HAFFKINE BIO-PHARMACEUTICAL CORPORATION LIMITED

(A Government of Maharashtra Undertaking)

Acharya Donde Marg, Parel, Mumbai - 400 012.

Service to Mankind

FORTIETH ANNUAL REPORT

2013-2014

HAFFKINE BIO-PHARMACEUTICAL CORPORATION LTD.

(A Government of Maharashtra Undertaking)

BOARD OF DIRECTORS

MANAGING DIRECTOR

MRS. SEEMA VYAS

DIRECTORS

MRS. MEDHA GADGIL

MRS. SUJATA SOUNIK

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

ADJOURNED FORTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Adjourned Fortieth Annual General Meeting of **HAFFKINE BIO-PHARMACEUTICAL COPRPORATION LTD.** will be held at the Medical Education & Drugs Department, Government of Maharashtra, 9th Floor, G.T. Hospital Campus, L.T. Marg, Mumbai - 400 001 on Friday, the 22nd July, 2016 at 12.00 noon to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 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 : 22nd July, 2016

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)

NOTICE

FORTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fortieth Annual General Meeting of **HAFFKINE BIO-PHARMACEUTICAL COPRPORATION LTD.** will be held at the Registered Office of the Company at Haffkine Institute Compound, Acharya Donde Marg, Parel, Mumbai - 400 012, on Monday, the 28th September, 2015 at 12.00 noon to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 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 : 28th Sep. 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 40th ANNUAL REPORT, alongwith the audited Statement of Accounts of the Company for the year ended 31st March, 2014, 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 31.3.2014 in comparison with the earlier years are given below :-

(Rs. in Lakh)

	2011-2012	2012-2013	2013-2014
A. SALES	16052	26566	31570
B. PROFIT / (LOSS) BEFORE TAX	(643)	3857	5359
C. NET PROFIT / (LOSS)	(746)	2713	2114

3. SALES TURNOVER

During the year 2013-2014, the Company achieved a sales turn over of ₹ 31570 lakh (previous year ₹ 26566 lakh) and earned a net Profit of ₹ 2114 Lakh as compared with the net loss of 2713 lakhs earned during the previous year.

The comparative figures of sales turnover are furnished below :-

(Rs. in Lakh)

PRODUCTS	2011-2012	2012-2013	2013-2014
A. VACCINES (ml)	15319	24690	29786
B. SERA (ml)	345	594	1576
C. INJECTABLES (ml)	--	--	--
D. ORAL LIQUID (ml)	-	--	190
E. PHARMA & OTHERS (TABLETS, CAPSULES & MEDICAL PACKETS) (Nos.)	383	1192	19
TOTAL	**16047**	26476	31571

4. PRODUCTION

The value of production achieved during the year ended 31.3.2014 was ₹ 19840 lakh (Previous year ₹ 21984 lakh). The comparative figures of production are furnished below:-

(Qty. in Lakh)

PRODUCTS	2011-2012	2012-2013	2013-2014
A. VACCINES (ML)	381.29	449.66	381.22
B. SERA (ML)	13.57	21.11	27.90
C. INJECTABLES (ML)	--	--	--
D. ORAL LIQUID (LITRES)	210.14	688.39	1241.87
E. MEDICAL PACKETS	167.57	606.99	14.00

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 31.3.2014, the cumulative Reserves and Surplus were ₹. 6570 lakh as against ₹.4456 lakh as on 31.3.2013. The net worth of the Company was ₹.7440 lakh as on 31.3.2014 as against ₹.5326 lakh as on 31.3.2013.

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 31.3.2014, the Company had a total strength of 514 employees including 88 officers as against the total strength of 513 employees including 87 officers as on 31.3.2013.

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 30% 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

The term of the Board was till 01st June 2013 and the following Directors were on the Board of the Company as on that date :

1.	Dr. R. D. Bapat	Chairman
2.	Principal Secretary, Medical Education & Drugs Dept.	Director
3.	Additional Chief Secretary Public Health Department	Director
4.	Director, Med. Education & Research	Director
5.	Director, Central Research institute, Kasauli	Director
6.	Commissioner, E.S.I.S.	Director
7.	Dr. (Shri.) Jayesh R. Bellare	Director
8.	Dr. (Smt.) Sushma Chaphalkar	Director
9.	Director H.I.T.R.T.	Director
10.	Managing Director, HBPCL	Director
11.	Rep. of I.D.B.I.	Director
12.	Representative of recognised HBPCL Employee's Union	Director

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 : 22nd July, 2016

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. :

		Current Year 2013-14	Previous Year 2012-2013
Electricity	Units (Thousands)	2054.48	1959.90
(Purchased)	Total Amt. (Rs. in '000)	23488.37	22809.61
	Cost/Unit (Rs.)	11.43	11.64
Furnace Oil	Qty. (K.Ltr.)	135.60	133.395
	Total Amt. (Rs.in'000)	47254	6103.675
	Average rate Rs./ KL	6103675	45756

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: ₹.**16627** lakh on import of raw material. Earned : ₹.**29786** lakh on export sale.

For and on behalf of the Board of Directors

MUMBAI

Dated : 22nd July, 2016

MANAGING DIRECTOR

ANNEXURE - II

ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2013-2014

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.

Sr.No.	AUDITOR'S PARA	COMPLIANCE
1)	Current Assets: Cash & Cash Equivalent (Note-15): Rs.110.63 crore 1. The Company has shown negative balance of Rs. 1.66 crore in the cash credit account. The negative balance in the cash credit accounts should have been shown under the head Short Term Liability. This has resulted in understatement of "Current Assets" and understatement of "Short Term Borrowing" by Rs. 1.66 crore.	Negative balance in Cash Credit account should have been shown under the Short Term Liability instead of Current Assets. Henceforth, the due care will be taken to allocate the amount accordingly.
2)	2. The above includes 24 cheques amounting to Rs. 13.57 lakh which had been issued but not realized (more than three months as on 31/04/2014). Since the cheques have become stale, the entries should have been reversed. Similarly three cheques worth Rs.3.21 lakh were deposited but not cleared (more than three months as on 31/04/2014). Omission to carry out the necessary adjustment has resulted in understatement of ''Liability" by Rs. 13.57 lakh, understatement of "Deposit" by Rs.3.21 lakh and overstatement of ''Cash and Bank Balance" by Rs. 10.36 lakh.	The compliance in this respect has already been given to the A.G.Office and accordingly the issue related to the Creditors cheuqes which were stale after 6 months amounting to Rs. 10,36,167/- have been reversed in the month of April,2014 and the matter has been resolved. Towards the 3 cheques which were deposited in our bank account for Rs.3,20,506/-,were inadvertently credited to some others account by the Canara Bank. Subsequently, an amount of Rs.3,21,506/- along with the interest has been credited by the bank and accordingly matter has been settled. However, due care will be taken henceforth.

3)	Non-Current Liabilities: i) Longterm borrowings (Note 3) Rs.4.70 crore. 3. The above include Rs.66.73 lakh towards the interest accrued and due on loan from Government of Maharashtra outstanding since 2003-04. As per available records neither is any loan outstanding from Government of Maharashtra, nor has the said interest been demanded by the Government of Maharashtra till date. This being a very old item now the Company should have written back the “interest on loan” in its books of accounts. Omission to do has resulted in overstatement of “Non-current Liabilities” and understatement of “Miscellaneous Income” and consequently Profit by Rs.66.73 lakh.	We have made provision of accrued interest on loan received from Govt, of Maharashtra since 1996-97 and the said amount has been shown in the Balance Sheet towards Long Term Borrowings and has been reflecting in our financial statement since long time. Towards the same, the CAG Auditor while their Balance Sheet Audit for the FY.2013-14 has commented to write back the said amount vide their letter No. PAG/LEP-111/VALEP KHAND- 1 /HAFFKINE B10/2013-14/747 dt.09.01.2016. Hence in lieu of the same, we propose to write-back the same by placing in the Board Meeting.

For and on behalf of the Board of Directors

MUMBAI
Dated : 22nd July, 2016

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 2014.

The preparation of Financial Statements of **Haffkine Bio Pharmaceutical Corporation Limited, Mumbai** for the year ended **31 March 2014** 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 report dated 7 August 2015.***

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b)of the Companies Act, 1956 of the Financial Statements of **Haffkine Bio Pharmaceutical Corporation Limited,** Mumbai for the year ended **31 March 2014.** This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view arc necessary for enabling a better understanding of the Financial Statements and the related Audit Report:

COMMENT ON FINANCIAL POSITION
Balance Sheet
Assets
Current Assets
Cash & Cash Equivalent (Note- 15) : ₹ 110.63 crore

1. The Company has shown negative balance of ₹ 1.66 crore in the cash credit account. The negative balance in the cash credit account should have been shown under the head Short Term Liability.

   This has resulted in understatement of "Current Assets" and understatement of "Short Term Borrowing'' by ₹ 1.66 crore.

2. The above includes 24 cheques amounting to ₹ 13.57 lakh which had been issued but not realized (more than three months as on 31/04/2014). Since the cheques had become stale, the entries should have been reversed. Similarly three cheques worth ₹ 3.21 lakh were deposited but not cleared (more than three months as on 31/04/2014).

Omission to carry out the necessary adjustments has resulted in understatement of "Liability" by ₹13.57 lakh, understatement of "Deposit' by ₹ 3.21 lakh and overstatement of "Cash and Bank Balance" by ₹ 10.36 lakh.

Non-Current Liabilities
i) Long-term borrowings (Note 3) ₹ 4.70 crore

3. The above includes ₹ 66.73 lakh towards the interest accrued and due on loan from Government of Maharashtra outstanding since 2003-04. As per available records neither is any loan outstanding from Government of Maharashtra, nor has the said interest been demanded by the Government of Maharashtra till date.

This being a very old item now the Company should have written back the "interest on loan" in its books of accounts. Omission to do so has resulted in overstatement of "Non-current Liabilities" and understatement of "Miscellaneous Income" and consequently Profit by ₹ 66.73 lakh.

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

MUMBAI
Dated : 19, Jan. 2016

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, 2014 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

a. Non-verification of fixed assets aggregating to Rs. 154,649,926 (written down value) physically as per schedule 10 as explained in annexure prepared in terms of the said Order attached to this report.

b. Depreciation on Plant and Machinery is provided on the basis of "Written Down Value Method" in terms of section 205(2)(a) of the Companies Act, 1956 at the rates specified in Schedule XIV to the said Act. Note 6 of the Schedule XIV requires extra depreciation charge on the basis of number of days actually worked for extra secondand / or third shift. The Company was not providing for the extra shift depreciation as required by Schedule XIV of the Companies Act, 1956 from the year 2006-07 to 2012-13. The Company has provided for the arrears of such depreciation of Rs.24,480,475 (on Plant & Machineries for Rs.21,843,051 and on Electrical Fittings & Fixtures for Rs.2,637,424). Thus depreciation is overstated by Rs.24,480,475 and Profit (before Tax) is understated by Rs.24,480,475 for the year under audit.

c. 'Fixed Assets' includes Capital Work-In-Progress of Rs.5,92,81,751 as on 31.03.2014 representing 'Pharma Project' which was supposed to be completed and put to use by April 2009. The Management has opined that there is no impairment of the said asset viz. Capital Work-In-Progress of the Pharma Project due to obsolescence or otherwise. We apprehend that there is likelihood of such impairment of the said asset because of its nature as well as by sheer efflux of considerable time. We are,however, unable to comment on any such loss, if any, in absence of expert opinion.

d. The Company has been making the provision for the rent payable to Public Works Department (PWD) for the premises located at Parel, Mumbai. The PWD vide their letter no. Ja. ka. Purva/1262/2014 dated 19.09.2014 has increased/ revised the rent and demanded a total outstanding rent of Rs.82,01,49,693 as on 31.03.2014. The Company has made the differential provision of rent of Rs.54,10,74,234 including Rs.96,872,400 for the year under audit and Rs.44,42,01,834 for the previous years.

e. 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.

f. 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, 2014;

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 in terms of Section 227 (4A) 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 those 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 13th September, 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, 2015

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.

d) Internal control in respect of maintenance of live-stock needs to be strengthened.

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) 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.108,225,073/-).

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 in respect ot purchase of inventories and for the sale of goods.

In respect of fixed assets, the Company has not maintained proper records showing full particulars including quantitative details and location of its fixed assets and as explained to us, the assets have not been physically verified by the management and discrepancies between inventory of assets as compared to the books records cannot be ascertained in the absence of updated fixed assets register. There is a continuing failure on the part of Company to correct these major weaknesses.

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 and nature of business, we are of the opinion that the scope of internal audit report should be broadened to cover areas such as monitoring of internal controls, examination of financial and operation information, review of opening activities, review of compliance with laws and regulations, risk management and governance.

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, and information and explanation provided to us the dues outstanding in respect of Income Tax, Excise Duty and Sales Tax on account of dispute as on date of audit report is 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	9,557,065 @	A.Y. 2007-08	Income Tax Matter restored back to The Income Tax Officer by the Appellate Tribunal
The VAT Act, 2002	Value Added Tax	3,577,588 $	A.Y. 2008-09	Joint Commissioner Appeal
The CST Act,1956	Central Sales Tax	2,547,035 #	A.Y. 2008-09	Joint Commissioner Appeal
The VAT Act, 2002	Value Added Tax	6,248,663 *	A.Y. 2011-12	Joint Commissioner Appeal
The CST Act,1956	Central Sales Tax	21,636,742 &	A.Y. 2011-12	Joint Commissioner Appeal

However, subsequent to the balance sheet date, The Company has deposited
@ Rs. 4,800,000, $ Rs. 700,000, # Rs. 200,000 and * 1,000,000 & 20,000 with the appropriate authorities

x. The Company does not have any accumulated losses at the end of the financial year. It has not incurred any cash losses during the year under audit.

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 :

Significant Accounting Policies and Notes to Accounts forming part of Balance Sheet as at 31 March 2014 and Statement of Profit and Loss for the year ended on that date.

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

d 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 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 2014

			2014	2013
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit Before tax		**534,897,535**	**385,687,582**
	Adjustments for			
	Depreciation		57,712,980	32,944,741
	Profit / Loss on sale of fixed Assets			
	Interest Expense		4,727,683	79,185,454
	Interest Income		(47,757,653)	(12,358,701)
	Provision for doubtful debts		-	--
	Exchange difference (Net)			
	Operating Profit before Working Capital Changes		**549,580,545**	**485,459,076**
	Adjustment for			
	Working Capital Changes			
	(Increase)/Decrease in Inventories		(53,216,608)	(187,173,801)
	(Increase)/Decrease in Trade and Other Receivables		506,111,700	(170,599,019)
	Increase/(Decrease) in Trade and Other Payables		357,355,070	4,457,826
			1,359,830,706	**132,144,082**
	Less: Taxes Paid		(229,987,529)	(40,545,670)
	Net Cashflow from operating activities	**(A)**	**1,129,843,177**	**91,598,412**
(B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**			
	Purchase of Fixed Assets (including capital work-in-progress)		(35,841,532)	(34,249,330)
	Sale of Fixed Assets		--	--
	Interest received		**37,743,226**	**8,814,464**
	Cashflow from Investing activities	**(B)**	**1,901,694**	**(25,434,866)**
(C)	**CASH FLOW FROM FINANCIAL ACTIVITIES**			
	Net Increase / (Decrease) in working capital loan		(160,178,939)	57,352,184
	Loan given to Subsidiary		--	(6,800,000)
	Interest paid		(4,718,000)	(79,175,771)
	Cash flow used in financing activities	**(C)**	**(164,896,939)**	**(28,623,588)**
	Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)		966,847,933	37,539,958
	Cash and Cash equivalent at the beginning of the year		139,409,072	101,869,114
	Cash and Cash equivalent at the end of year		**1,106,257,006**	**139,409,072**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

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

(Amt. in Rs.)

	2014	2013
2. Cash and Cash equivalents include the following		
Cash in Hand	392,765	272,679
Balance with Scheduled Bank :		
In Current Accounts	6,533,101	9,681,466
In Deposit Accounts	1,099,310,674	129,452,701
Postal Stamps on Hand	20,466	2,226
TOTAL :	**1,106,257,006**	**139,409,072**

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, 2015

Seema Vyas
Managing Director

Medha Gadgil
Director

S.S. Trimbakkar
Manager
(Accounts)

BALANCE SHEET AS AT 31ST MARCH 2014

(Amt. in Rs.)

	Particulars	Note No.	As at 31.3.2014	As at 31.3.2013
A	EQUITY AND LIABILITIES			
1.	**Shareholders' Funds**			
	(a) Share Capital	1	87,066,000	870,66,000
	(b) Reserves and Surplus	2	657,026,287	4456,16,929
			744,092,287	**5326,82,929**
2.	**Non-current liabilities**			
	(a) Long-term borrowings	3	46,962,787	469,53,104
	(b) Long-term Provision	4	44,450,598	373,61,411
			91,413,385	843,14,515
3.	**Current Liabilities**			
	(a) Short-term borrowings	5	--	5399,88,478
	(b) Trade Payables	6	1,472,885,676	7164,05,203
	(c) Other current liabilities	7	13,348,153	155,50,774
	(d) Short-term provisions	8	226,209,295	1403,99,253
	(e) Deffered Tax Libility (Net)	9	--	31,58,194
			1,712,443,124	14155,01,902
		Total	**2,547,948,796**	**20324,99,346**
B	**ASSETS**			
1	**Non-Current assets**			
	(a) Fixed assets			
	(i) Tangible assets	9	154,649,926	196,620,472
	(ii) Capital work-in-progress		59,281,751	39,182,654
	(b) Non-current investments	10	4,365,000	4,365,000
	(c) Defferred tax assets (net)	11	13,353,630	
	(d) Long-term loans and advances	12	8,202,654	8,202,654
			239,852,961	248,370,780
2.	**Current Assets**			
	(b) Inventories	13	646,073,208	592,856,600
	(c) Trade receivables	14	397,465,686	902,849,334
	(d) Cash and Cash equivalents	15	1,106,257,006	139,409,072
	(e) Short-term loans and advances	16	158,299,935	149,013,560
	(f) Other Current assets		--	--
			2,308,095,835	1,784,128,566
		Total	**2,547,948,796**	**2,032,499,346**
	The significant accounting policies & notes to the financial statements from an integral part of the financial statements	**23**		

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

J.R. Chauhan
Partner- M.No. 118205
Mumbai : 7 Aug, 2015

For and on behalf of Board

Seema Vyas	**Medha Gadgil**	**S.S. Trimbakkar**
Managing Director	Director	Manager (Accounts)

Statement of Profit and Loss for the year ended 31 March, 2014

(Amt. in Rs.)

	Particulars	Note No.	As at 31.3.2014	As at 31.3.2013
1	Revenue from operations	17	3,158,354,497	2,657,118,641
	Less Excise duty		1,282,820	532,290
	Revenue from operations (net)		3,157,071,677	2,656,586,351
2.	Other Income	18	113,652,047	32,254,986
3.	**Total revenue (1+2)**		**3,270,723,724**	**2,688,841,337**
4.	**Expenses**			
	(a) Cost of materials consumed	19	1,694,163,552	1,823,885,017
	(b) Purchase of finished goods	19(b)	-	-
	(c) Changes in inventories of finished goods andwork-in-progress	19(c)	160,217	(111,855,162)
	(d) Employee benefits expense	20	237,814,994	239,063,037
	(e) Finance cost	21	16,319,346	100,696,054
	(g) Depreciation and amortisation expense	9	57,712,980	32,944,741
	(h) Other expenses	22	729,655,100	218,420,068
Total expenses			**2,735,826,189**	**2,303,153,755**
5.	**Profit before tax (3-4)**		**543,897,535**	**385,687,582**
6	Tax expense			
	(a) Current tax expense for current year		340,000,000	103,500,000
	(c) tax adjustment earlier years			
	(d) Net current tax expense		340,000,000	103,500,000
	(e) Defferred tax		16,511,823	10,921,403
7.	Profit after Tax (5-6)		**211,409,358**	271,266,179
8.	Appropriation			
	Tax on Proposed Dividend		--	
	No of shares		87,066	87,066
9	Earnings per share (of 1000/- each)			
	(a) Basic and Diluted		2,428	3,116

The significant accounting policies & notes to the financial statements from an integral part of the financial statements **23**

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, 2015

Seema Vyas
Managing Director

Medha Gadgil
Director

S.S. Trimbakkar
Manager
(Accounts)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SHARE CAPITAL

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	Rs.	No. of Shares	Rs.
(a) AUTHORISED :				
Equity Shares of Rs. 1,000 Each	1,00,000	100,000,000	1,00,000	100,000,000
(b) ISSUED, SUBSCRIBED AND FULLY PAID UP :				
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
TOTAL :	**87,066**	**87,066,000**	**87,066**	**87,066,000**

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

name of the Share Holder	As at 31 March 2014		As at 31 March 2013	
	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	As at 31 March 2014		As at 31 March 2013	
	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	**87,066**	**--**	**87,066**	**--**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. RESERVES AND SURPLUS

PARTICULARS	31.3.2014 (Rs.)	31.3.2013 (Rs.)
(a) CAPITAL RESERVE :		
Opening Balance	1,809,967	1,809,967
Add : Additional of revaluations during the year		--
Less : Utilised for set off against depreciation		
Closing Balance	1,809,967	1,809,967
(b) General Reserve :		
Opening balance	443,806,962	172,540,783
add : Transferred loss in Statement of Profit and Loss	211,409,358	271,266,179
Less : Utilised / transferred during the year for	--	--
Closing Balance	**655,216,321**	**443,806,962**
C) Profit and loss Account		
Opening Balance	--	--
Add : current years profit	--	--
Less : Utilised / transferred during the year for	--	--
Closing Balance		
TOTAL	**657,026,287**	**445,616,929**

3. LONG-TERM BORROWINGS

PARTICULARS	31.3.2014 (Rs.)	31.3.2013 (Rs.)
From Govt of Maharashtra (Refer note No. 23 (13a))	39,781,340	397,81,340
Interest accured and due on loan from Govt. of Maharashtra*	6,673,480	6,673,480
From Govt of Maharashtra (Fisheries Department)**	148,966	148,966
Interest accrued and due on above	359,001	349,318
TOTAL	**46,962,787**	**469,53,104**

* 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 today.

4. LONG-TERM PROVISION

PARTICULARS	31.3.2014 (Rs.)	31.3.2013 (Rs.)
Provision for Leave Encashment	44,450,598	37,361,411
TOTAL	**44,450,598**	**37,361,411**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. SHORT -TERM BOROWINGS

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
* Loans repayable on demand from banks (Secured)	--	5399,88,478
TOTAL	**--**	**5399,88,478**

* 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 Mecinery and other fixed assets at Pune and Mumbai location.

6. TRADE PAYABLE

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Trade Payables		
Acceptances		
(i) Payables for goods	73,520,041	97,948,081
(ii) Payable for expenses	1,399,365,635	618,457,122
TOTAL	**1,472,885,676**	**716,405,203**

7. OTHER CURRENT LIABILITIES

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(a) Current liabilities	5,736,881	68,98,683
(b) Other payables		
(i) Statutory of Excise duty on Finished goods	1,500	20,005
(ii) Deposit from Distributors and others	7,609,772	86,32,086
Total	**13,348,153**	**155,50,774**

8. SHORT-TERM PROVISIONS

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(a) Provision		
Provision for expenses		
(i) Gratuity	21,906,658	461,09,087
(ii) Dividend	10,447,920	104,47,920
(iii) Dividend Tax on above	-	--
Sub-Total (a)	32,354,578	565,57,007
(b) Provision for Tax		
(i) Provision for Income Tax	528,682,583	1886,82,583
(ii) Provision for fringe Benefit Tax	801,616	8,01,616
Sub-Total	529,484,199	1894,84,199
Less-Advance Tax and TDS	335,629,482	1056,41,953
Sub Total (b)	193,854,717	838,42,246
TOTAL	**226,209,295**	**1403,99,253**

10. FIXED ASSETS (AT COST)

Schedule forming part of accounts

(Amt. in Rs.)

DESCRIPTION OF ASSETS	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01-04-2013	Additions	Deletion	AS AT 31-03-2014	UP TO 31.03.2013	FOR THE YEAR	Deletion	UP TO 31.03.2013	AS AT 31-03-2014	AS AT 31-03-2013
Buildings	10.00%	109,048,357	--		109,048,357	60,596,130	4,845,223		65,441,353	43,607,004	48,452,227
Plant and Machinery	13.91%	90,165,089	87,739		90,252,828	50,131,777	5,570,836		55,702,613	34,550,215	-
	20.87%	52,351,502	2,254,469		54,605,971	36,971,691	6,119,116		43,090,807	11,515,164	-
	27.82%	112,367,559	915,491		113,283,050	62,565,165	27,415,013		89,980,178	23,302,872	-
		254,884,150	**3,257,699**		**258,141,849**	**149,668,633**	**39,104,965**		**188,773,598**	**69,368,251**	**105,215,518**
Electrical Fittings and Fixtures	13.91%	10,116,665	50,095		10,166,760	5,313,620	678,348		5,991,968	4,174,792	--
	20.87%	11,141,510	--		11,141,510	8,585,097	1,335,607		9,920,704	1,220,806	--
	27.82%	11,822,020	--		11,822,020	8,126,300	2,200,206		10,326,506	1,495,514	--
		33,080,195	**50,095**		**33,130,290**	**22,025,017**	**4,214,161**		**26,239,178**	**6,891,113**	**11,055,178**
Air Conditioning Plant including AC's	13.91%	38,377,327	6,269,053		44,646,380	29,348,969	1,309,779		30,658,748	13,987,632	9,028,358
Furniture and Fixtures	18.10%	13,460,431	258,580		13,719,011	7,804,277	1,064,817		8,869,093	4,849,916	5,656,154
Office Equipments	13.91%	3,327,261	1,646		3,328,907	2,850,722	67,933		2,918,655	410,252	476,539
Electronic Equipments	40.00%	19,849,371	1,144,812		20,994,183	15,149,158	2,153,912		17,303,070	3,691,112	4,700,213
Transport Equipments	20%	1,367,442	--		1,367,442	922,452	88,998		1,011,450	355,992	444,990
Laboratory Equipments	13.91%	5,069,978	--		5,069,978	4,399,800	93,222		4,493,021	576,956	670,178
Vehicles	25.89%	5,104,824	1,103,305		6,208,129	2,563,521	696,290		3,259,812	2,948,318	2,541,302
Livestock	40%	20,527,846	3,657,245		24,185,091	12,476,315	4,024,437		16,500,752	7,614,339	8,051,531
Capital Expenditure on R. & D.	15%	2,086,806	--		2,086,806	1,758,522	49,243		1,807,765	279,041	328,284
Total		**506,183,988**	**15,742,435**		**521,926,423**	**309,563,516**	**57,712,980**		**367,276,496**	**154,649,926**	**196,620,472**
Previous Year		**480,860,980**	**25,323,003**		**506,183,983**	**276,618,775**	**32,944,742**		**309,563,517**	**196,620,466**	
			15,742,435		**521,926,423**						

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
TOTAL	**1,64,739**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. DEFFERED TAX ASSET (NET)

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Components of Deferred Tax Asset / (Liability) (a) Deferred Tax Asset / (Liability)	13,353,630	(3,158,194)
Total	**13,353,630**	**(3,158,194)**

11. NON CURRENT INVESTMENT

PARTICULARS	As at 31.3.2014 (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	4,365,000	4,365,000
Total	**43,65,000**	**43,65,000**

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

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Security Deposits, Deposit for Sales	340,550	340,550
Statutory Deposits	7,862,104	7,862,104
Total	**8,202,654**	**8,202,654**

13. INVENTORIES

(At lower of cost or net realisable value)
(As taken, valued and certified by the Management)

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
a. Raw Materials	298,428,006	234,126,890
b. Packing Materials	25,690,990	36,985,426
c. Work in Progress	238,854,434	138,687,563
d. Finished Goods	79,916,960	180,244,049
e. Stores and Spares	3,182,818	2,812,672
TOTAL	**646,073,208**	**592,856,600**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14. TRADE RECEIVABLE (Unsecured, Considered good)

PARTICULARS	As at 31.3.2014 (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	11,829,496	11,209,008
Less than six months	386,929,722	892,933,858
(b) Other Trade receivables		
Sub Total	398,759,218	904,142,866
Less	-	-
Provision for Bad and Doubtful debts	1,293,532	1,293,532
Total	**397,465,686**	**902,849,334**

15. CASH AND BANK BALANCES

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
1. Cash & Cash equivalents		
(a) Cash on Hand	392,765	2,72,679
(b) Postage Stamp on Hand	20,466	2,226
2. Other bank balances		
(b) Balances with banks		
(i) In current accounts	6,533,101	96,81,466
(ii) in deposit A/c	1,115,964,265	1294,52,701
(iii) in Cash Credit A/c	(16,653,591)	--
Total	**1,106,257,006**	**1394,09,072**

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

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(1) Loan to Haffkine Ajintha Pharmaceuticals Ltd. A 100% Subsidiary Company	108,225,073	108,225,073
(2) Loans and advances to employees	838,805	966,032
(4) Other Current Assets	20,804,729	11,720,641
(3) Balance with Government authorities		
(a) Balance with Excise Authorities	527,785	313,632
(b) Vat Receivable	6,915,120	6,799,759
(c) Others	20,988,423	20,988,423
Total	**158,299,935**	**149,013,560**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17. REVENUE FROM OPERATIONS

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
1. SALES OWN PRODUCTION		
(a) Sale of Products (Gross)	3,158,354,497	2,657,118,641
Less		
(b) Excise Duty	1,282,820	532,290
Sale of products (net)	3,157,071,677	2,656,586,351
2. RESALE	--	--
Total	**3,157,071,677**	**2,656,586,351**

18. OTHER INCOME

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(a) Interest Income	47,757,653	1,2358,701
(b) Excise duty on finished goods	18,505	35,029
(c) Miscellaneous income	11,118,118	4,465,686
(d) Other sales	2,050,808	2,598,965
(e) Sundry Balances written back / recovered	--	79,345
(f) Bad Debts Recovered	716,013	295,056
(g) Exchange gain / loss on sale / Purchases of goods	51,990,950	–
(h) Insurance on sales	--	12,422,204
Total	**113,652,047**	**32,254,986**

19(a). COST OF MATERIALS CONSUMED

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
RAW MATERIAL CONSUMED		
Opening Stock	234,126,890	1726,74,701
Add Purchases	1,605,575,732	17295,68,376
	1,839,702,622	19022,43,077
less Closing Stock	298,428,006	2341,26,890
Total	1,541,274,616	16681,16,187
PACKING MATERIAL CONSUMED		
Opening Stock	36,985,426	238,10,058
Add Purchases	141,594,500	1689,44,198
	178,579,926	1927,54,256
less Closing Stock	25,690,990	369,85,426
Total	**152,888,936**	**1557,68,830**
TOTAL CONSUMPTION	**1,694,163,552**	**18238,85,017**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19(b). PURCHASE - FINISHED GOODS

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Purchase of finished goods	--	--
	--	--

19(c). (Increase) / Descrease in WIP / Finished Goods

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Inventories at the end of the year		
Work in progress	238,854,434	138,687,563
Finished goods	79,916,960	180,244,049
Resale		
	318,771,394	318,931,612
Inventories at the beginning of the year		
Work in progress	138,687,563	172,703,259
Finished goods	180,244,048	34,373,191
Resale		
	318,931,611	207,076,450
Net (increase) / decrease	**160,217**	**(111,855,162)**

20. Employee benefits expenses

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(a) Salaries and wages and bonus	186,259,255	195,000,496
(b) Managing Directors Remuneration	2,634,557	1,601,186
(c) Contribution to Provident fund and others	19,335,623	17,295,936
(d) Staff Welfare Expenses	7,865,681	7,187,836
(e) Gratuity	21,719,878	17,977,583
Total	**237,814,994**	**239,063,037**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. Finance Costs

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013(Rs.)
(a) Interest expenses on		
(i) Borrowings / Bank	4,378,552	791,75,771
(ii) Other	349,131	9,683
(b) Bank Charges	11,591,663	215,10,600
Total	**16,319,346**	**1006,96,054**

22. OTHER EXPENSES

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Payment to auditor (As per 22a)	213,484	1,62,922
Miscellaneous expenses (As per 22(b))	729,441,616	2182,57,146
Total	**729,655,100**	**2184,20,068**

22(a). PAYMENT TO AUDITOR

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(i) Payments to the auditors comprises (Net of service tax input credit, where applicable)		
As auditors - statutory audit	151,686	1,12,360
For Tax Audit taxation matters	61,798	50,562
For Other Services		
Total	**213,484**	**1,62,922**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22(B) MISCELLANEOUS EXPENSES

PARTICULARS	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Electricity Charges	39,523,858	36,999,992
Exchange gain or loss on sale or purchase of goods	--	7,829,627
Rent Paid	544,637,681	8,034,523
Stores and Spares Consumed	36,688,390	30,720,915
Freight	15,306,955	24,435,963
Water Charges	5,276,233	4,479,789
Security charges	8,198,533	6,880,937
Sales Promotion Expenses	397,320	1,250,254
Advertisement Expenses	693,533	1,640,283
Honorarium to Chairman	108,000	164,451
Directors sitting fee	--	9,300
Insurance Premium	1,943,134	2,793,448
Legal & professional fees	7,083,302	8,031,884
Post telegram expenses	1,268,186	1,192,813
Printing & stationery	5,349,987	5,829,206
Property Tax	5,762,631	3,075,582
Service Tax	2,621,454	--
Miscellaneous Expenses	9,717,193	7,995,183
Repairs & Maintenance of		
- Plants & Machinery	793,669	490,450
- Building	7,593,032	6,686,203
- Vehicle	196,903	292,904
- Others	8,682,924	9,421,859
Sundry Fees & Licence Fees	4,634,901	4,727,150
Conveyance / Traveling Expenses	2,571,325	2,825,053
Computer Expenses	320,406	924,889
Breakage / Damages	1,206,794	--
Sundry Balances written off	16,323,960	40,062,875
Excise duty on finished goods	--	-
Liqudited Damages	--	16,198
R & D Expenditure	2,541,312	1,445,415
Total	**729,441,616**	**218,257,146**

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 2013-2014 is Rs. 2,634,557/-.

3. **CAPITAL COMMITMENT** (Net of advances given) not provided for Rs. 34,384,230/- (Rs. 44,276,220/-)

4. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. in' 000)

Sr.	Particulars	2013-14	2012-2013
a)	Bank Guarantee Given	26,766	65,578
b)	Income Tax demand but disputed in Appeal @	9,557 (@)	9,557
c)	Total Indirect Tax demand but disputed in Appeal #	3,40,10 (#)	Nil
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 M/s. Shilp Engineering against the Claim of Rs. 78556 (in thousands) By the company	6,261 +18% Interest from 01.03.2012	7,552

The Company has deposited @ Rs. 4,800,000, # Rs. 19,20,000 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. 821,960/- (Rs. 824,054/-) 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. 51,990,950 (-Rs. 7,829,627/-)

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	**2013-14(%p.a.)**
Discount Rate (p.a.)	9.1%
Salary Escalation Rate	7.5%

Demographic Assumptions

Major Assumptions	
Mortality	Indian Assured Lives Mortality (2006-08) Ult.
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)
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	5,088,618	3,825,701	2,987,083	2,563,268
Interest Cost	4,495,327	3,901,229	2,718,485	2,278,243
Expected Return on Plan Assets	(2,918,819)	(1,611,512)	--	–
Net Actuarial (Gain)/Loss recognized in the period	15,241,532	12,002,548	8,983,364	9,476,696
Expenses recognized in the Profit and Loss Account *	21,906,658	18,117,966	14,688,932	14,318,206

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)
	2013-14	2012-13	2013-14	2012-13
Present Value of Obligation as at March 31, 2014	75,869,711	60,423,167	44,450,598	37,361,411
Fair Value of Plan Assets as at March 31, 2014	53,783,053	14,314,080	Nil	Nil
Net Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule- 11)	21,906,658	46,109,087	44,450,598	37,361,411

IV. Change in the Present Value of Obligation

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2013-14	2012-13	2013-14	2012-13
Present Value of Obligation as at April 01, 2013	60,423,167	51,108,449	37,361,411	30,562,517
Current Service Cost	5,088,618	3,825,701	2,987,083	2,563,268
Interest Cost	4,495,327	3,901,229	2,718,485	2,278,243
Benefits Paid	(9,850,603)	(10423270)	(7,599,745)	(7,519,312)
Actuarial (Gain)/Loss on Obligations	15,363,001	12,011,058	8,983,364	9,476,696
Past Service Liability	170,201			
Present Value of Obligation as at 31 March, 2014	75,689,711	60,423,167	44,450,598	37,361,411

V. Change in Fair Value of Plan Assets

(Amount in Rs.)

Particulars	Gratuity (Funded)	Gratuity (Funded)
	2013-14	**2012-13**
Fair Value of Plan Assets as at April 01, 2013	14,314,080	23,117,328
Expected Return on Plan Assets	2,918,819	1,611,512
Actuarial Gain/(Loss) on Obligations	291,670	8,510
Contributions	46,109,087	--
Adjustment to prior year contributions	--	--
Benefits Paid	(9,850,603)	(10,423,270)
Expenditure		
Fair Value of Plan Assets as at 31st March 2014	53,783,053	14,314,080

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

Notes:

(a) Amount recognized as an expense / income and included in Schedule 20 - Employee Benefit Expenses is; Gratuity expense Rs. 21,719,878/- (Rs. 21,906,658/- less Rs. 186,780/- transferred to R&D Expenditure account) and Leave Encashment expense Rs.14,574,661/- (Rs. 14,688,932/- less Rs. 114,271/-) transferred to R & D Expenditure account)

(b) The estimates of future salary increases considered in the actuarial valuation take into 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 2014 is Rs.20,473,423/- (Rs. 20,473,423/-)

10. The Auditors' remuneration of Rs. 213,484/- (Inclusive of Tax Audit Fees of Rs. 61,798/-) 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 vide its letter dated January 31st, 2011 approved the implementation of revised Pay Scales as per the VI Pay Commission for the various employees of the Company. The Company revised and implemented upward, the pay scales of certain posts subject to the approval of Government of Maharashtra (GOM). Horever, certain employees have approached the Court against the said decision of GOM and obtained a stay in the matter. However the said employees have withdrawn the case on August, 2014. Thus the actual differential provision of Rs. 1,309,862 is made as on 31.03.2014.

12. 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.

13. a) During the year 2007-08, the Food and Drugs Administration (FDA), Maharashtra issued 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 in foreseeable financial Years.

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.

14. Sundry Creditors include long outstanding rent payable aggregating to Rs.929,195,822 (Rs.383,635,372) 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).

15. 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.

Primary Segment Reporting:

(Amount in Rs.)

Particulars	*Vaccine*	*Others*	*Total*
Segment Revenue	**2,978,563,123** (2,469,028,776)	**178,508,554** (187,557,575)	**3,157,071,677** (2,656,586,351)
Segment Result	**1,166,237,372** (794,862,135)	**(203,061,880)** -218,107,461	**963,175,492** (576,754,674)
Less :			
Unallocated expenses (Net of income)			**525,610,658** (122,626,024)
Operating Profit			**437,610,658** (454,128,650)
Less :			
Interest Expenses			**16,319,346** (100,696,054)
Add:			
Interest Income			**47,757,653** (12,358,701)
Other Income			**65,894,393** (19,896,285)
Less :			
Exceptional Item			–
Profit before tax			**534,897,535** (385,687,582)
Provision for Tax (including Deferred Tax)			**323,488,177** (114,421,403)
Net Profit / (Loss)			**211,409,358** (271,266,179)
Other Information :			
Segment assets	**12,21,095,358** (1,560,983,487)	**1,313,499,809** (471,515,859)	**2,534,595,166** (2,032,499,346)
Segment liabilities	**1,657,554,654** (845,489,764)	**146,301,855** (651,168,459)	**1,803,856,509** (1,496,658,223)
Capital Expenditure	**8,401,968** (3,884,587)	**27,439,564** (30,364,740)	**35,841,532** (34,249,327)
Depreciation	**10,475,240** (6,233,460)	**47,237,740** (26,711,281)	**57,712,980** (32,944,741)

(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	179,692,974	914,466,062
Export	2,978,661,523	1,742,652,579
Total	**3,158,354,497**	**2,657,118,641**

Geographical Assets : (Amount in Rs.)

	Carrying Amount of Segment Assets		Addition to Fixed Assets and Intangible assets	
	Current Year 2013-14	Previous Year 2012-13	Current Year 2013-14	Previous Year 2012-13
Within India	2,534,595,166	2,032,499,346	35,841,532	34,249,327
Export	Nil	Nil	Nil	Nil
Total	**2,532,499,346**	**2,032,499,346**	**35,841,532**	**34,249,327**

16. 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.

17. Deferred Tax :-

The Components of Deferred Tax Balances are as under :

(Amount in Rs.)

Particulars	31st March 2014	31st March 2013
Deferred Tax Assets		
Retirement Benefits	30,977,276	21,121,588
Other Fiscal Disallowance	27,226,307	13,275,683
Sub total	**58,203,583**	**34,397,271**
Deferred Tax Liabilities		
Fiscal allowance on fixed assets	11,199,901	12,158,207
Other Fiscal allowances	33,650,052	25,397,258
Sub total	**44,849,953**	**37,555,465**
Deferred Tax Assets (net)	**13,353,630**	**(3,158,194)**

18. Earnings Per Share

Particulars	March 31, 2014	March 31, 2013
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.)	211,409,358	271,266,179
Basic and diluted earnings for Equity share (in Rs.)	2,428	3116

19. 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 were not provided the extra shift depreciation as required by schedule XIV of the Companies Act, 1956 from the year 2006-07 to 2012-13. The Company has provided the arrears of depreciation of Rs. 24,480,475 (on Plant & Machineries for Rs. 21,843,051 and on Electrical Fittings & Fixtures for Rs. 2,637,424). Thus depreciation is overstated by Rs. 24,480,475 and Profit (before Tax) is understated by Rs. 24,480,475.

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.

20. The Company has been making the provision for the rent payable to PWD for the premises located at Patel, Mumbai. The PWD vide their letter No. Ja. Ka. Purva / 1262/2014, dtd. 19-09-2014 has increased / revised the rent of demanded a total outstanding rent of Rs. 820,149,693 as on 31-03-2014. The Company has made the differential provision of rent of Rs. 541,074,234 including Rs. 96,872,400/- for the current year and Rs. 444,201,834 of previous years.

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, 2015

Seema Vyas
Managing Director

Medha Gadgil
Director

S.S. Trimbakkar
Manager
(Accounts)

NOTE 23 (21) : QUANTITATIVE INFORMATION AND MATERIAL CONSUMPTION

Products		Unit	2013-2014		2012-2013	
			Qty. in 000 Licenced Capacity	Qty. in 000 Installed Capacity	Qty. in 000 Licenced Capacity	Qty. in 000 Installed Capacity
1) LICENCED CAPACITY AND INSTALLED CAPACITY						
a)	Vaccine	ML.	66,000	66,000	66,000	66,000
b)	Sera	ML.	2,837	3.417.00	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
2)	**PRODUCTION :**					
a)	Vaccine	ML.		38,122		44,966
b)	Sera	ML.		2,790		2,111
c)	Pharmaceutical Products :					
	i) Tablets & Capsules	Nos.		--		--
d)	Oral Liquid	ML.		124,187		68,839
e)	Medical Packets	Nos.		1,400		60,699
3)	**DETAILS OF OPENING STOCK :**					
a)	Vaccine	ML.	3,962	173,537,512	816	320,49,172
b)	Sera	ML.	114	6,260,132	61	13,22,749
c)	Pharmaceutical Products :					
	Tablets & Capsules	Nos.	1,773	343,710	3,307	9,45,545
d)	Oral Liquid	ML.	68	102,695	32	55,725
e)	Medical Packets & Others	Nos.				
				180,244,049		**343,73,191**
4)	**DETAILS OF CLOSING STOCK :**					
a)	Vaccine	ML.	1,400	65,002,242	3,962	1735,37,512
b)	Sera	ML.	288	14,887,807	114	62,60,132
c)	Pharmaceutical Products :					
	Tablets & Capsules	Nos.	--	--	--	--
d)	Oral Liquid	ML..	161	25,778	1,773	3,43,710
g)	Medical Packets	Nos.	1	1,133	68	1,02,695
				79,916,960		**1802,44,049**

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 LTD.

(Amount in Rs.)

Products	Unit	2013-2014		2012-2013	
		Qty. in 000	Amount	Qty. in 000	Amount
5) Turnover :					
a) Vaccine	ML.	40,684	2,978,563,123	41,820	24690,28,776
b) Sera*	ML.	2,616	157,624,651	2,058	594,37,892
c) Pharmaceutical Products :					
Tablets & Capsules	Nos.	--	--	--	--
d) Oral Liquid	ML.	125,799	19,013,000	70,373	88,56,570
e) Medical Packets & Other	Nos.	1,467	1,870,903	60,663	1192,63,113
			3,157,071,677		**26,565,86,351**
6) Raw Materials Consumed :					
1) Vitamins	Kg.	13.10	26,101	0.60	1,185
2) Basic Chemicals	Kg.	6,322.50	670,646	2,443.34	3,18,704
3) Chemicals (imported)	ML.	4,599,600.00	1,530,422,257	50,53,220.00	15549,76,678
4) Chemicals Solid	Kg.	152,638.74	8,367,299	83,755.40	61,54,083
5) Chemicals Liquid	Ltr.	1,151.59	300,705	841.32	2,54,035
5) Chemicals Liquid	Ml.	69,770.00	12,264	94,530.00	30,352
6) Oil	Ltr.	--	--	--	--
6) Other items			1,475,344		1063,81,150
			1,541,2784,616		**16681,16,187**
7) Consumption of Raw Materials & packing Materials :					
		Percentage	Amount (Rs.)	Percentage	Amount (Rs.)
a) Raw materials :					
Imported		99.30	1,530,422,257	93.22	15549,76,678
Indigenous		0.70	10,852,359	6.78	1131,39,509
		100.00	**1,541,274,616**	**100.00**	**16681,16,187**
b) Packing Materials :					
Imported		41.41	63,313,973	41.25	640,29,660
Indigenous		58.59	89,574,963	58.75	917,39,170
		100.00	**152,888,936**	**100.00**	**1557,68,830**
8) Other Additional Information :					
1) C.I.F. Value of Imports :					
Raw materials / Packing Materials/ Lab Chemicals			1,656,281,724		17090,34,865
2) Expenditure in Foreign Currency					
Professional fees / Membership fee / Inspection charges			6,487,950		52,30,124
3) Earning in Foreign Exchange :					
FOB Value of Exports			2,978,661,523		17426,52,579

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1.	Name of the Subsidiary Company	:	HAFFKINE AJINTHA PHARMACEUTICALS LTD.
2.	Financial year ended on	:	31st March, 2014
3.	Status of the Subsidiary held by the company on the above date		
	(a) Number and face value	:	13,650 Equity Shares of Rs. 100 each fully paid
	(b)Extent of holding	:	100%
4.	Net arregate amount of profit / (loss) of the Subsidiary Company not dealt in the holding company's account Profit/(Loss) before the tax (subject to approval of the Board)	:	(Rs. 15,473,705)
	(I) For previous financial year ended 31" March 2013 Profit/(Loss) before the tax	:	(Rs. 16,391,460)
5.	Net aggregate amount of profit/(loss) of the Subsidiary Company dealt with in the Holding Company's account Profit/(Loss) before the tax.	:	Nil
	(I) For previous financial year ended 31st March 2012 Profit/(Loss) before the tax.	:	Nil
6.	Changes in the holding Company's interest in the subsidiary between the end of the holding Company's financial year	:	NOT APPLICABLE
7.	Material change which have occurred Between the end of the aforesaid financial year of the subsidiary and the end of the holding Company's financial year in respect of fixed assets, investments, money lent and moneys borrowed (other than meeting current liabilities)	:	NOT APPLICABLE