



**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED**

**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED**

(A Government of Maharashtra Undertaking)

Acharya Donde Marg, Parel, Mumbai - 400 012.



**Service to Mankind**

**THIRTY - NINTH ANNUAL REPORT**

**2012-2013**

**39th ANNUAL REPORT**



**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.**

(A Government of Maharashtra Undertaking)

**BOARD OF DIRECTORS**

**MANAGING DIRECTOR**

MRS. SEEMA VYAS

**DIRECTORS**

MRS. SUJATA SOUNIK

MRS. MEDHA GADGIL

SHRI. J. P. GUPTA

DR. P.H. SHINGARE

MRS. SEEMA VYAS

DR. A. K. TAHLAN

SHRI. PRADEEP ACHAREKAR

**AUDITORS**

M/S. P. M. DALVI & CO.

CHARTERED ACCOUNTANTS, MUMBAI.

**BANKERS**

CANARA BANK, Parel Branch

BANK OF INDIA , Parel Branch

**REGISTERED OFFICE**

HAFFKINE INSTITUTE COMPOUND,  
ACHARYA DONDE MARG, PAREL, MUMBAI - 400 012



**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.**

(A Government of Maharashtra Undertaking)

**NOTICE**

**THIRTY-NINTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of **HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.** will be held at the Registered Office of the Company at Haffkine Institute Compound, Acharya Donde Marg, Parel, Mumbai - 400 012, on Friday, the 10th July, 2015 at 1.00 pm. to transact the following business :-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

By Order of the Board of Directors

**SEEMA VYAS**  
MANAGING DIRECTOR

MUMBAI  
Dated : 10th July, 2015

**REGISTERED OFFICE :**  
Haffkine Institute Compound,  
Acharya Donde Marg,  
Parel, Mumbai - 400012.

**NOTE : A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.****(A Government of Maharashtra Undertaking)****DIRECTORS' REPORT**

To the Members of the  
**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED**

1. Your Directors have great pleasure in presenting the 39th ANNUAL REPORT, alongwith the audited Statement of Accounts of the Company for the year ended 31st March, 2013, Report of the Statutory Auditors thereon and the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956.

**2. FINANCIAL RESULTS**

The financial results of the Company for the year ended 31.3.2013 in comparison with the earlier years are given below :-

**(Rs. in Lakh)**

	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
A. SALES	9585	16052	26566
B. PROFIT / (LOSS) BEFORE TAX	835	(643)	3857
C. NET PROFIT / (LOSS)	557	(746)	2713

**3. SALES TURNOVER**

During the year 2012-2013, the Company achieved a sales turn over of ₹ 26566 lakh (previous year ₹ 16052lakh) and incurred a net Profit of ₹ 2713 Lakh as compared with the net loss of 746 lakhs earned during the previous year.

The comparative figures of sales turnover are furnished below :-

**(Rs. in Lakh)**

<b>PRODUCTS</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
A. VACCINES (ml)	8458	15319	24690
B. SERA (ml)	96	345	594
C. INJECTABLES (ml)	--	--	--
D. ORAL LIQUID (ml)	--	-	--
E. PHARMA & OTHERS (TABLETS, CAPSULES & MEDICAL PACKETS) (Nos.)	1031	383	1192
<b>TOTAL</b>	<b>9585</b>	<b>16047</b>	<b>26476</b>

**4. PRODUCTION**

The value of production achieved during the year ended 31.3.2013 was ₹ 21984 lakh (Previous year ₹ 15920 lakh). The comparative figures of production are furnished below:-

(Qty. in Lakh)

<b>PRODUCTS</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>
A. VACCINES (ML)	145.10	381.29	449.66
B. SERA (ML)	5.04	13.57	21.11
C. INJECTABLES (ML)	--	--	--
D. ORAL LIQUID (LITRES)	--	210.14	688.39
E. MEDICAL PACKETS	15	167.57	606.99

**5. EXPORTS**

Increased emphasis is being laid on achieving higher export turnover and also for marketing of the Company's products in the private trade.

**6. SOCIAL RESPONSIBILITIES**

The Company is committed to serve the mankind in healthcare sector, through qualitative manufacturing and supply of life saving vaccines, sera and other products at an affordable price. The Company has been contributing significantly towards the Pulse Polio Immunisation Programme launched by the Govt. of India by ensuring timely supply of Oral Polio Vaccine in sufficient quantity.

**7. RESERVES & SURPLUS**

As on 31.3.2013, the cumulative Reserves and Surplus were ₹.4456 lakh as against ₹.1743 lakh as on 31.3.2012. The net worth of the Company was ₹.5326 lakh as on 31.3.2013 as against ₹.2614 lakh as on 31.3.2012.

**8. QUALITY ASSURANCE**

The policy of the Company, to manufacture and market only products of good quality that will merit customers' satisfaction, is being continued. To strengthen its efforts in this direction, a separate Quality Assurance Dept. has been established to ensure desired level of G.M.P.

**9. HUMAN RESOURCES**

As on 31.3.2013, the Company had a total strength of 513 employees including 87 officers as against the total strength of 498 employees including 91 officers as on 31.3.2012.

**10. EMPLOYEES' RELATIONS**

The employer-employee relationship continued to be very cordial and satisfactory during the year.

**11. EMPLOYEES' WELFARE**

During the year under review, the Company continued to extend welfare facilities such as reimbursement of medical expenses, subsidised canteen, uniforms, washing allowance, gratuity, children education allowance, scholarships etc. to the employees of the Company.

**12. REPRESENTATION OF SC/ST & OTHERS**

The percentage of SC employees to the total number of employees was 31% and that of ST, DN, NT & OBC was 37%.

**13. TRAINING & DEVELOPMENT**

The Company attaches greater importance to the Human Resource Development. With a view to improve behavioural, technical and managerial skills, the workshops were conducted in house as well as various employees were sponsored to participate in the training programmes conducted by external agencies.

**14. PARTICULARS OF EMPLOYEES'**

The information pursuant to the requirements of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, is Nil.

**15. PARTICULARS OF SUBSIDIARY**

As required under Section 212 of the Companies Act, 1956, the documents in respect of the Subsidiary Company, Haffkine Ajintha Pharmaceuticals Limited are attached to the Balance Sheet of the Company.

**16. DIRECTORS**

16.1 The Corporation welcomed Shri Mahesh Zagade and Shri S.S. Zende who were appointed as Directors on the Board of the Company.

16.2 Shri Prakash Sabde and Shri Mahesh Zagade ceased to be on the Board of the Company.

**17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Adequate measures are taken to restrict energy consumption by regularly monitoring the level of energy consumption and thereby improving the overall plant power factor. The information regarding conservation of energy, technology

absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in ANNEXURE-I forming part of this report.

#### **18. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that they have prepared the annual accounts on a going concern basis.

#### **19. SAFETY & ENVIRONMENT**

Safety & Environment awareness is being promoted amongst the employees.

#### **20. GOOD MANUFACTURING PRACTICES**

To effectively meet the challenges posed by the increasing competitive and market driven economic environment, greater emphasis has been laid on upgrading the manufacturing facilities, so as to conform to the "WHO Standards of Good Manufacturing Practices." The Company has already obtained U.N. Accreditation in respect of its Oral Polio Vaccine manufacturing facilities. The revamping of its ATS manufacturing facilities and oral Liquid Department as per the Schedule-M requirements has also been completed. The revamping of the Pharma manufacturing facilities is in progress.

#### **21. NEW PROJECTS**

- 21.1 It is proposed to undertake the revamping of the DPT manufacturing facilities for obtaining U.N. Accreditation as well as the other newer vaccines of social relevance.

**22. AUDITORS**

- 22.1 The Comptroller & Auditor General of India had appointed M/s. P.M. Dalvi & Co., Chartered Accountants, as Auditors of the Company for the year ended on 31st March, 2013.
- 22.2 The Management replies to the observations made by the Statutory Auditors in their Report dated 7th August 2014, are attached herewith as **ANNEXURE-II** and are to be considered as forming part of this report.
- 22.3 The Comptroller & Auditor General of India has issued "Comments" under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year ended 31st March, 2013, which are attached herewith as **ANNEXURE-III**.

**23. GRATITUDE AND ACKNOWLEDGEMENT**

- 23.1 The Directors gratefully acknowledge the continuous support and guidance provided to the Company from time to time by the Govt. of India and Govt. of Maharashtra.
- 23.2 The Directors take this opportunity to express their sincere thanks to the Comptroller and Auditor General of India, Statutory Auditors, Cost Auditors, Tax Auditors and the Internal Auditors for their valuable suggestions and co-operation.
- 23.3 The Directors extend their thanks to Canara Bank and Bank of India for their financial support.
- 23.4 The Directors are grateful to the Company's valued customers and suppliers in India and abroad for their support and confidence in the Company and look forward to the continuation of the same in future.
- 23.5 The Directors express their sincere thanks to the high degree of dedication and perseverance displayed by the employees at various levels towards the accomplishment of the Company's goals and objectives.

For and on behalf of the Board of Directors

MUMBAI

Dated : 10th July, 2015

**MANAGING DIRECTOR**

**REGISTERED OFFICE :**

Haffkine Institute Compound,  
Acharya Donde Marg,  
Parel, Mumbai - 400012.



## ANNEXURE - I

### ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

#### CONSERVATION OF ENERGY

- a) Energy conservation measures taken. : Fully Automatic IAEC package type Boiler is operating at estimated efficiency of 80% wherever feasible.
- b) Additional investment and proposals, if any being implemented for reduction of consumption of energy. : Energy Audit was conducted through M/s MITCON. Most of the short term suggestions made by them have been implemented. It is also planned to switch over to Industrial tariff from residential tariff by putting up own 2 MVA HT Sub-Station.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption on the cost of production. : The arrangement under (a) & (b) above is aimed at reducing the electrical consumption.

- d) Total energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in Schedule thereto. :

		<u>Current Year</u>	<u>Previous Year</u>
		2012-2013	2011-2012
Electricity	Units (Thousands)	1959.90	1177.7
(Purchased)	Total Amt. (Rs. in '000)	22809.61	12708.61
	Cost/Unit (Rs.)	11.64	10.79
Furnace Oil	Qty. (K.Ltr.)	133.395	115.571
	Total Amt. (Rs.in'000)	6103.675	4632.269
	Average rate Rs./ KL	45756	40082

#### TECHNOLOGY ABSORPTION

- e) Efforts made in technology absorption as per Form-B of the Annexure. : An action plan in this regard is envisaged.

#### FOREIGN EXCHANGE EARNINGS & OUTGO

- f) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans. : Greater emphasis is laid on achieving high export turnover.
- g) Total Foreign Exchange used & earned. : Used: ₹.17143 lakh on import of raw material. Earned : ₹.17427 lakh on export sale.

For and on behalf of the Board of Directors

MUMBAI

Dated : 10th July, 2015

**MANAGING DIRECTOR**

**ANNEXURE - II****ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2012-2013**

Replies of the management on the observation of the Statutory Auditors made in their report dated 7-8-2014 as required under section 217(3) of the Companies Act, 1956.

<b>Sr.No.</b>	<b>AUDITOR'S PARA</b>	<b>COMPLIANCE</b>
1)	a) Non-verification of fixed assets aggregating to Rs. 196,620,472 (written down value) physically as per schedule 10 as explained in annexure prepared in terms of the said order attached to this report.	Action will be taken for physical verification of fixed assets.
2)	b) Note no.9 regarding gratuity receivable Rs.20,473,423 from the Government of Maharashtra towards the reimbursement of the gratuity debited earlier/paid to the employee for their services with erstwhile Haffkine Institute. This is subject to further furnishing the proposal by the Company and receipt of sum from Government of Maharashtra. The amount is taken as furnished by the Company.	The gratuity amount of Rs.20,473,423/- receivable from the Government of Maharashtra is in respect of the gratuity payment made by the Company to its retired employees in respect of their period of service with the erstwhile Haffkine Institute i.e. prior to the incorporation of the Company. Since the liability in respect of the said period of service of the employees before the incorporation of the Company was that of Government of Maharashtra, the claim for reimbursement as per the stipulated guidelines was submitted during December, 2005 and the same was accepted in principle by the Government of Maharashtra.
3)	c) Note 20 (a) regarding non-provision of extra shift Depreciation as required by Schedule XIV of the Act in the absence of relevant information. The impact of extra shift depreciation not ascertained whereby profit for the year is overstated.	Necessary action will be taken In this regards.
4)	The Company has not identified the status of suppliers as required under "Micro, small and /medium Enterprises Development Act, 2006" for Interest on Delayed Payment as stated in Note 1 of the schedule 23 of Notes to the Accounts.	There is no amount overdue to Small Scale Industrial Undertakings as on date payments in the normal course are effected after followings the laid down procedure.

For and on behalf of the Board of Directors

MUMBAI

Dated : 10th July, 2015

**MANAGING DIRECTOR**



**ANNEXURE - III**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF HAFFKINE BIO -PHARMACEUTICAL CORPORATION LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2013.**

The preparation of financial statements of **Haffkine Bio-Pharmaceutical Corporation Limited**, Mumbai for the year ended **31st March 2013** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **07 August 2014**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Haffkine Bio Pharmaceutical Corporation Limited, Mumbai for the year ended 31st March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the Comptroller and  
Auditor General of India

**MUMBAI**

Dated : 02 July, 2013

**PRINCIPAL ACCOUNTANT GENERAL  
(AUDIT) - III**



## **INDEPENDENT AUDITOR'S REPORT**

TO

THE MEMBERS OF

**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.**

Mumbai.

### **Report on The Financial Statements**

We have audited the accompanying financial statements of Haffkine Bio-Pharmaceutical Corporation Ltd. (The "Company") which comprise the Balance Sheet as at 31st March, 2013 and the statement of Profit and Loss Account and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

We draw attention to the following:

- a. Non-verification of fixed assets aggregating to Rs. 196,620,472 (written down value) physically as per schedule 10 as explained in annexure prepared in terms of the said Order attached to this report.
- b. Note no. 9 regarding gratuity receivable Rs.20,473,423 from the Government of Maharashtra towards the reimbursement of the gratuity debited earlier/paid to the employee for their services with erstwhile Haffkine Institute. This is subject to further furnishing the proposal by the Company and receipt of sum from Government of Maharashtra. The amount is taken as furnished by the Company.
- c. Note 20(a) regarding non-provision of extra shift depreciation as required by Schedule XIV of the Act in the absence of relevant information. The impact of extra shift depreciation not ascertained whereby profit for the year is overstated.
- d. The Company has not identified the status of suppliers as required under "Micro, Small and Medium Enterprises Development Act, 2006" for Interest on Delayed Payment as stated in Note 1 of the schedule 23 of Notes to the Accounts.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

2. As required by section 227(3) of the Act, we report that :
- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 books;
  - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - v. Vide circular no. 8/2002 dated 22-03-2002 issued by the Department of Company Affairs, the directors of the government companies are exempted from applicability of the provisions of section 274 (1) (g) of the Companies Act, 1956;

**For P.M. Dalvi & CO.**  
Chartered Accountants  
Firm Registration No. 102065W

**CA Jaiprakash Chauhan**  
Partner  
M.No. 118205  
Mumbai : 7 Aug, 2014

## **ANNEXURE OF THE AUDITOR'S REPORT**

**(Referred to in Paragraph 1 under "Other legal and regulatory requirements" of our report of even date)**

- i. a) The Company has not maintained proper records showing full particulars including quantitative details and location of its fixed assets.  
b) As explained to us, the assets have not been physically verified by the management and discrepancies between inventory of assets as compared to the book records cannot be ascertained in the absence of updated fixed assets register.  
c) During the year, in our opinion, no substantial part of the fixed assets has been disposed off by the Company.
- ii. a) As explained to us, physical verification of inventories has been carried out by the management at reasonable intervals during the year.  
b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of inventory were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii. a) In our opinion and according to the information and explanations given to us, the Company has granted interest free unsecured loan to its wholly owned Subsidiary Company. The year end balance of loan was Rs. 108,225,073/- (maximum outstanding balance is Rs.109,459,237/-).  
b) In our opinion, other terms and conditions on which loan has been granted to its wholly owned subsidiary Company are not prima facie, prejudicial to the interest of the Company.  
c) There is no stipulation for repayment of loans granted and interest thereon.  
d) As explained in (iii) (c) above no repayment schedule is stipulated, we are unable to express as to whether the said principle amount of Rs. 108,225,073/- is overdue or otherwise.  
e) As per information furnished, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered under Section 301 of the Act. Therefore, clauses (iii) (f) and (g) of the Order are not applicable to the Company.
- iv. 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 nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system of the Company.
- v. a) In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.  
b) During the year, transactions of purchase and sales aggregating during the year to Rs. 5,00,000/- or more in respect of each party, as required in the register maintained under section 301 of the Act are reasonable having regard to prevailing market prices for such goods and materials available with the Company or prices at which transactions for similar goods have been made with other parties.

- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- vii. The Internal Audit was conducted by an independent firm of Chartered Accountants for the year under audit. Considering the size of the Company and scope of internal audit as furnished to us, the same was adequate.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of Cost Records under Section 209(1) (d) of the Act, in respect of the Company's products to which the said rules are made applicable and are of the opinion that, **prima facie**, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or not.
- ix. a) As per the records of the Company, the undisputed statutory dues including Provident Fund , Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax/Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other taxes as applicable have been deposited regularly with the appropriate authorities except for delays in payment of Central Sales Tax and Value added Tax.
- b) According to the records of the Company, the dues outstanding in respect of Income Tax, Excise Duty and Sales Tax on account of dispute are as follows :

Name of The Statute	Nature of dues	Amount in Rs.	Period to which the amount relate	Forum Where Dispute is pending
The Income Tax Act, 1961	Income Tax	98,335	A.Y. 2006-07	Income Tax Appellate Tribunal
		9,557,065 @	A.Y. 2007-08	Income Tax Appellate Tribunal
	Fringe Benefit Tax	58,885	A.Y. 2007-08	Assistant Commissioner of Income Tax
The Central Sales Tax Act, 1956	Central Sales Tax	347,941 #	2004-05	Joint Commissioner of Sales Tax (Appeals)
The Bombay Sales Tax Act, 1959	Bombay Sales Tax	694,698	2004-05	Joint Commissioner of Sales Tax (Appeals)

The Company has deposited @ Rs. 4,800,000, # Rs. 5,10,000 with the appropriate authorities against the above disputed demands.



- x. The Company does not have any accumulated losses nor any cash loss at the end of the financial year.
- xi. Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks financial institutions and debentures holders.
- xii. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiv. The Company is not dealing in shares, securities, debentures and other investments.
- xv. The Company has not given any guarantee for loans taken by others from banks/ financial institutions.
- xvi. The Company has not raised any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company we report that the funds raised on short - term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. As represented to us by the management and based on our examination of the books and records of the Company in accordance with the generally accepted auditing practices in India, we have neither come across any material fraud on or by the Company noticed or reported during the year nor we have been informed of any such case by the management that causes the financial statements to be materially misstated.

**For P.M. Dalvi & CO.**  
Chartered Accountants  
Firm Registration No. 102065W

**CA Jaiprakash Chauhan**  
Partner  
M.No. 118205  
Mumbai : 7 Aug, 2014

## Significant Accounting Policies and Notes on Accounts

### A. Company Overview

Haffkine Bio-Pharmaceutical Corporation Limited is incorporated as a Private Limited Company registered under Companies Act, 1956 engaged in manufacturing marketing and distribution of vaccines and anti-venom. The shares of the Company are fully owned by the Government of Maharashtra.

### B. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in financial statements.

#### I. ACCOUNTING CONVENTION :

a] The financial statements are prepared under historical cost convention on the basis of going concern, and are in accordance with the mandatory accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 (to the extent applicable) and provisions of Companies Act, 2013 (to the extent notified).

b] The Company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

c] The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

d] The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements.

e) Current / non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

#### Assets

- An asset is classified as current when it satisfies any of the following criteria
  - a it is expected to be realized in or is intended for sale or consumption in, the Company's normal operating cycle;
  - b it is held primarily for the purpose of being traded;
  - c it is expected to be realized within 12 months after the reporting date; or it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

**Liabilities**

- liability is classified as current when it satisfies any of the following criteria;
  - a it is expected to be settled in the Company's normal operating cycle;
  - b it is held primarily for the purpose of being traded;
  - c it is due to be settled within 12 months after the reporting date; or
  - d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date;

Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets / liabilities include the current portion of non-current financial assets / liabilities respectively. All other assets / liabilities are classified as non-current Operating cycle

- Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents

**II. VALUATION OF INVENTORIES:**

- a] Inventories of finished goods and material-in-progress are valued at lower of cost and net realizable value. Finished goods lying in factory premises are inclusive of excise duty.
- b] Inventories of raw material, packing materials and stores and spares are valued at cost, unless there is a decline in prices of such items and it is estimated that the cost of the finished goods to be manufactured from such materials will exceed net realizable value of these finished goods, in which case these materials are valued at their net realizable value.
- c] Inventories of stores and spares include stock of stationery, animal food, laboratory chemicals and allied items.

**III. FIXED ASSETS:**

- a] Fixed Assets are carried at cost of acquisition or construction thereof less accumulated depreciation, except fixed assets received as gift, handling charges whereof are capitalised to the extent incurred by the Company.
- b] Expenditure, including borrowing cost attributable to construction or acquisition of fixed assets related to and incurred during implementation of expansion-cum-modernization projects is included under Capital-work-in-progress and capitalized under appropriate heads on completion of related project.

**IV. DEPRECIATION:**

Depreciation on fixed assets is provided on "Written Down value" basis in the manner and at the rates prescribed in Schedule XIV of the Companies Act, 1956 except that-

- a) Depreciation on livestock other than snakes is provided @40% on Written Down Value arrived after deducting sale proceeds, if any there from. Cost of snakes is depreciated fully in the year of purchase.
- b) Capital Expenditure on Research and Development is depreciated @15% on Written Down Value basis.
- c) Extra Shift Allowance in respect of plant and Machinery lying with various Departments is worked out on the basis of shifts worked by them.
- d) Depreciation on additions is provided on pro-rata basis with reference to the month in which additions take place.

- e) Depreciation on assets sold, discarded or demolished during the year is being provided upto the month in which such assets are sold, discarded or demolished.

**V. INVESTMENTS:**

- a) Long-term investments are stated at cost. Provision for diminution in value of long-term Investments is made if the diminution is other than temporary.
- b) Current investments are stated at cost or fair value whichever is lower.

**VI. FOREIGN CURRENCY TRANSACTIONS:**

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities in foreign currency as at the Balance Sheet date are translated at the exchange rates prevailing at the date of Balance Sheet. Gains and losses arising on account of difference in foreign exchange rates on the settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

**VII. REVENUE RECOGNITION**

- a) Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers. Sales are exclusive of excise duty and sales/value added tax.
- b) Revenue from the services is recognized when the services are completed.

**VIII. RETIREMENT BENEFITS****a) Gratuity**

Future liability for Gratuity at the year end is accounted on the basis of actuarial valuation.

**b) Provident Fund**

Contributions in respect of Provident Fund and Family Pension are charged to Profit and Loss Account on actual basis.

**c) Leave Encashment**

The Company extends the benefit of encashment of leave to its employees while in service as well as on retirement. The provision is made for encashable accrued leave based on actuarial valuation.

**IX. RESEARCH AND DEVELOPMENT EXPENDITURE**

Revenue expenditure on Research and Development Dept are debited / charged to Research and Development Expenditure account by crediting the same to respective expenses account. Capital Expenditure on research and Development is included in fixed assets under the appropriate heads.

**X. ACCOUNTING FOR TAXES ON INCOME**

- a) Current tax is determined as the amount of tax payable in respect of taxable income of the year.
- b) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates

**XI. GENERAL RESERVE**

As per past practice, profit for the year is directly transferred to General Reserve and losses reduced by withdrawal from General Reserve.

**XII. IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which the asset is identified as impaired. The impairment loss recognized in prior periods is reversed if there has been a change in the estimate of recoverable amount.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

	2013	2012
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before tax</b>	<b>385,687,582</b>	<b>(64,259,583)</b>
Adjustments for		
Depreciation	32,944,741	26,451,856
Profit / Loss on sale of fixed Assets		
Interest Expense	79,185,454	54,111,356
Interest Income	(12,358,701)	(7,462,891)
Provision for doubtful debts	--	--
<b>Operating Profit before Working Capital Changes</b>	<b>485,459,076</b>	<b>8,840,738</b>
Adjustment for		
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	(187,173,801)	(89,506,387)
(Increase)/Decrease in Trade and Other Receivables	(170,599,020)	(218,371,034)
Increase/(Decrease) in Trade and Other Payables	4,457,825	349,623,780
	<b>132,144,080</b>	<b>50,587,098</b>
Less: Taxes Paid	(40,545,669)	(6,093,250)
<b>Net Cashflow from operating activities (A)</b>	<b>91,598,411</b>	<b>44,493,847</b>
<b>(B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets (including capital work-in-progress)	(34,249,330)	(46,777,937)
Sale of Fixed Assets		--
Interest received	8,814,464	4,423,821
<b>Cashflow from Investing activities (B)</b>	<b>(25,434,866)</b>	<b>(42,354,116)</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Net Increase / (Decrease) in working capital loan	57,352,184	97,710,457
Loan given to Subsidiary	(6,800,000)	(15,550,000)
Interest paid	(79,175,772)	(54,101,673)
<b>Cash flow used in financing activities (C)</b>	<b>(28,623,588)</b>	<b>28,058,783</b>
Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)	37,539,958	30,198,515
Cash and Cash equivalent at the beginning of the year	101,869,114	71,670,599
<b>Cash and Cash equivalent at the end of year</b>	<b>139,409,072</b>	<b>101,869,114</b>

**Notes : Foreign Exchange loss of Rs. 78,29,627 (Gain Rs. 134,64,028) is not disclosed separately in the above statement**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

1. Previous year figures have been regrouped / reconsidered wherever necessary

	(Amt. in Rs.)	
	31.3.2013	31.3.2012
<b>2. Cash and Cash equivalents include the following</b>		
Cash in Hand	272,679	4,60,396
Balance with Scheduled Bank :		
In Current Accounts	9,681,466	23,39,471
In Deposit Accounts	129,452,701	990,62,853
Postal Stamps on Hand	2,226	6,394
<b>TOTAL :</b>	<b>139,409,072</b>	<b>1018,69,114</b>

As per report of even date

**For P.M. Dalvi & CO.**

Chartered Accountants

Firm Registration No. 102065W

**For and on behalf of Board**

**J.R. Chauhan**

Partner- M.No. 118205

Mumbai : 7 Aug, 2014

**S. S. Zende**  
Managing Director

**Abhay Chowdhary**  
Director

**S.S. Patwardhan**  
Manager  
(Accounts)

**Nitin Katore**  
Asst. Company  
Secretary

**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED****BALANCE SHEET AS AT 31ST MARCH 2013**

(Amt. in Rs.)

Particulars	Note No.	As at 31.3.2013	As at 31.3.2012
<b>A EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	870,66,000	870,66,000
(b) Reserves and Surplus	2	4456,16,929	1743,50,750
		<b>5326,82,929</b>	<b>2614,16,750</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	469,53,104	469,43,421
(b) Long-term Provision	4	373,61,411	305,62,517
		<b>843,14,515</b>	<b>775,05,938</b>
<b>3. Current Liabilities</b>			
(a) Short-term borrowings	5	5399,88,478	4257,34,372
(b) Trade Payables	6	7164,05,203	7717,54,761
(c) Other current liabilities	7	155,50,774	375,62,171
(d) Short-term provisions	8	1403,99,253	593,26,959
(e) Deffered Tax Liability (Net)	9	31,58,194	--
		<b>14155,01,902</b>	<b>12943,78,263</b>
<b>Total</b>		<b>20324,99,346</b>	<b>16333,00,951</b>
<b>B ASSETS</b>			
<b>1 Non-Current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	1966,20,472	2042,42,206
(ii) Capital work-in-progress		391,82,654	302,56,331
(b) Non-current investments	10	43,65,000	43,65,000
(c) Deffered tax assets (net)	11	--	77,63,209
(d) Long-term loans and advances	12	82,02,654	112,52,654
		<b>2483,70,780</b>	<b>2578,79,400</b>
<b>2. Current Assets</b>			
(b) Inventories	13	5928,56,600	4056,82,799
(c) Trade receivables	14	9028,49,334	7155,31,100
(d) Cash and Cash equivalents	15	1394,09,072	1018,69,114
(e) Short-term loans and advances	16	1490,13,560	1523,38,538
(f) Other Current assets		--	--
		<b>17841,28,566</b>	<b>13754,21,551</b>
<b>Total</b>		<b>20324,99,346</b>	<b>16333,00,951</b>

**The significant accounting policies & notes to the financial statements from an integral part of the financial statements**

Previous year's figures have been regrouped / rearranged where ever necessary.  
as per our attached report of even date.

As per report of even date

**For P.M. Dalvi & CO.**

Chartered Accountants

Firm Registration No. 102065W

**For and on behalf of Board**

**J.R. Chauhan**

Partner- M.No. 118205

Mumbai : 7 Aug, 2014

**S. S. Zende**  
Managing Director

**Abhay Chowdhary**  
Director

**S.S. Patwardhan**  
Manager  
(Accounts)

**Nitin Katore**  
Asst. Company  
Secretary



**Statement of Profit and Loss for the year ended 31 March, 2013**

(Amt. in Rs.)

Particulars	Note No.	As at 31.3.2013	As at 31.3.2012
1 Revenue from operations	17	2,657,118,641	16053,12,000
Less Excise duty		532,290	93,799
Revenue from operations (net)		<u>2,656,586,351</u>	<u>16052,18,201</u>
2. Other Income	18	32,254,986	364,88,724
<b>3. Total revenue (1+2)</b>		<b><u>2,688,841,337</u></b>	<b><u>16417,06,925</u></b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	19	1,823,885,017	13077,08,688
(b) Purchase of finished goods	19(b)	-	-
(c) Changes in inventories of finished goods and work-in-progress	19(c)	(111,855,162)	(220,95,587)
(d) Employee benefits expense	20	239,063,037	1736,53,265
(e) Finance cost	21	100,696,054	707,08,501
(g) Depreciation and amortisation expense	9	32,944,741	264,51,856
(h) Other expenses	22	218,420,068	1495,39,785
<b>Total expenses</b>		<b><u>2,303,153,755</u></b>	<b><u>17059,66,508</u></b>
<b>5. Profit before tax (3-4)</b>		<b>385,687,582</b>	<b>(642,59,583)</b>
6 Tax expense			
(a) Current tax expense for current year		103,500,000	--
(c) tax adjustment earlier years			(147,20,947)
(d) Net current tax expense		<u>103,500,000</u>	<u>(147,20,947)</u>
(e) Deferred tax		10,921,403	44,21,195
7. Profit after Tax (5-6)		<u>271,266,179</u>	<u>(745,59,335)</u>
8. Appropriation			
Proposed Dividend		--	--
Tax on Proposed Dividend		--	--
No of shares		87,066	87,066
9 Earnings per share (of 1000/- each)			
(a) Basic and Diluted		3,116	(856)

**The significant accounting policies & notes to the financial statements from an integral part of the financial statement**

Previous year's figures have been regrouped / rearranged where ever necessary. as per our attached report of even date.

As per report of even date

**For P.M. Dalvi & CO.**

Chartered Accountants

Firm Registration No. 102065W

**For and on behalf of Board**

**J.R. Chauhan**

Partner- M.No. 118205

Mumbai : 7 Aug, 2014

**S. S. Zende**

Managing Director

**Abhay Chowdhary**

Director

**S.S. Patwardhan**

Manager  
(Accounts)

**Nitin Katore**

Asst. Company  
Secretary

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**1. SHARE CAPITAL**

Particulars	31.3.2013		31.3.2012	
	No. of Shares	Rs.	No. of Shares	Rs.
<b>(a) AUTHORISED :</b>				
Equity Shares of Rs. 1,000 Each	1,00,000	<u>100,000,000</u>	1,00,000	<u>100,000,000</u>
<b>(b) ISSUED, SUBSCRIBED AND FULLY PAID UP :</b>				
Equity Shares of Rs. 1,000/- each fully paid up (of the above 10,000 each, Issues, Subscribed and fully called up and paid up (held by Govt. of Maharashtra (or its nominee)	87,066	87,066,000	87,066	87,066,000
<b>TOTAL :</b>	<b>87,066</b>	<b><u>87,066,000</u></b>	<b>87,066</b>	<b><u>87,066,000</u></b>

**1 (a) Details of shares held by each shareholder holding more than 5% shares.**

name of the Share Holder	31.3.2013		31.3.2012	
	No. of Shares held	% holding of Shares	No. of Shares held	% holding of Shares
Govt. of Maharashtra	87066	100%	87066	100%

**1 (b) The reconciliation of number of shares outstanding is set out below :**

Particulars	31.3.2013		31.3.2012	
	No. of Shares	Rs.	No. of Shares	Rs.
Equity shares at the beginning of the year	87,066		87,066	
add : Shares issued	--			
Less : Shares Cancelled	--			
Equity shares at the end of the year	<b>87,066</b>		<b>87,066</b>	

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**2. RESERVES AND SURPLUS**

PARTICULARS	31.3.2013 (Rs.)	31.3.2012 (Rs.)
<b>(a) CAPITAL RESERVE :</b>		
Opening Balance	1,809,967	1,809,967
Add : Additional of revaluations during the year	--	--
Less : Utilised for set off against depreciation		
Closing Balance	<u>1,809,967</u>	<u>1,809,967</u>
<b>(b) General Reserve :</b>		
Opening balance	172,540,783	247,100,118
add : Transferred Profit / (loss) in Statement of Profit and Loss	271,266,179	(745,59,335)
Less : Utilised / transferred during the year for	--	--
<b>Closing Balance</b>	<b><u>443,806,962</u></b>	<b><u>1725,40,783</u></b>
<b>TOTAL</b>	<b><u>445,616,929</u></b>	<b><u>1743,50,750</u></b>

**3. LONG-TERM BORROWINGS**

PARTICULARS	31.3.2013 (Rs.)	31.3.2012 (Rs.)
From Govt of Maharashtra (Refer note No. 23 (13a))	397,81,340	397,81,340
Interest accrued and due on loan from Govt. of Maharashtra*	66,73,480	66,73,480
From Govt of Maharashtra (Fisheries Department)**	1,48,966	1,48,966
Interest accrued and due on above	3,49,318	3,39,635
<b>TOTAL</b>	<b><u>469,53,104</u></b>	<b><u>469,43,421</u></b>

\* No repayment schedule is specified

\*\* Represent the purchase consideration for certain Asset taken over with effect from 09/03/1977. The agreement for takeover whereof has not been finalised to date.

**4. LONG-TERM PROVISION**

PARTICULARS	31.3.2013 (Rs.)	31.3.2012 (Rs.)
Provision for Leave Encashment	37,361,411	305,62,517
<b>TOTAL</b>	<b><u>37,361,411</u></b>	<b><u>305,62,517</u></b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****5. SHORT -TERM BORROWINGS**

PARTICULARS	As at 31.3.2013 (Rs.)	31.3.2012 (Rs.)
* Loans repayable on demand from banks (Secured)	5399,88,478	4257,34,372
<b>TOTAL</b>	<b>5399,88,478</b>	<b>4257,34,372</b>

\* Working capital loan from Canara Bank and from Bank of India.  
(Secured primarily by Hypothecation of Inventories and Book debt. Further collaterally secured by Hypothecation of Plant and Machinery and other fixed assets at Pune and Mumbai location.

**6. TRADE PAYABLE**

PARTICULARS	As at 31.3.2013 (Rs.)	31.3.2012 (Rs.)
Trade Payables		
Acceptances		
(i) Payables for goods	979,48,081	1427,99,190
(ii) Payable for expenses	6184,57,122	6289,55,571
<b>TOTAL</b>	<b>7164,05,203</b>	<b>7717,54,761</b>

**7. OTHER CURRENT LIABILITIES**

PARTICULARS	As at 31.3.2013 (Rs.)	31.3.2012 (Rs.)
(a) Current liabilities	68,98,683	298,90,361
(b) Other payables		
(i) Statutory of Excise duty on Finished goods	20,005	55,034
(ii) Deposit from Distributors and others	86,32,086	76,16,776
<b>Total</b>	<b>155,50,774</b>	<b>375,62,171</b>

**8. SHORT-TERM PROVISIONS**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012
(a) Provision		
Provision for expenses		
(i) Gratuity	461,09,087	279,91,121
(ii) Dividend	104,47,920	104,47,920
(iii) Dividend Tax on above	--	16,95,175
Sub-Total (a)	<u>565,57,007</u>	<u>401,34,216</u>
(b) Provision for Tax		
(i) Provision for Income Tax	1886,82,583	851,82,583
(ii) Provision for fringe Benefit Tax	8,01,616	8,01,616
Sub-Total	1894,84,199	859,84,199
Less-Advance Tax and TDS	1056,41,953	667,91,456
Sub Total (b)	<u>838,42,246</u>	<u>191,92,743</u>
<b>TOTAL</b>	<b>1403,99,253</b>	<b>593,26,959</b>

**10. FIXED ASSETS (AT COST)**  
Schedule forming part of accounts

(Amt. in Rs.)

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Rate of Depreciation	ASAT 01-04-2012	Additions	Deletion	ASAT 31-03-2013	UP TO 31.03.2012	FOR THE YEAR	Deletion	UP TO 31.03.2013	ASAT 31-03-2013	AS AT 31-03-2012
Buildings	10%	108,457,345	591,012	-	109,048,357	552,30,048	5,366,082	-	60,596,130	48,452,227	53,227,297
Plant and Machinery	13.91%	246,317,746	8,566,405	-	254,884,150	1330,34,560	16,634,073	-	149,668,633	105,215,517	113,283,185
Electrical Fittings and Fixtures	13.91%	33,080,195	-	-	33,080,195	202,38,776	1,786,241	-	22,025,017	11,055,178	12,841,419
Air Conditioning Plant including Air Conditioners	13.91%	38,311,238	66,089	-	38,377,327	278,94,162	1,454,807	-	29,348,969	9,028,358	10,417,076
Furniture and Fixtures	18.10%	10,333,606	3,126,825	-	13,460,431	65,52,761	1,251,516	-	7,804,277	5,656,154	3,780,845
Office Equipments	13.91%	3,123,679	203,582	-	3,327,261	27,50,986	99,736	-	2,850,722	476,539	372,693
Electronic Equipments	40.00%	17,297,853	2,551,518	-	19,849,371	125,73,007	2,576,151	-	15,149,158	4,700,213	4,724,846
Transport Equipments	20%	928,520	438,922	-	1,367,442	8,83,299	39,153	-	922,452	444,990	45,221
Laboratory Equipments	13.91%	5,042,374	27,604	-	5,069,978	42,83,732	116,067	-	4,399,800	670,178	758,641
Vehicles	25.89%	2,714,384	2,390,440	-	5,104,824	22,12,749	350,772	-	2,563,521	2,541,303	501,635
Livestock	40%	13,167,236	7,360,610	-	20,527,846	92,64,104	3,212,211	-	12,476,315	8,051,531	3,903,132
Capital Expenditure on Research and Development	15%	2,086,806	--	-	2,086,806	17,00,590	57,932	-	1,758,522	328,284	386,216
<b>Total</b>		<b>480,860,981</b>	<b>25,323,007</b>		<b>506,183,988</b>	<b>2766,18,775</b>	<b>32,944,741</b>		<b>309,563,516</b>	<b>196,620,472</b>	<b>204,242,206</b>
<b>Previous Year</b>		<b>395,785,116</b>	<b>85,075,865</b>		<b>480,860,981</b>	<b>2501,66,918</b>	<b>26,451,856</b>		<b>276,618,775</b>	<b>204,242,206</b>	

**Note :** 1) Gross Block of Fixed Assets includes Rs. 1,64,739 being the assets acquired from Maharashtra Fisheries Development Corporation Ltd., wef 09.03.1977, the agreement for take over has not yet been finalised.

Amount (Rs.)

Building	1,07,669
Plant & Machinery	47,011
Furniture & Fixtures	8,319
Office & Equipment	1,740
<b>TOTAL</b>	<b>1,64,739</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****9. DEFFERED TAX ASSET (NET)**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
Components of Deferred Tax Asset (a) Deferred Tax Asset	(31,58,194)	77,63,209
<b>Total</b>	<b>(31,58,194)</b>	<b>77,63,209</b>

**11. NON CURRENT INVESTMENT**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
Investment in shares of Haffkine Ajintha Parmaceuticals Ltd. a wholly owned Subsidiary Comapny (at cost) (Unquoted)		
13650 Equity Shares of Rs. 100 each and 4000 Equity Shares of Rs. 750 each	43,65,000	43,65,000
<b>Total</b>	<b>43,65,000</b>	<b>43,65,000</b>

**12. Long-term Loans and advances (Unsecured, considered good)**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
Security Deposits, Deposit for Sales	3,40,550	33,90,550
Statutory Deposits	78,62,104	78,62,104
<b>Total</b>	<b>82,02,654</b>	<b>112,52,654</b>

**13. INVENTORIES**

(At lower of cost or net realisable value)

(As taken, valued and certified by the Management)

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
Raw Materials	2341,26,890	1726,74,701
Packing Materials	369,85,426	238,10,058
Material in Progress	1386,87,563	1727,03,259
Finished Goods	1802,44,049	343,73,191
Stores and Spares	28,12,672	21,21,590
<b>TOTAL</b>	<b>5928,56,600</b>	<b>4056,82,799</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****14. TRADE RECEIVABLE (Unsecured, Considered good)**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	112,09,008	346,23,308
Less than six months	8929,33,858	6900,98,007
(b) Other Trade receivables		
Sub Total	9041,42,866	7247,21,315
Less	-	-
Provision for Bad and Doubtful debts	12,93,532	91,90,215
<b>Total</b>	<b>9028,49,334</b>	<b>7155,31,100</b>

**15. CASH AND BANK BALANCES**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
1. Cash & Cash equivalents		
(a) Cash on Hand	2,72,679	4,60,396
(b) Postage Stamp on Hand	2,226	6,394
2. Other bank balances		
(b) Balances with banks		
(i) In current accounts	96,81,466	23,39,471
(ii) in deposit A/c	1294,52,701	990,62,853
<b>Total</b>	<b>1394,09,072</b>	<b>1018,69,114</b>

**16. SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered good)**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2013 (Rs.)
(1) Loan to Haffkine Ajintha Pharmaceuticals Ltd. A 100% Subsidiary Company	1082,25,073	101,425,073
(2) Loans and advances to employees	9,66,032	777,300
(4) Other Current Assets	117,20,641	12,759,609
(3) Balance with Government authorities		
(a) Balance with Excise Authorities	3,13,632	252,003
(b) Vat Receivable	67,99,759	10,844,893
(c) Others	209,88,423	26,279,660
<b>Total</b>	<b>1490,13,560</b>	<b>152,338,538</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****17. REVENUE FROM OPERATIONS**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
1. SALES OWN PRODUCTION		
(a) Sale of Products (Gross)	2,657,118,641	1,605,312,000
Less		
(b) Excise Duty	532,290	93,799
Sale of products (net)	2,656,586,351	1,605,218,201
2. RESALE	--	--
<b>Total</b>	<b>2,656,586,351</b>	<b>1,605,218,201</b>

**18. OTHER INCOME**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
(a) Interest Income	12,358,701	7,462,891
(b) Excise duty on finished goods	35,029	--
(c) Miscellaneous income	4,465,686	2,609,245
(d) Other sales	2,598,965	21,756,202
(e) Sundry Balances written back / recovered	79,345	4,660,386
(f) Bad Debts Recovered	2,95,056	-
(g) Freight Charges Recovery	-	-
(h) Insurance on sales	12,422,204	18,299,002
<b>Total</b>	<b>32,254,986</b>	<b>36,488,724</b>

**19(a). COST OF MATERIALS CONSUMED**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
RAW MATERIAL CONSUMED		
Opening Stock	1726,74,701	1144,86,896
Add Purchases	17295,68,376	12481,99,734
	19022,43,077	13626,86,630
less Closing Stock	2341,26,890	1726,74,701
<b>Total</b>	<b>16681,16,187</b>	<b>11900,11,929</b>
PACKING MATERIAL CONSUMED		
Opening Stock	238,10,058	153,29,031
Add Purchases	1689,44,198	1261,77,786
	1927,54,256	1415,06,817
less Closing Stock	369,85,426	238,10,058
<b>Total</b>	<b>1557,68,830</b>	<b>1176,96,759</b>
<b>TOTAL CONSUMPTION</b>	<b>18238,85,017</b>	<b>13077,08,688</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**19(b). PURCHASE - FINISHED GOODS**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
Purchase of finished goods	--	--
	--	--

**19(c). (Increase) / Decrease in WIP / Finished Goods**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
<u>Inventories at the end of the year</u>		
Work in progress	1386,87,563	1727,03,259
Finished goods	1802,44,049	343,73,191
Resale		
	3189,31,612	2070,76,450
<u>Inventories at the beginning of the year</u>		
Work in progress	1727,03,259	1827,01,499
Finished goods	343,73,191	22,79,364
Resale		
	2070,76,450	1849,80,863
<b>Net (increase) / decrease</b>	<b>(1118,55,162)</b>	<b>(220,95,587)</b>

**20. Employee benefits expenses**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
(a) Salaries and wages and bonus	1950,00,496	1418,84,307
(b) Managing Directors Remuneration	16,01,186	15,07,785
(c) Contribution to Provident fund and others	172,95,936	156,67,315
(d) Staff Welfare Expenses	71,87,836	44,21,446
(e) Gratuity	179,77,583	101,72,412
<b>Total</b>	<b>2390,63,037</b>	<b>1736,53,265</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**21. Finance Costs**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
(a) Interest expenses on		
(i) Borrowings / Bank	791,75,771	539,37,593
(ii) Other	9,683	1,73,763
(b) Bank Charges	215,10,600	165,97,145
<b>Total</b>	<b>1006,96,054</b>	<b>707,08,501</b>

**22. OTHER EXPENSES**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
Payment to auditor (As per 22a)	1,62,922	1,62,922
Miscellaneous expenses (As per 22(b))	2182,57,146	1493,76,863
<b>Total</b>	<b>2184,20,068</b>	<b>1495,39,785</b>

**22(a). PAYMENT TO AUDITOR**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
(i) Payments to the auditors comprises		
As auditors - statutory audit	1,12,360	1,12,360
For Tax Audit taxation matters	50,562	50,562
For Other Services		
<b>Total</b>	<b>1,62,922</b>	<b>1,62,922</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**22(B) MISCELLANEOUS EXPENSES**

PARTICULARS	As at 31.3.2013 (Rs.)	As at 31.3.2012 (Rs.)
Electricity Charges	369,99,992	235,64,810
Exchange gain or loss on sale or purchase of goods	78,29,627	134,64,028
Rent Paid	80,34,523	80,71,698
Stores and Spares Consumed	307,20,915	262,16,782
Freight	244,35,963	244,53,424
Water Charges	44,79,789	56,69,569
Security charges	68,80,937	56,11,004
Sales Promotion Expenses	12,50,254	3,89,116
Advertisement Expenses	16,40,283	17,37,167
Honorarium to Chairman	1,64,451	1,14,000
Directors sitting fee	9,300	4,500
Insurance Premium	27,93,448	29,01,221
Legal & professional fees	80,31,884	36,00,426
Post telegram expenses	11,92,813	8,73,798
Printing & stationery	58,29,206	44,83,133
Property Tax	30,75,582	31,20,375
Miscellaneous Expenses	79,95,183	35,03,536
Repairs & Maintenance of		
- Plants & Machinery	4,90,450	2,84,064
- Building	66,86,203	80,44,374
- Vehicle	2,92,904	1,15,910
- Others	94,21,859	73,18,404
Sundry Fees & Licence Fees	47,27,150	25,50,924
Conveyance / Traveling Expenses	28,25,053	22,68,063
Computer Expenses	9,24,889	9,61,503
Sundry Balances written off	400,62,875	--
Excise duty on finished goods	-	55,034
Liquidated Damages	16,198	--
R & D Expenditure	14,45,415	--
<b>Total</b>	<b>2182,57,146</b>	<b>1493,76,863</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**NOTE 23 - NOTES TO ACCOUNTS:**

1. The Company has not received any intimation from suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.
2. Managing Director's Remuneration for the financial year 2012-2013 is Rs. 1,601,186/-.
3. **CAPITAL COMMITMENT** (Net of advances given) not provided for Rs. 44,276,220/- (Rs. 37,705,801/-)

**4. CONTINGENT LIABILITIES NOT PROVIDED FOR**

(Rs. in' 000)

particulars	2012-13	2011-2012
a) Bank Guarantee Given	65,578	78,513
b) Income Tax demand but disputed in Appeal	9,557	9,557
c) Indirect Tax demand but disputed in Appeal #	1,043	1,043
d) The Lease rent for land transferred by Govt. of Maharashtra for Indigenous Polio Unit.	Not ascertainable	Not ascertainable
e) Counter Claim of Liquidity damages claimed by Shilp Engineering against the Claim of Rs. 78556 (in thousands) By the company (liability is exclusive of interest of 18%)	7,552	7,552

The Company has deposited @ Rs. 4,800,000, # Rs. 510,000 with the respective authorities as on date.

5. a) The Company took over the manufacturing activities of erstwhile Haffkine Institute with effect from September 01, 1975. Land, Building and certain Plant & Machinery have been acquired on lease from them. The lease deeds in respect thereof have not been finalised till date. Refund on account of excess lease rent paid in earlier year estimated at Rs. 824,054/- (Rs. 826,380/-) has not been accounted for pending execution of related lease deeds.
- b) Capital Reserve represents the difference between the value of assets and liabilities as at September 01, 1975 taken over from erstwhile Haffkine Institute with effect from that date.
6. The amount of exchange difference loss included in the net profit or gain for the period in respective heads of Profit and Loss Account is Rs. 7,829,627/- (Rs. 13,464,028/-)

7. a) In the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the accounts, except otherwise stated.
- b) Certain Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation and reconciliation. The effect if any will be provided on final reconciliation/determination with parties.
- c) Dues to Govt. of Maharashtra subject to confirmation / reconciliation represent the amount to be reimbursed for certain expenses incurred up to 31st March 1977.
- d) Accounts with Haffkine Ajintha Pharmaceuticals Ltd. a wholly owned Subsidiary of the Company is subject to confirmation and reconciliation, if any.

**8 Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits**

The Employees gratuity fund scheme managed by "Haffkine Bio-Pharmaceutical Corporation Employees Gratuity Trust" is a defined benefit plan. The present value of obligation is based on actuarial valuation using the projected unit credit method. The obligation for leave encashment is recognized in the same manner as gratuity.

**Defined Benefit Plan**

Details of defined benefit plan of Gratuity Fund (Funded) and leave encashment (Non-Funded) are as follows :-

**I. Actuarial Assumptions**

**Economic Assumptions**

Major Assumptions	2012-13(%p.a.)
Discount Rate (p.a.)	8.10%
Salary Escalation Rate	5.0%

**Demographic Assumptions**

Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-96)
Retirement Age	60 or 58 Years as applicable
Attrition Rate	3% at younger ages reducing to 0.5% at older ages

**II. Expenses Recognized in the Profit and Loss Account**

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	3,825,701	3,172,681	2,563,268	2,203,886
Interest Cost	3,901,229	3,467,171	2,278,243	1,774,357
Expected Return on Plan Assets	(1,611,512)	(2,178,685)	–	–
Net Actuarial (Gain)/Loss recognized in the period	12,002,548	5,711,245	9,476,696	7,061,486
Expenses recognized in the Profit and Loss Account *	18,117,966	10,172,412	14,318,206	11,039,729

**III. Present Value of Defined Benefit Obligation and the Fair Value of Assets**

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2012-13	2011-12	2012-13	2011-12
Present Value of Obligation as at March 31, 2013	60,423,167	51,108,449	37,361,411	30,562,517
Fair Value of Plan Assets as at March 31, 2013	14,314,080	23,117,328	Nil	Nil
Net Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule- 11)	46,109,087	27,991,121	37,361,411	30,562,517

**IV. Change in the Present Value of Obligation**

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2012-13	2011-12	2012-13	2011-12
Present Value of Obligation as at April 01, 2012	51,108,449	45,036,367	30,562,517	23,491,918
Current Service Cost	3,825,701	3,172,681	2,563,268	2,203,886
Interest Cost	3,901,229	3,467,171	2,278,243	1,774,357
Benefits Paid	(10423270)	(6,020,096)	(7,519,312)	(3,969,130)
Actuarial (Gain)/Loss on Obligations	12,011,058	5,452,326	9,476,696	7,061,486
Present Value of Obligation as at 31 March, 2013	60,423,167	51,108,449	37,361,411	30,562,517

**V. Change in Fair Value of Plan Assets**

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)
	2012-13	2011-12
Fair Value of Plan Assets as at April 01, 2012	23,117,328	27,217,658
Expected Return on Plan Assets	1,611,512	2,178,685
Actuarial Gain/(Loss) on Obligations	8,510	(258,919)
Contributions	--	--
Adjustment to prior year contributions	--	--
Benefits Paid	(10,423,270)	(6,020,096)
Expenditure		
Fair Value of Plan Assets as at 31st March 2013	14,314,080	23,117,328

\* Included in the Contribution to Funds (Refer Schedule 20)

**Notes:**

- (a) Amount recognized as an expense / income and included in Schedule 14 - Personnel Cost is; Gratuity expense Rs. 17,977,583 (Rs. 18,117,966/- less Rs. 1,40,383/- transferred to R&D Expenditure account) and Leave Encashment expense Rs. 14,215,978/- (Rs. 14,318,206/- less Rs. 1,02,228/-) transferred to R & D Expenditure account)
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
9. a) The Company has a policy for making provision/payment towards gratuity liability based on actuarial valuation as per provisions of the Payment of Gratuity Act, 1972. The erstwhile Haffkine Institute was bifurcated into two separate legal entities namely Haffkine Institute for Training, Research & Testing (HITRT) and Haffkine Bio-Pharmaceutical Corporation Limited, (HBPCL). As a result, the services of some of the employees of the erstwhile Haffkine Institute were transferred to the newly incorporated Company w.e.f. 1.9.1975.
- b) The Company, after its incorporation, was paying the gratuity to the retired employees in accordance with the provisions of the Payment of Gratuity Act, 1972 in respect of their period of service with the Company. However, subsequently the Company was required to make payment of gratuity to the retired employees, also in respect of their period of service with the erstwhile Haffkine Institute i.e. prior to 1975. Since the liability in respect of the said period of service of the employees before incorporation of the Company was that of the Government of Maharashtra, the Company submitted a claim for the first time during the financial year 2005-2006 as per the instructions and guidelines stipulated by the Government of Maharashtra vide letter dated 21.12.2005. The Company further vide its letter dated 12.10.2006 requested the Government to settle the issue. The State Government vide its letter dated 13.10.2006 accepted in principle the Company's claim and assumed the liability in respect thereof. Outstanding gratuity receivable as at 31 March 2013 is Rs.20,473,423/- (Rs. 25,764,660)

- c) On the same basis/principle, the gratuity liability amounting to Nil (Rs. Nil) of the employees who were on roll of the Company as on 31.3.2013, in respect of their services with erstwhile Haffkine Institute has been taken into consideration as receivable from Government of Maharashtra, while computing the actuarial gratuity liability as on 31.3.2013. The claim for the same will be submitted to the Government of Maharashtra on the retirement of those employees as and when it occurs and the same is not included in Para (b) above.
10. The Auditors' remuneration of Rs. 1,62,922 (Including Tax Audit Fees of Rs. 50,562) excludes the proposal for increase in fee to statutory auditors. The same will be provided if approved at the ensuing Annual General Meeting.
11. The Government of Maharashtra had vide its letter dated 31 Jan 2011 approved the implementation of revised Pay Scales as per the VI Pay Commission for the various employees of the Company. The Company has therefore made an additional provision of Rs. 260,66,861/- based on the increase in the annual personnel cost as a result of the implementation of the VI Pay Commission. An amount of Rs. 5,889,870/- has been disbursed by the Company as an advance against the same in accordance with Government Resolution no. 1208/72/service 9 dated October 6, 2008.
12. The Company revised and implemented upward the pay scales of certain posts subject to the approval of the Government of Maharashtra (GOM). A total amount of Rs. 5,407,214/- (Rs. 33,71,680/-) has been paid by the Company till 31st March 2013 in respect of the revised pay scale of the said posts. The GOM vide its letter no. HBP-2008/919/No.225/08/Medical-1 dated April 20, 2010 disapproved the upward revision of pay scales in respect of 17 categories of posts. However, 19 employees have approached the court against the said decision of the GOM and obtained a stay in the matter. Accordingly, the amount of other 6 employees (who have not approached the court) is being reversed from March 2011 onwards.
13. a) During the financial year 2004-2005, a compensation of Rs. 39,781,340 was awarded to the Company by the Special Land Acquisition Officer, Special Unit No.1, Pimpri, Pune for the acquisition of 13118 sq. mtr. of land at Pimpri which was under its occupation. The Medical Education and Drugs Department had earlier decided vide its letter dated 7.4.1998 to transfer 68.78 acres of land at ATS, Pimpri in the name of the Company and based on the same, the name of the Company had been entered on the revenue records (7x12 extract). However the detailed terms and conditions for the transfer of said land are yet to be finalised. The Medical Education and Drugs Department vide its letter No.HBP-1094/1341/CR-197/94/Pariupkram dated 23.03.2005 had accordingly advised that the Company may for the time being retain the aforesaid amount of Rs. 39,781,340 in trust for Government of Maharashtra (GOM). Accordingly, the compensation so received is treated as an interest free "Unsecured Loan" from the GOM.
- b) The amount of Rs. 6,673,480 (Rs. 6,673,480) in respect of interest accrued and due on loan from Government of Maharashtra will be written back after obtaining an order of waiver from the Government of Maharashtra.
14. a) During the year 2007-08, the Food and Drugs Administration (FDA), Maharashtra issued a stop production notice in respect of the Company's Pharma manufacturing



facilities at Parel, Mumbai. The Company has already undertaken the revamping project for upgradation of these facilities to conform with the Schedule "M" requirements. Further the Company has terminated the contracts of M/s. C&P Engineers Consultants Private Limited and M/s. Shilp Engineers and decided to undertake the remaining civil work pertaining to the project in-house. The project is expected to be completed during the financial Year 2014-15.

- b) Similarly, the Company was also instructed by the Drugs Controller of India (DCI) to stop production of DPT group of Vaccines. The Company has already initiated action for the upgradation of DPT manufacturing facilities to the current Good Manufacturing Facilities (GMP) standards.

15. Sundry Creditors include long outstanding rent payable aggregating to Rs.375,449,673 (Rs.367,263,975) payable to Public Works Department (PWD) for the premises at Pimpri and Parel (Mumbai), and to the Bombay Port Trust (BPT) for Premises at Colaba (Mumbai).

16. Disclosure requirement of accounting standard 17 "Segment Reporting" issued by Institute of Chartered Accountants of India as under.:

**(a) Primary Segments :**

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and internal reporting system.

The Company's operations predominantly relate to manufacture of Vaccines and other Bulk & Pharmaceutical products. Thus the reportable segments are Vaccines, Pharmaceutical products and others which includes Oral Liquids, Injectables, Sera and Medical Kits.

The unallocated expenses include expenses which are not directly identifiable to the individual segment, as well as expenses which relates to the Company as a whole.

**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED****Primary Segment Reporting:**

(Amount in Rs.)

<i>Particulars</i>	<i>Vaccine</i>	<i>Others</i>	<i>Total</i>
Segment Revenue	<b>2,469,028,776</b> (1,531,861,209)	<b>187,557,575</b> (73,356,992)	<b>2,656,586,351</b> (1,605,218,201)
Segment Result	<b>794,862,135</b> (216,710,142)	<b>-218,107,461</b> (-189,037,811)	<b>576,754,674</b> (27,675,331)
Less :			
Unallocated expenses (Net of income)			<b>122,626,024</b> (57,715,137)
Operating Profit			<b>454,128,650</b> (-30,039,806)
Less :			
Interest Expenses			<b>100,696,054</b> (70,708,501)
Add:			
Interest Income			<b>12,358,701</b> (7,462,891)
Other Income			<b>19,896,285</b> (29,025,833)
Less :			
Exceptional Item			—
Profit before tax			<b>385,687,582</b> (-64,259,583)
Provision for Tax (including Deferred Tax)			<b>114,421,403</b> (10,299,752)
Net Profit / (Loss)			<b>271,266,179</b> (-74,559,335)
Other Information :			
Segment assets	<b>1,560,983,487</b> (1,129,491,413)	<b>471,515,859</b> (496,046,329)	<b>2,032,499,346</b> (1,625,537,742)
Segment liabilities	<b>845,489,764</b> (858,113,504)	<b>651,168,459</b> (513,770,697)	<b>1,496,658,223</b> (1,371,884,201)
Capital Expenditure	<b>3,884,587</b> (7,358,140)	<b>30,364,740</b> (39,419,795)	<b>34,249,327</b> (46,777,935)
Depreciation	<b>6,233,460</b> (6,426,220)	<b>26,711,281</b> (20,025,636)	<b>32,944,741</b> (26,451,856)

**(b) Secondary Segments :**

The Company caters mainly to the needs of the domestic market. The export turnover is in case of certain vaccines. Thus the reportable geographical segments are within the India and Export segments.

**Sales Revenue by Geographical Market :**

(Amount in Rs.)

	Current Year	Previous Year
Within India	914,466,062	1,439,294,594
Export	1,742,652,579	166,017,407
<b>Total</b>	<b>2,657,118,641</b>	<b>1,605,312,001</b>

**Geographical Assets :**

(Amount in Rs.)

	Carrying Amount of Segment Assets		Addition to Fixed Assets and Intangible assets	
	Current Year 2012-13	Previous Year 2011-12	Current Year 2012-13	Previous Year 2011-12
Within India	2,032,499,346	1,625,537,742	34,249,327	46,777,935
Export	Nil	Nil	Nil	Nil
<b>Total</b>	<b>2,032,499,346</b>	<b>1,625,537,742</b>	<b>34,249,327</b>	<b>46,777,935</b>

17. The related parties with whom transactions have taken place during the financial year are State Government controlled entities for which disclosure is not required under Accounting Standard 18. Details of transactions with key managerial personnel (Managing Director) are given in Note 2 to this Schedule.

**18. Deferred Tax :-**

The Components of Deferred Tax Balances are as under :

(Amount in Rs.)

Particulars	31st March 2013	31st March 2012
<b>Deferred Tax Assets</b>		
Retirement Benefits	21,121,588	13,037,313
Other Fiscal Disallowance	13,275,683	8,167,868
<b>Sub total</b>	<b>34,397,271</b>	<b>21,205,181</b>
<b>Deferred Tax Liabilities</b>		
Fiscal allowance on fixed assets	12,158,207	12,158,206
Other Fiscal allowances	25,397,258	1,283,765
<b>Sub total</b>	<b>37,555,465</b>	<b>13,441,972</b>
<b>Deferred Tax Assets (net)</b>	<b>(3,158,194)</b>	<b>7,763,209</b>

**19. Earnings Per Share**

Particulars	March 31, 2013	March 31, 2012
Weighted average number of equity Shares outstanding during the year	87,066	87,066
Net profit / (Loss) after tax available for Equity share-holders (in Rs.)	271,266,179	(74,559,335)
Basic and diluted earnings for Equity share (in Rs.)	3116	(856)

20. a) Depreciation on Plant and Machinery is provided on the "Written Down Value Method" in terms of section 205(2) of the Companies Act, 1956 at the rates specified in Schedule XIV to the said Act. Note 6 of the Schedule XIV require extra depreciation charge on the basis of number of days actually worked for double shift or triple shift. The Company has not provided the extra shift depreciation as required by schedule XIV of the Companies Act, 1956 in the absence of the relevant information. The impact of extra shift depreciation is not ascertained; thereby loss before tax is understated.
- b) The Company had earlier carried out the valuation of certain assets by an independent valuer. Based on this report, the Management is of the opinion that the economic performance is not expected to worsen and hence no impairment is warranted for any of the Company's assets.
21. Additional information pursuant to Part-II of Schedule VI to the Companies Act, 1956 is annexed herewith.
22. The figures in respect of previous year have been re-grouped/re-arranged wherever necessary to make them comparable.

As per report of even date

**For P.M. Dalvi & CO.**

Chartered Accountants

Firm Registration No. 102065W

**For and on behalf of Board**

**J.R. Chauhan**

Partner- M.No. 118205

Mumbai : 7 Aug, 2014

**S. S. Zende**

Managing Director

**Abhay Chowdhary**

Director

**S.S. Patwardhan**

Manager  
(Accounts)

**Nitin Katore**

Asst. Company  
Secretary


**NOTE 23 (21) : QUANTITATIVE INFORMATION AND MATERIAL CONSUMPTION**

Products	Unit	2012-2013		2011-2012	
		Qty. in 000 Licenced Capacity	Qty. in 000 Installed Capacity	Qty. in 000 Licenced Capacity	Qty. in 000 Installed Capacity
<b>1) LICENCED CAPACITY AND INSTALLED CAPACITY</b>					
a) Vaccine	ML.	66,000	66,000	66,000	66,000
b) Sera	ML.	2,837	2,467	2,837	2,467
c) Pharmaceutical Products :					
Tablets & Capsules	Nos.	--	--	---	--
d) Oral Liquid	Ltrs.	NA	NA	NA	NA
e) Medical Packets	Nos.	NA	NA	NA	NA
<b>2) PRODUCTION :</b>					
a) Vaccine	ML.		44,966		38,129
b) Sera	ML.		2,111		1,357
c) Pharmaceutical Products :					
i) Tablets & Capsules	Nos.		--		--
d) Oral Liquid	ML.		68,839		21,014
e) Medical Packets	Nos.		60,699		16,757
<b>3) DETAILS OF OPENING STOCK :</b>					
a) Vaccine	ML.	816	320,49,172	3	--
b) Sera	ML.	61	13,22,749	87	22,79,364
c) Pharmaceutical Products :					
Tablets & Capsules	Nos.	3,307	9,45,545	--	--
d) Oral Liquid	ML.	32	55,725	--	--
e) Medical Packets & Others	Nos.			--	--
			<b>343,73,191</b>		<b>22,79,364</b>
<b>4) DETAILS OF CLOSING STOCK :</b>					
a) Vaccine	ML.	3,962	1735,37,512	816	320,49,172
b) Sera	ML.	114	62,60,132	61	13,22,749
c) Pharmaceutical Products :					
Tablets & Capsules	Nos.	--	--	--	--
d) Oral Liquid	ML..	1,773	3,43,710	3,307	9,45,545
g) Medical Packets	Nos.	68	1,02,695	32	55,725
			<b>1802,44,049</b>		<b>343,73,191</b>

**Notes :**

1. The Units mentioned in the Industrial Licence have been converted to synchronise with units in which a product is produced and sold.
2. Installed capacity is as certified by the management on which the Auditors have relied, being a technical matter.
3. Quantity of sales include free samples and those packed in Medical Kits sold during the year.


**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED**
**HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.**

(Amount in Rs.)

Products	Unit	2012-2013		2011-2012	
		Qty. in 000	Amount	Qty. in 000	Amount
<b>5) Turnover :</b>					
a) Vaccine	ML.	41,820	24690,28,776	37,317	15318,61,209
b) Sera*	ML.	2,058	594,37,892	1,383	345,57,205
c) Pharmaceutical Products :					
Tablets & Capsules	Nos.	--	--	--	--
d) Oral Liquid	ML.	70,373	88,56,570	17,707	4,83,407
e) Medical Packets & Other	Nos.	60,663	1192,63,113	16,725	383,16,380
			<b>26,565,86,351</b>		<b>16052,18,201</b>
<b>6) Raw Materials Consumed :</b>					
1) Vitamins	Kg.	0.60	1,185	5.68	16,482
2) Basic Chemicals	Kg.	2,443.34	3,18,704	807.13	2,51,403
3) Chemicals (imported)	ML.	50,53,220.00	15549,76,678	43,35,918.00	11636,23,186
4) Chemicals Solid	Kg.	83,755.40	61,54,083	40,319.27	34,93,011
5) Chemicals Liquid	Ltr.	841.32	2,54,035	3,577.56	1,44,122
5) Chemicals Liquid	ML.	94,530.00	30,352	75,501.00	9,709
6) Oil	Ltr.	--	--	--	--
6) Other items			1063,81,150	--	224,74,016
			<b>16681,16,187</b>		<b>11900,11,929</b>
<b>7) Consumption of Raw Materials &amp; packing Materials :</b>					
		Percentage	Amount (Rs.)	Percentage	Amount (Rs.)
a) Raw materials :					
Imported		93.22	15549,76,678	97.78	11636,23,186
Indigenous		6.78	1131,39,509	2.22	263,88,743
		<b>100.00</b>	<b>16681,16,187</b>	<b>100.00</b>	<b>11900,11,929</b>
b) Packing Materials :					
Imported		41.25	640,29,660	41.11	485,44,350
Indigenous		58.75	917,39,170	58.89	691,52,409
		<b>100.00</b>	<b>1557,68,830</b>	<b>100.00</b>	<b>1176,96,759</b>
<b>8) Other Additional Information :</b>					
1) C.I.F. Value of Imports :					
Raw materials / Packing Materials/ Lab Chemicals			17090,34,865		12228,33,130
2) Expenditure in Foreign Currency Professional fees / Membership fee / Inspection charges			52,30,124		--
3) Earning in Foreign Exchange : FOB Value of Exports			17426,52,579		1660,17,407

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

- |   |   |  |
|---|---|--|
| 1. Name of the Subsidiary Company   | : | HAFFKINE AJINTHA<br>PHARMACEUTICALS LTD.           |
| 2. Financial year ended on  | : | 31st March, 2013                                   |
| 3. Status of the Subsidiary held by the<br>company on the above date  |   |  |
| (a) Number and face value   | : | 13,650 Equity Shares of<br>Rs. 100 each fully paid |
| (b) Extent of holding   | : | 100%   |
| 4. Net aragate amount of profit / (loss) of the<br>Subsidiary Company not dealt in the<br>holding company's account<br>Profit/(Loss) before the tax<br>(subject to approval of the Board)   | : | (Rs. 1,69,31,460)                                  |
| (I) For previous financial year ended<br>31 <sup>st</sup> March 2012<br>Profit/(Loss) before the tax  | : | (Rs. 2,12,31,869)                                  |
| 5. Net aggregate amount of profit/(loss) of the<br>Subsidiary Company dealt with in the<br>Holding Company's account<br>Profit/(Loss) before the tax.   | : | Nil  |
| (I) For previous financial year ended<br>31st March 2012<br>Profit/(Loss) before the tax.   | : | Nil  |
| 6. Changes in the holding Company's<br>interest in the subsidiary between the<br>end of the holding Company's<br>financial year   | : | NOT APPLICABLE                                     |
| 7. Material change which have occurred<br>Between the end of the aforesaid financial<br>year of the subsidiary and the end of the<br>holding Company's financial year in respect<br>of fixed assets, investments, money lent<br>and moneys borrowed (other than meeting<br>current liabilities) | : | NOT APPLICABLE                                     |