.1604	'1601430100334671	AFPPM1197L
	At the end of the Year 31-Mar-2018	10000	0.1604	10000	0.1604		

TWENTY FIFTH ANNUAL REPORT 2017-2018

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of totalshares of the company	No of shares	% of totalshares of the company		
15	DEEPAK KABRA						
	At the beginning of the year 01-Apr-2017	1200	0.0192	1200	0.0192	'00000055	
	At the end of the Year 31-Mar-2018	1200	0.0192	1200	0.0192		
16	CHANDRA R LADDHA						
	At the beginning of the year 01-Apr-2017	1000	0.0160	1000	0.0160	'00000008	
	At the end of the Year 31-Mar-2018	1000	0.0160	1000	0.0160		
17	B SAMPATHLAL						
	At the beginning of the year 01-Apr-2017	500	0.0080	500	0.0080	'00000010	
	At the end of the Year 31-Mar-2018	500	0.0080	500	0.0080		
18	MUKUND GATTANI						
	At the beginning of the year 01-Apr-2017	500	0.0080	500	0.0080	'00000063	
	At the end of the Year 31-Mar-2018	500	0.0080	500	0.0080		
19	DAMANI VIJAYJT1 : DAMANI SHASHI						
	At the beginning of the year 01-Apr-2017	200	0.0032	200	0.0032	'00000098	
	At the end of the Year 31-Mar-2018	200	0.0032	200	0.0032		
20	BHAGYALAXMI GURUMURTHY						
	At the beginning of the year 01-Apr-2017	200	0.0032	200	0.0032	'00007679	
	At the end of the Year 31-Mar-2018	200	0.0032	200	0.0032		
21	C M GURUMURTHY						
	At the beginning of the year 01-Apr-2017	200	0.0032	200	0.0032	'00007682	
	At the end of the Year 31-Mar-2018	200	0.0032	200	0.0032		

NATURAL CAPSULES LIMITED

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

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of total shares of the company	No of shares	% of total shares of the company		
1	VIVOG COMMERCIAL LIMITED At the beginning of the year 01-Apr-2017 Sale 25-Jan-2018 Sale 02-Feb-2018 At the end of the Year 31-Mar-2018	345000 -50000 -11377 283623	5.5353 0.8022 0.1825 4.5505	345000 295000 283623 283623	5.5353 4.7331 4.5505 4.5505	'1201060002032340	AAACV8936D
2	MAHENDRA LABS PVT LTD At the beginning of the year 01-Apr-2017 Sale 12-Jan-2018 Sale 25-Jan-2018 Sale 16-Feb-2018 At the end of the Year 31-Mar-2018 HAVING SAME PAN	300000 -20000 -50000 -230000 0	4.8133 0.3208 0.8022 3.6902 0.0000	300000 280000 230000 0 0	4.8133 4.4924 3.6902 0.0000 0.0000	'IN30039418721796	AACCM6620K
2	MAHENDRA LABS PVT LTD At the beginning of the year 01-Apr-2017 Purchase 12-Jan-2018 Sale 19-Jan-2018 -1800 Purchase 25-Jan-2018 Sale 02-Feb-2018 Purchase 16-Feb-2018 At the end of the Year 31-Mar-2018	0 20000 0.0288 50000 -35000 230000 263200	0.0000 0.3208 18200 0.8022 0.5615 3.6902 4.2228	0 20000 0.2920 68200 33200 263200 263200	0.0000 0.3208 0.2920 1.0942 0.5326 4.2228 4.2228	'IN30160411944838	AACCM6620K
3	SUBRAMANIAN P At the beginning of the year 01-Apr-2017 Purchase 07-Apr-2017 Purchase 14-Apr-2017 Purchase 21-Apr-2017 Purchase 28-Apr-2017 Purchase 05-May-2017 Purchase 12-May-2017 Purchase 19-May-2017 Purchase 07-Jul-2017 Purchase 14-Jul-2017 Purchase 21-Jul-2017 Purchase 28-Jul-2017 Purchase 04-Aug-2017 Purchase 11-Aug-2017 Purchase 18-Aug-2017 Purchase 25-Aug-2017 Purchase 01-Sep-2017 Purchase 08-Sep-2017 Purchase 22-Sep-2017 Purchase 29-Sep-2017 Purchase 06-Oct-2017 Purchase 13-Oct-2017 Purchase 20-Oct-2017 Purchase 27-Oct-2017 Purchase 03-Nov-2017 Purchase 10-Nov-2017 Purchase 24-Nov-2017 Purchase 22-Dec-2017 At the end of the Year 31-Mar-2018	180309 1174 1755 16242 3250 1750 2570 1800 2000 3829 4001 2970 1469 2158 513 1800 2700 1935 6250 3575 1890 6060 2956 1452 1263 393 596 990 257650	2.8929 0.0188 0.0281 0.2605 0.0521 0.0280 0.0412 0.0288 0.0320 0.0614 0.0641 0.0476 0.0235 0.0346 0.0082 0.0288 0.0433 0.0310 0.1002 0.0573 0.0303 0.0972 0.0474 0.0232 0.0202 0.0063 0.0095 0.0158 4.1338	180309 181483 183238 199480 202730 204480 207050 208850 210850 214679 218680 221650 223119 225277 225790 227590 230290 232225 238475 242050 243940 250000 252956 254408 255671 256064 256660 257650 257650	2.8929 2.9117 2.9399 3.2005 3.2526 3.2807 3.3219 3.3508 3.3829 3.4443 3.5085 3.5562 3.5798 3.6144 3.6226 3.6515 3.6948 3.7259 3.8261 3.8835 3.9138 4.0111 4.0585 4.0818 4.1020 4.1083 4.1179 4.1338 4.1338	'IN30131320493031	AMBPS8931K

TWENTY FIFTH ANNUAL REPORT 2017-2018

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of totalshares ofthe company	No of shares	% of totalshares ofthe company		
4	SANJAY KOTHARIJT1 : MEENAKSHI KOTHARI At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	166000 166000	2.6633 2.6633	166000 166000	2.6633 2.6633	'IN30154917504968	AADPK2102L
5	LAXMIPAT DUDHERIA HUF At the beginning of the year 01-Apr-2017 Sale 22-Dec-2017 At the end of the Year 31-Mar-2018	165000 -125000 40000	2.6473 2.0055 0.6417	165000 40000 40000	2.6473 0.6417 0.6417	'1201060001846163	AABHL5328K
6	NISHA DUDHERIA At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	165000 165000	2.6473 2.6473	165000 165000	2.6473 2.6473	'IN30180310030305	BKRPD5938G
7	ASHOK MALHOTRA At the beginning of the year 01-Apr-2017 Sale 21-Aug-2017 Sale 25-Aug-2017 Sale 01-Sep-2017 Sale 08-Sep-2017 Sale 15-Sep-2017 Sale 22-Sep-2017 Sale 29-Sep-2017 Sale 13-Oct-2017 Sale 27-Oct-2017 Sale 12-Jan-2018 Sale 19-Jan-2018 Sale 25-Jan-2018 Purchase 02-Feb-2018 At the end of the Year 31-Mar-2018	76000 -1400 -4200 -11400 -4000 -7200 -24700 -7100 -3400 -11600 -450 -250 -300 1 1	1.2193 0.0224 0.0673 0.1829 0.0641 0.1155 0.3962 0.1139 0.0545 0.1861 0.0072 0.0040 0.0048 0.0000 0.0000	76000 74600 70400 59000 55000 47800 23100 16000 12600 1000 550 300 0 1 1	1.2193 1.1969 1.1295 0.9466 0.8824 0.7669 0.3706 0.2567 0.2021 0.0160 0.0088 0.0048 0.0000 0.0000 0.0000	'IN30290242198459	AAZPM1480F
8	VishwaPrakash Mundra At the beginning of the year 01-Apr-2017 Sale 07-Apr-2017 Sale 12-May-2017 Sale 29-Dec-2017 Sale 05-Jan-2018 Sale 25-Jan-2018 At the end of the Year 31-Mar-2018	47386 -547 -1000 -25000 -15839 -5000 0	0.7602 0.0087 0.0160 0.4011 0.2541 0.0802 0.0000	47386 46839 45839 20839 5000 0 0	0.7602 0.7515 0.7354 0.3343 0.0802 0.0000 0.0000	'1201060000125257	AGUPM7795E
9	CRYSTAL TIE UP PRIVATE LTD At the beginning of the year 01-Apr-2017 Sale 29-Dec-2017 Sale 05-Jan-2018 At the end of the Year 31-Mar-2018	30641 -3680 -9 26952	0.4916 0.0590 0.0001 0.4324	30641 26961 26952 26952	0.4916 0.4325 0.4324 0.4324	'1201060002209760	AADCC3417H
10	RUCHIR INFOTECH PVT LTD At the beginning of the year 01-Apr-2017 Sale 02-Feb-2018 Sale 09-Feb-2018 At the end of the Year 31-Mar-2018 NEW TOP 10 AS ON (31-Mar-2018)	24833 -15525 -1024 8284	0.3984 0.2490 0.0164 0.1329	24833 9308 8284 8284	0.3984 0.1493 0.1329 0.1329	1201060001475993	AABCR5541H

NATURAL CAPSULES LIMITED

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		FOLIO/DP_CL_ID	PAN
		No of shares	% of totalshares ofthe company	No of shares	% of totalshares ofthe company		
11	PRABHA MOHTA At the beginning of the year 01-Apr-2017 Purchase 23-Mar-2018 Purchase 30-Mar-2018 At the end of the Year 31-Mar-2018	0 72000 39000 111000	0.0000 1.1551 0.6257 1.7809	0 72000 111000 111000	0.0000 1.1551 1.7809 1.7809	'IN30210510217862	AFIPM7411C
12	JYOTIVARDHAN JAIPURIAJT1 : SANTOSH JAIPURIA At the beginning of the year 01-Apr-2017 Purchase 19-Jan-2018 Purchase 25-Jan-2018 Purchase 02-Feb-2018 Purchase 23-Feb-2018 Purchase 02-Mar-2018 Purchase 09-Mar-2018 Purchase 30-Mar-2018 At the end of the Year 31-Mar-2018	0 12714 9214 31650 9831 1500 785 15785 81479	0.0000 0.2039 0.1478 0.5078 0.1577 0.0240 0.0125 0.2532 1.3072	0 12714 21928 53578 63409 64909 65694 81479 81479	0.0000 0.2039 0.3518 0.8596 1.0173 1.0414 1.0540 1.3072 1.3072	'IN30509910014740	AACPJ7042D
13	INVESTOR EDUCATION AND P ROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS At the beginning of the year 01-Apr-2017 Purchase 01-Dec-2017 Purchase 08-Dec-2017 At the end of the Year 31-Mar-2018	0 67907 5 67912	0.0000 1.0895 0.0000 1.0896	0 67907 67912 67912	0.0000 1.0895 1.0896 1.0896	IN30070810656671	EXEMPTCATG
14	SANGEETHAS At the beginning of the year 01-Apr-2017 Purchase 14-Apr-2017 Purchase 05-May-2017 Purchase 19-May-2017 Purchase 02-Jun-2017 Purchase 09-Jun-2017 Purchase 16-Jun-2017 Purchase 14-Jul-2017 Purchase 11-Aug-2017 Purchase 08-Sep-2017 Purchase 20-Oct-2017 Purchase 27-Oct-2017 Purchase 31-Oct-2017 Purchase 03-Nov-2017 Purchase 10-Nov-2017 Purchase 24-Nov-2017 Purchase 01-Dec-2017 Purchase 08-Dec-2017 Purchase 15-Dec-2017 Purchase 22-Dec-2017 At the end of the Year 31-Mar-2018	6650 350 900 1404 4551 2639 2026 900 595 1115 1260 5253 4547 2575 20 1105 4412 70 3063 1145 44580	0.1066 0.0056 0.0144 0.0225 0.0730 0.0423 0.0325 0.0144 0.0095 0.0178 0.0202 0.0842 0.0729 0.0413 0.0003 0.0177 0.0707 0.0011 0.0491 0.0183 0.7152	6650 7000 7900 9304 13855 16494 18520 19420 20015 21130 22390 27643 32190 34765 34785 35890 40302 40372 43435 44580 44580	0.1066 0.1123 0.1267 0.1492 0.2222 0.2646 0.2971 0.3115 0.3211 0.3390 0.3592 0.4435 0.5164 0.5577 0.5581 0.5758 0.6466 0.6477 0.6968 0.7152 0.7152	IN30131320493057	AIJPS3739F

TWENTY FIFTH ANNUAL REPORT 2017-2018

(v) Shareholding of Directors and Key Managerial Personnel:

Sl	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	SUSHIL KUMAR MUNDRA At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	294400 294400	5.0822 4.7234	294400 294400	5.0822 4.7234
2	SATYANARAYAN MUNDRA At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	123255 123255	2.1277 1.9775	123255 123255	2.1277 1.9775
3	C M GURUMURTHY At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	200 200	0.0034 0.0032	200 200	0.0034 0.0032
4	SUNIL L MUNDRA At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	416003 416003	7.1815 6.6745	416003 416003	7.1815 6.6745
5	LAXMINARAYAN MOONDRA At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	160294 160294	2.7671 2.5718	160294 160294	2.7671 2.5718
6	JYOTHI MUNDRA At the beginning of the year 01-Apr-2016 At the end of the Year 31-Mar-2017	204463 204463	3.5296 3.2804	204463 204463	3.5296 3.2804

Note: Except above mentioned directors, no other Key Managerial Personnel holds any share in the company.

V) INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	283.76	0	0	283.76
i. Principal Amount	0	0	0	0
ii. Interest Due but not Paid	0	0	0	0
iii. Interest Accrued but not Due	0	0	0	0
Total (i. + ii. + iii)	0	0	0	283.76
Change in Indebtedness during F.Y				
*Additions	0	0	0	0
*Reductions	283.76	0	0	283.76
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
i. Principal Amount	0	0	0	0
ii. Interest Due but not Paid	0	0	0	0
iii. Interest Accrued but not Due	0	0	0	0
Total (i. + ii. + iii)	0	0	0	0

NATURAL CAPSULES LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

(Rs. In lakhs)

SN.	Particulars of Remuneration	Name of MD/MTD/ Manager			Total Amount
		Sunil L Mundra	Laxminarayan Moondra	Satyanarayan Mundra	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the IT Act, 1961	40.80	28.20	28.20	97.20
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option				
3	Sweat Equity				
4	Commission- as % of profit- others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	40.80	28.20	28.20	97.20

Note: The Remuneration is below the ceiling limit as prescribed under Companies Act 2013

B. Remuneration to Other Directors:

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN - MD/MANAGER/MTD

(Rs. In lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS	CFO	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Skandan P Jain - CS	NIL	4.00	9.30	13.3
	rasanna B Junnarkar - CFO				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	4.00	9.30	13.3

TWENTY FIFTH ANNUAL REPORT 2017-2018

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Form MR-3-Secretarial Audit Report (For the Financial Year ended 31st March 2018 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (As amended from time to time)

To,

The Members,
Natural Capsules Limited

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

Based on my verification of the Natural Capsules Limited (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 has in general complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Natural Capsules Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the effective date of notification during the period under review
- (vi) Company specific Laws like;
 - a) Drug Control Act, 1950
 - b) Drugs and Cosmetic Act, 1940

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

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

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

- a) **The Company has not provided/spent the amount as prescribed under sec. 135 of the Companies Act 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.**

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

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

In general, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Meetings recorded, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period:

- a) **There were some delays in filing of some of the E forms with the Registrar of Companies and**
- b) **The Company has received notice from Bombay Stock Exchange for delayed filing of some of the returns as per SEBI LODR Regulations, 2015 for non-compliance for earlier period 2013 to 2016 levying total penalty of Rs 49450/- which has since been paid by the Company.**

R. Parthasarathi

Practicing Company Secretary

Memb No. 3667

Certificate of Practice No. : 838

Date : 18.05.2018

Place: Bengaluru

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

A. Conservation of Energy:

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

B. Technology Absorption:

- iv. Company during the year has launched Enteric (Delayed Dissolution) capsules, which has a good demand in various countries. Work on similar innovative products for HPMC capsules is in the process. Test marketing of these products is already going on and commercial scale supply will be executed during FY19
- v. During the year no new technology was imported.
- vi. Expenditure incurred on Research & Development: Rs.1,20,08,528.00

C. Foreign exchange earnings and outgo:

Foreign Exchange Earnings	Rs.9,52,46,244.00
Foreign Exchange Outgo	Rs.32,42,730.00

Annual Report on Corporate Social Responsibility (CSR) Activities;**CSR Policy**

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

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

Corporate Social Responsibility (CSR) committee:

Composition

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

SL. No.	Name of the Member	Designation
1	Shri Dr. C.M.Gurumurthy	Chairman
2	Shri Sunil L Mundra	Member
3	ShriSushil Kumar Mundra	Member

The committee met on 29th Jan 2018 during the financial year ended 31st March 2018. The attendance record of the members at the meeting was as follows.

Name of the Member	Designation	No Meetings of Attended
Shri Dr. C.M.Gurumurthy	Chairman	2
Shri Sunil L Mundra	Member	2
ShriSushil Kumar Mundra	Member	2

Average net profit of the company for last 3 (three) financial years:

Average net profit (In Lakhs): **Rs. 1349.29**

Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The company is required to spend **Rs. 26.98 Lakhs**

Details of CSR spend for the financial year:

Total amount spent for the year: **1.5 Lakhs**

(CSR committee is working on to identify the suitable projects to spend CSR amount)

Amount unspent if any:

Rs. 25.48 Lakhs

Reason for not spending in CSR Expenditure:

In the process of identifying proper areas of CSR

TWENTY FIFTH ANNUAL REPORT 2017-2018

1	2	3	4	5	6	7	8	9	10	11
NAME OF THE COMPANY	CIN	COMPANY CLASS (PUBLIC LIMITED/ PRIVATE LIMITED)	COMPANY TYPE (GOVERNMENT /)	DATE OF INCORPORATION / REGISTRATION	ROC	ADDRESS OF REGISTERED OFFICE	MAIN BUSINESS ACTIVITY OF THE COMPANY	PRESCRIBED CSR BUDGET (2% OF AVERAGE NET PROFIT FOR F.Y. 2014-15, 2015-16 AND 2016-17) in Rs.9	ALLO-CATED CSR BUDGET (in Rs.10)	ACTUAL CSR SPENT IN F.Y 2017-18 (In Rs.11)
M/S. NATURAL CAP-SULES LIMITED	L85110KA 1993PL C014742	PUBLIC LIMITED	NON - GOVERNMENT)	20/09/ 1993	Bangalore	Tirdent Towers ,No.23, 4 th Floor ,100 Feet Road, Jayanagar, IIInd Block, Bengaluru- 560011	MANU-FACTURING OF CAP-SULES	Rs. 26,9890/-	Rs. 26,9890/-	Rs. 1,50,000/-

12	13	14	15	16	17	18	19	20	21	22	23
ADMINISTRATIVE OVER-HEAD EXPENDITURE	REASON FOR UNDER SPENDING /NOT SPENDING	DETAILS OF CSR PROG / RAMMES / PROJECTS / ACTIVITIES	PRO-JECT DE-SCRIPTION	SEC-TOR (S) COV-ERED WITHIN SCHED-ULE VII	GEO-GRAPHICAL AREAS WHERE PROJECT WS IMPE-MENTED	STATES WHERE UN-DER-TAKEN	DISR-ICTS WHERE UNDER-TAKEN	OUTLAY (PROG. RAMME / PROJECT WISE)	EXPENDITURE ON PROG-RAMME OR PROJECT	MODE OF IMPE-MENTA-TION (DIRECT OR THOROUGH IMPE-MENTING AGEN-CIES)	DE-TAILS OF IMPE-MENT-ING AGEN-CIES
NIL	IN THE PROCESS OF IDENTIFYING	---	---	---	---	---	---	---	NIL	---	---

Report On Corporate Governance:

The Directors present the Company's Report on Corporate Governance for the year ended **31st March 2018**, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

Philosophy on Code of Governance:

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

Name of the Director	Category of Directorship	No. of Directorship in other Public & Pvt. Ltd. Companies	Director identification number
Shri. Sunil Laxminarayana Mundra	Executive (Managing Director)	4	00214304
Shri. Satyanarayan Mundra	Executive(Whole time Director)	3	00214349
Shri. Laxminarayan Moondra	Executive(Whole time Director)	3	00214298
Shri. Sushil Kumar Mundra	Non - Executive(Promoter Director)	3	00214332
Shri. Srirangam Gopalan	Non - Executive(Independent Director)	0	00287219
Dr. C M Gurumurthy	Non - Executive(Independent Director)	1	00287294
Shri. Cattancoletore Padmanabhan Rangachar	Non –Executive(Independent Director)	9	00310893
Smt. Jyoti Mundra	Non-Executive Director	1	07143035

b) Number of Board Meetings:

During the year ended March 31, 2017, Four (4) Board Meetings were held on the following dates:

Board Meeting No.	Date of Board Meeting	Board Strength	No. of Director's Present	Leave of Absence given to :
120 th	Saturday, 27th May 2017	8	6	Mr. S Goplan, Chairman and Mrs. Jyoti Mundra, Non-Executive Director
121 st	Wednesday, 9th August 2017	8	8	N.A
122 nd	Saturday, 04th November 2017	8	7	Mr. S Goplan, Chairman
123 rd	Monday, 29th January 2018	8	7	Mr. S Goplan, Chairman

c) Directors' attendance record:

Name of the Director	Board Meetings Attended during the F.Y Year : 2017-18	Whether attended Last AGM
Shri. Sunil Laxminarayana Mundra	4	Yes
Shri. Satyanarayan Mundra	4	Yes
Shri. Laxminarayan Mundra	4	Yes
Shri. Sushil Kumar Mundra	4	Yes
Shri. Srirangam Gopalan	1	Yes
Dr. C M Gurumurthy	4	Yes
Shri. C P Rangachar	4	Yes
Smt. Jyoti Mundra	3	Yes

TWENTY FIFTH ANNUAL REPORT 2017-2018

d) Relationship between directors:

The names of Directors who are related inter se are :

Shri Sunil L Mundra,
Shri Laxminaryan Mundra,
Shri Sushil Kumar Mundra,
Shri Sathyanarayan Mundra
Smt Jyothi Mundra.
None of the other directors are related to each other.

3. Committees Of The Board

a) Audit Committee

i) Terms of Reference:

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

ii) Composition:

The Audit committee consists of 3 Independent Directors:

1. Shri. S.Gopalan
2. Shri. C.P.Rangachar
3. Dr. C.M.Gurumurthy

Shri. S.Gopalan has been designated as chairman of the committee. The committee met Four (4) times during the financial year ended March 31, 2018. The attendance record of the members at the meeting were as follows :

Name of the Member	Designation	No. of Meeting Attended
Shri. Srirangam Gopalan	Chairman	1
Shri. C P Rangachar	Member	4
Dr. C.M.Gurumurthy	Member	4

During the year ended March 31, 2018, Four (4) Audit Committee Meetings were held on the following dates.

Meeting No.	Date of Meeting	Committee Strength	No. of members present
57 th	Saturday, 27 th May 2017	3	2
58 th	Wednesday, 9 th August 2017	3	3
59 th	Saturday, 04 th November 2017	3	2
60 th	Monday, 29 th January 2018	3	2

Note: Mr. Skandan Prakash Jain, Company Secretary is the Secretary of the Audit Committee. No person has been denied access to Audit Committee.

Nomination & Remuneration Committee and its Policy:

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

Composition:

The Nomination & remuneration committee for appointment & remuneration of executive directors was constituted with effect from **26th July, 2003** with Mr. S.Gopalan, Chairman, Dr.C.M.Gurumurthy and Mr. C.P. Rangachar.

Name of the Member	Designation
Mr. S.Gopalan	Chairman
Dr. C.M.Gurumurthy	Member
Shri. C P Rangachar	Member

During the year ended **31st March 2018, 1 (One)** Nomination & Remuneration Committee Meetings were held on the following dates.

Date of Meeting	Committee Strength	No. of members Present
27 th May 2017	3	3

Evaluation of Board's Performance & Performance Evaluation Committee:

Terms of Reference:

The objective of this evaluation is to facilitate the review of performance of the Individual Directors, Chairperson, Board Committees and the Board as a whole. The Performance Evaluation is done by the Nomination & Remuneration Committee and the following activities were undertaken:

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

Composition:

Sr. No.	Name	Designation
1	Laxminarayan Mundra	Chairman
2	Satyanarayan Mundra	Member
3	Sunil L Mundra	Member

During the year ended **31st March 2018, 1 (One)** Performance Evaluation Committee Meetings were held on the following dates.

Date of Meeting	Committee Strength	No. of members Present
29 th January 2018	3	3

Independent Directors' Meeting:

Terms of Reference:

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

Composition:

Sr. No.	Name	Designation
1	Mr. S.Gopalan	Chairman
2	Dr. C.M.Gurumurthy	Member
3	Mr. C.P.Rangachar	Member

During the year ended **31st March 2018, 1 (One)** Performance Evaluation Committee Meetings were held on the following dates.

Date of Meeting	Committee Strength	No. of members Present
29 th January 2018	3	3

TWENTY FIFTH ANNUAL REPORT 2017-2018

ANNEXURE -6

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

i. Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2017-18:

SL No.	Name	Category	Ratio
1	Shri Sunil L Mundra	Managing Director	12.24:1
2	Shri Laxminarayan Mundra	Whole Time Director	8.47:1
3	Shri Satyanarayan Mundra	Whole Time Director	8.47:1
Percentage Increase in remuneration of MD,WTD=NIL			

ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18:

SL No.	Name	Category	Percentage (%)
1	Shri SkandanPrakash Jain	Company Secretary	0
2	Shri Prasanna B Junnarkar	Chief Financial Officer	3.8%

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

iv. The number employees of the Company:

31-03-2017				31-03-2018			
PLACE	REGULAR	TRANIEE	TOTAL	PLACE	REGULAR	TRANIEE	TOTAL
HO	24	0	24	HO	22	0	22
UNIT-1	31	0	31	UNIT-1	29	0	29
UNIT-2	74	12	86	UNIT-2	73	10	83

v. Affirmation that the remuneration paid during the year is as per the Remuneration Policy of the Company. Yes

vi. Particulars of employees: Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014(As amended from time to time):

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

The details of remuneration for the year ended 31st March 2018 to the Executive & Non-Executive Directors are as follows:

(In Lakhs)

Directors	Sitting Fees	Salry and Perquisites	Commission	Total
Executive Directors:				
Shri Sunil L Mundra	NIL	40.80	NIL	40.80
Shri Laxminarayan Mundra	NIL	28.20	NIL	28.20
Shri Satyanarayan Mundra	NIL	28.20	NIL	28.20
Non-Executive Directors:				
Shri S.Gopalan	0.30	0	0	0.30
Shri Dr. C.M.Gurumurthy	1.20	0	0	1.20
Shri C.P.Rangachar	1.20	0	0	1.20
Shri Sushil Kumar Mundra	0.60	0	0	0.60
Smt. Jyoti Mundra	0.45	0	0	0.45

Shareholders/ Investors' Grievance Committee:

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

Composition:

1.	Dr.C.M. Gurumurthy, Chairman
2.	Shri Laxminarayan Mundra, Member
3.	Shri Sunil L Mundra, Member

During the year ended **31st March 2018**, **4 (Four)** Shareholders/ Investors' Grievance Committee Meetings were held on the following dates:

Sl No.	Date of Meeting	Committee Strength	No. of Members Present
1	27 th May 2017	3	3
2	09 th Aug 2017	3	3
3	04 th Nov 2017	3	3
3	29 th Jan 2018	3	3

Status of shareholders/Investors Grievance and Share Transfers as on 31st March 2018:

No. of Grievances received	3
No. of Grievances redressed	3
No. of Grievances pending	0
No. of share transfers pending	0

Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary-Skandan.P.Jain and 3 members from the Board of Directors to approve -Transfer of shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on **31st March 2018**.

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

Composition:

1.	Dr.C.M. Gurumurthy, Chairman
2.	Shri Laxminarayan Mundra, Member
3.	Shri Sunil L Mundra, Member

Sl No.	Date of Meeting	Committee Strength	No. of Members Present
1	11 th April 2017	3	3
2	19 th April 2017	3	3
3	01 st June 2017	3	3
3	19 th July 2017	3	3
4	16 th August 2017	3	3
5	21 st November 2017	3	3
5	30 th December 2017	3	3

Corporate Social Responsibility (CSR) Committee:

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

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

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

TWENTY FIFTH ANNUAL REPORT 2017-2018

Composition:

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

SL. No.	Name of the Member	Designation
1	Dr. C.M.Gurumurthy	Chairman
2	Shri Sunil L Mundra	Member
3	Shri Sushil Kumar Mundra	Member

The committee met on 29th Jan 2018 during the financial year ended 31st March 2018. The attendance record of the members at the meeting was as follows.

Name of the Member	Designation	No Meetings of Attended
Dr. C.M.Gurumurthy	Chairman	2
Shri Sunil L Mundra	Member	2
Shri Sushil Kumar Mundra	Member	2

Policies

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

Name of the policy	Brief description	Web link
Whistleblower Policy (Policy on vigil Mechanism)	The company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of conduct and ethics. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016-17. No employee has been denied access to the audit committee.	http://www.naturalcapsules.com/pdf/vigil-mechanism-and-whistle-blowers-policy.pdf
Nomination and Remuneration policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.	http://www.naturalcapsules.com/pdf/nomination-and-remuneration-policy.pdf
Corporate Social Responsibility Policy	The policy outline the Company's strategy to bring about a positive impact on society through programs relating to Hunger poverty, education, healthcare, environment and Lowering its resource footprint.	http://www.naturalcapsules.com/pdf/corporate-social-responsibility-policy.pdf
Determination of materiality for disclosures Policy	The information covered by this Policy shall include "information related to the Company's business, operations or performance which has a significant effect on securities investment decisions" that the company is required to disclose in timely and appropriate manner by applying the guidelines for assessing materiality.	http://www.naturalcapsules.com/pdf/Determination-of-Materiality-for-Disclosures.pdf
Related Party Transaction Policy	The Policy regulates all transactions between the Company and its related parties.	http://www.naturalcapsules.com/pdf/policy-on-related-party-transactions.pdf
Insider Trading Policy	The policy provides the framework in dealing with securities of the Company	http://www.naturalcapsules.com/pdf/Code-of-Conduct-Insider-Trading.pdf
Document Retention and Archival Policy	The policy deals with the retention and archival of corporate records of Natural capsules limited.	http://www.naturalcapsules.com/pdf/Document-Retention-and-Archival-Policy.pdf

NATURAL CAPSULES LIMITED

General Body Meetings:

Financial Year	Date	Time	Venue
2016-17	29th August 2017	10.00 A M	Kannada Sahithya Parishat, Bengaluru-18
2015-16	26th August 2016	10.00 A M	
2014-15	27th August, 2015	10.00 A M	Bengaluru Gayana Samaja, Bengaluru – 4
2013-14	27th August, 2014	10.00 A M	

Special Resolutions passed through Postal Ballot:

(a)None of the resolutions approved at the last Annual General Meeting required Postal Ballot approval.

(b)During the year the Company has not passed any Special Resolution through Postal Ballot.

(c)There is no immediate proposal for passing any resolution through Postal Ballot.

Means of Communication:

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

The Notice of Board Meeting is published in one vernacular newspaper viz."Sanjevani" and one English newspaper viz."Business Standard". Also they are uploaded on the company's website www.naturalcapsules.com.The results are published in accordance with the guidelines of the Stock Exchanges. In line with the existing provisions of the (LODR) Regulation, 2015,

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

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

General shareholder information:

Particulars	Information
Annual General Meeting - Date, Time And Venue	25 th Annual General Meeting to be held on 21 st September 2018 at Bangalore GayanaSamaja, Krishna Rajendra Road, Basavangudi, Bengaluru-560004
Financial Year	2017-18. The Company follows April-March as its Financial Year
Dividend Payment Date:	Dividend declared will be paid on or before 21 st October 2018 (30 days of the approval of the same in the Annual General Meeting)
Listing In Stock Exchanges And Stock Codes	The Bombay Stock Exchange Code No: 524654

Market Data

Month	Open Price	High Price	Low Price	Close Price
Mar-17	87	91.9	76	78.4
Apr-17	79	90	76.9	82.95
May-17	83	84.95	72	76
Jun-17	75	83.3	70	72.6
Jul-17	74.05	82	70.2	74.5
Aug-17	71.9	78.5	64.7	65.05
Sep-17	66	79.15	57.1	66.05
Oct-17	68	70	60.2	63.7
Nov-17	63.2	89.9	63.2	80.75
Dec-17	84.4	122.2	79.5	122.2
Jan-18	128.3	158.9	121.9	142.75
Feb-18	145.6	145.6	102.6	123.3
Mar-18	126.75	126.75	99	103.5
Apr-18	101.95	120.35	101.95	116.9

RTA Details

Cameo Corporate Services LimitedSubramanian Building, No. 1 Club House Road, Chennai-600 002.Ph: 91-044-28460390 (5 Lines)Email: cameo@cameoindia.com

Dematerialization of shares and liquidity:

As on March 31, 2018, **96.63 % (6022659)** of shares were held in dematerialized form and the rest **3.37% (210041)** of shares held in physical form.

TWENTY FIFTH ANNUAL REPORT 2017-2018

Address for Correspondence

Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011. L85110KA1993PLC014742

Plant Location :1. Plot No. 7A2, KIADB Industrial Area, Attibele – 562 107, and 2. R.S. No. 84, Perambai Road, Pitchaiveerampet, Pondicherry -10

Shareholding Patters as on 31st March 2018

SI No.	Category	No. of Shareholders	No. of Shares Held	% To paid up capital
1	Resident	3658	2151795	34.5242
2	NRI	41	29339	0.4707
3	Corporate Body	82	2023080	32.4591
4	Clearing Member	9	1845	0.0296
5	Bank	1	200	0.0032
6	IEPF	1	67912	1.0896
7	Promoters	12	1954729	31.36
8	Directors/Relatives	7	3800	0.0609
	Total	3811	6232700	100

Distribution of Holding

No. of Shares	No. of Shareholders	% of Share Holders	No. of Shares	% of Holders
1-100	2390	62.731	170688	2.7385
101-500	984	25.8199	270040	4.3326
501-1000	193	5.0642	159050	2.5518
1001-2000	95	2.4927	144031	2.3108
2001-3000	48	1.2595	122083	1.9587
3001-4000	17	0.446	61409	0.9852
4001-5000	19	0.4985	90895	1.4583
5001-10000	23	0.6035	173896	2.79
10001 & Above	42	1.102	5040608	80.8735
TOTAL	3811	100	6232700	1000

Cautionary Statement

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

Certificate of Chief Financial Officer on corporate governance as per Regulation 17 (8) of SEBI (LODR) regulations, 2015:

The Board of Directors

M/s. Natural Capsules Limited

We have reviewed the financial statements and the cash flow statement of Natural Capsules Limited for the financial year 2017-18 and certify that:

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

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

Place : Bengaluru
Date : 18th May 2018

Prasanna B Junnarkar
Chief Financial Officer

M/s. P. CHANDRASEKAR LLP
Chartered Accountants

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **Natural Capsules Limited**


We have examined the compliance of conditions of Corporate Governance by **Natural Capsules Limited** ("the Company"), for the year ended on 31st March, 2018, as stipulated in Schedule V (E) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation 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 the 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 as stipulated in the above mentioned Listing Regulations.

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

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


S.Rajagopalan
Partner
Mem No.025349



Place: Bangalore
Date: 18.05.2018

Bangalore * Chennai

S-512-514, Manipal Centre, # 47, Dikenson Road, Bangalore - 560042. T: +91 (80) 25585443 / 25597494 E-mail: partner@pchandrasekar.com
M/s. P. Chandrasekar (Partnership Firm) is converted into M/s P. Chandrasekar LLP (a Limited Liability Partnership with LLP Identity No. LLPIN AAJ-5668) with effect from 31.05.2017.

TWENTY FIFTH ANNUAL REPORT 2017-2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
NATUTAL CAPSULES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/S. NATUTAL CAPSULES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 then ended and a summary of the significant accounting policies and other explanatory information.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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, 2018, and its Profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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.
 - 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 M/s P.Chandrasekar LLP

Chartered Accountants

Firm Registration No. 000580S/S20066

Rajagopalan S

Partner

Membership

No.025349.

Place: Bangalore

Date: 18.05.2018

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 2018, we report that:

- i. a) The Company has maintained records of its fixed assets.
- b) As explained to us, the company is in the process of carrying out physical verification of its fixed assets. Adjustments if any, which may arise on such verification shall be dealt with on completion of the verification.
- c) According to the information and explanation given to us, the title deeds in respect to immovable properties are held in the name of the company.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and any material discrepancies were noticed have been properly dealt with in the books of account.
- iii. The Company not granted any loan to companies covered in the register maintained under section 189 of the Companies Act, 2013, hence this clause is not applicable.
- iv. The company has not granted any of loans, investments, guarantees, and security during the year under provisions of section 185 and 186 of the Companies Act, 2013 hence this clause is not applicable
- v. The company has not accepted any deposits accordingly this clause is not applicable.
- vi. As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. a) Undisputed statutory dues including investor education and protection fund, sales-tax and other material statutory dues, as applicable, have been deposited generally regularly with the appropriate authorities for provident fund, employees' state insurance, income-tax and service tax, as applicable other than the following amount which has been due

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

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

Name of the Statute	Nature of Dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is Pending
Service Tax	Service Tax Payable	2,208,074	Nov 2009 to Oct 2012	Commissioner of Central Excise
Service Tax	Penalty on Service Tax Payable	2,208,948	Nov 2009 to Oct 2012	Commissioner of Central Excise
Service Tax	Penalty on Service Tax Payable	295,907	April 2011 to March 2012	Commissioner of Central Excise
Income Tax	DDT – Short remittance	1,057,860	April 2015 to March 2006	Deputy Commissioner of Income Tax

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

For M/s P.Chandrasekar LLP

Chartered Accountants

Firm Registration No. 000580S/S20066

Rajagopalan S

Partner

Membership No.025349.

Place: Bangalore

Date: **18.05.2018**

TWENTY FIFTH ANNUAL REPORT 2017-2018

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 2018 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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

Place: Bangalore
Date: **18.05.2018**

For M/s P.Chandrasekar LLP
Chartered Accountants
Firm Registration No. 000580S/S20066
Rajagopalan S
Partner
Membership No.025349.

NATURAL CAPSULES LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2018	As at March 31.03.2017	As at 01.04.2016
A ASSETS				
Non-Current Assets				
(a) Property, Plant and equipment	2	21,88,02,620	26,06,99,442	30,16,01,200
(b) Capital Work in Progress	2	1,02,54,501	11,76,440	—
(c) Investment Property	3	—	—	—
(d) Other Intangible Assets	4	—	—	—
(e) Financial Assets				
(i) Investments				
(a) Other Investments	5	5,07,35,709	5,07,35,709	5,07,35,709
(ii) Other financial assets	8	—	—	—
(f) Deferred Tax Assets	35	—	—	—
(g) Other Non-Current Assets	9	1,44,29,285	1,80,59,992	1,60,07,789
Total non-Current Assets		29,42,22,115	33,06,71,583	36,83,44,698
Current Assets				
(a) Inventories	10	7,69,98,954	7,87,74,548	8,05,46,348
(b) Financial Assets				
(i) Other Investments	6	—	—	—
(ii) Trade Receivables	7	31,26,00,152	28,11,07,268	25,34,68,108
(iii) Cash and Cash Equivalents	11	73,31,271	24,60,819	3,80,837
(iv) Bank balances other than (iii) above	12	17,35,366	17,75,188	17,39,780
(v) Other Financial assets	8	—	—	—
(c) Current tax assets (Net)	13	38,68,107	56,50,071	21,83,986
(d) Other current Assets	9	1,38,12,579	1,29,13,821	1,74,74,718
Total Current Assets		41,63,46,429	38,26,81,715	35,57,93,777
TOTAL ASSETS		71,05,68,544	71,33,53,298	72,41,38,475
B EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	14	6,23,27,000	6,23,27,000	5,79,27,000
(b) Other Equity	15	48,09,11,688	47,72,98,129	42,70,19,359
(c) Money Received against Share warrants		—	—	2,20,00,000
Total Equity		54,32,38,688	53,96,25,129	50,69,46,359
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	—	—	17,01,512
(ii) Other Financial Liabilities	19	17,33,366	17,73,188	17,37,780
(b) Deferred Tax Liabilities	35	1,72,48,300	2,00,21,000	2,31,85,265
(c) Other Non-Current liabilities	20	26,71,873	9,29,316	4,96,089
Total Non-Current Liabilities		2,16,53,539	2,27,23,504	2,71,20,646
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	—	2,96,32,103	5,37,25,316
(ii) Trade Payables	18	12,05,03,478	10,54,61,771	10,61,62,039
(i) Other Financial Liabilities	19	—	—	—
(b) Provisions	21	2,11,85,077	1,13,14,463	2,42,05,110
(c) Other Current Liabilities	20	39,87,762	45,96,328	59,79,005
Total Current Liabilities		14,56,76,317	15,10,04,665	19,00,71,470
Total Liabilities		16,73,29,856	17,37,28,169	21,71,92,116
TOTAL EQUITY AND LIABILITIES		71,05,68,544	71,33,53,298	72,41,38,475

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

Rajagopalan S

Partner

Membership No. 025349

Date : 18.05.2018

Place : Bengaluru

Chairman

Sri Rangam Gopalan

DIN : 00287219

Whole Time Director

Satyanarayan Mundra

DIN :00214349

Company Secretary

Skandan P Jain

M.No : A47677

Managing Director

Sunil L Mundra

DIN : 00214304

Chief Financial Officer

Prasanna Junnarkar

TWENTY FIFTH ANNUAL REPORT 2017-2018

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
I Revenue from Operations	22	54,75,52,965	53,64,27,652
II Other Income	23	81,48,917	81,29,737
III Total Income (I+II)		55,57,01,882	54,45,57,389
IV Expenses:			
Cost of materials consumed	24	23,54,00,243	25,30,30,826
Changes in Inventories of finished goods, work-in-progress and stock in trade	26	26,74,214	-107,86,835
Excise duty on sale of goods		—	—
Employee benefit expense	27	6,20,30,092	5,96,63,077
Finance costs	28	21,02,556	58,29,870
Depreciation and amortisation expense	29	4,33,25,695	4,31,75,695
Other expenses	30	19,31,96,625	18,46,34,319
CSR Expenditure		1,50,000	10,000
Total Expenses (IV)		53,88,79,425	53,55,56,952
V Profit before exceptional items and Tax (III-IV)		1,68,22,457	90,00,437
VI Exceptional items	30	—	58,42,941
VII Profit before Tax (V - VI)		1,68,22,457	31,57,496
VIII Tax Expense:			
1) Current tax		84,84,030	—
2) Tax for earliers		—	42,991
3) Deferred tax		(27,72,700)	(31,64,265)
Total Tax expenses		57,11,330	(31,21,274)
IX Profit for the year (VII-VIII)		1,11,11,127	62,78,770
Other Comprehensive Income			
A. i) Items that will not be reclassified to profit or loss			
a) Re-measurement of the defined benefit plan		—	—
b) Equity instruments through other comprehensive income		—	—
ii) Income tax relating to items that will not be re-classified to profit or loss		—	—
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))		—	—
XI Total Comprehensive Income (VII+VIII)		1,11,11,127	62,78,770
XII Earnings Per Equity Share (Nominal value per share Rs.10/-)			
(a) Basic	39	1.78	1.01
(b) Diluted	39	1.78	1.01

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

Rajagopalan S

Partner

Membership No. 025349

Date : 18.05.2018

Place : Bengaluru

Chairman

Sri Rangam Gopalan

DIN : 00287219

Whole Time Director

Satyanarayan Mundra

DIN :00214349

Company Secretary

Skandan P Jain

M.No : A47677

Managing Director

Sunil L Mundra

DIN : 00214304

Chief Financial Officer

Prasanna Junnarkar

NATURAL CAPSULES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Amounts in Rs.)

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
A. Cash flow from operating activities		
Profit before tax	1,68,22,457	31,57,496
Adjustments for:		
Depreciation and Amortisation	4,33,25,695	4,31,75,695
Finance Costs (net)	21,02,556	58,29,870
Interest grant on Government loans	-	-
Net (Gain) / loss arising	-	-
Re-measurement of employee benefit plan	-	-
Dividend Income	-	-
Profit on sale of Fixed Assets (net)	-	-
Interest Income	-12,08,588	-13,92,266
Bad Debts	3,08,742	000
Liability no longer required written back	12,97,629	-23,49,514
Accretion in value of investments	-	-
Provision for employee benefits	-	2,58,596
Prior Period Income	-	-8,00,744
Unrealised Exchange (Gain)/Loss	-	-1,23,986
Loss / (gain) on sale of investments	4,58,26,034	-
Operating profit before working capital changes	6,26,48,491	4,77,55,147
Changes in working capital		
Adjustments for increase / (decrease) in		
Trade and other receivables	-318,01,626	-285,01,108
Inventories	17,75,594	17,71,800
Bank balances other than cash and cash equivalent	39,822	000
Other Assets	-39,70,117	9,99,617
Other Financial Assets	-	-
Trade Payable	1,37,44,078	16,14,341
Other Liabilities	1,10,04,605	-25,12,103
Other Financial Liabilities	-	-
Cash generated from operations	5,34,40,847	2,11,27,694
Taxes paid	-	20,00,000
Net cash generated from operating activities	5,34,40,847	1,91,27,694
B. Cash flow from investing activities		
Purchase of fixed assets including capital advances	-105,06,934	-34,50,378
Proceeds from sale of fixed assets	-	-
(Purchase) / Sale of investments	-	-
Investment income	-	-
Interest received	12,08,588	15,16,252
Dividend received	-	-
Net cash used in investing activities	-92,98,346	-19,34,126
C. Cash flow from Financing activities		
Proceeds from issue of Share Capital	-	2,64,00,000
Proceeds from short term borrowings	-296,71,925	-252,25,781
Repayment of Long Term loan Borrowings	-	-
Finance Cost	-21,02,556	-58,29,869
Dividend paid	-62,32,700	-86,89,050
Dividend Distribution tax paid	-12,64,868	-17,68,886
Net cash used in financing activities	-392,72,049	-151,13,586
Net (decrease) / increase in cash and cash equivalents (A+B+C)	48,70,452	20,79,982
Reconciliation		
Cash and cash equivalents as at beginning of the year	24,60,819	3,80,837
Cash and cash equivalents as at end of the year	73,31,271	24,60,819
Net (increase) / decrease in cash and cash equivalents	-48,70,452	-20,79,982

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

For P.Chandrasekar LLP

Chartered Accountants

FRN.: 000580S/S200066

Rajagopalan S

Partner

Membership No. 025349

Date : 18.05.2018

Place : Bengaluru

Chairman

Sri Rangam Gopalan

DIN : 00287219

Whole Time Director

Satyanarayan Mundra

DIN : 00214349

For and on behalf of the Board

Managing Director

Sunil L. Mundra

DIN : 00214304

Company Secretary

Skandan P Jain

M.No : A47677

Chief Financial Officer

Prasanna Junnarkar

Statement of Changes in Equity Share Capital and Other Equity for the period ended 31 March, 2018

TWENTY FIFTH ANNUAL REPORT 2017-2018

Particulars	Reserves and Surplus						Items of other comprehensive income			
	Share Capital	Capital redemption reserve	Capital Reserve	Securities Premium	General reserve through	Retained earnings	Equity Instruments other Comprehensive income	Actuarial Gain / Loss	Others (specify)	Total
Balance at April 1, 2016 (as previously reported)	5,79,27,000	—	—	14,40,000	6,78,92,800	1,83,80,498	38,96,65,133	—	—	53,53,05,431
Fair value of Inventory	—	—	—	—	—	—	2,00,45,486	—	—	2,00,45,486
Fair value of Receivables	—	—	—	—	—	—	3,03,13,586	—	—	3,03,13,586
Restated Balance at April 1, 2016	5,79,27,000	—	14,40,000	6,78,92,800	1,83,80,498	33,93,06,061	—	—	—	58,56,64,503
Movement during 2016-17							—	—	—	
Profit for the year	—	—	—	—	—	62,78,770	—	—	—	62,78,770
Amount transferred within reserves	—	—	1,32,00,000	3,08,00,000	—	—	—	—	—	4,40,00,000
Additional share allotment	44,00,000	—	—	—	—	—	—	—	—	—
Balance at March 31, 2017	6,23,27,000	—	1,46,40,000	9,86,92,800	1,83,80,498	34,55,84,831	—	—	—	63,59,43,273
Movement during 2017-18										
Profit for the year	—	—	—	—	—	1,11,11,127	—	—	—	1,11,11,127
Payment of Dividend and Dividend Distribution Tax	—	—	—	—	—	-74,97,568	—	—	—	-74,97,568
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	—	—	—	63,95,56,832

Effect of Ind AS adoption on the statement of cashflows for the year ended March 31, 2017

Particulars	Previous GAAP	Effect of transition of Ind AS	Ind AS
Net cash flow from operating activities	1,91,27,694	-503,59,072	-312,31,378
Net cash flow from investing activities	-19,34,126	000	-19,34,126
Net cash flow from financing activities	-151,13,586	000	-151,13,586
Net increase / (decrease) in cash and cash equivalents	20,79,982	-503,59,072	-482,79,090
Cash and cash equivalents at beginning of the year	3,80,837	000	3,80,837
Cash and cash equivalents as at end of the year	24,60,819	000	24,60,819
	-20,79,982	000	-20,79,982

Notes forming part of the Financial Statements

NOTE 2

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Carrying amounts of:			
Freehold land	82,65,028	82,65,028	82,65,028
Building	8,45,42,983	8,97,69,942	9,41,97,372
Plant and Equipment	12,52,18,901	15,97,07,406	19,55,93,197
Computers	-	10,57,808	11,30,793
Furniture and Fixtures	3,26,515	6,49,626	9,72,737
Vehicles	-	6,78,274	8,66,101
Office Equipment	4,49,193	5,71,358	5,75,972
Total	21,88,02,620	26,06,99,442	30,16,01,200
Capital work-in-progress	1,02,54,501	11,76,440	-
	22,90,57,121	26,18,75,882	30,16,01,200

Particulars	Freehold land	Buiding	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Total
Cost or Deemed cost								
Balance at April 01, 2016	82,65,028	13,13,59,382	45,15,41,504	1,12,03,905	40,48,268	30,14,050	14,20,426	61,08,52,563
Additions	000	7,99,529	13,49,237				1,25,172	22,73,938
Disposals	000	000						000
Balance at March 31, 2017	82,65,028	13,21,58,911	45,28,90,741	1,12,03,905	40,48,268	30,14,050	15,45,598	61,31,26,501
Additions	000	000	13,79,012	33,490	000		16,371	14,28,873
Disposals	000	000						000
Balance at March 31, 2018	82,65,028	13,21,58,911	45,42,69,753	1,12,37,395	40,48,268	30,14,050	15,61,969	61,45,55,374

Particulars	Freehold land	Buiding	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Total
Accumulated depreciation and impairment								
Balance at 01 April, 2016	-	3,71,62,010	25,59,48,307	1,00,73,112	30,75,531	21,47,949	8,44,454	30,92,51,363
Disposals	-							-
Depreciation expenses	-	52,26,959	3,72,35,028	72,985	3,23,111	1,87,827	1,29,786	4,31,75,696
Balance at 31 March, 2017	-	4,23,88,969	29,31,83,335	1,01,46,097	33,98,642	23,35,776	9,74,240	35,24,27,059
Disposals	-							-
Depreciation expenses	-	52,26,959	3,58,67,517	10,91,298	3,23,111	6,78,274	1,38,536	4,33,25,695
Balance at 31 March, 2018	-	4,76,15,928	32,90,50,852	1,12,37,395	37,21,753	35,14,050	11,12,776	39,57,52,754
Carrying amount as on April 01, 2016	82,65,028	9,41,97,372	19,55,93,197	11,30,793	9,72,737	8,66,101	5,75,972	30,10,25,228
Carrying amount as on March 31, 2017	82,65,028	8,97,69,942	15,97,07,406	10,57,808	6,49,626	6,78,274	5,71,358	26,06,99,442
Carrying amount as on March 31, 2018	82,65,028	8,45,42,983	12,52,18,901	-	3,26,515	-	4,49,193	21,88,02,620

1. Details of assets offered as security is provided in Note 18 and 19.

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes to Financial Statements for the year ended 31st March, 2018.

2.1 Basis of preparation and measurement

(a) Basis of preparation

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

These Financial statements for the year ended 31st March, 2018 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, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the 'date of transition to Ind AS'. 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 realisation 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:

- (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 interests 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.

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

(b) Basis of measurement

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

2.2 Key Accounting Estimates And Judgements

The preparation of Financial statements requires management to make judgements, 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 recognised 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 - Note 43
- (b) Measurement and likelihood of occurrence of provisions and contingencies - Note 21 and 26
- (c) Recognition of deferred tax assets - Note 9
- (d) Key assumptions used in discounted cash flow projections - Note 46

Impairment of Intangible - Note 5

The financial statements have been prepared using uniform accounting policies for like transactions and 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 unrealised 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 recognised as 'Goodwill' being an asset in the 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 Group, 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 interests 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, 2018 were approved for issue in accordance with the resolution of the Board of Directors on 18th May, 2017.

2.3 Recent Accounting Developments

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment. The amendments are applicable to the Company from 1st April, 2017

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the Financial statements is being evaluated by the Company.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The effect on the Financial statements is being evaluated by the Company.

2.4 Significant Accounting Policies

(a) Property, Plant and equipment:

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

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

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

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

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

Freehold land is not depreciated.

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

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

(b) 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 amortisation 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	-	5 years

The amortisation period and the amortisation 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 (refer note 46). These assets are not amortised but are tested for impairment annually.

TWENTY FIFTH ANNUAL REPORT 2017-2018

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

(c) inventories:

Inventories are valued at the lower of cost and net realisable 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 realisable 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.

(d) 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.

(e) assets held for sale:

Non-current assets or disposal Companies comprising of assets and liabilities are classified as 'held for sale' when all of the following criterias 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 Companies 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.

(f) 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 are 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.

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 amortisation 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 is 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 derecognises 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 recognises 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 loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

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

(g) Provisions and Contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(h) Revenue Recognition:

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

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.

Interest income is recognized using the effective interest rate (EIR) method.

(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 recognised 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 recognised 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 recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

TWENTY FIFTH ANNUAL REPORT 2017-2018

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 recognised in the Statement of Profit and Loss. The Company recognises 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 recognises 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 acquiree 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 recognising 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.

(m) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised 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 recognised 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 recognised based on the expected manner of realisation 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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 realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised 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) Leases:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

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

(o) 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 recognised in the Statement of Profit and Loss.

(p) 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.

1. FIRST TIME ADOPTION OF IND AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with a transition date of 1st April, 2016. These financial statements for the year ended 31st March, 2018 are the first financial statements 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 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st March, 2018, together with the comparative information as at and for the year ended 31st March, 2017 and the opening Ind AS Balance Sheet as at 1st April, 2016, the date of transition to Ind AS.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has not elected to apply the optional exemptions from retrospective application.

B. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st April, 2016**II. A. Reconciliation of Equity as at 31st March, 2017****B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017****III. Adjustments to Statement of Cash Flows for the year ended 31st March, 2017**

Previous GAAP figures have been reclassified wherever necessary to conform with financial statements prepared under Ind AS.

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

NOTE 3

INVESTMENT PROPERTY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Carrying amounts of: Investment property	-	-	-
Total			

NOTE 4

OTHER INTANGIBLE ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Carrying amounts of: Software and licenses	-	-	-
Total	-	-	-

Particulars	As at March 31, 2018	As at March 31, 2017	
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 March 31, 2018	As at March 31, 2017	
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 IN ASSOCIATES AND SUBSIDIARIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I. Quoted Investments			
a) <i>Investments in Equity Instruments at cost</i>	-	-	-
Total Aggregate Quoted Investments	-	-	-
II. Un-quoted Investments			
a) <i>Investments in Equity Instruments at cost</i>			
Investment in equity shares of M/s. Supreme Pharmaceuticals Mysore Private Limited:			
Fully Paid Equity Shares (170,455 @ 88 Per Share)	1,50,00,040	1,50,00,040	1,50,00,040
Partly Paid Equity Shares (1,160,249 @ 30.8 Per Share)	3,57,35,669	3,57,35,669	3,57,35,669
Less: Diminution in value of investments	-	-	-
Total aggregate of un-quoted Investments	5,07,35,709	5,07,35,709	5,07,35,709
Aggregate book value of quoted investments	5,07,35,709	5,07,35,709	5,07,35,709
Aggregate market value of quoted investments	-	-	-
Total Non-Current Investments	5,07,35,709	5,07,35,709	5,07,35,709

5.1 The details of material subsidiaries are given in Note 42 - Related party

Notes forming part of the Financial Statements

NOTE 6

OTHER INVESTMENTS

Particulars	No. of Shares	As at March 31, 2018	No. of Shares	As at March 31, 2017	No. of Shares	As at April 01, 2016
I. Quoted Investments						
a) <i>Investments in Equity Instruments</i>	-	-	-	-	-	-
Total		-	-	-	-	-
b) <i>Other Investments in Mutual Funds / Bonds/NCD</i>	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total Quoted Investments						
I. Un-quoted Investments						
a) <i>Investments in Equity Instruments at FVTOCI</i>						
Supreme Pharmaceuticals Mysore Pvt Ltd: Rs 10/- each - Fully Paid	1,70,455	150,00,040	1,70,455	150,00,040	1,70,455	150,00,040
Supreme Pharmaceuticals Mysore Pvt Ltd: Rs 10/- each - Partly Paid	11,60,249	357,35,669	11,60,249	357,35,669	11,60,249	357,35,669
Total Un-quoted Investments	13,30,704	507,35,709	13,30,704	507,35,709	13,30,704	507,35,709
Total other Investments						
Current		507,35,709		507,35,709		507,35,709

NOTE 7

TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Receivables			
Secured, Considered good	-	-	-
Unsecured, Considered good	3498,68,956	3183,76,072	2907,36,912
Doubtful	-	-	-
Expected Credit Loss	-372,68,804	-372,68,804	-372,68,804
	3126,00,152	2811,07,268	2534,68,108
Current	3126,00,152	2811,07,268	2534,68,108
Non-current	-	-	-

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 assesment and trading records before accepting any customer.

Trade receivables are further analysed as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within Credit period	6,25,753	15,06,424	32,94,126
31-60 days past due	1173,91,615	947,70,590	967,79,660
61-90 days past due	522,47,633	583,05,579	484,09,273
More than 90 days	1423,35,152	1265,24,675	1049,85,049
Total	3126,00,152	2811,07,268	2534,68,108

Of the trade receivables balance, customer balances which represent more than 5% of the total balance of trade receivable are given below

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Global Capsules	119,72,843	222,11,477	197,79,254
Bhojwani Universal Impex Private Limited	92,06,687	108,89,375	144,49,750
Neo Middle East Diagnostic Limited, UAE	189,18,813	224,48,760	-

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

NOTE 8

OTHER FINANCIAL ASSETS						
Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
At Amortised Cost						
a) Security Deposit	-	-	-	-	-	-
Total	-	-	-	-	-	-

NOTE 9

OTHER ASSETS						
Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Security Deposit	69,25,499	93,88,100	92,63,032			
b) Capital Advances	-	46,84,338	35,26,590			
c) Interest On Deposits	75,03,786	39,87,554	32,18,167			
d) Balance with Customs and Central excise / GST authorities				26,42,964	87,93,937	84,74,620
e) Advance receivable in kind or for value to be received						
(i) Unsecured and Considered good			-	85,02,705	24,17,328	27,36,314
(ii) Considered doubtful						
f) Prepaid Expenses				11,69,516	13,92,100	16,01,341
g) Preliminary Expenses				10,80,000	-	-
h) Loan and advances to Employees	-			4,17,394	3,10,456	46,62,443
Less: Provision for Doubtful advances		-				
Total	144,29,285	180,59,992	160,07,789	138,12,579	129,13,821	174,74,718

NOTE 10

INVENTORIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Raw Materials	1,17,50,891	1,04,58,055	2,01,96,037
b) Work-in-Process	1,93,20,124	3,67,44,872	2,70,23,103
c) Finished goods	4,43,69,153	2,96,18,619	4,85,99,039
d) Stock in trade (acquired for trading)	000	000	
e) Stores and spares	15,58,786	14,34,066	16,18,972
f) Goods in Transit	000	5,18,936	31,54,683
Less: Expected Credit Loss	000	000	-200,45,486
Total	7,69,98,954	7,87,74,548	8,05,46,348

NOTE 11

CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Balances with banks			
(i) In Current account	37,40,386	000	000
(ii) In Deposit account	000		
(ii) In EEFC account	35,73,017	24,46,103	3,58,301
b) Cash on hand	17,868	14,716	22,536
c) Cheques, drafts on hand	000	000	
Total	73,31,271	24,60,819	3,80,837

Notes forming part of the Financial Statements

NOTE 12

OTHER BANK BALANCES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Balances with banks in earmarked accounts			
(i) In unpaid Dividend account	17,33,366	17,73,188	17,37,780
(ii) In margin money accounts for Bank Guarantee issued	2,000	2,000	2,000
Total	17,35,366	17,75,188	17,39,780

NOTE 13

CURRENT TAX ASSET AND LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Tax refund receivable (net)	38,68,107	56,50,071	21,83,986
Total	38,68,107	56,50,071	21,83,986

NOTE 14

EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
AUTHORISED			
Equity Shares: 70,00,000 Equity shares of Rs.10 each (2017 - 70,00,000 ; 2016 - 70,00,000)	7,00,00,000	7,00,00,000	7,00,00,000
ISSUED, SUBSCRIBED AND FULLY PAID UP			
62,32,700 (2017 - 62,32,700 ; 2016 - 57,92,700) Equity Shares of Rs 10/- each	6,23,27,000	6,23,27,000	5,79,27,000
Total	6,23,27,000	6,23,27,000	5,79,27,000

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

Reconciliation	2017-18 No. of shares	Amount in Rs	2016-17 No. of shares	Amount in Rs	2015-16 No. of shares	Amount in Rs
a) Equity Shares of Rs.10 each fully paid up						
At the beginning of the period	62,32,700	6,23,27,000	57,92,700	5,79,27,000	57,92,700	5,79,27,000
Issued during the period	-	-	4,40,000	44,00,000	-	-
At the end of the period	62,32,700	6,23,27,000	62,32,700	6,23,27,000	57,92,700	5,79,27,000

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

No. of shares held as at						
Reconciliation	March 31, 2018		March 31, 2017		April 01, 2016	
	Nos.	%	Nos.	%	Nos.	%
Tajos Investments Pvt. Ltd	7,69,000	12	7,69,000	12	7,69,000	12
Nandhi Synthetics Pvt. Ltd.	5,24,354	8	5,24,354	8	5,24,354	8
Vivog Commercial Ltd	000	0	3,45,000	6	3,45,000	6
Sunil L Munda	4,16,003	7	4,16,003	7	4,16,003	7

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

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 15

OTHER EQUITY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Reserve	1,46,40,000	1,46,40,000	14,40,000
Securities Premium Account:	9,86,92,800	9,86,92,800	6,78,92,800
General Reserve	1,83,80,498	1,83,80,498	1,83,80,498
Retained earnings (surplus in profit or loss account)	34,91,98,390	34,55,84,831	33,93,06,061
Total	48,09,11,688	47,72,98,129	42,70,19,359

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Capital Reserve			
Opening balance	1,46,40,000	14,40,000	14,40,000
Add: Appropriation from Profit or Loss account	000	1,32,00,000	000
Closing Balance	1,46,40,000	1,46,40,000	14,40,000

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	6,78,92,800	3,90,72,800
Add: Appropriation from Profit or Loss account	000	3,08,00,000	2,88,20,000
Closing Balance	9,86,92,800	9,86,92,800	6,78,92,800

c) General Reserve

Opening balance	1,83,80,498	1,83,80,498	1,62,11,081
Add: Transfer from General Reserve	000	000	21,69,417
Less: IND AS Adjustment	000	000	000
Closing Balance	1,83,80,498	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	000	000	000
Additions/(Deletions)	000	000	000
Closing Balance	000	000	000

e) Retained Earnings

Opening balance	34,55,84,831	33,93,06,061	35,93,01,321
Less: Transfer to Capital Redemption Reserve		000	000
Less: Dividend on Equity Shares	62,32,700		90,19,050
Less: Tax on Dividend on Equity Shares	12,64,868		18,36,066
Less: Transfer to Reserves	000	000	21,69,417
Profit /(Loss) for the year	1,11,11,127	62,78,770	4,33,88,345
Less: IND AS Adjustment			5,03,59,072
Closing Balance	34,91,98,390	34,55,84,831	33,93,06,061

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	48,09,11,688	47,72,98,129	42,70,19,359
---------------------------	---------------------	---------------------	---------------------

Notes forming part of the Financial Statements

NOTE 16

NON-CURRENT BORROWING	Non-Current portion			Current maturities		
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Secured - at amortised cost						
i) Bonds / Debentures						
ii) Term Loans from Banks						17,01,512
Sub-total	-	-	-	-	-	17,01,512
Grand Total	-	-	-	-	-	17,01,512

1. Long-term loans from State Bank of India are secured by first and joint equitable mortgage on pari-passu basis on Land, Building, Plant & Machinery / equipments, furniture & Computers situated at Attibele Industrial Area, Bangalore & at Pondichery and collateral security of entire stocks of raw materials, semi-finished goods and finished goods, book debts, receivable, other current assets etc. Long-term loans obtained from State Bank of India are secured by land and building situated at Pondicherry and hypothecation of plant and Machinery/equipments/furniture & computers. In addition collateral securities consist of second charge on fixed assets by shares of NCL held by M/s.Nandi Synthetic Pvt Ltd to the tune of Rs.36.70 lacs and extension of charge on current asset.

NOTE 17

SHORT TERM BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Secured - at amortised cost			
Loan repayable on demand (refer note a below)	000	2,96,32,103	5,37,25,316

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 18

TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade payables	11,68,26,844	10,24,95,074	10,08,80,734
Employee related	36,76,634	29,66,697	52,81,305
Total	12,05,03,478	10,54,61,771	10,61,62,039

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 19

OTHER FINANCIAL LIABILITIES

	Non-Current			Current		
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
At Amortised Cost						
a) Unclaimed dividends (refer note 20.1 & 20.2)				17,33,366	17,73,188	17,37,780
Total	000	000	000	17,33,366	17,73,188	17,37,780

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

NOTE 20

OTHER LIABILITIES

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Excise duty on un-despatched stock						
b) Statutory remittances (Contributions to PF, ESIC, TDS,GST,VAT,Service tax etc)	000	3,000	4,96,089	33,62,020	24,86,551	26,84,878
c) Advances and Deposits from Customers / others	000			6,25,742	21,09,777	32,94,127
d) Deferred revenue arising from Interest free deposit						
e) Gratuity payable	26,71,873	9,26,316	000			
Total	26,71,873	9,29,316	4,96,089	39,87,762	45,96,328	59,79,005

20.1 These amounts represent warrants issued to the shareholders which remained un-presented as on March 31, 2018.

20.2 During the year there are no amount due to be transferred to Investor Education and Protection fund

NOTE 21

PROVISIONS

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Compensated absences (Earned Leave)						
b) Provision for Income Tax [net of TDS and Advance Tax]				84,84,030	000	
c) Related to expenses	000			1,27,01,047	1,13,14,463	1,37,47,174
d) Dividend Payable						1,04,57,936
Total	000	000	000	2,11,85,077	1,13,14,463	2,42,05,110

NOTE 22

REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of Products (Including Excise Duty)	52,32,32,556	51,36,66,183
(b) Other operating revenues	2,43,20,409	2,27,61,469
Total	54,75,52,965	53,64,27,652

NOTE 23

OTHER INCOME

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest income On bank deposits	12,08,588	13,92,266
(b) Other gains or losses - Net gain on foreign currency transaction	14,01,549	1,93,828
(c) Other non-operating income Liability no longer required written back Other Miscellaneous income	12,97,629 42,41,151	23,49,514 41,94,129
	81,48,917	81,29,737

NATURAL CAPSULES LIMITED

Notes forming part of the Financial Statements

NOTE 24

COST OF MATERIAL CONSUMED

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Raw Material	23,54,00,243	25,30,30,826
Total	23,54,00,243	25,30,30,826

NOTE 25

COST OF MATERIAL CONSUMED

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening Stock:		
Finished goods		
Capsules	2,96,18,619	2,85,53,553
Work in progress		
Capsules	3,67,44,872	2,70,23,103
	6,63,63,491	5,55,76,656
Closing Stock:		
Finished goods		
Capsules	4,43,69,153	2,96,18,619
Work in progress		
Capsules	1,93,20,124	3,67,44,872
	6,36,89,277	6,63,63,491
Decrease / (Increase) in stocks	26,74,214	-107,86,835
Excise duty adjustment for movement in Finished goods inventory	000	000
Net change (Increase) / Decrease	26,74,214	-107,86,835

NOTE 26

EMPLOYEE BENEFIT EXPENSE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, Wages and Bonus	4,75,84,726	4,21,76,077
(b) Contribution to Provident and other Funds	24,49,960	28,87,788
(c) Director Remuneration	97,20,000	97,20,000
(d) Workmen and Staff welfare expenses	22,75,406	48,79,212
Total	6,20,30,092	5,96,63,077

NOTE 27

FINANCE COST

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) Interest costs		
(a) Bank Loans and others	21,02,556	58,29,870
(b) Government Loans	000	
(ii) Other borrowing costs	000	
Total	21,02,556	58,29,870

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

NOTE 28

DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation/amortisation on		
a) Property, Plant and Equipment	4,33,25,695	4,31,75,695
b) Investment property		
c) Intangible assets		
Total	4,33,25,695	4,31,75,695

NOTE 29

OTHER EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Consumption of stores and spare parts	28,62,446.00	79,24,988
b) Power and Fuel	678,95,288	786,82,521
c) Rent	18,20,674	13,72,497
d) Repairs-Buildings	33,60,055	12,25,411
e) Repairs-Machinery	58,54,642	35,89,067
f) Repairs-Others	43,55,482	40,62,342
g) Bad Debts		3,08,742
h) Insurance	3,08,742	7,48,892
i) Rates and Taxes	16,51,932	5,21,026
j) Miscellaneous Expenses	29,08,014	65,08,884
k) Freight & Clearing Expenses	452,79,663	237,82,957
l) Directors Sitting fees	3,75,000	5,25,000
m) Auditor's Remuneration	3,00,000	2,98,000
n) Travelling Expenses - Foreign	39,87,363	34,40,465
o) Travelling and Conveyance	53,53,406	47,79,850
p) Professional Fees	35,16,422	28,11,084
q) Commission	41,94,127	26,22,852
r) CSR expenditure	1,50,000	10,000
s) Security Charges	13,50,636	12,86,444
t) Contract Labour Charges	195,54,756	224,23,460
u) Postage and Courier	14,06,236	7,76,897
v) Communication Expenses	5,80,316	5,18,902
w) Business Promotion Expenses	25,26,724	23,75,859
x) Research & Development Expenditure - Revenue in Nature	120,08,528	128,63,371
y) Bank Charges	12,43,594	14,93,550
Total	1933,46,625	1846,44,319

NOTE 30

PAYMENT TO AUDITORS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Exceptional items of (Debit)		
Prior Period expenses	-	(58,42,943)
Exceptional items of (Credit)		
Exceptional items (Net)	-	(58,42,943)

Notes forming part of the Financial Statements

NOTE 31

PAYMENT TO AUDITORS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Audit Fees	2,75,000	2,60,000
b) Fees for other services	25,000	38,000
Total	3,00,000	2,98,000

NOTE 32

DIRECTOR'S REMUNERATION

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Consultancy services		
b) Directors' sitting Fees	3,75,000	5,25,000
Total	3,75,000	5,25,000

NOTE 33

DEFERRED TAX BALANCES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	As at April 01, 2016
Deferred tax assets	-		-
Deferred tax liabilities	1,72,48,300	2,00,21,000	2,31,85,265
Total	1,72,48,300	2,00,21,000	2,31,85,265

2017-18	Opening balance	Recognised in profit or loss account	Recognised in Other Comprehensive income	Closing balance
Deferred tax (Liabilities) / Asset in relation to				
Property, Plant and equipment	1,88,09,300	15,61,000	-	1,72,48,300
Provision compensated absences and others	12,11,700	12,11,700		
Defined benefit obligation	000		000	
Total	2,00,21,000	27,72,700	000	1,72,48,300
Tax losses	000	000	000	
Net Deferred tax Assets / (Liability)	2,00,21,000	27,72,700	000	1,72,48,300
MAT credit entitlement				
Total	2,00,21,000	27,72,700	000	1,72,48,300

Note 34 : Operating Lease Arrangements (Company as Lessor):

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental Income	-	-
Total	-	-

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

2016-17	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	2,13,49,369	25,40,069	000	1,88,09,300
Provision compensated absences and others	18,35,896	6,24,196	000	12,11,700
Defined benefit obligation	000		000	000
Total	2,31,85,265	31,64,265	000	2,00,21,000
Tax losses	000	000	000	000
Net Deferred tax Assets / (Liability)	2,31,85,265	31,64,265	000	2,00,21,000
MAT credit entitlement				000
Total	2,31,85,265	31,64,265	000	2,00,21,000

NOTE 36

INCOME TAXES RELATING TO CONTINUING OPERATIONS

Particulars	2017-18	2016-17
Current tax		
for Current year	84,84,030	000
for Previous years		42,991
Deferred tax		
for Current year	-27,72,700	31,64,265
Total	57,11,330	32,07,256

NOTE 38

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.9,720,000 (PY Rs. 9,720,000) 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, 2018. 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 Statment of Profit and Loss. the Comapny 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 occurance of losses relative to the expected retun 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.

Note (i) Experience Adjustments

Experience Adjustments

Particulars	For the period ending		
	31-Mar-16	31-Mar-17	31-Mar-18
(Gain) / Loss on Plan Liabilities	-	-8,06,765	6,70,315
% of Opening Plan Liabilities	0.00%	-7.48%	7.67%
Gain / (Loss) on Plan Assets	-	-	-53,892
% of Opening Plan Assets	0.00%	0.00%	-0.69%

Notes forming part of the Financial Statements

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 in not presently ascertained.
- The Company's best estimate of the contribution expected to be paid to the plan during the next year is Rs.2,338,369.

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, 2018	March 31, 2017	April 01, 2016
Discount rate			
- 0.50% increase	-	-	-
- 0.50% decrease	-	-	-
Salary growth rate			
- 0.50% increase	-	-	-
- 0.50% decrease	-	-	-
Attrition rate			
- 0.50% increase	-	-	-
- 0.50% decrease	-	-	-

Particulars	Gratuity (Funded)	
	2017-18	2016-17
Present value of obligations at the beginning of the year	87,38,224	87,74,151
Current service cost	10,13,209	8,03,647
Interest Cost	6,67,456	7,01,932
Re-measurement (gains) / losses:		
-Actuarial gains and losses arising from change in financial assumption	000	000
-Actuarial gains and losses arising from experience adjustment	6,16,423	-8,06,765
Benefits paid	-2,51,778	-7,34,741
Present value of obligations at the end of the year	1,07,83,534	87,38,224
Changes in the fair value of planned assets		
Fair value of plan assets at the beginning of the year	78,11,908	70,47,091
Interest income	000	000
Return on plan assets	6,05,423	5,71,788
Contributions by the employer	000	9,27,770
Re-measurement (gains) / losses:		
Benefits paid	-53,892	000
	-2,51,778	-7,34,741
Fair value of plan assets at the end of the year	81,11,661	78,11,908
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	1,07,83,534	87,38,224
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	000	000
Fair value of plan assets at end of the year	81,11,661	78,11,908
Funded status of the plans - Liability recognized in the balance sheet	26,71,873	9,26,316
Components of defined benefit cost recognized in profit or loss		
Current service cost	10,13,209	8,03,647
Net interest expenses	6,67,456	7,01,932
Net cost in Profit or Loss	16,80,665	15,05,579
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	000	000
-Actuarial gains and losses arising from experience adjustment	6,70,315	-8,06,765
Return on plan assets	-6,05,423	-5,71,788
Net Cost	64,892	-13,78,553
Less: Allocation to Associate Company under common gratuity trust	000	000
Net Cost in other Comprehensive Income	64,892	-13,78,553

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

Particulars	2017-18	2016-17
Assumptions		
Discount rate	7.75%	8.00%
Expected rate of salary increase	7.00%	7.00%
Expected rate of attrition		
Average age of members		
Average remaining working Life		
Mortality (IALM (2006-08) Ultimate	100	100

The Company has invested the plan assets with insurer managed funds. The Insurance Company has invested the plan 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.

Earnings Per Share

Particulars	2017-18	2016-17
Basic Earnings per share	1.78	1.01
Diluted Earnings per share	1.78	1.01

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	111,11,127	62,78,770
Earnings used in the calculation of basic earnings per share	111,11,127	62,78,770
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	111,11,127	62,78,770
Adjustments (if any)	111,11,127	62,78,770
Earnings used in the calculation of diluted earnings per share	-	-

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

40.1 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	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity	54,32,38,688	53,96,25,129	50,69,46,359
Debt	000	000	17,01,512
Cash and cash equivalents	73,31,271	24,60,819	3,80,837
Net debt	73,31,271	24,60,819	20,82,349
Total capital (Equity + Net debt)	55,05,69,959	54,20,85,948	50,90,28,708
Net debt to capital ratio	000	000	000

Notes forming part of the Financial Statements

40.2 Categories of financial instruments

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets			
Measured at fair value through profit or loss			
a) Mandatorily measured:	-	-	-
i) Equity investments	-	-	-
Measured at amortised cost			
i) Cash and bank balances	-	-	-
i) Other financial assets at amortised cost	-	-	-
Measured at			
i) Investments in equity instruments designated upon initial recognition	-	-	-
Measured at cost			i)
Investments in equity instruments in subsidiaries and associate	-	-	-
Financial liabilities			
Measured at amortised cost	-	-	-
Measured at	-	-	-
	-	-	-

40.1 Credit risk management

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

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

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.

40.2 Liquidity risk management

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

The table below provides details regarding contractual maturities of financial liabilities as at 31 March 2018.

Particulars	Carrying amount	Upto 1 year	Between 1-3 years	More than 3 years	Total contracted cash flows
Non interest bearing					0
Variable Interest rate instruments					0
Fixed Interest rate instruments					0
Total	0	0	0	0	0

The table below provides details of financial assets as at 31 March 2018:

Particulars	Carrying amount
Trade receivables	3126,00,152
Other Financial assets	598,02,346

TWENTY FIFTH ANNUAL REPORT 2017-2018

Notes forming part of the Financial Statements

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

Particulars		As at March 31, 2018		As at March 31, 2017		April 1, 2016	
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value amount	As at Carrying	Fair value
Financial Assets							
Financial assets at amortised cost:							
Trade receivables	Level 2	31,26,00,152	31,26,00,152	28,11,07,268	28,11,07,268	25,34,68,108	25,34,68,108
Cash and cash equivalents	Level 2	73,31,271	73,31,271	24,60,819	24,60,819	3,80,837	3,80,837
Bank balances other than cash and cash equivalents	Level 2	17,35,366	17,35,366	17,75,188	17,75,188	17,39,780	17,39,780
Other financial assets	Level 2	000	000	000	000	000	000

Particulars		As at March 31, 2018		As at March 31, 2017		April 1, 2016	
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value amount	As at Carrying	Fair value
Financial Liabilities							
Financial liabilities at amortised cost:							
Borrowings	Level 2	000	000	2,96,32,103	2,96,32,103	5,54,26,828	5,54,26,828
Trade payables	Level 2	12,05,03,478	12,05,03,478	10,54,61,771	10,54,61,771	10,61,62,039	10,61,62,039
Other financial liabilities	Level 2	000	000	000	000	000	000

1. Incase 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.

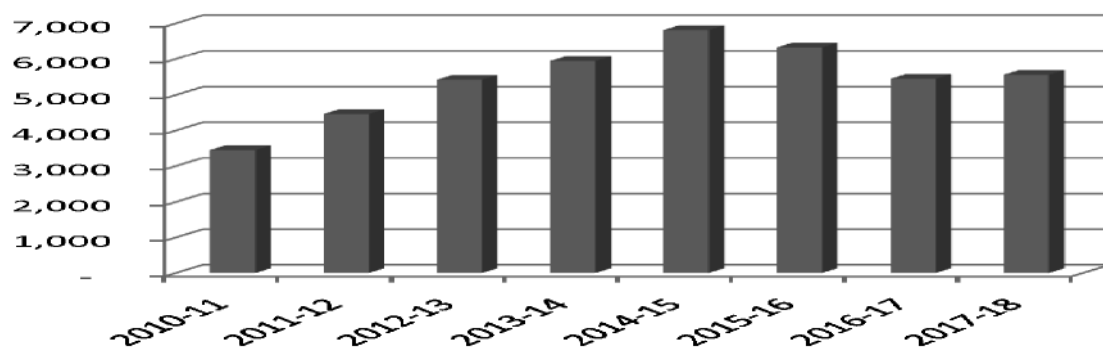
NOTE 42

Note (i) - Related Party Disclosures:		2017-18	2016-17
Related Party Transactions			
Description of Relationship :			
Key Management Personnel		Mr. Sunil Laxminarayana Mundra Mr. Laxminarayana Mundra Mr. Satyanarayana Mundra	
Directors		Mr . Sushil Kumar mundra Mrs. Jyothi Mundra	
Enterprise in which Directors have significant Control		M/s.Mundra Enterprises	
Details of Transactions		Amount in Rs.	
Remuneration Paid			
Mr. Sunil Laxminarayana Mundra		40,80,000	40,80,000
Mr. Laxminarayana Mundra		28,20,000	28,20,000
Mr. Satyanarayana Mundra		28,20,000	28,20,000
Sitting Fees Paid			
Mr . Sushil Kumar mundra		75,000	75,000
Mrs. Jyothi Mundra		75,000	75,000
Rent Paid			
M/s.Mundra Enterprises		6,48,000	6,12,000
Balances outstanding at the end of the year			
Payables			
Mr. Sunil Laxminarayana Mundra		1,52,340	2,56,610
Mr. Laxminarayana Mundra		2,67,500	1,42,840
Mr. Satyanarayana Mundra		1,75,930	1,60,280
M/s.Mundra Enterprises		58,320	45,900

NATURAL CAPSULES LIMITED

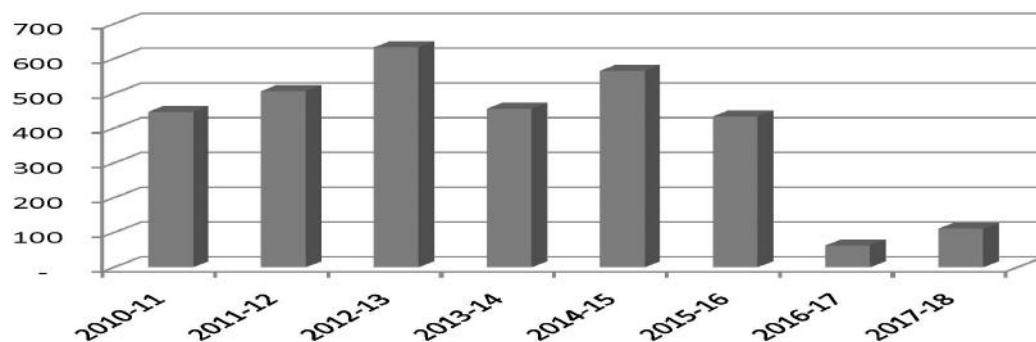
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sales	3,455	4,459	5,419	5942	6812	6329	5446	5557

SALES



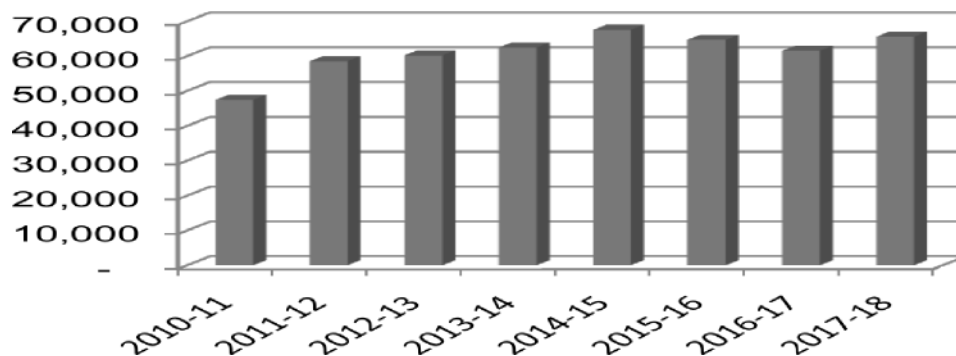
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
PROFIT AFTER TAX	447	507	633	456	565	434	63	111

PROFIT AFTER TAX



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
PRODUCTION	47,507	58,527	60,183	62,467	67,542	64,692	61,535	65,586

PRODUCTION



TWENTY FIFTH ANNUAL REPORT 2017-2018

Attendance Slip:

Regd. Office: Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560 011

CIN: 85110KA1993PLC01472

Website: www.naturalcapsules.com

Attendance Slip: 25th AGM : 21st Sep 2018

hereby record my presence at 25th AGM

of the company held at **The Bangalore**

GayanaSamaja, Krishna Rajendra Road, Basavangudi, Bengaluru-560004

on Friday 21st September 2018 at 10:00 A.M. Full Name (In Block Letters)

Folio No.	
DP ID No.	
Client ID No.	
No. of Shares Held	
Full Name of Proxy (In Block Letters)	
Member's / Proxy's Signature	:

NATURAL CAPSULES LIMITED**NATURAL CAPSULES LIMITED****Regd. Office: Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011****PROXY FORM****Form No. MGT-11**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014)

Name of the member(s):.....

Registered Address :

Email Id : Folio No./Clint ID: DPID:.....

I/We being Member(s) ofshares of Natural Capsules Limited, hereby appoint

1) Name:.....

Address:

Having Email id..... Signature or failing him/her

2) Name:.....

Address:

Having Email id..... Signature or failing him/her

3) Name:.....

Address:

Having Email id..... Signature or failing him/her my/
our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **25th** Annual General Meeting of the Company to be held on **Friday, 21st September, 2018** at 10.00 Hrs. (IST) at **The Bangalore Gayana Samaja**, Krishna Rajendra Road, Basavangudi, Bengaluru-560004 and at any adjournment thereof in respect of such resolutions as are indicated below.

Sl No.	Ordinary Business:
1.	To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March 2018 together with the Reports of the Directors and the Auditors thereon.
2.	To declare dividend for the Financial Year 2017-18.
3.	To appoint a director in place of Shri Laxminarayan Mundra (DIN: 00214298), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To appoint a director in place of Smt Jyoti Mundra (DIN: 07143035), who retires by rotation and being eligible, offers herself for re-appointment.
Sl No.	Special Business:
5.	To appoint Shri Anjan K Roy as Independent Non-Executive Director (DIN:01032834) of the Company
6.	To consider the approval of Natural Capsules Limited- 'Employees Stock Option Plan 2018' (ESOP 2018).

Signed this _____ day of _____ 2018.

Affix
Revenue
Stamp
Signature

Notes:

This form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than **48 hours** before the commencement of the Meeting. It is optional to indicate your preference. If you leave the for, against or obtained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he /she may deem appropriate. Members are requested to note that a person can act as a proxy on behalf of **members not exceeding 50** and holding in the aggregate not more than **10% of** the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than **10%** of the total share capital of the Company carrying voting right, than such proxy shall not act as a proxy for any other person or Member. A Proxy need not be a member of the Company.

Signature of the Shareholder

‘Green Initiative’ – A Corporate Governance Measure Service of Documents through e-mode

Dear Shareholder(s)

The Ministry of Corporate Affairs (MCA) has taken up “Green Initiative Measure” as part of Corporate Governance by allowing paperless compliance by Companies vide Circular No. 17/2011 dated 21/4/2011 stating that the Company would have complied with Section 20 of the Companies Act, 2013, if service of documents are made through electronic mode. In such case, the Company is required to obtain e-mail addresses of its Member(s) for sending Notices/Documents/Financial Reports through e-mail by giving an advance opportunity to every Shareholder to register his/her e-mail address and changes thereon, if any, from time to time.

To take part in the same, we propose to send documents like Notice convening the General Meetings, Financial Statements, Annual Reports etc. in electronic form to the e-mail address of the Members available/registered with the Company.

As you are one of the Shareholder(s), you are requested to participate in this ‘Green Initiative’, by providing your e-mail address and other details mentioned herein below:

Name of the Company	Natural Capsules Limited
Name of the Shareholder(s)	
Folio (If shares are held in physical form)	
E-mail address to which Documents/Notices can be served electronically(Only for shareholders holding shares in physical form).	
PAN Card (Copy/scanned document to be attached)	

Signature of the Shareholder(s)

The above information duly filled to be sent to:

Cameo Corporate Services Limited

Subramanian Building,

No.1, Club House Road,

Chennai – 600 002.

Tel : 91-044-28460390(5 lines)

Fax : 91-044-28460129

Grams : CAMEO , E-mail : cameo@cameoindia.com

Contact person : Mrs. Kanthimathi Jayakumar (Executive shares)

**The Shareholder(s) holding shares in electronic form are requested
to update their e-mail id's with the Depository Participant,
where de-mat accounts are held.**

NATURAL CAPSULES LIMITED**NATURAL CAPSULES LIMITED**

Regd. Office: Trident Towers, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block,
Bengaluru-560011, CIN: L85110KA1993PLC01472
PH: 080-26671571, 26671581
Website: www.naturalcapsules.com

Form MGT-12 Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

1. Name and Registered address of the sole/first named shareholder :
(in block letters)
2. Name of the joint holder (s), if any :
3. Registered Folio No./DP ID No.* & Client ID No.* :
(* Applicable to investors holding shares in dematerialized form)
4. Number of equity share(s) held :
5. I/We hereby exercise my /our vote(s) in respect of the following resolutions to be passed at 25th Annual General Meeting of the Company to be held on **on Friday, 21st Sep 2018** for business stated in the Notice dated July 30th 2018, sending assent or dissent to the said resolutions by placing the tick () mark at the appropriate box below.

Item No.	Description of the Resolution	No. of Equity Shares	Type of Resolution	(For)I/We assent to the Resolution	(Against)I /We dissent to the Resolution
1.	Ordinary Business: To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March 2018 together with the Reports of the Directors and the Auditors thereon.		Ordinary Resolution		
2.	To declare dividend for the Financial Year 2017-18.		Ordinary Resolution		
3.	To appoint a director in place of Shri Laxminarayan Mundra (DIN: 00214298), who retires by rotation and being eligible, offers himself for re-appointment.		Ordinary Resolution		
4.	To appoint a director in place of Smt Jyoti Mundra (DIN: 07143035), who retires by rotation and being eligible, offers herself for re-appointment.		Ordinary Resolution		
5.	Special Business: To appoint Shri Anjan K Roy as Independent Non-Executive Director (DIN:01032834) of the Company		Ordinary Resolution		
6.	To consider the approval of Natural Capsules Limited- 'Employees Stock Option Plan 2018' (ESOP 2018).		Special Resolution		

Place:

Date:

(Signature of the Shareholders)

Note: Please read the Instructions given overleaf carefully before exercising your vote.

TWENTY FIFTH ANNUAL REPORT 2017-2018

Instructions:

This Polling Paper is provided for the benefit of Members who do not have access to e-voting facility.

A Member can opt for only one mode of voting i.e. either through e-voting or by Polling Paper at the AGM Venue. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Polling Paper shall be treated as invalid.

For detailed instructions on e-voting, please refer to the notes appended to the Notice of the AGM.

The Scrutinizer will collate the votes downloaded from the e-voting system, votes received through Polling Paper at the AGM venue, to declare the final result for each of the Resolutions forming part of the Notice of the AGM. This Polling Form is provided for the benefit of members who do not have access to E-Voting Facility.

For detailed instructions on E-Voting, please refer to the notes appended to the notice of the meeting,

This Polling Paper is for the members who have not voted through remote e-voting facility. A member can opt for only one mode of voting i.e. either through remote e-voting or by Polling Paper at the AGM Venue. If a Member casts votes in both the modes, then vote cast through remote e-voting shall prevail and Polling paper shall be treated as invalid.

The vote should be cast either in favour or against by putting tick (") mark in the column provided for assent or dissent.

This form should be completed and signed by the Member/Proxy Holder as per the specimen signatures registered with the Company/Depository. In case of joint holding, this form should be completed and signed by the first named member.

Unsigned, incomplete, improperly or incorrectly tick marked Polling Paper will be rejected. A Polling Paper will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the member or as to whether the votes are in favor or against or if the signature cannot be verified

The decision of Scrutinizer on the validity of the **Polling Paper** and any other related matter shall be final.

The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes cast through Polling Paper to declare the final result for each of the Resolutions enumerated above.

The Results shall be declared on the company's website www.naturalcapsules.com and on the website of National Securities Depository limited within Two (2) days of passing of resolutions at the AGM of the company on **21st September 2018** and communicated to BSE Limited, where the shares of the company are listed.

If not delivered, please return to:

NATURAL CAPSULES LIMITED.

Trident Towers, 4th Floor, No. 23,
100 Feet Road, Jayanagar II Block,
Bengaluru - 560011.

NCL's (Unit 1) - WHO-GMP Certified Facility at Bangalore



NCL's (Unit 2) - WHO-GMP Certified Facility at Pondicherry

