



# Geared for **growth**

ANNUAL  
REPORT  
**2021-22**

# Geared for Growth

As societies progress and more people are included in the ambit of medicine and medical health, companies like Natural Capsules Limited (NCL) grow alongside.

While it is no secret that one must take care of their health, it is surprising how many people are excluded from or have inadequate access to high-quality medical facilities. The COVID-19 pandemic swiftly demonstrated this, and the world was never the same again. It was understood that the health of the people and communities as a whole must take precedence.

We at Natural Capsules have always had a strong stance on this, and over the years, we have geared ourselves fully to capitalise on the opportunities. Our manufacturing enhancements and industry-leading technology allow us to reach a larger customer base, who in turn reach the masses. As a result, we have built capacities to cater

to a large volume of needs, bolstering our market position and enabling us to become a force to reckon with. Today, we are confident that our renewed energy and a strong appetite for growth will propel us to a higher orbit as we enter the new business segment of APIs.

As we embark on this new journey, we renew our commitment to spreading prosperity and impacting millions of lives. In addition, we are taking our growth trajectory to another level by aligning our ambitions with the nations across the high-impact sector of pharmaceuticals and widening our circle of influence to enrich more lives and drive inclusive progress.

## Inside the report

### STRATEGIC REVIEW

About the Company	02
Our Journey	04
Serving Global Leaders in Pharmaceuticals Worldwide	06
Business Model	08
Product Offerings	10
PLI Scheme for APIs	14
Growth Enablers & Strategic Priorities	16
Letter to Shareholders	18
Management Discussion and Analysis	20

### STATUTORY REPORT

Notice	29
Directors' Report	42
Corporate Governance	57

### FINANCIAL STATEMENTS

Standalone Financial Statements	76
Consolidated Financial Statements	138

## KEY PERFORMANCE INDICATORS

# Riding the tides. Creating value.

### Revenue from Operations (₹ in crores)

FY19	59.78
FY20	61.55
FY21	79.51
FY22	135.07

70 % y-o-y growth | 31 % 3 year CAGR

### EBITDA Margin (in %)

FY19	9.88%
FY20	10.00%
FY21	13.75%
FY22	18.79%

### Profit After Tax (PAT) (₹ in crores)

FY19	1.92
FY20	0.86
FY21	6.91
FY22	13.91

101 % y-o-y growth | 94 % 3 year CAGR

### Earnings per share (in ₹)

FY19	3.08
FY20	1.41
FY21	10.99
FY22	19.56

### EBITDA (₹ in crores)

FY19	6.02
FY20	6.25
FY21	10.93
FY22	25.38

132 % y-o-y growth | 62 % 3 year CAGR

### Profit Before Tax (PBT) (₹ in crores)

FY19	2.46
FY20	1.37
FY21	6.98
FY22	19.39

185 % y-o-y growth | 99 % 3 year CAGR

### PAT Margin (in %)

FY19	3.21%
FY20	1.39%
FY21	8.69%
FY22	10.29%

# Geared Up for the Future

Natural Capsules is an empty capsule shell manufacturer, who pioneered manufacturing of vegetarian capsules in India and is the second largest manufacturer of gelatin capsules in India.

The company was incorporated in 1993 at Bangalore, and it further expanded its operations to Pondicherry in 2003. The company is now foraying into API manufacturing with complex high-end patented technology developed

in-house, under its subsidiary company Natural Biogenex Private Limited. NCL prides itself on its abilities to provide turnkey solutions to all its customers.



VISION

To become the global leader for supply of capsules, providing impeccable services all across the globe.



MISSION

- To consistently innovate and manufacture products to markets and customer's expectation
- To consistently provide highest quality products to its customers across the globe
- To become an integrated enterprise of global distinction

"Our expanded capabilities have allowed us to serve a broader clientele, bolstering customer confidence and solidifying our position as a market leader."

[Read more on the products on Pages 18](#)

173

Customers

250+

Team Members

02

Manufacturing Units

24.1 BCPA

Annual Capacity on completion of ongoing expansion

06

Over 06 varieties of capsules manufactured

Foraying

into steroidal API segment

PRODUCT OFFERINGS



Capsules

NCL's consistent endeavors towards its R&D has resulted in the manufacturing of a wide range of capsules. The Company's facilities are equipped with dedicated manufacturing lines, each of which adopt stringent procedures, and are housed as an independent unit to eliminate the risk of cross contamination.

- Hard Gelatin Capsules shells
- HPMC (Vegetarian Capsules)
- Other variants of Hard capsules

[Read more on the products on Pages 10](#)

Three key steroidal API products (as approved under PLI scheme)

NCL's upcoming API segment, which is anticipated to cater to domestic and international needs and act as a substitute for imports, will enable the company to become one of the few Indian firms to produce bulk drugs using fermentation technology. This segment is anticipated to drive the company's profitability in the coming years.

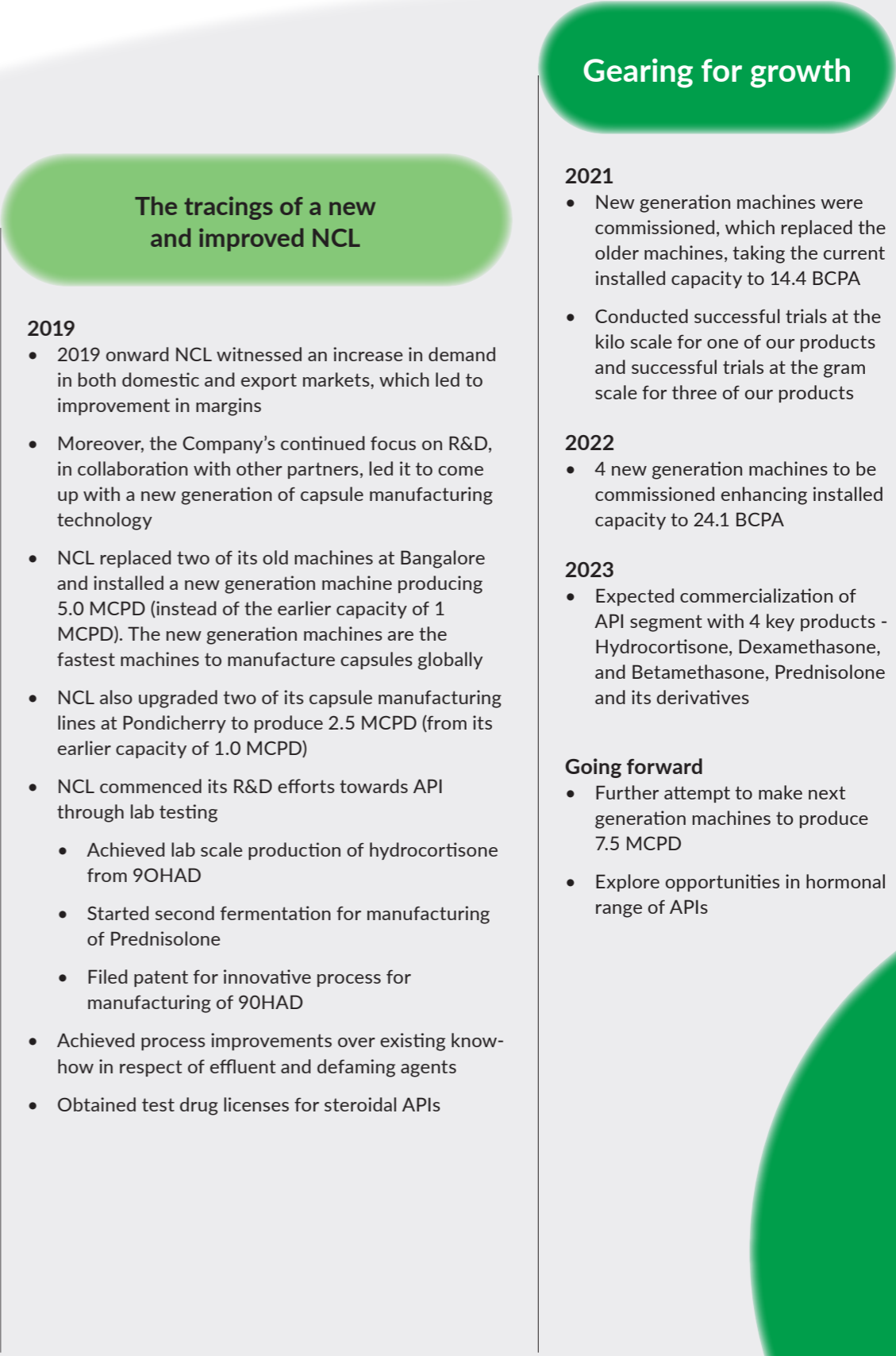
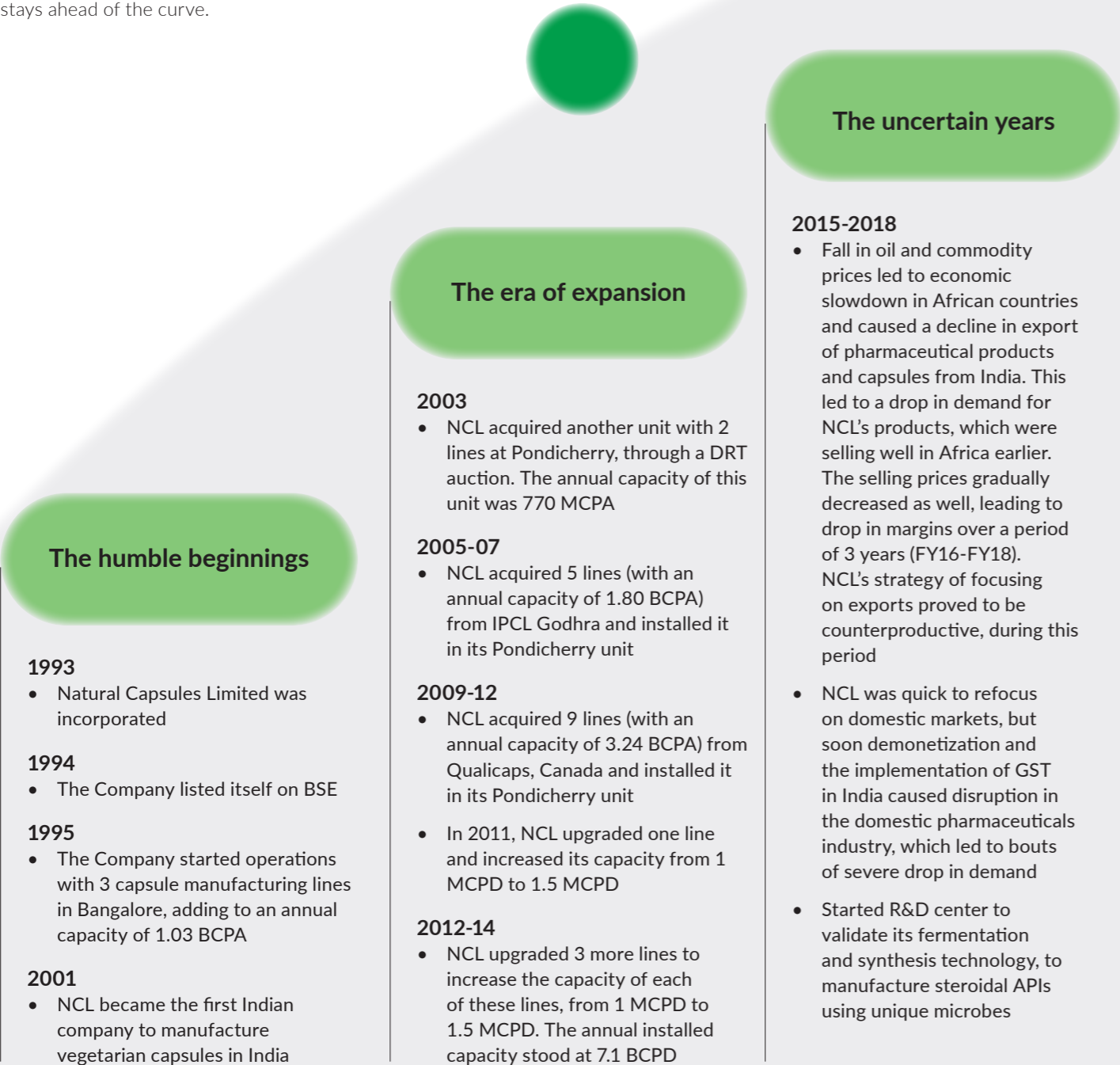
- Prednisolone
- Betamethasone
- Dexamethasone

[Read more on the products on Pages 12](#)

# Tracking Our Progress Through the Years

Natural Capsules Limited has had a challenging yet successful run since its incorporation.

The Company has steadily grown over the years, to include multiple manufacturing lines across Southern India, and has enhanced its capacities along the way. All along the way NCL has kept focusing and recalibrating itself, ensuring that it stays ahead of the curve.



# Expanding Presence Across Geographies

In its almost three decades of existence, Natural Capsules has grown steadily to include geographies across the globe, thus marching towards its vision of becoming a global supplier of capsules.

Today, the Company exports to more than 20 countries, making exports one of the core contributors to its revenue. Natural Capsules aims to harness the global pharmaceutical boom, and especially the wellness boom, to create an impression and mark its presence across the world.

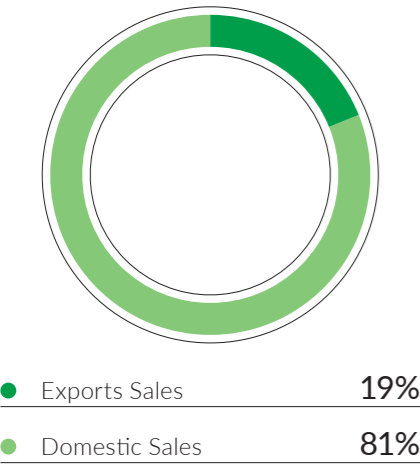
## SOME MARQUEE CLIENTS





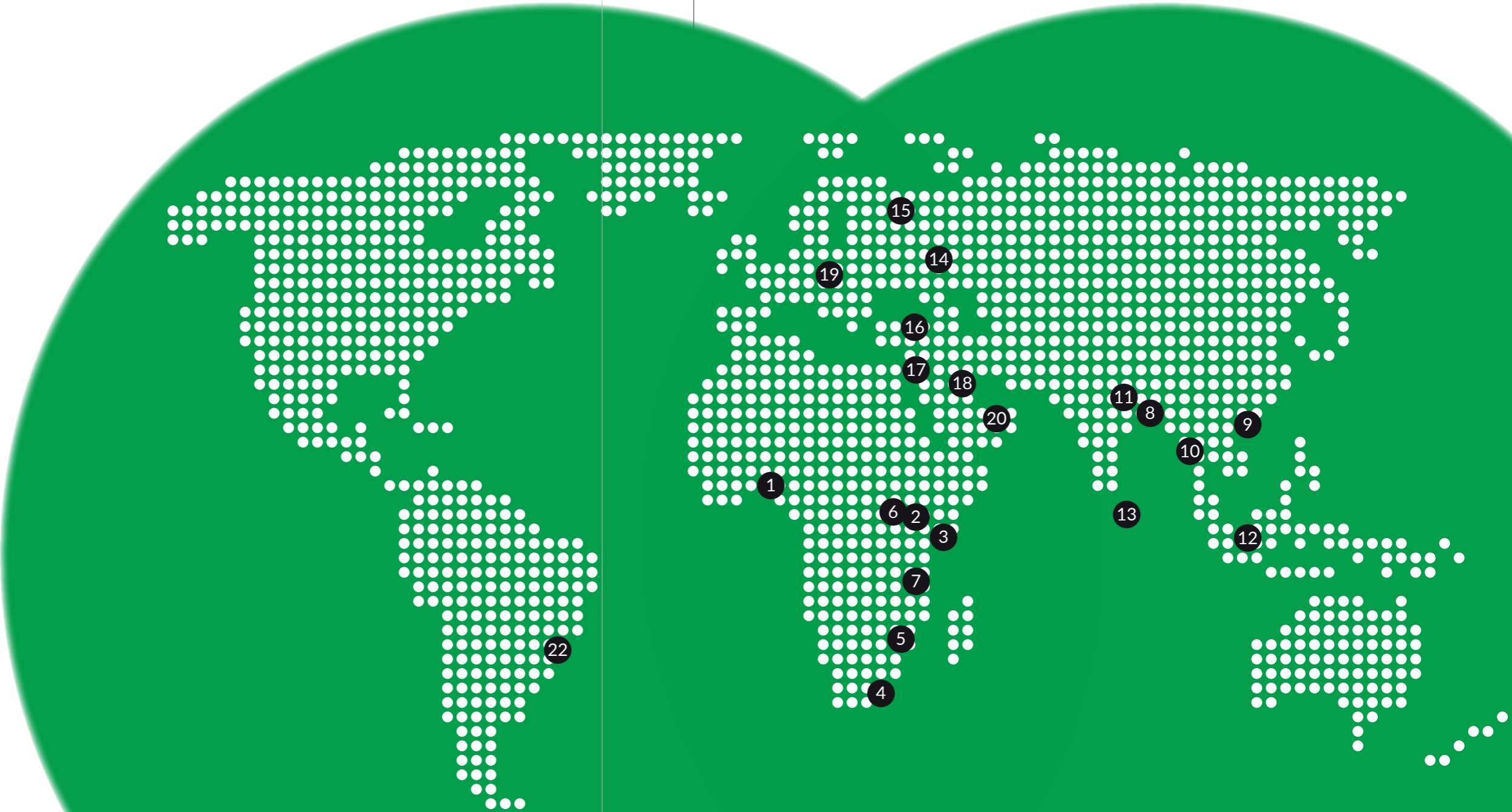


Revenue Split (in %)

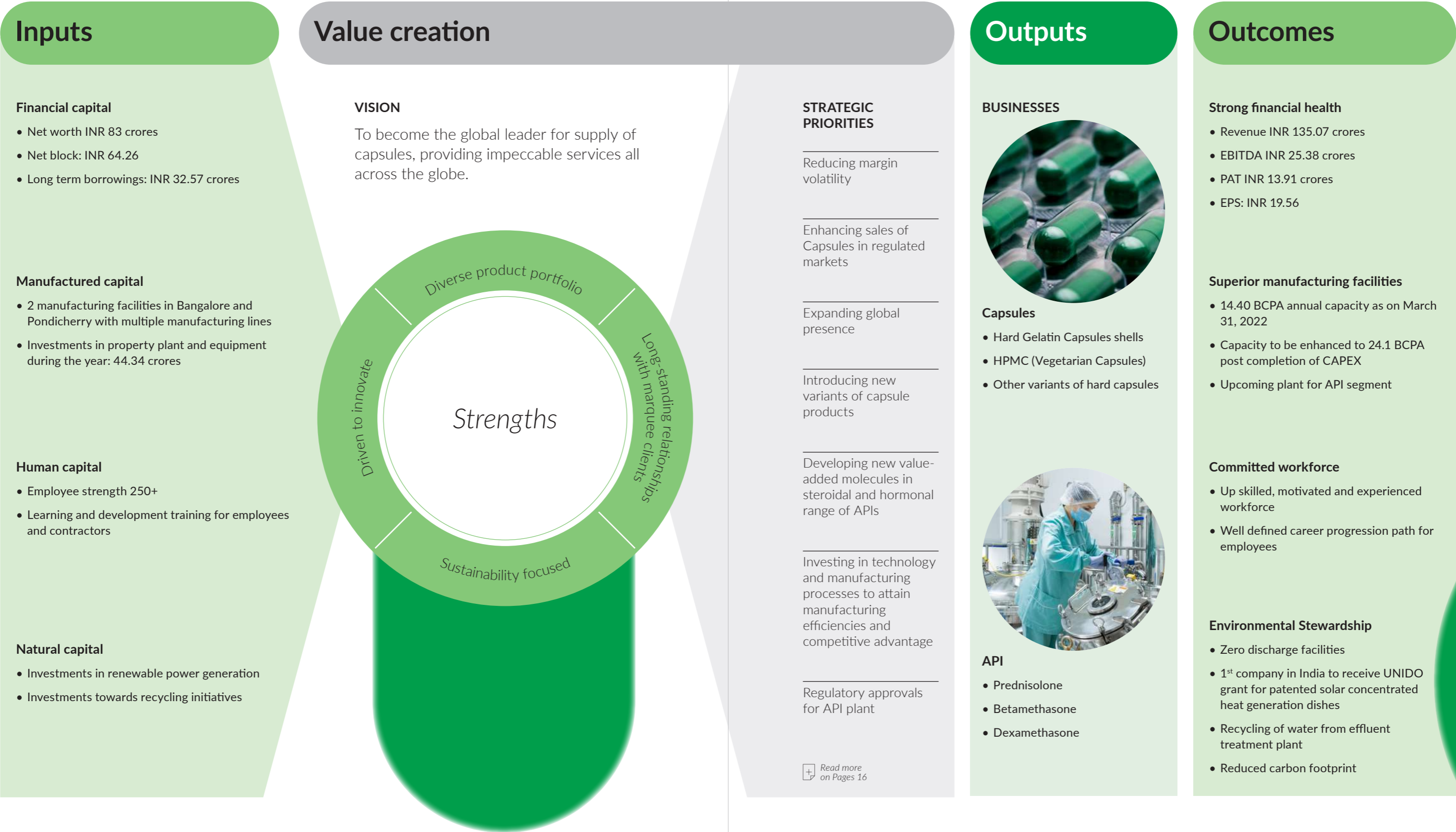


## GLOBAL PRESENCE

43.56	15.83	2.48	33.60	3.54
% OF TOTAL SALES	% OF TOTAL SALES	% OF TOTAL SALES	% OF TOTAL SALES	% OF TOTAL SALES
Africa	Asia	CIS	Middle East	South America
1. Ghana	8. Bangladesh	14. Georgia	16. Iran	21. Brazil
2. Kenya	9. Hong Kong	15. Uzbekistan	17. Iraq	
3. Nigeria	10. Malaysia		18. Kuwait	
4. South Africa	11. Nepal		19. Turkey	
5. Sudan	12. Philippines		20. Utd. Arab Emir.	
6. Uganda	13. Sri Lanka			
7. Zimbabwe				



# Designed to Create Long-term Value



CAPSULES SEGMENT



Natural Capsules Limited is one of India’s leading manufacturers of hard capsules, with nearly three decades of experience in the industry.

It exports its products to regulated and unregulated global markets in accordance with stringent rules and regulations. Through its years of hard work, NCL has been able to diversify its capsule offerings to include a multitude of offerings for its customers.

MANUFACTURING FACILITIES APPROVED BY-

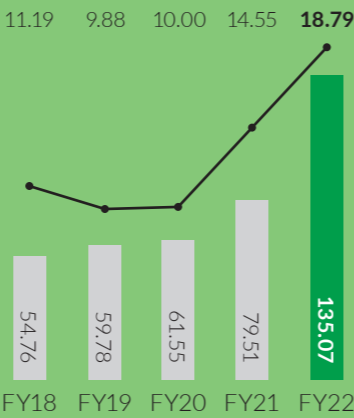


Pioneer  
of vegetarian capsules in India

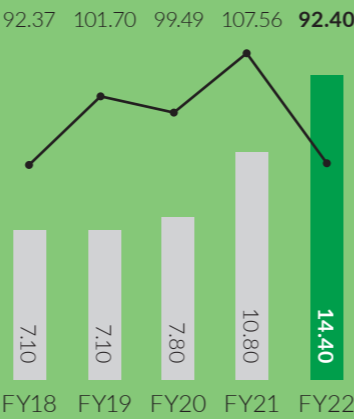
2<sup>nd</sup> Largest  
largest manufacturer of gelatin capsules in India with completion of ongoing project

2  
Manufacturing Units at  
Bengaluru and Pondicherry

Revenue & EBITDA Margins  
(in INR Crores & %)



Capacity & Capacity Utilisations  
(in BCPA & %)



The Company has also realised some of its shortcomings, and has been quick to address the same to recalibrate its growth trajectory.

CHALLENGE 01



Higher sales in unregulated markets led to volatility in margins

How NCL overcame the challenges

Collaborating with buyers who deal in the regulated markets, and who procure large quantities of capsules on a sustained basis.

CHALLENGE 02



Old technology machines resulted in lower operating efficiencies

How NCL overcame the challenges

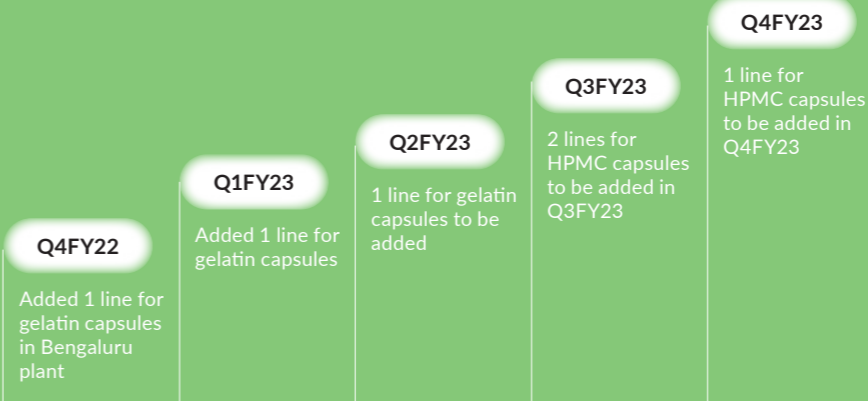
New machines developed in technical collaboration with partners, are the fastest available machine till date to manufacture hard capsules, leading to unmatched operational efficiencies and significant cost advantages.

New machines come with significant benefits, such as

- Consuming about 40% less power per unit manufactured; almost 1/3<sup>rd</sup> as compared older machine
- Highly automated requiring less manpower, thus manpower costs per unit produced goes down significantly
- Lower rejection rates; at 3% as against 8% in the old machines
- Manufacturing speed has gone up by ~3 times from 1.5 million capsules per day to 5 million capsules per day

These factors combined lead to higher efficiencies and profitability for NCL

CAPEX Tracker

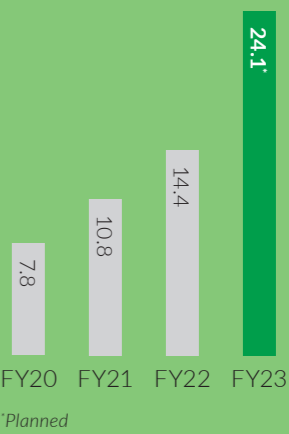


INCREMENTAL CAPACITY ENHANCEMENT

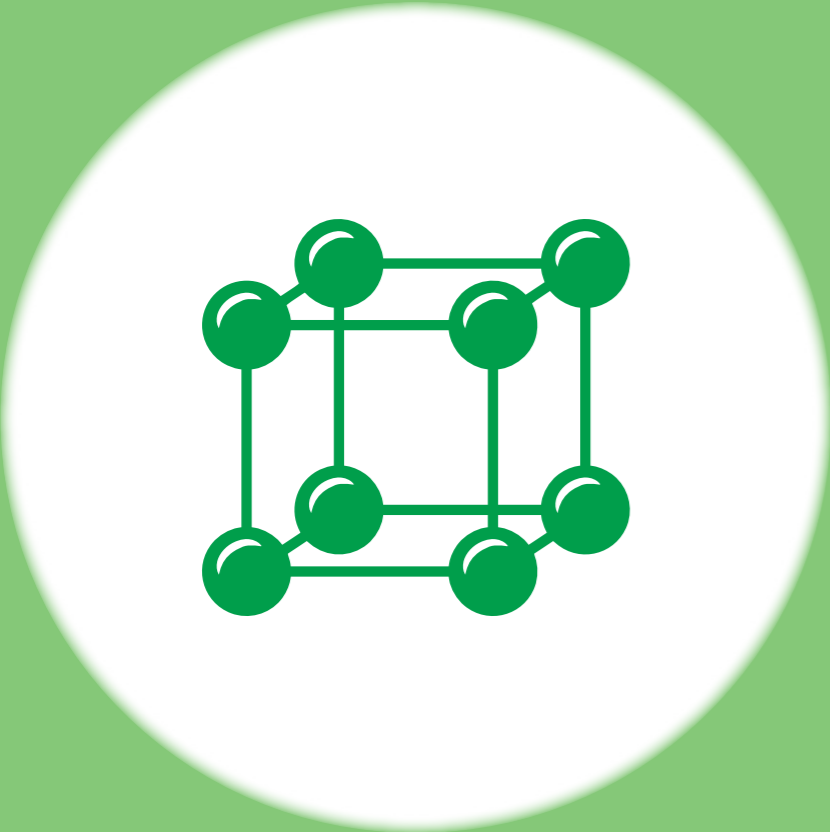
Incremental capacities will be leveraged to cater to large volume pharmaceutical customers and to serve new export markets. The ability to deliver faster will help NCL attract these large volume customers, thus yielding better margins by optimizing manufacturing cost per unit.

- Planned capital expenditure for ₹ 38 crores in FY21 for enhancing capacity to 24.1 BCPA by FY23
- Project funded through a mix of debt and equity
  - ₹ 18 crores bank borrowings @6.4% per annum
  - ₹ 20 crores from internal accruals
- ~3x asset turns from incremental capacities at optimum capacity utilization

Capsules manufacturing capacity (in BCPA)



API SEGMENT



In 2020, Natural Capsules Limited incorporated its wholly-owned subsidiary Natural Biogenex Private Limited (NBPL), through which it forayed into the API business.

The Company intends to make the most of the PLI scheme for bulk drugs through its Greenfield investment at Tumkur. This plant will be a zero-liquid-discharging integrated facility which will use fermentation and synthesis chain

reactions to manufacture steroidal APIs. The Company aims for this facility to be a world-class one, compliant with WHO GMP (Geneva), USFDA and EU GMP certification guidelines.

₹ 115 crores

planned capital expenditure for setting up the facility

~2.7x

asset turns from incremental capacities at optimum capacity utilization

Project funded

Project funded through a mix of debt and equity

- ₹ 60 crores bank borrowings @6.4% pa
- ₹ 24 crores from internal accruals
- ₹ 31 crores from right issue



CAPEX Tracker

Q2FY23 - Q3FY23

Expected installation of machines and equipment in the fermentation and synthesis blocks

Q4FY23

Plans to commence equipment validation batches and dry trial runs. Commercial production to begin from Q1FY24

NBPL will manufacture Prednisolone, Betamethasone and Dexamethasone, as well as its derivatives. The Company expects that their products would serve as an effective domestic substitute for the same. The commercial production of this facility is expected to commence by Q1FY24.

API segment - Key Developments

Conducted successful trial at gram scale for one product and kilo scale for other products

- Achieved process improvements over existing know-how in respect of effluent and defaming agents.
- Obtained test drug licenses for steroidal APIs

- Achieved lab scale production of hydrocortisone from 9OHAD.
- Started second fermentation for manufacturing of Prednisolone.

FEB 2022

FEB 2021

AUG 2020

OCT 2019

JUL 2019

AUG 2018

Awarded 3 PLI applications for Dexamethasone, Betamethasone and Prednisolone

Filed patent for innovative process for manufacturing of 9OHAD

Started R&D center to validate its fermentation and synthesis technology, to manufacture steroidal APIs using unique microbes.

The following products and capacities have been approved under the PLI scheme

	Planned capacity	Imports including advanced intermediates and derivatives sales to India in FY22	NCL's advantage
Dexamethasone	10 MT	19 MT	NCL will be the <b>only manufacturer</b> of this product in India
Betamethasone	12 MT	20 MT	NCL will be the <b>only manufacturer</b> of this product in India
Prednisolone	15 MT	39 MT	NCL will be <b>one of the two manufacturers</b> of this product in India

# RIDING THE TIDE

The Indian pharmaceutical industry is the 3<sup>rd</sup> largest in the world by volume and 14<sup>th</sup> largest in terms of value, and it contributes to 3.5% of the total drugs and medicines exported globally.



However, despite these achievements, India is significantly dependent on import of some of the basic raw materials vis-a-vis bulk drugs that are used to produce the finished dosage formulations. Drugs play a major role in healthcare in the country, and continuous supply of drugs is key to ensuring delivery of affordable healthcare to the citizens. Any disruption in the supply of these drugs can have a significant adverse impact on drug security of the country.

In the last couple of years, the Indian government has been very proactive in introducing multiple schemes and initiatives to boost domestic production, thus creating avenues for business growth, while also adding to its 'Make in India' initiative. With a view to attain self-reliance and reduce import dependence in critical APIs, a scheme called "Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and active Pharmaceutical Ingredients (APIs) In India" was approved by the Government of India on 20th March, 2020. This scheme is expected to enhance domestic production, and give impetus to the industry to not only manufacture key APIs for the domestic market, but also to export Indian manufactured APIs worldwide.

## HIGHLIGHTS OF THE API-PLI SCHEME

- A committee on drug security constituted by the Department of Pharmaceuticals collated the details of APIs imported in the country and identified 53 APIs for which the country is heavily dependent on imports.
- The scheme intends to boost domestic manufacturing of identified KSMs, Drug Intermediates and APIs by attracting large investments in the sector, thereby reducing India's import dependence on critical APIs.
- The total outlay of the scheme is ₹ 6,940 crores and financial incentive under the scheme will be provided to selected participants on incremental sales of 41 identified products in 4 different target segments.
- Financial incentive under the scheme shall be provided on sales of identified products for 6 years
  - For fermentation-based products, incentive for FY 2023- 24 to FY 2026-27 would be 20%, incentive for 2027-28 would be 15% and incentive for 2028-29 would be 5%.

The 3 products to be manufactured by Natural Capsules fall under the 24 category of Fermentation based niche KSMs/ Drug Intermediates / APIs. The Company expects to receive an incentive amounting to ₹ 67 crores over the course of 6 years, which will effectively de-risk the Company's investments significantly.



₹ 6,940 crores

Total outlay of the announced PLI scheme

The Company expects to receive an incentive amounting to

₹ 67 crores

over the course of 6 years

TO AVAIL THE INCENTIVES UNDER THE SCHEME, THE MANUFACTURER NEEDS TO FULFIL THE FOLLOWING CRITERIA:

- Produce a committed quantity
- Achieve 90% DVA (Domestic Value Addition)
- Invest committed project cost

The manufacturer will then be eligible for a 20% price incentive. However, captive consumption of the API to produce additional derivatives and products with a higher value-added is permitted, and APIs manufactured can be sold domestically and in export markets.

# STRATEGIC ROADMAP FOR GROWTH ACCELERATION

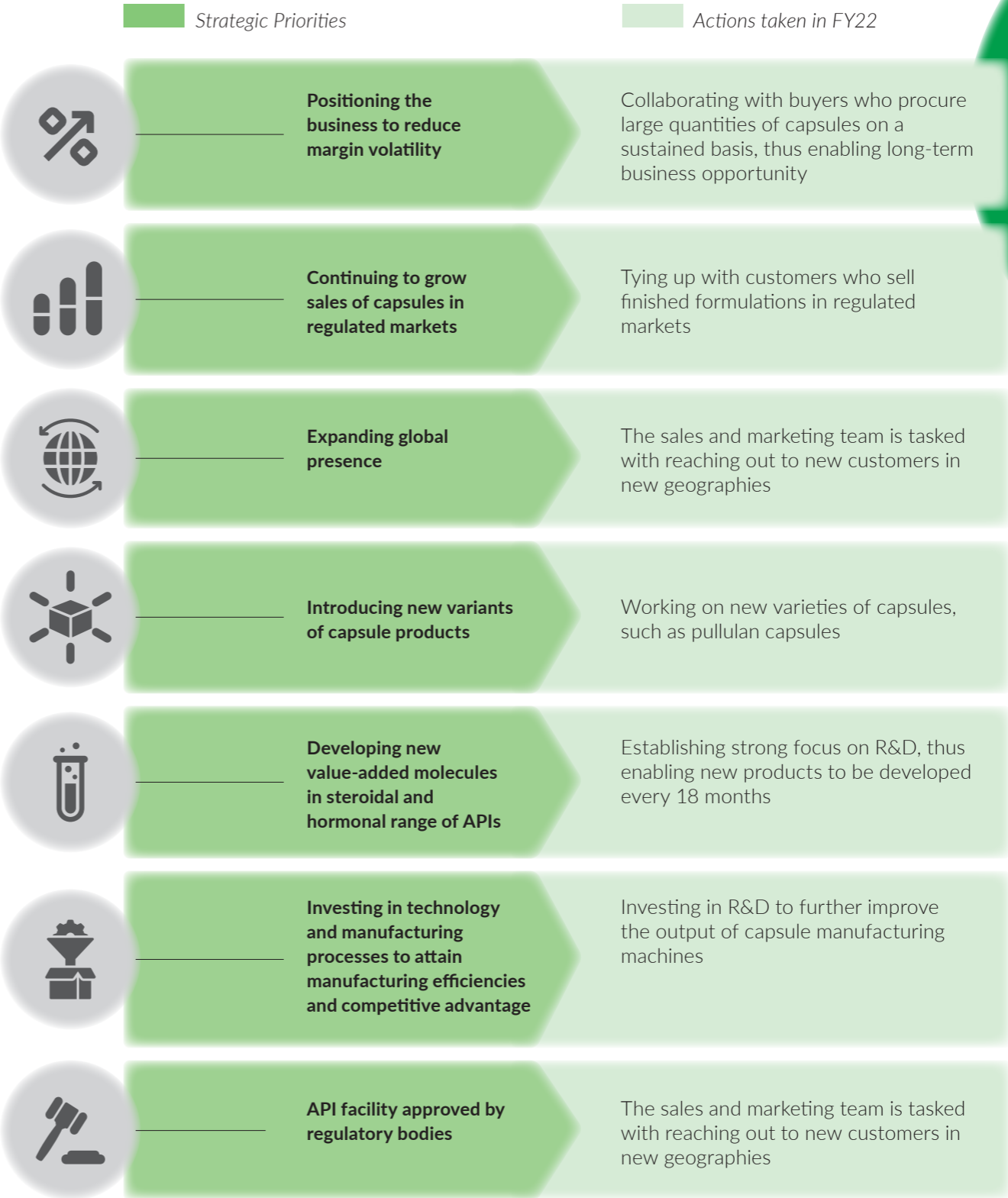
The Company has worked relentlessly to ensure that it stays ahead of its competition, by delivering excellent quality products that meet and exceed stringent quality norms. It has built capacities through the years, and has internally strengthened its operations. Today, NCL is well-positioned to harness opportunities presented by the industry, while leveraging its strong internal capabilities.



NCL is geared to capitalize on these growth factors and is ready to catapult its journey to another orbit.

- Capacity enhancement with state-of-the-art machinery in capsules division, enabling operational efficiencies and driving profitability
- Being the only backward integrated manufacturer of steroidal APIs in India, the Company plans to gain significant market share domestically
- Exploring opportunities to set up capsules manufacturing facilities in foreign/domestic markets to ensure quick supply to customers
- The Company will benefit from strong industry tailwinds on the back of the China + One strategy
- API segment operations to be amplified by robust government incentives (PLI scheme)
- Focusing efforts on regulated markets and marquee pharma clients for capsules business, to stabilise topline and enhance margins
- Strong focus on R&D will lead to the development of new products and processes, It will also enable operational efficiencies by increasing the yields of existing products
- Regulatory approvals for the upcoming API facility will enable long term customer association leading to improved margins

The Company is also geared to bring about monumental changes in its approach towards its business, by focusing on its internal capabilities and enhancing its operations. With the ongoing CAPEX, the Company is enabling itself to become the market leader in capsules business and positioning itself as a dominant player in the domestic steroidal API market.



# AMPLIFYING PROSPECTS WITH ENHANCED OPERATIONS



**Mr. Sunil Mundra**

MANAGING DIRECTOR NATURAL CAPSULES LIMITED

Dear Shareholders,

Today, Natural Capsules Limited stands at a pivotal juncture in its journey, ideally positioned to take on and capitalise on the challenges of a new business, on the back of a year marked by strong performance. It is a privilege to be able to address you at such a pivotal moment in the Company's history.

When we began nearly three decades ago, India did not even have a manufacturer of vegetarian capsules, severely limiting the pharmaceutical industry's capabilities and depriving consumers of choice and well-being. Our Company's progress has been a testament to the journey of not only our country, but also the world, towards a future of better health.

Indeed, our performance in the past year has been driven by the post-pandemic worldwide movement towards better health and well-being. During this time, preventive medicine has emerged as one of the fastest-moving sectors, with consumers becoming more and more aware about health parameters and being more focused towards monitoring and bettering their personal well-being. Entrepreneurship has also been strong in western as well as traditional medicine, leading to an efflux of various consumables. Since these products are often consumed in capsule form, our Company has been able to successfully leverage its capabilities.

While the company has reaped the benefits of its efficiencies, it has also been mindful of consolidating its gains by investing in processes that ensure excellence. We have developed a new generation of manufacturing technology that is not only more energy-efficient, thereby reducing power consumption, but also requires less labour, reducing the company's expenses even further.

While the company has reaped the benefits of its efficiencies, it has also been mindful of consolidating its gains by investing in processes that ensure excellence.

**“Our production speed has increased by a factor of three, thus making us one of the most efficient capsule manufacturers globally.”**

With these new machines, the product rejection rate decreased to 3% from the 8% recorded earlier. Additionally, production speed has increased by a factor of three, thus making us one of the most efficient capsule manufacturers globally.

Our production lines are known for placing a higher priority on safety, not only for our employees but also for our products. During this time, we have also been able to gain the trust of new marquee clients and observe an increase in demand across the market. In addition, our expanded capabilities have allowed us to serve a broader clientele, bolstering customer confidence and solidifying our position as a market leader.

These enhanced capabilities have also translated to a robust performance. In FY22 our revenue from operations grew by 69.87% to ₹ 135.07 crores. EBITDA came in at ₹ 25.38 crores, growing by 132.20% over previous year and recording a 18.79% margin. Our profitability increased proportionately to ₹ 19.56 crores as against ₹ 10.99 crores in FY21. We anticipate that the sustained strong demand will enable us to maintain a planned order book in the near future, thereby contributing to our future performance and profitability.

The strong performance has aided our efforts to diversify our business into the API industry. Hydrocortisone, Prednisolone, Betamethasone, Dexamethasone, and their derivatives, have been the focus of our efforts during the past three years. Previously,

India imported these compounds. We recognised the potential of this market and endeavoured to introduce domestic products in this category. However, the government's product-linked incentives scheme significantly bolstered our efforts, reducing our investment risk and encouraging us to double our capital investment in commercialising these products.

We have undertaken a greenfield investment in Tumkur for our API segment, which will be India's first zero-liquid-discharge integrated facility to manufacture Steroidal APIs via fermentation and synthesis chain reactions. This facility complies with WHO GMP (Geneva), USFDA, and EU GMP certification standards and is intended to be a state-of-the-art manufacturing facility. Once these APIs are commercialised, we will be the sole manufacturer of two of them in India. Our work in this field is based on sustained research and development efforts, and we are confident that our entry into the API business will bring high-quality, domestically produced products to the Indian and international markets. We intend to meet approximately 50% of the domestic demand for these compounds, which is currently met entirely by imports.

We are also committed to improving the sustainability of our business to safeguard it. As a result, our plants in Bengaluru and Pondicherry are now solar-powered and have zero-discharge facilities. We are the first company to receive a UNIDO grant for our patented, IREDA-funded solar concentrated heat generation dishes. Additionally, we use recycled water from sewage treatment facilities. Throughout the year, we also continued Covid-19 relief efforts in Pitchaiveerampet, Pondicherry, and Attibele, Bangalore. Furthermore, we assisted tutoring centres in preparing deserving students for local communities and competitive examinations.

We are confident that we will continue to grow from strength to strength and will maximize our potential not only in terms of enhancing value for our stakeholders but also by making significant progress in the capabilities of the industry as a whole. I thank you for your continued support and your steadfast belief in our vision for the Company. Together, I am sure, we will be able to take Natural Capsules to newer and greater heights.





# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMIC OUTLOOK

After having cited the COVID-19 pandemic as one of the main reasons for global growth deceleration, the world now edges on the brink of a geopolitical crisis in Europe, with potential damages that will most likely hit the world at large. The war in Ukraine coupled with economic sanctions on Russia have put global energy supplies at risk. Russia supplies around 10% of the world's energy, including 17% of its natural gas and 12% of its oil. The jump in oil and gas prices will add to industry costs and reduce consumers' real incomes, and outright shortages and energy rationing are possible in Europe if there is an abrupt halt to Russian supply. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change and end the pandemic are essential.

Global growth is expected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January. Beyond 2023, global growth is forecast to decline to about 3.3% over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies<sup>[1]</sup>

### World economic outlook April 2022 GROWTH PROJECTIONS (in %)

#### Global economy

2021	6.1
2022	3.6
2023	3.6

#### Advanced economies

2021	5.2
2022	3.3
2023	2.4

#### Emerging market and developing economies

2021	6.8
2022	3.8
2023	4.4

<sup>[1]</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

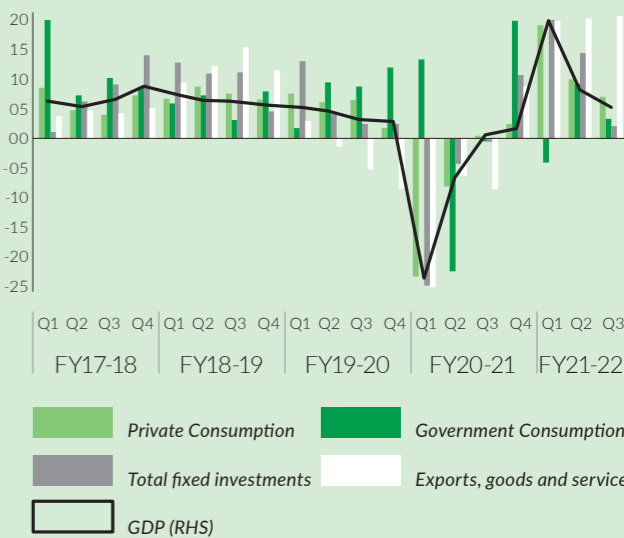
## INDIAN ECONOMIC OUTLOOK

India and almost all emerging economies continue to be adversely impacted by the global scenarios, be it the humanitarian crisis in Ukraine affecting oil prices or the ebb and flow of the pandemic, which for now seems to be controlled and well-dealt with. India's economic fundamentals appear to be strong and despite these short-term turbulences, the impact on long-term outlook will perhaps be marginal. On the health front, a large vaccinated population will likely help contain the impact of subsequent infection waves, if any.

The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will lead to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency—all leading to accelerated economic growth. The strong focus on manufacturing and government incentives such as lower taxes, and rising services exports on the back of stronger digitisation and technology transformation will aid in its growth.

India is expected to grow at 8.3–8.8% during FY2021–22, followed by equally strong growth of more than 7.5% and 6.5% in the next two fiscal years, respectively. This will likely mean that the baton for the fastest-growing emerging country will be passed on from China to India in the coming years.<sup>[2]</sup>

### GDP and its components (%, YoY)



<sup>[2]</sup> <https://www2.deloitte.com/xe/en/insights/economy/asia-pacific/india-economic-outlook.html>

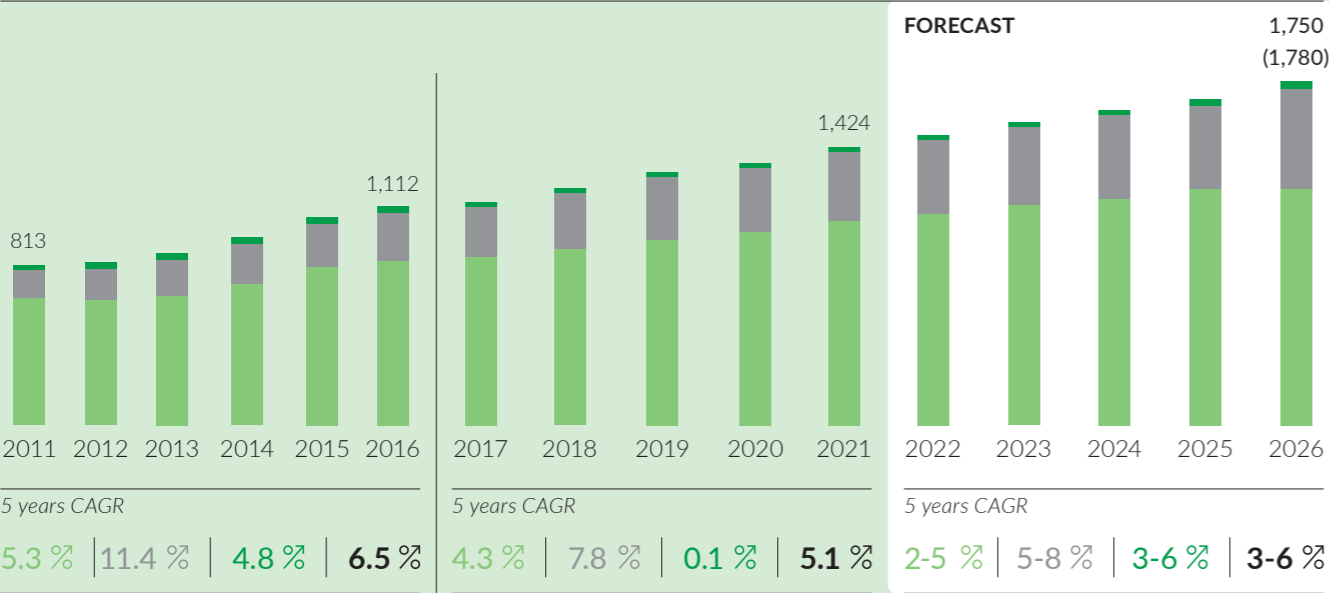
INDUSTRY OUTLOOK

Global Pharmaceutical

The global pharmaceuticals market is expected to grow from USD 1454.66 billion in 2021 to USD 1587.05 billion in 2022 at a CAGR of 9.1%. This growth is attributable to companies rearranging their operations and recovering from the impact of the pandemic, which had earlier led to restrictive containment measures, resulting in operational challenges. The market is expected to reach USD 2135.18 billion in 2026 at a CAGR of 7.7%.<sup>[3]</sup>

Certain factors like rise in the number of aged population, precision therapies that include customised medicines for patients according to their body composition, and the global bent towards health and wellness in general post the pandemic, will prove to be beneficial for the industry. Moreover, concerted efforts in R&D will enable solving health crises at a faster rate, as was evident during pandemic. This sector is thus poised for boom, and is likely to witness massive growth in the years to come.

Indian pharmaceutical market  
(in USD Bn)



Developed Pharmerging Lower income Total

<sup>[3]</sup> [https://www.reportlinker.com/p06241981/Pharmaceuticals-Global-Market-Report.html?utm\\_source=GNW](https://www.reportlinker.com/p06241981/Pharmaceuticals-Global-Market-Report.html?utm_source=GNW)



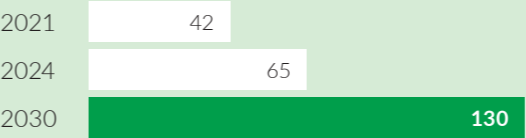
Indian Pharmaceutical

India is a critical player in the global pharmaceuticals industry. It is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion and ranks 3rd in terms of volume and 13<sup>th</sup> in terms of value worldwide.

According to the Indian Economic Survey 2021, the domestic market is expected to grow by 3x in the coming decade, which in 2021 stood at US\$ 42 billion, and is likely to reach USD 65 billion by 2024, and further expand to reach USD 120-130 billion by 2030. Indian pharmaceutical exports stood at USD 24.44 billion in FY21 and USD 22.21 billion until February 2022. India is the 12<sup>th</sup> largest exporter of medical goods in the world, and its pharmaceutical sector contributes 6.6% to the total merchandise exports.<sup>[4]</sup>

India's spending on medicine is projected to grow between 9-12% over the next five years, making India one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, antidepressants and anti-cancers, which are on the rise. Moreover, the Indian Government has taken many proactive steps to reduce costs and bring down healthcare expenses. In addition, the thrust on rural health programs, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Indian pharmaceutical market  
(in USD Bn)

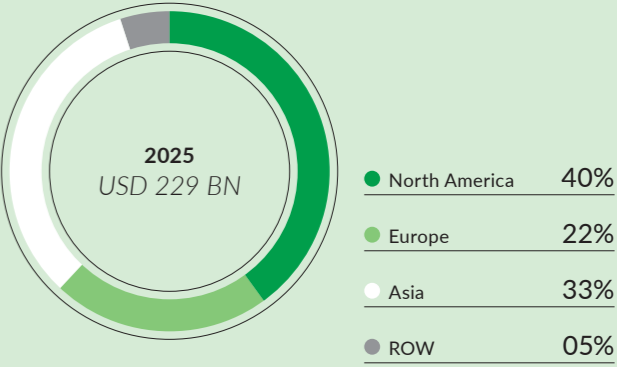
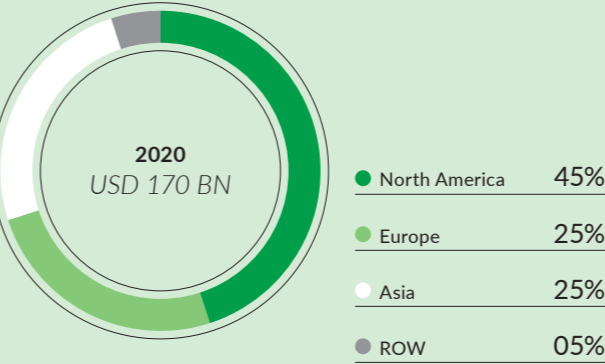


<sup>[4]</sup> <https://www.ibef.org/industry/pharmaceutical-india#:~:text=Y%2Do%2DY%20in%20FY22,-,Exports,to%20the%20total%20merchandise%20exports.>

Global API

The Global API market has witnessed steady growth of 5.9% since 2015, and is expected to expand to 6.1%, on the back of an increased focus on developing and emerging nations. The growth in this sector is primarily driven by positive government initiatives, increased regional penetration, rise in the numbers of aged population and patent expiration of prominent drugs.

Global API market segmentation by geography  
2020 & 2025  
(in %)

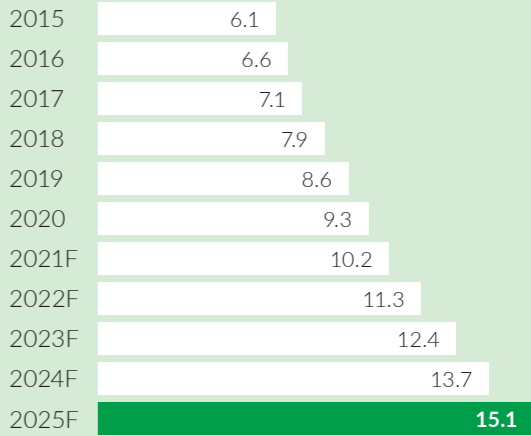


The APAC's API industry caters to domestic and international demands, with US and Europe being the most lucrative markets for export. Investments in R&D along with patent expirations of drugs will enable Asia Pacific to become the fastest growing API market in the world. India plays a crucial role in the formulations segment of the industry, and is the third largest producer of pharmaceuticals in the world by volume.

Indian API

The Indian market for API was estimated at USD 4.5 Bn in 2019, which further grew at a steady CAGR of 8% during the period 2014-19. The Indian market has been able to power through this on account of its strong focus on product innovation, brand building and sustainability, all in an attempt to align itself with its customers. India's strengths in organic chemicals' synthesis and process engineering sets it apart from the other manufacturing hubs across the globe.

Indian API industry size 2015-2025F  
(in USD Bn)



8.9 % 10.2 %  
2015-2020 CAGR 2020-2025 CAGR

<sup>[5-6]</sup> Indian Chemicals and Specialty Chemicals Market Report, Frost & Sullivan, December 2021

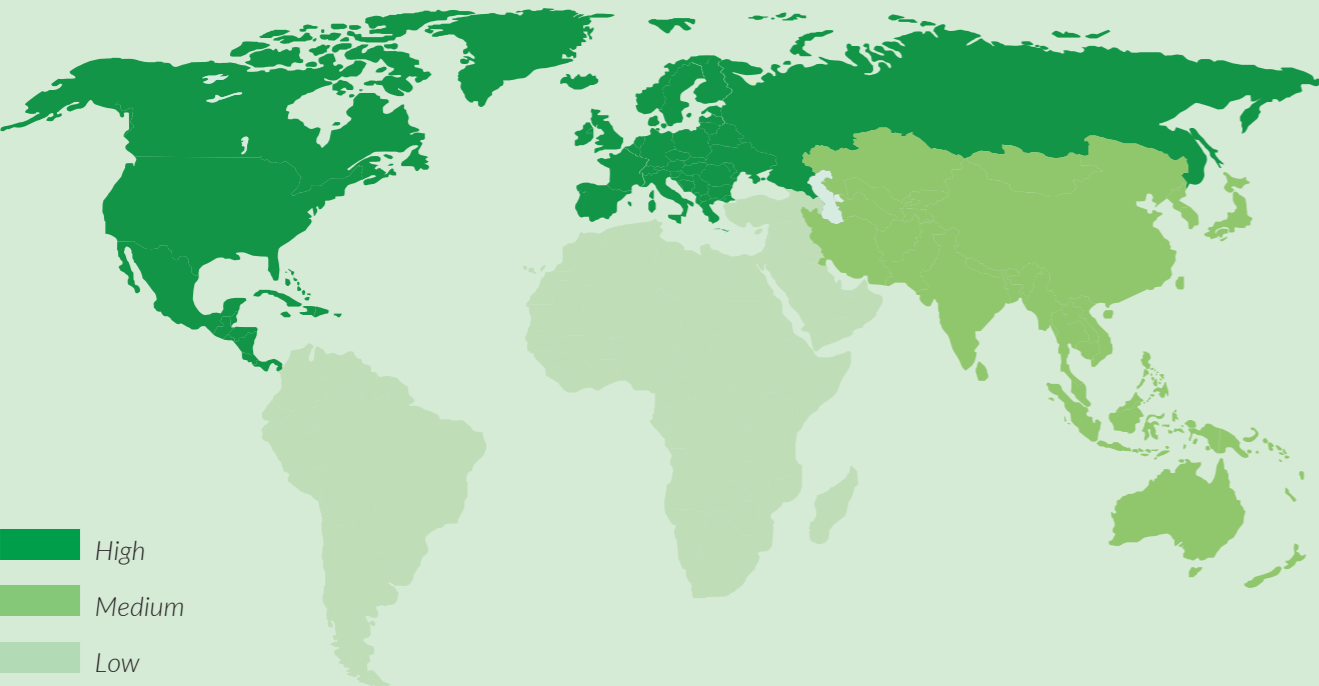
Global Nutraceuticals

The global nutraceuticals market witnessed consistent growth post the outbreak of the COVID-19 pandemic, as it includes food ingredients that provide medical or health benefits to prevent diseases while boosting the overall immune system. Factors such as flexibility in storage options, demand for combined formulations with multiple benefits, increased consumer education levels resulting in informed consumer choices, increased the demand for nutraceutical products around the globe,

especially during the pandemic. The global nutraceutical market is projected to grow at a CAGR of 7.5% during the period 2022-2027.

The rising demand for nutraceuticals with medical benefits is one of the major factors driving the nutraceuticals market growth. They contain antioxidants, probiotics, and polyunsaturated fatty acids, which help in managing health issues, like obesity, cardiovascular diseases, cancer, cholesterol, arthritis, and diabetes.

Nutraceuticals Market: Market size (%), by Geography, Global, 2021



<sup>[7]</sup> <https://www.mordorintelligence.com/industry-reports/global-nutraceuticals-market-industry#:~:text=Market%20Overview,the%20forecast%20period%202022%2D2027>.

Indian Nutraceuticals

As preventive healthcare gains focus, and especially so after the pandemic, the rise of nutraceutical demands also correspond to it. The Indian nutraceuticals market is expected to grow from an estimated USD 4 billion to USD 18 billion by the end of 2025. The dietary supplements segment constitutes over 65 % of the nutraceutical market, and it is growing at a rate of 17 % each year.

The Indian Government has taken a proactive approach to open up this sector and attract foreign investments with 100 % FDI in this manufacturing sector under automatic route. The Foreign Direct Investment (FDI) has increased from USD 131.4 million in 2012 to USD 584.7 million in 2019.



NATURAL CAPSULES LIMITED  
COMPANY OVERVIEW

Natural Capsules Limited (NCL) is a hard capsule shell manufacturer that pioneered manufacturing of vegetarian capsules in India, and is the second largest Indian manufacturer for gelatin capsules. The company was incorporated as a Public Limited Company in 1993 at Bangalore, and it further expanded its operations to Pondicherry in 2003. The company is now foraying into API manufacturing with complex high-end patented technology developed in-house, under its wholly owned subsidiary company Natural Biogenex Private Limited. NCL has two business segments - Capsules and API manufacturing.



Capsules

NCL's endeavors towards its R&D has resulted in the manufacturing of a wide range of capsules. The Company's facilities are equipped with dedicated manufacturing lines, each of which adopt stringent procedures, and are housed as an independent unit to eliminate the risk of cross contamination.

- Hard Gelatin Capsules shells
- HPMC (Vegetarian Capsules)
- Other variants of hard capsules

Steroidal API products

NCL's upcoming API segment is expected to cater to domestic needs and act as an import substitute. The commercialization of this segment will enable the Company to become one of the first few Indian companies to enter into production of bulk drugs. This segment is expected to drive profitability for the Company in the near future. Company will be manufacturing below API's of which first three fall under PLI scheme

- Prednisolone & Derivative Salts
- Betamethasone & Derivative Salts
- Dexamethasone & Derivative Salts
- Hydrocortisone & Derivative Salts

The company is now foraying into API manufacturing with complex high-end patented technology developed in-house

OPPORTUNITIES AND THREATS

Opportunities

Opening of export opportunities for capsules in various countries, where demand has grown significantly due to lesser imports from China, on account of alternate supply bases being sought by pharmaceuticals.

Increase in demand for capsules within the country due to higher spend on the health sector by GOI, as well as individuals, post the pandemic.

New dosage formulations using hard capsules, including Covid drugs that are being introduced in capsule forms.

NCL's API segment will market products that are currently being imported, and therefore will enable domestic substitution, rendering good demand and margins for the Company.

Threats

Aggressive expansion and price competition from Chinese and other large domestic manufacturers.

Increase in prices of raw material due to shortage in supply in the domestic market and higher import costs due to devaluation of Indian currency.

Geo-political tension between various countries may lead to uncertainties on the export front.

KEY FINANCIAL RATIOS

(₹ In Crores)		
Particulars	FY21	FY22
Interest Coverage Ratio	19.86	12.46
Inventory Turnover Ratio	11.66	22.56
Debtors' Turnover Ratio	2.79	5.1
Current Ratio	1.49	1.63
Debt Equity Ratio	56%	98%
Operating Profit Margin (%)	13.75%	18.79%
Net Profit Margin (%)	8.69%	10.30%



OUTLOOK

The Company's growth so far, and the steps it has taken towards incremental capacity enhancement and replacement of old machines with new technology, puts it in an advantageous position to cater to the global demand for capsules. Moreover, foraying into the API segment further cemented the Company's prospects of becoming one of the pioneering leaders in bulk drugs manufacturing in India. The API business is near completion and will commercialize by Q1FY24. NCL is confident that these factors will enable the Company to achieve robust growth in the years to come

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Natural Capsule's biggest asset are its people, who not only strengthen the Company's processes and management, but also enable intellectual growth within the Company. Being in an industry driven by R&D, NCL relies on its engaged and motivated workforce to demonstrate strong capabilities and leadership skills. The Company believes that its people are the key enablers of its growth and are one of its most essential assets.

To that extent, the Company continues to develop its human capital while establishing its brand in the market to attract and retain the best talent. During FY22, the employee relations of NCL continued to be healthy and cordial, and the Company intends to continue maintaining such good relations with the employees in the future as well. To enable personal growth of its employees and up skill its workforce, the Company conducts regular training workshops for its employees. Further, the Company's Employee Stock Option scheme aims to incentivize retention while also enabling the employees to invest in the Company's financial growth.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

NCL has an adequate Internal Control System, commensurate with its size and operations. The management has the overall responsibility for the Company's Internal Control System, to safeguard the assets and to ensure reliability of financial records of NCL. 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 transactions are appropriately authorized, recorded and reported. Exercises for safeguarding assets and protection against unauthorized use are undertaken from time to time. The Audit Committee reviews all financial statements and ensures adequacy of internal control systems. Additionally, the Company has also installed an extensive CCTV Surveillance system to cover the entire factory premises against any material loss and safety. All of these measures are continuously reviewed by the management and improvements are affected as and when necessary.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the objectives, projections, estimates and expectations of the Company, its direct and indirect subsidiaries and its associates, may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply, price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Financial Highlights

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales & other Income	6811.53	6328.53	5445.57	5557.01	6091.77	6250.79	8024.05	13599.91
Exports	2054.72	1884.34	1225.04	1174.74	837.99	856.93	1896.50	2568.20
PBT	753.71	607.46	31.57	168.22	206.85	137.07	919.02	1942.65
PAT	564.92	433.88	62.78	111.11	192.04	87.81	688.28	1375.62
EPS	11.18	8.06	1.04	1.78	3.08	1.41	7.36	19.62
Dividend Per Share (₹)	1.50	1.50	1.00	1.00	1.00	0.60	1.00	1.00
Reserve & Surplus	4160.25	4773.78	5276.57	4809.11	4926.18	4938.86	5589.75	7604.23
Share Capital	524.27	579.27	523.27	623.27	623.27	623.27	623.37	701.18
Share holders fund	4684.52	5353.05	5899.84	5432.38	5549.45	5562.38	6213.02	8305.41
ROI	8.91	5.60	0.82	1.58	2.62	1.18	7.12	9.59

**Note :**  
Above figures are in ₹ (In Lakhs) Except for EPS, Dividend per Share and ROI.  
EPS and Dividend Per Share are in terms of numbers  
ROI is in terms of percentage.

# Corporate Information

## BOARD OF DIRECTORS:

<b>Shri. C.P Rangachar</b>	: Chairman & Independent Director
<b>Shri. Laxminarayan Moondra</b>	: Whole Time Director
<b>Shri. Sathyanarayana Mundra</b>	: Whole Time Director
<b>Shri. Sunil Laxminarayan Mundra</b>	: Managing Director
<b>Shri. S. G. Belapure</b>	: Additional Director
<b>Shri. Pramod Kasat</b>	: Independent Director
<b>Shri. Sushil Kumar Mundra</b>	: Director
<b>Smt. Jyoti Mundra</b>	: Director
<b>Smt. Shilpa Burman</b>	: Company Secretary & Compliance Officer
<b>Shri. R K Prasad</b>	: Chief Financial Officer
<b>Bankers</b>	: M/s State Bank of India Commercial Branch Bengaluru.
	: HDFC Bank No. 56. Sai Arcade, opp. Intel, Marathahalli, Sarjapur Ring Road, D. B. Halli, Bengaluru-560103
<b>Secretarial Auditor</b>	: R Parthasarathy
<b>Statutory Auditor</b>	: M/s P Chandrasekar LLP
<b>Registered Office</b>	: M/s Natural Capsules Limited Trident Towers, 4 <sup>th</sup> Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011 CIN: L85110KA1993PLC014742 <a href="mailto:company.sec@naturalcapsules.com">company.sec@naturalcapsules.com</a>
<b>Registrar and Share Transfer Agents</b>	: M/s Cameo Corporate Services Limited Subramanian Building, No. 1 Club House Road, Chennai-600 002 Email Id: <a href="mailto:Kandhimathi@cameoindia.com">Kandhimathi@cameoindia.com</a>

# Notice

Notice is hereby given to all the members of the Company, that the **29<sup>th</sup> Annual General Meeting** of Natural Capsules Limited will be held on Tuesday, 20<sup>th</sup> September, 2022 at 11.00 AM through video conferencing ("VC"), or Other Audio Visual Means ("OAVM") at the registered office of the Company at **Trident Towers, 4<sup>th</sup> Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011**, to transact the following business:-

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Consolidated and Standalone Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2022 together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend for the Financial Year 2021-22.
3. To appoint a director in the place of Shri Laxminarayan Moondra (DIN: 00214298), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in the place of Smt. Jyothi Mundra (DIN: 07143035), who retires by rotation and being eligible, offers herself for re-appointment.
5. To re-appoint Statutory Auditors of the company, and to fix their remuneration:

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

**"Resolved that** pursuant to Section 139 of the Companies Act, 2013, and the rules framed there under M/s. P Chandrasekar, Chartered Accountants, (Firm Registration No. 000580S) Bengaluru, be and are hereby reappointed as Statutory Auditors of the Company, (who have completed their tenure of 5 years for a further period of (5) five years from the accounting years 2022-23 to 2026-27, to hold office till the conclusion of the Annual General Meeting for financial year 2026-27, on a remuneration to be fixed by the Managing Director in consultation with the said Auditors".

## SPECIAL BUSINESS:

6. **To consider reappointment of Shri. Sathyanarayana Mundra (DIN: 00214349) as Whole time Director for a term of 3 years and to revise his remuneration:**

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

**"RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (amended from time to time) Clause 92 and Clause 95 of the Company's Articles of Association, the consent of the Company be and is hereby accorded for re-appointment of Shri.

Sathyanarayana Mundra as a Whole time Director of the company for a period of 3 years with immediate effect, on the same terms and conditions of the earlier agreement except that his remuneration shall be as per the following terms (as approved by Nomination and Remuneration Committee):-

1. Salary of ₹ 3,35,000/- Per month on the scale of pay of ₹ 3,35,000-25000-3,60,000
2. Car with the driver for official work
3. Medical re-imbursement for self and dependent family members not exceeding 1 month's Salary in a year or 3 month's salary in block of 3 years
4. LTC once in a year not exceeding 1 month's salary for self and dependent family.
5. PF and Gratuity as applicable to the other officers of the company.

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

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. **Payment of commission to Non-executive Directors:**

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

**"RESOLVED THAT** pursuant to Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder (amended from time to time), as recommended by remuneration committee, the consent of the Company be and is hereby accorded for the payment of remuneration to Non-Executive Directors (Including Independent Directors )of the Company, for a period of 3 years from the financial year 2021-22 for a sum not exceeding 1% of the net profits of the Company, in addition to the fee payable to them for attending the meetings of the Board or any committee (s) thereof or reimbursement of expenses if any as the Board of Directors may, from time to time, determine and that Mr. Sunil L Mundra, Managing Director, be authorized to take all steps necessary for giving effect to this resolution"

## NOTICE

### 8. Appointment of Independent Director:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and a notice having been received from a member, Mr. S. G. Belapure (DIN: 02219458) who was appointed as an Additional Director (Independent) with effect from 10<sup>th</sup> August, 2022 and having given declaration that he fulfills the criteria for the Independent Directors be and is hereby appointed as a Director and Independent Director of the Company subject to the approval of members in the forthcoming Annual General Meeting, to hold office for a period of five years w.e.f. 10<sup>th</sup> August, 2022 and that his period of office shall not be liable to retire by rotation."

**RESOLVED FURTHER THAT** the Managing Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary for giving effect to this Resolution."

### 9. Related Party transactions with Wholly Owned subsidiary, Natural Biogenex private Limited

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 188(1) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment(s) thereof), approval of the Members of the Company be and is hereby accorded to enter into any contract / arrangement / transactions with 'Natural Biogenex Private Limited' (wholly owned subsidiary of the Company), for a period from October, 2022 to March 2023, as per the details provided in the Explanatory Statement attached to this Notice, and on such terms and conditions as may be decided by the Board of Directors of the Company, from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubts that may arise and to do all such acts, deeds and things as may be necessary, usual, proper or expedient in this regard."

By Order of the Board

**Shilpa Burman**

Company Secretary

**Place :** Bengaluru

**Date :** 25<sup>th</sup> August, 2022

# Notes:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Act"), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business is annexed hereto.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 5<sup>th</sup> May, 2020 and 13<sup>th</sup> January, 2021, respectively read with the General Circular No. 02/2022 dated 5<sup>th</sup> May, 2022 issued by the Ministry of Corporate Affairs (collectively "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 of the Securities and Exchange Board of India ("SEBI") and in compliance with the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), the 29<sup>th</sup> Annual General Meeting of the Company ("29<sup>th</sup> AGM" / "AGM") is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 29<sup>th</sup> AGM shall be deemed to be made at the Registered Office of the Company situated at No. 23, Trident Towers, 100 Feet Road, Jyanagar II Block, Bangalore, Karnataka-560011, India.
3. The register of members and share transfer books will remain closed from 13<sup>th</sup> September, 2022 to 20<sup>th</sup> September, 2022 both days inclusive) for determining the members entitled to receive dividend for the financial year ended 31<sup>st</sup> March 2022. Subject to the provisions of the Companies Act, 2013, dividend if approved by the shareholders will be payable on or after 20<sup>th</sup> September, 2022 and will be paid to those shareholders whose names appear in the Company's Register of Shareholders as on 12<sup>th</sup> September 2022. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). HDFC Bank Limited has been appointed as the banker for the payment of dividend to the shareholders.
4. Members are requested to register/update mandate for receiving the Dividend electronically and to note the following:
  - a. Members holding shares in physical form are requested to register or intimate any change in their address, name, bank details, ECS Mandates, nominations, Power of Attorney etc. to the Company's Registrar and Transfer Agent (RTA), Cameo Corporate Services Limited, Subramanian Building, No. 1 Club House, Road, Chennai-600 002 ([kandhimathi@cameoindia.com](mailto:kandhimathi@cameoindia.com)). Kindly quote the ledger folio number in all your correspondence. For updation of the Bank Account details / mandate, kindly send the scan copy of a signed request letter mentioning therein the name, folio number, Bank Account details, self-attested copy of PAN Card and a cancelled cheque leaf with pre-printed name of the Member (first shareholder) of the Company, to the RTA.
  - b. Members holding shares in dematerialized form are requested to register or intimate any change in their address, name, bank details, ECS mandates, nominations, Power of Attorney etc. to their respective Depository Participants (DPs) only. Kindly quote client ID and DP ID numbers in all your correspondence.
5. Members who have not claimed/received their dividend paid by the Company in respect of earlier years are requested to write to the Company's Registrar and Transfer Agent, Cameo Corporate services Limited. Members are requested to note that in terms of Section 125 of the Companies Act, 2013, any dividend unpaid/unclaimed for a period of 7 years from the date these first became due for payment is to be transferred to the Central Government to the credit of the Investor Education & Protection Fund (IEPF). The details of the unclaimed dividends and the underlying shares that are liable to be transferred to IEPF are also available at the Company's website - [www.naturalcapsules.com](http://www.naturalcapsules.com). In view of this, members/ claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members whose unclaimed dividends/shares have been transferred to IEPF may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 is available on [www.iepf.gov.in](http://www.iepf.gov.in)
6. Members are requested to address all correspondence, including dividend-related correspondence, to the Registrar and Share Transfer Agents, M/s. CAMEO CORPORATE SERVICES LIMITED, Subramanian Building, No 1, Club House Road, Chennai - 600002 or to the Company at its Registered Office at Trident Towers, 4<sup>th</sup> Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011.
7. The 29<sup>th</sup> Annual Report along with Notice of the AGM including general guidelines for participation at the 29<sup>th</sup> AGM through VC/OAVM, procedure for remote e-voting including during the AGM, is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depository. The same has also been uploaded on the website of the Company,

## NOTICE

- i.e. [www.naturalcapsules.com](http://www.naturalcapsules.com). To support the 'Green Initiative' and in accordance with the MCA Circulars and SEBI Circular, copy of the Annual Report is being sent only through emails to the Members of the Company. Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent / respective Depository Participant(s).
8. Corporate Members intending to attend the meeting through VC/OAVM are requested to send a scanned copy of the certified true copy of Board Resolution / Power of Attorney from the Corporate Member's registered email address authorizing their representatives to attend the AGM on their behalf, at the email ID, [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com). Further, the Corporate Members are requested to also state the Client ID/DP ID in which the Company's shares are held.
  9. Members holding shares in physical form can avail the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and rules made thereunder, with the Company. Members holding shares in demat form may contact their respective Depository Participant(s) for availing this facility. The Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/MIRSD/ MIRSD\_RTAMB/P/ CIR/2021/655 dated 3<sup>rd</sup> November, 2021 and circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/687 dated 14<sup>th</sup> December, 2021, has made it mandatory for the shareholders/Members holding securities in physical form to furnish PAN, KYC details and Nomination to the Registrar and Transfer Agent ('RTA') of the Company. The folios wherein any one of the cited document / details are not available on or after 1<sup>st</sup> April, 2023, shall be frozen by the RTA of the Company. In this regard, the letter was sent to the concerned Members at the registered address available, and the brief process to update along with relevant forms are available on the website of the Company (<http://www.naturalcapsules.com/pages/bes-compliance>)
  10. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited (NSDL) and instructions for e-voting are given herein below. A resolution passed by members through e-voting is/are deemed to have been passed as if they've been passed at the AGM.
  11. Members may also note that the Notice of the 29<sup>th</sup> AGM of Natural Capsules Limited and the Annual Report 2021-22 will be available on the Company's website: [www.naturalcapsules.com](http://www.naturalcapsules.com)
  12. Additional information, as per SEBI (LODR) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules framed thereunder.
  13. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository participant(s). Members holding shares in physical form are required to submit their PAN details to the company's Registrar and Transfer Agent. As per Regulation 40 of SEBI listing Regulations (as amended), request for effecting transfer of securities, except in case of transposition or transmission of securities shall not be processed effective from 1<sup>st</sup> April, 2019 unless the securities are held in dematerialized form. Hence, the Members holding equity shares of the Company in physical form are requested to take action to dematerialize the same promptly.
  14. The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the Company has already paid the annual listing fees for the Financial Year 2022-23 to BSE as well as custodian fees to the National Securities Depository Limited and Central Depository Services (India) Limited within the prescribed time.
  15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection during the AGM electronically.
  16. All the relevant documents referred in this Notice shall be available for inspection by the Members upto the date of 29<sup>th</sup> Annual General Meeting electronically and the Member(s) may send a request for inspection of documents to the Company Secretary (Email ID: [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com)) and mention the details of Folio No. or Client ID/DP ID wherein the shares of the Company are held by the Member(s).
  17. Members may note that pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/TCPL (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/ 15H, to avail the benefit of non-deduction of tax at source by email to [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com) by 06.00 p.m. IST on 12<sup>th</sup> September, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com). The aforesaid declarations and documents need to be submitted by the shareholders by 06.00 p.m. IST on 12<sup>th</sup> September, 2022.

18. General instructions for accessing or participating at the 28<sup>th</sup> AGM through Electronic Means (VC/OAVM)

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
- b) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- c) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

- d) Pursuant to the SEBI Circular dated May 13, 2022, the requirement of sending proxy forms under Regulation 44 (4) of the Listing Regulations is dispensed with up to December 31, 2022, in case of general meetings held through electronic mode only. Pursuant to the MCA Circulars, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM being conducted through VC/OAVM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or Body Corporates can attend the AGM through VC/OAVM and cast their votes through e-voting, subject to the applicable conditions.
- e) Notice calling the AGM has been uploaded on the website of the Company at [www.naturalcapsules.com](http://www.naturalcapsules.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- f) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and MCA Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, MCA Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and MCA Circular No. 2/2021 dated 13<sup>th</sup> January, 2021.
- g) As provided in the MCA General Circular No. 2/2022 dated May 05, 2022, the MCA has allowed the companies whose AGMs are due in the year 2022, to conduct their AGMs on or before 31<sup>st</sup> December, 2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2022 i.e. conduct AGMs through VC/OAVM.
- h) The recorded transcript of the 29<sup>th</sup> AGM shall be made available on the website of the Company.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on 16<sup>th</sup> September, 2022 at 10:00 A.M. and ends on 19<sup>th</sup> September, 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 12<sup>th</sup> September, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 12<sup>th</sup> September, 2022.

# NOTICE

## How do I vote electronically using NSDL e-voting system?

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

### Step 1: Access to NSDL e-voting system

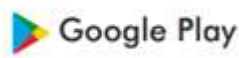
#### A) Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"><li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on "<b>Access to e-voting</b>" under e-voting services and you will be able to see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li><li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or <b>e-voting service provider i.e. NSDL</b> and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li><li>Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</li></ol>

**NSDL Mobile App is available on**



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"><li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li><li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li><li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li></ol>
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	4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. where the e-voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

## NOTICE

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-voting will open.

### Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.

#### How to cast your vote electronically and join General Meeting on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

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

section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Thejas Narasimhamurthy at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to ([company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com)). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so,

shall be eligible to vote through e-voting system in the AGM.

3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at ([company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com)). The same will be replied by the company suitably.

# Explanatory Statement to Section 102(2) of the Companies Act, 2013:

## ITEM NO. 6: TO CONSIDER REAPPOINTMENT OF SHRI. SATHYANARAYANA MUNDRA (DIN: 00214349) AS WHOLE TIME DIRECTOR FOR A TERM OF 3 YEARS AND TO REVISE HIS REMUNERATION:

Shri. Satyanarayan Mundra, aged 71 years, is a Promoter and Whole time Director of the Company and considering his knowledge of various aspects of business of the company, his long years of business experience and contribution to the progress of the Company and as recommended by Nomination and Remuneration & Compensation Committee, the Board of Director felt that it would be in the interest of the Company to renew his appointment as whole time Director for 3 more years as per the terms of the Resolution.

The Board of Directors also felt that considering his contribution to the progress of the Company, it would be necessary to revise his remuneration as stated in the resolution which was approved by Nomination and Remuneration & Compensation Committee.

As per the provisions of the companies Act, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 10<sup>th</sup> August 2022, decided to re-appoint him as Whole Time Director of the Company for a further period of 3 years on the same terms and conditions of the earlier agreement, except that his remuneration shall be as per the following terms:-

1. Salary of ₹ 3,35,000/- Per month on the scale of pay of ₹ 3,35,000-25000-3,60,000
2. Car with the driver for official work
3. Medical re-imbursement for self and dependent family members not exceeding 1 month's Salary in a year or 3 month's salary in block of 3 years
4. LTC once in a year not exceeding 1 month's salary for self and dependent family.
5. PF and Gratuity as applicable to the other officers of the company.

The aforesaid remuneration shall be for a period of 3 years which shall be construed as minimum remuneration in the absence of profits/ inadequate profits, except that the overall remuneration including perquisites will be restricted to the maximum permissible limit as per schedule.

Except **Shri. Sathyanarayana Mundra** and promoter Directors, none of the other Directors/ Key Managerial Personnel of the Company and their relatives are in any way concerned / interested in the resolution set out at item No. 6 of the accompanying Notice of the AGM.

The Board recommends the passing of the resolution as set out at Item No. 6 of the Notice of the AGM as a **Special resolution**.

## ITEM NO. 7: PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS:

Considering the qualification, business expertise/experience and the value addition/contribution of Non-executive/ Independent Directors of the Company towards its progress, as recommended by Nomination and Remuneration Committee, the Board felt the need for restoring the payment of remuneration/commission of one percent of the profits of the Company to all Non-executive and Independent Directors. Hence, the Resolution as stated in the Notice is commended for approval from Members. Promoter Directors and non-executive Directors be taken as interest Directors relating to payment of remuneration to non-executive Directors. Regarding commission to Independent Directors, except them, none of the other Directors/KMP or their relatives are interested.

## ITEM NO. 8: APPOINTMENT OF SHRI. S. G. BELAPURE (DIN: 02219458) AS INDEPENDENT DIRECTOR:

Mr. Sirish Gudopant Belapure, aged 69 years, having more than 42 years of experience currently serves as senior technical advisor at Indian Pharmaceutical Alliance- organization of top 25 Indian Pharma Companies.

Shri. S. G. Belapure has earlier worked with Zydus Cadila, Sun Pharma, Cipla Limited, Cynamid Limited, Griffon Limited & Fairdeal corporation.

He holds a post graduate degree in M. Pharma from Nagpur University. He also holds membership in governing council as a President elect of Parenteral Drug Association, India(PDA), Active member of ISPE, India, and Life member of Indian Pharmaceutical Association.

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

Shri. S. G. Belapure (DIN : 02219458), was appointed by the Board of Directors as an Additional Director with effect from 10<sup>th</sup> August 2022, to hold office till AGM. In view of notice having been received from a Member u/s 160 of the Companies Act 2013 and the fact that he has given a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and the Board also

considers that his continued association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Non-Executive Director. In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Shri. S. G. Belapure as Independent Non-Executive Director is now placed before the Members at the General Meeting for approval. Accordingly, the Board recommends the appointment of Shri. S. G. Belapure as a Non-Executive- Independent Director for a term of 5 (five) consecutive years with effect from 10<sup>th</sup> August 2022 to 9<sup>th</sup> August 2027, not liable to retire by rotation.

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

Except Shri. S. G. Belapure, being appointee, none of the other directors and Key Managerial Personnel of the Company and their relatives, is / are in any way concerned / interested in the resolution set out in the Notice.

#### ITEM NO. 9: RELATED PARTY TRANSACTIONS WITH WHOLLY OWNED SUBSIDIARY, NATURAL BIOGENEX PRIVATE LIMITED:

Pursuant to the provisions of Section 188 of the Companies Act, 2013, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) ("Act"), approval of the Members of the Company is

required for the Related Party Transactions on account of the sales, purchase or supply of any goods or materials amounting to 10% of the turnover of the Company, only if the transaction is either not in ordinary course or not at an arm's length basis i.e. the Act provides for an exemption from obtaining the approval, in case such transactions are entered into the ordinary course of business and at arm's length basis.

As per Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended) ("SEBI Listing Regulations"), approval of the Members of the Company is required in case of material Related Party Transactions. As per the SEBI Listing Regulations, a transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. The proposed transaction limit of the Company with the Wholly owned Subsidiary-M/S Natural Biogenex Private Limited shall exceed the limits prescribed under the SEBI Listing Regulations for material Related Party Transactions. The proposed transaction of the Company with M/S Natural Biogenex Private Limited to be in the ordinary course of business of the Company and should be on an arms' length basis. However, there may be some transactions that may be done in the interest of the Company basis the justification provided below. Hence, inter alia, in view of the aforementioned provisions and as it's a material Related Party transaction under the SEBI Listing Regulations, approval of the Members of the Company for the proposed transactions, with M/S Natural Biogenex Private Limited is being obtained.

#### The disclosures and particulars of related party contracts, arrangements or transactions as required to be given under the provisions of the Act and the SEBI Listing Regulations are as follows:

Name of the Related Party	Natural Biogenex Private Limited
Name of Directors or Key Managerial Personnel who is related	Sunil L Mundra & Sushil Kumar Mundra (Directors in holding Company)
Nature of Relationship	Wholly owned Subsidiary
Material terms of the contract / arrangement / transactions	Investment in subsidiary Company
Monetary value and period of approval	₹ 25 Crore (Period October 2022 to March 2023)
Justification for why the proposed transaction is in the interest of the listed entity	Since it is a 100% subsidiary of listed Company, it will increase consolidated top-line and bottom line of the listed entity.
Summary of the information provided by the management of the Company to the Audit Committee	Listed entity will provide unsecured loan to the extent of ₹ 30 crores to subsidiary company.
A copy of the valuation or other external party report, if any such report has been relied upon	NA
Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	18.52%
Any other information relevant or important for the Members to take the decision on the proposed resolution	It will increase the shareholders wealth in long term.

The Board of Directors of the Company recommends the resolution set out at Item No. 9 to be passed as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their Relatives are concerned or interested financially or otherwise in the resolution, except as mentioned above.

## NOTICE

### Listing Requirements:-

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

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

Name	Shri Sathyanarayana Mundra	Shri Laxminaryan Moondra	Smt. Jyothi Mundra
Age	71 Years	82 years	55 Years
Date of Birth	22 <sup>nd</sup> April 1951	27 <sup>th</sup> April, 1941	31 <sup>st</sup> July, 1967
Date of Appointment	20 <sup>th</sup> Sep 1993	1 <sup>st</sup> June, 2011	27 <sup>th</sup> August, 2015
Purpose	Retiring director seeking re-appointment	Retiring director seeking re-appointment	Retiring director seeking re-appointment
Type of Business and Resolution	Ordinary Business –Ordinary Resolution	Ordinary Business –Ordinary Resolution	Ordinary Business –Ordinary Resolution
DIN	00214349	00214298	07143035
Qualification	Graduate	B.Com	B.Com
Expertise and Experience	About 28 years of experience as businessman.	32 years of experience in Banking, Finance, Human Resource and Management.	22 years of experience in Accounts and Finance.
Brief Resume	Shri. Sathyanarayana Mundra serves as Whole Time Director of Natural Capsules Limited. He is responsible for quality control of products.	Mr. Laxminarayan Mundra serves as Whole Time Director of Natural Capsules Limited. He is a Commerce graduate. He advises the company on matters relating to finance, management and control of human resource.	Smt. Jyoti Mundra serves as Non-Executive Director of Natural Capsules Limited. She has extensive experience in the areas of business administration, financial control.
Committee Membership In Listed Entities	-	1. Stakeholder's Relationship Committee 2. Share Transfer Committee 3. Performance & performance Evaluation Committee	NIL
Directorship in Companies	1. Natural Capsules Limited 2. Nandi Synthetics Private Limited 3. Square Plus Life Sciences Private Limited	1. Natural Capsules Limited 2. Tajos Investments Private Limited 3. Square Plus Life Sciences Private Limited	1. Natural Capsules Limited 2. Nandi Synthetics Private Limited
Share Holdings in The Company as on 31 <sup>st</sup> March 2022	184882 equity shares of ₹ 10/- each	240441 equity shares of ₹ 10/- each	306694 equity shares of ₹ 10/- each

**Relationship amongst Promoter Directors and Other Directors:**

SL. No.	Name of Promoter Director	Other Promoter Director	Relationship Between Director and other Directors
1.	Shri Laxminarayan Mundra	Sri Sathyanarayana Mundra	Brother
		Sri Sunil L Mundra	Son
		Sri Sushil Kumar Mundra	Son
2.	Shri Sathyanarayana Mundra	Sri Laxminarayan Mundra	Brother
		Sri Sunil L Mundra	Brother's Son
		Sri Sushil Kumar Mundra	Brother's Son
3.	Shri Sushil Kumar Mundra	Sri Laxminarayan Mundra	Father
		Sri Sathyanarayana Mundra	Father's Brother
		Sri Sushil Kumar Mundra	Brother
4.	Shri Sunil L Mundra	Sri Laxminarayan Mundra	Father
		Sri Sathyanarayana Mundra	Father's Brother
		Sri Sushil Kumar Mundra	Brother
5.	Smt. Jyoti Mundra	Sri Sunil L Mundra	Husband
		Sri Laxminarayan Mundra	Husband's Father
		Sri Sathyanarayana Mundra	Husband's Uncle
		Sri Sushil Kumar Mundra	Husband's Brother
6.	Shri CP Rangachar, Chairman and Independent Non-Executive Director	There is no Inter-se relationship among executive directors and Independent Non-Executive Directors.	
7.	Shri S. G. Belapure, Independent Non-Executive Director		
8.	Shri Pramod Kasat, Independent		

## DIRECTOR'S REPORT TO THE MEMBERS:

# Director's Report to the Members:

Your Directors have pleasure in presenting their 29<sup>th</sup> Twenty Ninth Annual Report together with the Audited Accounts of the company for the year ended 31<sup>st</sup> March 2022.

### FINANCIAL RESULTS:

The Company's financial performance, for the year ended 31<sup>st</sup> March 2022 is summarized here below:

Particulars	(₹ in Lacs)			
	Standalone		Consolidated	
	Financial Year 2021-22	Financial Year 2020-21	Financial Year 2021-22	Financial Year 2020-21
Gross Sales	15669.51	9711.68	15669.51	9711.68
Less : GST	2163.01	1760.34	2163.01	1760.34
<b>Net Sales</b>	<b>13506.50</b>	<b>7951.34</b>	<b>13506.50</b>	<b>7951.34</b>
Other Income	93.41	72.71	101.48	72.95
<b>Total</b>	<b>13599.91</b>	<b>8024.05</b>	<b>13607.98</b>	<b>8024.30</b>
<b>Profit before depreciation &amp; taxation</b>	<b>2446.49</b>	<b>1132.01</b>	<b>2442.69</b>	<b>1128.53</b>
Less : Depreciation	503.84	430.64	504.04	430.64
Less : Provision for Current Tax	474.30	222.16	474.30	222.17
Less : Prior Period Adjustment	-	-	-	-
Less : Deferred Tax Liability	72.96	2.14	72.96	2.14
Add : Exceptional Items-Income / (Exp.)	-	217.64	-	217.64
Add : Other Comprehensive Income / (Exp.)	(19.76)	(6.42)	(19.76)	(6.42)
<b>Profit after taxation</b>	<b>1375.62</b>	<b>688.29</b>	<b>1371.63</b>	<b>684.80</b>
Add: Balance b/f from previous year	4272.62	3621.73	4269.14	3621.73
<b>Surplus available for appropriation</b>	<b>5648.24</b>	<b>4310.02</b>	<b>5640.77</b>	<b>4306.53</b>
Appropriations	-	-	-	-
General Reserve	-	-	-	-
Proposed Dividend	70.12	62.33	70.12	62.33
Tax on Dividend	-	-	-	-
Additional depreciation on fixed asset as per Companies Act, 2013	-	-	-	-
<b>Balance carried to Balance sheet</b>	<b>5578.12</b>	<b>4247.69</b>	<b>5570.65</b>	<b>4244.20</b>

### THE CHANGE IN THE NATURE OF BUSINESS, IF ANY:

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

### TRANSFER TO RESERVES:

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

### DIVIDEND:

Based on the performance of the Company and the need for conservation of internal accruals, while maintaining the dividend for the shareholders, your Directors are pleased to recommend a final dividend of ₹ 1.00 per equity share at the rate of 10% subject to the approval of members. The dividend, if approved by the Members, will result in the out flow of ₹ 70.12 Lakh from the company in addition to ₹ Nil lakhs by way of dividend distribution tax. Dividend if declared will be

paid to the Members whose names appear in the Register of Members as on the record date as on 12<sup>th</sup> September, 2022

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND & TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the Companies Act, any unclaimed or unpaid Dividend relating to the financial year 2014-15, will be transferred to the Investor Education and Protection Fund established by the Central Government, after the conclusion of 29<sup>th</sup> Annual General Meeting.

Pursuant to Section 124(6) of the Companies Act, 2013 all shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more has been transferred to IEPF. Further shares required to be transferred

to IEPF for the financial year 2014-15 to 2021-22 will be transferred as per the provisions of the Act.

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

### SHARE CAPITAL:

During the year under consideration, there was change in the paid up capital. The Company has issued rights shares of 31,16,350 partly paid equity shares face value of ₹ 10/- each (₹ 2.50 paid up) for cash at a price of ₹ 100/- each (₹ 25 paid up) right equity share including premium of ₹ 90/- per rights equity share, resulting into change in equity share capital from ₹ 6,23,27,000 Comprising of 62,32,700 Equity Shares of ₹ 10/- each to ₹ 7,01,17,875 comprising of 62,32,700 Equity Shares of ₹ 10/-each fully paid and 31,16,350 shares partly paid of ₹ 2.50 per share.

### STATUS OF EXPANSION & API PROJECTS:

During the year company has installed 3 high speed capsule making machine at Bengaluru unit, resulting in increase of installed capacity of the company from 10.8 billion to 16.02 billion capsules per annum.

Construction is on full swing in the API project of the company which is being implemented by its fully owned subsidiary M/s Natural Biogenex Pvt Ltd. We are expecting to start the trial productions by 4<sup>th</sup> quarter of the financial year 2022-23.

### EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) and Section 134(3)(a) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return is uploaded on the website of the Company web link [www.naturalcapsules.com](http://www.naturalcapsules.com)

### BOARD MEETINGS AND ITS COMMITTEES CONDUCTED DURING THE PERIOD UNDER REVIEW:

Board Meeting No.	Date of Board Meeting	Board Strength	No. of Director's Present
138 <sup>th</sup>	Friday, 21 <sup>st</sup> day of May, 2021	8	8
139 <sup>th</sup>	Monday, 31 <sup>st</sup> day of May, 2021	8	8
140 <sup>th</sup>	Thursday, 15 <sup>th</sup> July, 2021	8	8
141 <sup>st</sup>	Saturday, 7 <sup>th</sup> August, 2021	8	8
142 <sup>nd</sup>	Saturday, 30 <sup>th</sup> October, 2021	8	7
143 <sup>rd</sup>	Tuesday, 28 <sup>th</sup> December, 2021	8	8
144 <sup>th</sup>	Tuesday, 8 <sup>th</sup> February, 2022	8	7

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

### DEPOSITS:

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has given corporate guarantees of ₹ 48 crores to its wholly owned subsidiary M/s Natural Biogenex Private Limited covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company are given in the notes to the financial statements.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Internal financial controls means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information; The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The

systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit Committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The Committee reviews the statutory auditors' report, internal audit reports, secretarial audit reports, project reports, quarterly budgets, significant processes and accounting policies and other key issues from time to time.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that –

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

## DIRECTOR'S REPORT TO THE MEMBERS:

- (c) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis;
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively. Based on the framework of internal financial controls established and maintained by the Company, work performed by the

Internal, Statutory and Secretarial Auditors, reviews performed by the management and the relevant Board

Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on 31<sup>st</sup> March, 2022.

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

### INFORMATION PERTAINING TO AUDITORS AND OTHER ALLIED MATTERS:-

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

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

### Explanation and Comments on Auditor Reports:

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

Comments/Observations of the Secretarial Auditor:	Company's Response/Explanations:
Few shareholders holding 3100 equity shares belonging to promoters group is yet to demat their shares.	out of this, Majority of physical promoter group shareholder have dematerialized their shares, rest few are in process for dematerialization.

### STATUTORY AUDITORS:

M/s P. Chandrasekar LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a term of five consecutive years at the 24<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> August 2017 subject to annual ratification by shareholders. However with the advent of Companies (Amendment) Act, 2017 the requirement of annual ratification of the appointment of the Statutory Auditors of the Company by the shareholders at the Annual General meeting has been done away with. M/s P. Chandrasekar LLP, Chartered Accountants shall be reappointed in the ensuing AGM for the FY 2022 subject to approval of the shareholders.

### SECRETARIAL AUDITORS:

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

### COST AUDITORS

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

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

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

### DECLARATION OF INDEPENDENT DIRECTORS:

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

### DIRECTORS:

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

During the year under consideration, Mr. Sathyanarayana Mundra was reappointed as WTD in view of attaining the age of 70 years for his remaining tenure ending on 22<sup>nd</sup> August, 2022.

Mr. Sathyanarayana Mundra's tenure as Whole time director is ending on 22<sup>nd</sup> August, 2022 Considering his immense contribution to the progress of the company as a promoter and executive director since inception, the Board recommends his reappointment for a further period of 3 years and also to revise his remuneration subject to the approval of members.

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

**NOMINATION AND REMUNERATION & COMPENSATION COMMITTEE AND POLICY:**

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

**RELATED PARTY TRANSACTIONS:**

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

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

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

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

Name of Related Party	Nature of Relationship
M/s. Mundra enterprises	Entity in which Director or KMP is related:
	Mr. Sunil Laxminarayana Mundra
	Mr. Laxminarayan Moondra
	Mr. Sathyanarayana Mundra
	Mr. Sushil kumar Mundra
	Mrs. Jyothi Mundra

**(B) (i) Related Party Transactions:**

Name of Related Party	Nature of Transaction	Amount of Transaction (₹)	Amount Outstanding at the end of year	
			Credit (₹) Current Year \ (Previous Year)	Debit (₹) Current Year \ (Previous Year)
Mr. Sunil Laxminarayana Mundra	Directors Remuneration	46,20,000	2,42,689 (2,50,210)	
Mr. Laxminarayan Moondra	Directors Remuneration	33,60,000	1,84,353 (1,83,470)	
Mr. Sathyanarayana Mundra	Directors Remuneration	33,60,000	1,86,105 (1,86,820)	
Mr. Prasanna Junnarkar	Salaries	12,83,057	72,042 (74,466)	
Mrs. Shilpa Burman	Salaries	5,51,430	45,935 (42,353)	
Mr. Sushil Kumar Mundra	Sitting Fees	90,000		
Mrs. Jyothi Mundra	Sitting Fees	1,05,000		
M/s. Sonia Organics	Lease Rental	4,24,800		5,96,700 (3,09,600)
M/s Natural Phyto Pharma Private Limited	Investment In Equity Shares			75,000 (75,000)
M/s Natural Phyto Pharma Private Limited				1,770 (2,700)
M/S Natural Biogenex Private Limited	Advance	10,84,65,923		20,02,13,566 (9,17,47,643)

## DIRECTOR'S REPORT TO THE MEMBERS:

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There is no any material changes and commitments occurred between the end of the financial year ended as on 31<sup>st</sup> March, 2022 and the date of the report which can affect the financial position of the company.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

### RISK MANAGEMENT:

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

### CORPORATE SOCIAL RESPONSIBILITY:-

The CSR Committee members are Shri Anjan Kumar Roy, Shri Sunil L Mundra and Shri Sushil Kumar Mundra. The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as Annexure - 4 and attached to this report.

### BOARD EVALUATION:

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

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

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

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

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

### CORPORATE GOVERNANCE:

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, Report on Corporate Governance and Auditors Certificate regarding compliance of conditions of Corporate Governance provided in Annexure - 5 in this Report and the same forms part of the Directors' Report. Read the Management Discussion & Analysis report on page no. 20

### COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The present Committee members are Mr. CP Rangachar, Mr. Pramod Kasat, Mr. S.G. Belapure (w.e.f. 10.08.2022) & Mr. Sunil L Mundra, details of which are enumerated in the Corporate Governance Report. The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and the policy is explained in corporate governance report. During the year under review, there were no complaints received under this mechanism.

### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2021- 22.

### OTHER DISCLOSURE:

- a) details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;
- b) details of compliance with mandatory requirements and adoption of the non-mandatory requirements;
- c) web link where policy for determining 'material' subsidiaries is disclosed;
- d) web link where policy on dealing with related party transactions;

- e) a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

### PARTICULARS OF EMPLOYEES:

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

### EMPLOYEE STOCK OPTION SCHEMES

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

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company has two subsidiaries-M/S Natural Biogenex Private Limited and M/S Natural Phyto Pharma Private.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

### DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Net Sales during the year was ₹ 13506.50 lakh and your Company could make Net Profit of ₹ 1375.62 after tax.

### NO. OF EMPLOYEES:

31-03-2022				31-03-2021			
PLACE	REGULAR	TRANIEE	TOTAL	PLACE	REGULAR	TRANIEE	TOTAL
HO	25	-	25	HO	22	-	22
UNIT-1	49	-	49	UNIT-1	32	-	32
UNIT-2	70	-	70	UNIT-2	75	9	84
UNIT-3*	9	-	9	UNIT-3*	4	5	9

\*Unit 3 is established for the proposed API Project

Place : Bengaluru

Date : 10<sup>th</sup> August, 2022

For and on Behalf of the Board

**Sunil L Mundra**

Managing Director

**Laxminarayan Mundra**

Whole Time Director

# Annexure - 1

## FORM AOC-2

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

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

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

**2. Details of material contracts or arrangement or transactions at arm's length basis**

a)	Name(s) of the related party and nature of relationship	M/s Mundra Enterprises, Entity in which Director or KMP is related Shri.Sunil L Mundra Shri. Laxminarayan Mundra Shri.Sathyanaraya Mundra
b)	Nature of contracts/arrangements/transactions	Operating Lease Rent
c)	Duration of the contracts/ arrangements/ transactions	Transaction during the year ended 31 <sup>st</sup> March, 2022
d)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**FINANCIAL YEAR 2021-22**

**Subsidiary: 1**

Sl. No.	Particulars	Details
1	Name of Subsidiary	Natural Biogenex Private Limited
2	Reporting period for the subsidiary concerned, if different	FY 2021-22
3	Reporting currency and exchange rate as on the last date of the relevant financial year in case of subsidiaries	INR
4	Share capital	1,00,000
5	Reserves & surplus	(7,48,112)
6	Total assets	40,81,97,600
7	Total Liabilities	40,81,97,600
8	Investments	-
9	Turnover	-
10	Profit /(Loss) before taxation	(3,99,606)
11	Provision for taxation	-
12	Other comprehensive income for the period	-
13	Profit /(Loss) after taxation	(3,99,606)
14	Proposed Dividend	-
15	% of shareholding	100%
16	Names of subsidiaries which are yet to commence operations :	NIL
17	Names of subsidiaries which have been liquidated or sold during the year :	N.A

## Subsidiary: 2

Sl. No.	Particulars	Details
1	Name of Subsidiary	Natural Phyto Pharma Pvt Ltd
2	Reporting period for the subsidiary concerned, if different	FY 2021-22
3	Reporting currency and exchange rate as on the last date of the relevant financial year in case of subsidiaries	INR
4	Share capital	1,00,000
5	Reserves & surplus	-
6	Total assets	1,77,000
7	Total Liabilities	1,77,000
8	Investments	-
9	Turnover	-
10	Profit /(Loss) before taxation	-
11	Provision for taxation	-
12	Other comprehensive income for the period	-
13	Profit /(Loss) after taxation	-
14	Proposed Dividend	-
15	% of shareholding	75%
16	Names of subsidiaries which are yet to commence operations :	NIL
17	Names of subsidiaries which have been liquidated or sold during the year :	N.A

Place : Bengaluru  
Date : 10<sup>th</sup> August, 2022

For and on Behalf of the Board

**Sunil L Mundra**  
Managing Director

**Laxminarayan Mundra**  
Whole Time Director

## Annexure - 2

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2022

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

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 31<sup>st</sup> March, 2022 has in general complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Natural Capsules Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations, up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018

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

- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- (vi) Company specific Laws as per the representations made by the management;
- Drug Control Act, 1950
- Drugs and Cosmetic Act, 1940

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement 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 fully spent the amount as prescribed under sec. 135 of the Companies Act 2013 and the rules framed thereunder, relating to Corporate Social Responsibility.

However, the Company explained that the unspent amount was earmarked for ongoing project and has transferred the unspent amount of CSR to separate Bank account within 30 days of the closure of the financial year ended 31.03.2022.

- b) Some of the promoter's physical shares to the extent of 3100 equity shares are yet to be Dematerialised.
- c) CHG-1 for creation of charge on 11.10.2021 was filed on 17.11.2021 with additional fees.
- d) CHG-1 for modification of charge on 27.10.2021 was filed on 03.12.2021 with additional fees.
- e) CHG-1 for modification of charge on 27.10.2021 for borrowings of subsidiary was filed on 03.12.2021 with additional fees.

I further Report that the Compliance by the Company of applicable financial laws such as Direct and Indirect laws, maintenance of financial records and books of accounts have not been reviewed since the same has been subject to review by the Statutory financial Auditors and Tax Auditors.

I further report that based on the information provided and representation made by the Company and on the basis of Compliance report taken on record by the Board, in my opinion adequate systems and processes exist in the Company to

monitor and ensure Compliance with Other applicable laws, rules, regulations and guidelines.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

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

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

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

I further Report that during the Audit period,

1. The Company has issued 31,16,350 equity shares of ₹ 10/- each (partly paid) on rights basis at Premium, after complying with statutory requirements in general including in principle/final approval for listing from BSE.
2. As per information made available, the Company has Incorporated fully owned subsidiary in Canada in the last quarter of the FY 2021-22 by Automatic Route.

**Place :** Bengaluru

**Date :** 9<sup>th</sup> May, 2022

No:768/2020

R. Parthasarathy ACS No.3667

C P No.: 838

UDIN: A003667D000289392

P/R

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.

## DIRECTOR'S REPORT TO THE MEMBERS:

### ANNEXURE - A

To, Annexure - A  
The Members  
Natural Capsules Limited

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

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

**Place :** Bengaluru  
**Date :** 9<sup>th</sup> May, 2022

R. Parthasarathy ACS No.3667  
C P No.: 838  
UDIN: A003667D000289392  
P/R

No:768/2020

## Annexure - 3

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

### A. CONSERVATION OF ENERGY:

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

### B. TECHNOLOGY ABSORPTION:

- i. Company during the year has installed new vision sorting system indigenously developed by DBDS Robotics Private Limited, Nasik, Maharashtra
- ii. During the year no new technology was imported.
- iii. Expenditure incurred on Research & Development: ₹ 2,12,17,487/-
- iv. During the year Company's API R&D centre has developed technology for manufacture of 9OHAD innovative route for which patent has been filed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings:	₹ 25,67,88,369/-
Foreign Exchange Outgo:	₹ 10,92,17,752/-

# Annexure - 4

## 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

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

### CSR Policy

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

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

## 2. COMPOSITION OF CSR COMMITTEE:

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

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

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Anjan Kumar Roy (till 10 <sup>th</sup> August, 2022)	Chairman	4	3
2	Shri Sunil L Mundra	Member	4	4
3	Shri Sushil Kumar Mundra	Member	4	4

\* Note: Pramod Kasat was appointed as Chairman w.e.f. 10.08.2022

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [www.naturalcapsules.com](http://www.naturalcapsules.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). NA

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2018-19	Nil	Nil
2	2019-20	Nil	Nil
3	2020-21	1,46,500	1,46,500
	<b>Total</b>	<b>1,46,500</b>	<b>1,46,500</b>

6. Average net profit of the company as per section 135(5):- ₹ 4,25,06,984/-
7. (a) Two percent of average net profit of the company as per section 135(5):- ₹ 8,50,140/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil
- (c) Amount required to be set off for the financial year, if any-1,46,500/-
- (d) Total CSR obligation for the financial year (7a+7b-7c):- ₹ 7,03,640/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
3,49,550	3,54,090/-	30.04.22	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the Project (in ₹)	Amount transferred to Unspent CSR account for the project as per Section135(6) (in ₹)	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.	
				State	District					Name	CSR Registration number
Nil											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1.	NA	Promoting Health Care	Yes	NA		2,99,550	Yes	NA	
2.	NA	Ensuring Environment Sustainability	Yes	NA		50,000	Yes	NA	
<b>Total</b>						<b>3,49,550</b>			

(d) Amount spent in Administrative Overheads-Nil

(e) Amount spent on Impact Assessment, if applicable-Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- ₹ 3,49,550/-

## DIRECTOR'S REPORT TO THE MEMBERS:

(g) Excess amount for set off, if any- Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	8,50,140/-
(ii)	Total amount spent for the Financial Year	4,96,050/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer.	
1.	2018-19	Nil	Nil	NA	Nil	NA	Nil
2.	2019-20	Nil	Nil	NA	Nil	NA	Nil
3.	2020-21	Nil	Nil	NA	Nil	NA	Nil
<b>Total</b>							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year-NA

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).  
– We were supposed to do the expenditure in Local Area but unable to spend during the financial year and deposited the unspent amount in the Bank A/c specifically opened as per section 135(6). This unspent amount is to be spent by September, 2022.

Sd/-  
**Sunil L Mundra**  
(Managing Director)

Sd/-  
**Pramod Kasat**  
(Chairman CSR Committee)  
(w.e.f. 10<sup>th</sup> August, 2022)

Sd/-  
**R. K. Prasad**  
Chief Financial Officer

# Annexure - 5

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended **31<sup>st</sup> March 2022**, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### Philosophy on Code of Governance:

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

### Composition, Category of Directors and their other directorship as on 31<sup>st</sup> March 2022:

The Board of Directors of the Company (hereinafter referred as "the Board") comprises an optimum combination of Executive and Non-Executive Directors. As on March 31, 2022, the Board comprised 8 (Eight) Directors i.e. 3 (Three) Executive Director and 5 (Five) Non-Executive Directors including 1 woman director, out of which 3 (three) are Independent Directors. The Chairman of the Board is a Non-Executive Director (Independent). The composition of the Board is in line with requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (hereinafter referred as the "SEBI Listing Regulations"). The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner. Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management. The Board members are eminently qualified and experienced professionals in business, finance and corporate management.

Name of the Director	Category of Directorship	No. of Directorships in Public & Private Companies	DIN
Shri. Sunil Laxminarayana Mundra	Executive(Managing Director)	5	00214304
Shri. Satyanarayan Mundra	Executive(Whole time Director)	3	00214349
Shri. Laxminarayan Moondra	Executive(Whole time Director)	3	00214298
Shri. Sushil Kumar Mundra	Non - Executive (Promoter Director)	5	00214332
Mr. Pramod Kasat	Non - Executive (Independent Director)	4	00819790
Mr. Anjan Kumar Roy	Non - Executive (Independent Director)	4	01032834
Shri. CP Rangachar	Non -Executive (Independent Director)	12	00310893
Smt. Jyoti Mundra	Non-Executive Director	2	07143035

Note: The Board, at its meeting held on August 10, 2022, approved the appointment of Mr. S G Belapure (DIN: 02219458) as an Additional Director (Independent) with effect from August 10, 2022 for a term of 5 consecutive years subject to approval of the Members of the Company at the ensuing Annual General Meeting of the Company.

Further, Mr. Anjan Kumar Roy, Independent Director has resigned on August 10, 2022 due to his preoccupation.

None of the Independent Directors of the Company are related to any other Director on the Board in terms of the definition of 'Relative' under the Companies Act, 2013 read with the corresponding Rules framed thereunder ("Act").

# REPORT ON CORPORATE GOVERNANCE

## Number of Board Meetings:

**During the year ended 31<sup>st</sup> March, 2022, 5 (FIVE) Board Meetings were held on the following dates:**

During the financial year 2021-22 ("FY22"), the meetings of the Board of Directors of the Company was held seven (7)

The maximum gap between any two Board meetings was less than One hundred and Twenty (120) days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations. Details of Board Meeting, during the year under review, are as follows:

Board Meeting No.	Date of Board Meeting	Board Strength	No. of Director's Present	Leave of Absence given to :
138 <sup>th</sup>	Friday, 21 <sup>st</sup> day of May, 2021	8	8	NA
139 <sup>th</sup>	Monday, 31 <sup>st</sup> day of May, 2021	8	8	NA
140 <sup>th</sup>	Thursday, 15 <sup>th</sup> July, 2021	8	8	NA
141 <sup>st</sup>	Saturday, 7 <sup>th</sup> August, 2021	8	8	NA
142 <sup>nd</sup>	Saturday, 30 <sup>th</sup> October, 2021	8	7	Sushil Kumar Mundra
143 <sup>rd</sup>	Tuesday, 28 <sup>th</sup> December, 2021	8	8	NA
144 <sup>th</sup>	Tuesday, 8 <sup>th</sup> February, 2022	8	7	Anjan Kumar Roy

## Number of Board or Board Committees of which a Director is a member or Chairperson; the names of Other Listed entities where the Directors of the Company are Directors and the Category of their Directorship:

Sr. No.	Names of Directors	No. of Committee membership in other Companies(*)	No. of Committees in which Director is a Chairperson (other companies)(*)	Name of the listed entities where the person is a Director (Category of Directorship)
1	Shri. Sunil Laxminarayana Mundra	-	-	-
2	Shri. Satyanarayan Mundra	-	-	-
3	Shri. Laxminarayan Moondra	-	-	-
4	Shri. Sushil Kumar Mundra	-	-	-
5	Mr. Pramod Kasat	2	-	Advanced Enzyme Technologies Limited (Independent Director)
6	Mr. Anjan Kumar Roy	-	-	-
7	Shri. CP Rangachar	2	-	Yuken India Limited (Managing Director)
8	Smt. Jyoti Mundra	-	-	-

\* Audit Committee and Stakeholders' Relationship Committee in listed and unlisted public limited companies have been considered.

## Directors' attendance record:

Name of the Director	Board Meetings Attended during the F.Y Year : 2021-22	Whether attended Last AGM
Shri. Sunil Laxminarayana Mundra	7	Yes
Shri. Satyanarayan Mundra	7	Yes
Shri. Laxminarayan Mundra	7	Yes
Shri. Sushil Kumar Mundra	6	Yes
Shri. Pramod Kasat	7	Yes
Shri. CP Rangachar	7	Yes
Smt. Jyoti Mundra	7	Yes
Shri. Shri. Anjan K Roy	6	Yes

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

1.	Shri. Sunil L Mundra.
2.	Shri. Laxminaryan Mundra.
3.	Shri. Sushil Kumar Mundra.
4.	Shri. Sathyanarayana Mundra.
5.	Smt. Jyoti Mundra.

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

**Skills, Expertise and Competencies of the Board:**

The Board comprises of qualified personnel who have the key skills, competencies and expertise required for the Board members' effective contribution to the Board & its Committees and also for the Board to function effectively.

Following is the chart / matrix setting out the requisite skills/competencies/expertise of the Board:

**Skills / Competencies / Expertise of the Board of Directors of the Company:**

Experience in the pharma business / industry	The experience in the pharma business / industry is seen as most critical considering the nature of business of the company
Leadership	Extensive leadership experience of an organization for practical understanding of the organization, its processes, strategic planning, risk management for driving change and long-term growth
Finance	Finance field skills/competencies/expertise is seen as important for intricate and high quality financial management and financial reporting processes
Legal	In order to strengthen and maintain the governance levels & practices in the organization
Understanding of Global Business	Owing to presence across the globe, the understanding of global business & markets is seen as pivotal

The aforementioned skills are only indicative and not possessing any skill/competency/expertise and not be seen as a disqualifying ability. The nominations to the Board was made on the recommendations of the Nomination and Remuneration Committee, which considers various other factors.

Following is the chart/matrix setting out the Names of the Directors of the Company possessing the requisite skills/competencies/expertise:

Mr. C P Rangachar	Immense knowledge of the global economy and industrial scenarios. He has wide experience and exposure to the volatility of the business and handling them best at all times.
-------------------	--

Mr. Pramod Kasat	Finance with rich experience in Investment Banking, Leadership and understanding of global business
Mr. S G Belapure	Experience in Pharma Industry
Mr. Laxminarayan Moondra	Experience in finance, management and control of human resource.
Mr. Sathyanarayana Mundra	Experience in finance & management
Mr. Sunil L Mundra	Finance with handling of commercial operations and the backbone of Marketing activities
Mr. Sushil Kumar Mundra	Experience in finance & management
Mrs. Jyothi Mundra	Extensive experience in the areas of business administration, financial control.

**Certification from the Company Secretary in Practice:**

Mr. Deepak Sadhu, Practicing Company Secretary (ACS No.:39541), has issued a certificate as required under the SEBI Listing Regulations that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a Director of Companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed as an Annexure to this report.

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

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

The role of the Audit Committee inter alia includes the following:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

# REPORT ON CORPORATE GOVERNANCE

- Review with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section(3) of Section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Review with the management, the quarterly financial statements before submission to the Board for approval;
- Review with the management, the statement of uses/application of funds, if any, raised through an issue(public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the

department, reporting structure coverage and frequency of internal audit;

- Discussion with internal auditors of any significant findings and follow up there on;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the whistle blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the Act and the SEBI Listing Regulations.
- Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

## Composition:

In accordance with the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act, the Audit Committee of the Board comprises three (3) Independent Directors and one (1) Promoter Director as on March 31, 2022. All the members of the Audit Committee are financially literate. The Committee invites the representatives of the Statutory and Internal Auditor(s). Further, the Chief Financial Officer also attends the Audit Committee meeting(s). The Company Secretary acts as a Secretary to the Audit Committee.

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

Shri. C.P. Rangachar has been designated as chairman of the committee. The committee met 4 (Four) times during the financial year ended 31<sup>st</sup> March 2022. The attendance records of the members at the meeting were as follows:

Name of the Member	Designation	No. of Meeting Attended
Shri. C P Rangachar	Chairman	4
Shri. Pramod Kasat	Member	4
Shri. Sunil L Mundra	Member	4
Shri. Anjan Kumar Roy	Member	3

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

During the year ended 31<sup>st</sup> March 2022, 4 (Four) Audit Committee Meetings were held on the following dates.

Meeting No.	Date of Meeting	Committee Strength	No. of members Present
73 <sup>rd</sup>	31.05.2021	4	4
74 <sup>th</sup>	07.08.2021	4	4
75 <sup>th</sup>	30.10.2021	4	4
76 <sup>th</sup>	08.02.2022	4	3

#### Nomination & Remuneration & Compensation Committee and its Policy:

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

The role of the Nomination and Remuneration inter alia includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on diversity of the Board;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the Board, the remuneration, in whatever form, payable to the senior management.
- Devising a policy on Employee Stock Option Scheme and ensuring proper implementation as per scope provided in ESOP Scheme.

#### Composition:

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

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

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

During the year ended 31<sup>st</sup> March 2022, 4 (Four) Nomination & Remuneration Committee Meetings were held on the following dates.

Date of Meeting	Committee Strength	No. of members Present
31.05.2021	3	3
07.08.2021	3	3
30.10.2021	3	3
08.02.2022	3	3

#### Evaluation of Board's Performance & Performance Evaluation Committee:

##### Terms of Reference:

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

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

# REPORT ON CORPORATE GOVERNANCE

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

## Composition:

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

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

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

During the year ended 31<sup>st</sup> March 2022, 4 (Four) PEC Committee Meetings were held on the following dates.

Date of Meeting	Committee Strength	No. of members Present
31.05.2021	4	4
08.02.2022	4	4

## Independent Directors' Meeting:

### Terms of Reference:

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

## Composition:

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

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

During the year ended 31<sup>st</sup> March 2022 the Independent Directors Committee Met on 28<sup>th</sup> March 2022.

## Familiarization Program for Independent Directors

Pursuant to provisions of Regulation 25(7) of the SEBI Listing Regulations, a detailed familiarization program was held on 30<sup>th</sup> October 2021. The detail of familiarization program is available at website of your Company at [www.naturalcapsules.com](http://www.naturalcapsules.com)

## Shareholders/ Investors' Grievance Committee:

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

## Composition:

Sr. No.	Name	Designation
1	Shri Anjan Kumar Roy	Chairman
2	Shri. Satyanarayan Mundra	Member
3	Shri. Sunil L Mundra	Member

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

During the year ended 31<sup>st</sup> March 2022, 4 (Four) Shareholders/ Investors' Grievance Committee Meetings were held on the following dates:

Sl. No.	Date of Meeting	Committee Strength	No. of Members Present
1	31.05.2021	3	3
2	07.08.2021	3	3
3	30.10.2021	3	3
4	08.02.2022	3	3

Status of shareholders/Investors Grievance and Share Transfers as on 31<sup>st</sup> March 2022:

No. of Grievances received	4
No. of Grievances redressed	4
No. of Grievances pending	0
No. of share transfers pending	0

## Share Transfer Committee

The Share Transfer Committee has been formed from the members of the Board, representatives of the Registrar and Share Transfer Agents and the Company Secretary-Shilpa Burman and 3 members from the Board of Directors to approve -Transfer of shares, Transmission of Shares and the issuance of Duplicate Share Certificates. There were no pending share transfers as on 31<sup>st</sup> March 2022.

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

## Composition:

Sr. No.	Name	Designation
1	Shri Anjan Kumar Roy	Chairman
2	Shri. Satyanarayan Mundra	Member
3	Shri. Sunil L Mundra	Member

\*Note Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. S.G. Bealpure was appointed w.e.f. 10.08.2022

During the year ended 31<sup>st</sup> March 2022, 4 (Four) Share Transfer Committee Meetings were held on the following dates:

SI No.	Date of Meeting	Committee Strength	No. of Members Present
1	31.05.2021	3	3
2	07.08.2021	3	3
3	30.10.2021	3	3
4	08.02.2022	3	3

#### CSR Committee:

In line with the provisions of Section 135 of the Act read with the corresponding Rules framed thereunder, as on March 31, 2022, the CSR Committee comprises One (1) Independent Directors, a Non-Executive Director and an executive director. The Company Secretary, acts as a Secretary to the Committee.

Constitution of the CSR Committee along with the number of meeting held during the year and attendance, is as follows:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Anjan Kumar Roy (till 10 <sup>th</sup> August, 2022)	Chairman	4	3
2	Shri Sunil L Mundra	Member	4	4
3	Shri Sushil Kumar Mundra	Member	4	4

\* Mr. Anjan Kumar Roy resigned w.e.f. 10.08.2022 and Mr. Pramod Kasat was appointed w.e.f. 10.08.2022

#### Special Resolutions passed through Postal Ballot:

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

#### Means of Communication:

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

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

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

Presentations made to institutional investors or to the analysts: Available on the website of the Company [www.naturalcapsules.com](http://www.naturalcapsules.com)

#### General shareholder information:

##### Annual General Meeting - Date, Time And Venue

29<sup>th</sup> Annual General Meeting to be held on 20<sup>th</sup> August 2022 at 11.00 A.M through video conferencing ("VC"), or Other Audio Visual Means ("OAVM") at the registered office of the Company at Trident Towers, 4<sup>th</sup> Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011

##### Financial Year

2021-22. The Company follows April-March as its Financial Year

##### Dividend Payment Date:

Dividend declared will be paid after 20<sup>th</sup> September 2022 ( 30 days of the approval of the same in the Annual General Meeting)

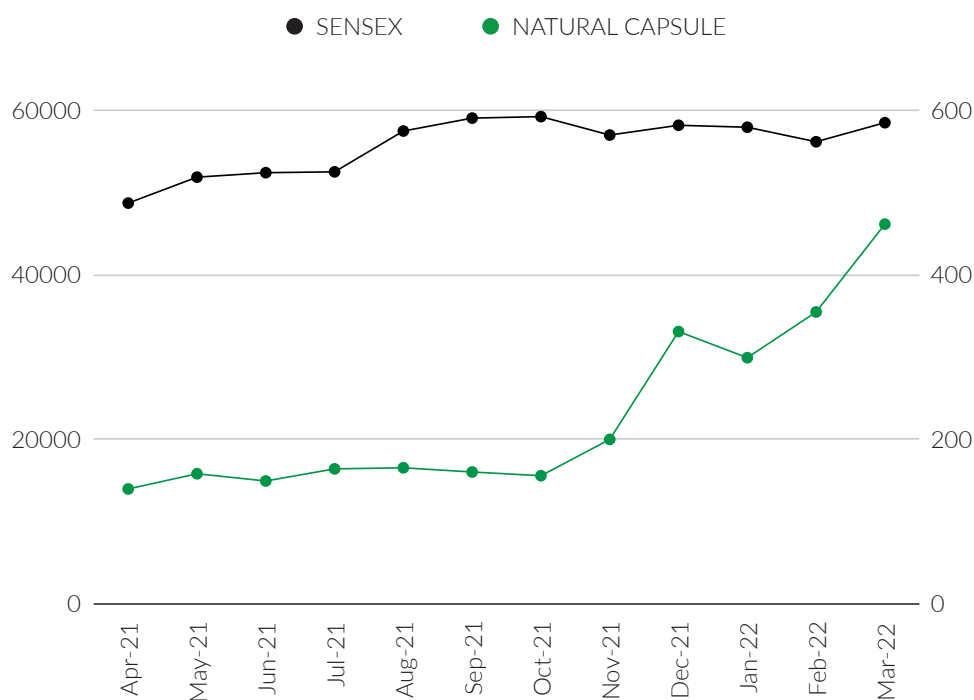
##### Listing In Stock Exchanges And Stock Codes

The Bombay Stock Exchange  
Code No: **524654**

# REPORT ON CORPORATE GOVERNANCE

## Market Data

Month	Open Price	High Price	Low Price	Close Price
Apr-21	114.75	151.50	107.25	139.90
May-21	144.80	164.90	125.10	158.40
Jun-21	154.95	169.00	141.30	149.60
Jul-21	151.00	188.50	147.00	164.35
Aug-21	174.75	200.15	150.65	165.65
Sep-21	164.00	169.80	149.00	160.55
Oct-21	160.25	165.80	147.25	156.00
Nov-21	169.00	247.40	153.05	200.20
Dec-21	201.20	335.00	183.05	331.50
Jan-22	336.00	352.30	263.40	299.65
Feb-22	308.95	415.00	291.20	355.30
Mar-22	345.00	480.00	343.00	462.20



## RTA Details

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

## Dematerialization of shares and liquidity;

As on March 31, 2022, 97.04% (91,88,010) of shares were held in dematerialized form and the rest 1.72% (1,61,040) of shares held in physical form.

## Share Transfer System

Shares lodged for transfers are registered and duly transferred. Share Certificates are dispatched to the lodger within a period of 15 days from the date of receipt, if the documents are otherwise in order.

The Share Transfer Committee meets as often as is necessary to approve transfers and related matters as may be required by the Registrars and Share Transfer Agents.

**Address for Correspondence**

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

**Plant Location**

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

**Shareholding Pattern as on 31<sup>st</sup> March 2022**

Sl. No.	Category	No. of Shareholders	No. of Shares Held	% of shareholding
1	Resident	5847	3001250	32.10
2	NRI	76	58413	0.63
3	Corporate Body	43	640712	6.85
4	Clearing Member	23	7665	0.08
5	HUF	107	140445	1.5
6	IEPF	1	97419	1.04
7	Institutions	1	113984	1.22
8	Promoters	12	3112847	33.33
9	Corporate Body	2	2172854	23.24
10	Directors/Relatives	7	3461	0.04
<b>Total</b>		<b>6119</b>	<b>9349050</b>	<b>100</b>

**Distribution of Holding**

No. of Shares	No. of Shareholders	% of Share Holders	No. of Shares	% of Holders
1-100	4860	67.5844	220073	2.3539
101-500	1507	20.9567	397936	4.2564
501-1000	356	4.9506	279102	2.9853
1001-2000	207	2.8785	309256	3.3078
2001-3000	88	1.2237	224358	2.3997
3001-4000	32	0.4450	114644	1.2262
4001-5000	22	0.3059	103393	1.1059
5001-10000	53	0.7370	387542	4.1452
10001& Above	66	0.9178	7312746	78.2191
<b>TOTAL</b>	<b>7191 (PAN merged cases)</b>	<b>100.0000</b>	<b>9349050</b>	<b>100.0000</b>

**Share Transfer System:**

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. Further, the Securities and Exchange Board of India ("SEBI") had fixed March 31, 2021 as the cut-off date for re-lodgment of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. The operational guidelines for transfer and dematerialization of re-lodged physical shares were laid down by SEBI vide circular SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 02, 2020. Further, SEBI vide its circular dated SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January

25, 2022 has mandated that listed entities shall henceforth issue securities in dematerialized form which processing the following requests:

- Issue of duplicate securities certificate;
- Claim from Unclaimed Suspense Account;
- Renewal/Exchange of securities certificate;
- Endorsement;
- Sub-division / Splitting of securities certificate;
- Consolidation of securities certificates/folios;
- Transmission;
- Transposition;

# REPORT ON CORPORATE GOVERNANCE

Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

The certificate received from a Practicing Company Secretary pursuant to the provisions of Regulation 40(9) of the SEBI Listing Regulations (as amended) is submitted by the Company to the Stock Exchanges, on an annual basis. The Certificate was received from a Practicing Company Secretary and submitted to the Stock Exchanges, on a quarterly basis, with respect to timely dematerialization of shares of the Company and reconciliation of the share capital of the Company, as required under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

The Company has designated the e-mail ID: [company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com) addressing the investors' grievances.

## Other Disclosures

### Policies

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

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

## 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.

# Auditors Certificate on Corporate Governance

We have examined the compliance condition of Corporate Governance of M/s Natural Capsules Limited ("the Company") for the year ended 31<sup>st</sup> March 2022 as stipulated in Schedule V (E ) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 201

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

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

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

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

**Date :** 9<sup>th</sup> May, 2022

**P Chandrasekar**  
Partner  
Membership No.026037

# Declaration on Adherence with Company's Code of Conduct & Ethics

[Pursuant to Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members of  
Natural Capsules Limited

This is to confirm that the Company has adopted Code of Conduct and Ethics for all the Members of Board of Directors, Senior Management/Officers of the Company as stipulated under Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the members of Board of Directors, Senior Management / Officers of the Company have affirmed compliance with this Code of Conduct & Ethics for the financial year ended on March 31, 2022.

For Natural Capsules Limited  
**Sunil L Mundra**  
Managing Director

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

The Board of Directors  
M/s. Natural Capsules Limited

We have reviewed the financial statements and the cash flow statement of Natural Capsules Limited for the financial year 2021-22 and certify that:

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

**Place :** Bengaluru  
**Date :** 9<sup>th</sup> May, 2022

Sd/-  
**Prasanna B Junnarkar**  
Chief Financial Officer

# Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

To  
The Members,  
**NATURAL CAPSULES LIMITED**  
Bangalore

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Natural Capsules Limited having CIN L85110KA1993PLC014742 and having registered office at Trident Towers, 4<sup>th</sup> Floor (level 3), No. 23, 100 Feet Road, Jaynagar II Block, Bengaluru Bangalore KA 560011 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deepak Sadhu & Co**  
Company Secretaries

**Date:** 9<sup>th</sup> May, 2022

sd/-  
**Deepak Sadhu**  
Membership Number: 39541  
COP: 14992

# Annexure - 6

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

## I. RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22:

Sl. No.	Name	Category	Ratio
1	Shri. Sunil L Mundra	Managing Director	16.58
2	Shri. Laxminarayan Mundra	Whole Time Director	12.06
3	Shri. Satyanarayan Mundra	Whole Time Director	12.06
4	Percentage Increase in remuneration of MD, WTD –As Below		

## II. THE PERCENTAGE OF INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY OR MANAGER, IF ANY, IN THE FINANCIAL YEAR 2021-22:

Sl. No.	Name	Category	Percentage (%)
1	Shri Sunil L Mundra	Managing Director	4.05
2	Shri Laxminarayan Mundra	Whole Time Director	5.66
3	Shri Satyanarayan Mundra	Whole Time Director	5.66
4	Prasanna B Junnarkar	Chief Financial Officer	12.70
5	Mrs. Shilpa Burman	Company Secretary	11.06

## III. THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR:

Sl. No.	2021-22	2020-21	Percentage (%)
1	2,78,678	2,54,313	9.58

## IV. THE NUMBER OF EMPLOYEES OF THE COMPANY:

31-03-2022				31-03-2021			
PLACE	REGULAR	TRAINEE	TOTAL	PLACE	REGULAR	TRAINEE	TOTAL
HO	23	0	23	HO	23	0	23
UNIT-1	49	0	49	UNIT-1	33	0	33
UNIT-2	68	1	69	UNIT-2	79	1	80
UNIT-3	9	0	9	UNIT -3	11	0	11

# REPORT ON CORPORATE GOVERNANCE

## V. AFFIRMATION THAT THE REMUNERATION PAID DURING THE YEAR IS AS PER THE REMUNERATION POLICY OF THE COMPANY. Yes

## VI. PARTICULARS OF EMPLOYEES: RULE 5(2) AND 5(3) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 (AS AMENDED FROM TIME TO TIME):

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

## VII. THE DETAILS OF REMUNERATION FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2022 TO THE EXECUTIVE & NON-EXECUTIVE DIRECTORS ARE AS FOLLOWS:

(In Lakhs)				
Directors	Sitting Fees	Salary and Perquisites	Commission	Total (In ₹)
<b>Executive Directors:</b>				
Shri. Sunil L Mundra	0	46.78	0	46.78
Shri. Laxminarayan Mundra	0	34.16	0	34.16
Shri. Satyanarayan Mundra	0	33.60	0	33.60
<b>Non-Executive Directors:</b>				
Shri. C.P.Rangachar	1.65	0	4.40	6.05
Shri. Sushil Kumar Mundra	0.90	0	4.40	5.30
Smt. Jyoti Mundra	1.05	0	4.40	5.45
Shri Anjan Kumar Roy	1.35	0	4.40	5.75
Shri Pramod Kumar Kasat	1.65	0	4.40	6.05

## VIII. AVERAGE PERCENTILE INCREASE :

viii. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	No any exceptional increase in Managerial remuneration
(2) The board's report shall include a statement showing 7[the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-]	NIL
(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than [one crore and two lakh rupees];	NIL
(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than [eight lakh and fifty thousand rupees per month];	NIL
(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company	NIL

## IX. INFORMATION AS PER RULE 5 OF CHAPTER XII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Top 10 employees in terms of remuneration drawn during the year.

	Employee Name	Designation	Educational Qualification	Status of Employment	Date Of joining	Previous Employment	Remuneration In Lacs	Relationship with Director/ Manager of the Company	% of Equity Shares Held
1	Sunil L Mundra	Managing Director	Chartered Account	Permanent	Sep-93	NA	46.20	Son of Laxminarayan Mundra	6.67
2	Laxminarayan Mundra	Wholetime Director	Graduate	Permanent	June-11	NA	33.60	Brother of Satyanarayan Mundra	2.57
3	Sathyanarayana Mundra	Wholetime Director	Graduate	Permanent	Sep-93	NA	33.60	Brother of Laxminarayan Mundra	1.98
4	M V N. Kutty	COO	B.Tech	Permanent	June-13	Supreme Industries Ltd	52.28	NA	NA
5	R. Mallikarjuna Rao	General Manager - Marketing	B.Sc, MBA	Permanent	June-06	Sunil Healthcare Limited	18.67	NA	NA
6	Kamlesh Thakur	Site Head	M.Sc , Chemistry	Permanent	Apr-18	Avik Pharma Ltd	16.24	NA	NA
7	Surya Prakash	Chief Scientific Officer	M.Sc	Permanent	Oct-18	Yuxin Pharmaceutical Co.Ltd	15.77	NA	N.A
8	Vasudeva Kumar	DGM - Corporate QA	B. Pharm	Permanent	Nov-09	Awamedica Limited	15.67	NA	NA
9	Dipankar Mandal	General Manager and designated as Plant Head NCL Unit-2	B-Tech in Mechanical	Permanent	Mar-14	Associated Capsules Ltd	13.53	NA	NA
10	Prasanna B Junnarkar	CFO	Graduate	Permanent	Mar-13	1.Falma Laboratories (P) Ltd.	12.82	NA	NA

## Annexure - 7

Disclosures on employee stock option scheme for the year ended 31<sup>st</sup> March 2022:

### DETAILS OF THE SCHEME

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

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

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

Date of Shareholders' approval	21 <sup>st</sup> Sept 2018
Total number of options approved under ESOP	3,00,000
Vesting requirements	Options shall vest after a minimum period of 1 (One) year and not later than a maximum period of 10(Ten) years from the date of Grant of Options.
Exercise price	₹ 10
Maximum term of options granted	10 Years
Source of shares (primary, secondary or combination)	Primary
Variation in terms of options	Not Applicable
Method used to account for ESOS - Intrinsic or fair value.	Intrinsic value
Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Refer Note No. 47 of Standalone and Consolidated Financials.
A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	Refer Note No. 47 of Standalone and Consolidated Financials.
Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to	Senior managerial personnel/ (KMPs):
	<b>Name of the Employee:</b> <b>Mr. M V N Kutty</b>
	Designation: COO
	No. of Options Granted on 30.10.2021 30,000
	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: NIL
	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: NIL

Options Movement	Particulars	Details
	No. of Option Granted during the year	30,000
	Options Vested	0
	Options Outstanding at the beginning of the year	1,25,000
	Options exercised during the year	0
	No. of Options Lapsed/Cancelled	0
	Options Outstanding at the end of the year-	155000
Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock		
<b>(i) Weighted average exercise price of options granted during the year whose:</b>		
a. Exercise price equals market price: NA		
b. Exercise price is greater than market price: NA		
c. Exercise price is less than the market price: ₹ 10		
<b>(ii) Weighted average fair value of options granted during the year whose:</b>		
a. Exercise price equals market price: NA		
b. Exercise price is greater than market price: NA		
c. Exercise price is less than the market price: ₹ 69		

# Independent Auditor's Report

TO THE MEMBERS OF **NATURAL CAPSULES LIMITED**

## Report on the Audit of the Standalone Financial Statements

### OPINION

We have audited the accompanying Standalone financial statements of **M/S. NATURAL CAPSULES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31,

2022, and its Profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

S. No	Key Audit Matter	How our audit addressed the key audit matter
1.	<b>Evaluation of uncertain Tax positions</b>  As described in the summary of Significant accounting policies in note no 2.2 Significant judgment is required in determining the provision for income taxes both current and deferred as well as the assessment of the provisions for uncertain tax positions, consequently having an impact on related accounting and disclosures in the Standalone Financial Statements.	Obtained details of completed tax assessments and demands for the year ended March 31, 2022 from management.  Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions;  We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.  Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
2.	<b>Trade receivables</b>  Trade receivables are recognized at their anticipated realizable value which is the original invoiced amount Valuation of trade receivables is a key audit matter in the audit, due to size of the trade receivables balance and the high level of management judgement used in determining the impairment provision	For trade receivables and managements estimation for trade receivables, impairment provisions, our key audit procedure includes the following:  We obtained management confirmation on trade receivables outstanding  We analyzed the ageing of trade receivables and  We obtained the list of long outstanding receivables of these through enquiring with the management and by obtaining sufficient corroborative evidences to support the conclusions.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern concept basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters

## STANDALONE FINANCIAL STATEMENTS

that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" Our report expresses an unmodified opinion on

the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting and

- (g) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position other than the items disclosed under Note No 45.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief other than as disclosed in note 15(b), to the accounts no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note no 15(b) to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend paid by the Company during the current year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in note 41 to the financial statements, the Board of Directors of the Company have proposed final dividend for the current year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. Dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

**For P. CHANDRASEKAR LLP**

Chartered Accountants  
Firm Registration No. 000580S/S200066

**P. Chandrasekaran**

Partner  
Membership No. 026037  
UDIN No: 22026037AIQZAU8910

**Place:** Bangalore

**Date:** May 09,2022

# Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2022, we report that:

- i. (a) The Company has maintained records of its fixed assets. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

The Company has maintained proper records showing full particulars of intangible assets.

- (b) As explained to us, the company is in the process of carrying out physical verification of its fixed assets. Adjustments if any, which may arise on such verification shall be dealt with on completion of the verification.
- (c) According to the information and explanation given to us, the title deeds in respect to immovable properties are held in the name of the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management and any material discrepancies were noticed have been properly dealt with in the books of account.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.
- iii. (a) The Company has made investments in and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has provided guarantees and granted

advances in the nature of loans to subsidiaries as below:

Particulars	Guarantees (₹ In Lacs)	Advances in the nature of loans (₹ Lacs)
Aggregate amount during the year -Subsidiary	4800.00	1086.10
Balance outstanding as at the balance sheet date	4800.00	2002.58

The Company has not provided any advance in the nature of loans, any guarantee or security to any other entity during the year.

- b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans during the year are, prima facie, not prejudicial to the interest of the Company.
- c) The Company has granted advances/loans which are payable on demand. During the year the Company has not demanded such advance. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion the repayments of principal amounts and receipts of interest are regular. (Refer reporting under clause (iii) (f) below)
- d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) None of the loans granted by the Company have fallen due during the year.
- f) The Company has granted advance /loans which are repayable on demand details of which are given below:

Particulars	Related Parties (₹ in lakhs)
Aggregate of Advance /loans -Repayable on demand	2002.58
<b>Total</b>	<b>2002.58</b>

- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, investments and guarantees made during the year.
- v. The Company has not accepted any deposit or amount which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities;
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax or Cess or other statutory dues which have not been deposited on account of any dispute, except as mentioned below:

Name of the Statute	Nature of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is Pending
Service Tax Act 1994	Service Tax Payable	2,208,074	November 2009 to October 2012	Commissioner of Central Excise
Service Tax Act 1994	Penalty on Service Tax Payable	2,208,948	November 2009 to October 2012	Commissioner of Central Excise
Income Tax Act 1961	DDT – Short remittance	1,057,860	April 2015 to March 2016	Deputy Commissioner of Income Tax
Income Tax Act 1961	Income Tax	1,78,555	FY-2016-2017	Commissioner of Income Tax-Appeal
Income Tax Act 1961	Income Tax	16,61,530	FY-2019-2020	Commissioner of Income Tax-Appeal

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender except delays observed in few cases.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, as defined in the Act. The Company does not hold any investment in any associate or joint venture (as defined in the Act) during the year ended March 31, 2022.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- x. (a) The Company had raised any moneys by way of rights issues to the existing shareholders during the year and Based on examination of the books and records of the Company and according to the information

## STANDALONE FINANCIAL STATEMENTS

and explanations given to us the funds were applied for the purposes for which they were raised.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures (except rights issues) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- xi. (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a) and 3(xvi)(b) of the Order are not applicable.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (c) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
- xvii. The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In our opinion and according to the information and explanations given to us, the unspent amount in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;
- (b) Amount of ₹ 3.54 Lacs remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;

**For P. CHANDRASEKAR LLP**

Chartered Accountants  
Firm Registration No. 000580S/S200066

**P. Chandrasekaran**

Partner  
Membership No. 026037  
UDIN No: 22026037AIQZAU8910

# Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Natural Capsules Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## STANDALONE FINANCIAL STATEMENTS

### OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For P. CHANDRASEKAR LLP**

Chartered Accountants  
Firm Registration No. 000580S/S200066

**P. Chandrasekaran**

Partner  
Membership No. 026037  
UDIN No: 22026037AIQZAU8910

**Place:** Bangalore

**Date:** May 09,2022

# Notes to Standalone Financial Statements

for the year ended March 31, 2022

## 1. BASIS OF PREPARATION AND MEASUREMENT

### (a) Basis of preparation

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

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

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

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

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

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

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

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

- (b) The non-controlling interest's share of movements in equity since the date parent subsidiary relationship came into existence.

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

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

### (b) Basis of measurement

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

## 2. KEY ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

The financial statements have been prepared using uniform accounting policies for like other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line

## STANDALONE FINANCIAL STATEMENTS

basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-Company balances, intra-Company transactions and the unrealized profits/ losses, unless cost/revenue cannot be recovered.

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

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

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

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

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

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

The Financial statements of the Company for the year ended March 31, 2022 were approved for issue in accordance with the resolution of the Board of Directors on May 09, 2022.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Property, Plant and equipment:

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

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

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

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

Plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.

Assets costing 5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

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

#### (b) Capital Work in Progress

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

#### (c) Intangible assets:

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

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

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

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

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

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

#### **(d) Inventories:**

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

#### **(e) Cash and Cash equivalents:**

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

#### **(f) Assets held for sale:**

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

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

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

#### **(g) Financial Instruments:**

##### **i. Financial assets:**

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

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

Financial assets are subsequently classified as measured at

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

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

##### **ii. Trade Receivables and Loans:**

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

##### **iii. Debt instruments:**

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

##### **Measured at amortized cost:**

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

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

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

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

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

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

# STANDALONE FINANCIAL STATEMENTS

## iv. Equity instruments:

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

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

## Derecognition

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

## Impairment of Financial asset

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

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

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

## v. Financial Liabilities

### Initial recognition and measurement:

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

### Subsequent measurement:

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

## Derecognition

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

## (h) Provisions and Contingent liabilities:

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

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

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

## (i) Revenue Recognition:

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

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

in time (when the customer obtains control over the promised goods or service) or over a period of time (as the customer obtains control over the promised goods or service)

- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding applying effective interest rate.
- Dividend income is recognized in the period when the right to receive the same is established.
- Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognized on accrual basis.
- Rental income from investment property is recognized as part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Rental income from sub leasing is also recognized in a similar manner and included under other income.
- Other items of income are recognized as and when the right to receive arises.

#### **(j) Expenditure:**

Expenses are accounted on accrual basis.

#### **(k) Employee Benefits: defined contribution plans**

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

#### **Defined benefit plans**

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

benefits including to the employees of Indian subsidiaries and a subsidiary of parent Company.

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

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

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

#### **Termination benefits**

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

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

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

#### **(l) Impairment of Non-Financial Assets:**

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or Company's assets is considered as a cash generating

## STANDALONE FINANCIAL STATEMENTS

unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

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

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

### **(m) Income Taxes:**

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

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

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

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

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

### **(n) Deferred Taxes**

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

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

### **(o) Leases:**

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

#### **As a Lessee**

##### **Finance Lease**

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

##### **Operating Lease**

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

#### **As a Lessor**

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

**(p) Foreign Currencies:**

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

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

**(q) Earnings Per Share:**

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

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

**(r) Borrowing Costs**

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

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

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

**(s) Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information

is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

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

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

**(t) Cash Flow Statement**

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

**(u) Investments**

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

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

## STANDALONE FINANCIAL STATEMENTS

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

### **(v) Investments in Subsidiaries**

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

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

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

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

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

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

### **(x) Events after Reporting Date**

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

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

### **(y) Exceptional Items**

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

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

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

### **(z) Research and development:**

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

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

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

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

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

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

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the

Company's future activity is recognised only when the activity requiring the payment is performed. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in the statement of profit and loss as incurred.

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

**(aa) Stock based Compensation:**

**Employees Stock Option Plans ("ESOPs"):**

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

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

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit

to the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are taken into account when determining the grant date fair value of awards.

# STANDALONE FINANCIAL STATEMENTS

## Standalone Balance Sheet

As At March 31, 2022

(₹ In Lacs)

S.No	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>A</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
	(a) Property, Plant and equipment	2	6,071.54	3,454.70
	(b) Capital Work in Progress		107.03	344.54
	(c) Right-of-use assets		48.26	4.31
	(d) Investment Property	3	-	-
	(e) Intangible Assets	4	174.32	-
	(f) Financial Assets			
	(i) Investments	5	5.47	1.75
	(ii) Trade Receivables		-	-
	(iii) Loans		-	-
	(iv) Other financial assets	6	198.45	177.75
	(g) Deferred Tax Assets (Net)		-	-
	(h) Other Non-Current Assets	7	-	48.13
	<b>Total non-Current Assets</b>		<b>6,605.07</b>	<b>4,031.19</b>
	<b>Current Assets</b>			
	(a) Inventories	8	457.80	660.96
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	9	2,630.27	2,669.60
	(iii) Cash and Cash Equivalents	10	127.79	9.31
	(iv) Bank balances other than (iii) above	11	171.02	13.25
	(v) Loans	12	20.00	20.00
	(vi) Other Financial assets	13	-	-
	(c) Current tax assets (Net)	14	-	-
	(d) Other current Assets	15	4,337.29	2,261.54
	<b>Total Current Assets</b>		<b>7,744.17</b>	<b>5,634.66</b>
	<b>TOTAL ASSETS</b>		<b>14,349.24</b>	<b>9,665.85</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	16	701.18	623.27
	(b) Other Equity	17	7,604.23	5,589.75
	(c) Money Received against Share warrants		-	-
	<b>Total Equity</b>		<b>8,305.41</b>	<b>6,213.02</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	18	1,306.59	-
	(ia) Lease Liabilities		51.46	46.99
	(ii) Trade Payables		-	-
	(iii) Other Financial Liabilities	19	-	-
	(c) Provisions	20	7.99	12.13
	(b) Deferred Tax Liabilities		168.49	95.53
	(d) Other Non-Current liabilities		-	-
	<b>Total Non-Current Liabilities</b>		<b>1,534.53</b>	<b>154.65</b>
	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,801.57	962.93
	(ia) Lease Liabilities		-	18.98
	(ii) Trade Payables			
	Dues of micro enterprises and small enterprises	22	265.32	-
	Dues of creditors other than micro enterprises and small enterprises	22	1,496.95	1,605.81
	(iii) Other Financial Liabilities	23	17.25	17.73
	(b) Other Current Liabilities	25	771.58	590.82
	(c) Provisions	24	57.50	24.37
	(d) Current tax liabilities (Net)		99.14	77.55
	<b>Total Current Liabilities</b>		<b>4,509.30</b>	<b>3,298.18</b>
	<b>Total Liabilities</b>		<b>6,043.83</b>	<b>3,452.83</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,349.24</b>	<b>9,665.85</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

For and on behalf of the Board

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 000580S/S200066

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Sathyanaraya Mundra**  
Whole Time Director  
DIN:00214349

**P Chandrasekar**  
Partner  
Membership No.026037

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Prasanna Junnarkar**  
Chief Financial Officer

**Place:** Bengaluru  
**Date:** May 09, 2022

# Standalone Statement Of Profit And Loss

For The Year Ended March 31, 2022

(₹ In Lacs)

S.No	Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I	Revenue from Operations	26	13,506.50	7,951.35
II	Other Income	27	93.40	72.71
III	<b>Total Income (I+II)</b>		<b>13,599.91</b>	<b>8,024.05</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	28	5,603.74	3,609.63
	Changes in Inventories of finished goods, work-in-progress and stock in trade	29	181.34	133.12
	Cost of materials Goods Traded		195.14	-
	Employee benefit expense	30	961.77	804.86
	Finance costs	31	196.05	37.06
	Depreciation and amortisation expense	32	503.84	430.64
	Other expenses	33	4,015.38	2,307.37
	<b>Total Expenses (IV)</b>		<b>11,657.26</b>	<b>7,322.68</b>
V	<b>Profit before exceptional items and Tax (III-IV)</b>		<b>1,942.65</b>	<b>701.37</b>
VI	<b>Exceptional items - Income /( Expenses )</b>	<b>34</b>	<b>-</b>	<b>217.64</b>
VII	<b>Profit before Tax (V - VI)</b>		<b>1,942.65</b>	<b>919.02</b>
VIII	<b>Tax Expense:</b>			
	1) Current tax		474.30	222.17
	2) Tax for earlier		-	-
	3) Deferred tax		72.96	2.14
	<b>Total Tax expenses</b>		<b>547.26</b>	<b>224.31</b>
IX	<b>Profit for the year (VII-VIII)</b>		<b>1,395.39</b>	<b>694.71</b>
	<b>Other Comprehensive Income</b>			
	A.i) Items that will not be reclassified to profit or loss			
	a) Re-measurement of the defined benefit plan		(19.76)	(6.42)
	b) Equity instruments through other comprehensive income		(19.76)	(6.42)
	ii) Income tax relating to items that will not be re-classified to profit or loss		-	-
	B.i) Items that will be reclassified to profit or loss		-	-
	ii) Income tax relating to items that will be re-classified to profit or loss		-	-
X	<b>Total other comprehensive income (A(i-ii)+(B(i-ii))</b>		<b>(19.76)</b>	<b>(6.42)</b>
XI	<b>Total Comprehensive Income (IX+X)</b>		<b>1,375.62</b>	<b>688.29</b>
XII	<b>Earnings Per Equity Share (Nominal value per share; ₹ 10/-)</b>			
	(a) Basic (in ₹)		19.62	7.36
	(b) Diluted (in ₹)		19.62	7.36

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**  
Partner  
Membership No.026037

**Place:** Bengaluru  
**Date:** May 09, 2022

**For and on behalf of the Board**

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Sathyanaraya Mundra**  
Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**  
Chief Financial Officer

# STANDALONE FINANCIAL STATEMENTS

## Cash Flow Statement

For The Year Ended March 31, 2022

(₹ In Lacs)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	-	1,942.65	-	919.02
Adjustments for:	-	-	-	-
Adjustments for depreciation and amortisation expense	503.84	-	430.64	-
Adjustments for finance costs	196.05	-	23.79	-
Profit on sale of Fixed Assets (net)	(6.46)	-	(0.90)	-
Interest Income	(12.62)	-	(13.41)	-
Bad Debts	25.72	-	56.59	-
Profit on sale of investments	-	-	(217.64)	-
Remeasurement (losses)/gains in Lease rent	(43.90)	-	-	-
Re-measurement of the defined benefit plan	(19.76)	-	(6.42)	-
Unrealised exchange (gain) / loss	(9.76)	633.11	(0.00)	272.64
<b>Operating profit before working capital changes</b>	-	<b>2,575.76</b>	-	<b>1,191.66</b>
<b>Changes in working capital</b>				
Adjustments for increase / (decrease) in				
Adjustments for decrease (increase) in trade receivables, current	23.36	-	309.49	-
Adjustments for decrease (increase) in inventories	203.16	-	(132.91)	-
Adjustments for other bank balances	(157.77)	-	1.15	-
Adjustments for decrease (increase) in other current assets	(2,075.75)	-	(440.24)	-
Adjustments for decrease (increase) in other non-current assets	48.13	-	(1,315.65)	-
Adjustments for other financial assets, non-current	(20.70)	-	(44.39)	-
Adjustments for increase (decrease) in trade payables, current	156.46	-	909.57	-
Adjustments for increase (decrease) in other current liabilities	180.75	-	272.14	-
Adjustments for increase (decrease) in other non-current liabilities	-	-	-	-
Adjustments for provisions, current	54.72	-	90.65	-
Adjustments for provisions, non-current	(4.15)	-	(2.27)	-
Adjustments for other financial liabilities, current	(0.48)	-	(38.64)	-
Adjustments for other financial liabilities, non-current	0.00	(1,592.25)	-	(391.10)
<b>Cash generated from operations</b>	-	<b>983.51</b>	-	<b>800.56</b>
Income taxes paid (refund)	-	474.30	-	222.17
<b>Net cash generated from operating activities</b>	-	<b>509.21</b>	-	<b>578.40</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(2,880.26)	-	(1,642.15)	-
Movements in Intangible Assets	(174.32)	-	0.00	-
Movement in Right Use of Assets	(0.04)	-	0.00	-
Proceeds from sales of property, plant and equipment	3.56	-	0.90	-
Proceeds from sales of investment	-	-	774.00	-
Investment made	(3.720)	-	-	-
Interest received	12.62	-	13.41	-
Dividends received	-	(3,042.17)	0.00	(853.85)
<b>Net cash used in investing activities</b>	-	<b>(3,042.17)</b>	-	<b>(853.85)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Shares including premium	779.09	0.00	0.00	-
Proceeds from borrowings	2,145.23	-	336.67	-
Repayments of borrowings	0.00	-	-	-
Interest paid	(196.05)	-	(23.79)	-
Dividends paid	(62.33)	-	(37.40)	-
Payments of finance lease liabilities	(14.50)	2,651.44	(23.54)	251.94
<b>Net cash used in financing activities</b>	-	<b>2,651.44</b>	-	<b>251.94</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	-	<b>118.48</b>	-	<b>(23.51)</b>
<b>Reconciliation</b>				
Cash and cash equivalents as at beginning of the year	-	9.31	-	32.82
Cash and cash equivalents as at end of the year	-	127.79	-	9.31
<b>Net increase / (decrease) in cash and cash equivalents</b>	-	<b>118.48</b>	-	<b>(23.51)</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**  
Partner  
Membership No.026037

**Place:** Bengaluru  
**Date:** May 09, 2022

**For and on behalf of the Board**

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Sathyannarayana Mundra**  
Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**  
Chief Financial Officer

# Statement of Changes in Equity Share Capital and Other Equity

for the Year ended March 31, 2022

## EQUITY SHARE CAPITAL

As on March 31, 2022

(₹ In Lacs)

Balances at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
623.27	77.91	701.18

As on March 31, 2021

(₹ In Lacs)

Balances at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
623.27	-	623.27

# STANDALONE FINANCIAL STATEMENTS

## OTHER EQUITY

Particulars	Share application money pending allotment	Equity component of financial instruments	Capital Reserve	Reserves and Surplus	Retained earnings	Debt Instruments comprehensive Income	Equity Instruments through comprehensive Income	Effective portion of cashflow hedges	Revaluation surplus	Exchange rate differences on translating the financial statements of a foreign operation	Equity Instruments through other Comprehensive income	Items of other comprehensive income - Actuarial Gain / Loss	Money received against share warrant	Total
<b>Current Reporting Period</b>														
<b>Balance at March 31, 2021</b>	-	-	146.40	986.93	183.80	4272.62	-	-	-	-	-	-	-	5,589.75
Profit for the year	-	-	-	-	-	1395.39	-	-	-	-	-	-	-	1395.39
Additions during the year	-	-	-	701.18	-	-	-	-	-	-	-	(19.76)	-	681.41
Total comprehensive Income / Expenses for the current year	-	-	-	-	-	(19.76)	-	-	-	-	-	19.76	-	-
Transferred to Retained earnings	-	-	-	-	-	(62.33)	-	-	-	-	-	-	-	(62.33)
Payment of Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2022</b>	-	-	146.40	1688.11	183.80	5585.92	-	-	-	-	-	-	-	7604.23
<b>Previous Reporting Period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2020</b>	-	-	146.40	986.93	183.80	3621.73	-	-	-	-	-	-	-	4938.86
Profit for the year	-	-	-	-	-	694.71	-	-	-	-	-	-	-	694.71
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income / Expenses for the current year	-	-	-	-	-	-	-	-	-	-	-	(6.42)	-	(6.42)
Transferred to Retained earnings	-	-	-	-	-	(6.42)	-	-	-	-	-	6.42	-	-
Payment of Dividend	-	-	-	-	-	(37.40)	-	-	-	-	-	-	-	(37.40)
<b>Balance at March 31, 2021</b>	-	-	146.40	986.93	183.80	4272.62	-	-	-	-	-	-	-	5589.75

The accompanying notes are an integral part of these financial statements Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of each reserve:

**a. Securities premium** - Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013

**b. General reserve** - General reserve represents appropriation of profits. This represents a free reserve and is available for dividend distributions. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

**c. Capital reserve** - Capital reserve indicates the cash on hand that can be used for future expenses or to offset any capital losses. It is derived from the accumulated capital surplus of a company and is created out of its profit.

**d. Retained earnings** - Retained earnings comprises of prior and current year's undistributed earnings after tax

In terms of our report attached

**For P.Chandrasekar LLP**

Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**

Partner  
Membership No.026037

**Place:** Bengaluru

**Date:** May 09, 2022

**For and on behalf of the Board**

**Sunil L Mundra**

Managing Director  
DIN:00214304

**Shilpa Burman**

Company Secretary  
M.No : A52069

**Sathyanaraya Mundra**

Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**

Chief Financial Officer

# Notes to the Standalone Financial Statements

## 1. CORPORATE INFORMATION

Natural Capsules Limited ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the Company are listed on two recognised stock exchanges in India. The registered office of the Company is in Bengaluru, India.

Natural Capsules Limited is a Public Limited Company established in the year 1993 at Bangalore India and in the year 2003 at Pondicherry. Natural Capsules Limited is a well-equipped modern manufacturing plant to manufacture Hard Gelatin Capsule shells, Hard Cellulose Capsule shells and Pharmaceutical Dosage Forms in Capsule Dosage Form.

### Statement of compliance

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The Standalone Financial Statements have been prepared on a historical cost convention and on an accrual basis of accounting, except for the following assets and liabilities which have been measured at fair value.

- Derivative financial instruments.
- Investments classified as Fair Value Through Profit or Loss ('FVTPL').
- Fair value of plan assets less present value of defined benefit obligations.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. Current Assets do not include elements which are not expected to be realised within 12 months and Current Liabilities do not include items where the Company does not have an unconditional right to defer settlement beyond a period of 12 months, the period of 12 months being reckoned from the reporting date.

The Standalone Financial Statements are presented in INR ('₹') and all the values are rounded off to the nearest lakhs (₹ 00,000) except when otherwise indicated.

The statement of cash flows have been prepared under the indirect method.

The Company has consistently applied the following accounting policies to all periods presented in these standalone financial statements.

### Impact of the Global Pandemic ('Covid-19')

The Company has taken into account the possible impacts of Covid-19 in preparation of the Standalone Financial Statements, including but not limited to its assessment of liquidity and going concern assumption, impairment triggers for non-current assets, recoverable values of its financial and non-financial assets, impact on revenues and on cost budgets in respect of fixed price contracts, impact on measurement of deferred tax assets / liabilities, impact on leases and impact on effectiveness of its hedging relationships. The Company has considered available sources of information, both internal and external, upto the date of approval of the Standalone Financial Statements and expects to recover the carrying amount of its assets. The impact of Covid-19 on the Standalone Financial Statements may differ from that estimated as at the date of approval of these Standalone Financial Statements.

### Use of estimates, assumptions and judgements

The preparation of the Standalone Financial Statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the Standalone Financial Statements and the reported amounts of revenues and expenses for the year. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate change in estimates are made as management become aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised in the year in which the estimates are revised. Application of accounting policies that require critical accounting estimates involving judgments and the use of assumptions in the Standalone Financial Statements have been disclosed below:

#### • Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow ('DCF') model. The cash flows are derived from the internal forecast for future years. These do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested for impairment. The recoverable amount is sensitive to the discount rate used

for the DCF model as well as the expected future cash-inflows and the long-term growth rates.

#### • Taxes

The Company's major tax jurisdictions is in India. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income of the Company's operations in India. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates and reflects uncertainties relating to income taxes, if any. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. A tax assessment could involve complex issues, which can only be resolved over extended time periods.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

#### • Defined benefit plans

The cost of the defined benefit gratuity plan, compensated absences and the present value of the defined benefit obligation are determined based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, future attrition rates and mortality rates. Due to the complexities involved in the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, management considers the interest rates of Government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables.

These mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

#### • Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, the fair value is measured using appropriate valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### • Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### • Revenue recognition

Use of the percentage-of completion method in accounting for fixed-price contracts requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity

#### • Expected credit loss ('ECL') on trade receivables

The impairment provisions are based on an evaluation of the risk of default over the expected life of the receivables and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### • Provisions and Contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Judgements include estimating the probability of the cash outflows for the present obligations and accordingly provisions are determined and reviewed at the end of each reporting period and are adjusted to reflect current best estimates.

The Company uses significant judgement to identify and measure contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities in relation to assessment/litigations can involve complex issues, which can only be resolved over extended time periods.

# STANDALONE FINANCIAL STATEMENTS

## • Leases

The Company evaluates if an arrangement qualifies to be a lease based on the requirements of the relevant standard. Identification of a lease requires significant management judgment. Computation of the lease liabilities and right-to-use assets requires management to estimate the lease term (including anticipated renewals), and the applicable discount rate. Management estimates the lease term based on the non-cancellable lease-term, options for future renewals if the Company is reasonably certain to exercise and options to terminate the lease if the Company is reasonably certain not to exercise. In performing this assessment, the discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## • Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company derives its revenues primarily from sale of capsules.

Revenue from sale of capsules is measured based on the transaction price, which is the consideration, adjusted for discounts and pricing incentives, if any, as specified in the contract with the customer. Sales tax / Value Added Tax (VAT) / Goods and Services Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity / service rendered by the seller on behalf of the Government. Accordingly, it is excluded from revenues.

The Company recognises an onerous contract provision when it is probable that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received. Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by Ind AS 115, whereby the Company does not adjust the transaction

price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how a customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such good or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Use of the percentage-of completion method in accounting for fixed-price contracts requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.
- Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.
- Contract acquisition costs are generally expensed as incurred except for certain costs which meet the criteria for capitalization, in particular if such costs are expected to be recovered. Contract acquisition costs are amortized over the contract term, consistent with the pattern of transfer of goods or services to which the asset relates.

Interest income is recognized as it accrues in the standalone statement of profit and loss using effective interest rate method.

Dividend income is recognized when the right to receive the dividend is established.

The Company disaggregates revenue from contracts with customers by segment, geography, services rendered, delivery location and project type

### Property, plant and equipment and intangible assets

Property, plant and equipment are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalised until the assets are ready to be put to use. Cost includes expenditure directly attributable to the acquisition. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in the statement of profit and loss as incurred. Property, plant and equipment purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase.

The Company identifies and determines cost of each component / part of property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the property, plant and equipment and has useful life that is materially different from that of the remaining asset. Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any. The amortization period and the amortization method are reviewed at least at each financial year end. Internally developed in assets are stated at cost that can be measured reliably during the development phase and capitalised when it is probable that future economic benefits that are attributable to the assets will flow to the Company.

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the assets. Leasehold land is amortised over the lease term. Freehold land is not depreciated.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed under 'other assets'. The cost of property, plant and equipment not ready to use before the balance sheet date is disclosed under 'Capital work in progress'.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of property, plant

and equipment and intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and are recognized in the statement of profit and loss when the property, plant and equipment is derecognized.

### Depreciation and amortization

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by management. Intangible assets are amortised on a straight-line basis over the estimated useful economic life. Depreciation / amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate. The useful lives estimated by management are given below:

Asset	Useful life as per Companies Act, (in Years)	Useful life estimated by management (in Years)
Computer equipment	3	
Furniture and fixtures	10	
Building	20	
Lease hold improvements	Not Applicable	
Office equipment	5	
Plant and equipment	15	
Server and networks	6	
Vehicles	8	
Computer Software	As per Ind AS 38	

In respect of plant and equipment, furniture and fixtures and vehicles, management, basis internal assessment of usage pattern believes that the useful lives as mentioned above best represent the period over which management expects to use these assets. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Project specific assets are depreciated over the period of contract or useful life of the asset, whichever is lower.

### Leases

#### Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a

## STANDALONE FINANCIAL STATEMENTS

contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable.

Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company for the nature of asset taken on lease. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease

term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the standalone statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Company as a lessor

When the Company acts as a lessor at the inception, it determines whether each lease is a finance lease or an operating lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, the Company applies Ind AS 115-Revenue to allocate the consideration in the contract.

### Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

## Impairment

### a. Financial assets (other than at fair value)

For financial assets measured at amortised cost, debt instruments at fair value through other comprehensive income, trade receivables, contract assets and other financial assets, the Company assesses at each date of balance sheet whether the asset is impaired. Ind AS 109 ('Financial instruments') requires expected credit losses to be measured through a loss allowance. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted using the effective interest rate. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

### b. Non-financial assets

#### • Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ('CGU') to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the standalone statement of profit and loss.

## Financial instruments

### Non-derivative financial instruments

Non-derivative financial instruments consist of the following:

- financial assets, which include cash and cash equivalents, deposits with banks, trade receivables, investments in equity and debt securities and eligible current and non-current assets;
- financial liabilities, which include loans and borrowings, finance lease liabilities, bank overdrafts, trade payables, eligible current and non-current liabilities.

Non-derivative financial instruments are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets

and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

### a. Cash and cash equivalents

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks with an original maturity of less than or up to three months. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding overdrafts that are repayable on demand and are considered part of the Company's cash management system.

### b. Financial assets at amortised cost

Financial assets (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition) are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### c. Financial assets at fair value through other comprehensive income

Financial assets (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition) are measured at fair value through other comprehensive income ('FVTOCI') if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognized in the standalone statement of profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to the standalone statement of profit and loss.

### d. Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL unless it is measured at amortised cost or at FVTOCI on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in standalone statement of profit and loss. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the standalone statement of profit and loss. The gain or loss on disposal is recognized in the standalone statement of profit and loss.

## STANDALONE FINANCIAL STATEMENTS

Interest income is recognized in the standalone statement of profit and loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

### e. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in standalone statement of profit and loss as expenses.

Subsequent to initial recognition, derivative financial instruments are measured as described below.

#### a. Cash flow hedges

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable cashflow forecast transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the standalone statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the standalone statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to the standalone statement of profit and loss.

#### b. Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the standalone statement of profit and loss and reported within foreign exchange gains, net.

Changes in fair value and gains/(losses) on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded as foreign exchange gains/ (losses).

### c. De-recognition of financial instruments

Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. Trade receivables which are subject to non-recourse factoring arrangements are derecognized in accordance with Ind AS 109 and are offset in accordance with Ind AS 32.

### d. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amounts are presented in the standalone balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### e. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When a quote is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

**f. Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Inputs are other than quoted prices included within.

Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**Employee benefits****a. Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**b. Defined contribution plans**

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company. Contributions to defined contribution schemes such as Provident Fund, Employee State Insurance Scheme, 401(k) and other social security schemes are charged to the standalone statement of profit or loss on an accrual basis.

**c. Provident fund****d. Gratuity**

The Company has a defined benefit gratuity plan that provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment in accordance with "The Payment of Gratuity Act, 1972". The amount is based on the respective employee's last drawn salary and the tenure of employment with the Company.

Gratuity, which is a defined benefit plan, is determined based on an independent actuarial valuation, which is carried out based on the projected unit credit method. The Company

recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to standalone statement of profit and loss. As required under Ind AS read with Schedule III to Companies Act, 2013, the Company transfers it immediately to retained earnings. The discount rate is based on the yield of securities issued by the Government of India.

**Share based payments**

The Company measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102, Share Based Payment. Compensation expense is amortized over the vesting period of the option on a graded basis. The units generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes valuation model. The expected term of an option is estimated based on the vesting term and contractual life of the option. Expected volatility during the expected term of the option is based on the historical volatility of share price of the Company. Risk free interest rates are based on the government securities yield in effect at the time of the grant.

The cost of equity settled transactions is recognised, together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Debit or credit in standalone statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

The dilutive effect of outstanding options is reflected in the computation of diluted earnings per share.

**Foreign Currencies****Transactions and balances**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into

## STANDALONE FINANCIAL STATEMENTS

the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on restatement of foreign currency denominated monetary assets and liabilities are included in the standalone statement of profit and loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at an exchange rate that approximates the rate prevalent on the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

### Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### • Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period and reflects the uncertainty related to income tax, if any. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### • Deferred income tax

Deferred income tax assets and liabilities is recognised using the balance sheet approach. Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary

differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as an income or expense in the period that includes the enactment or substantive enactment date.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

For operations carried out in SEZ facilities, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that do not reverse during the tax holiday period(s).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

### Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow embodying economic benefits of resources will be required to settle the obligation. Provisions are determined based on best estimates required to settle each obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized

because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

### Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the Company's owners for the year by the weighted average number of equity shares outstanding during the year adjusted for treasury shares held.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

Cash dividend to the equity holders of the Company  
The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. When the grant relates to a capital asset, it is presented by deducting the grant in arriving at the carrying amount of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the standalone statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### Recent pronouncements

Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide Notification dated March 23, 2022. Following amendments and annual improvements to Ind AS are applicable from April 01, 2022.

#### Ind AS - 103 Business Combination

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

#### Ind AS - 16 Property Plant and Equipment

The amendment clarifies that sale proceeds of items produced in the process of making PPE available for its intended use cannot be deducted from the cost of PPE. Instead, such proceeds shall be recognized in the statement of profit or loss.

#### Ind AS - 37 Provisions

The amendment clarifies that that the 'costs to fulfil' a contract include both incremental costs (direct labour and material) and an allocation of other direct costs (e.g: depreciation charge for an item of PPE used in fulfilling the contract).

Annual improvements to Ind AS 109 - Financial instruments  
The amendment clarifies while performing the '10 percent test' for derecognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf.

The Company does not expect the above amendments / improvements to have any significant impact on its Standalone Financial Statements.

## STANDALONE FINANCIAL STATEMENTS

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

(₹ In Lacs)

Particulars	As at March 2022	As at March 2021
<b>Carrying amounts of:</b>		
Freehold land	82.65	82.65
Lease Hold Land	-	-
Building	1,003.57	712.42
Building- Others	58.60	60.13
Plant and Equipment	4,890.47	2,587.85
Computers	2.29	1.67
Furniture and Fixtures	4.42	4.98
Vehicles	24.64	-
Office Equipment	4.90	6.00
Right-of-use assets	48.26	4.31
<b>Total</b>	<b>6,119.80</b>	<b>3,460.01</b>
Capital work-in-progress	107.03	344.54
	<b>6,226.83</b>	<b>3,804.56</b>

(₹ In Lacs)

Particulars	Freehold land	Lease Hold Land	Building	Building- Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
<b>Cost</b>											
<b>Balance at March 31, 2020</b>	<b>82.65</b>	<b>351.80</b>	<b>1,324.04</b>	<b>-</b>	<b>4,884.58</b>	<b>114.66</b>	<b>45.17</b>	<b>30.14</b>	<b>18.80</b>	<b>109.40</b>	<b>6,961.26</b>
Additions	-	-	4.71	60.62	1,790.51	1.36	0.85	-	2.10	-	1,860.16
Disposals	-	351.80	-	-	132.39	-	-	-	-	-	484.19
<b>Balance at March 31, 2021</b>	<b>82.65</b>	<b>-</b>	<b>1,328.75</b>	<b>60.62</b>	<b>6,542.71</b>	<b>116.02</b>	<b>46.03</b>	<b>30.14</b>	<b>20.90</b>	<b>109.40</b>	<b>8,337.23</b>
Additions/ Modifications	-	-	351.62	-	2,781.45	1.75	0.37	24.86	0.22	48.26	3,208.53
Disposals	-	-	27.75	-	848.11	8.93	12.66	2.55	5.42	-	905.41
<b>Balance at March 31, 2022</b>	<b>82.65</b>	<b>-</b>	<b>1,652.63</b>	<b>60.62</b>	<b>8,476.05</b>	<b>108.84</b>	<b>33.73</b>	<b>52.45</b>	<b>15.70</b>	<b>157.67</b>	<b>10,640.34</b>

(₹ In Lacs)

Particulars	Freehold land	Lease Hold Land	Building	Building- Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
<b>Accumulated depreciation and impairment</b>											
<b>Balance at March, 2020</b>	<b>-</b>	<b>-</b>	<b>572.62</b>	<b>-</b>	<b>3,757.96</b>	<b>113.46</b>	<b>39.57</b>	<b>30.14</b>	<b>13.60</b>	<b>52.62</b>	<b>4,579.96</b>
Depreciation expenses	-	-	43.71	0.50	330.29	0.89	1.48	-	1.30	52.47	430.64
Disposals	-	-	-	-	132.39	-	-	-	-	-	132.39
<b>Balance at March, 2021</b>	<b>-</b>	<b>-</b>	<b>616.33</b>	<b>0.50</b>	<b>3,955.86</b>	<b>114.35</b>	<b>41.04</b>	<b>30.14</b>	<b>14.90</b>	<b>105.09</b>	<b>4,878.21</b>
Depreciation expenses	-	-	46.53	1.52	432.53	1.13	0.93	0.21	1.06	4.31	488.23
Disposals	-	-	13.80	-	802.81	8.93	12.66	2.55	5.16	-	845.90

Balance at March, 2022	-	-	649.06	2.02	3,585.58	106.55	29.31	27.80	10.80	109.40	4,520.54
Carrying amount as on March 31, 2021	82.65	-	712.42	60.13	2,586.85	1.67	4.98	-	6.00	4.31	3,459.01
Carrying amount as on March 31, 2022	82.65	-	1,003.57	58.60	4,890.47	2.29	4.42	24.64	4.90	48.26	6,119.80

a. Title deeds of Immovable Properties as disclosed above are held in name of the company and the company does not hold any property which is not in the name of the company.

### Intangible Assets

(₹ In Lacs)

Particulars	Technical Knowhow & Patent
<b>Cost or Deemed cost</b>	
Balance at March 31, 2020	3.00
Additions	-
Disposals	-
Balance at March 31, 2021	3.00
Additions	189.93
Disposals	-
Balance at March 31, 2022	192.93

### Intangible Assets

(₹ In Lacs)

Particulars	Technical Knowhow & Patent
<b>Accumulated depreciation and impairment</b>	
Balance at March 31, 2020	3.00
Disposals	-
Depreciation expenses	-
Balance at March 31, 2021	3.00
Disposals	-
Depreciation expenses	15.61
Balance at March 31, 2022	18.61
Carrying amount as on March 31, 2021	-
Carrying amount as on March 31, 2022	174.32

The company has not revalued any Intangible assets as disclosed above. There are no intangible assets under development at the end of the year.

### Capital-WIP- March 31, 2022

(₹ In Lacs)

CAPITAL WORK IN PROGRESS	Amt in CWIP for a period of :				Total*
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
Projects in progress	107.03	0.00	-	-	107.03
Projects temporarily suspended					

### Capital-WIP- March 31, 2021

(₹ In Lacs)

CAPITAL WORK IN PROGRESS	Amt in CWIP for a period of :				Total*
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
Projects in progress	344.54	-	-	-	344.54
Projects temporarily suspended					

## STANDALONE FINANCIAL STATEMENTS

### NOTE 3 INVESTMENT PROPERTY

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Investment property	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### NOTE 4 INTANGIBLE ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Balance at the beginning of the year - Software and licenses	3.00	3.00
Additions - Patent & RD	189.93	-
<b>Balance at end of the year</b>	<b>192.93</b>	<b>3.00</b>
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	3.00	3.00
Depreciation expenses	15.61	-
<b>Balance at end of the year</b>	<b>18.61</b>	<b>3.00</b>
<b>Carrying amount at the end of year</b>	<b>174.32</b>	<b>-</b>

### NOTE 5 INVESTMENTS - NON CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>I. Quoted Investments</b>		
<b>II. Un-quoted Investments</b>		
<b>Investments in the nature equity instruments -in subsidiaries</b>		
Investment in equity shares of M/s.Natural Phyto Pharma Private Limited Fully Paid Equity Shares 7500 @ ₹ 10 Per Share)	0.75	0.75
Investment in equity shares of M/s.Natural Biogenex Private Limited (Fully Paid Equity Shares 10000@ ₹ 10 Per Share)	1.00	1.00
<b>Other Investments</b>		
Share Application money pending Allotment - M/s.Natural Capsules limited - Canada	3.72	-
Less: Diminution in value of investments		
<b>Total aggregate of un-quoted Investments</b>	<b>5.47</b>	<b>1.75</b>
Aggregate book value of unquoted investments	5.47	1.75
Aggregate market value of quoted investments	-	-
Aggregate amount of imparitment in value of the investments	-	-

### NOTE 6 OTHER FINANCIAL ASSETS - NON CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>		
a) Security Deposit (Unsecured considered good)	157.57	147.40
b) Interest Receivable On Deposits	40.89	30.35
c) Other receivable	-	-
<b>Total</b>	<b>198.45</b>	<b>177.75</b>

**NOTE 7 OTHER ASSETS - NON CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital Advances	-	-
b) Advances other than Capital Advances		
i) Security Deposits	-	-
ii) Advances to Related parties - Subsidiary	-	-
c) Export incentive receivable	-	48.13
<b>Total</b>	<b>-</b>	<b>48.13</b>

**NOTE 8 INVENTORIES**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Lower of Cost or Net realisable value</b>		
a) Raw Materials	398.29	285.86
b) Work-in-Process	61.51	23.83
c) Finished goods	81.40	300.42
d) Stock in trade (acquired for trading)	-	-
e) Stores and spares	10.61	229.45
f) Goods in Transit	-	0.41
Less: Provision for Stock Reserve	(94.00)	(179.00)
<b>Total</b>	<b>457.80</b>	<b>660.96</b>

**Note:**

- i) For details of inventories pledged as security refer note 21
- ii) The cost of inventories recognised as an expense is disclosed in note 28 and 29 as purchases of stock in trade in statement of Profit and Loss
- iii) Provision for stock reserve is made after considering the nature of inventory, ageing, liquidation plan and net realisable value. The changes in write downs are recognised as an expense in the statement of profit and loss.

**NOTE 9 TRADE RECEIVABLES**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade Receivables</b>		
Secured, Considered good		
Unsecured, Considered good	3,176.53	2,945.83
Doubtful	-	-
Allowance for doubtful debts (Expected Credit Loss)	(546.27)	(276.23)
	<b>2,630.27</b>	<b>2,669.60</b>
<b>Current</b>	<b>2,630.27</b>	<b>2,669.60</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

The credit period on sale of goods ranges from 0 to 90 days. No interest is charged on trade receivables.

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

## STANDALONE FINANCIAL STATEMENTS

As at March 31, 2022

(₹ In Lacs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	2,630.27	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	68.66	26.81	66.29	384.51
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

As at March 31, 2021

(₹ In Lacs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	2,319.35	21.43	77.40	186.00	65.42
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	276.23
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

### NOTE 10 CASH AND CASH EQUIVALENTS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Balances with banks		
(i) In Current account	103.21	1.45
(ii) In Deposit account with original maturity less than 3 Months	-	-
(ii) In EEFC account	23.86	7.68
(iii) In Escrow account	-	-
b) Cash on hand	0.73	0.17
c) Cheques,drafts on hand	-	-
<b>Total</b>	<b>127.79</b>	<b>9.31</b>

**NOTE 11 OTHER BANK BALANCES**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Deposit Accounts	159.40	-
b) Earmarked Balances with banks		
(i) In unpaid Dividend account	11.60	13.23
(ii) In margin money accounts for Bank Guarantee issued	0.02	0.02
<b>Total</b>	<b>171.02</b>	<b>13.25</b>

**NOTE 12 LOANS - CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>		
e) Inter Corporate Deposit		
Secured, Considered good	20.00	20.00
Unsecured, Considered good	-	-
Doubtful	-	-
less: Allowance for doubtful debts (Expected Credit Loss)	-	-
<b>Total</b>	<b>20.00</b>	<b>20.00</b>

**NOTE 13 OTHER FINANCIAL ASSETS - CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>		
a) Security Deposit (Unsecured considered good)	-	-
b) Term Deposit	-	-
c) Other Receivable - Call money	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE 14 CURRENT TAX ASSETS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax - Net of Advance Tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE 15 OTHER CURRENT ASSETS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital Advances	2,065.60	811.40
b) Advance to Related parties-refer Note a below	2,002.58	916.48
c) Advances to Employees		
(i) Secured, Considered good		
(ii) Unsecured and Considered good	6.89	12.27
(iii) Considered doubtful	-	-
Less: Allowance for doubtful debts (Expected Credit Loss)	-	-
e) Export incentive receivable	-	-
f) Balance with Customs and Central excise / GST authorities	130.21	227.31

## STANDALONE FINANCIAL STATEMENTS

g) Advance to suppliers		
(i) Secured, Considered good	-	-
(ii) Unsecured and Considered good	96.76	252.44
(iii) Considered doubtful	-	-
Less: Allowance for doubtful debts (Expected Credit Loss)	-	-
h) Prepaid Expenses	10.28	13.14
i) Preliminary Expenses	-	-
j) Other Advances	6.12	28.51
k) Unamortised Expenses on Bank borrowings	18.85	-
Less: Provision for Doubtful advances	-	-
<b>Total</b>	<b>4,337.29</b>	<b>2,261.54</b>

### Loans or Advances

The following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, directors, KMP's & Related parties, either severally or jointly with any other person, that are :

#### (a) without any terms or period of repayment - repayable on demand

(₹ In Lacs)

Type of borrower	Amt of loan or advance in the nature of loan outstanding	As at March 31, 2022
		Percentage to the total loans and advances in the nature of loans
Promoter	-	-
Director	-	-
KMP's	-	-
Related Parties - Fully Owned Subsidiary	2,002.58	48%

#### (a) without any terms or period of repayment - repayable on demand

(₹ In Lacs)

Type of borrower	Amt of loan or advance in the nature of loan outstanding	As at March 31, 2021
		Percentage to the total loans and advances in the nature of loans
Promoter	-	-
Director	-	-
KMP's	-	-
Related Parties - Fully Owned Subsidiary	916.48	45%

## NOTE 16 EQUITY SHARE CAPITAL

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>AUTHORISED</b>		
Equity Shares:		
1,50,00,000 (70,00,000) Equity shares of ₹ 10 each	1,500.00	700.00
12,00,000 Redeemable Preference shares of ₹ 100 each	-	-
20,00,000 Redeemable Preference shares of ₹ each	-	-
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
62,32,700 (62,32,700) Equity Shares of ₹ 10/- each	623.27	623.27
<b>ISSUED, SUBSCRIBED AND PARTLY PAID UP</b>		
31,16,350 Equity Shares of ₹ 10/- each partly paid up - ₹ 2.5 each - Rights issue	77.91	-
<b>Total</b>	<b>701.18</b>	<b>623.27</b>

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

Reconciliation	2021-2022 No. of shares	Amount in ₹	2020-2021 No. of shares	Amount in ₹
a) Equity Shares of ₹ 10 each fully paid up				
At the beginning of the period	62.33	623.27	62.33	623.27
Issued during the period	31.16	77.91	-	-
At the end of the period	93.49	701.18	62.33	623.27
b) Redeemable Preference Share Capital (0%)				
At the end of the period		-		-

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

Reconciliation	No. of shares held as at			
	March 31, 2022		March 31, 2021	
	Nos.	%	Nos.	%
Tajos Investments Pvt. Ltd	12,53,500	13.41%	7,69,000	12.34%
Nandhi Synthetics Pvt. Ltd.	9,19,354	9.83%	5,24,354	8.41%
Sunil L Mundra	5,89,004	6.30%	4,16,003	6.67%
Sushil Kumar Mundra	5,09,012	5.44%	3,39,012	5.44%

**16.3. Shares Held By Promoters As At The End Of The Year**

S.No.	Promoter Name	Fully Paid	Partly Paid	As on March 31, 2022 No of shares	% of total	As on March 31, 2022 No of shares	% of total	% change during the year
1	Sunil Laxminaryan Mundra	4,16,003	1,73,001	5,89,004	6.30%	4,16,003	6.67%	-0.37%
2	Sushil Kumar Mundra	3,39,012	1,70,000	5,09,012	5.44%	3,39,012	5.44%	0.01%
3	Indra Mundra	2,61,200	1,30,600	3,91,800	4.19%	2,61,200	4.19%	0.00%
4	Jyoti Mundra	2,04,463	1,02,231	3,06,694	3.28%	2,04,463	3.28%	0.00%
5	Sharada Mundra	1,76,691	88,345	2,65,036	2.83%	1,76,691	2.83%	0.00%
6	Laxminarayan Moondra	1,60,294	80,147	2,40,441	2.57%	1,60,294	2.57%	0.00%
7	Radha s Mundra	1,59,600	79,800	2,39,400	2.56%	1,59,600	2.56%	0.00%
8	Satyanarayan Mundra	1,23,255	61,627	1,84,882	1.98%	1,23,255	1.98%	0.00%
9	Madhav Mundra	1,10,100	55,055	1,65,155	1.77%	1,10,100	1.77%	0.00%
10	Shrey Mundra	1,10,100	55,050	1,65,150	1.77%	1,10,100	1.77%	0.00%
11	Jyotsna Daga	20,900	16,889	37,789	0.40%	20,900	0.34%	0.07%
12	Nidhi Sethia	10,000	8,484	18,484	0.20%	10,000	0.16%	0.04%

**16.4 Term attached to Equity Shares:**

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

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

# STANDALONE FINANCIAL STATEMENTS

## NOTE 17 OTHER EQUITY

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve	146.40	146.40
Securities Premium Account:	1,688.11	986.93
General Reserve	183.80	183.80
Retained earnings (surplus in profit or loss account)	5,585.92	4,272.62
<b>Total</b>	<b>7,604.23</b>	<b>5,589.75</b>

### Note:

- Capital reserve: on account of forfeiture of amount paid on convertible shares warrants allotted to non promoters share holders.
- Securities Premium reserve: The amount received in excess of Face value of the equity shares is recognised as securities premium reserve.
- General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. mandatory transfer to general reserve is not required under the Companies Act, 2013.
- Proposed dividend.

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

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Capital Reserve</b>		
Opening balance	146.40	146.40
Add: Appropriation from Profit or Loss account	-	-
<b>Closing Balance</b>	<b>146.40</b>	<b>146.40</b>
The capital redemption reserve is created out of the statutory requirement and these are not available for distribution of dividend and will not be reclassified subsequently to profit or loss.		
<b>b) Securities Premium Account</b>		
Opening balance	1,688.11	986.93
Add: Additions	-	-
<b>Closing Balance</b>	<b>1,688.11</b>	<b>986.93</b>
<b>c) General Reserve</b>		
Opening balance	183.80	183.80
Add: Transfer from General Reserve	-	-
Less: IND AS Adjustment	-	-
<b>Closing Balance</b>	<b>183.80</b>	<b>183.80</b>
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income., items included in the general reserve will not be reclassified subsequently to profit or loss except to the extent permitted as per Companies Act, 2013 and rules made thereunder.		
<b>d) Actuarial movement through Other Comprehensive Income</b>		
Opening balance	-	-
Additions/(Deletions)	-	-
<b>Closing Balance</b>		
<b>e) Retained Earnings</b>		
Opening balance	4,272.62	3,621.73
Profit /(Loss) for the year	1,375.62	688.29

Less: Transfer to Capital Redemption Reserve		
Less: Dividend on Equity Shares	(62.33)	(37.40)
Less: Transfer to Reserves		
Less: IND AS Adjustment		
<b>Closing Balance</b>	<b>5,585.92</b>	<b>4,272.62</b>
The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.		
<b>Total Other Equity</b>	<b>7,604.23</b>	<b>5,589.75</b>

**NOTE 18 NON-CURRENT BORROWINGS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured - at amortised cost</b>		
i) Bonds / Debentures	-	-
ii) Term Loans from Banks	1,481.34	-
iii) Term Loans from others	-	-
less Current Maturities of Long Term Debt	(174.75)	-
<b>Grand Total</b>	<b>1,306.59</b>	<b>-</b>

**Repayment Details - The loans are repayable over the period from February 2022 to July 2028 EMI of ₹ 13.90 lacs.**

**Security Details :-**

**Primary-** Charge on FD of DSRA of 6 months, charge on stocks, charge on book debts, charge on current assets and charge on export debtors.

**Collateral-** Charge on current assets, personal guarantee of Mr. Sunil Mundra and Mr. Sushil Mundra, Charge on FD of DSRA of 6 months, exports debtors and stocks. Charge on Industrial property situated at Industrial Plot No.7/A, KIADB Industrial Area, Attibele, Anekal Taluka, Bangalore-560107. Charge on Industrial property situated at 84, Bangalore-Perambai Road, Pichaveerampet, Moolakulam, Puducherry-605010.

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

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortised Cost</b>		
Financial guarantee liability	-	-
Deposit/ Retention	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTE 20 PROVISIONS - NON CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Provision for Employee Benefits		
a) Compensated absences (Earned Leave)	-	-
b) Provision for gratuity	7.99	12.13
<b>Total</b>	<b>7.99</b>	<b>12.13</b>

## STANDALONE FINANCIAL STATEMENTS

### NOTE 21 SHORT TERM BORROWINGS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Loan repayable on demand from Bank		
Secured Loan		
a) from Banks	1,626.83	962.93
ii) Current maturities of long-term debt	174.75	-
iii ) Short Term Borrowings from Directors	-	
<b>Total</b>	<b>1,801.57</b>	<b>962.93</b>

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

### NOTE 22 TRADE PAYABLES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Dues of Micro Enterprises and Small Enterprises	265.32	-
Dues of creditors other than micro enterprises and small enterprises	1,322.26	1,483.58
Employee related	174.70	122.23
Disputed Dues of Micro Enterprises and Small Enterprises	-	-
Disputed Dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	<b>1,762.27</b>	<b>1,605.81</b>

(₹ In Lacs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
(i) MSME	265.32	-	-	-	265.32
(ii) Others	1,318.05	141.00	14.03	23.88	1,496.95
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total as at March 31, 2022</b>	<b>1,583</b>	<b>141</b>	<b>14</b>	<b>23.88</b>	<b>1,762.27</b>

(₹ In Lacs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
(i) MSME	-	-	-	-	-
(ii) Others	1,551	18	30	6.67	1,605.81
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total as at March 31, 2021</b>	<b>1,551</b>	<b>18</b>	<b>30</b>	<b>6.67</b>	<b>1,605.81</b>

The Company has amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2022 and March 31, 2021. The details in respect of such dues are as follows:

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal amount	265.32	-
Interest	0.33	

The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.33	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	0.33	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

### NOTE 23 OTHER FINANCIAL LIABILITIES - CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
a) Current maturities of long-term debt	-	-
b) Interest accrued but not due on borrowings	-	-
c) Unclaimed dividends	11.60	13.23
d) Interest payable on MSME	0.33	-
e) Financial guarantee liability	-	-
f) Other Liabilities	-	-
- Other liabilities	5.32	4.49
<b>Total</b>	<b>17.25</b>	<b>17.73</b>

### NOTE 24 PROVISIONS -CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Compensated absences (Earned Leave)	34.04	15.39
b) Provision for gratuity	23.46	8.98
<b>Total</b>	<b>57.50</b>	<b>24.37</b>

### NOTE 25 OTHER CURRENT LIABILITIES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc.)	27.36	19.85
b) Advances and Deposits from Customers / others	554.12	446.58
c) Related to expenses	190.10	124.39
<b>Total</b>	<b>771.58</b>	<b>590.82</b>

# STANDALONE FINANCIAL STATEMENTS

## NOTE 26 REVENUE FROM OPERATIONS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Sale of Products	12,987.60	7,402.04
(b) Other operating revenues	518.90	549.31
<b>Total</b>	<b>13,506.50</b>	<b>7,951.35</b>

## NOTE 27 OTHER INCOME

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Interest income	-	-
On Bank Deposits at amortised cost	12.62	13.41
(b) Other gains or losses	-	-
Net gain on foreign currency transaction	-	30.54
(c) Other non-operating income	-	-
Operating lease rent remeasurment	43.90	-
Profit on sale of Assets	6.46	0.90
Miscellaneous income	30.42	27.86
	<b>93.40</b>	<b>72.71</b>

## NOTE 28 COST OF MATERIAL CONSUMED

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventories at the beginning of the year	285.86	201.96
Purchases during the year	5,716.17	3,693.52
Inventories at the end of the year	398.29	285.86
<b>Total</b>	<b>5,603.74</b>	<b>3,609.63</b>

## Cost of Traded raw materials

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Cost of raw materials sold	195.14	-

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Opening Stock:</b>		
<b>Finished goods</b>		
Capsules	300.42	422.44
<b>Work in progress</b>		
Capsules	23.83	34.93
	<b>324.24</b>	<b>457.37</b>

<b>Closing Stock:</b>		
<b>Finished goods</b>		
Capsules	81.40	300.42
<b>Work in progress</b>		
Capsules	61.51	23.83
	<b>142.91</b>	<b>324.24</b>
Decrease / (Increase) in stocks	181.34	133.12
<b>Net change (Increase) / Decrease</b>	<b>181.34</b>	<b>133.12</b>

**NOTE 30 EMPLOYEE BENEFIT EXPENSE**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Salaries, Wages and Bonus	789.50	648.89
(b) Contribution to Provident and other Funds	29.48	27.36
(c) Director Remuneration	113.40	108.00
(d) Workmen and Staff welfare expenses	29.38	20.60
<b>Total</b>	<b>961.77</b>	<b>804.86</b>

**NOTE 31 FINANCE COST**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(i) Interest costs		-
(a) Bank Loans and others	168.05	23.79
(ii) Other borrowing costs - on Lease	5.84	7.89
(iii) Other Interest and Finance charges	22.16	5.37
<b>Total</b>	<b>196.05</b>	<b>37.06</b>

**NOTE 32 DEPRECIATION AND AMORTISATION EXPENSE**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation/amortisation on		-
a) Property, Plant and Equipment	483.91	378.16
b) Intangible Assets	15.61	-
c) Right of use Asset - (Lease)	4.31	52.47
<b>Total</b>	<b>503.84</b>	<b>430.64</b>

**NOTE 33 OTHER EXPENSES**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spare parts	168.98	33.52
Power and Fuel	1,190.36	851.25
Repairs and Maintenance -Buildings	49.28	19.28
Repairs and Maintenance-Machinery	145.99	76.30
Repairs and Maintenance -Others	28.31	22.04
Bad Debts	25.72	56.59

## STANDALONE FINANCIAL STATEMENTS

Insurance	23.56	14.42
Exchange Rate Difference	(20.60)	37.01
Rates and Taxes	69.14	14.81
Freight & Clearing Expenses	788.67	511.36
Directors Sitting fees	6.60	5.25
Auditor's Remuneration	5.00	3.00
Travelling Expenses - Foreign	4.40	-
Travelling and Conveyance	81.64	47.71
Professional Fees	127.85	70.17
Commission	126.40	25.60
Provision for Stock Loss	15.00	-
Provision for Doubt full Debts	270.04	-
Sundry Provisions - Write Back	(100.00)	-
CSR expenditure	3.50	1.47
Security Charges	26.59	22.05
Contract Labour Charges	364.26	294.11
Postage and Courier	18.57	11.12
Communication Expenses	9.31	7.50
Business Promotion Expenses	41.90	27.55
Research & Development Expenditure - Revenue in Nature	212.17	98.33
Bank Charges	12.13	17.31
Printing and Stationery	7.34	5.83
Miscellaneous Expenses	44.90	33.82
Sundry Assets Written off	246.35	-
Commission to Directors	22.00	-
<b>Total</b>	<b>4,015.38</b>	<b>2,307.37</b>

### NOTE 34 EXCEPTIONAL ITEMS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Exceptional items of (Debit)</b>	-	-
Prior Period expenses	-	-
<b>Exceptional items of (Credit)</b>	-	-
Profit on sale of Investments	-	217.64
<b>Exceptional items (Net)</b>	-	<b>217.64</b>

### NOTE 35 PAYMENT TO AUDITORS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
a) Audit Fees	5.00	3.00
b) Fees for other services	1.99	0.16
<b>Total</b>	<b>6.99</b>	<b>3.16</b>

**NOTE 36**

(₹ In Lacs)

Research and development expenditure included in the statement of Profit and Loss	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries, wages and bonus	132.71	76.62
Contribution to provident and other funds	4.27	3.66
Consumption of materials, Stores and spare parts	63.70	11.72
Power and Fuel	3.31	2.49
Rent paid for RD Staff Qtrs	8.15	3.83
Repairs and maintenance	0.04	
<b>Total</b>	<b>212.17</b>	<b>98.33</b>

**NOTE 37 OPERATING LEASE**

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Not later than one year	24.38	33.01
Later than one year and not later than five years	33.42	57.79
Later than five years	-	-
<b>Total</b>	<b>57.79</b>	<b>90.80</b>

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

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

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

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.- Refer Note 2 for the Cost of the right of the use of Asset carried in the at the end of the year.

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Current tax</b>		
for Current year	474.30	222.17
for Previous years	-	-
<b>Deferred tax</b>		
for Current year	72.96	2.14
<b>Total</b>	<b>547.26</b>	<b>224.31</b>

## STANDALONE FINANCIAL STATEMENTS

### NOTE 38 RECONCILIATION OF CURRENT TAX EXPENSE

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit or loss before tax	1,942.65	919.02
Income tax rate (%) applicable to the company #	29.12%	27.82%
Income tax calculated at income tax rate	565.70	255.67

#### Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Effect of expense that are not deductible	133.19	4.70
Effect of incremental deduction on account of research and development and other allowances	-	-
Effect of on account Depreciation	(204.62)	(5.21)
Withholding tax in respect of income earned outside India		
Effect of Capital Gain	-	(33.00)
Tax effect on - other deductible expenses	19.90	-
Income tax expense recognised in statement of Profit and Loss	474.30	222.17

# The tax rate used for reconciliation above is the corporate tax rate of 29.12% / 27.82% at which the company is liable to pay tax on taxable under the Indian tax law.

### NOTE 39 EARNINGS PER SHARE

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Basic Earnings per share	19.62	11.04
Diluted Earnings per share	19.62	11.04

#### 39.1 Basic Earnings per share

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit after Taxation	1,375.62	688.29
<b>Earnings used in the calculation of basic earnings per share</b>	<b>1,375.62</b>	<b>688.29</b>
Number of equity shares of 10 each outstanding at the beginning of the year	70.12	62.33
Equivalent Number of equity shares of 10 each outstanding at the end of the year after considering the partly paid shares	70.12	62.33
Weighted Average number of Equity Shares	70.12	62.33

#### 39.2 Diluted Earnings per share

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Earnings used in the calculation of basic earnings per share</b>	<b>1,375.62</b>	<b>688.29</b>
Adjustments (if any)	-	-
<b>Earnings used in the calculation of diluted earnings per share</b>	<b>1,375.62</b>	<b>688.29</b>

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Weighted average number of equity shares used in calculation of basic earnings per share	70.12	62.33
Shares deemed to be issued for no consideration	-	-
Weighted average number of equity shares used in calculation of diluted earnings per share	70.12	62.33

#### NOTE 40 CORPORATE SOCIAL RESPONSIBILITY ('CSR')

Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a SR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and technology driven community development.

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Amount required to be spent by the company during the year	8.5	-
Amount of expenditure incurred on:	-	-
Construction / acquisition of any asset	-	-
On purpose other than above	4.96	-
Shortfall at the end of the year	3.54	-
Amount Transferred to unspent CSR account	3.54	-
Amount to be Transferred to specified fund Account	-	-

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

#### NOTE 41 DEFERRED TAX BALANCES

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Deferred tax assets	-	-
Deferred tax liabilities	168.49	95.53
<b>Total</b>	<b>168.49</b>	<b>95.53</b>

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Deferred tax (Liabilities) / Asset in relation to		
Property, Plant and equipment	(342.85)	(105.6)
Provision compensated absences and others	18.22	10.15
Provision for bad & doubtful debts	151.97	
Others	4.17	
<b>Total</b>	<b>(168.49)</b>	<b>(95.53)</b>
Tax losses		
<b>Net Deferred tax Assets / (Liability)</b>	<b>(168.49)</b>	<b>(95.53)</b>

## STANDALONE FINANCIAL STATEMENTS

### NOTE 42

In accordance with the requirements of Indian Accounting Standard (Ind AS) -24 'Related Party Disclosures' the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year-end balances are given below.

#### Note (i) - Related Party Disclosures:

Particulars	
Related Party	
Description of Relationship :	
Key Management Personnel	Mr. Sunil Laxminarayana Mundra -Director Mr. Laxminarayana Mundra - Director Mr. Satyanarayana Mundra - Director Mr. Prasanna Junnarkar-CFO Mrs. Shilpa Burman - Company Secretary
Directors	Mr . Sushil Kumar mundra Mrs. Jyothi Mundra
Subsidiary Company	NATURAL PHYTO PHARMA PRIVATE LIMITED NATURAL BIOGENEX PRIVATE LIMITED
Enterprise in which Directors have significant Control	M/s.Mundra Enterprises M/s.Balurghat Technologies Ltd M/s.Minakshi Enamels

(₹ In Lacs)

Details of Transactions		Amount in Lacs	
		2021-22	2020-21
<b>KEY MANAGEMENT PERSONNEL</b>			
Mr. Sunil Laxminarayana Mundra - Managing Director	Salary Paid	46.20	44.40
Mr. Laxminarayan Moondra - Whole Time Director	Salary Paid	33.60	31.80
Mr. Sathyanarayana Mundra - whole Time Director	Salary Paid	33.60	31.80
Mr. Prasanna Junnarkar - Chief Financial Officer	Salary Paid	12.83	10.68
Mrs. Shilpa Burman - Company Secretary	Salary Paid	5.51	4.97
<b>OTHER RELATED PARTIES</b>			
Mr. Sushil Kumar Mundra - Director	Sitting Fees Paid	0.90	0.75
Mrs. Jyothi Mundra - Director	Sitting Fees Paid	1.05	0.75
<b>ENTERPRISE IN WHICH DIRECTORS HAVING SIGNIFICANT CONTROL</b>			
M/s.Sonia Organix	Lease rent recd	4.25	4.25
<b>SUBSIDIARY COMPANY (INVESTMENTS &amp; RECEIVABLES)</b>			
NATURAL PHYTO PHARMA PRIVATE LIMITED (Formerly National Drug Discoveries Pvt Ltd )	Advance Paid	-	0.75
NATURAL BIOGENEX PVT. LTD	Advance Paid	1,084.66	917.48

Payables / Receivable			
Mr. Sunil laxminarayana mundra	Payable	2.43	2.50
Mr. Laxminarayana mundra	Payable	1.84	1.83
Mr. Sathyanarayana mundra	Payable	1.86	1.87
Mr. Prasanna junnarkar	Payable	0.72	0.75
Mrs. Shilpa	Payable	0.46	0.42
NATURAL PHYTO PHARMA PRIVATE LIMITED	Receivable	0.02	0.03
NATURAL BIOGENEX PRIVATE LIMITED	Receivable	2,002.14	917.48

**NOTE 43****A. Defined contribution plans**

The Company makes Provident Fund and Employee State Insurance which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 24.46 Lacs- for provident fund contributions in the statement of Profit or loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**B. Defined benefit plans (Gratuity)**

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2022. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss. the Company provided the gratuity benefit through annual contributions to a fund managed by the M/s. Life Insurance Corporation.

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

**1. Risk to the beneficiaries (i.e. for employees)**

Insufficient funds: The greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits. This may be due to:

- The insufficient funds set aside, i.e. underfunding

- The insolvency of The Employer
- The holding of investments which are not matched to the liabilities; Or
- A combination of these events

**2. Risks to the Benefit provider (i.e. for employer)**

**Parameter risk:** Actuarial valuation is done basis some assumptions like salary inflation, discount rate and withdrawal assumptions. In case the actual experience varies from the assumptions, fund may be Insufficient to pay off the liabilities.

For example: Suppose the plan's liability is calculated with salary inflation assumption of 5% per annum. However, Company's' actual practice is to provide increment of 10% per annum. This will result into underfunding. Similarly, reduction in discount rate in subsequent future years can increase the plan's liability. Further, actual withdrawals may be lower or higher than what was assumed in the valuation, which may also impact the plan's liability.

**Risk of illiquid assets:** Another risk is that the funds, although sufficient, are not available when they are required to finance the benefits. This may be due to assets being locked for longer period or in illiquid assets

**Risk of benefit change:** There may be a risk that a benefit promised is changed or is changeable within the terms of the contract. For e.g. the prevailing Act / Regulation may increase the benefits payable under defined benefit plans.

**Asset liability mismatching risk:** ALM risk arises due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates or due to different duration.

For example: When the liability duration is, say, 10 years and with assets locked in 5-year g-sec securities. After 5 years, there is huge reinvestment risk to invest maturity proceeds of assets due to uncertainty about the market prevailing yields at that time.

(₹ In Lacs)

Particulars	Gratuity (Funded)	
	2021-22	2020-21
<b>Present value of obligations at the beginning of the year</b>	<b>156.98</b>	<b>134.14</b>
Current service cost	14.61	13.94
Interest Cost	10.83	9.39
Re-measurement (gains) / losses:		

## STANDALONE FINANCIAL STATEMENTS

-Actuarial gains and losses arising from change in financial assumption	(2.65)	1.21
-Actuarial gains and losses arising from experience adjustment	20.03	4.70
Benefit Payments from Plan Assets	(22.08)	(6.40)
<b>Present value of obligations at the end of the year</b>	<b>177.73</b>	<b>156.98</b>
<b>Changes in the fair value of planned assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>135.87</b>	<b>113.33</b>
Interest income	9.49	8.44
Return on plan assets		
Contributions by the employer	25.39	21.00
Re-measurement (gains) / losses:	(2.38)	(0.51)
<b>Benefits paid</b>	<b>(22.08)</b>	<b>(6.40)</b>
<b>Fair value of plan assets at the end of the year</b>	<b>146.29</b>	<b>135.87</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	177.73	156.98
Less: share of obligation pertaining to Associate Company under common Gratuity Trust		
Fair value of plan assets at end of the year	146.29	135.87
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>31.45</b>	<b>21.11</b>
<b>Components of defined benefit cost recognized in profit or loss</b>		
Current service cost	14.61	13.94
Net interest Cost	(1.34)	0.95
<b>Net cost in Profit or Loss</b>	<b>13.27</b>	<b>14.88</b>
<b>Components of defined benefit cost recognized in Other Comprehensive income</b>		
Re-measurement on the net defined benefit liability:		
-Actuarial gains and losses arising from change in financial assumption	(2.65)	1.21
-Actuarial gains and losses arising from experience adjustment	20.03	4.70
Return on plan assets	2.38	0.51
<b>Net Cost</b>	<b>19.76</b>	<b>6.42</b>
<b>Less: Allocation to Associate Company under common gratuity trust</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Cost in other Comprehensive Income</b>	<b>19.76</b>	<b>6.42</b>

(₹ In Lacs)

Particulars	2021-22	2020-21
<b>Assumptions</b>		
Discount rate	7.10%	6.90%
Expected rate of salary increase	7.00%	7.00%
Average age of members	43.72	42.62
Average remaining working Life	16.28	17.38
Mortality (IALM (2012-14) Ultimate	5% of Mortality Rate	5% of Mortality Rate

**Note (i) Experience Adjustments****Experience Adjustments**

(₹ In Lacs)

Particulars	For the period ending	
	March 31, 2022	March 31, 2021
(Gain) / Loss on Plan Liabilities- in Lacs	20.03	4.70
% of Opening Plan Liabilities	12.76%	3.50%
Gain / (Loss) on Plan Assets- in Lacs	2.38	0.51
% of Opening Plan Assets	1.75%	0.45%

**Notes:**

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The Company's gratuity funds are managed by the M/s. Life Insurance Corporation and therefore the composition of the fund assets is not presently ascertained.

**Note (ii) Sensitivity Analysis**

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

(₹ In Lacs)

Particulars	March 31, 2022	March 31, 2021
Under Base Scenario	177.73	156.83
Salary Escalation (Up by 1%)	191.32	157.14
Salary Escalation (Down by 1%)	165.19	145.42
Withdrawal Rates (Up by 1%)	177.68	170.14
Withdrawal Rates (Down by 1%)	177.78	145.42
Discount Rates (Up by 1%)	165.33	156.98
Discount Rates (Down by 1%)	191.83	169.99

**NOTE 44****44.1 Capital management**

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

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

The following table summarises the capital of the Company:

(₹ In Lacs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Equity	8,305.41	6,213.02
Debt	3,108.16	962.93
Cash and cash equivalents	127.79	9.31
Net debt	3,235.96	972.24
Total capital (Equity + Net debt)	11,541.37	7,185.27
Net debt to capital ratio	0.28	0.14

## STANDALONE FINANCIAL STATEMENTS

### 44.2 Credit risk management

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

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

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

### 44.3 Liquidity risk management

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

The table below provides details regarding contractual maturities of financial liabilities as at March 31, 2022

(₹ In Lacs)

Particulars	Carrying amount	Less than 1 year	1-3 years	More than 3 years	As at March 31, 2022
(i) MSME	265	265.32	-	-	265
(ii) Others	1,497	1,318.05	155	24	1,497
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total as at March 31, 2022	1,762	1,583.36	155	24	1,762

The table below provides details of financial assets at at March 31, 2022

(₹ In Lacs)

Particulars	Carrying amount-2021-22	Carrying amount-2020-21
Trade receivables	2,630.27	2,669.60
Other Financial assets	522.73	222.07

### Fair value Hierarchy

(₹ In Lacs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period						
<b>Financial assets :</b>						
Trade receivables	2,630.27	-	-	2,669.60	-	-
Cash and cash equivalents	127.79	-	-	9.31	-	-
Bank balances other than cash and cash equivalents	171.02	-	-	13.25	-	-
Loans	20.00	-	-	20.00	-	-
Other Financial Assets	-	-	-	-	-	-

Security Deposit (Unsecured considered good)	157.57	-	-	147.40	-	-
Rental Deposit	-	-	-	-	-	-
Term Deposit	-	-	-	-	-	-
Interest Receivable On Deposits	40.89	-	-	30.35	-	-
<b>Financial Liabilities</b>						
Borrowings- Bank OD	3,108.16	-	-	962.93	-	-
Trade payables	1,762.27	-	-	1,605.81	-	-
Other Financial Liability	5.32	-	-	4.49	-	-
Unclaimed dividend	11.60	-	-	13.23	-	-

**Fair value Hierarchy**

(₹ In Lacs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period						
<b>Financial Assets</b>						
Investments in equity- Quoted	-	-	-	-	-	-
Investments in equity- Un Quoted	1.75	-	-	1.75	-	-
Investments in government securities	-	-	-	-	-	-
Investment in Preference shares	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-
Derivatives not designated as hedges	-	-	-	-	-	-
<b>Financial liabilities</b>						
Derivatives not designated as hedges	-	-	-	-	-	-
Derivatives designated as hedges	-	-	-	-	-	-

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

(₹ In Lacs)

Particulars	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>					
Financial assets at amortised cost:					
Trade receivables	Level 3	2,630	2,630	2,670	2,670
Cash and cash equivalents	Level 2	128	128	9	9
Bank balances other than cash and cash equivalents	Level 2	171	171	13	13
Other financial assets	Level 3	204	204	180	180

## STANDALONE FINANCIAL STATEMENTS

(₹ In Lacs)

Particulars	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities					
Financial liabilities at amortised cost:					
Borrowings	Level 2	3,108	3,108	963	963
Trade payables	Level 3	1,762	1,762	1,606	1,606
Other financial liabilities	Level 3	17	17	18	18

### Fair value hierarchy

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

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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

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

## NOTE 45 ADDITIONAL REGULATORY INFORMATION

### a. ANALYTICAL RATIOS

Ratio	Numerator	Denominator	Current Period	Previous Period	% variance	Reason for variance (+/- >25%)
Current Ratio	Current Assets	Current Liabilities	1.72	1.71	1%	
Debt -equity Ratio	Total Debt	Shareholder's Equity	73%	56%	31%	Due to Term loan of ₹ 14.81 Crores availed during the year
Debt Service Coverage Ratio	"Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc."	Debt Service = Interest & Lease Payments + Principal Repayments	5.36%	Nil		Due to Term loan of ₹ 14.81 Crores availed during the year
Return On Equity	Net Profits after taxes - Preference Dividend (if any)	Average Shareholder's Equity	0.19	0.11	71%	Due to increase in Sales and corresponding increase in Net profit

Inventory Turnover Ratio	Cost of goods sold OR Sales	Average Inventory = (Opening + Closing balance/2)	22.56	11.66	93%	Due to increase in Sales by 70% during the year.
Trade Receivables Turnover Ratio	Net Credit Sales = Gross credit sales - Sales return	Average Accounts Receivable = (Opening + Closing balance/2)	5.10	2.98	71%	Due to increase in Sales by 70% during the year.
Trade Payables Turnover Ratio	Net Credit Purchases = Gross purchases - Purchase return	Average Trade Payables	3.72	3.58	4%	
Net Capital Turnover Ratio	Net Sales = Total sales - Sales returns	Working Capital = Current assets - Current liabilities	4.18	3.40	23%	
Net Profit Ratio	Net Profit = Net profit shall be after tax	Net Sales = Total sales - Sales returns	10.33%	8.74%	18%	
Return On Capital Employed	Earnings before interest & taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	18%	13%	40%	Due to increase in Sales and corresponding increase in Net profit
Return On Investment						

### Utilisation of Borrowed funds & Share premium

(A) Where company has advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall.

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); OR
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; the company shall disclose the following:
  - (a) date and amount of fund advanced or loaned or invested in Intermediaries with complete details of each Intermediary.
  - (b) date and amount of fund further advanced or loaned or invested by such Intermediaries to other Intermediaries or Ultimate Beneficiaries alongwith complete details of the ultimate beneficiaries.
  - (c) date and amount of guarantee, security or the like provided to or on behalf of the ultimate beneficiaries.
  - (d) declaration that relevant provisions of the FEMA, 1999 (42 of 1999) and Companies Act, 2013 has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003);

(B) Where a company has received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall.

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding company (Ultimate Beneficiaries); OR
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; the company shall disclose the following:
  - (a) date and amount of fund received from Funding Parties with complete details of each Funding Party.
  - (b) date and amount of fund further advanced or loaned or invested by other Intermediaries or Ultimate Beneficiaries alongwith complete details of the ultimate beneficiaries or other beneficiaries.
  - (c) date and amount of guarantee, security or the like provided to or on behalf of the ultimate beneficiaries.
  - (d) declaration that relevant provisions of the FEMA, 1999 (42 of 1999) and Companies Act, 2013 has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003);

## STANDALONE FINANCIAL STATEMENTS

### NOTE NO. 46

(₹ In Lacs)

Particulars	2021-22	2020-21
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	2563	1634.06
<b>Other monies for which the Company is contingently liable</b>		
a) Bank Guarantees issued for loans and others	4800.00	-
b) Disputed Income tax demands which are under various stages of appeal	28.97	10.57
c) Disputed Sales tax, Excise Duty ,Service tax, Urban land tax, Electricity matters and Customs demands.	44.16	44.16

The Company has given a financial guarantee amounting to 4800 lacs (March 31, 2021: Nil in relation to a Term loan availed by a wholly owned subsidiary.

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

### NOTE NO 47 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Shareholders of the Company at the Annual General Meetings held on November 10, 2018 had approved the Employee Stock Option Scheme (ESOP) 2018 .The ESOS's are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

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

Particulars	No of shares - 2021-22	No of shares - 2020-21
No of Options Granted During the year	30,000	
Options Vested During the year	-	-
Options Outstanding at the Beginning of the year	1,25,000	1,25,000
Options Exercised During the year	-	-
Number of Options cancelled	-	-
Number of options lapsed	-	-
Options Outstanding at the End of the year	1,55,000	1,25,000

The following table summarises the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2022.

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

#### Employee Stock Option Scheme 2018

Dates of Grant	Nov 10, 2018
Market Price (₹ per share) on the dates of grant	78
Volatility	78%
Risk free rate	6.50%
Exercise price (₹ per share)	10
Time to maturity (years)	10
Dividend yield	1%
Option fair value (₹ per share)	69

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

**NOTE NO 48**

The company is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under.

**NOTE NO 49**

Quarterly returns or statements of current assets filed by the company with banks are in agreement with the books of accounts;

**NOTE NO 50**

The company is not declared wilful defaulter by any bank or financial institution or other lender during the year.

**NOTE NO 51**

The Company has submitted the registration of charge form to ROC within time for SBI but for HDFC it got delayed and filed within 60 days with four times additional fee.

**NOTE NO 52**

The company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during the year.

**NOTE NO 53**

The company has not accepted any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 during the year.

**NOTE NO 54**

The company has not traded or invested in Crypto currency or Virtual currency during the financial year.

**NOTE NO 55 SUBSEQUENT EVENTS**

The Board of Directors in their meeting held on May 09, 2022 have proposed a final dividend of ₹ 1 per equity share for the year ended March 31, 2022 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

**NOTE NO 56**

Previous year figures have been regrouped to correspond to the current year classification where ever necessitated.

In terms of our report attached

**For and on behalf of the Board**

**For P.Chandrasekar LLP**

Chartered Accountants  
FRN.: 000580S/S200066

**Sunil L Mundra**

Managing Director  
DIN:00214304

**Sathyanaraya Mundra**

Whole Time Director  
DIN:00214349

**P Chandrasekar**

Partner  
Membership No.026037

**Shilpa Burman**

Company Secretary  
M.No : A52069

**Prasanna Junnarkar**

Chief Financial Officer

**Place:** Bengaluru

**Date:** May 09, 2022

# Independent Auditor's Report

TO THE MEMBERS OF **NATURAL CAPSULES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

## OPINION

We have audited the accompanying consolidated financial statements of M/S. NATURAL CAPSULES LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles

generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

S. No	Key Audit Matter	How our audit addressed the key audit matter
1.	<b>Evaluation of uncertain Tax positions</b> As described in the summary of Significant accounting policies in note no 2.2 Significant judgment is required in determining the provision for income taxes both current and deferred as well as the assessment of the provisions for uncertain tax positions, consequently having an impact on related accounting and disclosures in the Consolidated financial statements.	Obtained details of completed tax assessments and demands for the year ended March 31, 2022 from management.  Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions;  We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.  Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
2.	<b>Trade receivables</b> Trade receivables are recognized at their anticipated realizable value which is the original invoiced amount Valuation of trade receivables is a key audit matter in the audit, due to size of the trade receivables balance and the high level of management judgement used in determining the impairment provision	For trade receivables and managements estimation for trade receivables, impairment provisions, our key audit procedure includes the following:  We obtained management confirmation on trade receivables outstanding  We analyzed the ageing of trade receivables and  We obtained the list of long outstanding receivables of these through enquiring with the management and by obtaining sufficient corroborative evidences to support the conclusions.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with

# CONSOLIDATED FINANCIAL STATEMENTS

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to

our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Company and its subsidiary company incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
  - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in

any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under

the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in Note 53 to the consolidated financial statements
  - a. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
  - b. The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 2. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For P. CHANDRASEKAR LLP**

Chartered Accountants  
Firm Registration No. 000580S/S200066

**P. Chandrasekaran**

Partner  
Membership No. 026037  
UDIN No: 22026037AIQZAU8910

**Place:** Bangalore  
**Date:** May 09, 2022

# Annexure - A to the Independent Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of Natural Capsules Limited ("the Holding Company") as of March 31, 2022, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiaries, which are incorporated in India as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For P. CHANDRASEKAR LLP**Chartered Accountants  
Firm Registration No. 000580S/S200066**P. Chandrasekaran**Partner  
Membership No. 026037  
UDIN No: 22026037AIQZAU8910**Place:** Bangalore**Date:** May 09,2022

# Notes to Consolidated Financial Statements

for the year ended March 31, 2022

## 2.1 BASIS OF PREPARATION AND MEASUREMENT

### (a) Basis of preparation

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

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

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

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

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

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

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

- (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

- (b) The non-controlling interest's share of movements in equity since the date parent subsidiary relationship came into existence.

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

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

### (b) Basis of measurement

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

### (c) Basis of Consolidation

The consolidated financial statements Comprise of the financial statements of Natural Capsules Limited ("the Company") , its fully owned subsidiary Natural Biogenex Private Limited and its subsidiary National Phyto Pharma Private limited formerly -Drug Discoveries Pvt Ltd @75% are incorporated in India. The Standalone Financial Statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and unrealized profit or losses.

These financial statements are prepared by applying uniform accounting policies in use at the Group. The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on consolidation. The financial statements of the subsidiary company which is included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2022. The financial statements of the subsidiary included in consolidation are audited.

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

## 2.2 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the

application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates. Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## 2.3 SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue Recognition:

#### ● Revenue from sale of goods

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

#### ● Income from export incentives

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

#### ● Income from services

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

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

- i. Identification of contract with a customer- There must be a contract having commercial substance which creates enforceable rights and obligations between parties to contract and it is probable that economic benefits associated with the transaction will flow to the entity
- ii. Identification of performance obligations- There must be a promise in the contract to transfer either goods or services or a bundle of goods or services, that is distinct or a series of distinct goods or services that are substantially the same and have a pattern of transfer to the customer.

Timing of revenue recognition is based on satisfaction of performance obligation rather than the contract as a whole.

- iii. Determination of Transaction price- It is the amount of consideration to which an entity expects to be entitled in exchange for transferring of goods and services.
- iv. Allocation of transaction price to performance obligation- To each performance obligation (for distinct goods or service) in proportion to its stand-alone selling price.
- v. Revenue recognition upon satisfaction of performance obligation- Revenue may be recognised either at a point in time (when the customer obtains control over the promised goods or service) or over a period of time (as the customer obtains control over the promised goods or service)

#### ● Interest Income

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

#### ● Dividend Income and Interest Income:

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

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

#### Income from Export Incentives

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

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## (b) Leasing

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

### • The Group as lessor

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

### • The Group as lessee

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

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

## (c) Foreign currency transactions and balances

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

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

### • Functional Currency

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

## (d) Employee benefits

### Retirement benefit costs and termination benefits

Employee benefits include provident fund, employee state insurance scheme, pension, gratuity, superannuation and compensated absences. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected

unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the

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

Categorised as follows:

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

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

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

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

### Short-term and other long-term employee benefits

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

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

**(e) Taxation:**

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

**Current tax**

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

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

**Deferred tax**

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

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

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

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

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

**Current and deferred tax for the year**

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

**(f) Property, Plant and equipment:**

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's

carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

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

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

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

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

Freehold land is not depreciated.

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

**(g) Investment property**

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

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

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

**(h) Intangible assets:**

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are

# CONSOLIDATED FINANCIAL STATEMENTS

recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

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

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

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

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

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

## **(i) inventories:**

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

## **(j) Provisions**

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

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

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

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

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

## **(k) Dividends**

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

## **(l) Earnings Per Share:**

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

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

## **(m) Segment Reporting**

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

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

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

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

#### (n) Operating cycle

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

#### (o) Cash Flow Statement

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

#### (p) Cash and Cash equivalents:

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

#### (q) Assets held for sale:

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

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

#### (a) Financial instruments: Financial assets:

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

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

Value of the financial asset.

Financial assets are subsequently classified as measured at

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

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

#### Capital Work in Progress

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

#### Trade Receivables and loans:

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

#### Financial instrument.

##### Debt instruments:

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

##### Characteristics of the financial asset.

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

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

- Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling

## CONSOLIDATED FINANCIAL STATEMENTS

financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

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

### Equity instruments:

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

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

### Derecognition

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

### Impairment of Financial asset

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

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

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

### Financial liabilities:

#### Initial recognition and measurement

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

#### Subsequent measurement

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

#### Derecognition

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

#### (g) Expenditure:

Expenses are accounted on accrual basis.

#### (l) Impairment of Non-Financial Assets:

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

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

Loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and

from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

#### **(r) Borrowing Costs**

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

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

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

#### **(s) Investments**

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

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

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

#### **(t) Investments in Subsidiaries**

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

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

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

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

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

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

#### **(v) Events After Reporting Date**

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

#### **(w) Exceptional Items**

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

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

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

#### **(x) Research and development:**

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

- Ability to complete development and to use or sell the asset.

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

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

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

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

# Consolidated Balance Sheet

As At March 31, 2022

(₹ In Lacs)

S.No	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>A</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
	(a) Property, Plant and equipment	2	6,425.65	3,806.50
	(b) Capital Work in Progress		2,010.91	697.52
	(C) Right-of-use assets		48.26	4.31
	(d) Investment Property	3	-	-
	(e) Intangible Assets	4	174.32	
	(f) Financial Assets			
	(i) Investments	5	3.72	-
	(ii) Trade Receivables			
	(iii) Loans			
	(iv) Other financial assets	6	206.52	178.59
	(g) Deferred Tax Assets (Net)			
	(h) Other Non-Current Assets	7	-	48.13
	<b>Total non-Current Assets</b>		<b>8,869.39</b>	<b>4,735.06</b>
	<b>Current Assets</b>			
	(a) Inventories	8	457.80	660.96
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	9	2,630.27	2,669.60
	(iii) Cash and Cash Equivalents	10	139.85	9.76
	(iv) Bank balances other than (iii) above	11	348.40	163.25
	(v) Loans	12	20.00	20.00
	(vi) Other Financial assets	13	-	-
	(c) Current tax assets (Net)	14	-	-
	(d) Other current Assets	15	3,962.13	1,445.52
	<b>Total Current Assets</b>		<b>7,558.44</b>	<b>4,969.09</b>
	<b>TOTAL ASSETS</b>		<b>16,427.83</b>	<b>9,704.15</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	16	701.18	623.27
	(b) Other Equity	17	7,596.75	5,586.27
	(c) Non Controlling Interest		0.25	0.25
	<b>Total Equity</b>		<b>8,298.18</b>	<b>6,209.79</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	18	3,256.71	-
	(ia) Lease Liabilities		51.46	46.99
	(ii) Trade Payables			
	(iii) Other Financial Liabilities	19	-	-
	(c) Provisions	20	7.99	12.13
	(b) Deferred Tax Liabilities		168.49	95.53
	(d) Other Non-Current liabilities			
	<b>Total Non-Current Liabilities</b>		<b>3,484.65</b>	<b>154.65</b>
	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,801.57	962.93
	(ia) Lease Liabilities		-	18.98
	(ii) Trade Payables			
	Dues of micro enterprises and small enterprises	22	265.32	-
	Dues of creditors other than micro enterprises and small enterprises	22	1,500.55	1,607.64
	(iii) Other Financial Liabilities	23	141.95	52.05
	(b) Other Current Liabilities	25	778.97	596.20
	(c) Provisions	24	57.50	24.37
	(d) Current tax liabilities (Net)		99.14	77.55
	<b>Total Current Liabilities</b>		<b>4,645.00</b>	<b>3,339.71</b>
	<b>Total Liabilities</b>		<b>8,129.65</b>	<b>3,494.36</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,427.83</b>	<b>9,704.15</b>

The accompanying notes are an integral part of these financial Statements.

In terms of our report attached

For and on behalf of the Board

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 0005805/S200066

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Sathyanaraya Mundra**  
Whole Time Director  
DIN:00214349

**P Chandrasekar**  
Partner  
Membership No.026037

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Prasanna Junnarkar**  
Chief Financial Officer

**Place:** Bengaluru  
**Date:** May 09, 2022

# Consolidated Statement Of Profit and Loss

For The Year Ended March 31, 2022

(₹ In Lacs)

S.No	Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I	Revenue from Operations	26	13,507	7,951.35
II	Other Income	27	101	72.95
III	<b>Total Income (I+II)</b>		<b>13,608</b>	<b>8,024.30</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	28	5,603.74	3,609.63
	Changes in Inventories of finished goods, work-in-progress and stock in trade	29	181.34	133.12
	Cost of materials Goods Traded		195.14	
	Employee benefit expense	30	961.77	804.86
	Finance costs	31	196.05	37.06
	Depreciation and amortisation expense	32	504.04	430.64
	Other expenses	33	4,027.25	2,311.11
	<b>Total Expenses (IV)</b>		<b>11,669.33</b>	<b>7,326.41</b>
V	<b>Profit before exceptional items and Tax (III-IV)</b>		<b>1,938.65</b>	<b>697.89</b>
VI	<b>Exceptional items - Income /( Expenses )</b>	<b>34</b>	<b>-</b>	<b>217.64</b>
VII	<b>Profit before Tax (V - VI)</b>		<b>1,938.65</b>	<b>915.53</b>
VIII	<b>Tax Expense:</b>			
	1) Current tax		474.30	222.17
	2) Tax for earlier		-	-
	3) Deferred tax		72.96	2.14
	<b>Total Tax expenses</b>		<b>547.26</b>	<b>224.31</b>
IX	<b>Profit for the year (VII-VIII)</b>		<b>1,391.39</b>	<b>691.22</b>
	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Re-measurement of the defined benefit plan		(19.76)	(6.42)
	b) Equity instruments through other comprehensive income		(19.76)	(6.42)
	ii) Income tax relating to items that will not be re-classified to profit or loss			
	B. i) Items that will be reclassified to profit or loss		-	-
	ii) Income tax relating to items that will be re-classified to profit or loss			
X	<b>Total other comprehensive income (A(i-ii)+(B(i-ii))</b>		<b>(19.76)</b>	<b>(6.42)</b>
XI	<b>Total Comprehensive Income (IX+X)</b>		<b>1,371.63</b>	<b>684.80</b>
XII	<b>Earnings Per Equity Share (Nominal value per share; ₹10/-)</b>			
	(a) Basic		19.56	7.32
	(b) Diluted		19.56	7.32

The accompanying notes are an integral part of these financial Statements.

In terms of our report attached

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**  
Partner  
Membership No.026037

**Place:** Bengaluru  
**Date:** May 09, 2022

For and on behalf of the Board

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Sathyanaraya Mundra**  
Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**  
Chief Financial Officer

# Consolidated Cash Flow Statement

For The Year Ended March 31, 2022

(₹ In Lacs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	- 1,938.65	- 919.02
Adjustments for:	- -	- -
Adjustments for depreciation and amortisation expense	504.04 -	430.64 -
Adjustments for finance costs	196.05 -	23.79 -
Profit on sale of Fixed Assets (net)	(6.46) -	(0.90) -
Interest Income	(20.69) -	(13.41) -
Bad Debts	25.72 -	56.59 -
Liability no longer required written back	- -	- -
Accretion in value of investments	- -	- -
Provision for employee benefits	- -	- -
Profit on sale of investments	- -	(217.64) -
Remeasurement (losses)/gains in Lease rent	(43.90) -	- -
Re-measurement of the defined benefit plan	(19.76) -	(6.42) -
Unrealised exchange (gain) / loss	(9.76) 625.24	(37.35) 235.30
<b>Operating profit before working capital changes</b>	<b>- 2,563.89</b>	<b>- 1,154.31</b>
<b>Changes in working capital</b>	<b>- -</b>	<b>- -</b>
Adjustments for increase / (decrease) in	- -	- -
Adjustments for decrease (increase) in trade receivables, current	23.36 -	346.84 -
Adjustments for decrease (increase) in inventories	203.16 -	(132.91) -
Adjustments for other bank balances	(185.15) -	1.15 -
Adjustments for decrease (increase) in other current assets	(2,516.61) -	(440.24) -
Adjustments for decrease (increase) in other non-current assets	48.13 -	(1,315.20) -
Adjustments for other financial assets, non-current	(27.93) -	(44.39) -
Adjustments for increase (decrease) in trade payables, current	158.23 -	909.57 -
Adjustments for increase (decrease) in other current liabilities	182.82 -	272.14 -
Adjustments for increase (decrease) in other non-current liabilities	- -	- -
Adjustments for provisions, current	54.72 -	90.65 -
Adjustments for provisions, non-current	(4.15) -	(2.27) -
Adjustments for other financial liabilities, current	89.91 -	(38.64) -
Adjustments for other financial liabilities, non-current	- (1,973.50)	- (353.30)
<b>Cash generated from operations</b>	<b>- 590.39</b>	<b>- 801.01</b>
Income taxes paid (refund)	- 474.30	- 222.17
<b>Net cash generated from operating activities</b>	<b>- 116.09</b>	<b>- 578.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>- -</b>	<b>- -</b>
Purchase of property, plant and equipment	(4,433.67) -	(1,642.15) -
Movements in Intangible Assets	(174.32) -	- -
Movement in Right Use of Assets	(0.04) -	- -
Proceeds from sales of property, plant and equipment	3.56 -	0.90 -
Proceeds from sales of investment	- -	774.00 -
Investment made	(3.72) -	- -
Interest received	20.69 -	13.41 -
Dividends received	- (4,587.50)	- (853.85)
<b>Net cash used in investing activities</b>	<b>- (4,587.50)</b>	<b>- (853.85)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>- -</b>	<b>- -</b>
Proceeds from issue of Shares including premium	779.09 -	- -
Proceeds from borrowings	4,095.35 -	336.67 -
Repayments of borrowings	- -	- -
Interest paid	(196.05) -	(23.79) -
Dividends paid	(62.33) -	(37.40) -
Payments of finance lease liabilities	(14.50) 4,601.55	(23.54) 251.94
<b>Net cash used in financing activities</b>	<b>- 4,601.55</b>	<b>- 251.94</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>- 130.08</b>	<b>- (23.06)</b>
<b>(A+B+C)</b>	<b>- -</b>	<b>- -</b>
<b>Reconciliation</b>	<b>- -</b>	<b>- -</b>
Cash and cash equivalents as at beginning of the year	- 9.76	- 32.82
Cash and cash equivalents as at end of the year	- 139.85	- 9.76
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>- 130.08</b>	<b>- (23.06)</b>

The accompanying notes are an integral part of these financial Statements.

In terms of our report attached

For and on behalf of the Board

**For P.Chandrasekar LLP**  
Chartered Accountants  
FRN.: 000580S/S200066

**Sunil L Mundra**  
Managing Director  
DIN:00214304

**Sathyanaaraya Mundra**  
Whole Time Director  
DIN:00214349

**P Chandrasekar**  
Partner  
Membership No.026037

**Shilpa Burman**  
Company Secretary  
M.No : A52069

**Prasanna Junnarkar**  
Chief Financial Officer

**Place:** Bengaluru  
**Date:** May 09, 2022

# Statement of Changes in Equity Share Capital and Other Equity

for the Year ended March 31, 2022

## EQUITY SHARE CAPITAL

As on March 31, 2022

(₹ In Lacs)

Balances at the beginning of the reporting period	Changes in equity share capital during th year	Balance at the end of the reporting period
623.27	77.91	701.18

As on March 31, 2022

(₹ In Lacs)

Balances at the beginning of the reporting period	Changes in equity share capital during th year	Balance at the end of the reporting period
623.27	-	623.27

## OTHER EQUITY

(₹ In Lacs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Reserves and Surplus	Debt Instruments through comprehensive Income	Equity Instruments through other comprehensive Income	Effective portion of cashflow hedges	Revaluation surplus	Exchange rate differences on translating the financial statements of a foreign operation	Equity Instruments through other Comprehensive income	Items of other comprehensive income - Actuarial Gain / Loss	Money received against share warrant	Total
				Others - General Reserve	Retained earnings								
<b>Current Reporting Period</b>													
<b>Balance at March 31, 2021</b>	-	-	146.40	986.93	183.80	4,269.14	-	-	-	-	-	-	5,586.27
Profit for the year	-	-	-	-	-	1,391.39	-	-	-	-	-	-	1,391.39
Additions during the year	-	-	-	701.18	-	-	-	-	-	-	(19.76)	-	681.41
Total comprehensive Income / Expenses for the current year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to Retained earnings	-	-	-	-	-	(19.76)	-	-	-	-	19.76	-	-
Payment of Dividend	-	-	-	-	-	(62.33)	-	-	-	-	-	-	(62.33)
<b>Balance at March 31, 2022</b>	-	-	146.40	1,688.11	183.80	5,578.44	-	-	-	-	-	-	7,596.75
<b>Previous Reporting Period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2020</b>	-	-	146.40	986.93	183.80	3,621.73	-	-	-	-	-	-	4,938.86
Profit for the year	-	-	-	-	-	691.22	-	-	-	-	-	-	691.22
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive Income / Expenses for the current year	-	-	-	-	-	-	-	-	-	-	-6.42	-	(6.42)
Transferred to Retained earnings	-	-	-	-	-	(6.42)	-	-	-	-	6.42	-	-
Payment of Dividend	-	-	-	-	-	(37.40)	-	-	-	-	-	-	(37.40)
<b>Balance at March 31, 2021</b>	-	-	146.40	986.93	183.80	4,269.14	-	-	-	-	-	-	5,586.27

## CONSOLIDATED FINANCIAL STATEMENTS

The accompanying notes are an integral part of these financial statements Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of each reserve:

**a. Securities premium** - Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**b. General reserve** - General reserve represents appropriation of profits. This represents a free reserve and is available for dividend distributions. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

**c. Capital reserve** - Capital reserve indicates the cash on hand that can be used for future expenses or to offset any capital losses. It is derived from the accumulated capital surplus of a company and is created out of its profit.

**d. Retained earnings** - Retained earnings comprises of prior and current year's undistributed earnings after tax.

In terms of our report attached

**For P.Chandrasekar LLP**

Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**

Partner  
Membership No.026037

**Place:** Bengaluru

**Date:** May 09, 2022

**For and on behalf of the Board**

**Sunil L Mundra**

Managing Director  
DIN:00214304

**Shilpa Burman**

Company Secretary  
M.No : A52069

**Sathyanaraya Mundra**

Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**

Chief Financial Officer

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

(₹ In Lacs)

Particulars	As at March 2022	As at March 2021
<b>Carrying amounts of:</b>		
Freehold land	82.65	82.65
Lease Hold Land	351.80	351.80
Building	1,003.57	712.42
Building- Others	58.60	60.13
Plant and Equipment	4,890.47	2,587.85
Computers	4.59	1.67
Furniture and Fixtures	4.42	4.98
Vehicles	24.64	-
Office Equipment	4.90	6.00
Right-of-use assets	48.26	4.31
<b>Total</b>	<b>6,473.91</b>	<b>3,811.82</b>
Capital work-in-progress	2,010.91	697.52
	<b>8,484.82</b>	<b>4,509.34</b>

(₹ In Lacs)

Particulars	Freehold land	Lease Hold Land	Building	Building- Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
Cost											
Balance at March 31, 2020	82.65	351.80	1,324.04	-	4,884.58	114.66	45.17	30.14	18.80	109.40	6,961.26
Additions	-	-	4.71	60.62	1,790.51	1.36	0.85	-	2.10	-	1,860.16
Disposals	-	-	-	-	132.39	-	-	-	-	-	132.39
Balance at March 31, 2021	82.65	351.80	1,328.75	60.62	6,542.71	116.02	46.03	30.14	20.90	109.40	8,689.03
Additions/ Modifications	-	-	351.62	-	2,781.45	4.26	0.37	24.86	0.22	48.26	3,211.03
Disposals	-	-	27.75	-	848.11	8.93	12.66	2.55	5.42	-	905.41
Balance at March 31, 2022	82.65	351.80	1,652.63	60.62	8,476.05	111.35	33.73	52.45	15.70	157.67	10,994.65

(₹ In Lacs)

Particulars	Freehold land	Lease Hold Land	Building	Building- Others	Plant and Equipment	Computers	Furniture and fixtures	Vehicles	Office Equipment	Right-of-use assets	Total
<b>Accumulated depreciation and impairment</b>											-
<b>Balance at March 2020</b>	-	-	572.62	-	3,757.96	113.46	39.57	30.14	13.60	52.62	4,579.96
Depreciation expenses			43.71	0.50	330.29	0.89	1.48		1.30	52.47	430.64
Disposals					132.39						132.39
<b>Balance at March 2021</b>	-	-	616.33	0.50	3,955.86	114.35	41.04	30.14	14.90	105.09	4,878.21
Depreciation expenses	-	-	46.53	1.52	432.53	1.34	0.93	0.21	1.06	4.31	488.44
Disposals	-	-	13.80	-	802.81	8.93	12.66	2.55	5.16	-	845.90

## CONSOLIDATED FINANCIAL STATEMENTS

Balance at March 2022	-	-	649.06	2.02	3,585.58	106.76	29.31	27.80	10.80	109.40	4,520.74
Carrying amount as on Mar 31, 2021	82.65	351.80	712.42	60.13	2,586.85	1.67	4.98	-	6.00	4.31	3,810.82
Carrying amount as on March 31, 2022	82.65	351.80	1,003.57	58.60	4,890.47	4.59	4.42	24.64	4.90	48.26	6,473.91

a .Title deeds of Immovable Properties as disclosed above are held in name of the company and the company does not hold any property which is not in the name of the company.

### Intangible Assets

(₹ In Lacs)

Particulars	Technical Knowhow & Patent
<b>Cost or Deemed cost</b>	
Balance at March 31, 2020	3.00
Additions	-
Disposals	-
Balance at March 31, 2021	3.00
Additions	189.93
Disposals	
Balance at March 31, 2022	192.93

### Intangible Assets

(₹ In Lacs)

Particulars	Technical Knowhow & Patent
<b>Accumulated depreciation and impairment</b>	
Balance at March 31, 2020	3.00
Disposals	-
Depreciation expenses	-
Balance at March 31, 2021	3.00
Disposals	
Depreciation expenses	15.61
Balance at March 31, 2022	18.61
Carrying amount as on March 31, 2020	-
Carrying amount as on March 31, 2021	-
Carrying amount as on March 31, 2022	174.32

The company has not revalued any Intangible assets as disclosed above There is no intangible assets under development at the end of the year

### Capital-WIP- March 31, 2022

(₹ In Lacs)

CAPITAL WORK IN PROGRESS	Amt in CWIP for a period of :				Total*
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
Projects in progress	1657.93	352.98			2010.91
Projects temporarily suspended					

### Capital-WIP- March 31, 2021

(₹ In Lacs)

CAPITAL WORK IN PROGRESS	Amt in CWIP for a period of :				Total*
	Less than 1 yr	1-2 yrs	2-3 yrs	More than 3 yrs	
Projects in progress	697.52				697.52
Projects temporarily suspended					

**NOTE 3 INVESTMENT PROPERTY**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Investment property		
<b>Total</b>		

**NOTE 4 INTANGIBLE ASSETS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Carrying amounts of:</b>		
Balance at the beginning of the year - Software and licenses	3.00	3.00
Additions - Patent and R&D	189.93	
<b>Balance at end of the year</b>	<b>192.93</b>	<b>3.00</b>
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	3.00	3.00
Depreciation expenses	15.61	
Balance at end of the year	18.61	3.00
<b>Carrying amount at the end of year</b>	<b>174.32</b>	<b>-</b>

**NOTE 5 INVESTMENTS - NON CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>I. Quoted Investments</b>		
<b>II. Un-quoted Investments</b>		
Investments in the nature equity instruments -in subsidiaries		
Investment in equity shares of M/s.Natural Phyto Pharma Private Limited Fully Paid Equity Shares 7500 @ ₹ 10 Per Share)	-	-
Investment in equity shares of M/s.Natural Biogenex Private Limited (Fully Paid Equity Shares 10000@ ₹ 10 Per Share)	-	-
<b>Other Investments</b>		
Share Application pending Allotment - M/s.Natural Capsules limited - Canada	3.72	-
Less: Diminution in value of investments	-	--
<b>Total aggregate of un-quoted Investments</b>	<b>3.72</b>	<b>-</b>
Aggregate book value of unquoted investments	3.72	-
Aggregate market value of quoted investments	-	-
Aggregate amount of imparitment in value of the investments	-	-

**NOTE 6 OTHER FINANCIAL ASSETS - NON CURRENT**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>		
a) Security Deposit (Unsecured considered good)	158.15	147.99
b) Prepaid Rent deposit	-	-
c) Interest Receivable On Deposits	-	-
Secured, Considered good	-	-
Unsecured, Considered good	48.37	30.60

## CONSOLIDATED FINANCIAL STATEMENTS

Doubtful	-	-
Less: Allowance for doubtful debts (Expected Credit Loss)	-	-
f) Other receivable	-	-
<b>Total</b>	<b>206.52</b>	<b>178.59</b>

### NOTE 7 OTHER ASSETS - NON CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital Advances		
Less: Allowance for doubtful debts (Expected Credit Loss)	-	-
b) Advances other than Capital Advances	-	-
i) Security Deposits	-	-
ii) Advances to Related parties - Subsidiary	-	-
c) Export incentive receivable	-	48.13
<b>Total</b>	<b>-</b>	<b>48.13</b>

### NOTE 8 INVENTORIES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lower of Cost or Net realisable value		
a) Raw Materials	398.29	285.86
b) Work-in-Process	61.51	23.83
c) Finished goods	81.40	300.42
d) Stock in trade (acquired for trading)	-	-
e) Stores and spares	10.61	229.45
f) Goods in Transit	-	0.41
Less: Provision for Stock Reserve	(94.00)	(179.00)
<b>Total</b>	<b>457.80</b>	<b>660.96</b>

#### Note:

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

### NOTE 9 TRADE RECEIVABLES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade Receivables</b>		
Secured, Considered good		
Unsecured, Considered good	3,176.53	2,945.83
Doubtful	-	-
Allowance for doubtful debts (Expected Credit Loss)	-546.27	-276.23
	<b>2,630.27</b>	<b>2,669.60</b>
Current	2,630.27	2,669.60
<b>Non-current</b>	<b>-</b>	<b>-</b>

The credit period on sale of goods ranges from 0 to 90 days. No interest is charged on trade receivables.

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

**As at March 31, 2022**

(₹ In Lacs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	2,630.27	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	68.66	26.81	66.29	384.51
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

**As at March 31, 2021**

(₹ In Lacs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years
(i) Undisputed Trade receivables – considered good	2,319.35	21.43	77.40	186.00	65.42
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	276.23
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

**NOTE 10 CASH AND CASH EQUIVALENTS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Balances with banks</b>		
(i) In Current account	115.26	1.90
(ii) In Deposit account with original maturity less than 3 Months		0.00
(ii) In EEFC account	23.86	7.68
(iii) In Escrow account	-	
b) Cash on hand	0.73	0.17
c) Cheques,drafts on hand		-
<b>Total</b>	<b>139.85</b>	<b>9.8</b>

**NOTE 11 OTHER BANK BALANCES**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Deposit Accounts	334.54	-
b) Earmarked Balances with banks		
(i) In unpaid Dividend account	11.60	13.23
(ii) In margin money accounts for Bank Guarantee issued	2.26	150.02
<b>Total</b>	<b>348.40</b>	<b>163.25</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 12 LOANS - CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>		
e) Inter Corporate Deposit		
Secured, Considered good	20.00	20.00
Unsecured, Considered good		-
Doubtful		-
less: Allowance for doubtful debts (Expected Credit Loss)		-
<b>Total</b>	<b>20.00</b>	<b>20.00</b>

## NOTE 13 OTHER FINANCIAL ASSETS - CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortized Cost</b>	-	-
a) Security Deposit (Unsecured considered good)	-	-
b) Interest Receivable on Term Deposit	-	-
c) Other Receivable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTE 14 CURRENT TAX ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax - Net of Advance Tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTE 15 OTHER CURRENT ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital Advances	3,238.12	820.40
b) Advance to Related parties	-	-
c) Advances to Employees		-
(i) Secured, Considered good		-
(ii) Unsecured and Considered good	7.39	12.69
(iii) Considered doubtful		-
Less: Allowance for doubtful debts (Expected Credit Loss)		-
e) Export incentive receivable		-
f) Balance with Customs and Central excise / GST authorities	204.74	229.99
g) Advance to suppliers		-
(i) Secured, Considered good		-
(ii) Unsecured and Considered good	96.76	284.41
(iii) Considered doubtful		-
Less: Allowance for doubtful debts (Expected Credit Loss)		-
h) Prepaid Expenses	10.28	13.14
i) Preliminary Expenses	379.86	56.38
j) Other Advances	6.12	28.51
k) Unamortised Expenses on Bank borrowings	18.85	
Less: Provision for Doubtful advances	-	
<b>Total</b>	<b>3,962.13</b>	<b>1,445.52</b>

**NOTE 16 EQUITY SHARE CAPITAL**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>AUTHORISED</b>		
Equity Shares:		
1,50,00,000 (70,00,000) Equity shares of ₹ 10 each	1,500.00	700.00
12,00,000 Redeemable Preference shares of ₹ 100 each		
20,00,000 Redeemable Preference shares of ₹ 10 each		
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
62,32,700 (62,32,700) Equity Shares of ₹ 10/- each	623.27	623.27
<b>ISSUED, SUBSCRIBED AND PARTLY PAID UP</b>		
31,16,350 Equity Shares of ₹ 10/- each partly paid up - ₹ 2.5 each - Rights issue	77.91	-
<b>Total</b>	<b>701.18</b>	<b>623.27</b>

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

Reconciliation	2021-2022 No. of shares	Amt. in Lacs	2020-2021 No. of shares	Amt. in Lacs
a) Equity Shares of ₹ 10 each fully paid up				
At the beginning of the period	62.33	623.27	62.33	623.27
Issued during the period	31.16	77.91	-	-
At the end of the period	93.49	701.18	62.33	623.27
b) Redeemable Preference Share Capital (0%)	-	-	-	-
At the end of the period	-	-	-	-

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

Reconciliation	No. of shares held as at			
	March 31, 2022		March 31, 2021	
	Nos.	%	Nos.	%
Tajos Investments Pvt. Ltd	12,53,500	13.41%	7,69,000	12.34%
Nandhi Synthetics Pvt. Ltd.	9,19,354	9.83%	5,24,354	8.41%
Sunil L Mundra	5,89,004	6.30%	4,16,003	6.67%
Sushil Kumar Mundra	5,09,012	5.44%	3,39,012	5.44%

**16.3. Shares Held By Promoters As At The End Of The Year**

S.No.	Promoter Name	Fully Paid	Partly Paid	As on March 31, 2021 No of shares	% of total	As on March 31, 2021 No of shares	% of total	% change during the year
1	Sunil Laxminaryan Mundra	4,16,003	1,73,001	5,89,004	6.30%	4,16,003	6.67%	-0.37%
2	Sushil Kumar Mundra	3,39,012	1,70,000	5,09,012	5.44%	3,39,012	5.44%	0.01%
3	Indra Mundra	2,61,200	1,30,600	3,91,800	4.19%	2,61,200	4.19%	0.00%
4	Jyoti Mundra	2,04,463	1,02,231	3,06,694	3.28%	2,04,463	3.28%	0.00%
5	Sharada Mundra	1,76,691	88,345	2,65,036	2.83%	1,76,691	2.83%	0.00%
6	Laxminarayan Moondra	1,60,294	80,147	2,40,441	2.57%	1,60,294	2.57%	0.00%
7	Radha S Mundra	1,59,600	79,800	2,39,400	2.56%	1,59,600	2.56%	0.00%

## CONSOLIDATED FINANCIAL STATEMENTS

8	Satyanarayan Mundra	1,23,255	61,627	1,84,882	1.98%	1,23,255	1.98%	0.00%
9	Madhav Mundra	1,10,100	55,055	1,65,155	1.77%	1,10,100	1.77%	0.00%
10	Shrey Mundra	1,10,100	55,050	1,65,150	1.77%	1,10,100	1.77%	0.00%
11	Jyotsna Daga	20,900	16,889	37,789	0.40%	20,900	0.34%	0.07%
12	Nidhi Sethia	10,000	8,484	18,484	0.20%	10,000	0.16%	0.04%

### 16.4 Term attached to Equity Shares:

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

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

## NOTE 17 OTHER EQUITY

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Reserve	146.40	146.40
Securities Premium Account:	1,688.11	986.93
General Reserve	183.80	183.80
Investments in equity / MF through FVTPL	-	-
Revenue arising from Interest free rental deposit	-	-
Effective interest rate	-	-
Deferred tax adjustment	-	-
Reserve for equity instruments through other comprehensive income	-	-
Actuarial movement through other comprehensive income (net of tax)	-	-
Retained earnings (surplus in profit or loss account)	5,578.44	4,269.14
<b>Total</b>	<b>7,597</b>	<b>5,586</b>

### Note:

- Capital reserve: on account of forfeiture of amount paid on convertible shares warrants allotted to non promoters share holders.
- Securities Premium reserve: The amount received in excess of Face value of the equity shares is recognised as securities premium reserve.
- General reserve: The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. mandatory transfer to general reserve is not required under the Companies Act, 2013.

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Capital Reserve</b>		
Opening balance	146.40	146.40
Add: Appropriation from Profit or Loss account	-	-
<b>Closing Balance</b>	<b>146.40</b>	<b>146.40</b>
The capital redemption reserve is created out of the statutory requirement and these are not available for distribution of dividend and will not be reclassified subsequently to profit or loss.		
<b>b) Securities Premium Account</b>		
Opening balance	1,688.11	986.93
Add: Additions	-	-
<b>Closing Balance</b>	<b>1,688.11</b>	<b>986.93</b>

<b>c) General Reserve</b>		
Opening balance	183.80	183.80
Add: Transfer from General Reserve	-	-
Less: IND AS Adjustment	-	-
<b>Closing Balance</b>	<b>183.80</b>	<b>183.80</b>
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income., items included in the general reserve will not be reclassified subsequently to profit or loss except to the extent permitted as per Companies Act,2013 and rules made thereunder.		
<b>d) Actuarial movement through Other Comprehensive Income</b>		
Opening balance	-	-
Additions/(Deletions)	-	-
<b>Closing Balance</b>		
<b>e) Retained Earnings</b>		
Opening balance	4,269.14	3,621.73
Profit /(Loss) for the year	1,371.63	684.80
Restatement of right of use of Assets	-	-
Less: Transfer to Capital Redemption Reserve	-	-
Less: Dividend on Equity Shares	(62.33)	(37.40)
Less: Tax on Dividend on Equity Shares	-	-
Less: Transfer to Reserves	-	-
Less: IND AS Adjustment	-	-
<b>Closing Balance</b>	<b>5,578.44</b>	<b>4,269.14</b>
<b>Total Other Equity</b>	<b>7,596.75</b>	<b>5,586.27</b>

**NOTE 18 NON-CURRENT BORROWINGS**

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured - at amortised cost</b>		
i) Bonds / Debentures	-	-
ii) Term Loans from Banks	3,431.46	-
iii) Term Loans from others	-	-
less Current Maturities of Long Term Debt	(174.75)	-
<b>Grand Total</b>	<b>3,256.71</b>	<b>-</b>

**Repayment Details:-**

NCL-HDFC Bank- The loans are repayable over the period from February 2022 to July 2028 EMI of ₹ 13.90 lacs.

NBPL-SBI-The loan is payable in 84 monthly instalments as follows: 24 Instalments of ₹ 16,40,000 and 60 Instalments of ₹ 33,44,000. HDFC Bank- The Loan is payable in 96 equal instalments of ₹ 25,00,000/-

**Security Details :-**

Primary-Charge on FD of DSRA of 6 months, charge on stocks, charge on book debts, charge on current assets and charge on export debtors.

Collateral-Charge on current assets, personal guarantee of Mr. Sunil Mundra and Mr. Sushil Mundra, Charge on FD of DSRA of 6 months, exports debtors and stocks. Charge on Industrial property situated at Industrial Plot No.7/A, KIADB Industrial Area, Attibele, Anekal Taluka, Bangalore-560107. Charge on Industrial property situated at 84, Bangalore-Perambai Road, Pichaveerampet, Moolakulam, Puducherry-605010. Also charge on Industrial property situated at Plot No.67, Vasantha Narsapura Industrial Area, 2nd Phase, Kora Hobli, Tumkur District, Karnataka.

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 19 OTHER FINANCIAL LIABILITIES - NON CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortised Cost</b>		
Financial guarantee liability	-	-
Deposit/ Retention	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTE 20 PROVISIONS - NON CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>i) Provision for Employee Benefits</b>		
a) Compensated absences (Earned Leave)	-	-
b) Provision for gratuity	7.99	12.13
<b>Total</b>	<b>7.99</b>	<b>12.13</b>

## NOTE 21 SHORT TERM BORROWINGS

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Loan repayable on demand from Bank		
Secured Loan		
a) from Banks	1,626.83	962.93
ii) Current maturities of long-term debt	174.75	-
iii ) Short Term Borrowings from Directors	-	-
<b>Total</b>	<b>1,801.57</b>	<b>962.93</b>

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

## NOTE 22 TRADE PAYABLES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
Dues of Micro Enterprises and Small Enterprises	265.32	-
Dues of creditors other than micro enterprises and small enterprises	1,322.26	1,483.58
Employee related	178.29	124.06
Disputed Dues of Micro Enterprises and Small Enterprises	-	-
Disputed Dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	<b>1,765.87</b>	<b>1,607.64</b>

(₹ In Lacs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
(i) MSME	265.32	-	-	-	265.32
(ii) Others	1,321.64	141.00	14.03	23.88	1,500.55
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total as at March 31, 2022</b>	<b>1,586.96</b>	<b>141.00</b>	<b>14.03</b>	<b>23.88</b>	<b>1,765.87</b>

(₹ In Lacs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
(i) MSME	-	-	-	-	-
(ii) Others	1,552.93	17.63	30.40	6.67	1,607.64
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total as at March 31, 2021</b>	<b>1,552.93</b>	<b>17.63</b>	<b>30.40</b>	<b>6.67</b>	<b>1,607.64</b>

The Company has amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2022 and March 31, 2021. The details in respect of such dues are as follows:

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal amount	265.32	-
Interest	0.33	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.33	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	0.33	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

## NOTE 23 OTHER FINANCIAL LIABILITIES - CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortised Cost</b>		
a) Current maturities of long-term debt		
b) Interest accrued but not due on borrowings		
c) Unclaimed dividends	11.60	13.23
d) Interest payable on MSME	0.33	-
e) Financial guarantee liability	-	-
f) Other Liabilities		-
Payable for capital Goods Purchased	44.98	25.19
-Other liabilities	85.05	13.62
<b>Total</b>	<b>141.95</b>	<b>52.05</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 24 PROVISIONS -CURRENT

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Compensated absences (Earned Leave)	34.04	15.39
b) Provision for gratuity	23.46	8.98
<b>Total</b>	<b>57.50</b>	<b>24.37</b>

## NOTE 25 OTHER CURRENT LIABILITIES

(₹ In Lacs)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc.)	33.68	24.73
b) Advances and Deposits from Customers / others	554.12	446.58
c) Related to expenses	191.17	124.89
<b>Total</b>	<b>778.97</b>	<b>596.20</b>

## NOTE 26 REVENUE FROM OPERATIONS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Sale of Products	12,987.60	7,402.04
(b) Other operating revenues	518.90	549.31
<b>Total</b>	<b>13,506.50</b>	<b>7,951.35</b>

## NOTE 27 OTHER INCOME

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Interest income		
On Bank Deposits at amortised cost	20.69	13.65
(b) Other gains or losses		
- Net gain on foreign currency transaction	-	30.54
(c) Other non-operating income		
Operating lease rent remeasurment	43.90	-
Profit on sale of Assets	6.46	0.90
Miscellaneous income	30.42	27.86
	<b>101.48</b>	<b>72.95</b>

## NOTE 28 COST OF MATERIAL CONSUMED

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventories at the beginning of the year	285.86	201.96
Purchases during the year	5,716.17	3,693.52
Inventories at the end of the year	398.29	285.86
<b>Total</b>	<b>5,603.74</b>	<b>3,609.63</b>

### Cost of Traded raw materials

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Cost of raw materials sold	195.14	-

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Opening Stock:</b>		
<b>Finished goods</b>		
Capsules	300.42	422.44
<b>Work in progress</b>		
Capsules	23.83	34.93
<b>opening stock total</b>	<b>324.25</b>	<b>457.37</b>
<b>Closing Stock:</b>		
<b>Finished goods</b>		
Capsules	81.40	300.42
<b>Work in progress</b>		
Capsules	61.51	23.83
	<b>142.91</b>	<b>324.24</b>
Decrease / (Increase) in stocks	181.34	133.12
<b>Net change (Increase) / Decrease</b>	<b>181.34</b>	<b>133.12</b>

**NOTE 30 EMPLOYEE BENEFIT EXPENSE**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Salaries, Wages and Bonus	789.50	648.89
(b) Contribution to Provident and other Funds	29.48	27.36
(c) Director Remuneration	113.40	108.00
(d) Workmen and Staff welfare expenses	29.38	20.60
<b>Total</b>	<b>961.77</b>	<b>804.86</b>

**NOTE 31 FINANCE COST**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(i) Interest costs		
(a) Bank Loans and others	168.05	23.79
(ii) Other borrowing costs - on Lease	5.84	7.89
(iii) other Interest and Finance charges	22.16	5.37
<b>Total</b>	<b>196.05</b>	<b>37.06</b>

**NOTE 32 DEPRECIATION AND AMORTISATION EXPENSE**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation/amortisation on		-
a) Property, Plant and Equipment	484.12	378.16
b) Intangible Assets	15.61	-
c) Right of use Asset - (Lease)	4.31	52.47
<b>Total</b>	<b>504.04</b>	<b>430.64</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 33 OTHER EXPENSES

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spare parts	168.98	33.52
Power and Fuel	1,190.36	851.25
Repairs and Maintenance -Buildings	49.28	19.28
Repairs and Maintenance-Machinery	145.99	76.30
Repairs and Maintenance -Others	28.31	22.04
Bad Debts	25.72	56.59
Insurance	23.56	14.42
Exchange Rate Difference	(20.60)	37.01
Rates and Taxes	69.14	14.81
Freight & Clearing Expenses	788.67	511.36
Directors Sitting fees	6.60	5.25
Auditor's Remuneration	5.00	3.25
Travelling Expenses - Foreign	4.40	-
Travelling and Conveyance	88.93	50.90
Professional Fees	128.85	70.17
Commission	126.40	25.60
Provision for Stock Loss	15.00	-
Provision for Doubt full Debts	270.04	-
Sundry Provisions - Write Back	(100.00)	-
CSR expenditure	3.50	1.47
Security Charges	26.59	22.05
Contract Labour Charges	364.26	294.11
Postage and Courier	18.57	11.12
Communication Expenses	9.31	7.50
Business Promotion Expenses	41.90	27.55
Research & Development Expenditure - Revenue in Nature	212.17	98.33
Bank Charges	12.13	17.31
Printing and Stationery	7.34	5.83
Miscellaneous Expenses	48.48	34.10
Sundry Assets Written off	246.35	-
Commission to Directors	22.00	-
<b>Total</b>	<b>4,027.25</b>	<b>2,311.11</b>

## NOTE 34 EXCEPTIONAL ITEMS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Exceptional items of (Debit)</b>	<b>-</b>	<b>-</b>
Electricity matters	-	-
Stock Lost on Fire	-	-
Prior Period expenses	-	-
Cane related matters	-	-
<b>Exceptional items of (Credit)</b>	<b>-</b>	<b>-</b>
Profit on sale of Investments	-	217.64
<b>Exceptional items (Net)</b>	<b>-</b>	<b>217.64</b>

**NOTE 35 PAYMENT TO AUDITORS**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
a) Audit Fees	5.00	3.25
b) Fees for other services	1.99	0.16
<b>Total</b>	<b>6.99</b>	<b>3.41</b>

**NOTE 36**

(₹ In Lacs)

Research and development expenditure included in the statement of Profit and Loss	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries, wages and bonus	132.71	648.89
Contribution to provident and other funds	4.27	27.36
Consumption of materials, Stores and spare parts	63.70	-
Power and Fuel	3.31	851.25
Rent	8.15	-
Repairs and maintenance	0.04	-
Testing	-	-
Other Expenses	-	-
Less:	-	-
Receipts from research activities	-	-
Miscellaneous income	-	-27.86
<b>Total</b>	<b>212.17</b>	<b>1,555.36</b>

**NOTE 37 OPERATING LEASE**

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Not later than one year	34.66	33.01
Later than one year and not later than five years	7.29	41.95
Later than five years	-	-
<b>Total</b>	<b>41.95</b>	<b>74.96</b>

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

The Company has adopted Ind AS 116, effective annual reporting period beginning April 01, 2019 and applied the standard to its leases retrospectively accordingly, the Company has not restated comparative information

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

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.- Refer Note 2 for the Cost of the right of the use of Asset carried in the at the end of the year - Interest on Lease Liabilities is ₹ 5.84 Lacs.

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 38 INCOME TAXES RELATING TO CONTINUING OPERATIONS

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Current tax</b>		
for Current year	474.30	222.17
for Previous years	-	-
<b>Deferred tax</b>		
for Current year	72.96	2.14
<b>Total</b>	<b>547.26</b>	<b>224.31</b>

## NOTE 38 RECONCILIATION OF CURRENT TAX EXPENSE

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit or loss before tax	1,938.65	915.53
Income tax rate (%) applicable to the company #	29.12%	27.82%
Income tax calculated at income tax rate	564.53	254.70

### Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Effect of expense that are not deductible	133.19	4.70
Effect of incremental deduction on account of research and development and other allowances	-	-
Effect of on account Depreciation	(203.46)	(4.24)
Withholding tax in respect of income earned outside India	-	-
Effect of current/deferred tax relating to merged entities	-	(33.00)
Effect of interest payable on short fall in Advance tax	(19.98)	-
Income tax expense recognised in statement of Profit and Loss	474.30	222.17

# The tax rate used for reconciliation above is the corporate tax rate of 29.12% / 27.82% at which the company is liable to pay tax on taxable under the Indian tax law.

## NOTE 39 EARNINGS PER SHARE

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Basic Earnings per share	19.56	10.99
Diluted Earnings per share	19.56	10.99

### 39.1 Basic Earnings per share

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit after Taxation	1,371.63	684.80
Earnings used in the calculation of basic earnings per share	1,371.63	684.80
Number of equity shares of 10 each outstanding at the beginning of the year	70.12	62.33
Number of equity shares of 10 each outstanding at the end of the year	70.12	62.33
Weighted Average number of Equity Shares	70.12	62.33

**39.2 Diluted Earnings per share**

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Earnings used in the calculation of basic earnings per share	1,371.63	684.80
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	1,371.63	684.80

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

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Weighted average number of equity shares used in calculation of basic earnings per share	70.12	62.33
Shares deemed to be issued for no consideration	-	-
Weighted average number of equity shares used in calculation of diluted earnings per share	70.12	62.33

**NOTE 40 CORPORATE SOCIAL RESPONSIBILITY ('CSR')**

Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Holding Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a SR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on creating opportunities for the disadvantaged with emphasis on persons with disabilities and technology driven community development.

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Amount required to be spent by the company during the year	8.5	-
Amount of expenditure incurred on:	-	-
Construction / acquisition of any asset	-	-
On purpose other than above	4.96	-
Shortfall at the end of the year	3.54	-
Amount Transferred to unspent CSR account	3.54	-
Amount to be Transferred to specified fund Account	-	-

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

**NOTE 41 DEFERRED TAX BALANCES**

(₹ In Lacs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021	Movement
Deferred tax (Liabilities) / Asset in relation to			
Property, Plant and equipment	(342.85)	(105.68)	237
Provision compensated absences and others	18.22	10.15	(8)
Provision for bad & doubtful debts	151.97	-	(152)
Others	4.17	-	(4)
Total	(168.49)	(95.53)	73
Tax losses	-	-	-
Net Deferred tax Assets / (Liability)	(168.49)	(95.53)	73

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 42

### Note (i) - Related Party Disclosures:

Particulars	
Related Party Transactions	
Description of Relationship :	
Key Management Personnel	Mr. Prasanna Junarkar-CFO Mr. Sunil Laxminarayana Mundra -Director Mr. Laxminarayana Mundra - Director Mr. Satyanarayana Mundra - Director Mrs. Shilpa - Company Secretary
Directors	Mr . Sushil Kumar mundra Mrs. Jyothi Mundra
Subsidiary Company	NATURAL PHYTO PHARMA PRIVATE LIMITED NATURAL BIOGENEX PRIVATE LIMITED
Enterprise in which Directors have significant Control	M/s.Mundra Enterprises M/s.Balurghat Technologies Ltd M/s.Minakshi Enamels

(₹ In Lacs)

Details of Transactions		Amount in ₹	
		2021-22	2020-21
<b>KEY MANAGEMENT PERSONNEL</b>			
Mr. Sunil laxminarayana Mundra	Salary Paid	46.20	44.40
Mr. Laxminarayan Moondra	Salary Paid	33.60	31.80
Mr. Sathyanarayana Mundra	Salary Paid	33.60	31.80
Mr. Prasanna Junnarkar	Salary Paid	12.83	10.68
Mrs. Shilpa	Salary Paid	5.51	4.97
<b>OTHER RELATED PARTIES</b>			
Mr . Sushil Kumar Mundra	Sitting Fee Paid	0.90	0.75
Mrs. Jyothi Mundra	Sitting Fee Paid	1.05	0.75
<b>ENTERPRISE IN WHICH DIRECTORS HAVING SIGNIFICANT CONTROL</b>			
M/s.Sonia Organix	Lease Rental Recd	4.25	4.25
Balances outstanding at the end of the year			
<b>Payables / Receivables</b>			
Mr. Sunil Laxminarayana Mundra	Payable	2.43	2.50
Mr. Laxminarayan Moondra	Payable	1.84	1.83
Mr. Sathyanarayana Mundra	Payable	1.86	1.87
Mr. Prasanna Junnarkar	Payable	0.72	0.75
Mrs. Shilpa Burman	Payable	0.46	0.42
NATURAL CAPSULES LTD, CANADA	Receivable	3.72	-

**NOTE 43****A. Defined contribution plans**

The Company makes Provident Fund and Employee State Insurance which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 24.46 Lacs- for provident fund contributions in the statement of Profit or loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**B. Defined benefit plans (Gratuity)**

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2022. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statement of Profit and Loss. the Company provided the gratuity benefit through annual contributions to a fund managed by the M/s. Life Insurance Corporation.

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

**1. Risk to the beneficiaries (i.e. for employees)**

**Insufficient funds:** The greatest risk to the beneficiary is that there are insufficient funds available to provide the promised benefits. This may be due to:

- The insufficient funds set aside, i.e. underfunding
- The insolvency of The Employer
- The holding of investments which are not matched to the liabilities; Or
- A combination of these event

**2. Risks to the Benefit provider (i.e. for employer)**

**Parameter risk:** Actuarial valuation is done basis some assumptions like salary inflation, discount rate and withdrawal assumptions. In case the actual experience varies from the assumptions, fund may be Insufficient to pay off the liabilities.

For example: Suppose the plan's liability is calculated with salary inflation assumption of 5% per annum. However, Company's actual practice is to provide increment of 10% per annum. This will result into underfunding.

Similarly, reduction in discount rate in subsequent future years can increase the plan's liability Further, actual withdrawals may be lower or higher than what was assumed in the valuation, which may also impact the plan's liability.

**Risk of illiquid assets:** Another risk is that the funds, although sufficient, are not available when they are required to finance the benefits. This may be due to assets being locked for longer period or in illiquid assets

**Risk of benefit change:** There may be a risk that a benefit promised is changed or is changeable within the terms of the contract. For e.g. the prevailing Act / Regulation may increase the benefits payable under defined benefit plans.

**Asset liability mismatching risk:** ALM risk arises due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates or due to different duration.

For example: When the liability duration is, say, 10 years and with assets locked in 5-year g-sec securities. After 5 years, there is huge reinvestment risk to invest maturity proceeds of assets due to uncertainty about the market prevailing yields at that time.

(₹ In Lacs)

Particulars	Gratuity (Funded)	
	2021-22	2020-21
<b>Present value of obligations at the beginning of the year</b>	<b>156.98</b>	<b>134.14</b>
Current service cost	14.61	13.94
Interest Cost	10.83	9.39
Re-measurement (gains) / losses:		
-Actuarial gains and losses arising from change in financial assumption	(2.65)	1.21

## CONSOLIDATED FINANCIAL STATEMENTS

-Actuarial gains and losses arising from experience adjustment	20.03	4.70
Benefit Payments from Plan Assets	(22.08)	(6.40)
<b>Present value of obligations at the end of the year</b>	<b>177.73</b>	<b>156.98</b>
<b>Changes in the fair value of planned assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>135.87</b>	<b>113.33</b>
Interest income	9.49	8.44
Return on plan assets		
Contributions by the employer	25.39	21.00
Re-measurement (gains) / losses:	(2.38)	(0.51)
Benefits paid	(22.08)	(6.40)
<b>Fair value of plan assets at the end of the year</b>	<b>146.29</b>	<b>135.87</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	177.73	156.98
Less: share of obligation pertaining to Associate Company under common Gratuity Trust		
Fair value of plan assets at end of the year	146.29	135.87
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>31.45</b>	<b>21.11</b>
<b>Components of defined benefit cost recognized in profit or loss</b>		
Current service cost	14.61	13.94
Net interest Cost	(1.34)	0.95
<b>Net cost in Profit or Loss</b>	<b>13.27</b>	<b>14.88</b>
<b>Components of defined benefit cost recognized in Other Comprehensive income</b>		
Re-measurement on the net defined benefit liability:		
-Actuarial gains and losses arising from change in financial assumption	(2.65)	1.21
-Actuarial gains and losses arising from experience adjustment	20.03	4.70
Return on plan assets	2.38	0.51
<b>Net Cost</b>	<b>19.76</b>	<b>6.42</b>
<b>Less: Allocation to Associate Company under common gratuity trust</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Cost in other Comprehensive Income</b>	<b>19.76</b>	<b>6.42</b>

(₹ In Lacs)

Particulars	2021-22	2020-21
<b>Assumptions</b>		
Discount rate	7.10%	6.90%
Expected rate of salary increase	7.00%	7.00%
Average age of members	43.72	42.62
Average remaining working Life	16.28	17.38
Mortality (IALM (2006-08) Ultimate	5% of Mortality Rate	5% of Mortality Rate

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

**Note (i) Experience Adjustments****Experience Adjustments**

(₹ In Lacs)

Particulars	For the period ending	
	March 31, 2022	March 31, 2021
(Gain) / Loss on Plan Liabilities	20.03	4.70
% of Opening Plan Liabilities	12.76%	3.50%
Gain / (Loss) on Plan Assets	2.38	0.51
% of Opening Plan Assets	1.75%	0.45%

**Notes:**

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The Company's gratuity funds are managed by the M/s. Life Insurance Corporation and therefore the composition of the fund assets is not presently ascertained.

**Note (ii) Sensitivity Analysis**

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

(₹ In Lacs)

Particulars	March 31, 2022	March 31, 2021
Under Base Scenario	177.73	156.83
Salary Escalation (Up by 1%)	191.32	157.14
Salary Escalation (Down by 1%)	165.19	145.42
Withdrawal Rates (Up by 1%)	177.68	170.14
Withdrawal Rate (Down by 1%)	177.78	145.42
Discount Rates (Up by 1%)	165.33	156.98
Discount Rates (Down by 1%)	191.83	169.99

**NOTE 44****44.1 Capital management**

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

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

The following table summarises the capital of the Company:

(₹ In Lacs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Equity</b>	<b>8,298.18</b>	<b>6,209.79</b>
Debt	5,058.28	962.93
Cash and cash equivalents	139.85	9.76
<b>Net debt</b>	<b>4,918.44</b>	<b>953.17</b>
<b>Total capital (Equity + Net debt)</b>	<b>13,216.61</b>	<b>7,162.96</b>
Net debt to capital ratio	0.37	0.13

## CONSOLIDATED FINANCIAL STATEMENTS

### 44.1 Credit risk management

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

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

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

### 44.2 Liquidity risk management

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

The table below provides details regarding contractual maturities of financial liabilities as at March 31, 2022.

(₹ In Lacs)

Particulars	Carrying amount	Less than 1 year	1-3 years	More than 3 years	As at March 31, 2022
(i) MSME	265.32	265.32	-	-	265.32
(ii) Others	1,500.55	1,321.64	155.03	23.88	1,500.55
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total as at March 31, 2022</b>	<b>1,765.87</b>	<b>1,583.36</b>	<b>155.03</b>	<b>23.88</b>	<b>1,765.87</b>

The table below provides details of financial assets at at March 31, 2022

(₹ In Lacs)

Particulars	Carrying amount-2021-22	Carrying amount-2020-21
Trade receivables	2,630.27	2,669.60
Other Financial assets	718.49	371.60

### Fair value Hierarchy

(₹ In Lacs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period						
<b>Financial assets :</b>						
Trade receivables	2,630.27	-	-	2,669.60	-	-
Cash and cash equivalents	139.85	-	-	9.76	-	-
Bank balances other than cash and cash equivalents	348.40	-	-	163.25	-	-
Loans	20.00	-	-	20.00	-	-
Other Financial Assets	-	-	-	-	-	-
Security Deposit (Unsecured considered good)	158.15	-	-	147.99	-	-

Rental Deposit	-	-	-	-	-	-
Term Deposit	-	-	-	-	-	-
Interest Receivable On Deposits	48.37	-	-	30.60	-	-
<b>Financial Liabilities</b>						
Borrowings- Bank OD	5,058.28	-	-	962.93	-	-
Trade payables	1,765.87	-	-	1,607.64	-	-
Other Financial Liability	85.05	-	-	13.62	-	-
Unclaimed dividend	11.60	-	-	13.23	-	-

(₹ In Lacs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income	Amortised cost	Fair value through Profit and loss	Fair value through Other comprehensive Income
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period						
<b>Financial Assets</b>						
Investments in equity- Quoted	-	-	-	-	-	-
Investments in equity- Un Quoted	-	-	-	-	-	-
Investments in government securities	-	-	-	-	-	-
Investment in Preference shares	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-
Derivatives not designated as hedges	-	-	-	-	-	-
<b>Financial liabilities</b>						
Derivatives not designated as hedges	-	-	-	-	-	-
Derivatives designated as hedges	-	-	-	-	-	-

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

(₹ In Lacs)

Particulars	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>					
Financial assets at amortised cost:					
Trade receivables	Level 3	2,630.27	2,630.27	2,669.60	2,669.60
Cash and cash equivalents	Level 2	139.85	139.85	9.76	9.76
Bank balances other than cash and cash equivalents	Level 2	348.40	348.40	163.25	163.25
Other financial assets	Level 3	210.24	210.24	178.59	178.59

## CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lacs)

Particulars	Fair value hierarchy	As at March 31, 2022		As at March 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities					
Financial liabilities at amortised cost:					
Borrowings	Level 2	5,058.28	5,058.28	962.93	962.93
Trade payables	Level 3	1,765.87	1,765.87	1,607.64	1,607.64
Other financial liabilities	Level 3	141.95	141.95	52.05	52.05

### Fair value hierarchy

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

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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

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

### NOTE 45

Ratio	Numerator	Denominator	Current Period	Previous Period	% variance	Reason for variance (+/- >25%)
Current Ratio	Current Assets	Current Liabilities	1.63	1.49	9%	
Debt -equity Ratio	Total Debt	Shareholder's Equity	98%	56%	74%	Due to Term loan of ₹ 34.31 Crores availed during the year
Debt Service Coverage Ratio	Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.	Debt Service = Interest & Lease Payments + Principal Repayments	5.35%	Nil		Due to Term loan of ₹ 34.31 Crores availed during the year
Return On Equity	Net Profits after taxes - Preference Dividend (if any)	Average Shareholder's Equity	0.19	0.11	71%	Due to increase in Sales and corresponding increase in Net profit

Inventory Turnover Ratio	Cost of goods sold OR Sales	Average Inventory = (Opening + Closing balance/2)	22.56	11.66	93%	Due to increase in Sales by 70% during the year.
Trade Receivables Turnover Ratio	Net Credit Sales = Gross credit sales - Sales return	Average Accounts Receivable = (Opening + Closing balance/2)	5.10	2.79	83%	Due to increase in Sales by 70% during the year.
Trade Payables Turnover Ratio	Net Credit Purchases = Gross credit purchases - Purchase return	Average Trade Payables	3.72	3.39	10%	
Net Capital Turnover Ratio	Net Sales = Total sales - Sales returns	Working Capital = Current assets - Current liabilities	4.64	4.88	-5%	
Net Profit Ratio	Net Profit = Net profit shall be after tax	Net Sales = Total sales - Sales returns	10.30%	8.69%	19%	
Return On Capital Employed	Earnings before interest & taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	15.78%	13.11%	20%	Due to increase in Sales and corresponding increase in Net profit
Return On Investment	$\{MV(T1) - MV(T0) - \text{Sum}[C(t)]\}$ where, T1 = End of time period T0 = Beginning of time period t = Specific date falling between T1 and T0 MV(T1) = Market Value at T1 MV(T0) = Market Value at T0 C(t) = Cash inflow, cash outflow on specific date W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as $[T1 - t] / T1$	$\{MV(T0) + \text{Sum}[W(t) * C(t)]\}$ where, T1 = End of time period T0 = Beginning of time period t = Specific date falling between T1 and T0 MV(T1) = Market Value at T1 MV(T0) = Market Value at T0 C(t) = Cash inflow, cash outflow on specific date W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as $[T1 - t] / T1$				

### Utilisation of Borrowed funds & Share premium

(A) Where company has advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall.

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); OR
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; the company shall disclose the following:
  - (a) date and amount of fund advanced or loaned or invested in Intermediaries with complete details of each Intermediary.
  - (b) date and amount of fund further advanced or loaned or invested by such Intermediaries to other Intermediaries or Ultimate Beneficiaries alongwith complete details of the ultimate beneficiaries.
  - (c) date and amount of guarantee, security or the like provided to or on behalf of the ultimate beneficiaries.
  - (d) declaration that relevant provisions of the FEMA, 1999 (42 of 1999) and Companies Act, 2013 has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003);

## CONSOLIDATED FINANCIAL STATEMENTS

(B) Where a company has received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall.

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding company (Ultimate Beneficiaries); OR
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; the company shall disclose the following:
  - (a) date and amount of fund received from Funding Parties with complete details of each Funding Party.
  - (b) date and amount of fund further advanced or loaned or invested by other Intermediaries or Ultimate Beneficiaries alongwith complete details of the ultimate beneficiaries or other beneficiaries.
  - (c) date and amount of guarantee, security or the like provided to or on behalf of the ultimate beneficiaries.
  - (d) declaration that relevant provisions of the FEMA, 1999 (42 of 1999) and Companies Act, 2013 has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003);

### NOTE NO. 46

(₹ In Lacs)

Particulars	2021-22	2020-21
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	9909.43	1634.06
<b>Other monies for which the Company is contingently liable</b>		
a) Bank Guarantees issued for loans and others	4800.00	
b) Disputed Income tax demands which are under various stages of appeal	28.97	10.57
c) Disputed Sales tax, Excise Duty ,Service tax, Urban land tax, Electricity matters and Customs demands.	44.16	44.16

The Company has given a financial guarantee amounting to 4800 lacs (March 31, 2021: Nil in relation to a Term loan availed by a wholly owned subsidiary.

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

### NOTE NO 47 EMPLOYEE SHARE-BASED PAYMENT PLANS

The Shareholders of the Holding Company at the Annual General Meetings held on November 10, 2008 had approved the Employee Stock Option Scheme (ESOP) 2018 .The ESOS's are administered by the Compensation Committee ("Committee"). Options are granted at the discretion of the Committee to selected employees depending upon certain criterion. Each option comprises one underlying equity share.

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

Particulars	No of shares - 2021-22	No of shares - 2020-21
No of Options Granted During the year	30,000	
Options Vested During the year	-	-
Options Outstanding at the Beginning of the year	1,25,000	1,25,000
Options Exercised During the year	-	-
Number of Options cancelled	-	-
Number of options lapsed	-	-
Options Outstanding at the End of the year	1,55,000	1,25,000

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

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

**Employee Stock Option Scheme 2018**

<b>Dates of Grant</b>	<b>Nov 10, 2018</b>
Market Price (₹ per share) on the dates of grant	78
Volatility	78%
Risk free rate	6.50%
Exercise price	10
Time to maturity (years)	10
Dividend yield	1%
Option fair value (₹ per share)	69

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

**NOTE NO 48**

The Group company is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under.

**NOTE NO 49**

Quarterly returns or statements of current assets filed by the group company with banks are in agreement with the books of accounts;

**NOTE NO 50**

The Holding company and its subsidiaries is not declared wilful defaulter by any bank or financial institution or other lender during the year.

**NOTE NO 51**

The Group company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during the year.

**NOTE NO 52**

The Group company has not traded or invested in Crypto currency or Virtual currency during the financial year.

**NOTE NO 53 SUBSEQUENT EVENTS**

The Board of Directors in their meeting held on 9th May 2022 have proposed a final dividend of ₹ 1 per equity share for the year ended March 31,2022 which is subject to the approval of shareholders at the ensuing Annual General Meeting.

**NOTE NO 54**

Previous year figures have been regrouped to correspond to the current year classification where ever necessitated.

In terms of our report attached

**For P.Chandrasekar LLP**

Chartered Accountants  
FRN.: 000580S/S200066

**P Chandrasekar**

Partner  
Membership No.026037

**Place:** Bengaluru

**Date:** May 09, 2022

**For and on behalf of the Board****Sunil L Mundra**

Managing Director  
DIN:00214304

**Shilpa Burman**

Company Secretary  
M.No : A52069

**Sathyanaraya Mundra**

Whole Time Director  
DIN:00214349

**Prasanna Junnarkar**

Chief Financial Officer



**Natural Capsules Limited**

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