



TWENTYSECOND ANNUAL REPORT 2014-2015

BOARD OF DIRECTORS :

Shri Srirangam Gopalan	: Chairman
Shri Laxminarayan Moondra	: Whole-time Director
Shri Satyanarayan Mundra	: Whole-time Director
Shri C.P. Rangachar	: Director
Dr. C. M. Gurumurthy	: Director
Shri Sunil L. Mundra	: Managing Director
Shri Sushil Kumar Mundra	: Director
Smt. Jyoti Mundra	: Director
Shri D. R. Anand	: Company Secretary

BANKERS & FINANCIAL :

M/s. State Bank of India
Bangalore Commercial Branch
Hudson Circle,
BANGALORE - 560 001.

AUDITORS :

M/s Gnanoba & Bhat
Chartered Accountants
45, Annamalai Arcade,
1st Cross, Wilson Garden,
BANGALORE - 560 027.

SECRETARIAL AUDITORS :

R. Parthasarathi
188, 1st Floor, Aicoboanagar,
9th Main, BTM 2nd Stage, 11th Cross,
BANGALORE

REGISTERED OFFICE :

102, "Shreshta Bhumi"
No. 87, K. R. Road,
BANGALORE - 560 004.
Tel. No. : 080-2667 1571,
2667 1573 / 2667 1581
Fax : 080-2667 1562
E-mail : info@naturalcapsules.com
URL : www.naturalcapsules.com

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)
Fax : 91-044-28460129
Grams : CAMEO
E-mail : cameo@cameoindia.com
Contact Person : Mrs. Kanthimathi Jayakumar
Executive - Shares
ISIN CODE No : INE936B01015

Contents

1. Board of Directors	: 1
2. Financial Highlights	: 2
3. Director's Report	: 11
4. Auditor's Report	: 24
5. Balance Sheet	: 40
6. P & L Account	: 41
7. Cash Flow Statement	: 42
8. Financials Schedules	: 43
9. Proxy Form	: 59

FINANCIAL HIGHLIGHTS (9 YEARS)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales & Other Income	1,782.62	2,033.01	2,605.64	2,948.98	3,453.96	4,459.17	5,418.89	5942.12	6811.53
Exports	193.35	272.82	382.72	507.90	615.17	605.92	1,432.36	1589.94	2054.72
P B T	360.09	428.47	616.33	641.00	663.79	772.26	729.41	742.64	753.71
P A T	246.19	265.73	397.51	426.56	446.76	506.87	633.11	456.19	564.92
E P S	5.75	5.75	8.83	9.00	10.00	11.26	14.06	10.09	11.18
Dividend per share (Rs)	1.00	1.00	1.00	1.20	1.20	1.50	1.50	1.50	1.50
Reserves & Surplus	897.03	1,161.57	1,495.85	1,859.20	2,242.95	2,671.33	3,225.95	3729.79	4160.25
Share Capital	428.27	450.27	450.27	450.27	450.27	450.27	450.27	502.27	524.27
Share holders fund	1,325.30	1,611.84	1,946.12	2,309.47	2,693.22	3,121.60	3,676.22	4232.06	4684.52
R O I	18.58	16.49	20.43	18.47	16.59	16.24	17.22	10.76	12.06

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their twenty second Annual Report together with the Audited Accounts of the company for the year ended 31st March 2015.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2015 is summarized below:

Particulars	March 31, 2015	(Rs. In Lacs) March 31, 2014
Gross Sales	7194.38	6239.95
Less : Excise duty	462.30	386.97
Net Sales	6732.08	5852.98
Other Income	79.45	89.14
Total	6811.53	5942.12
Profit before depreciation & taxation	1156.39	1104.02
Less : Depreciation	402.67	361.36
Less : Provision for taxation	236.11	170.93
Less: Prior period adjustment (Taxation)	6.37	nil
Add: Deferred Tax withdrawn	53.68	(115.53)
Profit after taxation	564.92	456.19
Add: Balance brought forward from previous year	3247.99	2902.17
Surplus available for appropriation	3812.91	3358.36
Appropriations		
General Reserve	28.25	22.81
Proposed Dividend	78.64	75.34
Tax in Dividend	16.01	12.22
Additional depreciation on fixed asset as per Companies Act, 2013	97.00	nil
Balance carried to Balance sheet	3593.01	3247.99
Total	3812.91	3358.36

The company proposes to transfer an amount of Rs. 28.25 lacs to the General Reserves. An amount of Rs. 3593.01 lacs is proposed to be retained in the statement of Profit & Loss account.

OPERATIONAL REVIEWS:

Gross revenues increased to Rs. 7194.38 lacs, a growth of around 15.30% against Rs. 6239.95 lacs in the previous year. Profit before depreciation and taxation was Rs. 1156.39 lacs against Rs. 1104.02 lacs in the previous year. After providing for depreciation and taxation of Rs. 402.67 lacs & 236.11 lacs respectively, the net profit of the Company for the year under review was placed at Rs. 564.92 lakhs as against Rs. 456.19 lacs previous year.

Due to tough market conditions, increase in cost of inputs and reduction in margins, the percentage increase in profit has not been proportionate to the increase in turnover. However, the profit after tax has increased by 23.83% during the year under review.

DIVIDEND:

Based on the performance of the Company and the need for conservation of internal accruals, your Directors are pleased to recommend a final dividend of Rs.1.5 per equity share at the rate of 15% subject to the approval of members. The dividend, if approved by the Members, will result in the out flow of Rs. 78.64 lacs from the company in addition to Rs. 16.01 lacs 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 date of the AGM.

SHARE CAPITAL:

During the year under consideration, the paid up capital increased from Rs. 502.27 lacs to 524.27 lacs. by conversion of share warrants into equity (which formed part of earlier preferential issue of equity shares to promoter group in the financial year 2013-14). The additional equity was issued at a premium of Rs. 26/- per equity share. In principle approval for additional issue of equity shares was obtained from Bombay Stock Exchange. **The company has made application for filing listing and the approval for the same is awaited from Bombay Stock Exchange.**

FINANCE:

Cash and cash equivalents as at March 31, 2015 was Rs. 16.56 lacs. The company continues to focus on judicious management of its working capital, Receivables, Inventories and other working capital parameters were kept under strict check through continuous monitoring.

TWENTYSECOND ANNUAL REPORT 2014-2015

FIXED DEPOSITS:

Your 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.

There were no investments made by company during the year under consideration.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the internal auditor reports to the chairman of the audit committee and to the Chairman & Managing Director of the Company.

The Audit Committee monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies at all locations of the company. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

As part of its initiatives under "corporate social responsibility" (CSR), the CSR committee has taken steps to find out such activities to contribute. The CSR committee has calculated the CSR fund amounting to Rs. 28.41 lacs for the year ending as on March 31, 2015 and the amount will be spent on the CSR activities to be identified shortly. Identification of CSR activities is under process.

CONSERVATION OF ENERGY:

Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved. The particulars as per Form A are attached to this report.

TECHNOLOGY ABSORPTION:

Company's products are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore no technology absorption is involved. The company constantly strives for maintenance and improvement in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal. The company is having ongoing research and development activity to develop value added products as per details given in Form-B attached to this report.

FOREIGN EXCHANGE EARNINGS AND OUT-GO:

During the period under review, your company has gained Rs. 21.59 lacs owing to foreign exchange fluctuations. Export revenue constituted 31.41 % of Total Revenue as against 26.75% in the previous year.

Foreign Exchange Earnings: Rs. 21,39,58,939/-

Foreign Exchange Outgo: Rs. 2,44,45,628/-

INDUSTRIAL RELATIONS:

During the year under review, your company enjoyed cordial relationship with workers and employees at all levels.

EXPANSION:

During the year company commissioned the last machine after modification at Pondicherry plant. With the commissioning of this machine the installed capacity of both units put together has increased to 7.8 Billion capsules per annum.

Further company started work for installation of an additional modified capsule line along with other required utilities at Bangalore unit for manufacture of HPMC capsules, and the same is likely to get commissioned during first quarter of next year.

DIRECTORS:

Mr. Sushil Kumar Mundra and Mr. Sathyanarayan Mundra, Directors retire by rotation and being eligible, offer themselves for re appointment.

Mrs. Jyoti Mundra (relative of Promoter Directors) was appointed as an Additional Director (Woman Director) in consonance with the requirements of Sec. 149 of companies Act, 2013 and clause 49 of Listing Agreement. Accordingly, she vacates office at this

AGM. Being eligible, a notice has been received from a member proposing her appointment as a regular non executive Director. It is proposed to appoint her as a Director.

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 clause 49 of the Listing agreement.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the listing agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the corporate governance report.

Remuneration Policy

The Board has, on the recommendation of the Appointment & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The remuneration policy is stated in the corporate governance report and has been posted in company's website www.naturalcapsules.com

Meetings

During the year seven Board Meetings and four audit committee meetings were convened and held. The details of which are given in the corporate governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the company at large.

SUBSIDIARY COMPANIES:

The company does not have any subsidiary.

CODE OF CONDUCT:

The Board of Directors has approved a code of conduct which is applicable to the members of the Board/committees and all employees in the course of day to day business operations of the company. The company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviours of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an appendix to the code. The code has been posted on the company's website www.naturalcapsules.com.

The code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

TWENTYSECOND ANNUAL REPORT 2014-2015

All the Board members and the senior management personnel have confirmed compliance with the code. All management staff was given appropriate training in this regard.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. In staying true to our values of strength, performance and passion and in line with our vision of being one of the respected companies in India, the company is committed to the high standards of corporate governance and stakeholder responsibility.

The company has a fraud risk management policy to deal with instances of fraud and mismanagement, if any. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

High level committee has been constituted which looks into the complaints raised. The committee reports to the audit committee and the Board.

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees, while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report. Certain observations made in the report with regard to non filing of some forms were mainly due to ambiguity and uncertainty of the applicability of the same for the relevant period. However, the company would ensure in future that all the provisions are complied with the fullest extent.

AUDITORS:

The Auditors M/S. Gnanoba & Bhat, Chartered Accountants, Bangalore, continues to be eligible as company's statutory auditors and it is proposed to ratify their appointment for the financial year 2015-16 on the same remuneration in this AGM.

SECRETARIAL AUDIT:

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. R.Parthasarathi, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure B"

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C".

BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors and KMP are given in CORPORATE GOVERNANCE REPORT BELOW, which form an integral part of this Report, are set out as separate Annexure.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexure, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS:

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous cooperation and assistance.

**For and on behalf of the
Board of Directors**

**Bangalore
May 30, 2015**

**Sunil L Mundra
Managing Director**

**Satyanarayan Mundra
Whole Time Director**

Annexure A to Boards Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the companies CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR policy is stated herein below:

CSR Policy
(Approved by the Board of Directors)

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:

- 1) 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.
- 2) Collaborate with likeminded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals.
- 3) Interact regularly with stakeholders, review and publicly report our CSR initiatives.

Web Link:

<http://www.naturalcapsules.com/pdf/corporate-social-responsibility-policy.pdf>

2. Composition of CSR committee

Name of the Member	Designation
Dr. C.M.Gurumurthy	Chairman
Mr. Sunil L Mundra	Member
Mr. Sushil Kumar Mundra	Member

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

Average net profit: Rs.14.30Crores

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

The company is required to spend Rs.28.41 Lacs.

5. Details of CSR spend for the financial year:

- a) Total amount spent for the year: Nil (CSR committee is working on to identify the suitable projects to spend CSR amount)
- b) Amount unspent if any: 28.41 Lacs

Annexure B to Boards Report
SECRETARIAL AUDIT REPORT (Form No. MR-3)
For The Financial Year Ended On 31st March, 2015

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

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, 2015 has 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, 2015 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, 1992;
 - (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 and
- (vi) Other Company's specific Laws such as:
 - (a) Drugs and Cosmetic Act, 1940
 - (b) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
 - (c) Food Safety and Standards Act, 2006, and rules made thereunder.

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

- i) In view of Secretarial Standards issued by ICSI not being mandatory, the compliance with the same has not been reported and I have verified the compliance under;

ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

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 spent the amount as prescribed under Section 135 of the Companies Act, 2013 and the rules framed thereunder relating to Corporate Social Responsibility
- b) The compliance mechanism relating to reporting requirements as per listing agreement needs to be strengthened.
- c) There were some delays in filing Submission of Reconciliation of Share Capital Audit for the Quarter ended 30-06-2014, 31-12-2014.
- d) There were delays in filing some of E forms with Registrar of Companies, with necessary additional fees.

I further report that

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 except that there were some delays in filing of MGT-14 and DIR-12 relating to appointment of Executive Directors, with necessary additional fees.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period the company has

- a) The Company has converted share warrants issued on preferential basis within stipulated time after obtaining in principal approval from stock exchange for listing and applied for final listing with Bombay Stock Exchange and the Company has received the final approval for listing in the current year.

Following are the Show Cause notices, Assessment Orders, Demand Notice, Notice of Proceedings received by the Company and its Directors under different enactments for the period 01-04-2014 to 31-03-2015

- a) Notice dated 02.07.2014, received from ROC for non filing of E form relating to details of Unpaid Dividend for the years 2011, 2012 & 2013. However the Company has subsequently filed concerned e-forms.
- b) An Audit was conducted by the Excise department pursuant to which they have provided a detailed audit note providing for penalty for non-payment of excise duty and service tax payable and Interest thereon. The demand raised by the department has since been paid except in two case involving an amount of Rs.25,03,981/- Which has been contested by the Company in an appeal.
- c) Notice dated 12th February, 2015 received from BSE for delays in filing Submission of Reconciliation of Share Capital Audit for the Quarter ended 30-06-2014 & 31-12-2014 and an amount of Rs. 4,495/- not paid as fine as demanded and the matter is replied with proper justification.
- d) A notice from Bombay Stock Exchange was received by the Company to Redress the Investor Grievances which has been pending for a period quite some time and the same is resolved during current financial year 2015-16.

Bangalore
May 20, 2015

R.Parthasarathi
Practicing Company Secretary
ACS Membership No.: 3667
COP No.: 838

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

To,
The Members
NATURAL CAPSULES LIMITED
102, "Shreshta Bhumi"
No. 87, K.R.Road
Bangalore 560 004

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Bangalore
May 30, 2015

R.Parthasarathi
Practicing Company Secretary
Membership No. 3667
Certificate of Practice No. 838

TWENTYSECOND ANNUAL REPORT 2014-2015

**Annexure C to Boards Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on
31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

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	SHRESHTA BHUMIB.V.K. IYENKAR No.102, No.87 K.R.ROAD, BANGALORE, Karnataka – 560004 PH# 080-26671571, 26671573, 26671581. Email: dranand@naturalcapsules.com
6. Whether listed company	YES
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	CAMEO CORPORTATE SERVICES LIMITED Subramanian Building, No. 1, Club House Road, Chennai – 600 002. PH# 2846 0390 (5 lines)

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

S. 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 -

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	NIL	NIL	NIL

III. VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	2116983	250900	2367883	47.1436	2336983	250900	2587883	49.3616	2.218
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any other	NIL	3800	3800	0.0756	NIL	3800	3800	0.0724	0.0032
Total shareholding of Promoter (A)	2116983	254700	2371683	47.2192	2336983	254700	2591683	49.4341	2.2149
(2) Foreign									
a) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total(A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of Promoter (A)	2116983	254700	2371683	47.2192	2336983	254700	2591683	49.4341	2.2149
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds	NIL	3700	3700	0.0736	NIL	3700	3700	0.0705	0.0031
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	300	300	0.0059	NIL	300	300	0.0057	0.0002
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	NIL	4000	4000	0.0795	NIL	4000	4000	0.0762	0.0033
2. Non-Institutions									
a) Bodies Corp.	559516	302700	862216	17.1663	859193	2700	861893	16.4398	-0.7265
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

TWENTYSECOND ANNUAL REPORT 2014-2015

ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	875960	295947	1171901	23.3320	907283	281041	1188324	22.6662	-0.6658
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	464041	NIL	464041	9.2388	492500	NIL	492500	9.3940	0.1552
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Non Resident Indians	25004	13200	38204	0.7606	42313	13200	55513	1.0588	0.2982
Hindu undivided Families	105106	NIL	105106	2.0926	46375	NIL	46375	0.8845	-1.2081
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Clearing Members	5549	NIL	5549	0.1104	2412	NIL	2412	0.0460	0.0644
Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Bodies - D R	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	2035176	611841	2647017	52.7010	2350076	296941	2651017	50.5658	-2.1352
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2035176	611841	2647017	52.7010	2350076	296941	2651017	50.5658	-2.1352
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	4152159	870541	5022700	100.000	4687059	555641	5242700	100.000	4.3801

B) Shareholding of Promoter

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	TAJOS INVESTMENTS PRIVATE LIMITED	479000	9.5367	0.0000	539000	10.2809	0.0000	1.1444
2	NANDI SYNTHETICS PVT LTD	414354	8.2496	0.0000	414354	7.9034	0.0000	0.0000
3	SUNIL LAXMINARYAN MUNDRA	296003	5.8933	0.0000	336003	6.4089	0.0000	0.7629
4	INDRA MUNDRA	216200	4.3044	0.0000	216200	4.1238	0.0000	0.0000
5	SUSHIL KUMAR MUNDRA	174400	3.4722	0.0000	214400	4.0894	0.0000	0.7629
6	LAXMINARAYAN MUNDRA	160294	3.1913	0.0000	160294	3.0574	0.0000	0.0000
7	SHARADA MUNDRA	129414	2.5765	0.0000	129414	2.4684	0.0000	0.0000
8	SATYANARAYAN MUNDRA	123255	2.4539	0.0000	123255	2.3509	0.0000	0.0000
9	JYOTI MUNDRA	84463	1.6816	0.0000	124463	2.3740	0.0000	0.7629
10	TAJOS INVESTMENTS PVT LTD	60000	1.1945	0.0000	0	0.0000	0.0000	-1.1444
11	SUNIL L MUNDRA	40000	0.7963	0.0000	0	0.0000	0.0000	-0.7629
12	SUSHIL KUMAR MUNDRA	40000	0.7963	0.0000	0	0.0000	0.0000	-0.7629
13	JYOTHI MUNDRA	40000	0.7963	0.0000	0	0.0000	0.0000	-0.7629
14	RADHA S MUNDRA	40000	0.7963	0.0000	0	0.0000	0.0000	-0.7629
15	RADHA S MUNDRA	39600	0.7884	0.0000	79600	1.5183	0.0000	0.7629
16	JYOTSANA MUNDRA	20900	0.4161	0.0000	20900	0.3986	0.0000	0.0000
17	NIDHI	10000	0.1990	0.0000	10000	0.1907	0.0000	0.0000
18	DEEPAK KABRA	1200	0.0238	0.0000	1200	0.0228	0.0000	0.0000
19	CHANDRA R LADDHA	1000	0.0199	0.0000	1000	0.0190	0.0000	0.0000
20	B SAMPATHLAL	500	0.0099	0.0000	500	0.0095	0.0000	0.0000
21	MUKUND GATTANI	500	0.0099	0.0000	500	0.0095	0.0000	0.0000
22	DAMANI VIJAY JT1 : DAMANI SHASHI	200	0.0039	0.0000	200	0.0038	0.0000	0.0000
23	BHAGYALAXMI GURUMURTHY	200	0.0039	0.0000	200	0.0038	0.0000	0.0000
24	C M GURUMURTHY	200	0.0039	0.0000	200	0.0038	0.0000	0.0000
25	TAJOS INVESTMENTS PVT LTD	0	0.0000	0.0000	60000	1.1444	0.0000	1.1444
26	SUNIL L MUNDRA	0	0.0000	0.0000	40000	0.7629	0.0000	0.7629
27	SUSHIL KUMAR MUNDRA	0	0.0000	0.0000	40000	0.7629	0.0000	0.7629
28	JYOTHI MUNDRA	0	0.0000	0.0000	40000	0.7629	0.0000	0.7629
29	RADHA S MUNDRA	0	0.0000	0.0000	40000	0.7629	0.0000	0.7629

TWENTYSECOND ANNUAL REPORT 2014-2015

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

Sl No	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	TAJOS INVESTMENTS PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2014	479000	9.5367	479000	9.5367
	Purchase 13-Mar-2015	60000	1.1444	539000	10.2809
	At the end of the Year 31-Mar-2015	539000	10.2809	539000	10.2809
2	NANDI SYNTHETICS PVT LTD				
	At the beginning of the year 01-Apr-2014	414354	8.2496	414354	8.2496
	At the end of the Year 31-Mar-2015	414354	7.9034	414354	7.9034
3	SUNIL LAXMINARYAN MUNDRA				
	At the beginning of the year 01-Apr-2014	296003	5.8933	296003	5.8933
	Purchase 13-Mar-2015	40000	0.7629	336003	6.4089
	At the end of the Year 31-Mar-2015	336003	6.4089	336003	6.4089
4	INDRA MUNDRA				
	At the beginning of the year 01-Apr-2014	216200	4.3044	216200	4.3044
	At the end of the Year 31-Mar-2015	216200	4.1238	216200	4.1238
5	SUSHIL KUMAR MUNDRA				
	At the beginning of the year 01-Apr-2014	174400	3.4722	174400	3.4722
	Purchase 13-Mar-2015	40000	0.7629	214400	4.0894
	At the end of the Year 31-Mar-2015	214400	4.0894	214400	4.0894
6	LAXMINARAYAN MUNDRA				
	At the beginning of the year 01-Apr-2014	160294	3.1913	160294	3.1913
	At the end of the Year 31-Mar-2015	160294	3.0574	160294	3.0574
7	SHARADA MUNDRA				
	At the beginning of the year 01-Apr-2014	129414	2.5765	129414	2.5765
	At the end of the Year 31-Mar-2015	129414	2.4684	129414	2.4684
8	SATYANARAYAN MUNDRA				
	At the beginning of the year 01-Apr-2014	123255	2.4539	123255	2.4539
	At the end of the Year 31-Mar-2015	123255	2.3509	123255	2.3509
9	JYOTI MUNDRA				
	At the beginning of the year 01-Apr-2014	84463	1.6816	84463	1.6816
	Purchase 13-Mar-2015	40000	0.7629	124463	2.3740
	At the end of the Year 31-Mar-2015	124463	2.3740	124463	2.3740
10	TAJOS INVESTMENTS PVT LTD				
	At the beginning of the year 01-Apr-2014	60000	1.1945	60000	1.1945
	Sale 13-Mar-2015	-60000	1.1444	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
11	SUNIL L MUNDRA				
	At the beginning of the year 01-Apr-2014	40000	0.7963	40000	0.7963
	Sale 13-Mar-2015	-40000	0.7629	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
12	SUSHIL KUMAR MUNDRA				
	At the beginning of the year 01-Apr-2014	40000	0.7963	40000	0.7963
	Sale 13-Mar-2015	-40000	0.7629	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
13	JYOTHI MUNDRA				
	At the beginning of the year 01-Apr-2014	40000	0.7963	40000	0.7963
	Sale 13-Mar-2015	-40000	0.7629	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
14	RADHA S MUNDRA				
	At the beginning of the year 01-Apr-2014	40000	0.7963	40000	0.7963
	Sale 13-Mar-2015	-40000	0.7629	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000

NATURAL CAPSULES LIMITED

SI No	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
15	RADHA S MUNDRA				
	At the beginning of the year 01-Apr-2014	39600	0.7884	39600	0.7884
	Purchase 13-Mar-2015	40000	0.7629	79600	1.5183
	At the end of the Year 31-Mar-2015	79600	1.5183	79600	1.5183
16	JYOTSANA MUNDRA				
	At the beginning of the year 01-Apr-2014	20900	0.4161	20900	0.4161
	At the end of the Year 31-Mar-2015	20900	0.3986	20900	0.3986
17	NIDHI				
	At the beginning of the year 01-Apr-2014	10000	0.1990	10000	0.1990
	At the end of the Year 31-Mar-2015	10000	0.1907	10000	0.1907
18	DEEPAK KABRA				
	At the beginning of the year 01-Apr-2014	1200	0.0238	1200	0.0238
	At the end of the Year 31-Mar-2015	1200	0.0228	1200	0.0228
19	CHANDRA R LADDHA				
	At the beginning of the year 01-Apr-2014	1000	0.0199	1000	0.0199
	At the end of the Year 31-Mar-2015	1000	0.0190	1000	0.0190
20	B SAMPATHLAL				
	At the beginning of the year 01-Apr-2014	500	0.0099	500	0.0099
	At the end of the Year 31-Mar-2015	500	0.0095	500	0.0095
21	MUKUND GATTANI				
	At the beginning of the year 01-Apr-2014	500	0.0099	500	0.0099
	At the end of the Year 31-Mar-2015	500	0.0095	500	0.0095
22	DAMANI VIJAY				
	JT1 : DAMANI SHASHI				
	At the beginning of the year 01-Apr-2014	200	0.0039	200	0.0039
	At the end of the Year 31-Mar-2015	200	0.0038	200	0.0038
23	BHAGYALAXMI GURUMURTHY				
	At the beginning of the year 01-Apr-2014	200	0.0039	200	0.0039
	At the end of the Year 31-Mar-2015	200	0.0038	200	0.0038
24	C M GURUMURTHY				
	At the beginning of the year 01-Apr-2014	200	0.0039	200	0.0039
	At the end of the Year 31-Mar-2015	200	0.0038	200	0.0038
25	TAJOS INVESTMENTS PVT LTD				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	60000	1.1444	60000	1.1444
	At the end of the Year 31-Mar-2015	60000	1.1444	60000	1.1444
26	SUNIL L MUNDRA				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629
27	SUSHIL KUMAR MUNDRA				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629
28	JYOTHI MUNDRA				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629
29	RADHA S MUNDRA				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629

TWENTYSECOND ANNUAL REPORT 2014-2015

D) Shareholding of pattern of top ten shareholders (other than Directors, promoters and Holders of GDRs and ADRs)

SI No	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	VIVOG COMMERCIAL LIMITED				
	At the beginning of the year 01-Apr-2014	345000	6.8688	345000	6.8688
	At the end of the Year 31-Mar-2015	345000	6.5805	345000	6.5805
2	MAHENDRA LABS PVT LTD				
	At the beginning of the year 01-Apr-2014	300000	5.9728	300000	5.9728
	Sale 13-Mar-2015	-300000	5.7222	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
3	SANJAY KOTHARI				
	JT1 : MEENAKSHI KOTHARI				
	At the beginning of the year 01-Apr-2014	166000	3.3049	166000	3.3049
	At the end of the Year 31-Mar-2015	166000	3.1663	166000	3.1663
4	Vishwa Prakash Mundra				
	At the beginning of the year 01-Apr-2014	95433	1.9000	95433	1.9000
	At the end of the Year 31-Mar-2015	95433	1.8203	95433	1.8203
5	REMCOM SALES SERVICES PVT LTD				
	At the beginning of the year 01-Apr-2014	70000	1.3936	70000	1.3936
	Sale 14-Aug-2014	-70000	1.3351	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
6	RUCHIR INFOTECH PVT LTD				
	At the beginning of the year 01-Apr-2014	33124	0.6594	33124	0.6594
	At the end of the Year 31-Mar-2015	33124	0.6318	33124	0.6318
7	CRYSTAL TIE UP PRIVATE LTD				
	At the beginning of the year 01-Apr-2014	30641	0.6100	30641	0.6100
	At the end of the Year 31-Mar-2015	30641	0.5844	30641	0.5844
8	MOHAN LAL SITA RAM DAGA HUF				
	At the beginning of the year 01-Apr-2014	24434	0.4864	24434	0.4864
	Sale 18-Jul-2014	-299	0.0057	24135	0.4603
	Sale 25-Jul-2014	-600	0.0114	23535	0.4489
	Sale 01-Aug-2014	-700	0.0133	22835	0.4355
	Sale 14-Aug-2014	-1675	0.0319	21160	0.4036
	Purchase 21-Aug-2014	1375	0.0262	22535	0.4298
	Sale 29-Aug-2014	-6600	0.1258	15935	0.3039
	Purchase 05-Sep-2014	6000	0.1144	21935	0.4183
	Purchase 12-Sep-2014	6593	0.1257	28528	0.5441
	Sale 19-Sep-2014	-6000	0.1144	22528	0.4297
	Sale 30-Sep-2014	-10800	0.2060	11728	0.2237
	Sale 17-Oct-2014	-300	0.0057	11428	0.2179
	Purchase 24-Oct-2014	3300	0.0629	14728	0.2809
	Sale 31-Oct-2014	-498	0.0094	14230	0.2714
	Sale 07-Nov-2014	-2960	0.0564	11270	0.2149
	Sale 14-Nov-2014	-3058	0.0583	8212	0.1566
	Sale 21-Nov-2014	-2942	0.0561	5270	0.1005
	Sale 28-Nov-2014	-2477	0.0472	2793	0.0532
	Sale 05-Dec-2014	-450	0.0085	2343	0.0446
	Purchase 12-Dec-2014	1500	0.0286	3843	0.0733
	Sale 19-Dec-2014	-1050	0.0200	2793	0.0532
	Purchase 31-Dec-2014	1500	0.0286	4293	0.0818
	Sale 02-Jan-2015	-1173	0.0223	3120	0.0595
	Sale 30-Jan-2015	-126	0.0024	2994	0.0571
	Sale 06-Feb-2015	-1200	0.0228	1794	0.0342
	Purchase 13-Feb-2015	2400	0.0457	4194	0.0799
	Purchase 06-Mar-2015	775	0.0147	4969	0.0947
	Purchase 13-Mar-2015	600	0.0114	5569	0.1062

SI No	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
9	Purchase 20-Mar-2015	600	0.0114	6169	0.1176
	At the end of the Year 31-Mar-2015	6169	0.1176	6169	0.1176
10	FORESIGHT HOLDINGS PVT.LTD				
	At the beginning of the year 01-Apr-2014	22500	0.4479	22500	0.4479
10	At the end of the Year 31-Mar-2015	22500	0.4291	22500	0.4291
	ASHISH ANUBHAI GOPANI				
10	JT1 : ELES H ANUBHAI GOPANI				
	At the beginning of the year 01-Apr-2014	18000	0.3583	18000	0.3583
11	Sale 21-Aug-2014	-4000	0.0762	14000	0.2670
	Sale 12-Sep-2014	-8340	0.1590	5660	0.1079
11	Sale 19-Sep-2014	-5660	0.1079	0	0.0000
	At the end of the Year 31-Mar-2015	0	0.0000	0	0.0000
11	MAHENDRA LABS PVT LTD				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
12	Purchase 13-Mar-2015	300000	5.7222	300000	5.7222
	At the end of the Year 31-Mar-2015	300000	5.7222	300000	5.7222
12	SATHYA S				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
13	Purchase 28-Nov-2014	5992	0.1142	5992	0.1142
	Purchase 05-Dec-2014	25037	0.4775	31029	0.5918
13	Purchase 12-Dec-2014	26248	0.5006	57277	1.0925
	Purchase 19-Dec-2014	2696	0.0514	59973	1.1439
13	Purchase 31-Dec-2014	3817	0.0728	63790	1.2167
	Purchase 02-Jan-2015	1170	0.0223	64960	1.2390
13	Purchase 09-Jan-2015	900	0.0171	65860	1.2562
	Purchase 16-Jan-2015	2414	0.0460	68274	1.3022
13	Purchase 23-Jan-2015	1726	0.0329	70000	1.3351
	At the end of the Year 31-Mar-2015	70000	1.3351	70000	1.3351
13	RATNABALI CAPITAL MARKETS LIMITED				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
14	Purchase 30-Sep-2014	45000	0.8583	45000	0.8583
	Purchase 14-Nov-2014	4159	0.0793	49159	0.9376
14	Purchase 21-Nov-2014	20304	0.3872	69463	1.3249
	Purchase 28-Nov-2014	4537	0.0865	74000	1.4114
14	Purchase 05-Dec-2014	200	0.0038	74200	1.4153
	Sale 12-Dec-2014	-16722	0.3189	57478	1.0963
14	Sale 19-Dec-2014	-7680	0.1464	49798	0.9498
	Sale 13-Feb-2015	-5504	0.1049	44294	0.8448
14	Purchase 27-Mar-2015	1204	0.0229	45498	0.8678
	Purchase 31-Mar-2015	595	0.0113	46093	0.8791
14	At the end of the Year 31-Mar-2015	46093	0.8791	46093	0.8791
	SANGEETHA S				
14	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 05-Dec-2014	2800	0.0534	2800	0.0534
14	Purchase 12-Dec-2014	1000	0.0190	3800	0.0724
	Purchase 31-Dec-2014	8172	0.1558	11972	0.2283
14	Purchase 09-Jan-2015	590	0.0112	12562	0.2396
	Purchase 16-Jan-2015	775	0.0147	13337	0.2543
14	Purchase 23-Jan-2015	5870	0.1119	19207	0.3663
	Purchase 30-Jan-2015	1000	0.0190	20207	0.3854
14	Purchase 06-Feb-2015	1825	0.0348	22032	0.4202
	Purchase 13-Feb-2015	4048	0.0772	26080	0.4974

TWENTYSECOND ANNUAL REPORT 2014-2015

SI No	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
15	Purchase 27-Feb-2015	2639	0.0503	28719	0.5477
	Purchase 20-Mar-2015	1650	0.0314	30369	0.5792
	At the end of the Year 31-Mar-2015	30369	0.5792	30369	0.5792
	CHANDRAPRAKASH KHANDELWAL				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 27-Mar-2015	25000	0.4768	25000	0.4768
	At the end of the Year 31-Mar-2015	25000	0.4768	25000	0.4768

E) Shareholding of Directors and Key Managerial Personnel:

SI No	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-2014	174400	3.4722	174400	3.4722
	Purchase 13-Mar-2015	40000	0.7629	214400	4.0894
2	LAXMINARAYAN MUNDRA				
	At the end of the Year 31-Mar-2015	214400	4.0894	214400	4.0894
	At the beginning of the year 01-Apr-2014	160294	3.1913	160294	3.1913
3	SATYANARAYAN MUNDRA				
	At the end of the Year 31-Mar-2015	160294	3.0574	160294	3.0574
	At the beginning of the year 01-Apr-2014	123255	2.4539	123255	2.4539
4	C M GURUMURTHY				
	At the end of the Year 31-Mar-2015	123255	2.3509	123255	2.3509
	At the beginning of the year 01-Apr-2014	200	0.0039	200	0.0039
5	SUNIL L MUNDRA				
	At the end of the Year 31-Mar-2015	200	0.0038	200	0.0038
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
6	SUSHIL KUMAR MUNDRA				
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629
7	SRIRANGAM GOPALAN				
	At the beginning of the year 01-Apr-2014	0	0.0000	0	0.0000
	Purchase 13-Feb-2015	40000	0.7629	40000	0.7629
8	C P RANGACHAR				
	At the end of the Year 31-Mar-2015	40000	0.7629	40000	0.7629
	At the beginning of the year 01-Apr-2014	NIL	NIL	NIL	NIL
	Purchase 13-Feb-2015	NIL	NIL	NIL	NIL
	At the end of the Year 31-Mar-2015	NIL	NIL	NIL	NIL
	At the beginning of the year 01-Apr-2014	NIL	NIL	NIL	NIL
	Purchase 13-Feb-2015	NIL	NIL	NIL	NIL
	At the end of the Year 31-Mar-2015	NIL	NIL	NIL	NIL

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(Rs. In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	598.43	NIL	NIL	598.43
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	598.43	NIL	NIL	598.43
Change in Indebtedness during the financial year				
* Addition	NIL	NIL	NIL	NIL
* Reduction	56.59	NIL	NIL	56.59
Net Change	-56.59	NIL	NIL	-56.59
Indebtedness at the end of the financial year				
i) Principal Amount	541.84	NIL	NIL	541.84
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	541.84	NIL	NIL	541.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Sunil L Mundra	Laxminarayana Mundra	Satyanarayana Mundra	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37.91	19.77	26.25	83.93
	(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	6.72	NIL	NIL	6.72
	- others, specify...				
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	44.63	19.77	26.25	90.65
	Ceiling as per the Act				163.83

TWENTYSECOND ANNUAL REPORT 2014-2015

B. Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Directors					Total Amount
		S.Gopalan	C.M.Guru Murthy	Ranga char	Sushil Kumar Mundra	Jyothi Mundra	
1	Independent Directors						
	Fee for attending board committee meetings	1.35	1.55	1.55	NIL	NIL	4.45
	Commission	1.34	1.34	1.34	NIL	NIL	4.02
	Others, please specify						
	Total (1)	2.69	2.89	2.89	NIL	NIL	8.47
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	NIL	NIL	NIL	0.70	NIL	0.70
	Commission	NIL	NIL	NIL	1.34	1.34	2.68
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	2.04	1.34	3.38
	Total (B)=(1+2)	2.69	2.89	2.89	2.04	1.34	11.85
	Total Managerial Remuneration						102.5
	Overall Ceiling as per the Act						163.83

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	0.31	0.05	0.36
	(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	NIL	NIL	NIL

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

K.R. GNANOBA B.Com., F.C.A.
R. UMESH B.Com., F.C.A.
PHALGUNA B. N. B.Com., A.C.A.

GNANOBA & BHAT
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Natural Capsules Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Natural Capsules Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, and the Statement of Profit and Loss, and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014. This responsibility also includes maintenance of 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 judgment 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 financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 provision of the Act and the Rules made thereunder.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.



GNANOBA & BHAT
CHARTERED ACCOUNTANTS**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2015 and its profit 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, 2015 (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 paragraphs 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 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 these books;
 - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26(iii) to the financial statements;
 - 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 amount, required to be transferred to the Investor Education and Protection Fund by the Company.

Place: BANGALORE
Date: 30.05.2015

For GNANOBA & BHAT
CHARTERED ACCOUNTANTS
Firm Reg. No: 000939S




K R GNANOBA
(PARTNER)
M. No 023137

GNANOBA & BHAT
CHARTERED ACCOUNTANTS

**ANNEXURE TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR
REPORT OF EVEN DATE**

- 1) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed Assets.
 - b) As explained to us, the fixed assets were physically verified during the year by the Management with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 2) In respect of its Inventory :
 - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b) In our opinion and according to the Information and explanations given to us, the procedures of physically verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- 3) The Company has not granted any loan, secured or unsecured, to the Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- 4) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of examination and according to the information and explanations given to us, we have neither come across nor we have informed of any instance of major weaknesses in the aforesaid internal control systems.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and hence reporting under this clause is not applicable.
- 6) According to the records produced and information given to us, the provisions of Section 148(1) of the Companies Act, 2013 regarding maintenance of cost records is applicable to the company and the company has maintained the records as required.
- 7) According to the information and explanations given to us and according to the books and records as produced and examined by us, in respect of statutory due :



GNANOBA & BHAT

CHARTERED ACCOUNTANTS

- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. However the following undisputed Central Sales tax are in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable :

Name Of Statute	Nature of Dues	Amount (in Rs.)	For the Period	Due Date
Central Sales tax Act	Tax Collected	21,710	2007-08	April 2008
Central Sales tax Act	Tax Collected	79,269	2008-09	April 2009
Central Sales tax Act	Tax Collected	40,337	2009-10	April 2010

- b) According to the information and explanation given to us, there are no material dues of Provident Fund, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanation given to us, the following dues of Service Tax have not been deposited by the company on account of disputes :

Name Of Statute	Nature of Dues	Amount (in Rs.)	For the Period	Forum Where dispute is Pending
Service Tax	Service tax	2,26,747	Jan,2005 to Nov, 2008	CESTAT
Service Tax	Penalty on Service Tax	2,58,935	Jan,2005 to Nov, 2008	CESTAT
Service Tax	Service tax	22,08,074	Nov,2009 to Oct, 2012	Commissioner of Central Excise
Service Tax	Penalty on Service Tax	22,08,074	Nov,2009 to Oct, 2012	Commissioner of Central Excise
Service Tax	Penalty and Interest on Service Tax	2,95,907	April, 2011 to March, 2012	Commissioner of Central Excise

- c) As per the information and explanation given to us the amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and the rules made there under has been transferred to such fund within time, wherever applicable.
- 8) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- 9) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to a Financial Institutions or Banks. There are no outstanding dues to debenture holders during the year.
- 10) In our Opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and hence reporting under this clause is not applicable to the Company.
- 11) According to the information and explanation given to us, the term loans were applied for the purpose for which the term loans were obtained.



GNANOBA & BHAT
CHARTERED ACCOUNTANTS

- 12) According to the information and explanation given to us by the Management, and according to the books and records as produced and examined by us, no frauds on or by the Company were noticed or reported during the course of our audit.

Place: BANGALORE
Date: 30.05.2015

For GNANOBA & BHAT
CHARTERED ACCOUNTANTS
Firm Reg. No: 000939S




K R GNANOBA
(PARTNER)
M. No 023137

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the Senior Management personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2015.

For Natural Capsules Limited

Bangalore
May 30, 2015

S. Gopalan
Chairman

**CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER ON
CORPORATE GOVERNANCE**

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 2014-15 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.

Sunil L. Mundra
Managing Director

Prasanna B. Junnarkar
Chief Financial Officer

Bangalore
May 30, 2015

K.R. GNANOBA B.Com., F.C.A.
R. UMESH B.Com., F.C.A.
PHALGUNA B. N. B.Com., A.C.A.

GNANOBA & BHAT
CHARTERED ACCOUNTANTS

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Natural Capsules Limited

We have examined the compliance of conditions of Corporate Governance by Natural Capsules Limited for the year ended on 31st March 2015 as stipulated in revised clause 49 of the Listing Agreement of the company with the stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in revised Clause 49 of the above mentioned Listing Agreement.

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

Place: Bangalore
Date: 30th May 2015



For and on behalf of
GNANOBA & BHAT
CHARTERED
ACCOUNTANTS
(Registration No. 0009395)


(K.R. GNANOBA)
Partner
Membership No.023137

CORPORATE GOVERNANCE

1. PHILOSOPHY:

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 under clause 49 of the listing agreement.

2. BOARD OF DIRECTORS:

a) Composition, Category of Directors and their other directorship as on March 31, 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)	2	00214304
Shri. Satyanarayan Mundra	Executive(Whole time Director)	2	00214349
Shri. Laxminarayan Mundra	Executive(Whole time Director)	2	00214298
Shri. Sushil Kumar Mundra	Non – Executive		
	(Promoter Director)	3	00214332
Shri. Srirangam Gopalan	Non – Executive		
	(Independent Director)	0	00287219
Shri. CHIKKANAYAKANAHALLI MUDDLINGAIAH GURUMURTHY	Non – Executive		
	(Independent Director)	0	00287294
Shri. CATTANCOLETTORE PADMANABHAN RANGACHAR	Non – Executive		
	(Independent Director)	9	00310893
Smt. Jyoti Mundra	Additional Director	0	07143035

b) Number of Board Meetings

During the year ended March 31, 2015, Seven Board Meetings were held on the following dates.

SL No.	Date of Meeting	Board Strength	No. of Directors Present
1	Wednesday. May 28th, 2014	7	7
2	Wednesday. July 30th, 2014	7	7
3	Wednesday. October 29th, 2014	7	7
4	Thursday. January 29th, 2015	7	6
5	Tuesday. February 10th, 2015	7	6
6	Tuesday. March 26th, 2015	7	5
7	Monday. March 30th, 2015	8	5

c) Directors' attendance record:

Name of the Director	Board Meetings Attended during the year.	Whether attended Last AGM
Shri. Sunil Laxminarayana Mundra	7	Yes
Shri. Satyanarayan Mundra	7	Yes
Shri. Laxminarayan Mundra	7	Yes
Shri. Sushil Kumar Mundra	4	Yes
Shri. Srirangam Gopalan	4	Yes
Shri. CHIKKANAYAKANAHALLI MUDDLINGAIAH GURUMURTHY	7	Yes
Shri. CATTANCOLETTORE PADMANABHAN RANGACHAR	6	Yes
Smt. Jyoti Mundra	1	No

3. COMMITTEES OF THE BOARD**a) Audit Committee****i) Terms of Reference:**

Apart from all the matters provided in clause 49 of the listing agreement and section 177 of the Companies Act 2013, 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.

ii) Composition:

The Audit committee consists of three independent directors, Shri. S.Gopalan, Shri. C.P.Rangachar and Shri. Dr.C.M.Gurumurthy. Shri. S.Gopalan has been designated as chairman of the committee. The committee met 4 times during the financial year ended March 31, 2015. The attendance record of the members at the meeting were as follows

Name of the Member	Designation	No. of Meeting Attended
Shri. S.Gopalan	Chairman	3
Shri. C.P.Rangachar	Member	4
Shri. Dr. C.M.Gurumurthy	Member	4

During the year ended March 31, 2015, Four Audit Committee Meetings were held on the following dates.

SL. No.	Date of Meeting	Committee Strength	No. of members present
1	Wednesday. 28th May, 2014	3	3
2	Wednesday. 30th July, 2014	3	3
3	Wednesday. 29th Oct, 2014	3	3
4	Wednesday. 29th January, 2015	3	2

b) Nomination & Remuneration Committee and policy:

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
Mr. Rangachar	Member

The committee met one time during the financial year ended March 31st, 2015. The attendance record of the members at the meeting was as follows.

Name of the Member	Designation	No of meetings attended
Mr. S.Gopalan	Chairman	1
Dr. C.M.Gurumurthy	Member	1
Mr. Rangachar	Member	1

The details of remuneration for the year ended March 31st, 2015 to the Executive & Non-Executive Directors are as follows.
(Rs. In lacs)

Directors	Sitting Fees	Salary and Perquisites	Commission	Total
Executive Directors				
1. Sri Sunil L Mundra	NIL	37.91	6.72	44.63
2. Sri Laxminarayana Mundra	NIL	19.77	NIL	19.77
3. Sri Satyanarayan Mundra	NIL	26.25	NIL	26.25
Non Executive Directors				
1. Sri S.Gopalan	1.35	NIL	1.34	2.69
2. Sri Dr. C.M.Gurumurthy	1.55	NIL	1.34	2.89
3. Sri C.P.Rangachar	1.55	NIL	1.34	2.89
4. Sri Sushil Kumar Mundra	0.70	NIL	1.34	2.04
5. Smt. Jyothi Mundra	NIL	NIL	1.34	1.34

POLICY FOR SELECTION AND NOMINATION OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- Qualification, expertise and experience of the Directors in their respective fields;
- Personal, Professional or business standing;
- Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

TWENTYSECOND ANNUAL REPORT 2014-2015

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the A&R Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retire benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

c) Shareholders/ Investors' Grievance Committee:

The Investor Grievance committee of the company was formed on 25th March, 2003 to oversee redressal of shareholders and Investor grievances. The composition of Grievance committee is as follows:

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

SL. No.	Date of meeting	Committee strength	No. of members present
1	28-05-2014	3	3
2	30-07-2014	3	3
3	29-10-2014	3	3
4	29-01-2015	3	3

Status of shareholders/Investors Grievance and Share Transfers as on 31-03-2015

1. No. of Grievances received : 02
2. No. of Grievances redressed : 02
3. No. of Grievances pending : NIL
4. No. of share transfers pending : NIL

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

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

The committee met Two times during the financial year ended March 31st, 2015. 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
Shri Sushil Kumar Mundra	Member	2

e) PERFORMANCE EVALUATION COMMITTEE

The company has formed a performance evaluation committee consisting of the following members from March 29, 2015.

Name of the Member	Designation
Laxminarayana Mundra	Whole time director
Satyanarayana Mundra	Whole time director
Sunil L Mundra	Managing Director

The committee met once during the financial year ended March 31, 2015. The attendance record of the members at the meeting was as follows.

Name of the Member	Designation	No. of Meetings Attended
Laxminarayana Mundra	Whole time director	1
Satyanarayana Mundra	Whole time director	1
Sunil L Mundra	Managing Director	1

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment and Remuneration Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board' functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

f) The company has formed a business risk evaluation/management committee consisting of the following members.

Name of the person	Designation	No of meetings attended
Shri Dr. C.M.Gurumurthy (Independent Director)	Chairman	1
Shri Sunil L Mundra (Managing Director)	Member	1
Shri Satyanarayana Mundra (Director)	Member	1
Shri Sushil Kumar Mundra (Director)	Member	1
Mr. MNV Kutty (COO)	Member	1

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management;
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
5. Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan.

TWENTYSECOND ANNUAL REPORT 2014-2015

INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on 9th February, 2015, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

Management discussion and analysis report forms part of this Annual Report by Annexure-

4. SHAREHOLDERS:

a. (i) 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 news paper viz. "Sanjevani" and one English news paper viz. "Business Line". Also they are uploaded on the company's website www.naturalcapsules.com. The results are published in accordance with the guidelines of the Stock Exchanges.

(ii) In line with the existing provisions of the Listing Agreement, the Company has created a separate e-mail address viz. corporate@naturalcapsules.com and dranand@naturalcapsules.com to receive complaints and grievances of the investors.

b. Share Transfers Agents:

M/s. Cameo Corporate Services Limited. "Subramanian Building", No.1, Club House Road, Chennai 600 002. Ph# 044 28460390 (6 lines) Fax: 044 2846 0129

c. Share Transfer System:

All physical share transfers are effected within 15 days of lodgement, subject to the documents being in order. The Board has delegated the authority for approval of transfer, transmission etc. to a committee comprising of two Non Executive Directors and one executive director. A summary of transfer/transmission of shares so approved by the committee is placed before the Board.

d. General Body Meetings :

Details of last three Annual General Meetings are as under.

Financial Year	Date	Time	Venue
2013-14	27th August, 2014	10.00 A M	Bangalore Gayana Samaja, Bangalore - 4
2012-13	25th July, 2013	10.00 A M	Bangalore Gayana Samaja, Bangalore - 4
2011-12	26th July, 2012	10.00 A M	Bangalore Gayana Samaja, Bangalore - 4

e. Postal Ballot:

For the year ended March 31, 2015 there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

5. Additional shareholders information:

a) Annual General Meeting

Date: August 27th, 2015

Venue: Bangalore Gayana Samaja, K.R.Road, Basavanagudi, Bangalore 560 004.

Time: 10.00 A.M.

b) Financial Calendar

Financial Year: April 01 to March 31 for the financial year 2015-16, the tentative dates for declaration of Quarterly unaudited results will be by July 31, 2015, October 31, 2015, January 31, 2016 and April 30, 2016.

c) Book Closure:

The register of members and share transfer books of the company shall remain closed from August 21st, 2015 to August 27th, 2015 (both days inclusive) for payment of dividend.

d) Dividend Payment Date:

Dividend declared will be paid on or before (26th Sep 2015) 30 days of the approval of the same in the Annual General Meeting.

e) Listing in stock exchanges and stock codes

The names of stock exchanges at which the equity shares are listed and respective stock codes are as under:

Name of the Stock Exchange	Stock Code No.
The Bombay Stock Exchange	524654

The ISN number allotted to the company for demat of share are as under.

CAMEO: INE936B01015

CDSL: INE936B01015

f) Stock data:

High/Low of Market price of Company's equity shares traded on the **Bombay Stock Exchange Ltd.** during the financial year ended on March 31, 2015 was as follows:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)
Apr-14	34	47	33.25	39.35	50963	641	2115776
May-14	38.05	45.05	36.3	39.9	46786	553	1897279
Jun-14	37.95	42	36	41	48176	477	1894079
Jul-14	41.5	47.25	39	47.25	81102	732	3497497
Aug-14	47.75	63.3	46	54.9	330976	1562	18355891
Sep-14	57.3	71.25	50.6	64.1	288669	1716	18028253
Oct-14	66.45	67.3	58	63.7	53035	780	3380721
Nov-14	66.85	90	65.5	82.5	318010	2734	25072499
Dec-14	80	86.3	68	76	115670	1302	9166530
Jan-15	73.35	79	71.2	77.95	46089	677	3430469
Feb-15	81.8	94.6	74	80.95	97566	1102	8245304
Mar-15	77.8	80	67.5	71.3	65540	764	4826350

g) Distribution of shareholding as on March 31, 2015.

Size of Holdings	No. of share holder	Percentage %	No. of shares	Percentage %
1-100	2648	60.9295	206299	3.9349
101-500	1199	27.5885	335922	6.4074
501-1000	234	5.3842	193440	3.6897
1001-2000	121	2.7841	180101	3.4352
2001-3000	49	1.1274	125107	2.3863
3001-4000	16	0.3681	58330	1.1125
4001-5000	16	0.3681	76086	1.4512
5001-10000	25	0.5752	170061	3.2437
10001- and above	38	0.8743	3897354	74.3386
Total	4346	100.0000	5242700	100.0000

h) Share Holding Pattern:

Category	No. of shares	% of Holding
Resident	1727199	32.9448
FII	300	0.0057
NRI	55513	1.0588
Corporate body	861893	16.4398
Clearing member	2412	0.0460
Mutual funds	3700	0.0705
Promoters	2587883	49.3616
Directors / Relatives	3800	0.0724
Total	5242700	100.0000

i) Shares held in physical and dematerialized form:

As on March 31, 2015, 89.402%(4687059) of shares were held in dematerialized form and the rest 10.598% (555641) in physical form.

j) Outstanding GDR's/ADR's/Warrant's/Convertible instruments and their impact on equity.

NIL.

k) Plant Location

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

l) Address for correspondence

102, "SHRESHTA BHUMI", # 87, K.R.Road, Bangalore 560 004.

Telephone: 080 -26671571, 26671573, 26671581.

E-mail: dranand@naturalcapsules.com

Website: www.naturalcapsules.com

m) Shares held in electronic form

Shareholders holding shares in the electronic form may give instruction regarding bank details, which they wish to incorporate on their dividend warrants to their depository participants. As per the regulations of CAMEO and CDSL the company is required to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

6. Disclosures:

The company has not entered into any transaction of a material nature with the Promoters, the Directors or the Management, their relatives etc. that may have any potential conflict with the interests of the company. The company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures issued on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

7. Compliance Certificate of the Auditors:

The Company has obtained a certificate from the statutory auditors certifying compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2015.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

During the year under review, both domestic and international economies have been under strain due to various reasons. Fall in commodity and oil prices, ongoing war situation in Eastern Europe had their impact on slowdown of international businesses. Domestic pharmaceutical industry had also slowed down due to control on pricing of finished formulations and slowing exports. Despite these challenges, your company has been able to increase its' sales turnover by 15%, however PBT could grow only by 1.5 %. Company is hopeful of accelerating rate of growth in the coming years.

2. OPPORTUNITIES AND THREATS:**a) Opportunities**

i) Opening of export opportunities in francophone countries & Latin American countries.

ii) Expansion of the existing markets for Vege capsules within the country.

iii) New dosage formulations using hard capsules

b) Threats:

i) Expansion of capacities by other major players and entry of new players.

ii) Over capacity may lead to drop in sales realization. iii) Conversion of Gelatine capsules products into other dosage forms.

iv) Slowdown in exports due to slowing international economy

3. RISKS AND CONCERNS

Risk of competition and exchange fluctuations may have an adverse impact on the projections.

4. INDIAN PHARMACEUTICAL INDUSTRY DURING FY 2014-15

• FY15 was challenging on the domestic front. The companies witnessed sluggish growth on the back of pricing policy. The companies faced strikes from the wholesales on margin issues due to reduction in prices of overall drugs. • MNC pharma companies continued to witness subdued growth during FY14/CY13. It is important to note, the growth of the MNC players was below the domestic pharma companies. The pricing policy had a negative impact on the company's revenues. Over and above, these companies were also impacted by the increasing competition, drug launches by other companies before patent expiry, through compulsory licensing and patent infringements. Only couple of companies exhibited better growth. The margins of these companies remained subdued due to increasing expenses and slower top line growth. • In the US, generic companies witnessed mixed growth. While some of the companies benefited from the low competition launches, others got impacted due to delay in approvals. Though there were not many blockbuster launches during the year, various companies did manage to display better growth. On the other hand, the companies witnessed growth pressures in several regions of Europe, Latin America and some other geographies due to increasing efforts by governments to reduce their healthcare burden and delay in approvals. • Pharma exports to most of developing markets saw a decline during the second half of the FY15, due to fall in commodity prices which slowed the economies of these countries. • The industry continued to face challenges on the regulatory front. During the year, there were few Indian companies that faced issues from the USFDA, as they lacked good manufacturing practices (GMP). Because of this, there were instances of import alerts being issued, drug recalls, warning letters and so on. The regulators have become more stringent now and have also been conducting surprise checks.

5. PROSPECTS FOR INDIAN PHARMA MARKET

•The Indian Pharma Market size is expected to grow to US\$ 85 bn by 2020. The growth in Indian domestic market will be boosted by increasing consumer spending, rapid urbanization, increasing healthcare insurance and so on. •The life style segments such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers will continue to be lucrative and fast growing owing to increased urbanisation and change in lifestyle patterns. Going forward, better growth in domestic sales will depend on the ability of companies to align their product portfolio towards these chronic therapies as these diseases are on the rise. •In various global markets, the government has been taking several cost effective measures in order to bring down healthcare expenses. Thus, governments are focusing on speedy introduction of generic drugs into the market. This too will benefit Indian pharma companies. However, despite this huge promise, intense competition and consequent price erosion would continue to remain a cause for concern. Over and above this, following GMP will be an important criteria for companies in order to grow in the global markets. •For the US market, Indian companies are developing niche portfolios in various segments. High margin injectables, dermatology, respiratory, biogenerics, complex generics etc. have become an area of interest. Most of the Indian pharma companies have been working on these niche drugs in order to optimize growth and margins. Thus, post patent cliff, the companies which have developed their product basket in the niche category will be ahead in the curve. Moreover, generic penetration in the US is expected to peak out at 86-87% over the next couple of years from 83% currently.

6. OUTLOOK:

Based on the company's performance up to the date of this report, orders on hand and realizing the full capacity of new machines at Pondicherry, company is hopeful of achieving a turnover of around Rs. 70 to 72 crores in the current year. However due to increase in input cost of capsules and appreciation in Indian Rupee, company may have to face stagnation in profits.

7. DISCUSSION OF FINANCIAL PERFORMANCE:

During the year under review the company had discharged all its institutional repayment liabilities on time. Over and above of this, the company has ploughed back Rs. 409.97 lacs for Capital Investment at Pondicherry for the expansion Project.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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 authorised, 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.

9. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance during the year under reference has been impressive in terms of sales. Even though there has been a decent increase in the turnover, the volume of profits before tax has increased less than the proportionate increase in sales. At the same time profit after tax has increased at a higher rate than the increase in sales.

10. CORPORATE SOCIAL RESPONSIBILITY.

The management of your company is of the opinion that the company's contribution to the society should be of its own volition and not out of compulsion. Hence, even before it was mandated by law, the company had initiated measures for past several years to help the poor and downtrodden section of the society by contributing to various social causes and to local communities in the immediate vicinity of its factory.

11. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

As on March 31, 2015 the company had 150 permanent employees at its manufacturing plants and administrative office. The company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them. The company has provided rent free accommodation to all its staff & workers adjacent to the factory premises of the company. The company enjoyed excellent relationship with workers and staff during the last year.

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.

BALANCE SHEET AS AT 31st MARCH 2015

	Particulars	Note No.	Rupees	AS AT 31-03-2015	AS AT 31-03-2014
I	EQUITY AND LIABILITIES				
(1)	Shareholder's Funds				
	(a) Share Capital	1	52,427,000		50,227,000
	(b) Reserves and Surplus	2	416,025,202		372,978,507
	(c) Money Received Against Share Warrants	3	1,980,000		3,960,000
				470,432,202	427,165,507
(2)	Share application money pending allotment			-	-
(3)	Non-Current Liabilities				
	(a) Long-term borrowings	4	54,183,997		59,843,045
	(b) Deferred tax liabilities (Net)	5	22,999,916		28,367,863
	(c) Other Long term liabilities	6	237,028		1,020,490
	(d) Long term provisions	7	5,598,485		5,056,638
				83,019,426	94,288,036
(4)	Current Liabilities				
	(a) Short Term Borrowings		-		802,655
	(b) Trade payables	8	57,094,125		47,061,851
	(c) Other current liabilities	9	13,125,497		16,431,043
	(d) Short-term provisions	10	10,199,161		8,756,261
				80,418,783	73,051,810
	Total			633,870,411	594,505,353
II	ASSETS				
(1)	Non-current assets				
	(a) Fixed assets				
	(i) Tangible assets	11	292,088,523		313,396,413
	(ii) Intangible assets		-		-
	(iii) Capital work-in-progress		24,946,954		16,199,011
	(iv) Intangible assets under development		-		-
				317,035,477	329,595,425
	(b) Long term loans and advances	12	17,701,143		20,580,856
	(c) Other non-current assets	13	2,585,059		2,082,306
				20,286,202	22,663,162
(2)	Current assets				
	(a) Inventories	14	50,405,743		35,662,062
	(b) Trade receivables	15	229,976,809		189,696,718
	(c) Cash and Cash Equivalents	16	1,656,216		3,411,149
	(d) Short-term loans and advances	17	14,509,964		13,476,838
				296,548,732	242,246,767
	Total			633,870,411	594,505,353
SEE ACCOMPANYING NOTES (1 TO 26) TO THE FINANCIALS STATEMENTS					

In terms of our report attached
For Gnanoba & Bhat
Chartered Accountants
Firm Regn No 000939S
K R Gnanoba
Partner
Membership No 023137

For and on behalf of the Board

Chairman

Director Managing Director

Date: 30.05.2015
Place: Bangalore

Company Secretary

Chief Financial Officer

NATURAL CAPSULES LIMITED
STATEMENT OF PROFIT AND LOSS
Profit and Loss statement for the year ended 31st March, 2015

Rupees

	Particulars	Note No.	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014
I.	Revenue from operations	18	673,207,913	585,298,109
II.	Other Income	19	7,944,729	8,914,038
III.	Total Revenue (I +II)		681,152,641	594,212,147
IV.	Expenses:			
	Cost of materials consumed	20	294,530,691	243,424,592
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(14,360,190)	663,023
	Employee benefit expense	22	59,134,765	52,600,467
	Finance costs	23	5,640,722	9,256,661
	Depreciation and amortization expense	11	40,267,271	36,136,275
	Other expenses	24	220,699,575	179,130,697
	CSR Expenditure	25	-	-
	Total Expenses		605,912,834	521,211,715
V.	Profit before exceptional and extraordinary items and tax (III - IV)		75,239,808	73,000,432
VI.	Exceptional Items			
	Prior Period item			
	i) Prior Period Income		137,859	1,498,539
	ii) Prior Period expenses		(6,200)	(233,626)
VII.	Profit before extraordinary items and tax (V - VI)		75,371,467	74,265,346
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		75,371,467	74,265,346
X.	Tax expense:			
	(1) Current tax		23,610,650	17,092,940
	(2) Prior Year tax		636,601	-
	(3) Deferred tax/(withdrawn)		(5,367,948)	11,553,186
XI.	Profit(Loss) for the period from continuing operations (IX-X)		56,492,164	45,619,220
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(Loss) from Discontinuing operations (after tax) (XII - XIII)		-	-
XV.	Profit/(Loss) for the period (XI + XIV)		56,492,164	45,619,220
XVI.	Earning per equity share:			
	(1) Basic		11.18	10.09
	(2) Diluted		11.18	10.09
SEE ACCOMPANYING NOTE (1 TO 26) TO THE FINANCIALS STATEMENTS				

In terms of our report attached

For Gnanoba & Bhat

Chartered Accountants

Firm Regn No 000939S

K R Gnanoba

Partner

Membership No 023137

For and on behalf of the Board

Chairman

Director Managing Director

Date: 30.05.2015

Place: Bangalore

Company Secretary

Chief Financial Officer

TWENTYSECOND ANNUAL REPORT 2014-2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(Amounts in Rs.)

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		75,371,467		74,265,346
Adjustments for:				
Depreciation and amortisation	40,267,271		36,136,275	
(Profit) / loss on sale / write off of assets	(571,254)		47,409	
Finance costs	5,640,722		9,256,661	
Interest income	(755,521)		(829,946)	
Liabilities / provisions no longer required written back	(1,020,832)		(756,978)	
Provision for doubtful trade and other receivables, loans and advances	4,409,014		(2,659,103)	
Sundry Debit Balance W/o	78,467		508,420	
Other non-cash charges (specify)			-	
Gratuity provision reversal	(387,151)		-	
Prior period income	(137,859)		-	
Net unrealised exchange (gain) / loss				
		47,522,857		41,702,738
Operating profit / (loss) before working capital changes		122,894,323		115,968,084
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(14,743,681)		(450,668)	
Trade receivables	(44,767,571)		(16,849,947)	
Short-term loans and advances	(1,033,126)		204,361	
Long-term loans and advances	7,934,419		(1,833,281)	
Other current assets	-		(3,584,224)	
Other non-current assets	(502,753)		1,512,803	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	10,032,274		609,291	
Other current liabilities	(3,452,014)		(13,109,088)	
Other long-term liabilities	(783,461)		216,316	
Short-term provisions	3,641,235		2,293,699	
Long-term provisions	1,562,679		958,954	
		(42,111,999)		(30,031,785)
Cash flow from extraordinary items		80,782,325		85,936,299
Cash generated from operations		80,782,325		85,176,538
Net income tax (paid) / refunds		(20,636,601)		(11,879,026)
Net cash flow from / (used in) operating activities (A)		60,145,724		73,297,512
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(39,805,397)		(44,943,252)	
Proceeds from sale of fixed assets	600,000		57,851	
Interest income (includes Prior period income)	893,380		829,946	
Purchase of long-term investments	(2,685,864)			
		(40,997,881)		(49,533,307)
Net cash flow from / (used in) investing activities (B)		(40,997,881)		(49,533,307)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	2,200,000		18,720,000	
Proceeds from Premium on issue of equity shares	3,740,000		-	
Amount paid to Investor Education & protection fund (unclaimed dividend 2006-07)	(138,577)		-	
Proceeds from issue of share warrants			-	3,960,000
Repayment of long-term borrowings	(5,659,048)		(30,138,866)	
Repayment from Short-term borrowings	(802,655)		510,522	
Finance cost	(5,640,722)		(9,256,661)	
Dividends paid	(7,249,005)		(7,534,050)	
Tax on dividend	(1,222,211)		(1,222,211)	
		(14,772,217)		(47,641,267)
Net cash flow from / (used in) financing activities (C)		(14,772,217)		(47,641,267)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		4,375,626		896,682
Cash and cash equivalents at the beginning of the year		3,411,149		1,989,417
Cash and cash equivalents at the end of the year		7,786,775		2,886,101
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		1,656,216		2,886,101
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		1,656,216		2,886,101
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		-		-
Cash and cash equivalents at the end of the year *		1,656,216		2,886,101
* Comprises:				
(a) Cash on hand		36,393		7,111
(b) Balances with banks - in current accounts		1,619,823		3,404,038

SRIRANGAM GOPALAN
(CHAIRMAN)

SUNIL L MUNDRA
(MANAGING DIRECTOR)

SATYANARAYANA MUNDRA
(DIRECTOR)

D R ANAND
(COMPANY SECRETARY)

PLACE : BANGALORE
DATE : 28.05.2012

PRASANNA JUNARKAR
(CHIEF FINANCIAL OFFICER)

NOTE 1 - SHARE CAPITAL

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Authorised: 60,00,000 (Previous period 60,00,000) equity shares of Rs.10 each	60,000,000	60,000,000
	60,000,000	60,000,000
Issued,Subscribed and Fully Paidup Capital 52,42,700 (Previous period 50,22,700) equity shares of Rs.10 each	52,427,000	50,227,000
Total	52,427,000	50,227,000

Note 1a

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year :

Particulars	As at 31st March 2015 No of shares	As at 31st March 2015 Rs.	As at 31st March 2014 No of shares	As at 31st March 2014 Rs.
No of shares outstanding at the beginning of the year	5,022,700	50,227,000	4,502,700	45,027,000
Add: Additional shares issued during the year	220,000	2,200,000	520,000	5,200,000
Less: Shares forfeited/Bought back during the year	-	-	-	-
No of shares outstanding at the end of the year	5,242,700	52,427,000	5,022,700	50,227,000

Note 1b

Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	Number of shares as at 31st March, 2015	Percentage of Holding	Number of shares as at 31st March, 2014	Percentage of Holding
Equity Shares:				
Tajos Investments Pvt. Ltd	599,000	11%	539,000	11%
Nandhi Synthetics Pvt. Ltd.	414,354	8%	414,354	8%
Vivog Commercial Ltd	345,000	7%	345,000	7%
Sunil L Mundra	336,003	6%	296,003	6%
Mahendra Labs Pvt Ltd	300,000	6%	300,000	6%

i) Dividend proposed to be distributed to Equity Shareholders Rs.1.50 per share.

TWENTYSECOND ANNUAL REPORT 2014-2015

NOTE 2 - RESERVES AND SURPLUS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Capital Reserves:		
As per last Balance Sheet	1,440,000	1,440,000
Additions during the year	-	-
	1,440,000	1,440,000
Securities Premium Account:		
As per last Balance Sheet	33,352,800	19,832,800
Additions on shares issued during the year	5,720,000	13,520,000
	39,072,800	33,352,800
General Reserve:		
As per last Balance Sheet	13,386,473	11,105,512
Add: Transfer from Profit & Loss Account	2,824,608	2,280,961
	16,211,081	13,386,473
Surplus:		
As per last Balance Sheet	324,799,234	290,217,237
Add: Profit/(Loss) for the period	56,492,164	45,619,220
Less: Appropriation		
Proposed Dividend	7,864,050	7,534,050
Tax on Proposed Dividend	1,600,936	1,222,211
Adjustment relating to fixed assets(Refer Note No 11a)	9,700,483	
Transfer to reserves	2,824,608	2,280,961
	359,301,321	324,799,234
Total	416,025,202	372,978,507

NOTE 3 - Money Received Against Share Warrants

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Money Received Against Share Warrants	3,960,000	3,960,000
Less : Shares issued during the year	1,980,000	-
Total	1,980,000	3,960,000

Note 3a:

1. As per the Special Resolution passed in the Extra Ordinary General Meeting held during the year 2013-14, 4,40,000 Warrants are allotted with an option to covert them in to Equity Shares within 18 months from the date of allotment of warrants at a price of Rs.36/- per share. The amount received during the year 2013-14 against share warrants represents 25% of the value of approved conversion price. If the option of conversion is not exercised 25% of the value approved for conversion price is to be forfeited. During the year Option was exercised for 2,20,000 Warrants at a price of Rs.36/- per share and shares were allotted.

NOTE 4 - LONG TERM BORROWINGS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Term Loans		
From Banks		
Secured Loan	54,183,997	59,843,045
Total	54,183,997	59,843,045

NOTE 4a:

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 and extension of charge on current asset.

2 Term Loan repayable within a year is Rs. 60 Lacs(Previous Year Rs.134 Lacs)

3. The Secured term Loans from banks are repayable over a period of 2 to 3 years.

4. There are no continuing default in repayment of loans and interest.

5. 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.

6. All the secured loans are further secured by the personal guarantees of promoter directors.

NOTE 5 - DEFERRED TAX LIABILITY (NET)

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Deferred Tax Liability		
On difference between book balance and tax balance of fixed assets	28,253,566	25,177,136
Current Year Depreciation	-	1,258,728
Allowance Under the Income Tax Act, 1961	1,547,875	4,249,769
Deferred Tax Asset		
Disallowance Under the Income Tax Act, 1961	(2,555,714)	(2,317,770)
Current Year Depreciation	(4,245,812)	-
Total	22,999,916	28,367,863

NOTE 6 -OTHER LONG TERM LIABILITIES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Trade Payables		
For Purchases	-	260,757
Others		
Advances from customers	237,028	237,028
For Expenses	-	366,716
For Others	-	155,988
Total	237,028	1,020,490

NOTE 7 - LONG- TERM PROVISIONS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Provision for employee benefits		
Bonus Payable	3,320,817	2,845,912
Exgratia to Contract labour	1,650,670	1,583,728
Provision - Others		
Service Tax Payable (Freight Outwards)	226,747	226,747
Penalty Payable on Service Tax	258,935	258,935
CST Payable	141,316	141,316
Total	5,598,485	5,056,638

TWENTYSECOND ANNUAL REPORT 2014-2015

NOTE 8 - TRADE PAYABLES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Trade payables Other than Acceptances	57,094,125	47,061,851
Total	57,094,125	47,061,851

NOTE :

a. In the absence of necessary information with the Company relating to the registration status of the Suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

b. The total outstanding due to Small Scale Industrial undertakings is Rs. 0.00 lakhs (Previous Year 0.00 lakhs).

NOTE 9 - OTHER CURRENT LIABILITIES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Unpaid dividends	1,614,200	1,468,302
Other payables		
Statutory remittances	2,041,508	2,552,606
Others (comprising of Accrued Expenses and other Contractual Payments)	7,494,406	10,235,774
Advance Received from Customers	1,975,383	2,174,362
Total	13,125,497	16,431,043

NOTE 10 - SHORT-TERM PROVISIONS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Proposed Dividend	7,864,050	7,534,050
Tax on proposed dividend	1,600,936	1,222,211
Provision for tax (Net of advance tax)	734,175	-
Total	10,199,161	8,756,261

NOTE 11 - FIXED ASSETS

		Cost			Depreciation / Amortization/ Diminution					Net Block	
	As at 1st April, 2014 Rs.	Additions during the year Rs.	Deductions during the year Rs.	As at 31st March, 2015 Rs.	Upto 1st April, 2014 Rs.	For the year Rs.	Deletion Rs.	Depriciation Charged to Retained Earnings Rs.	Upto 31st March, 2015 Rs.	As at 31st March, 2015 Rs.	As at 31st March, 2014 Rs.
TANGIBLE ASSETS											
Land	6,716,517	1,494,834	-	8,211,351	-	-		-	-	8,211,351	6,716,517
Buildings	130,212,384	862,408	-	131,074,792	26,780,928	5,176,575	-	-	31,957,503	99,117,289	103,431,456
Plant & Equipment	376,727,411	26,013,817	1,954,253	400,786,975	183,974,923	31,751,290	1,925,507	8,366,668	222,167,374	178,619,601	192,752,488
Computers	10,945,033	198,817	-	11,143,850	5,528,983	2,045,975	-	991,187	8,566,145	2,577,705	5,416,051
Furniture & Fixtures	4,048,268	-	-	4,048,268	2,118,509	476,550	-	110,959	2,706,018	1,342,250	1,929,760
Vehicles	3,164,050	-	-	3,164,050	895,481	678,273	-	45,921	1,619,675	1,544,375	2,268,569
Office Equipment	1,265,060	118,736	-	1,383,796	383,488	138,608	-	185,748	707,844	675,952	881,572
Total (A)	533,078,724	28,688,612	1,954,253	559,813,083	219,682,312	40,267,271	1,925,507	9,700,483	267,724,560	292,088,523	313,396,413
INTANGIBLE ASSETS											
Technical Knowhow	300,000	-	-	300,000	300,000	-	-	-	300,000	-	-
Total (B)	300,000	-	-	300,000	300,000	-	-	-	300,000	-	-
Total (A+B)	533,378,724	28,688,612	1,954,253	560,113,083	219,982,312	40,267,271	1,925,507	9,700,483	268,024,560	292,088,523	313,396,413
Previous year	476,188,079	57,340,710	150,066	533,378,724	183,890,839	36,136,277	44,807	-	219,982,309	313,396,413	292,297,240

Note 11 a. : Pursuant to the enactment of Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated/amortized over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted, in the opening balance of Profit and Loss Account amounting to Rs.97,00,483/-.

TWENTYSECOND ANNUAL REPORT 2014-2015

NOTE 12 - LONG TERM LOANS AND ADVANCES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
(Unsecured, considered good unless otherwise stated)		
Capital Advances	2,754,842	1,018,136
Security Deposit	12,946,301	8,711,151
Advance Income tax (Net of provision) unsecured Considered good	-	8,851,569
Inter Corporate Deposit	2,000,000	2,000,000
Total	17,701,143	20,580,856

NOTE 13 -OTHER NON CURRENT ASSETS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Accruals		
Interest On Deposits	2,585,059	2,082,306
Total	2,585,059	2,082,306

NOTE 14 - INVENTORIES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Raw materials	17,587,611	17,750,769
Work - in - Process	15,811,395	3,836,467
Finished Goods	14,697,398	12,312,136
Stores and spares	1,958,592	1,732,508
Goods In Transit-Others	350,747	30,182
Total	50,405,743	35,662,062

NOTE 15 -TRADE RECEIVABLES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
(Unsecured, considered good unless otherwise stated)		
1) Debts due for a period exceeding six months		
Considered Good	26,769,125	22,960,325
Considered Doubtful	7,108,232	3,804,779
	33,877,357	26,765,104
2) Other Debts:		
Considered Good	203,207,685	166,736,394
Considered Doubtful	-	-
	203,207,685	166,736,394
	237,085,041	193,501,498
Less: Provision for Doubtful Debts	7,108,232	3,804,779
Total	229,976,809	189,696,718

NOTE 16 - CASH AND CASH EQUIVALENTS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Cash In hand	36,393	7,111
Balances with banks in -		
In Current Account	(2,873,988)	(282,497)
In EEFC Account	2,879,611	284,233
In earmarked balances		
Unpaid Dividend Account	1,614,200	1,468,302
Margin Money	-	1,934,000
Total	1,656,216	3,411,149

NOTE 17 - SHORT TERM LOANS AND ADVANCES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
(Unsecured, considered good unless otherwise stated)		
Balances with Central Excise, Customs, Port trust, etc.	8,776,794	8,405,745
Prepaid Expenses	2,749,119	1,963,900
Loan and advances to Employees	149,217	636,122
Trade Advances	2,631,754	1,361,596
Other Advances	203,080	1,109,475
Total	14,509,964	13,476,838

NOTE 18 - REVENUE FROM OPERATIONS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Sale of products	693,723,000	601,607,809
Sale of services	-	-
Other operating revenues	25,715,091	22,386,943
Less: 719,438,091	623,994,753	
Excise duty	46,230,179	38,696,643
Total	673,207,913	585,298,109

NOTE 19 - OTHER INCOME

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Interest income	755,521	829,946
Sundry provisions and credit balances no longer required, written back	1,020,832	867,394
Net gain on foreign currency transaction and translation	2,159,168	4,324,630
"Other non-operating income (net of expenses directly attributable to such income)"	4,009,208	2,892,068
Total	7,944,729	8,914,038

TWENTYSECOND ANNUAL REPORT 2014-2015

Note 20 - Cost of material consumed

Particulars	Raw Material Opening Stock		Goods Purchased		Consumption		Raw Material Closing Stock	
	As at 1st April, 2014	As at 1st April, 2013	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rawmaterials	15,092,455	14,018,947	297,025,847	244,498,100	294,530,691	243,424,592	17,587,611	15,092,455
Total	15,092,455	14,018,947	297,025,847	244,498,100	294,530,691	243,424,592	17,587,611	15,092,455

Note 20a- Sub schedule to cost of material consumed

Particulars	Raw Material Opening Stock		Goods Purchased		Consumption		Raw Material Closing Stock	
	As at 1st April, 2014	As at 1st April, 2013	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gelatin	13,279,480	6,146,833	234,957,545	217,619,960	234,675,183	210,487,313	13,561,842	13,279,480
Dextroproxphene	-	-	-	1,196,995	-	1,196,995	-	-
Paracetamol	-	-	-	699,370	-	699,370	-	-
HPMC	-	-	-	-	-	-	-	-
Others	1,812,975	7,872,114	62,068,302	24,981,775	59,855,508	31,040,914	4,025,769	1,812,975
Total	15,092,455	14,018,947	297,025,847	244,498,100	294,530,691	243,424,592	17,587,611	15,092,455

NOTE 21 - (INCREASE) / DECREASE STOCKS OF FINISHED GOODS AND WORK - IN - PROGRESS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Opening stock		
Work - in - progress	3,836,467	9,261,375
Finished goods	12,312,136	7,550,251
	16,148,603	16,811,626
Closing stock		
Work - in - progress	15,811,395	3,836,467
Finished goods	14,697,398	12,312,136
	30,508,793	16,148,603
Total	(14,360,190)	663,023

NOTE 22 - EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Salaries and wages	41,364,060	37,435,800
Director Remuneration	8,992,509	8,490,000
Contribution to provident and other funds	2,741,960	2,623,271
Staff welfare expenses	6,036,236	4,051,396
Total	59,134,765	52,600,467

NOTE 23 - FINANCE COSTS

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Interest expense	5,640,722	9,256,661
Total	5,640,722	9,256,661

NOTE 23a - EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Travelling expenses-Foreign	1,394,860	793,855
Commission on exports	4,539,618	605,997
Exhibition charges	273,062	395,033
TOTAL	6,207,540	1,794,885

NOTE 23b - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE :

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
(i) Not later than one year	576,000	540,000
(ii) Later than one year and not later than five years.	2,664,000	2,520,000
(iii) Later than five years	-	-
Total	3,240,000	3,060,000

a) Lease payments recognised in the profit and loss account for the year Rs.5,40,000/- (31st March, 2014 Rs.5,04,000)

TWENTYSECOND ANNUAL REPORT 2014-2015

NOTE 23c - Research and Development expenditure debited to the Profit and Loss Account aggregating Rs.1,01,63,638/- (31st March, 2014 Rs 84,15,224/-) has been incurred by the company and disclosed under appropriate account heads.

NOTE 24 - OTHER EXPENSES

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Consumption of stores and spare parts	12,145,412	12,126,609
Power and fuel	84,721,739	67,641,429
Rent	1,252,957	1,071,947
Repairs and maintenance -		
Buildings	2,541,245	3,537,956
Machinery	4,602,054	3,503,965
Others	5,176,888	4,438,826
Rates & Taxes (excluding taxes on income)	769,524	455,133
Provision for doubtful debts & advances (net)	4,409,014	(2,514,535)
Contract Labour Charges	19,815,971	17,841,997
Commission on Export sales	5,387,366	4,668,619
Professional Charges	3,832,211	2,366,913
Travelling Expenses & Conveyance	5,985,616	6,282,488
Freight Charges	35,850,468	28,518,921
Travelling Expenses - Foreign	3,555,984	2,037,683
License Fee	-	182,366
Insurance	912,802	352,686
Director Sitting Fee	515,000	340,000
Commission to Non-Executive Directors	672,509	740,000
Exhibition Expenses	3,900,948	3,588,331
Research & Development Expenditure - Revenue in Nature	10,163,638	8,415,224
Bank Charges	2,850,137	3,589,765
Miscellaneous expenses	11,638,093	9,944,375
Total	220,699,575	179,130,697

NOTE 24a - MISCELLANEOUS EXPENSES INCLUDE PAYMENT TO AUDITORS (NET OF SERVICE TAX)

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Audit fees	175,000	175,000
Tax Audit fees	75,000	75,000
Taxation matters	-	-
Company law matters	-	-
Management expenses	-	-
Other services	19,960	20,000
Out of pocket expenses reimbursed	-	-
Total	269,960	270,000

NOTE 25 - CSR EXPENDITURE

- a. Gross Amount required to be spent by the company during the year.
b. Amount Spent during the year on :

Particulars	In cash	Yet to be paid in Cash	Total
i) Construction /acquisition of any assets	-	-	-
ii) On purpose other than (i) above	-	2,840,796.41	2,840,796.41
Total	-	2,840,796.41	2,840,796.41

Note : 26

Note (i) - Related Party Disclosures:

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

Name of Related Party	Nature of Relationship
M/s Mundra Enterprises	Sushil L Mundra, Director having Substantial interest in Natural Capsules Ltd. is Proprietor of M/s Mundra Enterprises
M/s. Balugghat Technologies Ltd	Ravi Sethia is a Director of Balugghat Technology Ltd. Ravi Sethia is Son-in-law of Mr. Satyanarayana Mundra having Substantial interest in Natural Capsules Ltd.
M/s.Minakshi Enamels	Deepak kabra is a Proprietor of M/s Minakshi Enamels and Brother of Jyothi Mundra, Director
Mr. Sunil Mundra	Key Management Personnel
Mr. Laxminarayana Mundra	Key Management Personnel
Mr. Satyanarayana Mundra	Key Management Personnel

(B)(i) Related Party Transactions:

Name of Related Party	Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
			Credit (Rs.)	Debit (Rs.)
		Current Year\ (Previous Year)	Current Year\ (Previous Year)	Current Year\ (Previous Year)
M/s Mundra Enterprises	Operating Lease Rental	540,000	-	-
	Payments	(504,000)	(37,800)	-
Mr. Sunil Mundra	Managerial Remuneration	3,760,000	464,704	-
		(3,630,000)	(414,600)	-
Mr. Laxminarayana Mundra	Managerial Remuneration	1,950,000	-	-
		(2,430,000)	-	-
Mr. Satyanarayana Mundra	Managerial Remuneration	2,610,000	-	-
		(2,430,000)	-	-
M/s Minakshi Enamels	Purchase of Copper Rivets	36,481	-	-
Balugghat Technology Ltd	Travelling Agency	525,920	-	-

NOTE (ii) - Earning per Share

(a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit after tax for the year disclosed in the Profit and Loss Account.

(b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 50,52,837

NOTE (iii) - Contingent Liability:

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Income Tax matters	426,000	426,000
Service Tax matters	4,712,055	-
Total	5,138,055	426,000

NOTE (iv) -

a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.15/-Lacs. (31st March 2014-Rs 4/20- Lacs).

TWENTYSECOND ANNUAL REPORT 2014-2015

NOTE (v)-Research & Development Expenditure

- 1.The capital Expenditure in relation to fixed assets has been capitalised and depreciation is provided at applicable rates.
- 2.The amount spent on Capital Expenditure which are capitalised have been identified and certified by the Management.
- 3.The details of Expenditures are given below

Nature of Expenditure	2014-15	2013-14
Capital Expenditure	1,835,679	4,022,128
Revenue Expenditure	10,163,638	8,415,224
Total	11,999,317	12,437,352

NOTE (vi) -

The company has not made provision for Excise liability on goods manufactured but not cleared, as these are accounted on clearance of goods.

This practice has no impact on profit.Excise Duty payable on removal of goods outstanding as on 31st March 2015 to the tune of Rs. 17.64 Lacs

NOTE (vii) -

As per the Industrial policy of Government of India,the activity of the company does not require any licensing.

NOTE (viii) - Information pursuant to provisions of Part II of Schedule VI to the Companies Act 1956

Capacity & Production	2014-15	2013-14
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (In Lacs)		
Capsules	71,000.00	71,000.00
Formulations	-	2,700.00
Actual Production (Qty. in Lacs)		
Capsules	67,542.17	62,467.26
Formulations	-	29.83
Turnover (Qty. in Lacs)		
Capsules	67,740.74	61,783.61
Formulations	-	29.83
Turnover (Rs. In Lacs)		
Capsules	6,726.36	5,808.50
Formulations	-	18.70

Finished Goods

Particulars	2014-15		2013-14	
	Qty (Lacs)	Value (Rs in Lacs)	Qty (Lacs)	Value (Rs in Lacs)
Opening Stock				
Capsules	2,020.58	123.12	1,336.93	75.50
Formulations	-	-	-	-
Closing Stock				
Capsules	1,822.01	146.97	2,020.58	123.12
Formulations	-	-	-	-

NOTE (ix) - Earnings in Foreign exchange from Exports

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
FOB Value of exports	205,472,407	158,994,500
Total	205,472,407	158,994,500

NOTE (x) - Earnings in Foreign exchange from Currency Translation

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Other income	2,159,168	4,324,630
Total	2,159,168	4,324,630

Note (xi) Value of imported and indigenous raw materials, spare parts and components consumed:

Particulars	For the year ended on 31st March, 2015		For the year ended on 31st March, 2014	
	Value (Rs.)	Percentage (%)	Value (Rs.)	Percentage (%)
Imported	18,007,936	6%	222,928	0%
Indigenously obtained Rawmaterials	288,668,167	94%	255,328,273	100%
Total	306,676,103	100%	255,551,201	100%

Note (xii) CIF Value of Imports

Particulars	For the year ended on 31st March, 2015 Rs.	For the year ended on 31st March, 2014 Rs.
Excipients	63,460	276,038
Raw Material	17,302,975	-
Components and Spare Parts	871,653	259,638
Capital Goods	-	16,793,914
Total	18,238,088	17,329,590

NOTE (xiii) - The previous years figures have been regrouped/restated wherever necessary to conform with current years classification.

In terms of our report attached

For and on behalf of the Board

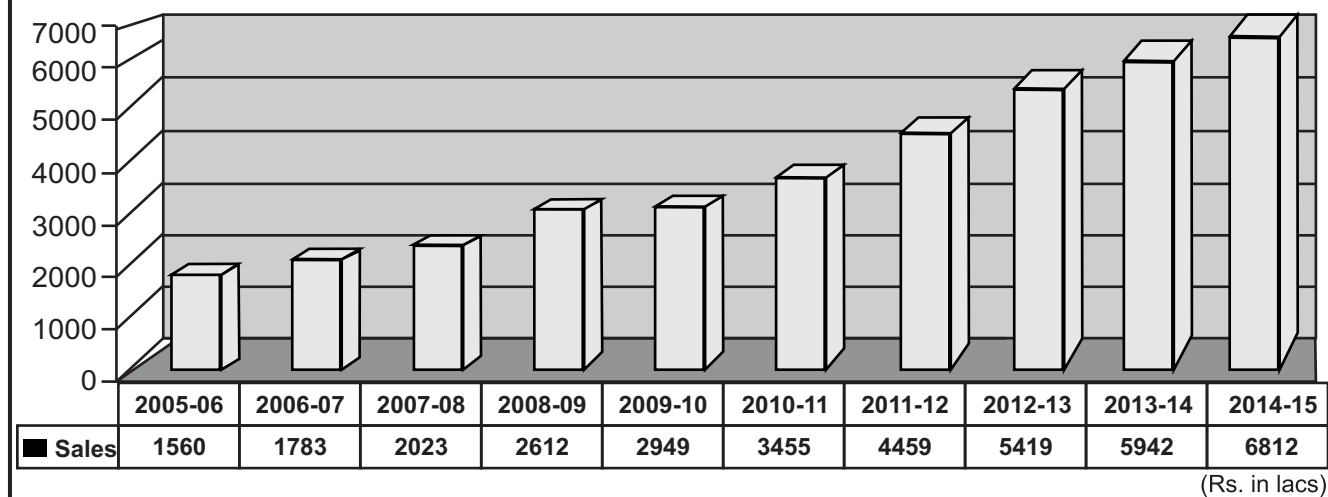
For Gnanoba & Bhat
Chartered Accountants
(Firm Regn No 000939S)

Chairman Director Managing Director

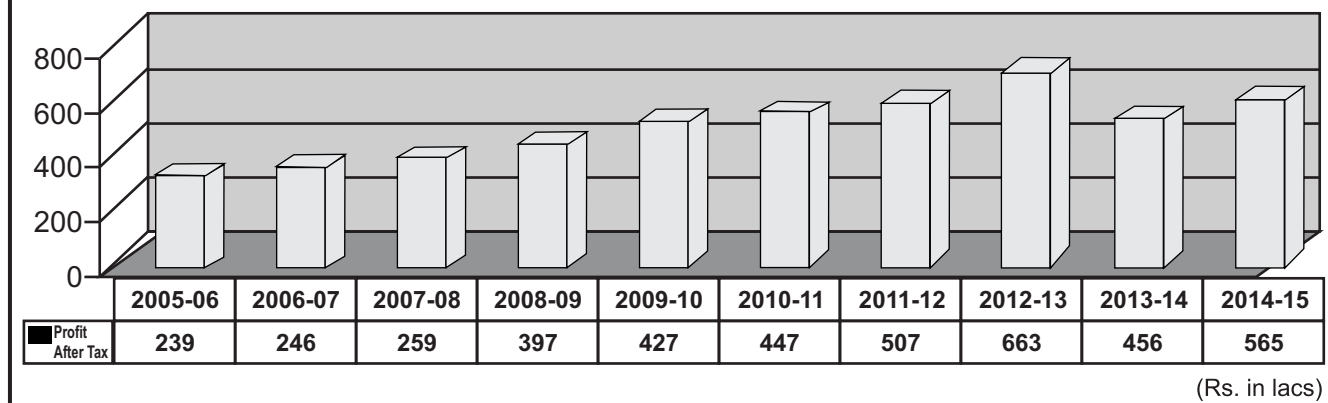
K R Gnanoba
Partner
Membership No 023137

Company SecretaryChief Financial Officer

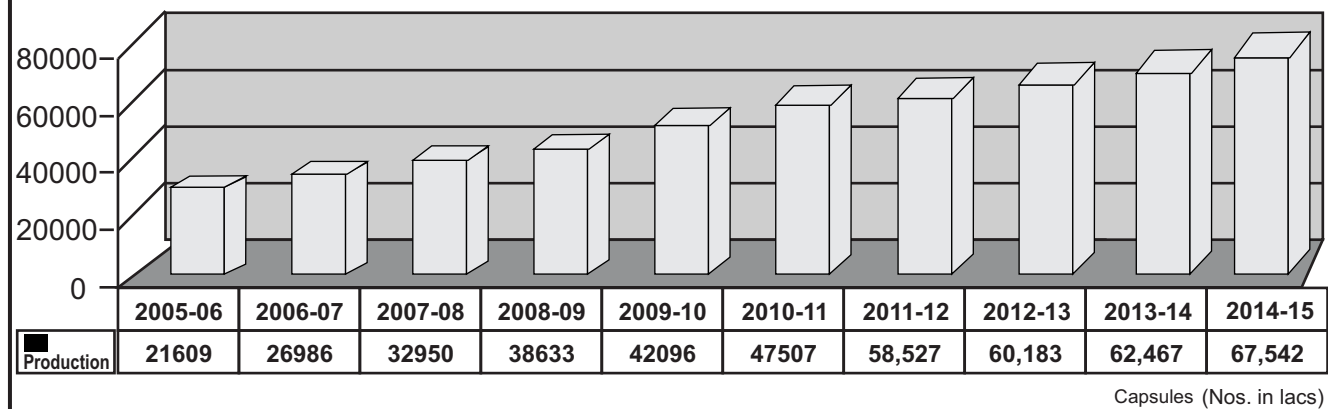
SALES



PROFIT AFTER TAX



PRODUCTION



NATURAL CAPSULES LIMITED

Regd. Office: 102, "SHRESHTA BHUMU", #87, K.R.Road, Bangalore – 560004

PROXY FORM

22nd Annual General Meeting – August 27, 2015.

Regd. Folio No. _____
No. of Shares held _____
Client ID No. _____

D. P. ID No. _____

I/We _____ of _____

being a Member/Members of NATURAL CAPSULES LTD. hereby appoint _____

Affix Revenue
Stamp Signature

_____ of _____ as my/our proxy to vote for me/us on my/our behalf at the ANNUAL
GENERAL MEETING of the Company to be held on Thursday, August 27, 2015 and at any adjournment there of Signed on
this _____ day of _____ 2015.

Note:

The proxy form duly completed should be deposited at the registered office of the Company not less than forty eight hours
before the time fixed for holding this meeting.

NATURAL CAPSULES LIMITED

Regd. Office: 102, "SHRESHTA BHUMU", #87, K.R.Road, Bangalore – 560004

ATTENDANCE SLIP

22nd Annual General Meeting – August 27, 2015.

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company held at Gayana
Samaja, K R Road, Basavanagudi, Bangalore-560 004, Karnataka, on Thursday , 27th August, 2015 at 10.00 a.m. IST

Full Name of the Member (in BLOCK LETTERS) _____

Regd. Folio No. _____

No. of Shares held _____

DP ID No. _____

Client ID No. _____

Full name of the Proxy (in BLOCK LETTERS) _____

Member's / Proxy's Signature _____

