



# 27<sup>th</sup> Annual Report 2019-20

NATURAL  
CAPSULES  
LIMITED



## CHARMAN'S ADDRESS



Dear Shareholders,

I have pleasure of announcing the completion of yet another eventful Financial Year 2019-20. The Financial Year had been full of challenges and your company has come out with results which are before you. COVID-19 has presented fresh challenges to whole country.

The Company has taken up a new project to manufacture Active Pharma Ingredient (Bulk Drugs) in Tumkur at revised estimated cost of Rs. 67.03 Crores, which is being funded by term loan from Banks and internal accruals. Project capacities have been increased in view of current developments due to COVID-19. Necessary Environmental Clearance for the Project has been recently received and work is about to start soon. The said project is expected to go on stream by FY- 22. This is expected to give significant increase in both Top line and Bottom line of company in the coming years.

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

Thank You,  
CP RANGACHAR  
Chairman

## FROM MANAGING DIRECTOR'S DESK



Dear Members,

Working results for the Financial Year 2019-20 are before you for consideration. Despite continuing challenges from export front and pricing pressure in domestic market and due to increase in input costs etc., your company has made PBT of Rs. 137.07 Lakhs as compared to Rs. 206.85 Lakhs in the previous year. Total Revenue has increased to 62.50Cr, from Rs. 60.92Cr in the earlier year. Despite aforesaid challenges, we propose to declare dividend of Rs. 0.60 per equity share if approved at the 27th Annual General Meeting.

Despite challenges posed by COVID-19 to worldwide economy, pharma industry is expected to do well. We also hope that performance of your company will improve in the next year.

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

Thank You,  
Sunil L Mundra  
Managing Director

**Board of Directors:**

Shri. C.P Rangachar	: Chairman & Independent Director
Shri. Laxminarayan Mundra	: Whole Time Director
Shri. Satyanarayan Mundra	: Whole Time Director
Shri. Sunil Laxminarayan Mundra	: Managing Director
Shri. Anjan Kumar Roy	: Independent Director
Shri. Pramod Kasat	: Independent Director
Shri. Sushil Kumar Mundra	: Director
Smt. Jyoti Mundra	: Director

**Company Secretary & Compliance Officer** : Smt. Shilpa Burman

**Chief Financial Officer** : Shri. Prasanna B Junnarkar

**Bankers** : M/s State Bank of India  
Commercial Branch  
Bengaluru.

**Secretarial Auditor** : R Parthasarathy

**Statutory Auditor** : M/s P Chandrasekar LLP

**Registered Office** : M/s Natural Capsules Limited  
Trident Towers, 4<sup>th</sup> Floor, No. 23  
100 Feet Road, Jayanagar II Block  
Bengaluru-560011  
CIN: L85110KA1993PLC014742  
[company.sec@naturalcapsules.com](mailto:company.sec@naturalcapsules.com)

**Registrar and Share Transfer Agents** : M/s Cameo Corporate Services Limited  
Subramanian Building, No. 1 Club House  
Road, Chennai-600 002  
Email Id: [Kandhimathi@cameoindia.com](mailto:Kandhimathi@cameoindia.com)

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**Financial Highlights**

<b>Particulars</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Sales & other Income	5418.89	5942.12	6811.53	6328.53	5445.57	5557.01	6091.77	6250.79
Exports	1432.36	1589.94	2054.72	1884.34	1225.04	1174.74	837.99	856.93
PBT	729.41	742.64	753.71	607.46	31.57	168.22	206.85	137.07
PAT	633.11	456.19	564.92	433.88	62.78	111.11	192.04	87.81
EPS	14.06	10.09	11.18	8.06	1.04	1.78	3.08	1.41
Dividend Per Share (Rs.)	1.5	1.5	1.5	1.5	1	1	1	0.60
Reserve & Surplus	3225.95	3729.79	4160.25	4773.78	5276.57	4809.11	4926.18	4938.86
Share Capital	450.27	502.27	524.27	579.27	523.27	623.27	623.27	623.27
Share holders fund	3676.22	4232.06	4684.52	5353.05	5899.84	5432.38	5549.45	5562.38
ROI	17.22	10.76	12.06	8.11	1.06	6.16	12.99	13.12

**Note :**

Above figures are in Rs. (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.

**Notice**

Notice is hereby given to all the members of the Company, that the **27<sup>th</sup> Annual General Meeting** of Natural Capsules Limited will be held on **Friday, the 21<sup>st</sup> day of August, 2020** at 10.30 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 2020 together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend for the Financial Year 2019-20.
3. To appoint a director in place of Smt. Jyoti Mundra (DIN: 07143035), who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in place of Shri. Laxminarayan Mundra (DIN: 00214298), who retires by rotation and being eligible, offers himself for re-appointment.

**Special Business:**

5. To consider re-appointment Shri. Laxminarayan Mundra (DIN: 00214298) as Whole time Director for a Period of 3 Years and to revise his remuneration:

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

"**RESOLVED THAT** pursuant to Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as 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. Laxminarayan 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 Rs. 2,80,000/- Per month on the scale of pay of Rs. 2,80,000-15,000-2,95,000
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.
6. Commission of 1% of Profit

"**RESOLVED FURTHER THAT** the aforesaid remuneration 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 Mr. Sunil L Mundra, Managing Director** be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**By ORDER OF THE BOARD**

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



**Place: Bangalore**

**Date: 20.07.2020**

**Note:**

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 No. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020, respectively, issued by the Ministry of Corporate Affairs (collectively “**MCA Circulars**”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (“**SEBI Circular**”) read with and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), the 27<sup>th</sup> Annual General Meeting (“**AGM**”) of the Company is being held through VC/OAVM Facility, which does not require physical presence of Members at the venue. The proceedings of the 27<sup>th</sup> AGM shall be deemed to be made at the Registered Office of the Company situated at **Trident Towers, 4<sup>th</sup> Floor, No. 23 100 Feet Road, Jayanagar II Block Bengaluru-560011** (deemed venue for the AGM).
3. M/s P. Chandrasekar LLP, Chartered Accountants, continues to be the Statutory Auditors of the Company for the current financial year 2020-21.
4. The register of members and share transfer books will remain closed from **14<sup>th</sup> August 2020 to 21<sup>st</sup> August 2020 (both days inclusive)** for determining the members entitled to receive dividend for the financial year ended **31<sup>st</sup> March 2020**. Subject to the provisions of the Companies Act, 2013, dividend if approved by the shareholders will be payable on or after **August 21, 2020** and will be paid to those shareholders whose names appear in the Company's Register of Shareholders as on **13<sup>th</sup> August 2020**. 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.
5. 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)**. 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.
  - c. In the cases where the ECS mandates of the Members are not available to enable the payment of Dividend electronically, the Dividend warrant/cheques shall be dispatched only upon resumption and normalization of the postal services.
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, 4th Floor, No. 23, 100 Feet Road, Jayanagar II Block, Bengaluru-560011.
7. The 27<sup>th</sup> Annual Report along with Notice of the AGM including general guidelines for participation at the 27<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, 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. 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.
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 **27<sup>th</sup> AGM** of Natural Capsules Limited and the Annual Report 2019-20 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 April 1, 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 2020-21 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 27<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) 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. General instructions for accessing or participating at the 27<sup>th</sup> AGM through Electronic Means (VC/OAVM)
  - i. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the EGM/AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.



- ii. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- iii. The members can join the EGM/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 EGM/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 EGM/AGM without restriction on account of first come first served basis.
- iv. The attendance of the Members attending the EGM/AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- v. 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 dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the EGM/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 EGM/AGM will be provided by NSDL.
- vi. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/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 Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and 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).
- vii. 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 April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**18. Voting through electronic means:**

The Company is pleased to provide remote e-voting facility through National Securities Depository Limited (NSDL) for the Members of the Company to enable them to cast their votes electronically on the resolutions mentioned in this Notice of 27<sup>th</sup> Annual General Meeting of the Company dated (“**Notice**”). The details and instructions for remote e-voting are furnished in Note No. 20 of the AGM Notice. These details form an integral part of this Notice of 27<sup>th</sup> AGM.

**19. Procedure for Remote E-Voting: The instructions for the shareholders / Members voting electronically are as under:****Voting through electronic means:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) and Regulation 44 of SEBI (LODR) 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 27<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on **18<sup>th</sup> August 2020 (10:00 am)** and ends on **August 20<sup>th</sup>, 2020 (5:00 pm)**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13<sup>th</sup> August 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. The process and manner for remote e-voting are as under:

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

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below			
<b>Step I: Log-in to NSDL e-Voting system at <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></b>		<b>Step II: Cast your vote electronically on NSDL e-Voting system</b>	
Details on Step I is mentioned below		Details on Step 2 is given below	
1. 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		1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles	
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section		2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status	
3. A new screen will open. You will have to enter your User ID, Password and a Verification Code as shown on the screen		3. Select "EVEN" of company for which you wish to cast your vote	
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> 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. Now you are ready for e-Voting as the Voting page opens	
5. Your User ID details are given below		5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted	
		6. Upon confirmation, the message "Vote cast successfully" will be displayed.	
	Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:	7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page
	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*****.	8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote
	b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is	General Guidelines for shareholders