



Shiva Medicare Limited

CORPORATE INFORMATION



BOARD OF DIRECTORS

Chairman
Shri Parmod Jain

Directors
Shri D. Kumar
Shri J.K. Agarwal

EXECUTIVE DIRECTOR

Shri Satish Jain

AUDITORS

M/s. Anil Rai Associates
Chartered Accountants
136, Daya Nand Vihar,
Vikas Marg Extension,
New Delhi-110002

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

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

SHARE TRANSFER AGENT

M/s. 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

To the Members,

NOTICE is hereby given that the 11th Annual General Meeting of the Company will be held on Monday, the 30th September, 2002 at 3.00 P.M. at the Registered Office & Works at A-15-17,20, M.E.P.Z., Kadaperi, Tambaram, Chennai - 600 045 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, 2002 together with the Auditors' Report thereon.
2. To appoint a Director in place of Shri Parmod Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By the Order of the Board
For SHIVA MEDICARE LIMITED

Place : New Delhi
Dated : September 2, 2002

PARMOD JAIN
Chairman

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 be a member.

DIRECTORS' REPORT



To the Members,

Your Directors present their 11th Annual Report of the Company and Audited Statement of Accounts for the year ended on 31st March, 2002 together with the Auditors' Report thereon.

Working Results & Review of Operations

The unit remain closed during the year 2001-02 in absence of availability of working capital. Hence there was no operation, no sales and correspondence expenses. However, after providing certain establishment expenses etc., the Company has suffered a loss of Rs. 23.01 lacs during the year.

The Company had become a Sick Industrial Company and as per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, a reference to this effect was made to the Board for Industrial & Financial Reconstruction (BIFR) for revival measures which should be adopted with respect to the Company. The Reference of the Company has been registered with BIFR. However, so far the Company is awaiting for the hearing of the Bench on deciding the measures to be taken for revival of the Company.

Board of Directors

Shri D. Kumar has ceased to be Director of the Company as he has not sought his re-appointment. The Board wish to place its appreciation for the services rendered by him during the stay on the Board of Directors of the Company.

Shri Parmod Jain, Director retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Auditors

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

Auditors' Report

The Auditors have drawn the attention of the members on the notes to the accounts Note No. 8 to 11 attached to the annual accounts of the Company in their audit report. All those notes are self explanatory and does not require further clarification from the Board of Directors.

Directors' Responsibility

The Directors confirm that in the preparation of the Annual Accounts for the year ended 31st March, 2002 that :

- a) the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any.
- b) the selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for that period.



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- c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 had been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d) the annual accounts were prepared on an ongoing concern basis.

Personnel

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

Since the operation of the unit remained suspended during the year, there is no activity in respect of the above.

Acknowledgements

Your Directors place on record their appreciation and thanks to all the organisations and individuals, who are associated with the Company.

for and on behalf of Board of Directors

Place : New Delhi
Dated : September 2, 2002

PARMOD JAIN
Chairman

AUDITORS' REPORT



To the Members,
SHIVA MEDICARE LIMITED

We have audited the attached Balance Sheet of SHIVA MEDICARE LIMITED as at March 31, 2002 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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) Based on representations made by all the Directors of Company and the information and explanations as made available, Directors of the Company do not prima facie have any disqualification as referred to in clause(g) of sub-section (1) to Section 274 of the Act.
 - vi) *In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to (i) Note No. 8 regarding non-provision of interest on outstanding due to banks, the amount whereof can not be quantified; (ii) Note No. 9 regarding non-provision of interest of Rs. 8,25,239/- payable on unsecured loans; (iii) Non-provision of interest receivable of Rs. 2,92,314/- on loans given in the previous year; (iv) Note No. 10 regarding non-provision of depreciation of Rs. 32,94,176/- on factory building and plant & machinery; (v) Note No. 11 regarding non-provision of any salary, wages, PF & ESI to employees due to suspension of operations and non-determination of compensation payable thereon. Consequent to which the loss is understated and the accumulated losses also understated and read with other notes thereon in Schedule 19, 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, 2002.
 - 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 21, 2002

ANIL JAIN
Proprietor



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, 2002.

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Due to the suspension of operations at the plant there has not been any physical verification of fixed assets during the year.
2. None of the fixed assets have been revalued during the year.
3. In terms of the clauses (iii), (iv) and (v) of the Order, we have to report that due to the suspension of operations at the plant and no employee thereat, there has been no physical verification of the finished goods, stores and spare parts, and raw materials during the year.
4. 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.
5. 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.
6. 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.
7. There were no loans and advances, in the nature of loans, given by the company.
8. The entire operations of the company remained suspended during the year and there was no employee and hence the internal control procedure established in the past were also not in operation.
9. In our opinion and according to the information and explanations given to us, there were no 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 Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party.
10. According to the information given to us, the Company has made adequate provision for unserviceable or damaged stores, raw materials or finished goods.
11. In our opinion and according to the information and explanations given to us, the Company's networth becoming negative, it has exceeded its limits laid out for accepting fresh deposits as per 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.

12. The Company has no by-products. The Company has realisable scrap for which adequate records have been kept.
13. As there was no operation in the current year, there was no internal audit conducted by the company.
14. 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.
15. According to the records of the Company, the Provident Fund and Employees State Insurance dues of Rs. 4,40,168/- and Rs. 1,99,581/- for the financial year ended 31-03-2001 respectively have not been deposited with the appropriate authorities. Further no payment of PF and ESI dues for the current year has been made as no provision for salaries and wages from 04-04-2001 to 31-03-2002 has been made in view of temporary suspension of operations (Refer Note No. 11 to Notes to Accounts) since the amount is unascertainable.
16. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, excise duty were outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable except customs duty of Rs. 36,778/-.
17. 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.
18. The Company is 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 21, 2002

ANIL JAIN
Proprietor

BALANCE SHEET

As at 31st March, 2002



	Schedule	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	64,481,200	63,131,200
Loan Funds			
Secured Loans	2	30,492,136	32,214,198
Unsecured Loans	3	6,740,000	8,885,000
		<u>37,232,136</u>	<u>41,099,198</u>
		<u>101,713,336</u>	<u>104,230,398</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	77,478,182	77,478,182
Less : Depreciation		29,382,276	29,163,507
Net Block		48,095,906	48,314,675
Add : Capital Work-in-Progress		4,402,197	4,402,197
		<u>52,498,103</u>	<u>52,716,872</u>
Investments	5	2,000	75,000
Current Assets, Loans and Advances			
Inventories	6	5,651,035	5,923,602
Sundry Debtors	7	47,630	495,960
Cash & Bank Balances	8	142,419	94,491
Loans & Advances	9	1,305,250	3,661,819
		<u>7,146,334</u>	<u>10,175,872</u>
Less : Current Liabilities and Provisions			
Current Liabilities	10	29,678,194	28,731,788
Net Current Assets		(22,531,860)	(18,555,916)
Miscellaneous Expenditure	11	1,771,312	2,395,010
(To the extent not written off or adjusted)			
Profit & Loss Account		69,973,781	67,599,432
		<u>101,713,336</u>	<u>104,230,398</u>

Significant Accounting Policies and Notes Forming Part of the Balance Sheet and Profit & Loss Account 19

Schedules 1 to 19 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
Dated : August 21, 2002 Proprietor

PARMOD JAIN J. K. AGARWAL
Chairman Director

PROFIT & LOSS ACCOUNT
For the Year Ended 31st March, 2002



	Schedule	Current Year Rs.	Previous Year Rs.
INCOME			
Sales		—	33,533,967
Other Income	12	—	1,004,606
Decrease in Stocks	13	(232,906)	(2,513,931)
		<u>(232,906)</u>	<u>32,024,642</u>
EXPENDITURE			
Raw Materials Consumed	14	—	17,892,326
Stores, Spare Parts and Packing Material Consumed		—	3,066,434
Purchase for Resale		—	2,392,455
Power & Fuel		—	6,994,162
Job Charges		—	1,014,408
Loss of Fuel Material		39,660	—
Employees	15	263,178	6,259,567
Selling & Distribution Expenses	16	—	2,089,763
Interest and Finance Charges	17	6,039	10,935,957
Other Expenses	18	1,540,797	6,704,266
Provision for Doubtful Debts		—	28,365,322
Depreciation		218,769	3,532,875
		<u>2,068,443</u>	<u>89,247,535</u>
Loss for the year		(2,301,349)	(57,222,893)
Provision for the diminution in Investments		(73,000)	—
Balance brought forward		(67,599,432)	(10,376,539)
		<u>(69,973,781)</u>	<u>(67,599,432)</u>
APPROPRIATION			
Deficit carried to Balance Sheet		<u>(69,973,781)</u>	<u>(67,599,432)</u>

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

19

Schedules 1 to 19 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
Dated : August 21, 2002 Proprietor

PARMOD JAIN
Chairman

J. K. AGARWAL
Director



SCHEDULES

	Current Year Rs.	Previous Year Rs.
1. SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up		
63,56,170 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 : Share Application Money pending allotment	1,350,000	—
Add : Forfeited Shares Account	<u>430,500</u>	<u>430,500</u>
	64,481,200	63,131,200
2. SECURED LOANS		
From Banks		
Export Packing Credit/Post Shipment Credit Loans (a)	30,296,580	30,296,580
Bank Overdraft	<u>195,556</u>	<u>1,917,618</u>
	30,492,136	32,214,198
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.		
3. UNSECURED LOANS		
From Companies	6,150,000	8,485,000
From Others	<u>590,000</u>	<u>400,000</u>
	6,740,000	8,885,000

4. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2001	Additions	Sale/ Adjust- ments	Total As at 31.03.2002	As on 01.04.2001	For the Year	Sale/ Adjust- ments	Total As at 31.03.2002	As at 31.03.2002	As at 31.03.2001
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	15,813,212	—	—	15,813,212	2,991,732	—	—	2,991,732	12,821,480	12,821,480
Plant & Machinery	58,596,454	—	—	58,596,454	24,756,786	—	—	24,756,786	33,839,668	33,839,668
Furniture, Fixtures & Fittings	1,262,658	—	—	1,262,658	618,991	57,601	—	676,592	586,066	643,667
Computers	522,204	—	—	522,204	298,879	73,389	—	372,268	149,936	223,325
Office & Factory Equipments	617,978	—	—	617,978	223,032	24,971	—	248,003	369,975	394,946
Vehicles	665,676	—	—	665,676	274,087	62,808	—	336,895	328,781	391,589
	77,478,182	—	—	77,478,182	29,163,507	218,769	—	29,382,276	48,095,906	48,314,675
Capital Work-in- progress	4,402,197	—	—	4,402,197	—	—	—	—	4,402,197	4,402,197
TOTAL	81,880,379	—	—	81,880,379	29,163,507	218,769	—	29,382,276	52,498,103	52,716,872
Previous Year	82,106,939	—	226,560	81,880,379	25,690,213	3,532,875	59,581	29,163,507	52,716,872	

		Current Year Rs.	Previous Year Rs.
5. INVESTMENTS			
Long Term Trade Investments			
Equity Shares (Quoted)	Nos.		
Thambhi Modern Spinning Mills Ltd.	1,500	75,000	75,000
Less : Provision for diminution in the value of Investments		73,000	—
		2,000	75,000

(Aggregate Market Value of Quoted
Investments Rs. 2,250/- (Previous Year Rs. 9,700/-)



	Current Year Rs.	Previous Year Rs.
6. INVENTORIES		
(As taken, valued and certified by the management)		
Stores, Spares & Packing Material	2,143,440	2,183,101
Raw Materials	987,690	987,690
Finished Goods	2,509,335	2,742,241
Scrap	10,570	10,570
	<u>5,651,035</u>	<u>5,923,602</u>
7. SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Debts Exceeding Six Months		
Considered Good	—	—
Considered Doubtful	28,365,322	28,365,322
Less : Provision for doubtful debts	<u>28,365,322</u>	<u>28,365,322</u>
Other Debts	47,630	495,960
	<u>47,630</u>	<u>495,960</u>
8. CASH & BANK BALANCES		
Cash in Hand	117,232	37,265
Balances with Scheduled Banks		
— In Current Accounts	25,187	57,226
	<u>142,419</u>	<u>94,491</u>
9. LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances		
(Recoverable in cash or in kind or for value to be received)	552,963	1,480,125
Interest Receivable	31,385	737,904
Income Tax Deducted at Source	500,524	500,524
Security Deposits	220,378	943,266
	<u>1,305,250</u>	<u>3,661,819</u>

	Current Year Rs.		Previous Year Rs.
10. CURRENT LIABILITIES			
Sundry Creditors	9,121,558		9,637,636
Temporary Bank Overdraft	—		224,791
Other Liabilities	<u>20,556,636</u>		<u>18,869,361</u>
	<u>29,678,194</u>		<u>28,731,788</u>
11. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses			
As per last Balance Sheet	50,313		76,626
Less : Written Off during the year	<u>26,313</u>	24,000	<u>26,313</u> 50,313
Share Issue Expenses			
As per last Balance Sheet	1,698,276		2,129,440
Less : Written Off during the year	<u>431,164</u>	1,267,112	<u>431,164</u> 1,698,276
Deferred Revenue Expenditure			
As per last Balance Sheet	646,421		812,642
Less : Written Off during the year	<u>166,221</u>	480,200	<u>166,221</u> 646,421
	<u>1,771,312</u>		<u>2,395,010</u>
12. OTHER INCOME			
Interest and Finance Charges Received	—		32,517
Profit on Sale of Assets	—		48,021
Miscellaneous Receipts	—		<u>924,068</u>
	<u>—</u>		<u>1,004,606</u>



	Current Year Rs.	Previous Year Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
— Finished Goods	2,742,241	5,209,934
— Semi Finished Goods	—	49,201
— Scrap	<u>10,570</u>	<u>7,607</u>
	2,752,811	5,266,742
Closing Stock		
— Finished Goods	2,509,335	2,742,241
— Scrap	<u>10,570</u>	<u>10,570</u>
	2,519,905	2,752,811
	<u>(232,906)</u>	<u>(2,513,931)</u>
14. RAW MATERIALS CONSUMED		
Opening Stock	987,690	1,731,364
Add : Purchases	<u>—</u>	<u>17,172,052</u>
	987,690	18,903,416
Less : Cost of Sales	<u>—</u>	<u>23,400</u>
Less : Closing Stock	987,690	987,690
	<u>—</u>	<u>17,892,326</u>
15. EMPLOYEES		
Salaries, Wages & Allowances	263,178	5,167,550
Staff Welfare / Training Expenses	<u>—</u>	<u>209,646</u>
Contribution to Employees State Insurance, Gratuity, Provident & Other Funds	<u>—</u>	<u>525,371</u>
Directors' Remuneration	<u>—</u>	<u>357,000</u>
	263,178	6,259,567



	Current Year Rs.	Previous Year Rs.
16. SELLING & DISTRIBUTION EXPENSES		
Freight & Forwarding Expenses	—	1,631,406
Testing Charges	—	401,533
Business Promotion Expenses	—	56,824
	<u>—</u>	<u>2,089,763</u>
17. INTEREST AND FINANCE CHARGES		
Interest to Bank		
On Packing Credit/Post Shipment Credit Loans	—	10,645,369
Interest on Unsecured Loans	3,325	—
Bank & Finance Charges	2,714	290,588
	<u>6,039</u>	<u>10,935,957</u>
18. OTHER EXPENSES		
Rent	640,528	391,770
Rates, Taxes & Fees	23,400	185,298
Insurance	111,549	263,110
Repairs & Maintenance		
— Plant & Machinery	415	48,455
— Buildings	—	2,771
— Vehicles	3,117	65,417
— Others	—	59,448
	<u>3,532</u>	<u>176,091</u>
Travelling & Conveyance	8,487	439,667
Miscellaneous Expenses	66,065	781,827
Fluctuation in Foreign Currency	—	32,302
Professional Expenses	50,913	21,650
Telephone Expenses	2,625	347,118
Customs Duty	—	148,141
Loss on Sale of Investments	—	3,245,500
Auditors' Remuneration		
— As Audit Fee	10,000	22,500
— As Tax Audit Fee	—	5,000
— In Other Capacity	—	20,594
	<u>10,000</u>	<u>48,094</u>
Preliminary/Share Issue/Deferred Revenue Expenditure Written Off	623,698	623,698
	<u>1,540,797</u>	<u>6,704,266</u>



19. 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 Schedule 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. Cost is determined as per the absorption costing method as mandated by the Institute of Chartered Accountants of India in AS-2 'Valuation of Inventories'. 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.

INVESTMENT

Investments are valued at cost. Any diminution in value of investments, if permanent, is considered and 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 as on the date of transactions. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the rates 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 fixed assets, it is adjusted to the cost of the respective assets.

TAXES, DUTIES ETC.

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

BORROWING COST

Interest and other costs in connection with the borrowing of the fund to the extent related/ attributed to the acquisition/consumption of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss account.

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.

EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit / loss for the attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit / loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

DEFERRED TAXATION

Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystalize in the foreseeable future.

Deferred tax benefits are recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realisable in the near future.

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 on accrual basis at the year end on the basis of number of years of service of the employees. 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. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

- a) Income-tax demands disputed in appeal Rs. 7,61,107/- (Previous year Rs. 8,62,665/-).
- b) Bond executed in favour of Customs / Excise authorities for Rs. 75,62,54,970/- (Previous Year Rs. 75,62,54,970/-), whereby, in the event of default of relevant provisions of these Acts, the authorities shall enforce their rights under the bonds.
- c) Bond 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.



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3. As per the audited accounts for the year ended 31-03-2001, the net worth of the company had been fully eroded due to accumulated losses and the company had become a Sick Industrial Company and in terms of the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, a reference to the above effect was made to the Board for Industrial & Financial Reconstruction (BIFR) for determining the measures which should be adopted with respect to the company. However, the accounts of the company for the year ended 31-03-2002 have been prepared on the basis that the company is a going concern.
 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 Directors of the Company Rs. 1,57,216/- (Previous year Rs. 1,27,216/-).
 6. Expenses includes prior period expenses amounting to Rs. Nil (Previous year Rs. 18,96,907/-).
 7. In respect of debts exceeding six months treated as doubtful amounting to Rs. 2,83,65,922/- (Previous Year Rs. 2,83,65,922/-), the management has already made full provision for the same and initiated legal actions for recovery of the amounts.
 8. No provision of interest on outstanding amounts of Rs. 3,04,92,136/- payable to the banks has been made in the books of accounts for the current year since the same remains unascertainable and contested by the company as it is registered as a sick company with BIFR as the banks have taken recovery proceedings with the Debt Recovery Tribunal. The same shall be accounted for after settlement of the proceedings.
 9. The Company has not provided for interest payable of Rs. 8,25,239/- (Previous Year Rs. 11,96,000/-) on unsecured loans on account of poor financial position of the company and has also not provided for interest receivable of Rs. 2,92,314/- on loans given in the previous year.
 10. No provision for depreciation amounting to Rs. 32,94,176/- for the year on the factory building and plant & machinery has been made as the operations of the company remained closed during the year.
 11. In view of the suspension of the operations declared by the company w.e.f. 4th April, 2001 and laying off the entire workers and staff, no liability for dues payable to them on account of wages and salaries, contribution towards PF, ESI and gratuity has been provided since the amount of compensation has not been determined.
 12. In the opinion of the management, the current assets, loans and advances are expected 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.
 13. No effect for fluctuation of foreign currency has been given effect to on amount of Rs. 2,83,65,322/- due from overseas buyer since the amount has been considered doubtful and full provision thereagainst has been made by the company in the previous year. This shall have no effect to the Profit & Loss Account for the year.
-

14. As per the information available with the company, the 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). Names of such undertakings are as under :

	Current Year Rs.	Previous Year Rs.
Jaishree Packaging	3,22,943	3,22,943
Egattur Printing & Packaging	1,27,741	1,27,741

15. a) Executive Director's Remuneration
- | | Current Year
Rs. | Previous Year
Rs. |
|--------------------|---------------------|----------------------|
| Salary | — | 2,10,000 |
| Perquisites | — | 1,50,000 |
| Contribution to PF | — | 25,200 |
- b) During the year the Company has incurred losses and as such no commission is payable to Executive Director.
16. The net deferred tax asset as on 31.03.2002 of Rs. 15,24,800/- (Previous Year Rs. 14,45,456/-) has not been recognised in the accounts in view of uncertainty of its realisation, as recommended under Accounting Standard (AS-22) on "Deferred Taxation" issued by the Institute of Chartered Accountants of India.

The break-up of Deferred Tax Assets (net) as on 31st March, 2002 is as under :

TAX ASSETS / (LIABILITY) DUE TO TIMING DIFFERENCE IN RESPECT OF

	Current Year Rs.	Previous Year Rs.
i) Depreciation	(11,365,267)	(11,445,665)
ii) Expenditure debited to P&L Account but allowed for tax purpose in subsequent years	128,464	129,551
iii) Provision for Doubtful debt etc.	10,583,171	10,583,138
iv) Business losses Brought Forward	2,178,432	2,178,432
	<u>1,524,800</u>	<u>1,445,456</u>

17. The company's business activity falls within a single primary reportable segment viz. Latex Gloves. Accordingly, pursuant to Accounting Standard AS-18 on "segment reporting" issued by the Institute of Chartered Accountants of India, segmental information is not required to be given. It is a 100% EOU, the geographical segment is exports. However, during the year there was no exports.
18. a) Related Party Disclosures as required as per AS-17 issued by the Institute of Chartered Accountants of India.
- a) **Key Management personnel**
Shri Parmod Jain - Chairman
Shri Satish Jain - Executive Director
- b) **Associate Concerns**
Shiva Paper Mills Ltd.
Shiva Services Ltd.
Shiva Kymen Sukka Ltd.



(Amount in Rs.)

b) Transactions with related parties			
Particulars	Key Managerial Personnel		Associate Concerns
Payment for services	—		24,135
Loan paid back	—		25,70,000
Share Application received	—		7,75,000
Outstanding Balances as on 31-03-2002			
Unsecured Loan	—		59,15,000
Sundry Creditors	1,69,856		—
Advances	—		44,279
	Current Year		Previous Year
	Rs.		Rs.
19. EARNING PER SHARE (EPS)			
BASIC EARNING PER SHARE			
Net Loss for the year before extra ordinary item (A)	(2,374,349)		(57,222,893)
Number of equity shares (B)	6,356,170		6,356,170
Basic earning per share (A) / (B)	(0.37)		(9.00)

20. 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	26,40,00,000 (26,40,00,000)	20,75,00,000 (20,75,00,000)

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 :

Class of Goods	Unit	Opening Stock		Purchase/Production		Turnover		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Latex Gloves	Pcs.	2496779 (5,742,577)	2742240 (5209934)	— (37492002)	— (—)	— (40737800)	— (31018362)	2496779 (2496779)	2509335 (2742240)
Trading Goods	Pcs.	— (—)	— (—)	— (2702500)	— (2392455)	— (2702500)	— (2515605)	— (—)	— (—)
Others		— —	— —	— —	— —	— —	— (—)	— —	— —

c) Particulars of Raw Materials Consumed :

<u>Class of Goods</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Rs.)</u>
Latex	Kgs.	—	—
	Kgs.	(4,80,930)	(1,56,69,843)
Others	Kgs.	—	—
	Kgs.	(64,450)	(22,22,483)
			(1,78,92,326)

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

<u>Class of Goods</u>	<u>Imported</u>		<u>Indigenous</u>		<u>Total</u>
	<u>Percentage</u>	<u>Value Rs.</u>	<u>Percentage</u>	<u>Value Rs.</u>	<u>Rs.</u>
Raw Materials	—	—	—	—	—
	(62.19)	(11,128,105)	(37.81)	(6,764,221)	(17,892,326)
Stores, Spare Parts & Packing Material	—	—	—	—	—
	(6.59)	(202,081)	(93.41)	(2,864,353)	(3,066,434)

	<u>Current Year</u>	<u>Previous Year</u>
	<u>Rs.</u>	<u>Rs.</u>
e) Other Particulars :		
i) CIF Value of Imports		
Raw Materials	—	10,290,056
Packing Material & Finished Goods	—	549,274
ii) Expenditure in Foreign Currency		
Travelling*	—	165,076
* Does not include cost of air ticket paid in Indian Currency.		
iii) FOB Value of Exports	—	26,978,735

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

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



23. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code Registration No.
 Balance Sheet Date
 Date Month Year

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

Public Issue - Rights Issue -
 Bonus Issue - Private Placement 1350
 (Share Application Money)

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

	Total Liabilities		Total Assets
	<input type="text" value="101713"/>		<input type="text" value="101713"/>
Sources of Funds			
	Paid-up Capital		Reserves & Surplus
	<input type="text" value="64481"/>		<input type="text" value=""/>
	Secured Loans		Unsecured Loans
	<input type="text" value="30492"/>		<input type="text" value="6740"/>
Application of Funds			
	Net Fixed Assets		Investments
	<input type="text" value="52498"/>		<input type="text" value=""/>
	Net Current Assets		Miscellaneous Expenditure
	<input type="text" value="-22532"/>		<input type="text" value="1771"/>
	Accumulated Losses		
	<input type="text" value="69974"/>		

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

	Turnover		Total Expenditure
	<input type="text" value=""/>		<input type="text" value="2374"/>
	Profit/(Loss) Before Tax		Profit/(Loss) After Tax
	<input type="text" value="-2374"/>		<input type="text" value="-2374"/>
	Earning per Share in Rs.		Dividend Rate % Equity Shares
	<input type="text" value=""/>		<input type="text" value="NIL"/>

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

Item Code No.
 (ITC Code)
 Product Description

Schedules 1 to 19 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
 Dated : August 21, 2002 Proprietor

PARMOD JAIN J. K. AGARWAL
 Chairman Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2002

	Current Year Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Tax	(2,301,349)	(57,222,893)
Adjustments for		
Depreciation	218,769	3,532,875
Share Issue/Deferred Revenue Expenditure Written off	623,698	623,698
Profit on sale of Fixed Assets	—	(48,021)
Interest Paid	6,039	10,935,957
Interest and Finance Income	—	(32,517)
Loss on Sale of Investments	—	3,245,500
Operating Profit before working capital changes	(1,452,843)	(38,965,401)
Adjustments for Working Capital Changes		
Trade & Other Receivables	2,804,899	46,542,779
Inventories	272,567	3,451,625
Trade & Other Payables	946,406	12,064,439
Cash generated from operations	2,571,029	23,093,442
Less : Interest Paid	(6,039)	(10,935,957)
Cash generated from Operations	2,564,990	12,157,485
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	—	215,000
Investments sold	—	476,250
Interest and Finance Income	—	32,518
Net Cash from Investing Activities	—	723,768
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	1,350,000	—
Re-payments of vehicle loan	—	(50,253)
Increase/Decrease in Bank borrowings	(1,722,062)	(13,240,572)
Increase/Decrease in Unsecured Loans	(2,145,000)	(1,011,152)
Net Cash from Financing Activities	(2,517,062)	(14,301,977)
Net increase in Cash and Cash equivalents	47,928	(1,420,724)
Cash and Cash equivalents (Opening Balance)	94,491	1,515,215
Cash & Cash equivalents (Closing Balance)	142,419	94,491
D. NOTES ON CASH FLOW STATEMENT		
Figures in brackets represent Cash outflow.		

For ANIL RAI ASSOCIATES
Chartered Accountants

For and on behalf of Board of Directors

Place : New Delhi ANIL JAIN
Dated : August 21, 2002 Proprietor

PARMOD JAIN J. K. AGARWAL
Chairman Director

Auditors' Certificate

We have verified the annexed Cash Flow Statement of Shiva Medicare Limited for the year ended 31st March, 2002. This statement is derived from the audited accounts of the Company for the year ended 31st March, 2002 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 21, 2002

ANIL JAIN
Proprietor



PROXY

Shiva Medicare Limited

Regd. Office : A15-17, 20, M.E.P.Z., Kadaperi Tambaram, Chennai-600045
Corporate Office : 808, Pragati Tower, 26, Rajendra Place, New Delhi-110008

I/We _____
of _____
in the district of _____
being a member/members of the above-named Company, hereby appoint _____

of _____ in the district of _____
or failing him/her _____
of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held on Monday, the 30th September, 2002 at 3.00 P.M. and at any adjournment thereof.

Signed this _____ Day of _____ 2002

No. of Shares held _____ Ref. No./L.F. No. _____

Signature(s) _____

Address : _____

Re. 1/-
Revenue
Stamp

Note : The Proxy must be deposited at the Regd. Office/Corporate Office of the Company not less than 48 hours before the time for holding the meeting.

TEAR HERE

TEAR HERE



ATTENDANCE SLIP

Shiva Medicare Limited

Regd. Office : A15-17, 20, M.E.P.Z., Kadaperi Tambaram, Chennai-600045
Corporate Office : 808, Pragati Tower, 26, Rajendra Place, New Delhi-110008

I hereby record my presence at the 11th Annual General Meeting of the Company being held on Monday, the 30th September, 2002 at 3.00 P.M. at A15-17, 20, M.E.P.Z., Kadaperi, Tambaram, Chennai-600045.

Name of the Member/Proxy _____
(in block letters)

Reference Folio _____

No. of Shares held _____

Signature of the Member/Proxy _____

Note : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.

BOOK - POST



If undelivered please return to :

Shiva Medicare Limited

808, Pragati Tower, 26, Rajendra Place,
New Delhi - 110 008.