



8th  
*Annual  
Report*  
1998-99



***Shiva Medicare Limited***

## CORPORATE INFORMATION



### BOARD OF DIRECTORS

**Chairman**  
Shri Parmod Jain

**Directors**  
Smt. Kiran Jain  
Shri D. Kumar  
Shri J.K. Agarwal  
Shri O.P. Shroff  
Shri Prem Kumar Bhandari

### EXECUTIVE DIRECTOR

Shri Satish Jain

### COMPANY SECRETARY

Shri K.K. Nagpal

### AUDITORS

Anil Rai Associates  
Chartered Accountants  
136, Daya Nand Vihar,  
Vikas Marg Extension,  
New Delhi-110092.

### BANKERS

State Bank of India  
Union Bank of India

### REGISTERED OFFICE & WORKS

A 15-17, 20, M.E.P.Z.,  
Kadaperi, Tambaram,  
Chennai-600045.

### CORPORATE OFFICE

808, Pragati Tower,  
26, Rajendra Place,  
New Delhi-110008.  
website : <http://www.shivagroup.com>

### SHARE TRANSFER AGENT

Shiva Services Ltd.  
D-110, Kamla Nagar,  
Delhi-110007.

### LISTING

The Madras Stock Exchange Ltd.  
The Delhi Stock Exchange Assn. Ltd.  
The Stock Exchange, Mumbai

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## NOTICE

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### To the Members,

NOTICE is hereby given that the 8th Annual General Meeting of the Company will be held on Thursday, the 30th September, 1999 at 3.00 P.M. at the Registered Office & Works at A-15-17, 20, M.E.P.Z., Kadaperi, Tambaram, Chennai-600045 to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1999 together with the Auditors' Report thereon.
2. To appoint a Director in place of Shri D. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J.K. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and authorise Board of Directors to fix their remuneration.

By the Order of the Board  
For SHIVA MEDICARE LIMITED

Place : New Delhi  
Dated : August 31, 1999

K.K. NAGPAL  
Company Secretary

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### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself/herself and the proxy need not to be a member.
2. Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 1999 to 30th September, 1999 (both days inclusive).
3. The Company is now accessible on the internet at the website <http://www.shivagroup.com>. Members may have the access to the website for the latest information and download the financial information of the Company. If you desire to contact the Company for any of your investor related issues, please send your query through Email.



## DIRECTORS' REPORT

### To the Members,

Your Directors have pleasure in presenting the 8th Annual Report of the Company and Audited Statement of Accounts for the year ended on 31st March, 1999 together with the Auditors' Report thereon.

(Rs. in Lacs)

Working Results	Current Year (1998-99)	Previous Year (1997-98)
Sales	471.28	1,012.47
Profit/(Loss) before Depreciation	(39.53)	99.93
Add/Less : Depreciation for the year	45.78	47.26
Profit/(Loss) for the year	(85.31)	52.67
Balance brought forward	108.82	56.15
Profit available for Appropriation	23.51	108.82

### Review of Operations

The year under review continued to be marked with general economic recession in the international market, thereby affecting the overall performance of the Company. The production remained suspended for a number of days in the absence of orders. Consequently, the sale came down to Rs. 471.28 lacs from Rs. 1012.47 lacs during the previous year.

The industrial scenario during the current year is also not very encouraging. Your Company is making vigorous efforts to come out of losses by improving efficiency and productivity.

### Dividend

In absence of profits, your Directors do not propose any dividend on Equity Shares for the financial year 1998-99.

### Performance v/s Projections

In compliance with Clause 43 of the listing agreements with the Stock Exchanges, the actual performance of the Company for the year 1998-99 v/s the Projections for the year as indicated in the Prospectus dated 02.06.1994 is given below :

(Rs. in Lacs)

Particulars	Actual	Projected
Total Income	471.28	1994.40
Gross Profit before Interest & Depreciation	(34.55)	348.28
Profit after Tax	(85.31)	235.48



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### **Auditors' Report**

Observations of the Auditors in their report and notes attached to the accounts are self explanatory and do not require further explanation.

### **Board of Directors**

Shri D. Kumar and Shri J.K. Agarwal are the Directors, retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### **Y2K Compliance**

All systems and process are Y2K Compliant. No material impact on account of Y2K is expected on operations of the Company.

### **Auditors**

M/s. Anil Rai Associates, Chartered Accountants, the Auditors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with Sub-section (1-B) of Section 224 of the Companies Act, 1956.

### **Personnel**

The Industrial relations remained cordial throughout the year.

There are no employees whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given below :

#### **Conservation of Energy**

##### **A. Energy Conservation Measures taken during the year**

Insulation has been improved for the Thermic Fluid lines & the drying ovens to reduce convection and radiation losses from the surfaces.

##### **B. Additional Investment and proposals if any being implemented for reduction of consumption of energy**

None

##### **C. Impact of the measure (A) and (B) above for reduction of energy consumption and consequent impact on cost of production of goods**

No separate costing has been done to measure energy saved, if any, by the Company.



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Provisions of Form A under Section 217(1) (e) of the Companies Act, 1956 read with Companies Act, (Disclosure of Particulars) Rules, 1988 are not applicable to the Company.

**FORM - B**

**Disclosure of Particulars with respect to Absorption**

**Research & Development (R&D)**

The Company concentrated on improving productivity, production planning, quality control methods and developing new products. During the year other new value added types of gloves were introduced.

The R&D efforts are expected to result in development of better product and economies in cost of production without effecting the quality.

**Technology Absorption, Adaptation and Innovation  
(Foreign Exchange Earnings and Outgo)**

**1. Activities relating to export and export plans**

The Company has started production of surgical and nitrile gloves. The Company has also obtained ISO 9002 and CE Mark which reflects the highest standard of international excellence in quality.

The Company continues its efforts to explore new market for its products

**2. Total Foreign Exchange Used and Earned**

The required details are given in items (e) of para 14 of Schedule 20 to the accounts (Notes on Accounts)

**Acknowledgement**

The Directors are thankful to the Bankers for their continued support during the year.

Your Directors also wish to thank various Central and State Government Departments for assistance extended by them during the year. They also wish to thank shareholders for trust and confidence reposed as well as the Customers for their valued patronage.

For and on behalf of Board of Directors

Place : New Delhi  
Dated : August 31, 1999

PARMOD JAIN  
Chairman



## AUDITORS' REPORT

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To the Members,  
**SHIVA MEDICARE LIMITED**

We have audited the attached Balance Sheet of SHIVA MEDICARE LIMITED as at March 31, 1999 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the said order.
2. Further to our comments in annexure referred to in paragraph 1 above :
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the said books.
  - iii) The Balance Sheet and the Profit & Loss Account dealt with in this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report are in compliance with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - v) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
    - b) In the case of Profit & Loss Account, of the Loss of the Company for the year ended on that date.

For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi  
Dated : August 31, 1999

ANIL JAIN  
Proprietor



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**Annexure Referred to in paragraph 1 of the Report of even date of the Auditors to the Members of Shiva Medicare Limited on the Accounts for the year ended March 31, 1999.**

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. These assets were physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and these have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there is no Company under the same management, as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not given any loans, secured or unsecured to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there is no Company under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
9. In respect of loans and advances, in the nature of loans, given to employees and others, they are repaying the principal amount as stipulated and are regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchases of goods and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under





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Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market price of such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. According to the information given to us, the Company has no unserviceable or damaged stores, raw materials or finished goods.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public.
14. The Company has no by-products. The Company has realisable scrap for which adequate records have been kept.
15. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
17. According to the records of the Company, the Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi  
Dated : August 31, 1999

ANIL JAIN  
Proprietor

# BALANCE SHEET

As at 31st March, 1999



	Schedules	Current Year Rs.	Previous Year Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	63,131,200	63,131,200
Reserves & Surplus	2	<u>2,351,716</u>	<u>10,882,306</u>
		<b>65,482,916</b>	<b>74,013,506</b>
<b>Loan Funds</b>			
Secured Loans	3	58,483,507	39,699,112
Unsecured Loans	4	<u>7,631,039</u>	<u>—</u>
		<b>66,114,546</b>	<b>39,699,112</b>
		<b>131,597,462</b>	<b>113,712,618</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	78,118,965	74,555,368
Less : Depreciation		<u>21,087,632</u>	<u>16,510,129</u>
Net Block		57,031,333	58,045,239
Add : Capital Work-in-Progress		<u>4,402,197</u>	<u>1,413,751</u>
		<b>61,433,530</b>	<b>59,458,990</b>
<b>Investments</b>	6	<b>3,246,750</b>	<b>246,750</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	7	15,425,949	10,514,924
Sundry Debtors	8	44,748,726	32,164,034
Cash & Bank Balances	9	3,759,353	6,177,349
Loans & Advances	10	<u>6,777,448</u>	<u>9,581,343</u>
		70,711,476	58,437,650
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	11	<u>7,436,700</u>	<u>8,327,476</u>
<b>Net Current Assets</b>		<b>63,274,776</b>	<b>50,110,174</b>
<b>Miscellaneous Expenditure</b>	12	<b>3,642,406</b>	<b>3,896,704</b>
(To the extent not written off or adjusted)			
		<b>131,597,462</b>	<b>113,712,618</b>
<b>Significant Accounting Policies and Notes Forming Part of the Balance Sheet and Profit &amp; Loss Account</b>			

Schedules 1 to 20 form an integral part of the accounts

As per our report of even date annexed  
For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi

ANIL JAIN

K.K. NAGPAL

SATISH JAIN

PARMOD JAIN

J.K. AGARWAL

O.P. SHROFF

Dated : August 31, 1999

Proprietor

Company Secretary

Executive Director

Chairman

Directors

**PROFIT & LOSS ACCOUNT**  
For the Year Ended 31st March, 1999



	Schedules	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Sales		47,128,336	101,246,881
Other Income	13	1,483,891	1,481,538
Increase/(Decrease) in Stocks	14	2,547,746	(4,536,262)
		<u>51,159,973</u>	<u>98,192,157</u>
<b>EXPENDITURE</b>			
Raw Materials Consumed	15	22,823,558	46,752,741
Stores, Spare Parts and Packing Material Consumed		3,373,114	7,666,625
Purchase of Finished Goods		229,545	—
Power & Fuel		6,472,282	10,489,404
Job Charges		278,775	—
Employees	16	6,558,361	7,479,318
Selling & Distribution Expenses	17	1,411,072	2,558,703
Interest and Finance Charges	18	7,408,067	6,624,814
Other Expenses	19	6,558,286	6,626,763
Depreciation		4,577,503	4,726,246
		<u>59,690,563</u>	<u>92,924,614</u>
<b>PROFIT</b>			
Profit/(Loss) for the year		(8,530,590)	5,267,543
Balance brought forward		10,882,306	5,614,763
		<u>2,351,716</u>	<u>10,882,306</u>
<b>APPROPRIATION</b>			
Surplus carried to Balance Sheet		<u>2,351,716</u>	<u>10,882,306</u>

Significant Accounting Policies and  
Notes Forming Part of the Balance Sheet  
and Profit & Loss Account 20

Schedules 1 to 20 form an integral part of the accounts

As per our report of even date annexed  
For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi ANIL JAIN K.K. NAGPAL SATISH JAIN PARMOD JAIN J.K. AGARWAL  
Dated : August 31, 1999 Proprietor Company Secretary Executive Director Chairman O.P. SHROFF  
Directors

## SCHEDULES



	Current Year Rs.	Previous Year Rs.
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
10,000,000 Equity Shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
6,356,170 Equity Shares of Rs. 10 each fully paid-up	63,561,700	63,561,700
Less : Face Value of Shares forfeited	<u>861,000</u>	<u>861,000</u>
	62,700,700	62,700,700
Add : Forfeited Shares Account	<u>430,500</u>	<u>430,500</u>
	<u>63,131,200</u>	<u>63,131,200</u>
<b>2. RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	2,351,716	10,882,306
	<u>2,351,716</u>	<u>10,882,306</u>
<b>3. SECURED LOANS</b>		
<b>From Banks</b>		
Export Packing Credit/Post Shipment Credit Loans (a)	38,449,259	39,282,436
Bank Overdraft (a)	19,816,392	—
<b>From Others</b>		
Vehicles Loan (b)	217,850	416,676
	<u>58,483,507</u>	<u>39,699,112</u>

- a) Secured against hypothecation of raw-materials, finished goods, semi-finished goods, stores and spares, documentary export bills sent for collection together with personal guarantee of a Director, a corporate guarantee, and also secured by way of second charge over the fixed assets of the Company.
- b) Secured against hypothecation of vehicle purchased under hire purchase.



	Current Year Rs.	Previous Year Rs.
<b>4. UNSECURED LOANS</b>		
From Companies	7,435,000	—
Fixed Deposits	177,000	—
Interest Accrued but Not Due	19,039	—
	<b>7,631,039</b>	—

#### 5. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.1998	Additions	Sale/ Adjust- ments	Total As at 31.03.1999	Upto 31.03.1998	For the Year	Sale/ Adjust- ments	Total As at 31.03.1999	As at 31.03.1999	As at 31.03.1998
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	14,372,137	1,441,075	—	15,813,212	1,438,798	506,345	—	1,945,143	13,868,069	12,933,339
Plant & Machinery	57,647,958	943,474	—	58,591,432	14,384,976	3,692,098	—	18,077,074	40,514,358	43,262,982
Furniture, Fixtures & Fittings	640,160	622,498	—	1,262,658	370,338	120,060	—	490,398	772,260	269,822
Office & Factory Equipments	800,477	329,990	—	1,130,467	182,123	134,189	—	316,312	814,155	618,354
Vehicles	1,094,636	226,560	—	1,321,196	133,894	124,811	—	258,705	1,062,491	960,742
	74,555,368	3,563,597	—	78,118,965	16,510,129	4,577,503	—	21,087,632	57,031,333	58,045,239
Capital Work-in- progress	1,413,751	5,372,995	2,384,549	4,402,197	—	—	—	—	4,402,197	1,413,751
<b>TOTAL</b>	<b>75,969,119</b>	<b>8,936,592</b>	<b>2,384,549</b>	<b>82,521,162</b>	<b>16,510,129</b>	<b>4,577,503</b>	<b>—</b>	<b>21,087,632</b>	<b>61,433,530</b>	<b>59,458,990</b>
Previous Year	67,447,193	19,529,244	11,007,318	75,969,119	11,824,272	4,726,246	40,389	16,510,129	59,458,990	

	Current Year Rs.	Previous Year Rs.
<b>6. INVESTMENTS</b>		
<b>Long Term Trade Investments</b>		
<b>Equity Shares (Quoted)</b>		
Shiva Paper Mills Limited	71,750	71,750
Thambhi Modern Spinning Mills Ltd.	75,000	75,000
<b>Shares (Unquoted)</b>		
Shiva Services Ltd.	100,000	100,000
Shiva Kymen Sukka Limited	3,000,000	—
	<b>3,246,750</b>	<b>246,750</b>

(Aggregate Market Value of Quoted Investments Rs. 9,700 (Previous Year Rs. 28,550))



	Current Year Rs.	Previous Year Rs.
<b>7. INVENTORIES</b>		
(As taken, valued and certified by the management)		
Stores, Spares & Packing Material	2,748,358	1,373,405
Raw Materials (including goods-in-transit Rs. Nil, Previous year Rs. 1,137,558/-)	5,601,791	4,613,465
Finished Goods	6,825,736	3,868,050
Semi-Finished Goods	241,829	614,904
Scrap	8,235	45,100
	<u>15,425,949</u>	<u>10,514,924</u>
<b>8. SUNDRY DEBTORS</b>		
(Unsecured - Considered Good)		
Debts Exceeding Six Months	38,895,483	1,116,500
Other Debts	5,853,243	31,047,534
	<u>44,748,726</u>	<u>32,164,034</u>
<b>9. CASH &amp; BANK BALANCES</b>		
Cash in Hand	62,023	49,301
Balances with Scheduled Banks		
— In Current Accounts	206,489	3,220,162
— In Fixed Deposit Account as Margin Money	3,490,841	2,907,886
	<u>3,759,353</u>	<u>6,177,349</u>
<b>10. LOANS &amp; ADVANCES</b>		
(Unsecured - Considered Good)		
Loans	2,700,000	5,200,000
Advances (Recoverable in cash or in kind or for value to be received)	1,121,584	2,193,370
Interest Receivable	1,992,018	1,396,710
Income Tax Deducted at Source	309,200	143,267
Security Deposits	654,646	647,996
	<u>6,777,448</u>	<u>9,581,343</u>



	Current Year Rs.	Previous Year Rs.
<b>11. CURRENT LIABILITIES</b>		
Sundry Creditors	5,699,791	6,161,443
Other Liabilities	1,736,909	2,166,033
	<u>7,436,700</u>	<u>8,327,476</u>
<b>12. MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
<b>Preliminary Expenses</b>		
As per last Balance Sheet	129,252	155,565
Less : Written Off during the year	<u>26,313</u>	<u>26,313</u>
	102,939	129,252
<b>Share Issue Expenses</b>		
As per last Balance Sheet	2,991,768	3,422,932
Less : Written Off during the year	<u>431,164</u>	<u>431,164</u>
	2,560,604	2,991,768
<b>Deferred Revenue Expenditure</b>		
As per last Balance Sheet	775,684	904,965
Add : Incurred during the Year	<u>369,400</u>	<u>—</u>
	1,145,084	904,965
Less : Written Off during the year	<u>166,221</u>	<u>129,281</u>
	978,863	775,684
	<u>3,642,406</u>	<u>3,896,704</u>
<b>13. OTHER INCOME</b>		
Dividend	—	3,500
Interest and finance charges received	958,766	887,580
Fluctuation in Foreign Currency	—	3,786
Miscellaneous Receipts	525,125	586,672
	<u>1,483,891</u>	<u>1,481,538</u>



	Current Year Rs.	Previous Year Rs.
<b>14. INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stock</b>		
— Finished Goods	3,868,050	8,393,709
— Semi-Finished Goods	614,904	650,000
— Scrap	45,100	20,607
	<u>4,528,054</u>	<u>9,064,316</u>
<b>Closing Stock</b>		
— Finished Goods	6,825,736	3,868,050
— Semi-Finished Goods	241,829	614,904
— Scrap	8,235	45,100
	<u>7,075,800</u>	<u>4,528,054</u>
	<u>2,547,746</u>	<u>(4,536,262)</u>
<b>15. RAW MATERIALS CONSUMED</b>		
Opening Stock	3,475,907	6,891,764
Add : Purchases	24,957,704	43,545,470
	<u>28,433,611</u>	<u>50,437,234</u>
Less :		
Cost of Sales	8,262	144,922
Material consumed during trial run	—	63,664
Closing Stock	5,601,791	3,475,907
	<u>22,823,558</u>	<u>46,752,741</u>
<b>16. EMPLOYEES</b>		
Salaries, Wages & Allowances	5,195,305	5,932,141
Staff Welfare / Training Expenses	401,766	559,537
Contribution to Employees State Insurance, Gratuity, Provident & Other Funds	622,140	663,210
Directors' Remuneration	339,150	324,430
	<u>6,558,361</u>	<u>7,479,318</u>





	Current Year Rs.	Previous Year Rs.
<b>17. SELLING &amp; DISTRIBUTION EXPENSES</b>		
Freight & Forwarding Expenses	1,372,839	2,416,829
Business Promotion Expenses	38,233	141,874
	<u>1,411,072</u>	<u>2,558,703</u>
<b>18. INTEREST AND FINANCE CHARGES</b>		
Interest to Bank		
On Term Loans	61,787	193,771
On Packing Credit/Post Shipment Credit Loans	5,751,965	4,784,531
Interest on Unsecured Loans	796,051	449,189
Bank & Finance Charges	798,264	1,197,323
	<u>7,408,067</u>	<u>6,624,814</u>
<b>19. OTHER EXPENSES</b>		
Rent	394,896	313,960
Rates, Taxes & Fees	144,479	246,366
Insurance	296,481	350,392
Repairs & Maintenance		
— Plant & Machinery	445,193	629,158
— Buildings	116,298	270,957
— Vehicles	157,339	389,050
— Others	271,295	274,681
	<u>990,125</u>	<u>1,563,846</u>
Board Meeting Fee	—	14,500
Travelling & Conveyance	1,007,246	875,301
Miscellaneous Expenses	1,127,177	924,728
Fluctuation in Foreign Currency	459,857	—
Professional Expenses	581,062	747,928
Telephone Expenses	745,513	687,891
Customs Duty	159,727	227,982
Loss on Sale of Fixed Assets	—	59,611
Auditors' Remuneration		
— As Audit Fee	22,500	22,500
— As Tax Audit Fee	5,000	5,000
— In Other Capacity	525	27,500
	<u>28,025</u>	<u>27,500</u>
Preliminary/Share Issue/Deferred Revenue Expenditure Written Off	623,698	586,758
	<u>6,558,286</u>	<u>6,626,763</u>

## 20. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Accounting Concepts**

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on accrual basis except dividend which is accounted for on cash basis. The accounts are prepared on historical cost basis, as a going concern and are consistent with generally accepted accounting principles.

#### **Fixed Assets**

Fixed Assets are stated at cost of acquisition, inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction and modification-cum-expansion, related pre-operational expenses form part of the value of the assets capitalised.

#### **Depreciation**

Depreciation is calculated on fixed assets on straight line method at the rates and in the manner provided in Schedules XIV of the Companies Act, 1956.

#### **Inventories**

Raw Materials and Stores & Spares are valued at cost. Finished goods are valued at lower of cost or net realisable value. Semi-finished goods are valued at estimated cost. Scrap is valued at estimated realisable value.

#### **Revenue Recognition**

Export sales are accounted for on the basis of the date of bill of lading. Other sales are accounted for ex-factory on despatch.

#### **Investments**

Investments are valued at cost. Any diminution in value of investments, if considered permanent, is provided for.

#### **Income from Investment/Deposits**

Income from Investment/Deposits is credited to revenue in the year in which it accrues except dividend which is accounted for on receipt basis. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

#### **Foreign Currency Transactions**

Transactions in foreign currency are recorded by applying the exchange rates realised/incurred. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the rate prevailing on the Balance Sheet date. Exchange differences arising, if any, as a result of the above are recognised as income or expenses in the operating statements. For Capital Accounts, it is adjusted to the cost of the respective assets.

#### **Taxes, Duties Etc.**

Custom Duty is accounted for on clearance of goods, wherever applicable.



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### **Miscellaneous Expenditure**

Preliminary expenditure, share issue expenditure and deferred revenue expenditure are written off in equal instalments over a period of ten years. However, share issue expenditure relating to Public Issue is written off from the year in which commercial production is started over a period of ten years.

### **Retirement Benefits**

The employer's contribution to the employees provident fund is charged to the profit and loss account during the year. The gratuity liability is provided as per actuarial valuation. Leave encashment liability for an employee during service period is recognised and provided for only when such encashment is approved by the management. However, leave encashment liability for retiring employees is provided at the time of retirement.

### **Contingent Liabilities**

Unprovided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantum of such liabilities.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 390,460 (Previous Year Rs. 232,155).
  3. Contingent Liabilities not provided for in respect of :
    - a) Letter of Credit outstanding (Net of Margin Money) Rs. Nil (Previous Year Rs. 9,061,254).
    - b) Claims against the company/disputed liabilities not acknowledged as debts Rs. 25,512 (Previous Year Rs. 85,559).
    - c) Bonds executed in favour of Customs/Excise authorities for Rs. 756,254,970 (Previous Year Rs. 756,254,970), whereby, in the event of default of relevant provisions of these Acts, the authorities shall enforce their rights under the bonds.
    - d) Bonds executed in favour of the Development Commissioner, Madras Export Processing Zone, Madras for the fulfilment of export obligations for five years and other terms and conditions relating thereto. In the event of failure, the Company shall be liable to pay appropriate penalties.
  4. As the provisions of Section 10A & 10B of the Income Tax Act are applicable to the company, no provision for Income Tax has been made.
  5. Other Liabilities include amount due to a Director of the Company Rs. Nil (Previous Year Rs. 226,500).
  6. Other expenses includes prior period expenses amounting to Rs. 565,090 (Previous Year Rs. Nil).
  7. The company has pledged 3,500 Equity Shares costing Rs. 71,750 with a Financial Institution as a security for loans advanced to a company.
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8. In respect of debts exceeding six months amounting to Rs. 38,895,483 (Previous Year Rs. 1,116,500), the management feels that no provision is necessary against the same as these are good for recovery.
9. In the opinion of the management, the current assets, loans and advances are exported to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.
10. The Company does not envisage any risk due to Y2K issue and does not expect any of the operations, processes and functions to be affected adversely due to the year 2000 problem.
11. Small Scale Industrial Undertakings to whom an amount of Rs. 1 lac or more was payable and outstanding for more than 30 days (as per agreed terms). Name of such undertakings are as under :

	Current Year Rs.	Previous Year Rs.
Jaishree Packaging	238,231	297,552
Egattur Printing & Packaging	112,059	—

12. Additions to fixed assets and/or capital work-in-progress includes expenditure capitalised on expansion/modification scheme, which are as under :

	Current Year Rs.	Previous Year Rs.
Raw Materials Consumed	—	63,664
Stores & Spares	555,541	—
Power & Fuel	—	10,500
Salary & Wages	180,366	5,125
Other Miscellaneous Expenses	400,140	—
	<u>1,136,047</u>	<u>79,289</u>
Add : Balance brought forward	1,104,622	1,645,093
	<u>2,240,669</u>	<u>1,724,382</u>
Less : Capitalised by allocation to fixed assets	243,576	619,760
Balance carried to capital work-in-progress	<u>1,997,093</u>	<u>1,104,622</u>

13. a) Executive Director's Remuneration

Salary	210,000	195,333
Perquisites	129,150	112,061
Commission	—	17,036
Contribution of PF	25,200	21,690



- b) During the year the Company has incurred losses and as such no commission is payable to Executive Director.

14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part - II of Schedule VI of the Companies Act, 1956 :

- a) Particulars of Capacities :

<u>Class of Goods</u>	<u>Unit</u>	<u>Licensed Capacity</u>	<u>Installed Capacity</u>
Latex gloves	Pcs.	<b>264,000,000</b> (264,000,000)	<b>207,500,000</b> (207,500,000)

Note : Installed Capacity is as certified by the management but not verified by the auditors, being a technical matter.

- b) Particulars of stocks, production/purchases and turnover of goods :

<u>Class of Goods</u>	<u>Unit</u>	<u>Opening Stock</u>		<u>Purchase/Production</u>		<u>Turnover</u>		<u>Closing Stock</u>	
		<u>Quantity</u>	<u>Value Rs.</u>	<u>Quantity</u>	<u>Value Rs.</u>	<u>Quantity</u>	<u>Value Rs.</u>	<u>Quantity</u>	<u>Value Rs.</u>
Latex Gloves	Pcs.	<b>5,134,504</b> (9,285,504)	<b>3,868,050</b> (8,393,709)	<b>52,833,600</b> (100,708,800)	<b>—</b> (—)	<b>49,034,688</b> (104,859,800)	<b>46,990,829</b> (101,246,881)	<b>8,933,416</b> (5,134,504)	<b>6,766,734</b> (3,868,050)
Trading Goods	Pcs.	<b>—</b> (—)	<b>—</b> (—)	<b>57,495</b> (—)	<b>229,545</b> (—)	<b>43,000</b> (—)	<b>137,507</b> (—)	<b>14,495</b> (—)	<b>59,002</b> (—)

- c) Particulars of Raw Materials Consumed :

<u>Class of Goods</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value Rs.</u>
Latex	Kgs.	<b>624,925</b>	<b>20,004,358</b>
	Kgs.	<b>(1,282,840)</b>	<b>(41,131,297)</b>
Others	Kgs.	<b>91,241</b>	<b>2,819,200</b>
	Kgs.	<b>(171,474)</b>	<b>(5,685,108)</b>
			<b>22,823,558</b> (46,816,405)

\* includes Raw Material of Rs. Nil (Previous Year Rs. 63,664) consumed during trial run.

- d) Particulars of consumption of imported and indigenous raw materials, stores and spare parts and components and percentage thereof :

Class of Goods	Imported		Indigenous		Total
	Percentage	Value Rs.	Percentage	Value Rs.	Total Rs.
Raw Materials	<b>93.57</b> (81.04)	<b>21,356,066</b> (37,940,515)	<b>6.43</b> (18.96)	<b>1,467,492</b> (8,875,890)	<b>22,823,558*</b> (46,816,405)
Stores, Spare Parts & Packing Material	<b>19.64</b> (8.10)	<b>662,536</b> (620,984)	<b>80.36</b> (91.90)	<b>2,710,578</b> (7,045,641)	<b>3,373,114</b> (7,666,625)

\* includes Raw Material of Rs. Nil (Previous Year Rs. 63,664) consumed during trial run.

	Current Year Rs.	Previous Year Rs.
e) Other Particulars		
i) CIF Value of Imports :		
Raw Materials	<b>23,543,141</b>	34,822,188
Packing Material, Stores & Spares	<b>1,971,078</b>	1,126,537
ii) Expenditure in Foreign Currency :		
Travelling*	<b>593,199</b>	192,724
Membership & Subscriptions	<b>14,237</b>	2,350
Commission	<b>565,090</b>	—
Technical Knowhow	—	237,825
Does not include cost of air ticket paid in Indian Currency.		
iii) FOB Value of Exports	<b>44,623,912</b>	91,360,554

15. Figures have been rounded off to the nearest rupee.

16. Previous year's figures have been regrouped/re-classified wherever necessary.



**17. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.        State Code

Balance Sheet Date

Date Month Year

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="7"/>
Sources of Funds	Reserves & Surplus
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="2"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/>	Unsecured Loans
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="3"/>	Investments
Application of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/>
Net Fixed Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="2"/>
Net Current Assets	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/>	
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/>
+ - Profit/(Loss) Before Tax	+ - Profit/(Loss) After Tax
<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/>
Earning per Share in Rs.	Dividend Rate % Equity Share
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

**V. Generic Names of Three Principal Products / Services of the Company.**

Item Code No. (ITC Code)

Product Description

18. Schedules 1 to 20 forming part of the accounts have been duly authenticated.

As per our report of even date annexed  
For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi	ANIL JAIN	K.K. NAGPAL	SATISH JAIN	PARMOD JAIN	J.K. AGARWAL	O.P. SHROFF
Dated : August 31, 1999	Proprietor	Company Secretary	Executive Director	Chairman	Directors	Directors



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1999**

Particulars	Current Year Rs.	Previous Year Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net (Loss)/Profit before Tax</b>	<b>(8,530,590)</b>	5,267,543
Add : Adjustments for		
Depreciation	4,577,503	4,726,246
Share Issue/Deferred Revenue Expenditure Written off	623,698	586,758
Loss on sale of Fixed Assets	—	59,611
Dividend Received	—	(3,500)
Interest Paid	7,408,067	6,624,814
Interest and Finance Income	(958,766)	(887,580)
<b>Operating Profit before working capital changes</b>	<b>3,119,912</b>	16,373,892
Adjustments for Working Capital Changes		
Trade & Other Receivables	(9,780,797)	(5,651,314)
Inventories	(4,911,025)	9,074,582
Trade & Other Payables	(890,776)	(1,896,307)
<b>Cash generated from operations</b>	<b>(12,462,686)</b>	17,900,853
Less : Interest Paid	(7,408,067)	(6,624,814)
Extra Ordinary Items	—	—
<b>Net Cash generated from Operations</b>	<b>(19,870,753)</b>	11,276,039
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(6,552,043)	(8,661,926)
Sale of Fixed Assets	—	40,000
Investments	(3,000,000)	—
Dividend Received	—	3,500
Share Issue/Deferred Revenue Expenditure	(369,400)	—
Interest and Finance Income	958,766	887,580
<b>Net Cash from Investing Activities</b>	<b>(8,962,677)</b>	(7,730,846)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	—	165,000
Re-payments of long-term borrowings	(198,820)	(3,497,594)
Increase in Bank borrowings	18,983,215	4,363,693
Increase/(Decrease) in Unsecured Loans	7,631,039	(1,000,000)
<b>Net Cash from Financing Activities</b>	<b>26,415,434</b>	31,099
Net increase in Cash and Cash equivalents	(2,417,996)	3,576,292
Cash and Cash equivalents (Opening Balance)	6,177,349	2,601,057
Cash & Cash equivalents (Closing Balance)	3,759,353	6,177,349

**D. NOTES ON CASH FLOW STATEMENT**  
Figures in brackets represent Cash outflow

As per our report of even date annexed  
For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi	ANIL JAIN	K.K. NAGPAL	SATISH JAIN	PARMOD JAIN	J.K. AGARWAL
Dated : August 31, 1999	Proprietor	Company Secretary	Executive Director	Chairman	O.P. SHROFF
					Directors

**Auditors' Certificate**

We have verified the annexed Cash Flow Statement of Shiva Medicare Limited for the year ended 31st March, 1999. This statement is derived from the audited accounts of the Company for the year ended 31st March, 1999 and has been prepared in accordance with the requirements prescribed by the Securities and Exchange Board of India (SEBI).

For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : New Delhi  
Dated : August 31, 1999

ANIL JAIN  
Proprietor