

**BOARD OF DIRECTORS**

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

**BANKERS & FINANCIAL** : **M/s. State Bank of India**  
**Bangalore** Commercial Branch  
Hudson Circle,  
**BANGALORE - 560 001.**

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

**SECRETARIAL AUDITORS** : **R. Parthasarathi**  
188, 1st Floor, Aicoboonagar,  
9th Main, BTM 2nd Stage, 11th Cross,  
**BANGALORE**

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

**REGISTRAR AND  
TRANSFER AGENTS** : **M/s. Cameo Corporate Services Ltd.**  
Subramanian Building,  
No. 1, Club House Road,  
**CHENNAI - 600 002.**  
Tel : 91-044-28460390 (5 Lines)  
Fax : 91-044-28460129  
Grams : CAMEO  
E-mail : cameo@cameoindia.com  
Contact Person : Mrs. Kanthimathi Jayakumar  
Executive - Shares  
ISIN CODE No : INE936B01015

**FINANCIAL HIGHLIGHTS (9 YEARS)**

(Rupees in Lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales & Other Income	2,033.01	2,605.64	2,948.98	3,453.96	4,459.17	5,418.89	5,942.12	6,811.53	<b>6,328.53</b>
Exports	272.82	382.72	507.90	615.17	605.92	1,432.36	1,589.94	2,054.72	<b>1,884.34</b>
P B T	428.47	616.33	641.00	663.79	772.26	729.41	742.64	753.71	<b>607.46</b>
P A T	265.73	397.51	426.56	446.76	506.87	633.11	456.19	564.92	<b>433.88</b>
E P S	5.75	8.83	9.00	10.00	11.26	14.06	10.09	11.18	<b>8.06</b>
Dividend per share (Rs)	1.00	1.00	1.20	1.20	1.50	1.50	1.50	1.50	<b>1.50</b>
Reserves & Surplus	1,161.57	1,495.85	1,859.20	2,242.95	2,671.33	3,225.95	3,729.79	4,160.25	<b>4,773.78</b>
Share Capital	450.27	450.27	450.27	450.27	450.27	450.27	502.27	524.27	<b>579.27</b>
Share holders fund	1,611.84	1,946.12	2,309.47	2,693.22	3,121.60	3,676.22	4,232.06	4,684.52	<b>5,353.05</b>
R O I (%)	16.49	20.43	18.47	16.59	16.24	17.22	10.76	12.06	<b>8.11</b>

**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting (AGM) of the members of Natural Capsules Limited will be held on Friday, 26<sup>th</sup> August, 2016 at 10.00 A.M. at Shri Krishnaraja Parishanmandira, **Kannada Sahithya Parishat**, Pampa Mahakavi Road, Chamarajpet, Bangalore-560018, India, to transact the following business:-

Ordinary business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March 2016 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the financial year 2015-16.
3. To appoint a Director in place of Mr. Laxminarayan Moondra (DIN 00214298), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mrs. Jyoti Mundra (DIN 07143035), who retires by rotation and, being eligible, offers herself for re-appointment.
5. To ratify the appointment of Auditors of the company, and to fix their remuneration. To Consider and if thought fit to pass with or without modification(s) the following as an ordinary resolution :  
"Resolved that, pursuant to Section 139 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules framed there under, pursuant to the recommendations of the audit committee, the appointment of M/s. Gnanoba & Bhat, Chartered Accountants as the Statutory Auditors of the Company for the Accounting/Financial year 2016-2017, be and is hereby ratified, on a remuneration to be fixed by Managing Director in consultation with the said Auditors".

**SPECIAL BUSINESS:**

6. To consider and if thought fit to pass with or without modifications, the following Resolution as a special resolution:  
"**RESOLVED THAT** in partial modification of the special resolution passed in the AGM of the company held on 27<sup>th</sup> August, 2015, relating to the allotment of 11,00,000 convertible securities/Equity share warrants of Rs. 80/- each, which will be convertible at the option of security holders into fully paid equity shares of Rs. 10/- each (at a premium of Rs. 70/- each) on preferential basis to the promoters and non promoters as per the provisions of Section 62 read with Sec.42 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act), Companies (Share Capital and Debentures) Rules 2014, Companies (Prospectus and Allotment of Securities) Rules 2014 including any statutory modifications or re-enactments thereof for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (SEBI (ICDR) Regulations), the consent of the company be and is hereby granted to the non promoter holders of equity share warrants / convertible securities, for extension of time for conversion into equity shares, from 12 months to 18 months from the date of passing of special resolution in the last AGM held on 27<sup>th</sup> August, 2015, for exercise of the option to convert 6,60,000 equity share warrants/convertible securities to fully paid equity shares as per the details furnished hereunder:-  

a) Laxmipath Dudheria (HUF)	(1,65,000 Convertible securities/Equity share warrants)
b) Vinod R. Sethi	(1,40,000 Convertible securities/Equity share warrants)
c) Nisha Dudheria	(1,65,000 Convertible securities/Equity share warrants)
d) Salim P. Govani	(1,90,000 Convertible securities/Equity share warrants)

**Resolved Further** that the validity of the earlier resolution passed for the preferential allotment of the above said convertible securities/equity share warrants and conversion of the same into equity shares, be and is hereby extended by six months up to 26<sup>th</sup> February, 2017, as permissible under the provisions of Chapter VII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009".

By Order of the Board of Directors  
for **Natural Capsules Limited**

**D R ANAND**

Company Secretary.

Place: Bangalore  
Date: July 30, 2016

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### Note:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting instead of himself / herself, and the proxy need not be member of the company. A person can act as a proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the company.
3. Corporate members intending to send their authorised representatives to attend the meeting shall be supported by appropriate resolutions/authority as applicable.
4. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
5. Members / proxies / authorised representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.
6. The register of members and share transfer books will remain closed from **19<sup>th</sup> August 2016 to 26<sup>th</sup> August 2016** (both days inclusive) for determining members entitled to receive dividend for the financial year ended 31-03-2016.
7. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors viz. Rs.1.5/- per share, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Member as on the date of the AGM.
8. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details. National Electronic clearing service (NECS), Electronic Clearing Service (ECS), mandates nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP) . Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's registrars and Transfer Agents, CAMEO CORPORATE SERVICES LIMITED (CCSL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to CCSL.
9. Members are requested to address all correspondence, including dividend-related correspondence, to the Registrar and Share Transfer Agents, M/s. CAMEO CORPORATE SERVICES LIMITED, Subramanian Building, No 1, Club House Road, Chennai – 600002. Ph No. 28460390 (5 Lines) or to the Company.
10. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with D R Anand, Company Secretary, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per Section 124 of the Companies Act, 2013, be transferred to the investor education and protection Fund.
11. With a view to using natural resources responsibly as a part of Green Initiative, we request shareholders who have not registered their email to register the same with CCSL/Depositories to enable the company to send communications electronically.
12. The Annual report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by the permitted mode.
13. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by companies (Management and Administration) Amendment, Rules 2015, and Clause 35B of the listing Agreement, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by **Central Depository Services India Limited**. In order to enable its members, who do not have access to e-voting facility to send their assent or dissent in writing in respect of resolutions as set out in this notice; the Company is enclosing a ballot form with the Notice. Instructions for ballot form are given at the back of the said form and instructions for e-voting are given herein below. A resolution passed by members through ballot forms or e-voting is/are deemed to have been passed as if they've been passed at the AGM. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall also be able to exercise their votes by remote e-voting.
14. The Notice of the 23<sup>rd</sup> AGM and instructions for e-voting, along with the Attendance slip and Proxy form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.
15. Members may also note that the Notice of the 23<sup>rd</sup> AGM and the Natural Capsules Limited Annual Report 2015-16 will be available on the Company's website, [www.naturalcapsules.com](http://www.naturalcapsules.com).
16. Additional information, pursuant to **Clause 49** of the Listing Agreement / SEBI (LODR) Regulations, 2015, with the Stock exchanges, 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 thereunder.
17. 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.
18. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
19. Attendance registration:
  - a. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.

20. Route map for the venue of the AGM to be held on 26-08-2016 is attached

**E-VOTING FACILITY**

As per the section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, e-voting facility is a mandatory requirement for listed companies.

**The instructions for shareholders voting electronically are as under:**

- 1 The voting period begins on 23<sup>rd</sup> August 2016 at 10.00 AM and ends on 25th August 2016 by 05.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th August 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Enter your User ID as categorised below
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below:

<b>PAN</b>	PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
<b>Dividend Bank details OR Date of Birth (DOB)</b>	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Natural Capsules Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-Voting app can be downloaded from Google Play store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 2) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 19th August, 2016.
- 3) The Company shall be making arrangement for the member to cast their votes in respect to the business through poll, for members attending the meeting who have not cast their vote by voting.
- 4) M/s. PITALIYA AND ASSOCIATES, CHARTERED ACCOUNTANTS, have been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.
- 5) The Scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and present the report not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and Chairman shall declare the results of the voting forthwith, which shall not be later than 05.00 pm., 28th August, 2016.
- 6) The result declared, along with the Scrutinizer's report shall be placed on the company's website [www.naturalcapsules.com](http://www.naturalcapsules.com) and on the website of the CDSL after the result is declared by the Chairman and also be communicated to the Stock Exchange where the company is listed.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

5. This explanatory statement is provided though strictly not required as per Sec.102 of the Act. M/s Gnanoba and Bhat, Chartered Accountant, Bangalore were appointed as Statutory Auditors for three years in the previous AGM held on 27.08.2014. As per Sec.139 (1) of the Act, their appointment for three years is subject to ratification by Members at every AGM. Accordingly, ratification of Members is sought for the proposal as per resolution stated in Agenda- 5. None of the Directors, Key Managerial Personnel or their relatives are interested in this item of business.
6. The company has passed a special resolution in the previous AGM held on 27<sup>th</sup> August, 2015, for the preferential issue / allotment of 3,30,000 equity shares of Rs. 10 each at a premium of Rs. 70/- each and 11,00,000 equity share warrants/convertible securities, out of which 3,30,000 equity share (fully paid) were already allotted and 4,40,000 convertible securities / equity share warrants are likely to be allotted on or before 26<sup>th</sup> August, 2016. However, the non promoter holders of 6,60,000 equity share warrants /convertible securities as stated in the resolution have formally requested the company to extend the time for conversion from 12 months to 18 months as permissible under the Chapter VII, Clause 75 of SEBI (ICDR) Regulations, 2009. They have already paid 25% of the total consideration of Rs. 80/- per equity share warrant / Convertible securities. The above said allotment of equity shares and equity share warrants / convertible securities have necessary approvals from Bombay Stock Exchange. Now the company has obtained clarification from BSE Limited that subject to approval of shareholders, the time for conversion of equity share warrants / convertible securities can be extended up to the maximum period of 18 months as stated in the resolution. The earlier resolution passed in the AGM held on 27<sup>th</sup> August, 2015, is reproduced hereunder for the information of the shareholders.

**"RESOLVED THAT** in accordance with the provisions of Section 62 read with Sec.42 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act), Companies (Share Capital and Debentures) Rules 2014, Companies (Prospectus and Allotment of Securities) Rules 2014 including any statutory modifications or re-enactments thereof for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (SEBI (ICDR) Regulations), as in force and subject to other applicable rules, regulations and guidelines of Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and the stock exchanges where the shares of the Company are listed (Stock Exchanges) and other applicable regulations if any, amended from time to time, and subject to any necessary approval, consent, permission and / or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" and / or Committee thereof for the time being exercising the powers conferred by the Board by this resolution have been delegated), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot up to 3,30,000 equity shares ("shares") and 11,00,000 Equity Share warrants/Convertible Securities ("Share Warrants/Convertible Securities"), in one or more tranches to the following persons on such terms and conditions as may be agreed to between the Company and the said Persons:

- |                               |                    |                             |
|-------------------------------|--------------------|-----------------------------|
| a) Nandi Synthetic Pvt. Ltd   | d) Shrey Mundra    | g) Laxmipath Dudheria (HUF) |
| b) Tajos Investments Pvt. Ltd | e) Vinod R. Sethi  | h) Nisha Dudheria           |
| c) Madhav Mundra              | f) Salim P. Govani |                             |

on preferential basis considering the relevant date as 28<sup>th</sup> July 2015 in accordance with the provisions of Regulation 71(a) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and such other terms and conditions as may be approved by the Board of directors.

**FURTHER RESOLVED THAT:**

- i) Each Equity share will have a face value of Rs. 10/- per share and will be issued at a price of Rs. 80/- per share (inclusive of a premium of Rs.70/- per share) which is in accordance with chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000 issued by the Securities and Exchange Board of India ("SEBI ICDR Regulations, 2009") and the entire issue price is payable on subscription.
- ii) Each warrant/Convertible securities can be exercised within a period of 12 months from the date of approval by the shareholders, as per the provisions of Sec. 62, read with Sec. 42, of Companies Act 2013 and rules made there under, read with requirements of Chapter VII of the SEBI (ICDR) Regulations, 2009, for one (1) Equity shares of a face value of Rs. 10/- per share to be issued at a price of Rs. 80/- per equity share (inclusive of a premium of Rs. 70/- per share) which is in accordance with SEBI ICDR Regulations, 2009 and 25% of the exercise price is payable on subscription.
- iii) The subscription amount paid for the Warrants/Convertible securities shall be adjusted against the price payable on exercise of the Warrant.
- iv) The subscription amount paid for the Share Warrants/Convertible securities shall be forfeited if the Warrant is not exercised within a period of 12 months from the date of allotment.
- v) The "relevant date" on the basis of which the minimum price for issue of the equity shares shall be calculated for the purposes of Chapter XIII (Guidelines for Preferential Issues) of the SEBI (ICDR) regulations, 2009 is 28/07/2015 being the 30 days prior to 27<sup>th</sup> August, 2015, the date on which the meeting of general body of shareholders is being held in terms of Section 62 of the Companies Act, 2013, to consider the proposed issue.
- vi) The Board is hereby authorised to issue and allot the requisite number of shares and warrants/Securities to the promoters/ Investors.
- vii) The offer, issue and allotment of the aforesaid shares and warrants shall be made at such time or times as the Board may in its absolute discretion decide, subject however to applicable guidelines, notifications, rules and regulations and the material terms of the offers.
- viii) The shares and equity shares arising on exercise of the warrants/Convertible Securities as stated aforesaid shall rank pari-passu with the existing equity shares of the company.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to decide and approve other terms and conditions of the issue of issue of the above mentioned shares and also shall be entitled to vary, modify or alter any of the terms and conditions including size of the issue, as it may deem expedient."

Now it is proposed to pass the resolution as stated in the notice for granting extension of time to the non promoters from the 12 months to 18 months for conversion of equity share warrants / convertible securities into fully paid equity shares. It is also proposed to extend the validity of the earlier special resolution passed for preferential allotment of shares from 12 months to 18 months as stated in the notice. None of the Directors / Key managerial personnel are interested in this item of business. Hence the resolution as stated in the notice is recommended for approval of shareholders.

By Order of the Board of Directors  
for **Natural Capsules Limited**

**D R ANAND**

Company Secretary.

Place: Bangalore  
Date: July 30, 2016

**Details of Directors Seeking Appointment / Re-appointment at the Annual General Meeting.**

Particulars	Mr. Laxminarayan Moondra	Mrs.Jyoti Mundra
Date of Birth	01/06/1943	31/07/1967
Date of Appointment	01/06/2011	30/03/2015
DIN Number	00214298	07143035
Qualifications	B.Com	B.A
Expertise in specific functional areas	Wide business experience in Marketing and General Administration.	Wide experience in Information Technology.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Tajos Investments Private Limited 2. Square Plus Life Sciences Private Limited	NIL
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and stakeholders relationship Committee.	NIL	NIL
Number of Shares held in the Company	160294	204463



## TWENTY THIRD ANNUAL REPORT 2015-2016

### DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the twenty third Annual Report together with the Audited Accounts of the company for the year ended 31<sup>st</sup> March 2016.

#### FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2016 is summarized below:

(Rs. In Lakhs)		
Particulars	March 31, 2016	March 31, 2015
Gross Sales	6,683.18	7,194.38
Less : Excise duty	477.88	462.30
Net Sales	6,205.31	6,732.08
Other Income	123.23	79.45
<b>Total</b>	<b>6,328.53</b>	<b>6,811.53</b>
<b>Profit before depreciation &amp; taxation</b>	<b>1,024.24</b>	<b>1,155.07</b>
Less : Depreciation	416.77	402.67
Less : Provision for taxation	167.59	236.11
Less: Prior period adjustment (Taxation)	0.29	6.37
Add: Deferred Tax withdrawn	1.85	53.68
<b>Profit after taxation</b>	<b>433.88</b>	<b>564.92</b>
Add: Balance brought forward from previous year	3,593.01	3,247.99
<b>Surplus available for appropriation</b>	<b>4,026.89</b>	<b>3,812.91</b>
Appropriations		
General Reserve	21.69	28.25
Proposed Dividend	90.19	78.64
Tax on Dividend	18.36	16.01
Additional depreciation on fixed asset as per Companies Act, 2013	-	97.00
Balance carried to Balance sheet	3,896.65	3,593.01
<b>Total</b>	<b>4,026.89</b>	<b>3,812.91</b>

The company proposes to transfer an amount of Rs. 21.69 lakhs to the General Reserves. An amount of Rs. 3,896.65 lakhs is proposed to be retained in the statement of Profit & Loss account.

#### OPERATIONAL REVIEWS:

The company had a gross turnover of Rs. 6,683.18 lakhs as against Rs. 7,194.38 lakhs in the previous year, a decline of 7.65%. Profit before depreciation and taxation was Rs. 1,024.24 lakhs against Rs. 1,155.07 lakhs in the previous year. After providing for depreciation and taxation of Rs. 416.77 lakhs & 167.59 lakhs respectively, the net profit of the Company for the year under review was placed at Rs. 433.88 lakhs as against Rs. 564.92 lakhs previous year.

Due to tough market conditions, increase in cost of inputs and reduction in margins, there was decline in profits as compared to the previous year. Accordingly, the profit after tax has reduced by 30.20% during the year under review.

#### DIVIDEND:

Based on the performance of the Company and the need for conservation of internal accruals, while maintaining the dividend for the shareholders, your Directors are pleased to recommend a final dividend of Rs. 1.50 per equity share at the rate of 15 % subject to the approval of members. The dividend, if approved by the Members, will result in the out flow of Rs.90.19 lakhs from the company in addition to Rs.18.36 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 date of the AGM.

#### SHARE CAPITAL:

During the year under consideration, the paid up capital increased from Rs. 524.27 lakhs to 579.27 lakhs. by conversion of 2,20,000 share warrants into equity (which formed part of earlier preferential issue of equity shares to promoter group in the financial year 2014-15) and issue of additional 3,30,000 equity shares of Rs. 10/- each (at a premium of Rs. 70/- per equity share) by the way of preferential issue to non promoters. The company has also issued 11,00,000 convertible securities / equity share warrants to both promoters and non promoters on preferential basis. The company has obtained Listing approval for the preferential issue of equity shares and equity share warrants / Convertible securities from Bombay Stock Exchange.

#### FINANCE:

Cash and cash equivalents as at March 31, 2016 was Rs.19.25 lakhs. The company continues to focus on judicious management of its working capital, Receivables, Inventories and other working capital parameters were kept under strict check through continuous monitoring.



**FIXED DEPOSITS:**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

There was an investment of Rs. 507.36 lakhs made by company during the year in part payment for acquiring 40% equity shares of M/S. Supreem Pharmaceuticals (Mysore) Pvt. Ltd for total investment of Rs. 1,171.02 lakhs.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

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

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

As part of its initiatives under "corporate social responsibility" (CSR), the CSR committee has taken steps to find out such activities to contribute. The CSR committee has calculated the CSR fund amounting to Rs. 29.09 lakhs for the year ending as on March 31, 2016 and the amount will be spent on the CSR activities to be identified shortly. Identification of CSR activities is under process.

**CONSERVATION OF ENERGY:**

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

**TECHNOLOGY ABSORPTION:**

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

**FOREIGN EXCHANGE EARNINGS AND OUT-GO:**

During the period under review, your company has gained Rs. 33.73 lakhs owing to foreign exchange fluctuations. Export revenue constituted 29.77% of Total Revenue as against 31.41% in the previous year.

**Foreign Exchange Earnings : Rs. 17,77,80,687/-**

**Foreign Exchange Outgo : Rs. 4,41,21,240/-**

**INDUSTRIAL RELATIONS:**

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

**EXPANSION:**

During the year company commissioned a pilot machine to manufacture HPMC capsules at Bangalore plant which has a capacity of about 400 million capsules per annum.

Board of Directors in its 113<sup>th</sup> meeting held on 29<sup>th</sup> October, 2015, had approved a scheme of conversion of three existing gelatine capsules lines to HPMC manufacturing lines at a total cost of Rs. 24 Crores to be completed in 30 months. Work on this proposal is likely to start at the end of this current financial year.

**DIRECTORS:**

Mr. Laxminarayan Moondra and Mrs. Jyoti Mundra, Directors retire by rotation and being eligible, offer themselves for re appointment.

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

**Board Evaluation**

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

## TWENTY THIRD ANNUAL REPORT 2015-2016

- Company performance and strategy
- Tracking Board and committee's effectiveness
- Peer 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.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. 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.

### Independent Director's meeting:

Independent directors held a separate meeting on 27<sup>th</sup> January, 2016. They have evaluated the performance of executive directors and conducted thorough business review affecting the performance of the company as per the requirements of statutes.

### Listing Agreement

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The company entered into Listing Agreement with BSE Limited during January, 2016.

### Policies

We seek 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 new compliance requirement.

Name of the policy	Brief description	Web link
Whistle blower Policy (Policy on vigil Mechanism)	The company has adopted the whistle blower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics. There has been no change to the Whistle blower Policy adopted by the Company during fiscal 2016. No employee has been denied access to the audit committee.	<a href="http://www.naturalcapsules.com/pdf/vigil-mechanism-and-whistle-blowers-policy.pdf">http://www.naturalcapsules.com/pdf/vigil-mechanism-and-whistle-blowers-policy.pdf</a>
Nomination and Remuneration policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees	<a href="http://www.naturalcapsules.com/pdf/nomination-and-remuneration-policy.pdf">http://www.naturalcapsules.com/pdf/nomination-and-remuneration-policy.pdf</a>
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.	<a href="http://www.naturalcapsules.com/pdf/corporate-social-responsibility-policy.pdf">http://www.naturalcapsules.com/pdf/corporate-social-responsibility-policy.pdf</a>
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.	<a href="http://www.naturalcapsules.com/pdf/Determination-of-Materiality-for-Disclosures.pdf">http://www.naturalcapsules.com/pdf/Determination-of-Materiality-for-Disclosures.pdf</a>
Related Party Transaction Policy	The Policy regulates all transactions between the Company and its related parties.	<a href="http://www.naturalcapsules.com/pdf/policy-on-related-party-transactions.pdf">http://www.naturalcapsules.com/pdf/policy-on-related-party-transactions.pdf</a>
Insider Trading Policy	The policy provides the framework in dealing with securities of the Company	<a href="http://www.naturalcapsules.com/pdf/Code-of-Conduct-Insider-Trading.pdf">http://www.naturalcapsules.com/pdf/Code-of-Conduct-Insider-Trading.pdf</a>
Document Retention and Archival Policy	The policy deals with the retention and archival of corporate records of Natural capsules limited.	<a href="http://www.naturalcapsules.com/pdf/Document-Retention-and-Archival-Policy.pdf">http://www.naturalcapsules.com/pdf/Document-Retention-and-Archival-Policy.pdf</a>