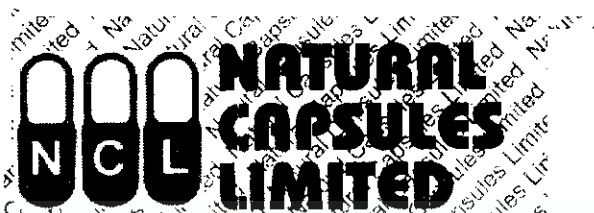


SIXTH ANNUAL REPORT 1998-99



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NATURAL CAPSULES LIMITED
BANGALORE

SIXTH ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Srirangam Gopalan	Chairman
Satyanarayan Mundra	Vice Chairman
Laxminarayan Mundra	Whole-time Director
C.P. Rangachar	Director
Dr. C.M. Gurumurthy	Director
V. Subramony	Director
Sunil L. Mundra	Managing Director
Sushil Kumar Mundra	Director

BANKERS & FINANCIAL INSTITUTIONS

M/s. Industrial Development Bank of India
No. 27, IDBI House
Mission Road
BANGALORE - 560 027

M/s. Karnataka State Industrial Investment &
Development Corporation Limited
MSIL # 36, Cunningham Road
BANGALORE - 560 052

M/s. State Bank of India
City Branch
J.C. Road
BANGALORE - 560 002

AUDITORS

M/s. Gnanoba & Bhat
Chartered Accountants
211, Commerce House
9/1, Cunningham Road
BANGALORE - 560 052

REGISTERED OFFICE

Bhavani Towers
No. 1, Hosur Main Road
Wilson Garden
BANGALORE - 560 027

FACTORY

Plot No. 7A-2, KIADB Industrial Area
Attibele
BANGALORE - 562 107

NATURAL CAPSULES LIMITED

NOTICE

Notice is hereby given to all the members of the Company that the 6th Annual General Meeting of the Company will be held at Hotel Woodlands, #5, Raja Ram Mohan Roy Road, Bangalore - 560 025, on Tuesday the 27th July 1999 at 10.00 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 1999, alongwith the Director's and Auditor's Reports thereon.
2. To appoint a director in the place of Mr.C.P. Rangachar, the retiring director, who being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Dr. C.M. Gurumurthy the retiring director, who being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. M/s. Gnanoba & Bhat, Chartered Accountants, Bangalore retire at this Annual General Meeting and they are eligible for re-appointment.

For & on behalf of the Board

Place : Bangalore
Date :29th May 1999

(SUNIL L MUNDRA)
Managing Director

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NOTE :

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint a proxy and that proxy need not be a member. Proxy form to be effective shall reach the registered office of the company not less than 48 hours before the meeting.
2. Members Register and Transfer Register will remain closed from 20.7.99 to 27.7.99 (both the days inclusive) .
3. Members are requested to bring duly filled in attendance slips at the the time of meeting.
4. Proxy form is attached.

SIXTH ANNUAL REPORT 1998-99

DIRECTOR'S REPORT

TO THE MEMBERS

under :

Your directors hereby present the Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 1999:

Projection for the year ending 31.03.99 (Rs. in lacs)	Actual for the year ending 31.03.99 (Rs. in lacs)
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1. ACCOUNTING YEAR :

The previous accounting year covered a period of 9 months as compared to 12 months in the current financial year.

Sales	547	348.72
PBDIT	271	87.23
PAT	97	(33.95)

2. FINANCIAL RESULTS :

The comparative financial results for the period are as under :

	1998-99 Rs. in lacs	1997-98 Rs. in lacs
Sales & Other Income	349.64	355.78
Profit before Depreciation and Interest	87.23	111.75
Depreciation	51.48	38.29
Interest	69.70	56.08
Profit / (Loss)	(33.95)	17.38
Cash profit	17.53	55.67
provision for MAT	NIL	3.50
Profit/(Loss) after tax	(33.95)	13.88

Your directors are hopeful of overcoming the recessionary phase & improving the performance in the coming years.

3. FORMULATION PROJECT :

During the year under review, the Formulation project was completed and trial run started. Commercial production has commenced in May 99.

4. STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT :

A. PROJECTION Vs PROFITABILITY :

Projection for the period under review as per the prospectus dated 4th July 1994 Vs the actuals is as

Due to general recessionary trends in the market and drop in Sales/Reliasation, projected performance could not be achieved.

5. DIRECTORS :

During the year under review, Mr. C P Rangachar & Dr. C M Gurumurthy retire at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

6. DISCLOSURE OF PARTICULARS AS PER BOARD'S REPORT RULES 1988 :

A. CONSERVATION OF ENERGY:

The particulars as per Form A is attached to this report.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :

There was no R & D work during the year. The manufacturing process of the company does not involve any imported technology and hence, the question of technology absorption does not arise.

C. EXPORTS :

For the first time, the company had direct export of Gelatine Capsules to Sri Lanka. Efforts are being made to enter South East Asian & African markets.

D. FOREIGN EXCHANGE, EARNINGS & OUT GO:

Foreign Exchange Earning:- Rs. 1,28,136.00
Foreign Exchange out go:- Rs. 2,64,362.00

NATURAL CAPSULES LIMITED

E. EMPLOYEES DETAILS:

There was no employee drawing a remuneration of Rs. 25000.00 or more per month during the period under review.

7. AUDITORS :

M/s. Gnanoba & Bhat, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting and they are eligible for re-appointment.

8. Y2K COMPLIANCE :

Company has taken necessary steps to ensure Y2K compliance for its hardware/software equipments.

9. ACKNOWLEDGMENTS :

The management wishes to express its sincere thanks to Industrial Development Bank of India, Karnataka State Industrial Investment and Development Corporation Limited and State Bank of India, for their financial support and guidance, and its appreciation for the excellent co-operation extended by the Staff & workers of the Company.

For and on behalf of the board.

SRIRANGAM GOPALAN,
Chairman.

Place : Bangalore
Date : 29th May, 1999

ANNEXURE TO DIRECTOR'S REPORT
FORM - A (SEE RULE 2)

Form for disclosure of particulars with respect to conservation of energy.

A. POWER & FUEL CONSUMPTION :

1. Electricity :		Current Year	Previous Year
a) Purchased :	Units (KWH)	926012	755744
Total amount	(Rs. in lacs)	35.95	26.94
Rate/Unit	(Rs.)	3.88	3.56
b) Own generation :			
i) Through diesel generator			
Unit	(KWH)	336320	243773
Unit per ltr. of diesel oil	(KWH)	2.87	2.83
Oil Cost / Unit (KWH)	(Rs.)	3.58	2.65
ii) Through steam turbine/generator		NIL	NIL
2. Coal		NIL	NIL
3. Furnace oil		NIL	NIL
4. Other/internal generations		NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION :

	Standards (if any)	Current Year	Previous Year
a) EHG CAPSULES			
Electricity per lac	NIL	181	188
Furnace oil	NIL	NIL	NIL
Coal	NIL	NIL	NIL
Others	NIL	NIL	NIL