



Financial Statements : 2013-14

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMEBERS OF HLL LIFECARE LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **HLL LIFECARE LIMITED** (the Company), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss 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

2. The Company's 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 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 and in accordance with the accounting principles generally accepted in India. 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.

AUDITOR'S RESPONSIBILITY

3. 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.

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

6. ***BASIS FOR QUALIFIED OPINION***

The company has an investment of Rs. 908.42 lacs in M/s. Lifespring Hospitals Private Ltd., a 50:50 joint venture with M/s. Acumen fund, USA. The accumulated loss of the joint venture as per the audited accounts for the year ended 31.03.2014 is Rs. 1665.45 lacs and HLL's share of the same is Rs. 832.73 lacs. Accordingly, there is a diminution in the carrying value of investment to the extent of Rs. 832.73 lacs. No provision for diminution has been made in the accounts of the company for the decline in value of investments, which is not in accordance with AS 13 on Accounting for Investments issued by ICAI.

Consequently, the profit as well as reserves and Surplus and the value of investments are overstated by Rs. 832.73 lacs.

OPINION

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid 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 of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

EMPHASIS OF MATTER

8. Subsequent to our Audit Report dated 05th July, 2014, as per the observation of C&AG, we invite attention of the members to the following:
Short term loans and advances as on 31st March, 2013 included Rs. 809.05 lakhs, out of which Rs. 307.00 lakhs has been collected during the year 2013-14. Balance outstanding amounting to Rs. 502.05 lakhs as on 31.03.2014 is unsecured and long pending for which no provision has been made. In view of the same, our audit report dated 5th July 2014 has been revised.

REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

10.As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) 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;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards Notified under the Act 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.*
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Abraham & Jose
Chartered Accountants
(FRN: 000010S)**

Sd/-

**Jose Pottokaran
Partner, M. No. 012056**

**Place: Thrissur
Date: 04.08.14**

**ANNEXURE TO AUDITORS' REPORT TO THE MEMBERS OF HLL LIFECARE LTD.
FOR THE FINANCIAL YEAR 2013-14**

- (i) (a) The company is maintaining records showing particulars and situation of fixed assets, with particulars like quantitative details, year of purchase, location and unique identification number.
- (b) The fixed assets were physically verified during the year by the Management. However, the management has not laid down procedure for physical verification of fixed assets and hence frequency and adequacy of such verification could not be commented upon. Discrepancies noticed on physical verification were not material and no adjustment has been made in the accounts for such discrepancies.
- (c) There was no substantial disposal of fixed assets during the year and hence, the preparation of financial statements on going concern basis is not affected on this account.
- (ii)(a) The stocks of finished goods, raw materials, packing materials, work-in-progress and engineering stores have been physically verified by the management during the year, except the inventories lying with third parties. In our opinion, the frequency of verification is reasonable.
- (b) The procedures for physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory and material discrepancies were not noticed on physical verification.
- (iii)(a) As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 (the Act) . Accordingly the provisions stated in para 4(iii)(b), (c) and (d) are not applicable.

- (b) As informed, the company has not taken any loans, secured or unsecured to / from companies, firms or other parities covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions stated in para 4(iii)(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are reasonably adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. To the best of our knowledge, no major weaknesses in internal control system were either reported or noticed by us during the course of our audit.
- (v) According to the information given to us, there are no contracts or arrangements during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public during the year. **However, we report that an amount of Rs, 10,000 is outstanding under fixed deposit not repaid due to dispute between the legal heirs.**
- (vii) In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of Bulk Drugs, Formulations, Female Contraceptive Condoms, Male Contraceptive Condoms, Copper T (Intra uterine devices) and Pregnancy Test Kits produced by the Company and we are of the

opinion that prima facie, the prescribed records have been made and maintained.

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company's Bulk Drugs Divisions, Formulation Divisions, Female and Male Contraceptive Condom Divisions, Copper T (Intra uterine devices) Divisions and Pregnancy Test Kit Divisions. Accordingly, the Company has appointed Cost Auditors for the year ended 31st March 2014.

- (ix) (a) According to the records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESI, Income Tax, Wealth Tax, Service tax, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, customs Tax, Excise Duty or Cess not deposited on account of any dispute except:-

Sl. No	Name of the Statute	Forum here the matter is pending	Amount involved (Rs. lakhs)	Period
1	The Income Tax Act, 1961	CIT (Appeals)	10.12	Asst.Yr 2008-09
2	Do	Do	191.54	Asst.Yr 2009-10
3	Do	Do	20.84	Asst.Yr 2010-11
4	Do	Do	40.85	Asst.Yr 2011-12
5	Customs Act,1962	Commissioner of Customs	22.15	2007-08
6	Kerala Value Added Tax Act, 2003	DC (Appeals)	263.48	2011-12

- (x) The Company has no accumulated losses as on 31st March 2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- (xii) According to 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 share, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund/societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, debentures and other investments.
- (xv) The company has given guarantee for loans taken by employees from financial institutions, the terms and conditions of which are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the records of the Company and on the basis of an overall examination of the balance sheet and cash flow statement for the current year and the information and explanations given to us, we report that funds raised on short-term basis have not been used during the year for long-term investment and vice-versa.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.

- (xx) The company has not raised any money through public issue during the year.
- (xxi) Based on the audit procedures performed and the representations obtained from the management we report that no fraud on or by the Company has been noticed or reported during the year under audit.

**For Abraham & Jose
Chartered Accountants
(FRN: 000010S)**

Sd/-

**Place: Thrissur
Date: 04.08.2014**

**Jose Pottokaran
Partner, M. No. 012056**

BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note No.	AS AT 31.03.2014	AS AT 31.03.2013
		₹ lacs	₹ lacs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	19,353.50	19,353.50
(b) Reserves and surplus	4	20,586.01	18,468.10
		39,939.51	37,821.60
3 Non-current liabilities			
(a) Long-term borrowings	5	7,722.38	5,265.49
(b) Deferred tax liabilities (net)	23	1,263.47	968.84
		8,985.85	6,234.33
4 Current liabilities			
(a) Short-term borrowings	6	33,766.91	23,460.38
(b) Trade payables	7	10,281.87	9,276.92
(c) Other current liabilities	8	17,963.19	26,369.72
(d) Short-term provisions	9	1,395.57	1,765.87
		63,407.54	60,872.89
5 Advances Received for Projects Held under Trust as per contra		71,015.72	50,466.87
TOTAL		1,83,348.62	1,55,395.69
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10.A	17,844.57	16,723.51
(ii) Intangible assets	10.B	819.06	740.10
(iii) Capital work-in-progress	10.C	6,999.90	4,494.56
		25,663.53	21,958.17
(b) Non-current investments	11	19,420.17	18,586.42
(C) Other Non-current assets	11.A	567.05	531.00
2 Current assets			
(a) Inventories	12	11,704.73	10,492.67
(b) Trade receivables	13	43,148.25	41,481.83
(c) Cash and cash equivalents	14	1,452.80	1,172.88
(d) Short-term loans and advances	15	9,991.92	8,550.55
(e) Other current assets	16	384.45	2,155.30
		66,682.15	63,853.23
3 Cash and Bank Balances of Projects Held under Trust as per contra		71,015.72	50,466.87
TOTAL		1,83,348.62	1,55,395.69

See accompanying notes forming part of the financial statements

For and on behalf of the Board

sd/-
Dr. M.Ayyappan
Chairman
& Managing Director

sd/-
R. P. Khandelwal
Director (Finance)

sd/-
P. Sreekumar
Company Secretary
& VP(F)

Vide our report of even date attached
For M/s Abraham & Jose
Chartered Accountants
Firm No. 000010S

sd/-
CA. Jose Pottokaran
Partner
Membership No: 012056

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Note No.	Year ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	17	94,726.54	83,566.42
Less: Excise duty		558.38	272.31
Revenue from operations (net)		94,168.16	83,294.11
2 Other income	18	1,200.67	706.34
3 Total revenue (1+2)		95,368.83	84,000.45
4 Expenses			
(a) Cost of materials consumed	19.A	19,399.17	19,036.76
(b) Purchases of stock-in-trade	19.B	15,627.36	18,365.52
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19.C	(905.31)	(2,769.18)
(d) Employee benefits expense	20	13,481.93	12,475.76
(e) Finance costs	21	1,840.35	1,402.68
(f) Depreciation and amortisation expense	10.D	2,375.88	2,084.96
(g) Other expenses	22	25,751.23	21,200.86
(h) Contract Expenses		14,177.14	8,422.22
5 Total expenses		91,747.75	80,219.58
6 Profit / (Loss) before Exceptional and extra ordinary items and tax (3 - 5)		3,621.08	3,780.87
Exceptional items		-	-
7 Profit / (Loss) before tax (3 - 5)		3,621.08	3,780.87
8 Tax expense:			
(a) Current tax expense for current year		783.28	791.83
(b) Current tax expense relating to prior years		(1.76)	(214.51)
(c) MAT Credit Entitlement		(25.83)	(419.00)
(c) Deferred tax		294.62	615.08
		1,050.31	773.40
9 Profit / (Loss) for the year from continuing operations (6 - 7)		2,570.77	3,007.47
10 Profit / (Loss) from discontinuing operations (6 - 7)		-	-
11 Profit / (Loss)		2,570.77	3,007.47



Statement of Profit and Loss for the year ended 31 March, 2014 (contd.)

Particulars		Note No.	Year ended 31.03.2014	Year Ended 31.03.2013
			(in ₹)	(in ₹)
8.i	Earnings per share			
	(a) Basic			
	(i) Continuing operations		132.83	155.40
	(ii) Total operations		132.83	155.40
	(b) Diluted			
	(i) Continuing operations		132.83	155.40
	(ii) Total operations		132.83	155.40
8.ii	Earnings per share (excluding extraordinary items)			
	(a) Basic			
	(i) Continuing operations		132.83	155.40
	(ii) Total operations		132.83	155.40
	(b) Diluted			
	(i) Continuing operations		132.83	155.40
	(ii) Total operations		132.83	155.40

See accompanying notes forming part of the financial statements

For and on behalf of the Board

sd/-
Dr. M.Ayyappan
Chairman
& Managing Director

sd/-
R. P. Khandelwal
Director (Finance)

sd/-
P. Sreekumar
Company Secretary
& VP(F)

Vide our report of even date attached
For M/s Abraham & Jose
Chartered Accountants
Firm No. 000010S

sd/-
CA. Jose Pottokaran
Partner
Membership No: 012056

Trivandrum
05.07.2014

Cash Flow Statement for the Year ended 31.03.2014		
Particulars	Year ended 31.03.2014	Year Ended 31.03.2013
	₹ lacs	₹ lacs
A. Cash flow from operating activities		
Profit before extraordinary items and tax	3,621.08	3,780.87
<u>Adjustments for:</u>		
Depreciation and amortisation	2,375.88	2,084.96
Loss on sale of fixed assets	2.70	2.08
Profit on sale of fixed assets	(22.54)	(0.51)
Finance costs	1,840.35	1,402.68
Interest income	(324.92)	(396.19)
Operating profit / (loss) before working capital changes	7,492.55	6,873.89
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Inventories	(1,212.06)	(3,057.84)
Trade receivables	(1,666.41)	(16,298.28)
Short-term loans and advances	(1,160.30)	(1,709.25)
Other current assets	1,770.85	(867.43)
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	1,004.95	1,231.04
Other current liabilities	(8,406.53)	12,773.18
Short-term provisions	(370.30)	408.21
	(2,547.25)	(646.48)
Cash flow from extraordinary items		
Cash generated from operations	(2,547.25)	(646.48)
Net income tax (paid) / refunds	(1,062.59)	(1,049.28)
Net cash flow from / (used in) operating activities (A)	(3,609.84)	(1,695.76)
B. Cash flow from investing activities		
Capital Work in Progress	(2,505.34)	(1,432.15)
Investments in Fixed Assets	(3,572.97)	(6,364.63)
Sale of fixed assets	16.91	4.70
Interest received	324.92	396.19
Investment in Lifespring Hospital (P) Ltd.	(125.00)	-
Investment in HBL	-	(17,801.00)
Investment in GAPL	(708.75)	-
Changes in other non-current assets	(10.22)	(112.00)
Investments in bank deposits (having original maturity of more than three months)	(37.02)	749.36
Net cash flow from / (used in) investing activities (B)	(6,617.48)	(24,559.52)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	2,456.89	3,417.98
Proceeds from other short-term borrowings	10,306.53	10,190.49
Finance cost - Interest paid	(1,840.35)	(1,402.68)
Issue Proceeds of Share Application		15,000.00
Dividend paid	(387.07)	(387.07)
Tax on dividend	(65.79)	(64.89)
Net cash flow from / (used in) financing activities (C)	10,470.21	26,753.83
Net increase / (decrease) in Cash and cash equivalents	242.90	498.55
Cash and cash equivalents at the beginning of the year	1,009.63	511.09
Cash and cash equivalents at the end of the year	1,252.53	1,009.64
Reconciliation of Cash and cash equivalents with the		
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	1,452.80	1,172.88
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	200.27	163.25
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 14	1,252.53	1,009.63
Cash and cash equivalents at the end of the year *		
* Comprises:		
(a) Cash on hand	12.78	12.84
(b) Balances with banks		
(i) In current accounts	1,226.01	996.77
(ii) In EEFC accounts	13.74	0.02
	1,252.53	1,009.63
<p>1) The above Cash Flow Statement has been prepared under the Indirect method set out in the AS-3 issued by the Institute of Chartered Accountants of India.</p> <p>2) The previous year's figures have been re-grouped wherever necessary in order to conform to this year's presentation.</p> <p>3) Transactions of project funds held under Trust and balance of ₹ 71015.72 lacs(previous year ₹ 50466.87 lacs) are not included in the Cashflow</p>		
For and on behalf of the Board		Vide our report of even date attached For M/s Abraham & Jose Chartered Accountants Firm No. 000010S
sd/-	sd/-	sd/-
Dr. M.Ayyappan Chairman & Managing Director	R. P. Khandelwal Director (Finance)	P. Sreekumar Company Secretary & VP(F)
		CA. Jose Pottokaran Partner Membership No: 012056
Trivandrum 05.07.2014		

Note 3 Share capital

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
(a) Authorised Share Capital		
Equity shares of ₹ 1000/-each - 30,00,000 Nos.	30,000.00	30,000.00
(b) Issued Share Capital		
Equity shares of ₹ 1000/- each - 19,35,350 Nos.	19,353.50	19,353.50
(c) Subscribed and fully paid up Share Capital		
Equity shares of ₹ 1000/-each - 19,35,350 Nos.	19,353.50	19,353.50
Total	19,353.50	19,353.50

Reconciliation of Share Capital

Description	AS AT 31.03.2014		AS AT 31.03.2013	
	No of Shares	Amount in Lacs	No of Shares	Amount in Lacs
Equity Share Capital				
Authorized				
Opening Balance	30,00,000.00	30,000.00	2,00,000.00	2,000.00
Additions	-	-	28,00,000.00	28,000.00
Closing Balance	30,00,000.00	30,000.00	30,00,000.00	30,000.00
Issued				
Opening Balance	19,35,350.00	19,353.50	2,00,000.00	2,000.00
Additions	-	-	17,35,350.00	17,353.50
Closing Balance	19,35,350.00	19,353.50	19,35,350.00	19,353.50
Subscribed & Paid up				
Opening Balance	19,35,350.00	19,353.50	1,55,350.00	1,553.50
Additions	-	-	17,80,000.00	17,800.00
Closing Balance	19,35,350.00	19,353.50	19,35,350.00	19,353.50

Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	AS AT 31.03.2014		AS AT 31.03.2013	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Govt. of India	19,35,350	100%	19,35,350	100%

Note 4 Reserves and surplus

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) General reserve		
Opening balance	18,424.24	15,863.46
Add: Transferred from surplus in Statement of Profit and Loss	2,081.11	2,511.65
Add: Transferred during the year from CSR	43.86	49.13
Closing balance	20,549.21	18,424.24
(b) Corporate Social Responsibility (CSR)		
Opening balance	43.86	49.13
Add: Additions / transfers during the year	36.80	43.86
Less: Transferred during the year to General Reserve	43.86	49.13
Closing balance	36.80	43.86
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	-	-
Add: Profit / (Loss) for the year	2,570.77	3,007.47
Add: Excess Provision for Tax on dividend Written Back	-	0.90
Less: Proposed Dividend		
Dividends proposed to equity shareholders (₹ 20 per share, Previous year ₹20 per share)	387.07	387.07
Tax on Dividend	65.79	65.79
Transferred to:		
Reserves for CSR	36.80	43.86
General reserve	2,081.11	2,511.65
Closing balance	-	-
Total	20,586.01	18,468.10

Note 5 Long-term borrowings

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
From State Bank of India		
(a) Term loans		
Foreign currency loan -Secured	2,830.49	3,975.78
Rupee Term Loan - Secured	3,865.56	-
(b) Other loans and Advances		
Foreign currency Buyers Credit	1,026.33	1,289.71
Total	7,722.38	5,265.49

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Details of security*	AS AT 31.03.2014		AS AT 31.03.2013	
		Secured ₹ lacs	Unsecured ₹ lacs	Secured ₹ lacs	Unsecured ₹ lacs
Term loans from banks:					
Foreign Currency Loan					
State Bank of India	(a) First charge over the fixed assets of the company excluding Land & Buildings. (b) Equitable Mortgage over the land at Noida. (c) Equitable Mortgage as collateral over the land with building at Poojappura.Trivandrum	4,440.75		5,569.46	
IndusInd Bank		-		-	
HDFC Rupee Loan		4,755.08		-	
Total - Term loans from banks		9,195.83		5,569.46	
Less: Payable within next 12 months treated as Current Liabilities	1. Installment ₹ 2488.32 Lacs (Previous year- ₹ 1582.38 Lacs) 2. Interest accrued & due- ₹ 11.46 Lacs (Previous year- ₹ 11.30 Lacs)	2,499.78		1,593.68	
Payable after 12 months		6,696.05		3,975.78	
Other loans and advances:					
Buyers Credit	Secured by Project Deposits	7,894.15		8,289.93	
Less: Short Term Borrowings		6,867.82		7,000.22	
		1,026.33		1,289.71	

Note: Foreign Currency Buyers Credit are for Capital item procurement, eligible for roll over upto three years subject to availability, or else shall be converted into sanctioned Term Loan.

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured

Particulars	Terms of repayment and security*	2013-14		2012-13	
		Current	Non current	Current	Non current
		₹ lacs	₹ lacs	₹ lacs	₹ lacs
Term loans from banks: State Bank of India					
Foreign currency loan					
	Diagnostic Service Division Repayment schedule -Monthly instalments of dollar equivalent of ₹ 60 Lacs, final payment March 2014 . Charge over the machinery purchased from Bank finance.	-	-	644.53	-
	Liason Office Repayment schedule -Monthly instalments of dollar equivalent of ₹ 15 Lacs, final payment October 2014. Equitable mortgage over leasehold rights over 5000 sq. ft of land & proposed bldg thereon.	208.79	-	181.67	170.98
Equitable Mortgage as collateral over the land with building at Poojappura.Trivandrum	Kakkanad Factory Repayment schedule -Monthly instalments of dollar equivalent of ₹ 7 Lacs, final payment July2014 Charge over the machinery purchased in Kakkanad factory out of banks finance	34.31	-	84.51	22.78
	Akkulam Factory Repayment schedule -Quarterly instalments of dollar equivalent of ₹ 56.25 Lacs, final payment October 2015 Charge over the machinery purchased in Akkulam factory out of banks finance	226.83	358.99	228.50	510.28
	Perrorkada Factory Repayment schedule -Quarterly instalments of USD 1.02 Lacs, final payment December 2014 Charge over the machiney purchased out of bank finance in Peroorkada factory Interest accrued and due on the above loans is ₹ 3.37 lacs	241.60	-	250.90	218.21
IndusInd Bank	Charge on the movable properties created under projects funded by IndusInd Bank ie., Office Building at Mumbai, MRI Centres at Odisha, Lifecare centres at Cuttack, Burla & Berhampur, Diagnostic Centres at AIIMS, Raipur and New Condom Manufacturing facility at Irapuram.	-	-	-	-
External Commercial Borrowing	Unipill Project Repayment schedule -Quarterly instalments of USD 3.75 lacs starting from Feb '13 Equitable Mortgage over land for Unipill project in Kanagala First & exclusive charge on all the assets of Unipill project Interest accrued and not due on the above loans is ₹ 7.73 lacs	898.73	2,471.49	203.57	3,053.53
HDFC Bank Rupee Term Loans	General purpose Loan Repayment Schedule - Qtrly payments of ₹ 42.48 lacs starting from 26.12.14. Final payment on 26.03.19 Charge over movable assets purchased out of the loan at PFT, Balaramapuram Facility, CRDC, Akkulam, Sanitary Napkin manufacturing unit at Kanagala Repayment ScheduleQtrly payments of ₹ 1.99 crs starting from 26.06.14. Final payment on 26.03.19 Charge over movable assets purchased out of the loan at PFT, Balaramapuram Facility, CRDC, Akkulam, Sanitary Napkin manufacturing unit at Kanagala Interest accrued and due on the above loans is ₹ 8.08 lacs	86.26	679.64		
		803.26	3,185.92		
	Total	2,499.77	6,696.04	1,593.68	3,975.78

Note 6 Short-term borrowings

Particulars	AS AT 31.03.2014	AS AT 31.03.2013	
	₹ lacs	₹ lacs	
(a) Loans repayable on demand (Cash Credit)			
From State Bank of India - Secured	11,352.87	8,853.99	
[Excludes interest accrued & due- ₹ 110.30 Lacs (Previous year- ₹ 101.92 Lacs)]			
From Canara Bank	4,495.56	0.00	
[Excludes interest accrued & due- ₹ 26.13 Lacs (Previous year- Nil)]			
From HDFC Bank	223.04	0.00	
[Excludes interest accrued & due- ₹ 8.80 Lacs (Previous year- Nil)]			
Total	16,071.47	8,853.99	
(b) Short Term Loans from Banks -- Secured			
From Canara Bank	2,514.87	2,500.00	
From IndusInd Bank	5,650.00	5,000.48	
From SBI	2,517.52	-	
Total	10,682.39	7,500.48	
(c) Other loans and advances - Secured			
Foreign Currency Buyers Credit	6,867.82	7,000.22	
Other loans - secured			
Interest accrued and due			
State Bank of India	110.30	101.92	
Canara Bank	26.13	-	
HDFC Bank	8.80	-	
IndusInd Bank	-	3.77	
Total	33,766.91	23,460.38	
Notes:			
(i) Details of security for the secured short-term borrowings:			
Particulars	Nature of security	AS AT 31.03.2014 ₹ lacs	AS AT 31.03.2013 ₹ lacs
<u>Loans repayable on demand</u>			
<u>from banks:</u>			
SBI	Parri passu charge over current assets of the company. Equitable Mortgage as collateral over the land with building at Poojappura, Trivandrum towards State Bank of India	11,463.17	8,955.91
Canara Bank		4,521.69	-
HDFC Bank		231.84	-

<u>Short Term Loans from Banks --</u>			
<u>Secured</u>			
From Canara Bank	Secured by Project Deposits.	2,514.87	2,500.00
From IndusInd Bank		5,650.00	5,004.25
From SBI		2,517.52	-
		10,682.39	7,504.25
<u>Other loans and advances:</u>			
Buyers Credit	Secured by Project Deposits	7,894.15	8,289.93
Less: Long Term Borrowings		1,026.33	1,289.71
		6,867.82	7,000.22
	Total	33,766.91	23,460.38

Note 7 Trade payables

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Trade payables: for materials, services and expenses		
- Micro Small and Medium Enterprises	275.23	409.66
- Others	10,006.64	8,867.26
Total	10,281.87	9,276.92

Note 8 Other current liabilities

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
(a) Current maturities of long-term debt (Refer Note (i) below)	2,499.78	1,593.68
(b) Others		
Advance from Customers/Clients	2,627.93	13,250.20
EMD & Security Deposits	2,527.02	2,462.12
Interest Accrued but not due	32.97	51.23
Fixed Deposit	0.10	0.10
Other Liabilities	10,245.28	8,718.82
Contributory Pension Scheme	30.11	293.57
Total	17,963.19	26,369.72

Note (i): Current maturities of long-term debt (Refer Notes (i) in Note 5 - Long-term borrowings for details of security)

Particulars	AS AT	AS AT
	31.12.2014	31.03.2013
	₹ lacs	₹ lacs
Term loans		
Rupee Term Loan from HDFC Bank	889.51	-
Foreign Currency Term Loan from State Bank of India	1,610.27	1,593.68
Total	2,499.78	1,593.68

Note 9 Short-term provisions

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Provision for employee benefits:		
(i) Provision for bonus and incentive	140.05	135.16
(ii) Provision for Performance related pay	112.07	198.99
(iii) Provision for Perks & Allowance	-	226.23
(iv) Provision for gratuity	515.35	583.16
(v) Provision for group EL Premium	175.25	169.47
	942.72	1,313.01
(b) Provision - Others:		
(i) Provision for proposed equity dividend	387.07	387.07
(ii) Provision for tax on proposed dividends	65.78	65.79
	452.85	452.86
Total	1,395.57	1,765.87

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Notes to financial statements for the year ended 31st March 2014

Note 10 Fixed assets

₹ lacs

Fixed Assets	Gross block				Accumulated depreciation and impairment				Net block	
	1st April, 2013	Additions	Disposals	31st March, 2014	1st April, 2013	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	31st March, 2014	31st March, 2014	31st March, 2013
A. Tangible assets										
(a) Land										
Freehold	24.62			24.62	-			-	24.62	24.62
Leasehold	484.80			484.80	32.27	4.90		37.17	447.63	452.53
(b) Buildings	7,764.71	646.15		8,410.86	1,905.71	372.45		2,278.16	6,132.70	5,859.00
(c) Plant and Machinery	20,814.94	2,246.13	77.57	22,983.50	11,343.96	1,557.95	51.22	12,850.69	10,132.81	9,470.98
(d) Furniture & Fixture	1,078.84	232.04	3.53	1,307.35	603.76	140.37	2.69	741.44	565.91	475.08
(e) Motor Vehicles	105.08	26.33	22.33	109.08	63.26	15.62	17.58	61.30	47.78	41.82
(f) Office Equipment	932.18	241.41	33.59	1,140.00	532.70	137.51	23.32	646.89	493.12	399.48
Total	31,205.17	3,392.06	137.02	34,460.21	14,481.66	2,228.79	94.81	16,615.65	17,844.57	16,723.51
Previous year	25,049.63	6,315.22	159.67	31,205.18	12,581.72	1,966.35	66.40	14,481.67	16,723.51	12,467.91
B Intangible assets										
Computer Software	1,050.83	209.33	0.04	1,260.12	344.29	138.73	0.04	482.98	777.14	706.54
Trademarks & Patents	34.68	16.71		51.39	1.12	8.35		9.47	41.92	33.56
Total	1,085.51	226.04	0.04	1,311.51	345.41	147.08	0.04	492.45	819.06	740.10
Previous year	949.08	136.44		1,085.52	226.80	118.62		345.42	740.10	722.28
C Capital Work In Progress										
(a) Assets Pending Commission	1,793.91	1,009.23	38.40	2,764.74	-	-	-	-	2,764.74	1,793.91
(b) Civil work in progress	1,999.61	1,500.08	1,131.29	2,368.40	-	-	-	-	2,368.40	1,999.61
(c) Consultancy Charges	140.12	68.69	-	208.81	-	-	-	-	208.81	140.12
(d) Incidental Expenses on New Assets	5.48	394.52	-	400.00	-	-	-	-	400.00	5.48
(e) Machinery WIP	555.44	843.05	140.54	1,257.95	-	-	-	-	1,257.94	555.44
Total	4,494.56	3,815.57	1,310.23	6,999.90	-	-	-	-	6,999.89	4,494.56
Previous year	3,062.41	2,378.74	946.59	4,494.56						

HLL Lifecare limited

Note:

1. Cost of Free hold Land includes -

- a) ₹ 2/- being the token value of 11.44 acres and 7.14 acres of land transferred by the Govt. of Kerala free of cost.
- b) ₹ 3.76 lacs being the price of freehold land paid to Karnataka Industrial Area Development Board.

2. Cost of Lease hold land includes the following

- a) ₹ 130.46 lacs being the cost of 3 acres of leasehold land and building at Balramapuram, Kerala for 99 years.
- b) ₹ 92.41 lacs being the allotment value of 1005.22 sq. mtrs plot in Mumbai on lease for 60 years.
- c) ₹ 261.94 lacs being the value of 5000 Sq.Mtr. of leasehold land allotted in the New Okhla Industrial Development Authority (NOIDA), Uttar Pradesh for 90 years.
- d) ₹ 99/- being the value of 430.10 acres leasehold land allotted in Chengalpettu, Chennai for 99 years from Central Leprosy Training and Research Institute (CLTRI) in Tamil Nadu.
- e) In line with the decision of Cabinet Committee on Economic affairs, 100 acres of land is earmarked out of the 430.10 acres in possession.

for HLL Biotech Limited, valued @ ₹ 10.12 crore (56 acres @ ₹ 16.50 Lacs per acre and 44 acres of hillock @ ₹ 2.00 Lacs per acre). Transfer of land is yet to be effected, pending legal procedures. In the meantime, company has sub-leased the 100 acres of land earmarked out of 430.10 acres to HLL Biotech Ltd. at a consideration of ₹ 94 for a period of 94 years w.e.f 20.02.2014.

- f) 3.38 Acres of land, out of 430.10 acres in possession, to be given on lease for a period of 36 years @ ₹ 1/- per year to Tamil Nadu Electricity Board.

However this transaction has so far not been effected.

3. Methods of depreciation adopted are as follows.

- a) Investment in ERP software (SAP) is depreciated on a straight line basis for a period of 8 yrs. Other computer softwares are amortised over a period of 3 years on pro-rata basis.
- b) Trade Mark/Patents are amortised over a period of 5 years.
- c) Straight line method has been adopted in respect of certain items of Plant & Machinery as indicated below.

	Original Cost	
	2013-14	2012-13
	Rs. In lacs	Rs. In lacs
Akkulam Plant	1,006.53	2,679.84
Trivandrum Plant	1,085.17	2,302.31
Belgaum Plant	869.21	2,569.57
MRI Machines	1,613.33	2,127.79
Total	4,574.24	9,679.52

- d) Written down value method of depreciation has been adopted on all the remaining assets other than assets costing less than Rs.5000 each which have been fully depreciated.

4. Capital Work In Progress includes ₹ 400 lacs, paid for the acquisition of partly completed condom manufacturing facility at State owned Rubber Park at Irapuram, Perumbavoor, Kerala. This acquisition cost includes lease hold rights in land admeasuring 306 cents, and the lease period is for 99 years, commencing from 01.03.2005.

5. Notional foreign exchange fluctuation loss on Long Term Foreign Currency Loan currently amounting to ₹ 4.17 Crs has been capitalised in line with the Accounting Policy based on Notification no GSR 913 (E) dtd 29.12.11 of Government of India and Circular No. 25/2012 dated 9th August, 2012

6. Additions to fixed assets includes Original cost of the following Capital expenditure incurred in the approved R&D facility-

	2013-14	2012-13
	Rs. In lacs	Rs. In lacs
Building	9.86	1,412.34
Plant & Machinery	457.96	408.46
Furniture & Fittings	14.75	238.68
Office Equipment	13.08	152.60
Intangible assets	3.94	1.68
	499.59	2,213.76

Note 10 Fixed assets (contd.)

Particulars			
D.	Depreciation and amortisation relating to continuing operations:		
	Particulars	AS AT 31.03.2014 ₹ lacs	AS AT 31.03.2013 ₹ lacs
	Depreciation and amortisation for the year on tangible assets as per Note 10 A	2,228.79	1,966.35
	Depreciation and amortisation for the year on intangible assets as per Note 10 B	147.08	118.62
	Depreciation and amortisation relating to continuing operations	2,375.87	2,084.97

Note 11 Non-current investments

Particulars	AS AT 31.03.2014			AS AT 31.03.2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs
Investments (At cost):						
A. <u>Trade</u>						
Total - Trade (A)	-	-	-	-	-	-
B. <u>Other investments</u>						
(a) Investment in equity instruments (fully paid)						
(i) of subsidiary companies	-	18,509.75	18,509.75	-	17,801.00	17,801.00
(ii) of joint venture companies	-	783.42	783.42	-	783.42	783.42
(iii) of other entities	-	2.00	2.00	-	2.00	2.00
(b) Investment in debentures (fully paid)						
(i) of joint venture companies	-	125.00	125.00	-	-	-
Total - Other investments (B)	-	19,420.17	19,420.17	-	18,586.42	18,586.42
Total (A+B)	-	19,420.17	19,420.17	-	18,586.42	18,586.42
Less: Provision for diminution in value of investments	-	-	-	-	-	-
Total	-	19,420.17	19,420.17	-	18,586.42	18,586.42
Aggregate value of listed but not quoted investments						
Aggregate amount of unquoted investments						

Note: Details of Other Investments

Sl. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Face value per unit	Extent of Holding (%)	No. of Shares / Units	Amount in ₹ lacs	No. of Shares / Units	Amount in ₹ lacs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			₹		As at 31st March 2014		As at 31st March 2013	
	Unquoted -Fully paid equity Shares							
(a)	Investment in Equity Instruments							
	HLL Biotech Ltd.	Subsidiary	10/-	100.00	17,80,10,000	17,801.00	17,80,10,000	17,801.00
	GAPL	Subsidiary	100/-	74.00	14,07,480	708.75	-	-
	Life Spring Hospital Pvt.Ltd (at cost)	Joint venture	10/-	50.00	78,34,188	783.42	78,34,188	783.42
	Kerala Enviro Infrastructures Ltd.	Others	10/-	0.16	20,000	2.00	20,000	2.00
	Unquoted - Fully paid Debentures							
(b)	Investment in Debentures							
	Life Spring Hospital Pvt.Ltd (at cost)	Joint venture	100/-		1,25,000	125.00	-	-
						19,420.17		18,586.42

Note 11.A. Other Non - Current Assets

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Fee for RoC for enhancing Authorised Share Capital to the extent not written off	84.00	112.00
ECB Loan Upfront charges	38.22	-
MAT Credit Entitlement	444.83	419.00
Total	567.05	531.00

Note 12 Inventories

(At lower of cost and net realisable value)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
a. Raw Materials (Valued at cost)	2,096.60	2,021.12
Raw Materials with others (Valued at cost)	-	-
	2,096.60	2,021.12
b. Packing Materials (Valued at cost)	1,010.12	978.02
	1,010.12	978.02
c. Work-in-progress (Valued at Actual Process Cost)	1,545.38	1,794.56
	1,545.38	1,794.56
d. Finished goods (Valued at Lower of cost or NRV)		
Manufactured Products	3,636.46	2,083.68
Social Marketing Products	94.94	222.61
Trading Products	2,027.23	2,295.79
Goods-in transit	13.33	15.39
	5,771.96	4,617.47
e. General Stores and Consumables (Valued at cost)	102.67	100.69
	102.67	100.69
f. Other materials, machinery, spare parts, building materials etc. (Valued at cost)	1,043.01	868.13
	1,043.01	868.13
g. Tools revalued & certified by management	13.82	3.56
	13.82	3.56
h. Others		
Scrapped/Surplus Assets (at lesser of cost or net realisable value)	25.39	13.31
Gift items (at cost)	126.19	128.79
Stationery (at cost)	65.54	64.97
	217.12	207.07
	11,800.68	10,590.62
Less : Closing Provision for Obsolete Stock	95.95	97.95
Total	11,704.73	10,492.67

Note 13 Trade receivables

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Trade receivables outstanding for a period less than six months from the date they were due for payment		
Secured, considered good	80.40	114.89
Unsecured, considered good	30,304.31	27,573.95
	30,384.71	27,688.84
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	0.37	-
Unsecured, considered good	12,763.17	13,792.99
Considered Doubtful	987.92	1,094.99
	13,751.46	14,887.98
Less: Provision for doubtful trade receivables	987.92	1,094.99
	12,763.54	13,792.99
Total	43,148.25	41,481.83

Note 14 Cash and cash equivalents

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Cash/stamps on hand	12.78	12.84
(b) Balances with banks		
(i) In current accounts	1,226.01	996.77
(ii) In EEFC accounts	13.74	0.02
	1,252.53	1,009.63
(iii) Deposits having maturity period of above 3 months	200.00	23.56
(iv) Deposits held as margin money for borrowings and guarantees	0.27	139.69
	200.27	163.25
Total	1,452.80	1,172.88

Note 15 Short-term loans and advances

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Security deposits & EMD Secured, considered good	328.87	274.92
Sub Total	328.87	274.92
(b) Loans and advances to employees Secured, considered good	17.62	17.49
Unsecured, considered good	358.94	314.01
Considered Doubtful	1.17	2.57
	377.73	334.07
Less: Provision for doubtful loans and advances	1.17	2.57
Sub Total	376.56	331.50
(c) Prepaid expenses - Unsecured, considered good	177.62	210.70
	177.62	210.70
(d) Balances with government authorities Unsecured, considered good		
(i) Advance Income Tax	929.58	648.51
(ii) Sales Tax Advances	4.39	2.29
Sub Total	933.97	650.80
(e) Others Secured, considered good	837.17	937.41
Unsecured, considered good	7,337.73	6,145.22
Considered Doubtful	440.79	454.89
	8,615.69	7,537.52
Less: Provision for doubtful loans and advances	440.79	454.89
Sub Total	8,174.90	7,082.63
Total	9,991.92	8,550.55

Note: Short-term loans and advances include amounts due from:

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Directors	0.52	0.18
Other officers of the Company	88.45	44.59
	88.97	44.77

Note 16 Other current assets

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
(a) Accruals		
(i) Interest accrued on FDR	0.22	3.93
(ii) Interest accrued on Deposits	-	1.52
(iii) Interest accrued on Margin money	-	12.86
	0.22	18.31
(b) Others		
(i) Receivable from Projects	126.41	1,591.69
(ii) Export Incentives/Duty Draw back	257.82	428.83
(iii) Receivable from employees for Pension scheme	-	116.47
	384.23	2,136.99
Total	384.45	2,155.30

Note17 Revenue from operations

	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(a)	Sale of products	68,404.21	64,769.29
(b)	Sale of services	5,410.69	4,054.83
(c)	Income from Contract	17,948.86	11,980.62
(d)	Other operating revenues	2,962.78	2,761.68
		94,726.54	83,566.42
	<u>Less:</u>		
(e)	Excise duty	558.38	272.31
	Total	94,168.16	83,294.11

Note	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(i)	Sale of products comprises		
	Sale of Contraceptive Products	38,437.13	37,572.07
	Sale of Healthcare Products	16,090.37	11,823.40
	Sale of social marketing Products	1,880.95	1,767.26
	Sale of Trading Products and Others	11,616.20	13,003.46
	Product subsidy on saheli	262.58	254.52
	Cost Escalation Claims		
	Condoms		525.48
	PTK		(182.15)
	Oral Contraceptives	(5.43)	5.25
	Copper-T	95.04	-
	Tubal Ring	27.36	-
	Sub Total	68,404.21	64,769.29
	Sale of services	5,410.70	4,054.83
	Income from Contract	17,948.86	11,980.62
	Other operating revenues	2,962.78	2,761.68
	Grand Total	94,726.54	83,566.42

Other operating revenues comprise:

	Cost of free sample supplied	1,648.42	1,423.25
	Incentive on Social Marketing	58.27	65.42
	Promotional Subsidy on Saheli and Novex sales	419.02	434.41
	Duty Rebate / Duty drawback / Other export incentives	341.73	388.57
	Sale of scrap, waste condoms and other misc.items	428.65	408.60
	Sale of tender form	66.69	41.43
	Total	2,962.78	2,761.68

Note 18 Other income

	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(a)	Interest income (Refer Note (i) below)	324.92	396.19
(b)	Other non-operating income (Refer Note (ii) below)	875.75	310.15
	Total	1,200.67	706.34

Note	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(i)	Interest income comprises:		
	Interest from banks on:		
	a) On short term deposit	295.18	371.22
	b) On Others	29.74	24.97
	Total - Interest income	324.92	396.19
(ii)	Other non-operating income comprises:		
	Rental income from Staff quarters	2.66	2.55
	Profit on sale of fixed assets	22.54	0.51
	Insurance claims	5.25	0.65
	Excess provision / credits written back	424.96	17.40
	Lease rent	48.57	46.89
	Other Misc.Income	371.77	242.15
	Total - Other non-operating income	875.75	310.15

Note 19.A Cost of materials consumed

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
Opening stock	2,999.14	2,784.12
Add: Purchases	19,506.75	19,251.78
	22,505.89	22,035.90
Less: Closing stock	3,106.72	2,999.14
Cost of material consumed	19,399.17	19,036.76
Material consumed comprises:		
Raw Materials	11,236.30	11,351.34
Chemicals	2,610.13	2,448.78
Packing Materials	5,077.21	4,749.66
Cost of quality and Sub contract Expense	475.53	486.98
Total	19,399.17	19,036.76

Note 19.B Purchases of stock-in-trade

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
	₹ lacs	₹ lacs
Trading Products	14,183.58	16,748.41
Social Marketing Branded Products	1,443.78	1,617.11
Total	15,627.36	18,365.52

Note 19.C Changes in inventories of finished goods, and work-in-progress

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
	₹ lacs	₹ lacs
<u>Inventories at the end of the year:</u>		
Finished goods	5,771.96	4,617.47
Work-in-progress	1,545.38	1,794.56
	7,317.34	6,412.03
<u>Inventories at the beginning of the year:</u>		
Finished goods	4,617.47	2,416.21
Work-in-progress	1,794.56	1,226.64
	6,412.03	3,642.85
Net (increase) / decrease	(905.31)	(2,769.18)

Note 20 Employee benefits expense

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
(a) Salaries and incentives	10,223.42	9,418.39
(b) Contributions to -		
Provident fund	964.80	897.97
New pension scheme	150.78	267.37
Gratuity fund contributions	515.91	587.46
Earned Leave Fund	175.18	169.41
Contribution to ESI	53.58	24.67
(c) Staff welfare expenses	1,398.26	1,110.49
Total	13,481.93	12,475.76

Note 21 Finance costs

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
(a) Interest expense on:		
(i) Cash credit	1,539.71	957.75
(ii) Term Loan	98.17	215.74
(b) Other borrowing costs	202.47	229.19
Total	1,840.35	1,402.68

Note 22 Other expenses

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
Advertisement & Publicity and Sales Promotion Expense	4,815.61	4,883.05
Power & fuel charges	3,907.26	3,528.40
Freight & Other Selling Expenses	3,299.95	2,650.52
Travelling & Conveyance	1,790.08	1,609.55
Other Production expenses	1,753.76	1,269.18
Wages to Contract Labourers	1,684.76	1,306.94
Consultancy & Service Charges	1,179.32	917.54
Free sample distribution	1,733.97	1,442.09
Miscellaneous Expenses	868.04	693.14
Provision for bad & doubtful debts/Advances	254.09	116.16
Repairs & Maintenance Machinery	401.68	322.94
Postage & Telegram, Telephone	342.45	281.64
Research & Development Expenses	2.56	20.91
Corporate R&D Centre Expenses	480.25	401.75
Rent	415.91	374.44
Printing & Stationery	236.27	176.94
Repairs & maintenance of other assets	115.23	77.09
Water charges	139.92	138.54
Insurance charges	172.91	118.02
Bank Charges	178.71	165.72
Exchange Fluctuation	1,086.91	1.12
Staff recruitment expenses	97.71	54.03
Rates & Taxes	118.72	123.01
Provision for obsolete stores written off	41.88	75.66
Provision for Disputed Liabilities	2.55	-
Book value of obsolete assets/stores written off	43.98	74.63
Training program expenses	93.48	108.28
Repairs & maintenance of buildings	144.04	124.11
Bad debt & advances written off	236.23	56.82
Payments to auditors (Refer Note (i) below)	28.82	24.04
Loss on sale of Fixed Assets/scrapped assets	2.70	2.08
Corporate Social Responsibility expenses	97.28	66.89
Donation	0.11	0.32
Prior period items (net) (Refer Note (ii) below)	(15.91)	(4.69)
Total	25,751.23	21,200.86

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Note 22 Other expenses (Contd.)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
	₹ lacs	₹ lacs
(i) Payments to the auditors comprises		
Audit fees	11.50	11.50
Tax Audit fees	1.50	1.12
Audit expenses	11.82	8.69
Cost audit fees	4.00	2.73
Total	28.82	24.04

(ii) Details of Prior period items (net)		
Prior period income		
Other Income	72.90	21.73
Materials consumed	-	-
Rates & Taxes	-	-
Total	72.90	21.73
Prior period expenses		
Employees Salaries & Wages	-	-
Administrative Expenses	56.99	17.04
Depreciation	-	-
Other expenses	-	-
Total	56.99	17.04
Prior period items (net)	(15.91)	-4.69

(iii) Details of expenditure incurred on in house research and development (R&D) Facilities

₹ Lacs							
Particulars	Included in notes to financial statements	Approved R&D Facilities		Other R&D Facilities		Total	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
i) Capital expenditure							
(a) Land		-	-				
(b) Building		9.86	582.71			9.86	582.71
		9.86	582.71	-	-	9.86	582.71
(c) Capital equipments	Note 10	489.73	801.42			489.73	801.42
ii) Revenue Expenditure (net)							
(a) Salaries/Wages		192.46	147.37	-	-	192.46	147.37
(b) Material /Consumables/Spares		4.45	5.79	-	-	4.45	5.79
(c) Utilities		32.02	15.74	-	-	32.02	15.74
(d) Other Expenses directly related to R&D		251.32	232.85	2.56	20.91	253.88	253.76
(e) Total revenue expenditure (Total of (ii) (a) to (ii) (d))	Note 22	480.25	401.75	2.56	20.91	482.81	422.66
(iii) Total R&D Expenditure							
(Total of (i) c and (ii) (e))		969.98	1,203.17	2.56	20.91	972.54	1,224.08
(iv) Less: Amount received by R&D facilities		-	-	-	-	-	-
(V) Net Amount of R & D expenditure (iii)-(iv)		969.98	1,203.17	2.56	20.91	972.54	1,224.08

Note 23. Disclosures under Accounting Standards - 22 Accounting for Taxes on Income

Note	Particulars	As at 31.03.2014	As at 31.03.2013
		₹ lacs	₹ lacs
23	Deferred tax (liability) / asset		
	Depreciation	(1827.92)	(1652.66)
	Tax effect of items constituting deferred tax liability	(1827.92)	(1652.66)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for doubtful debts	335.79	355.27
	Provision for Overtime arrear	29.42	28.08
	Provision for Bonus	15.54	120.26
	Others	183.70	180.20
	Tax effect of items constituting deferred tax assets	564.45	683.81
	Net deferred tax (liability) / asset	(1263.47)	(968.85)

Note 24: Additional Information to the Financial Statement

A. Value of Imports (CIF)

₹ lacs

Particulars	2013-14	2012-13
Raw Materials	1,782.66	2,449.40
Components and Spares	106.61	105.17
Capital Goods	604.72	294.04
Finished Products	6,469.10	8,497.16
Total	8,963.09	11,345.76

B. Expenditure in Foreign Currency

₹ lacs

Particulars	2013-14	2012-13
Travelling	80.36	103.03
Service Charges	301.54	239.86
Sales Promotion Expenses	304.10	331.05
Freight and clearing expenses	228.25	130.19
Interest and other charges	194.85	458.38
Total	1,109.10	1,262.51

C. Earning in Foreign Exchange

₹ lacs

Particulars	2013-14	2012-13
Export Sales/ Samples (FOB Value)	12,049.53	10,801.46
Freight & Insurance	809.70	763.44
Others	15.01	0.00
Total	12,874.23	11,564.90

D. Remuneration to Directors

₹ lacs

Particulars	2013-14	2012-13
Salary	76.29	58.50
P.F Contribution	7.32	5.71
Contributory Pension Contribution	1.41	1.02
Perquisites	42.04	36.60
Total	127.05	101.83

The Gratuity & Earned leave Liabilities are funded through Group Schemes with LIC of India. As such the premium is not ascertainable on individual basis and hence not included.

For and on behalf of the Board

Vide our report of even date attached

For M/s Abraham & Jose
Chartered Accountants
Firm No. 000010S

sd/-

sd/-

sd/-

sd/-

Dr. M.Ayyappan
Chairman
& Managing Director

R. P. Khandelwal
Director (Finance)

P. Sreekumar
Company Secretary
& VP(F)

CA. Jose Pottokaran
Partner
Membership No: 012056

Trivandrum
05.07.2014

Note 25 VALUE OF INDIGENOUS AND IMPORTED MATERIALS CONSUMED FOR THE YEAR 2013-14

SL.NO	PARTICULARS	INDIGENOUS		IMPORTED		TOTAL	
		VALUE	%	VALUE	%	VALUE	%
		₹. Lacs		₹. Lacs		₹. Lacs	
1	Condom	10,921.88	92.82	845.00	7.18	11,766.88	100.00
2	Steroidal OCPs	1,031.88	83.20	208.44	16.81	1,240.31	100.00
3	Non-Steroidal OCPs	411.41	100.00	-	-	411.41	100.00
4	Copper T	309.80	90.89	31.05	9.11	340.84	100.00
5	Woman health care products	1,043.44	100.00	-	-	1,043.44	100.00
6	Blood Bag	1,664.66	76.95	498.54	23.05	2,163.20	100.00
7	Hydrocephalus Shunt	1.34	6.05	20.75	93.95	22.09	100.00
8	Tubal Ring	19.50	55.62	15.56	44.38	35.06	100.00
9	Suture	134.56	31.09	298.21	68.91	432.77	100.00
10	Pregnancy Test Card	971.00	100.00	-	-	971.00	100.00
11	Sanitary Napkin	612.87	66.56	307.91	33.44	920.78	100.00
12	Mesh	18.08	100.00	0.00	0.00	18.08	100.00
13	Emily	4.50	54.58	3.75	45.42	8.25	100.00
14	Others	23.18	92.49	1.88	7.51	25.06	100.00
	TOTAL	17,168.10		2,231.08		19,399.17	

**Notes forming part of the financial statement for year
ended 31st March 2014**

Sl no.	Particulars
	Corporate information
	HLL Lifecare Limited is a Mini Ratna Enterprise, fully owned by Government of India domiciled in India and incorporated under the provisions of the Companies Act, 1956. HLL Lifecare Ltd was converted into a Public Limited Company with effect from 21 st February 2012. The company is engaged in the manufacturing and marketing of Contraceptive products, Hospital products, Women Health Pharma products, providing Consultancy & Contract services for healthcare infrastructure, Procurement and Diagnostic services. The company caters to both domestic and international markets.
1	Significant accounting policies
	The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous years.
1.1	Basis of accounting and preparation of financial statements
	With effect from 1 st April 2011, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements.
1.2	Use of estimates
	The preparation of the financial statements is in conformity with Indian GAAP, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized.

1.3	Inventories
	The weighted average formula is used for the valuation of raw materials, stores and spares. Work-in-progress, materials in transit/under inspection are carried at actual process cost. Unused Loose Tools are revalued every year taking into account the useful life of the tools and carried at the revalued cost. Finished goods manufactured/goods purchased for trading are valued at lower of cost/net realizable value, including excise duty, wherever applicable. Manufactured / traded finished goods in stock whose shelf life expires up to 30thJun, 2014 are taken at NIL value.
1.4	Cash and cash equivalents (for purposes of Cash Flow Statement)
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
1.5	Cash flow statement
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on audited financial statements.
1.6	Fixed Assets
	<p><u>Tangible Assets</u> Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all incidental expenditure net of CENVAT credit wherever applicable. Revenue expenses incurred for identification of new projects/ new line of businesses are treated as capital work in progress. This will be absorbed into the project cost in the first year of commencing the business. If the new project/ new line of business do not materialize within a period of three financial years, the entire expenses shall be charged to Revenue in the 3rd year. The cost of fixed assets includes interest on borrowings (calculated at the weighted average rates) and administrative expenses specifically attributable to the acquisition of fixed assets.</p> <p><u>Intangible Asset</u> a) Cost of computer software and License fee incurred from 1.4.2003 are classified as intangible assets.</p> <p>The cost of computer software other than ERP Software Solution is amortized equally over a period of 3 years , whereas ERP software solution is amortized over a period of 8 years on pro-rata basis. License fee paid is amortized equally over the agreement period.</p>
	<u>Trade Mark Expenses</u>

	Expenses incurred on trade mark registrations will be treated as Capital work in progress and will be capitalized under 'intangible assets' when licenses are received. Same shall be amortized over a period of 5 years from the date of recognition of intangible asset. Subsequent expenditure incurred on licences which is already capitalized will be recognized as revenue expenses in the period in which such expenses are incurred.
	Depreciation and amortization
	Depreciation has been provided as per the rates prescribed under Schedule XIV of the Companies Act, 1956 as amended up to date. The depreciation on additions to/ deductions from fixed assets are provided on prorata daily basis. Fixed Assets retired/scrapped and pending disposal are stated at lower of book value/net realizable value and grouped under inventories under the head "Scrapped / Surplus Asset"
	Method of depreciation/Amortization
	<p>a) Additions to Fixed Assets from 01.04.1993 costing Rs5000/- each or less are fully depreciated, irrespective of date of addition</p> <p>b) Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery.</p> <p>c) In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with the depreciation for theyear.</p> <p>d) Depreciation/amortization of fixed assets on lease is provided on the straight line method over the primary period of leases or over the specified period, as defined under Section 205 (5) (a) of the Companies Act, 1956, whichever is shorter. Depreciation in respect of Leasehold Improvements is provided on the straight-line method over the primary period of the lease.</p> <p>e) The method of charging depreciation for addition to /deletion for fixed assets is on a daily pro-rata basis.</p>
1.7	Revenue recognition
	<p>Sales comprise of value of sale of goods (net of returns) excluding sales tax and discounts but including excise duty. Insurance claims are accounted on receipt basis. Interest on investments is booked on a time proportion basis taking into account the amounts invested and the fixed rate of interest. Revenue from Diagnostics services is recognized on accrual basis.</p> <p>Revenues from maintenance contracts are recognized pro rata over the period of the contract. Revenue from Infrastructure - development division and Procurement Consultancy division related activities are recognized as follows;</p>
	a) In case of turnkey contracts ,on the basis of progress billing to the contract value under survey method.
	b) In the case of other contracts, on the basis of completion of obligation as per the terms of contract with the agencies concerned.
1.8	Other Operating Revenues

	<p>The revenue against realization of waste latex, rejected materials and condoms are accounted on cash basis.</p> <p>Duty drawback/export incentive in respect of export sales are accounted in the year of export. The realization in respect of obsolete assets/materials written off is accounted on cash basis.</p> <p>Interest income if any for delayed realization from sundry debtors as stipulated in invoices is not recognized, unless realized.</p>
1.9	Foreign currency transactions and translations
	<p>Transactions in foreign exchange other than those covered by forward contracts are accounted for at the exchange rates prevailing on the date of transactions. Foreign currency receivables/payables other than those covered by forward contracts are translated at the year-end exchange rates. Gain or losses on arising out of such transactions are adjusted to the Profit and Loss Account. Foreign Currency Loans are valued at year end exchange rates.</p> <p>Outstanding forward contracts, if any, as at the Balance Sheet date are reinstated at the exchange rate prevailing on the date.</p>
	<u>Treatment of exchange differences</u>
	<p>Exchange differences on translation or settlement of long term foreign currency monetary items (i.e., whose term of settlement exceeds twelve months from the date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets as per GOI notification dated 31.03.2009 and 29.12.2011 and this will be amortized over the remaining life of the Asset.</p> <p>Forward exchange contracts outstanding as at the year-end on account of firm commitment transactions are marked to market and the losses, if any are recognized in the profit and loss account and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on Accounting for Derivatives issued in March 2008.</p>
1.10	Government grants
	<p>a) Grants in the form of investment subsidy are credited to separate reserve.</p> <p>b) Revenue grants/subsidy (other than product subsidy) relating to sales are disclosed separately under other operating revenues, whereas product subsidy are disclosed under sales and services.</p>
1.11	Investments
	<p>Investments are stated at cost less provision for diminution other than temporary, if any.</p>
1.12	Employee benefits
	<p>a) Gratuity and Leave Encashment</p> <p>The Gratuity liability and Leave Encashment liabilities are determined under separate group schemes maintained with LIC of India. The liabilities towards these schemes are estimated yearly, based on the actuarial valuation, in addition to the valuation provided by LIC of India. The incremental liabilities on year to year basis are funded as per demand raised by LIC of India and is charged to the revenue.</p>

	b) Voluntary Retirement Benefits
	The entire liability on account of payments under VRS is charged off to the Profit and Loss Account in the same year.
	c) Post Employment Medical Benefits
	The Employees (including his/her spouse) on the rolls of the Company from 01.07.2005 are covered under Group Medical Insurance Scheme of M/s National Insurance Company Ltd.
	d) Bonus/ Performance Related Payment
	Provision for bonus for the employees is made on the basis of Productivity Linked Incentive Scheme as per the Long Term Agreement entered into with the recognized trade unions. Executives at the Board level and below the Board level are covered for Performance Related Pay (PRP) as per the guidelines issued by the Department of Public Enterprise.
	e) Pension Scheme
	Company has introduced a contributory pension scheme from 1-4-2011 for the permanent employees who are on the rolls of the company as on 9-10-2012. Company will contribute 3% of basic plus DA with a matching contribution from employees. The pension scheme is managed by LIC of Inida.
1.13	Borrowing costs
-	The borrowing cost incurred / attributable to the acquisition for the purpose of obtaining a qualifying asset is capitalized. Interest on loan taken specifically for the acquiring assets and the interest thereon are proportionately allocated to respective assets based on asset value.
1.14	Segment reporting
	The Company has identified its reportable segments for Segment Reporting, in accordance with Accounting Standard 17, as Contraceptive Products, Healthcare Products, Trading Products, Services and Contracts which are the primary groups. In addition, the following specific accounting policies have been followed for Segment Reporting. (a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment, including inter segment revenue. (b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. Expenses which relate to the company as a whole and not allocable to segments are included under "Unallocable expenditure". (c) Income which relate the the company as a whole and not allocable to segments is included in "Unallocable Income". (d) Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable Corporate assets and liabilities represents the assets and liabilities that relate to the company as a whole and not allocable to any segment.
1.15	Leases
	Fixed Assets acquired and given on lease are shown as part of fixed assets. Lease rental income is accounted on accrual basis.

1.16	Taxes on income
	<p>Provision for current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961</p> <p>Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the Tax rates and laws that are applicable as on the Balance sheet Date .The deferred Tax asset is recognized and carried forward only to the extent there is a reasonable certainty of its realization in future.</p> <p>Minimum Alternative Tax (MAT) paid in accordance with the provisions of Income Tax Act 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as asset in the balance sheet.</p>
1.17	Research and development expenses
	Capital expenditure on Research and Development is treated in the same manner as Fixed Assets. The revenue expenditure on Research and development is charged off in the year in which it is incurred.
1.18	Impairment of assets
	Impairment of assets is recognized when there is an indication of Impairment. On such indication the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to recoverable amount.
1.19	Provisions and contingencies
	A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed seperately. Contingent assets are neither recognized nor disclosed in financial statement.
1.20	Prepaid Expenses
	Prepaid expenses of items of Rs 2000/- each and below are charged off to the revenue
1.21	Prior Period Expenses/Income
	Income and expenditure relating to prior period exceeding Rs. 5000/- in each case only is accounted under prior period.
1.22	General Stores/Spares/ Raw Materials/ Finished Products
	The provision for loss if any in respect of slow moving items of materials/finished products are accounted after obtaining the technical opinion regarding the

	usability/marketability.			
1.23	Treatment of expenditure during construction Period			
	Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.			
1.24	Classification of Assets and Liabilities as Current and Non-Current			
	All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in schedule VI to the Companies Act, 1956. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current or non-current classification of assets and Liabilities.			
2	EXPLANATORY/ CLARIFICATORY NOTES			
2.1	Authorized Share capital of the Company was increased from Rs 20 Cr to Rs 300 Cr during the year 2012-13 and expenditure incurred towards increase of share capital is amortized over a period of five years starting from 2012-13 onwards.			
	The Company intends to sub-divide the face value of its Equity Shares of Rs.1,000/- each to 100 Equity Shares of Rs.10/- each. The Company has received approval of the Board of Directors in the 242 nd Board meeting held on 8th November 2013 and that of the Ministry of Health & Family Welfare, Govt. of India, vide O.M.No.F.No.A-45013/77/2010-HLL dated 12th March 2014. The proposal shall now be placed for Shareholder's approval in the ensuing Annual General Meeting.			
2.2	Balance in Debtors, Creditors and loans and advances are subject to confirmation / reconciliation. Receivable in Foreign Currency out of Export sales is subject to reconciliation and consequently Foreign Currency Valuation gain or loss may vary.			
2.3	Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :			
			(₹ in lacs)	
	Sl no			
		31.03.2014	31.03.2013	
	(a)	The principal amount remaining unpaid at the end of the year.	275.23	409.66
	(b)	The delayed payments of principal amount paid beyond the appointed date during the year.	Nil	Nil
	©	Interest actually paid under Section 16 of the MSMED Act .	Nil	Nil
	(d)	Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms.	Nil	Nil

	(e)	Total interest accrued during the year and remaining unpaid .	Nil	Nil
	This information has been determined to the extent such parties have been identified on the basis of information available with the Company.			
2.4	Matured fixed deposit of Rs10000/- has not been paid due to dispute in claim from the legal heirs of the deceased deposit holder. Interest does not accrue beyond maturity date and hence not provided for.			
2.5	The Company had received from M/s. Female Health Company (UK) equipment's valuing Rs 89.27 Lakhs on loan basis for the manufacture of female condom FC2 Nitrile version at its unit located in Cochin Export Processing Zone. No accounting entries have been passed as the property & title of the equipment supplied vests with M/s. Female Health Company, U.K. Further, rental charges on the said assets are recognized on actual utilization basis.			
2.6	Borrowing costs Capitalised during the year is Rs. 158.28 lacs. (Previous Year is Rs. 171.22 lacs)			
2.7	<p>M/s LifeSpring Hospitals Private Limited was formed in February 2008 as a Joint Venture entity with 50:50 equity shareholding between HLL Lifecare Ltd. [HLL] and M/s Acumen Fund Inc., USA [Acumen]. HLL had contributed Rs. 783.42 Lacs towards the equity Share Capital of the Joint Venture Company, as per the terms of Shareholders agreement entered into with Acumen. This JV was formed with the objective of providing High Quality, Affordable Maternal Health Care for Low-Income Women across India. It operates small-sized (20 bed) maternity hospitals in the proximity of urban slums. The hospitals also provide paediatric care (including immunisations), diagnostic and pharmacy services, and health care education to the communities in which its hospitals are located.</p> <p>Presently, the JV is running a cluster of 12 hospitals in Hyderabad. Among these, 1 hospital has completed 6 years, 2 have completed 5 years, 3 have completed 4 years remaining 6 have completed/nearing 3 years of operations only, as on 31.03.2014. Normally for any hospital business models, the gestation period is fairly long. As the services at LifeSpring Hospitals are offered at very affordable rates, aimed at meeting socially committed objective, the gestation period may take 5-7 years to achieve breakeven level in operations.</p> <p>Among the 4-6 year old hospitals, 4 hospitals are generating profits since 2012-13. The JVs performance at the Enterprise level is also has been steadily improving. The loss of the JV Company has been steadily coming down since last 4 years, from Rs.303.75 lacs (2011-12 to Rs.185.23 lacs (2012-13) to Rs.54.20 lacs (2013-14). The JV Company has reported cash profits of Rs.0.12 lacs for the year 2013-14.</p> <p>The cumulative loss as on 31.03.2014 is Rs.1665.45 lacs and HLL's share of cumulative loss is Rs.832.73 lacs.</p> <p>During April 2013, HLL and Acumen had provided further financial assistance of Rs. 125.00 Lacs each to LifeSpring, in the form of Unsecured Compulsorily</p>			

	<p>Convertible Debentures carrying interest of 12.5% compounded per annum and convertible to equity shares latest by seven (7) years. The net worth of the JV Company will improve further on conversion of these debentures.</p> <p>In view of the improved performance and also for funding the expansion plans to add one more cluster of 10-12 hospitals, the JV Company is intended to induct one more investor and the discussions towards finalizing the Term sheets are progressing. Lifespring business model has been well appreciated both in national and international forums and earned prestigious awards. Lifespring has earned a good brand value and the shares of the JV fetches good valuation among interested groups. The indicative pre-money evaluation works out to Rs.21.60, being the average value for each share of nominal value of Rs.10/-.</p> <p>Considering all the above, the diminution if any, in the carrying value of the investment in the JV company is purely of temporary nature only and hence management is of the view that no provisioning towards diminution in value of investment is required as on 31.03.2014.</p>		
2.8	During the year there was no payment towards voluntary retirement scheme.		
2.9	As per the DPE guidelines, the Company is to spend minimum 3% of the previous year's net profit for CSR activities and the unspent amount if any, need to be carried over as CSR Reserve. The CSR Reserve available as on beginning of the year was Rs.43.86 lacs. The Company had spent Rs. 97.28 lacs during the year 2013-14 towards approved CSR activities. Taking into account the above position, net unspent amount of Rs 36.80 lacs is appropriated out of the current year profits towards CSR Reserve.		
2.10	Loans and advances include Rs. 587.45 lacs (previous year Rs.809.05 lacs) relating to trading business aged two years and above, are considered good, though unsecured.		
2.11	Insurance premium includes instalment of medical insurance premium paid for post-retirement medical benefits		
2.12	Basic and Diluted Earnings per share		
		31-03-2014	31-3-2013
	Numerator Net Profit Rs. In Lacs		
	Basic	2570.77	3007.47
	Diluted	2570.77	3007.47
	Denominator- Average number of equity shares outstanding during the year		
	Basic	1935350	1935350
	Diluted	1935350	1935350
	Earnings per share (Rs)		
	Basic	132.83	155.40
Diluted	132.83	155.40	
2.13	Figures for the previous year have been rearranged and regrouped wherever necessary.		

2.14	Disclosure in respect of Related Party transactions and Segment Reporting are presented in Annexure I & II respectively.		
2.15	The cash and bank balances held by the Company under trust and the relative liabilities are disclosed as contra items in the Balance Sheet in accordance with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India. The Assets & Liabilities of the Procurement Projects, & Infrastructure Development Projects are disclosed in Annexure III.		
2.16	Employee Benefits		
	a) Gratuity		
	The Fund disclosures/assumptions	31.03.2014	31-3-2013
	Discount rate	8%	8%
	Salary Escalation	5%	5%
	Fund value (₹ Lacs)	3497.23	3088.83
	Valuation Method	Projected unit	Projected unit
		Credit method	Credit method
	Withdrawal rate	1% to 3%	1% to 3%
		Depending on age	Depending on age
	Valuation (₹ Lacs)	3997.05	3508.21
	Provision made in the books (₹ Lacs)*	515.35	581.63
	Interest earned actual (₹ Lacs)	279.84	254.86
	Upper limit for Gratuity	10	10
	Sum insured per employee under Group Gratuity Policy (₹ Lacs)	10	10
	b) Leave Encashment		
	The Fund disclosure/assumptions	31.03.2014	31-3-2013
	Discount rate	8%	8%
	Salary escalation	5%	5%
	Fund value (₹ Lacs)	1066.70	940.62
	Valuation method	Projected unit	Projected unit
		Credit method	Credit method
	Withdrawal rate	1% to 3%	1% to 3%
		Depending on age	Depending on age
	Valuation (₹ Lacs)	1241.41	1059.57
	Provision made in books (₹ Lacs)	175.25	169.42
	Interest earned actual (₹ Lacs)	85.76	77.24
	Upper limit for earned leave	300 days	300 days
	The Company in its 244 th Board Meeting held on 15.05.2014 approved the facility of encashment of Half Pay Leave in addition to Earned Leave at the time of superannuation subject to an overall ceiling of 300 days. The liability as on 31.03.2014 towards the same is yet to be determined.		

2.17	Pending forward contracts as on 31.03.2014 for Foreign Currency Debtors amounts to Nil.
2.18	<p>The Company, during March 2013, had acquired in auction by Canara Bank, Kochi, a Condom manufacturing unit under construction, situated in the state owned Rubber Park at Irapuram, Perumbavoor, Kerala, for a consideration of Rs.400 lacs. The cost of acquisition includes leasehold plot of land (for 99 years from 01.03.2005) measuring 123.80 ares (306 cents) and semi-finished facility comprising of 3479 sq. mtrs of factory & administrative building and major part of the plant, machineries and equipments required for production of 120 Mln Pcs of male condoms, when completed. The property is since registered in the name of HLL. The Company is currently incurring additional capital expenditure to complete the semi-finished facility and also augmenting the condom production capacity to 300 Mln. Pcs p.a. The entire investments are currently shown under Capital Work-in-Progress.</p> <p>An encumbrance of Rs.36.88 lacs on this property existing at the time of acquisition is included in the contingent liabilities.</p>
2.19	<p>The Company is in possession of 430.10 acres of land since January 2008, allotted on lease for a period of 99 years from the Central Leprosy Teaching Research Institute (CLTRI), Tamil Nadu, under directives from Ministry of Health & Family Welfare, Govt. of India. The Public Investment Board (PIB), Ministry of Finance, Govt. of India in its meeting held on 10.02.2012 had recommended to earmark 100 acres of land out of the 430.10 acres in possession with the Company at Chengalpattu for setting up of the Integrated Vaccine Complex (IVC), for a value of Rs.10.12 crores (56 acres @Rs.16.50 lacs per acre and 44 acres of hillock @Rs.2 lacs per acre).</p> <p>The recommendations of the PIB are approved by the Cabinet Committee of Economic Affairs (CCEA). The Company in March 2012 has formed a fully owned subsidiary company, M/s HLL Biotech Limited (HBL), for setting up the IVC, in line with the PIB recommendations. As the legal formalities of transfer of 100 acres of land in the name of HBL is yet to be completed, the Company has, in February 2014, sub-leased the 100 acres identified for the purpose, in favour of HBL @Re.1/- for 94 years.</p> <p>3.38 Acres of land, out of 430.10 acres in possession, to be given on lease to Tamil Nadu State Electricity Board for a period of 36 years for an annual lease rent of ₹ 1/- only. However this transaction has so far not been effected.</p>
2.20	Govt. of India has declared HLL as “captive unit” in 2005 for the supply of various Contraceptive products to the Ministry of Health & Family Welfare. The Company has been supplying Contraceptive products (Condoms, Oral Contraceptive Pills, EC Pills, Copper-T and Tubal Rings), Pregnancy Test Kits and Sanitary Napkins to the Ministry. As per the Cabinet order on “captive unit”, the Ministry shall be finalizing the supply price on yearly basis through an open tender process and the L1 price determined through the bidding process shall be made applicable to HLL for its

	<p>supplies to the Ministry. In the absence of L1 price determination through tender process, reference shall be made to Tariff Commission / Cost & Accounts Branch of the Ministry of Finance for determining the fair price for the supplies from HLL.</p> <p>As regards Condoms supplies, the prices were determined in 2011-12 through a tender process and the same has been extended as provisional price for the supplies during the years 2012-13 & 2013-14. As no procurement could be done from private manufacturers for the years 2012-13 and 2013-14, Ministry is contemplating to get the price determined by referring to the Tariff Commission .Hence, the supplies during these two years are made at the provisional price and no cost escalation benefits are considered in the accounts.</p> <p>As regards Oral Contraceptive Pills, the supplies during 2013-14 are billed at the price determined by the Ministry through tender process in 2012-13 and hence the price for the year 2013-14 is yet to be firmed up. In the case of Copper-T and Tubal Rings, the supplies during 2013-14 are billed at the old price determined by the Ministry for the year 2012-13. The supply prices for Cu-T and Tubal Rings are determined through tender process during the year 2013-14. Based on this tender price, cost escalation benefit of Rs.122.40 lacs is considered in the 2013-14 accounts.</p> <p>In the case of Pregnancy Test Kit, HLL is the sole supplier to the Ministry. Based on the reference made from the Ministry for the years 2009-10 & 2010-11, Tariff Commission had recommended Rs.10/- per Kit plus applicable tax, as the reasonable price, in their report submitted to Ministry during 2013. Again the Ministry had fixed provisional price @ Rs.9/- and Rs.10/- respectively, plus applicable tax for the PTK supplies during the years 2012-13 and 2013-14. The Ministry has so far not made a reference to Tariff Commission / Cost Accounts Branch to fix the fair price for the years 2011-12, 2012-13 and 2013-14. Hence, Company has not considered any additional cost escalation benefits for the years in the accounts.</p> <p>The Ministry has also made reference to Tariff Commission to determine the prices to be paid for Sanitary Napkin supplies during the years 2011-12 & 2012-13 and the recommendations are awaited.</p>
2.21	<p>The Company has taken on lease a Condom manufacturing facility situated in 5.21 acres of land together with factory building /shed having plinth area of 40000 sq.ft and machinery, in Sy. No. 1005, AA, Gajwel Village, Medak District in Telangana during February 2012. The lease is for a period of 5 years commencing from 1st March 2012 terminable by giving 3 months notice from either side, with lease rent of ₹ 18 lakh per month. The company has issued Notice of termination of Lease</p>

	Deed on 29.03.2014 to terminate the lease w.e.f 30.06.2014 hence disclosure of future lease payments as per AS 19 is not given.	
2.22	The Company, on 19th March,2014 has acquired 74% of the Equity Share Capital of M/s Goa Antibiotics & Pharmaceuticals Limited (GAPL) for a consideration of ₹ 700 lacs based on a due diligence conducted on the company. GAPL was a wholly owned subsidiary company of M/s EDC Limited , a Govt. of Goa undertaking and is engaged in the manufacturing & selling of various pharmaceuticals products. The consideration paid together with statutory levies is shown as part of non current investments.	
2.23	Details of Contract Revenue and costs	
	(Amount in lacs)	
		31.03.2014
		31.03.2013
	Contract revenue recognised during the year	17,948.86
	Aggregate of amount of costs incurred upto reporting date	33783.73
	Recognized profits up to reporting date	12553.80
	Advances received for contracts in progress	13188.88
	Retention money for contracts in progress	-
	Gross amount due from customers for contract work (asset)	13671.63
		7,490.62

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

Contingent liabilities and commitments (to the extent not provided for)	2013-14	2012-13
	₹ lacs	₹ lacs
(I) Contingent Liabilities		
(i) Income Tax		
(a) Income Tax demands against the Company not acknowledged as debt and not provided for in respect of which the Company is in appeal and exclusive of the similar matters in respect of pending assessments and interest.	312.16	222.50
(b) Sales Tax Claims against the Co. not acknowledged as debt	263.48	263.48
(ii) Claims against the Company not acknowledged as debts	4,978.93	4,307.42
(iii) Guarantee		
(a) Company's guarantee for Employees Housing Loan for Officers	2.38	4.03
(b) Company's guarantee for Employees Housing Loan for others	8.06	15.92
(iv) Bank Guarantees to Govt. Departments. (Net of Margin Money)	161.33	1,764.24
(v) Bank Guarantees to others.	4,718.11	12,981.07
(vi) Corporate Guarantees issued	2,579.94	2,580.00
(vii) Letter of Credits (net of Margin Money)	428.75	769.25
(viii) Provision for Customs Duty	49.12	45.13
(ix) Bond cum legal undertaking in favour of Cochin Special Economic Zone	465.92	465.92
(x) Encumbrance/Amount payable, existing on the property acquired in auction	36.88	36.88
TOTAL	14,005.06	23,455.85
(II) Commitments		
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	1,947.89	3,297.39
(ii) Pending rebate claim for which appeals filed	5.61	2.00
TOTAL	1,953.50	3,299.39
GRAND TOTAL	15,958.57	26,755.24

Contingent liability has been calculated as Principal plus Interest @ 12% p.a. The claims made by the claimants have ranged from 8-24%. However, keeping in view the statutory interest levies like Income Tax and principle of Natural Justice, the rate of interest for all claims have been taken @ 12% p.a. in cases where the interest is above 12% p.a.

ANNEXURE I - Referred to in Note No. 2.14
Disclosure in respect of related party pursuant to Accounting Standard 18

Description of relationship	Names of related parties
Subsidiaries	HLL Biotech Ltd GAPL
Joint Venture	Life Spring Hospital Private Ltd
Associates	Hindustan Latex Family Planning Promotion Trust
Key Management Personnel (KMP)	Dr. M.Ayyappan - Chairman & Managing Director Dr. KRS Krishnan - Director (Technical & Operations) R.P. Khandelwal - Director (Finance)
Information regarding remuneration paid to Key Managerial Personnel are available in Note 24	

₹ lakhs

Name of Entity	Hindustan Latex Family Planning Promotion Trust (A Trust under the Travancore - Kochi Literary Scientific, Charitable Societies Regulation Act.)		Life Spring Hospital Private Ltd (A company registered under the Indian Companies Act,1956)		HLL Biotech Ltd. (Wholly owned subsidiary of HLL Lifecare Ltd)		GAPL	
	Whether Control exist		50%		100%		74%	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	₹lacs	₹lacs	₹lacs	₹lacs	₹lacs	₹lacs		
i) Income								
Sales	1,167.97	321.22						
Profit/ Loss on sales of Assets								
Rental Income	40.00	23.18						
Consultancy					42.52	4.45		
Debenture Interest			15.63	-				
ii) Expenses								
Sales Commission								
Management Fee								
Sales Promotion								
Salaries & Allowances								
Other expenses					78.26	93.84		
iii) Assets								
Sundry Debtors	463.38	124.97	32.22	-	78.78	-		
Advances		26.09	-	14.79				
Investment in Shares			783.42	783.42	17,801.00	17,801.00	708.75	-
Investment in Debentures			125.00	-				
iv) Liabilities								
Provision for Expenses								
Other Liabilities					-	1,126.65		

Vide our report of even date attached

For Abraham & Jose
Chartered Accountants
Firm No. 000010S

For and on behalf of the Board

sd/-
Dr. M.Ayyappan
Chairman
& Managing Director

sd/-
R. P. Khandelwal
Director (Finance)

sd/-
P. Sreekumar
Company Secretary
& VP(F)

sd/-
CA Jose Pottokaran
Partner
Membership No: 012056

TRIVANDRUM
05.07.2014

Annexure II - Referred to in Note No. 2.14

Disclosure Under Accounting Standard - 17 SEGMENT REPORTING

	Particulars					₹ lacs
1. Primary Segment Information						
Segment Revenue						
	Contraceptives	Health Care	Trading	Procurement and consultancy services	Contract Services	Total
Net Sales & Services	40,496.88	15,671.93	16,297.36	3,681.04	17,948.86	94,096.07
Other Unallocable Revenue						1,272.76
Total						95,368.83
Capital Employed						
	Contraceptives	Health Care	Trading	Procurement and consultancy services	Contract Services	Total
Profit before Interest & Tax	4,926.12	-736.12	439.34	1,361.36	3,979.09	9,969.78
Less:- Interest						1,840.35
Less: Other unallocable expenditure						4,492.44
Prior period items						-15.91
Add:-Other unallocable income						0.00
Profit before tax						3,621.08
	Contraceptives	Health Care	Trading Products	Procurement and consultancy services	Contract Services	Total
Capital Employed						
Allocated Fixed Assets (a)	12,707.12	6,398.41	44.66	923.87	0.94	20,074.99
Allocated Current Assets (b)	28,270.55	13,237.20	4,025.68	9,755.91	11,386.74	66,676.08
(a+b)	40,977.67	19,635.61	4,070.34	10,679.77	11,387.68	86,751.07
Allocated Current Liabilities	10,253.00	7,374.34	1,799.61	3,341.20	6,675.23	29,443.38
Capital Employed Allocation	30,724.67	12,261.27	2,270.73	7,338.58	4,712.45	57,307.69
Unallocable portion of Capital Employed						-28,369.55
Total Capital Employed						28,938.14
2. Secondary Segment Information - Geographical Revenue						
India						81,972.49
Outside India						13,396.34
						95,368.83
Capital Employed						
India						23,473.24
Outside India						5464.90
						28,938.14
For and on behalf of the Board				Vide our report of even date attached For M/s Abraham & Jose Chartered Accountants Firm No. 000010S		
sd/- Dr. M.Ayyappan Chairman & Managing Director	sd/- R. P. Khandelwal Director (Finance)	sd/- P. Sreekumar Company Secretary & VP(F)	sd/- CA. Jose Pottokaran Partner Membership No: 012056			
Trivandrum 05.07.2014						

Projects	ASSETS						LIABILITIES				
	Cash & Bank balances held under trust with HLL		Other Current Assets		Total		Current Liabilities		Total		
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	
PCD											
AYUSH	217.42	80.94	0.64	28.32	218.06	109.26	218.06	109.26	218.06	109.26	
NIB	144.65	170.12	22.02	4.54	166.67	174.66	166.67	174.66	166.67	174.66	
NIHK	3.51	3.51	-	-	3.51	3.51	3.51	3.51	3.51	3.51	
Indian Medicines Pharmaceuticals Co Ltd	-	-	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	
PMSSY	38,744.87	13,865.01	2,128.56	8,504.85	40,873.43	22,369.86	40,873.43	22,369.86	40,873.43	22,369.86	
(GMSD)Immunisation (MOH&FW)& Cold Chain	1,186.94	1,112.86	23.40	32.75	1,210.34	1,145.61	1,210.34	1,145.61	1,210.34	1,145.61	
CAB (IIPS)	1,489.09	6,497.54	165.32	7,796.98	1,654.41	14,294.52	1,654.41	14,294.52	1,654.41	14,294.52	
SAARC	21.28	242.85	37.40	25.26	58.68	268.10	58.68	268.10	58.68	268.10	
Ministry of External Affairs, Sychelles	-	-	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	
NVBDCP	87.63	339.98	29.92	39.39	117.55	379.37	117.55	379.37	117.55	379.37	
NACO	341.62	28.30	99.57	99.57	441.19	127.87	441.19	127.87	441.19	127.87	
MCD	265.37	592.51	96.22	48.85	361.59	641.36	361.59	641.36	361.59	641.36	
CGHS	62.38	62.38	-	-	62.38	62.38	62.38	62.38	62.38	62.38	
C.V.M. PROJECTS PCD	125.39	125.39	-	-	125.39	125.39	125.39	125.39	125.39	125.39	
MJS Prject PCD	-	-	0.16	-	0.16	-	0.16	-	0.16	-	
HIMACHAL PRADESH GOVT. PROJECT	-	-	4.66	-	4.66	-	4.66	-	4.66	-	
LADAKH HILL DEVELOPMENT COUNCIL	-	-	2.24	245.82	2.24	245.82	2.24	245.82	2.24	245.82	
NCT DELHI	649.35	-	-	-	649.35	-	649.35	-	649.35	-	
CCRS	116.71	-	-	-	116.71	-	116.71	-	116.71	-	
TOTAL	43,456.21	23,121.38	2,613.78	16,830.00	46,069.99	39,951.39	46,069.99	39,951.39	46,069.99	39,951.39	
ID North											
IPC (Gaziabad)	11.39	11.16	1.20	1.45	12.59	12.61	12.59	12.61	12.59	12.61	
PMSSY Residential Projects (Rishikesh & Patna)	1,289.54	991.65	89.23	66.98	1,378.77	1,058.63	1,378.77	1,058.63	1,378.77	1,058.63	
NEIFM, Pasighat under AYUSH	1,243.58	683.21	142.47	231.95	1,386.05	915.17	1,386.05	915.17	1,386.05	915.17	
IMPCL_MOHAN_PMC	-	-	0.29	-	0.29	-	0.29	-	0.29	-	
Aligarh Medical College (PMSSY)	1,065.37	2,934.42	142.99	655.68	1,208.36	3,590.10	1,208.36	3,590.10	1,208.36	3,590.10	
PGIMS ROHTAK	367.45	900.60	486.37	293.03	853.82	1,193.64	853.82	1,193.64	853.82	1,193.64	
NIPS/RIPS	9,655.26	9,235.73	750.81	527.47	10,406.07	9,763.20	10,406.07	9,763.20	10,406.07	9,763.20	
ACHARYA BARIHAR RGL CANCER CENTRE CUTTAK	820.54	1,321.90	400.05	-	1,220.59	1,321.90	1,220.59	1,321.90	1,220.59	1,321.90	
CGHS	-	-	3.01	-	3.01	-	3.01	-	3.01	-	
TOTAL	14,453.13	16,078.68	2,016.42	1,776.57	16,469.55	17,855.24	16,469.55	17,855.24	16,469.55	17,855.24	



Consolidated Financial Statements

2013-14

**INDEPENDENT AUDITORS' REPORT
TO THE MEMEBERS OF HLL LIFECARE LIMITED**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Financial Statements of **HLL LIFECARE LIMITED** (the “Company”), its **Subsidiaries (viz., HLL Biotech Ltd., and Goa Antibiotics and Pharmaceuticals Ltd)** and **Joint Venture (viz., Lifespring Hospitals Pvt. Ltd.)**, collectively referred to as the “Group”, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR THE CONSOLIDATION OF THE FINANCIAL STATEMENTS.

Management is responsible for the preparation of these Consolidated Financial Statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this included the design, implementation and maintenance of internal control relevant to preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS’S RESPONSIBILITY

(a) Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

(b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view 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 company'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 consolidated financial statements.

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

BASIS FOR QUALIFIED OPINION

As explained in Note No. C.8 to the Consolidated Financial Statements, Goa Antibiotics and Pharmaceuticals Ltd., a subsidiary company, has not carried out any actuarial valuation as required by AS-15, Accounting for Employee Benefits, during the year. As per compensated leave absences statement prepared by the company and deficit in gratuity fund based on certificate from Life Insurance Corporation, there is a short provision of Rs. 160.37 Lacs and Rs. 122.90 Lacs respectively. Accordingly, net profit for the year is higher by Rs. 283.27 Lacs and Provision for retirement benefits is lower by Rs. 283.27 Lacs.

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

BASIS FOR DISCLAIMER OPINION

In the case of Goa Antibiotics and Pharmaceuticals Ltd., a subsidiary, due to the absence of sufficient appropriate audit evidence, it was unable to determine whether any adjustments might have been necessary on the accounts in respect of the following cases:

- a. Adequacy of provision maintained against outstanding receivables in the absence of an age wise analysis report with customer wise analysis of outstanding;
- b. Inadequate internal controls and accounting procedures followed by the company in respect of certain units as stated in Note No. C.13 and inability to obtain proper records and documents from certain units not visited by the statutory auditors of the subsidiary;
- c. As stated in Note No. C.14 provision for estimated liability that may be required to honour expenditure towards guarantee/warranty claims in respect of various classes of products manufactured by the company has not been made as required as per AS-29 on Provisions, Contingent Liabilities and Contingent Assets issued by ICAI.

OPINION

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the AS 21 – "Consolidated Financial Statements" and AS 27 – Financial reporting of Interest in Joint Venture, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of HLL Lifecare Ltd., its subsidiaries and joint venture.

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries and Joint Venture, as mentioned in the 'other matters' paragraph below, **except for the effects of the matter described in the Basis for Qualified Opinion paragraph and Disclaimer of Opinion paragraph**, the consolidated 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:

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31st,2014;
- (ii) In the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

- (iii) In case the of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

Subsequent to our Audit Report dated 05th July, 2014, as per the observation of C&AG, we invite attention of the members to the following:

Short term loans and advances as on 31st March, 2013 included Rs. 809.05 lakhs, out of which Rs. 307.00 lakhs has been collected during the year 2013-14. Balance outstanding amounting to Rs. 502.05 lakhs as on 31.03.2014 is unsecured and long pending for which no provision has been made. In view of the same, our audit report dated 5th July 2014 has been revised.

OTHER MATTERS

We did not audit the financial statement of two subsidiaries whose financial statements reflects total assets (net) of Rs. 17944.80 Lacs as at 31st March 2014, total revenue of Rs. 4059.31 lacs and net cash outflows aggregating to Rs. 877.27 Lacs for the period then ended on that date. We also did not audit the financial statement of the Joint Venture whose financial statements reflects total assets (net) of Rs. (-) 98.61 lacs as at 31st March 2014 , gross revenue of Rs.1184.84 lacs and net cash inflow amounting to Rs.30.13 lacs for the then year then ended on that date are also included in the Consolidated financial Statements. These financial statements have been audited by another auditors, whose report has been furnished to us by the management and our opinion are solely on the reports of the other auditors.

**For Abraham & Jose
Chartered Accountants
(FRN: 000010S)**

Sd/-

**Place: Thrissur
Date: 04.08.2014**

**Jose Pottokaran
Partner, M. No. 012056**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note No.	AS AT 31.03.2014	AS AT 31.03.2013
		₹ lacs	₹ lacs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	19,353.50	19,353.50
(b) Reserves and surplus	4	19,875.08	17,751.86
		39,228.58	37,105.36
2 Minority Interest		40.30	
3 Non-current liabilities			
(a) Long-term borrowings	5	8,787.37	5,528.79
(b) Deferred tax liabilities (net)	23	1,301.00	1,007.85
		10,088.37	6,536.64
4 Current liabilities			
(a) Short-term borrowings	6	33,779.24	23,513.56
(b) Trade payables	7	11,488.50	9,319.78
(c) Other current liabilities	8	18,253.53	25,289.69
(d) Short-term provisions	9	1,442.14	1,765.87
		64,963.41	59,888.90
5 Advances Received for Projects Held under Trust as per contra		71,015.72	50,466.87
TOTAL		1,85,336.38	1,53,997.77
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10.A	18,694.07	16,959.24
(ii) Intangible assets	10.B	898.91	822.05
(iii) Capital work-in-progress	10.C	9,060.07	4,954.97
(iv) Intangible asset under development		310.48	131.71
(v) Goodwill on consolidation		601.93	
		29,565.46	22,867.97
(b) Non-current investments	11	2.25	2.00
(C) Long Term Loans and Advances	11.A	2,190.14	2,282.56
(d) Other Non-current assets deferred tax asset	11.B	567.57	531.52
2 Current assets			
(a) Inventories	12	11,853.46	10,517.91
(b) Trade receivables	13	44,526.61	41,478.95
(c) Cash and cash equivalents	14	14,849.73	15,069.01
(d) Short-term loans and advances	15	10,260.02	8,625.68
(e) Other current assets	16	505.42	2,155.30
		81,995.24	77,846.85
3 Cash and Bank Balances of Projects Held under Trust as per contra		71,015.72	50,466.87
TOTAL		1,85,336.38	1,53,997.77

See accompanying notes forming part of the financial statements

For and on behalf of the Board		Vide our report of even date attached For M/s Abraham & Jose Chartered Accountants Firm No. 000010S	
Sd/- Dr. M.Ayyappan Chairman & Managing Director	Sd/- R. P. Khandelwal Director (Finance)	Sd/- P. Sreekumar Company Secretary & VP(F)	Sd/- CA.Jose Pottokaran Partner Membership No: 012056
Trivandrum 05.07.2014			

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014				
	Particulars	Note No.	Year ended	Year Ended
			31.03.2014	31.03.2013
			₹ lacs	₹ lacs
1	Revenue from operations (gross)	17	95,421.01	83,963.16
	Less: Excise duty		563.04	272.31
	Revenue from operations (net)		94,857.97	83,690.85
2	Other income	18	1,189.49	706.55
3	Total revenue (1+2)		96,047.46	84,397.40
4	Expenses			
	(a) Cost of materials consumed	19.A	19,482.63	19,064.57
	(b) Purchases of stock-in-trade	19.B	15,653.75	18,365.52
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19.C	(898.31)	(2,769.18)
	(d) Employee benefits expense	20	13,829.61	12,700.87
	(e) Finance costs	21	1,799.57	1,347.82
	(f) Depreciation and amortisation expense		2,412.44	2,119.34
	(g) Other expenses	22	25,963.20	21,367.59
	(h) Contract Expenses		14,177.14	8,422.22
5	Total expenses		92,420.03	80,618.75
6	Profit / (Loss) before Exceptional and extra ordinary items and tax (3 - 5)		3,627.43	3,778.64
7	Exceptional items		(1.15)	-
8	Profit / (Loss) before extra ordinary items and tax (6 - 7)		3,628.58	3,778.64
9	Extra - ordinary item		0.87	-
10	Profit / (Loss) before tax (8-9)		3,627.71	3,778.64
11	Tax expense:			
	(a) Current tax expense for current year		783.29	791.83
	(b) Current tax expense relating to prior years		(1.76)	(214.51)
	(c) MAT Credit Entitlement		(25.83)	(419.00)
	(c) Deferred tax		293.14	616.08
			1,048.84	774.40
12	Profit / (Loss) for the year from continuing operations		2,578.87	3,004.24
13	Profit / (Loss) from discontinuing operations (6 - 7)		-	-
14	Minority Interest on Net Income		2.77	
15	Profit / (Loss)		2,576.10	3,004.24

Consolidated Statement of Profit & Loss for the year ended 31 March, 2014 (contd.)

Particulars		Note No.	Year ended 31.03.2014	Year Ended 31.03.2013
8.i	Earnings per share		(in ₹)	(in ₹)
	(a) Basic			
	(i) Continuing operations		133.11	155.23
	(ii) Total operations		133.11	155.23
	(b) Diluted			
	(i) Continuing operations		133.11	155.23
	(ii) Total operations		133.11	155.23
8.ii	Earnings per share (excluding extraordinary items)			
	(a) Basic			
	(i) Continuing operations		133.11	155.23
	(ii) Total operations		133.11	155.23
	(b) Diluted			
	(i) Continuing operations		133.11	155.23
	(ii) Total operations		133.11	155.23

See accompanying notes forming part of the financial statements

For and on behalf of the Board

Vide our report of even date attached
 For M/s Abraham & Jose
 Chartered Accountants
 Firm No. 000010S

Sd/-

Sd/-

Sd/-

Sd/-

Dr. M.Ayyappan
 Chairman
 & Managing Director

R. P. Khandelwal
 Director (Finance)

P. Sreekumar
 Company Secretary
 & VP(F)

CA. Jose Pottokaran
 Partner
 Membership No: 012056

Trivandrum
 05.07.2014

Consolidated Cash Flow Statement for the Year ended 31.03.2014		
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
A. Cash flow from operating activities		
Profit before extraordinary items and tax and excluding minority interest	3,623.79	3,778.64
<u>Adjustments for:</u>		
Depreciation and amortisation	2,412.44	2,119.34
Loss on sale of fixed assets	2.70	2.08
Profit on sale of fixed assets	(22.54)	(0.51)
Finance costs	1,799.57	1,347.82
Preliminary expenses		1.16
Interest income	(312.88)	(396.19)
Operating profit / (loss) before working capital changes	7,503.08	6,852.34
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Inventories	(1,335.55)	(3,083.09)
Trade receivables	(3,047.66)	(16,297.30)
Short-term loans and advances	(1,200.47)	(1,767.17)
Long-term loans and advances	92.42	(2,227.83)
Other current assets	1,649.88	(867.43)
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	2,168.72	1,251.86
Other current liabilities	(7,036.16)	11,688.02
Short-term provisions	(323.72)	408.21
Cash flow from extraordinary items	(1,529.46)	(4,042.39)
Cash generated from operations	1.15	(4,042.39)
Net income tax (paid) / refunds	(1,528.31)	(4,042.39)
Net cash flow from / (used in) operating activities (A)	(2,743.73)	(5,091.66)
B. Cash flow from investing activities		
Capital Work in Progress	(4,105.10)	(2,024.27)
Investments in Fixed Assets	(5,035.87)	(6,410.31)
Sale of fixed assets	50.88	4.70
Interest received	312.88	396.19
Investment	(0.25)	
Changes in other non-current assets	(10.22)	(112.52)
Investments in bank deposits (having original maturity of more than three months)	3,297.69	(12,708.65)
Net cash flow from / (used in) investing activities (B)	(5,489.99)	(20,854.86)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	3,258.58	3,478.81
Payment to Minority interest	40.30	-
Proceeds from other short-term borrowings	10,265.68	10,191.06
Finance cost - Interest paid	(1,799.57)	(1,347.82)
Issue Proceeds of Share Application		15,000.00
Dividends paid	(387.07)	(387.07)
Tax on dividend	(65.79)	(64.89)
Net cash flow from / (used in) financing activities (C)	11,312.13	26,870.09
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	3,078.41	923.57
Cash and cash equivalents at the beginning of the year	1,447.75	524.18
Cash and cash equivalents at the end of the year	4,526.16	1,447.75
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	14,849.73	15,069.01
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	10,323.57	13,621.26
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 14	4,526.16	1,447.75
Cash and cash equivalents at the end of the year *		
* Comprises:		
(a) Cash on hand	25.88	16.13
(b) Balances with banks		
(i) In current accounts	4,188.49	1,431.60
(ii) In EEFC accounts	13.74	0.02
(iii) In OD accounts	298.05	
	4,526.16	1,447.75
<p>1) The above Cash Flow Statement has been prepared under the Indirect method set out in the AS-3 issued by the Institute of Chartered Accountants of India.</p> <p>2) The previous year's figures have been re-grouped wherever necessary in order to conform to this year's presentation.</p> <p>3) Transactions of project funds held under Trust and balance of ₹ 71,015.72 lacs(previous year ₹ 50466.87 lacs) are not included in the Cashflow</p>		
For and on behalf of the Board	Vide our report of even date attached For M/s Abraham & Jose Chartered Accountants Firm No. 000010S	
Sd/-	Sd/-	Sd/-
Dr. M.Ayyappan Chairman & Managing Director	R. P. Khandelwal Director (Finance)	P. Sreekumar Company Secretary & VP(CAS)
		CA.Jose Pottokaran Partner Membership No: 012056
Trivandrum 05.07.2014		

Note 3 Share capital (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Authorised Share Capital		
Equity shares of ₹ 1000/-each - 30,00,000 Nos.	30,000.00	30,000.00
(b) Issued Share Capital		
Equity shares of ₹ 1000/- each - 19,35,350 Nos.	19,353.50	19,353.50
(c) Subscribed and fully paid up Share Capital		
Equity shares of ₹ 1000/-each - 19,35,350 Nos.	19,353.50	19,353.50
Total	19,353.50	19,353.50

Reconciliation of Share Capital

Description	AS AT 31.03.2014		AS AT 31.03.2013	
	No of Shares	₹ lacs	No of Shares	₹ lacs
Equity Share Capital				
Authorized				
Opening Balance	30,00,000.00	30,000.00	2,00,000.00	2,000.00
Additions	-	-	28,00,000.00	28,000.00
Closing Balance	30,00,000.00	30,000.00	30,00,000.00	30,000.00
Issued				
Opening Balance	19,35,350.00	19,353.50	2,00,000.00	2,000.00
Additions	-	-	17,35,350.00	17,353.50
Closing Balance	19,35,350.00	19,353.50	19,35,350.00	19,353.50
Subscribed & Paid up				
Opening Balance	19,35,350.00	19,353.50	1,55,350.00	1,553.50
Additions	-	-	17,80,000.00	17,800.00
Closing Balance	19,35,350.00	19,353.50	19,35,350.00	19,353.50

Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	AS AT 31.03.2014		AS AT 31.03.2013	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Govt. of India	19,35,350	100%	19,35,350	100%

Note 4 Reserves and surplus (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) General reserve		
Opening balance	17,707.98	15,150.45
Add: Transferred from surplus in Statement of Profit and Loss	2,086.44	2,508.41
Add: Transferred during the year from CSR	43.86	49.13
Closing balance	19,838.28	17,707.99
(b) Corporate Social Responsibility (CSR)		
Opening balance	43.86	49.13
Add: Additions / transfers during the year	36.80	43.87
Less: Transferred during the year to General Reserve	43.86	49.13
Closing balance	36.80	43.87
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	-	-
Add: Profit / (Loss) for the year	2,576.10	3,004.24
Add: Excess Provision for Tax on dividend Written Back	-	0.90
Less: Proposed Dividend		
Dividends proposed to equity shareholders (` 20 per share, Previous year ` 20 per share)	387.07	387.07
Tax on Dividend	65.79	65.79
Transferred to:		
Reserves for CSR	36.80	43.87
General reserve	2,086.44	2,508.41
Closing balance	-	-
Total	19,875.08	17,751.86

Note 5 Long-term borrowings (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Bonds/Debentures (Unsecured)		
(i) Debentures	-	62.65
(a) Term loans (Secured)		
Foreign currency loan -Secured	2,830.49	3,975.78
Indian Rupee Loan	4,635.39	200.65
	-	
(b) Term loans (Unsecured)	277.41	-
(c) Other loans and Advances		
(i) Foreign currency Buyers Credit	1,026.33	1,289.71
(ii) Security Deposits	15.71	-
(iii) Interest on security Deposits	2.04	-
Total	8,787.37	5,528.79

(i) Details of Security provided in respect of the secured long-term borrowings:			
Particulars	Details of security*	AS AT 31.03.2014	AS AT 31.03.2013
<u>Term loans from banks:</u> <u>Foreign Currency Loan</u>			
From State Bank of India	(a) First charge over the fixed assets of the company excluding Land & Buildings (HLL) (b) Equitable Mortgage over the land at Noida. (HLL) (c) Equitable Mortgage as collateral over the land with building at Poojappura.Trivandrum (HLL)	4,440.75	5,569.46
From IndusInd Bank		-	-
<u>Rupee Term Loan</u>			
From HDFC Bank	(c) Equitable Mortgage as collateral over the land with building at Poojappura.Trivandrum (HLL)	4,755.08	-
From State Bank of India	(d) Secured by an equitable mortgage of leasehold rights of the land, building and other structures on the land. Hypothecation of plant & machinery, laboratory equipments, electrical installations, furniture & fixtures, vehicles and other movable assets. (GAPL)	564.07	-
From State Bank of India	(e)Secured against Hypothecation of Lease Hold Rights & Hospital Equipments - Life Spring Hospitals (P) Ltd	406.41	200.65
Total - Term loans from banks		10,166.31	5,770.11
Less: Payable within next 12 months treated as Current Liabilities		2,499.78	1,593.68
Payable after 12 months		7,666.53	4,176.43
<u>Other loans and advances:</u>			
Buyers Credit	Secured by Project Deposits	7,894.15	8,289.93
Less: Short Term Borrowings		6,867.82	7,000.22
		1,026.33	1,289.71

Note: Foreign Currency Buyers Credit are for Capital item procurement, eligible for roll over upto three years subject to availability, or else shall be converted into sanctioned Term Loan.

Note 6 Short-term borrowings (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Loans repayable on demand (Cash Credit)		
From State Bank of India - Secured	11,365.19	8,907.17
From Canara Bank	4,495.56	-
From HDFC Bank	223.04	-
Total	16,083.79	8,907.17
(b) Short Term Loans from Banks -- Secured		
From Canara Bank	2,514.87	2,500.00
From IndusInd Bank	5,650.00	5,000.48
From SBI (Demand Loan)	2,517.53	-
	10,682.40	7,500.48
(c) Other loans and advances - Secured		
Foreign Currency Buyers Credit	6,867.82	7,000.22
Other loans - secured		
Interest accrued and due		
State Bank of India	110.30	101.92
Canara Bank	26.13	-
HDFC Bank	8.80	-
IndusInd Bank	-	3.77
Total	33,779.24	23,513.56

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	AS AT 31.03.2014	AS AT 31.03.2013
		₹ lacs	₹ lacs
<u>Loans repayable on demand</u>			
<u>from banks:</u>			
SBI	Parri passu charge over current assets of HLL . Equitable Mortgage as collateral over the land with building at Poojappura, Trivandrum towards State Bank of India	11,463.17	9,009.09
Canara Bank		4,521.69	-
HDFC Bank		231.84	-
From SBI	Hypothecation of Lease Hold Rights & Hospital Equipments - Life Spring Hospitals (P) Ltd	12.32	-
Short Term Loans from Banks -- Secured			
From Canara Bank	Secured by Project Deposits (HLL)	2,514.87	2,500.00
From IndusInd Bank		5,650.00	5,004.25
From SBI		2,517.53	-
		10,682.39	7,504.25
<u>Other loans and advances:</u>			
Buyers Credit	Secured by Project Deposits (HLL)	7,894.15	8,289.93
Less: Long Term Borrowings		1,026.33	1,289.71
		6,867.82	7,000.22
Total		33,779.23	23,513.56

Note 7 Trade payables (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Trade payables: for materials, services and expenses		
- Micro Small and Medium Enterprises	294.95	409.66
- Others	11,193.55	8,910.12
Total	11,488.50	9,319.78

Note 8 Other current liabilities (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Current maturities of long-term debt (Refer Note (i) below)	2,668.53	1,593.68
(b) Others		
Advance from Customers/Clients	2,640.16	13,253.09
EMD & Security Deposits	2,527.22	2,464.75
Interest Accrued but not due	63.87	51.23
Fixed Deposit	0.10	0.10
Other Liabilities	10,317.55	7,633.27
Contributory Pension Scheme	35.03	293.57
Income Received in Advance	0.11	-
Deposits from laboratories & Pharmacies	0.96	-
Total	18,253.53	25,289.69
Note (i): Current maturities of long-term debt (Refer Notes (i) in Note 5 - Long-term borrowings for details of security)		
Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Term loans		
From HDFC -Secured	889.51	-
Foreign Currency Term Loan	1,779.02	1,593.68
Total	2,668.53	1,593.68

Note 9 Short-term provisions (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Provision for employee benefits:		
(i) Provision for bonus and incentive	140.37	135.16
(ii) Provision for Performance related pay	149.38	198.99
(iii) Provision for Perks & Allowance	1.28	226.23
(iv) Provision for gratuity	516.41	583.16
(v) Provision for group EL Premium	181.85	169.47
	989.29	1,313.01
(b) Provision - Others:		
(i) Provision for proposed equity dividend	387.07	387.07
(ii) Provision for tax on proposed dividends	65.78	65.79
	452.85	452.86
Total	1,442.14	1,765.87

Note 11. Non-current investments (Consolidated)

Particulars	AS AT 31.03.2014			AS AT 31.03.2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs	₹ lacs
Investments (At cost):						
A. <u>Trade</u>						
Total - Trade (A)	-	-	-	-	-	-
B. <u>Other investments</u>						
(a) Investment in equity instruments (fully paid)						
(i) of subsidiary companies	-	-	-	-	-	-
(ii) of joint venture companies	-	-	-	-	-	-
(iii) of other entities	-	2.25	2.25	-	2.00	2.00
(b) Investment in debentures (fully paid)						
(i) of joint venture companies	-	-	-	-	-	-
Total - Other investments (B)	-	2.25	2.25	-	2.00	2.00
Total (A+B)	-	2.25	2.25	-	2.00	2.00
Less: Provision for diminution in value of investments	-	-	-	-	-	-
Total	-	2.25	2.25	-	2.00	2.00
Aggregate value of listed but not quoted investments						
Aggregate amount of unquoted investments						

Note: Details of Other Investments

Sl. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)
			31.03.2014	31.03.2013			
(1)	(2)	(3)	(4)		(5)	(6)	(7)
(a)	Investment in Equity Instruments						
	Kerala Enviro Infrastructures Ltd.	Others	20,000	20,000	Unquoted	fully paid	0.16
(b)	Goa State Co-operative Bank Ltd	Others	250		Unquoted	fully paid	-



Note 11.A. Long Term Loans & Advances (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
LONG TERM LOANS & ADVANCES		
Unsecured, considered good		
Capital advances	2,133.84	2,230.93
Lease Building deposits	48.53	50.00
Security Deposits	7.77	1.63
Doubtful		
	2,190.14	2,282.56

Note 11.B. Other Current Asset (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
Fee for RoC for enhancing Authorised Share Capital to the extent not written off	84.00	112.00
ECB Loan Upfront charges	38.22	-
Preliminary Expenses	0.52	0.52
MAT Credit Entitlement	444.83	419.00
Total	567.57	531.52

Note 12 Inventories (Consolidated)

(At lower of cost and net realisable value)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
a. Raw Materials (Valued at cost)	2,151.31	2,021.12
Raw Materials with others (Valued at cost)	-	-
	2,151.31	2,021.12
b.Packing Materials (Valued at cost)	1,028.06	978.02
	1,028.06	978.02
c. Work-in-progress (Valued at Actual Process Cost)	1,552.05	1,794.56
	1,552.05	1,794.56
d. Finished goods (Valued at Lower of cost or NRV)		
Manufactured Products	3,654.90	2,083.68
Social Marketing Products	94.94	222.61
Trading Products	2,064.80	2,295.79
Goods-in transit	13.33	15.39
	5,827.97	4,617.47
e.General Stores and Consumables (Valued at cost)	104.89	125.93
	104.89	125.93
f. Other materials, machinery, spare parts, building materials etc. (Valued at cost)	1,053.76	868.13
	1,053.76	868.13
g. Tools revalued & certified by management	13.82	3.56
	13.82	3.56
h. Others		
Scrapped/Surplus Assets (at lesser of cost or net realisable value)	25.39	13.31
Gift items (at cost)	126.19	128.79
Stationery (at cost)	65.97	64.97
	217.55	207.07
	11,949.41	10,615.86
Less : Closing Provision for Obsolete Stock	95.95	97.95
Total	11,853.46	10,517.91

Note 13 Trade receivables (Consolidated)

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
Trade receivables outstanding for a period less than six months from the date they were due for payment		
Secured, considered good	80.40	114.89
Unsecured, considered good	30,671.65	27,571.07
	30,752.05	27,685.96
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	0.37	-
Unsecured, considered good	13,774.19	13,792.99
Considered Doubtful	1,316.36	1,094.99
	15,090.92	14,887.98
Less: Provision for doubtful trade receivables	1,316.36	1,094.99
	13,774.56	13,792.99
Total	44,526.61	41,478.95

Note 14 Cash and cash equivalents (Consolidated)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
	₹ lacs	₹ lacs
(a) Cash/stamps on hand	25.88	16.13
(b) Balances with banks		
(i) In current accounts	4,188.49	1,431.60
(ii) In EEFC accounts	13.74	0.02
(iii) In Overdraft A/c (Debit balance)	298.05	-
	4,526.16	1,447.75
(iii) Deposits having maturity period of above 3 months	10,310.50	13,481.57
(iv) Deposits held as margin money for borrowings and guarantees	13.07	139.69
	10,323.57	13,621.26
Total	14,849.73	15,069.01

Note 15 Short-term loans and advances (Consolidated)

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
(a) Security deposits & EMD	337.07	281.51
Secured, considered good	-	-
Sub Total	337.07	281.51
(b) Loans and advances to employees		
Secured, considered good	17.62	17.49
Unsecured, considered good	395.27	321.59
Considered Doubtful	1.17	2.57
	414.06	341.65
Less: Provision for doubtful loans and advances	1.17	2.57
Sub Total	412.89	339.08
(c) Prepaid expenses - Unsecured, considered good	182.33	210.70
	182.33	210.70
(d) Balances with government authorities		
Unsecured, considered good		
(i) Advance Income Tax	1,126.55	692.67
(ii) Sales Tax Advances	4.39	2.29
(iii) Others	10.89	3.30
Sub Total	1,141.83	698.26
(e) Others		
Secured, considered good	837.17	937.41
Unsecured, considered good	7,348.73	6,158.72
Considered Doubtful	440.79	454.89
	8,626.69	7,551.02
Less: Provision for doubtful loans and advances	440.79	454.89
Sub Total	8,185.90	7,096.13
Total	10,260.02	8,625.68

Note: Short-term loans and advances include amounts due from:

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
Directors	0.52	0.24
Other officers of the Company	88.45	56.05
	88.97	56.29

Note 16 Other current assets (Consolidated)

Particulars	AS AT	AS AT
	31.03.2014	31.03.2013
	₹ lacs	₹ lacs
(a) Accruals		
(i) Interest accrued on FDR	64.29	3.93
(ii) Interest accrued on Deposits	0.83	1.52
(iii) Interest accrued on Margin money	-	12.86
	65.12	18.31
(b) Others		
(i) Receivable from Projects	126.41	1,591.69
(ii) Export Incentives/Duty Draw back	257.82	428.83
(iii) Receivable from employees for Pension scheme	-	116.47
(iv) Interest on Subsidy Receivable	46.95	-
(v) Contractually reimbursable expenses	9.07	-
(vi) Other non-operating income	0.05	-
	440.30	2,136.99
Total	505.42	2,155.30

Note17 Revenue from operations (Consolidated)

	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(a)	Sale of products	68,538.45	64,769.29
(b)	Sale of services	5,955.12	4,441.10
(c)	Income from Contract	17,948.86	11,980.62
(d)	Other operating revenues	2,978.57	2,772.15
		95,421.00	83,963.16
	Less:		
(e)	Excise duty	563.04	272.31
	Total	94,857.96	83,690.85

Note	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
(i)	Sale of products comprises		
	Sale of Contraceptive Products	38,437.14	37,572.07
	Sale of Healthcare Products	16,189.97	11,823.40
	Sale of social marketing Products	1,880.95	1,767.26
	Sale of Trading Products and Others	11,650.84	13,003.46
	Product subsidy on saheli	262.58	254.52
	Cost Escalation Claims		
	Condoms	-	525.48
	PTK Test Kit	-	(182.15)
	Oral Contraceptives	(5.43)	5.25
	Copper - T	95.04	-
	Tubal Ring	27.36	-
	Sub Total	68,538.45	64,769.29
	Sale of services	5,955.12	4,441.10
	Income from Contract	17,948.86	11,980.62
	Other operating revenues	2,978.57	2,772.15
	Grand Total	95,421.00	83,963.16

Other operating revenues comprise:

	Cost of free sample supplied	1,648.42	1,423.25
	Incentive on Social Marketing	58.27	65.42
	Promotional Subsidy on Saheli and Novex sales	419.02	434.41
	Duty Rebate / Duty drawback / Other export incentives	341.73	388.57
	Sale of scrap, waste condoms and other misc.items	428.82	408.60
	Sale of tender form	66.69	41.43
	Others	15.62	10.47
	Total	2,978.57	2,772.15

Note 18 Other income (Consolidated)

	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
		₹ lacs	₹ lacs
(a)	Interest income (Refer Note (i) below)	312.88	396.19
(b)	Other non-operating income (Refer Note (ii) below)	876.61	310.36
	Total	1,189.49	706.55

Note	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
(i)	Interest income comprises: Interest from banks on:		
	a) On short term deposit	298.76	371.22
	b) On Others	14.12	24.97
	Total - Interest income	312.88	396.19
(ii)	Other non-operating income comprises:		
	Rental income from Staff quarters	2.66	2.55
	Profit on sale of fixed assets	22.54	0.51
	Insurance claims	5.25	0.65
	Excess provision / credits written back	425.41	17.40
	Lease rent	48.57	46.89
	Other Misc.Income	372.18	242.36
	Total - Other non-operating income	876.61	310.36

Note 19.A Cost of materials consumed (Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
Opening stock	3,000.10	2,784.12
Add: Purchases	19,590.76	19,279.59
	22,590.86	22,063.71
Less: Closing stock	3,108.23	2,999.14
Cost of material consumed	19,482.63	19,064.57
Material consumed comprises:		
Raw Materials	11,291.81	11,351.34
Chemicals	2,610.13	2,448.78
Packing Materials	5,084.06	4,749.66
Cost of quality and Sub contract Expense	475.53	486.98
Consumables	21.10	27.81
Total	19,482.63	19,064.57

Note 19.B Purchases of stock-in-trade (Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
Trading Products	14,209.96	16,748.41
Social Marketing Branded Products	1,443.78	1,617.11
Total	15,653.75	18,365.52

Note 19.C Changes in inventories of finished goods, and work-in-progress (Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
<u>Inventories at the end of the year:</u>		
Finished goods	5,772.62	4,617.47
Work-in-progress	1,545.62	1,794.56
Stock in trade	1.34	-
	7,319.58	6,412.03
<u>Inventories at the beginning of the year:</u>		
Finished goods	4,619.24	2,416.21
Work-in-progress	1,801.00	1,226.64
Stock in trade	1.04	-
	6,421.28	3,642.85
Net (increase) / decrease	(898.30)	(2,769.18)

Note 20 Employee benefits expense(Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
(a) Salaries and incentives	10,558.79	9,634.79
(b) Contributions to -		
Provident fund	974.54	904.38
New pension scheme	150.78	267.37
Gratuity fund contributions	516.16	588.20
Earned Leave Fund	175.18	169.41
Contribution to ESI	53.58	24.67
(c) Staff welfare expenses	1,400.58	1,112.05
Total	13,829.61	12,700.87

Note 21 Finance costs (Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
(a) Interest expense on:		
(i) Cash credit	1,577.19	996.73
(ii) Term Loan	98.17	215.74
(b) Other borrowing costs	124.21	135.35
Total	1,799.57	1,347.82

Note 22 Other expenses(Consolidated)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
Advertisement & Publicity and Sales Promotion Expenses	4,824.01	4,892.06
Power & fuel charges	3,931.11	3,545.25
Freight & Other Selling Expenses	3,304.40	2,650.52
Travelling & Conveyance	1,798.78	1,617.94
Other Production expenses	1,777.34	1,282.68
Wages to Contract Labourers	1,684.76	1,306.94
Consultancy & Service Charges	1,206.93	942.75
Free sample distribution	1,733.97	1,442.09
Miscellaneous Expenses	882.08	702.93
Provision for bad & doubtful debts/Advances	254.09	116.16
Repairs & Maintenance Machinery	415.62	335.61
Postage & Telegram, Telephone	347.68	286.27
Research & Development Expenses	6.14	20.91
Corporate R&D Centre Expenses	480.25	401.75
Rent	477.63	432.28
Printing & Stationery	240.02	180.41
Repairs & maintenance of other assets	115.23	77.09
Water charges	139.92	138.54
Insurance charges	174.85	119.95
Bank Charges	178.71	165.72
Exchange Fluctuation	1,086.91	1.12
Staff recruitment expenses	97.71	54.03
Rates & Taxes	126.24	124.06
Provision for obsolete stores written off	41.88	75.66
Provision for Disputed Liabilities	2.55	-
Book value of obsolete assets/stores written off	43.98	74.63
Training program expenses	93.48	108.28
Repairs & maintenance of buildings	144.37	124.11
Bad debt & advances written off	236.23	56.82
Payments to auditors (Refer Note (i) below)	31.47	26.43
Loss on sale of Fixed Assets/scrapped assets	2.70	2.08
Equipment hire charges	0.58	-
Corporate Social Responsibility expenses	97.28	66.89
Donation	0.11	0.32
Prior period items (net) (Refer Note (ii) below)	(15.81)	(4.69)
Total	25,963.20	21,367.59

Note 22 Other expenses (Consolidated) (Contd.)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
	₹ lacs	₹ lacs
(i) Payments to the auditors comprises		
Audit fees	13.15	13.77
Tax Audit fees	1.63	1.25
Audit expenses	12.69	8.69
Cost audit fees	4.00	2.73
Total	31.47	26.43

(ii) Details of Prior period items (net)		
Prior period income		
Other Income	72.91	21.73
Total	72.91	21.73
Prior period expenses		
Administrative Expenses	56.99	17.04
Other expenses	0.11	-
Total	57.10	17.04
Prior period items (net)	(15.81)	(4.69)

Note 23. Disclosures under Accounting Standards - 22 Accounting for Taxes on Income(Consolidated)

Note	Particulars	As at 31.03.2014	As at 31.03.2013
		₹ lacs	₹ lacs
23	Deferred tax (liability) / asset		
	Depreciation	(1866.93)	1,691.66
	Tax effect of items constituting deferred tax liability	(1866.93)	1,691.66
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for doubtful debts	335.79	355.27
	Provision for Overtime arrear	29.42	28.08
	Provision for Bonus	15.54	120.26
	Others	185.18	180.20
	Tax effect of items constituting deferred tax assets	565.93	683.81
	Net deferred tax (liability) / asset	(1301.00)	(1007.85)

Notes forming part of the Consolidated financial statements for the year ended 31st March, 2014

Sl no.	Particulars			
A	Principles of Consolidation			
	The consolidated financial statements relates to HLL Lifecare Limited ('the Company'), its subsidiaries and Joint Venture. The consolidated financial statements have been prepared on the following basis:			
A.1	The financial statements of the Parent Company and its Subsidiary Companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions in accordance with Accounting Standard -21 on "Consolidated Financial Statements".			
A.2	The financial statements of Joint Venture are combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income, and expenses after in accordance with Accounting Standard -27 on "Financial Reporting of Interests in Joint Ventures".			
A.3	As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.			
A.4	Name of the Company	Country of Incorporation	Relationship	Ownership Interest
A.4.1	HLL Biotech Limited (HBL)	India	Subsidiary	100%
A.4.2	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	India	Subsidiary	74%
A.4.3	Life Spring Hospitals Pvt. Ltd	India	Joint Venture	50%
A.5	The excess of cost to the parent of its investments in a subsidiary over the parents portion of equity at the date on which investment is made, is recognised as goodwill' (on consolidation) and recognised separately as intangible assets. The same shall be amortized over a period of 10 years from the succeeding financial year.			
A.6	Minority Interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment in subsidiary company is made and further movements in the equity, subsequent to the date of investment.			

A.7	The results of operations of a subsidiary (GAPL) are included in the consolidated financial statements from the date on which parent-subsidiary relationship came in existence i.e., 19.03.2014. Results of operations are allocated on a pro rata basis as pre acquisition and post-acquisition net operating result.
B	Significant Accounting Policies
B.1	Significant accounting policies of parent company are enclosed as Annexure-I.
B.2	Inventories
	The weighted average formula is used for the valuation of raw materials, stores and spares. However FIFO Method of valuation of inventories has been followed by Goa Antibiotics and Pharmaceuticals Ltd(GAPL)
B.3	Fixed Assets
B.3.1	The brand name "Lifespring" of Joint Venture is amortized over a period of 10 years.
B.3.2	Trade Mark Expenses
B.3.3	In parent company (HLL), Expenses incurred on trade mark registrations will be treated as Capital work in progress and will be capitalised under 'intangible assets' when licenses are received. Same shall be amortised over a period of 5 years from the date of recognition of intangible asset. Subsequent expenditure incurred on licences which is already capitalised will be recognised as revenue expenses in the period in which such expenses are incurred. In case of GAPL, trade mark is amortised on straight line basis.
B.4	Method of depreciation/Amortisation
	<p>a) Research and Development expenses directly attributable to generating asset are capitalized at cost as 'Intangible Asset' and will be amortized over a period of 10 years in HBL and amortized over a period of 5 years in GAPL.</p> <p>b) Preliminary expenses will be written off over a period of 5 years from the year of commencement of commercial operation.</p>
B.5	Revenue recognition
B.6	HBL is yet to commence the commercial operation and the project is under construction stage. Interest earned during the construction period on un-utilised surplus funds is deducted from the revenue expenditure incurred during the construction period and the net amount of such revenue expenditure will be capitalised when the construction is completed
B.7	Segment reporting
	<p>The Company has identified its reportable segments for Segment Reporting, in accordance with Accounting Standard 17, as Contraceptive Products, Healthcare Products, Trading Products, Services and Contracts which are the primary groups. In addition, the following specific accounting policies have been followed for Segment Reporting.</p> <p>(a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment, including inter segment revenue.</p> <p>(b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. Expenses which relate to the company as a whole and not allocable to segments are included under "Unallocable expenditure".</p>

(c) Income which relates the company as a whole and not allocable to segments is included in "Unallocable Income".

(d) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable Corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

In respect of business segments of subsidiaries and Joint venture, the same has been considered under Health Care in the Consolidated Segment Reporting.

C. Explanatory Notes

These notes are to be read in conjunction with the explanatory notes forming part of the stand alone financial statements of the parent company.

C.1 Basic and Diluted Earnings per Share

	31-03-2014	31-3-2013
Numerator Net Profit ₹ In Lacs		
Basic	2576.10	3004.24
Diluted	2576.10	3004.24
Denominator- Average number of equity shares outstanding during the year		
Basic	1935350	1935350
Diluted	1935350	1935350
Earnings per share (₹)		
Basic	133.11	155.23
Diluted	133.11	155.23

C.2 Taxation

GAPL, vide Application No 136/BC/2014 dated 26/02/2014 has made an application to Board for Industrial & Financial Reconstruction seeking discharge of the company from the purview of BIFR/SICA upon its Net - worth getting positive as on 31-12-2013. However as on date the Board has not discharged the company from the purview of BIFR/SICA.

Hence, provision for MAT and Deferred Tax is not provided in the financial statements.

Company has also sought following reliefs/concession under Modified Draft Rehabilitation Scheme

- a) To Exempt Company from the provisions of section 43(B)-additions not to be caused to the returned income due to non-payment of taxes, duties and other amount specified in this section.
- b) To exempt the company from the provision of section 80 of the IT Act in regard to carry forward and set off of losses in accordance with Section 72(1)/72(3)/74A(3) not determined in pursuance of the returns filed in accordance with Section 139(3) of the Act.
- c) To grant permission for "carry forward and set-off of losses" against the profits beyond the prescribed period of eight years to assist in early rehabilitation.
- d) To allow the company for amendment of company's Income Tax returns already filed in respect of reliefs and concessions sought u/s 41(1), unsecured creditors/interest write back already made by the company, from the year 1997-98

C.3	Balance in Debtors, Creditors and loans and advances are subject to confirmation / reconciliation.			
C.4	Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :			
			(₹ in lacs)	
	Sl no	Particulars	31.03.2014	31.03.2013
	(a)	The principal amount remaining unpaid at the end of the year.	294.95	409.66
	(b)	The delayed payments of principal amount paid beyond the appointed date during the year.	Nil	Nil
	(c)	Interest actually paid under Section 16 of the MSMED Act .	Nil	Nil
	(d)	Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms.	Nil	Nil
	(e)	Total interest accrued during the year and remaining unpaid .	Nil	Nil
	This information has been determined to the extent such parties have been identified on the basis of information available with the Company.			
C.5	Consolidated Segment Report is presented in Annexure 2			
C.6	Financial information regarding the subsidiary/joint ventures is given in Annexure 3.			
C.7	In the case of GAPL, secondary geographical segment as required under Segment Reporting, has not been identified. Hence this is grouped as Domestic business.			
C.8	GAPL compensated leave absences and gratuity accounted on cash basis. Company has not carried out any actuarial valuation during the year. As per compensated leave absences statement prepared by the company and Gratuity based on certificate from Life Insurance Corporation, there is a short provision of ₹ 160.37 Lacs and ₹ 122.90 Lacs respectively.			
C.9	The subsidiary company GAPL had marketing arrangements with M/s Goa food & Pharma (P) limited. The party owes the company an amount of ₹ 8.50 Cr as per the terms of Arbitration Award out of which ₹ 4.13Cr is towards substantive claims and ₹ 4.37Cr towards interest. Provision for bad debts was provided for ₹ 2.65 Cr only towards interest. In case of two other parties M/s Emcee Enterprises and M/s Madhur Pharma, also the Company has preferred an appeal against them for recovering dues amounting to ₹ 55.27 lacs and ₹ 15.05 lacs respectively. No provision for bad debts has been created for the same.			
C.10	GAPL has entered into operating lease arrangements for its factories and medicentres. Disclosures regarding lease accounting as per Accounting Standard (AS) 19- is not provided.			
C.11	Deferred revenue expenses amounting to ₹ 34.38 lacs which have been grouped as art block/ VRS/software under intangible asset as part of fixed asset.			
C.12	Intangible Assets in GAPL are amortised not on the basis of its estimated useful life.			

C.13	GAPL has taken on sub-lease, two factories at Ajmer and Jaipur in Rajasthan for manufacture of Ayurvedic and Homeopathic products. The company accounts for all purchases and all expenses based on statements provided.
C.14	Guarantee and warranty terms and policies of company in respect of various class of products manufactured by the company and terms for providing of estimated liability that may be required to honour expenditure towards such claims has not been made in GAPL.
C.15	The consolidated Contingent liabilities forming part of the financial statements, is presented in Annexure 3.
C.16	Commercial Tax Office, Hyderabad had issued a notice of demand dated 22.03.2006 to GAPL for ₹ 452.66 lacs, towards sales tax, interest and penalties pertaining to years 1999-2000 to 2003-2004. The Company has already paid ₹ 62.76 lacs towards the above and the balance of ₹ 389.90 lacs is payable. The Company has approached the Commissioner of Commercial Taxes, Hyderabad for One Time Settlement of ₹ 82.71 lacs with a request for waiver of penalty and reduction in interest rate. This has also been addressed with BIFR. The amount payable of ₹ 389.90 lacs is included in Consolidated Contingent Liabilities.
C.17	Figures of the previous year have been rearranged and regrouped wherever necessary to suit current year's requirements and rounded off to the nearest Lacs.

Annexure 1- Significant Accounting policies of Parent Company	
Sl no.	Particulars
	Corporate information
	HLL Life care Limited is a Mini Ratna Enterprise, fully owned by Government of India domiciled in India and incorporated under the provisions of the Companies Act, 1956. HLL Lifecare Ltd was converted into a Public Limited Company with effect from 21st February 2012. The company is engaged in the manufacturing and marketing of Contraceptive products, Hospital products, Women Health Pharma products, providing Consultancy & Contract services for healthcare infrastructure , Procurement and Diagnostic services. The company caters to both domestic and international markets.
1	Significant accounting policies
	The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous years.
1.1	Basis of accounting and preparation of financial statements
	With effect from 1 st April 2011, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements.
1.2	Use of estimates
	The preparation of the financial statements is in conformity with Indian GAAP, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized.

1.3	Inventories
	The weighted average formula is used for the valuation of raw materials, stores and spares. Work-in-progress, materials in transit/under inspection are carried at actual process cost. Unused Loose Tools are revalued every year taking into account the useful life of the tools and carried at the revalued cost. Finished goods manufactured/goods purchased for trading are valued at lower of cost/net realizable value, including excise duty, wherever applicable. Manufactured / traded finished goods in stock whose shelf life expires up to 30thJun, 2014 are taken at NIL value.
1.4	Cash and cash equivalents (for purposes of Cash Flow Statement)
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
1.5	Cash flow statement
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on audited financial statements.
1.6	Fixed Assets
	<p><u>Tangible Assets</u> Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all incidental expenditure net of CENVAT credit wherever applicable. Revenue expenses incurred for identification of new projects/ new line of businesses are treated as capital work in progress. This will be absorbed into the project cost in the first year of commencing the business. If the new project/ new line of business do not materialize within a period of three financial years, the entire expenses shall be charged to Revenue in the 3rd year. The cost of fixed assets includes interest on borrowings (calculated at the weighted average rates) and administrative expenses specifically attributable to the acquisition of fixed assets.</p> <p><u>Intangible Asset</u> a) Cost of computer software and License fee incurred from 1.4.2003 are classified as intangible assets.</p> <p>The cost of computer software other than ERP Software Solution is amortized equally over a period of 3 years , whereas ERP software solution is amortized over a period of 8 years on pro-rata basis. License fee paid is amortized equally over the agreement period.</p>

	<u>Trade Mark Expenses</u>
	Expenses incurred on trade mark registrations will be treated as Capital work in progress and will be capitalized under 'intangible assets' when licenses are received. Same shall be amortized over a period of 5 years from the date of recognition of intangible asset. Subsequent expenditure incurred on licences which is already capitalized will be recognized as revenue expenses in the period in which such expenses are incurred.
	Depreciation and amortization
	Depreciation has been provided as per the rates prescribed under Schedule XIV of the Companies Act, 1956 as amended up to date. The depreciation on additions to/ deductions from fixed assets are provided on prorata daily basis. Fixed Assets retired/scrapped and pending disposal are stated at lower of book value/net realizable value and grouped under inventories under the head "Scrapped / Surplus Asset"
	Method of depreciation/Amortization
	<p>a) Additions to Fixed Assets from 01.04.1993 costing Rs5000/- each or less are fully depreciated, irrespective of date of addition</p> <p>b) Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery.</p> <p>c) In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with the depreciation for theyear.</p> <p>d) Depreciation/amortization of fixed assets on lease is provided on the straight line method over the primary period of leases or over the specified period, as defined under Section 205 (5) (a) of the Companies Act, 1956, whichever is shorter. Depreciation in respect of Leasehold Improvements is provided on the straight-line method over the primary period of the lease.</p> <p>e) The method of charging depreciation for addition to /deletion for fixed assets is on a daily pro-rata basis.</p>
1.7	Revenue recognition
	<p>Sales comprise of value of sale of goods (net of returns) excluding sales tax and discounts but including excise duty. Insurance claims are accounted on receipt basis. Interest on investments is booked on a time proportion basis taking into account the amounts invested and the fixed rate of interest. Revenue from Diagnostics services is recognized on accrual basis.</p> <p>Revenues from maintenance contracts are recognized pro rata over the period of the contract. Revenue from Infrastructure - development division and Procurement Consultancy division related activities are recognized as follows;</p>
	a) In case of turnkey contracts ,on the basis of progress billing to the contract value under survey method.
	b) In the case of other contracts, on the basis of completion of obligation as per the terms of contract with the agencies concerned.

1.8	Other Operating Revenues
	<p>The revenue against realization of waste latex, rejected materials and condoms are accounted on cash basis.</p> <p>Duty drawback/export incentive in respect of export sales are accounted in the year of export. The realization in respect of obsolete assets/materials written off is accounted on cash basis.</p> <p>Interest income if any for delayed realization from sundry debtors as stipulated in invoices is not recognized, unless realized.</p>
1.9	Foreign currency transactions and translations
	<p>Transactions in foreign exchange other than those covered by forward contracts are accounted for at the exchange rates prevailing on the date of transactions. Foreign currency receivables/payables other than those covered by forward contracts are translated at the year-end exchange rates. Gain or losses on arising out of such transactions are adjusted to the Profit and Loss Account. Foreign Currency Loans are valued at year end exchange rates.</p> <p>Outstanding forward contracts, if any, as at the Balance Sheet date are reinstated at the exchange rate prevailing on the date.</p>
	<u>Treatment of exchange differences</u>
	<p>Exchange differences on translation or settlement of long term foreign currency monetary items (i.e., whose term of settlement exceeds twelve months from the date of its origination) at rates different from those at which they were initially recorded or reported in the previous financial statements, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets as per GOI notification dated 31.03.2009 and 29.12.2011 and this will be amortized over the remaining life of the Asset.</p> <p>Forward exchange contracts outstanding as at the year-end on account of firm commitment transactions are marked to market and the losses, if any are recognized in the profit and loss account and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on Accounting for Derivatives issued in March 2008.</p>
1.10	Government grants
	<p>a) Grants in the form of investment subsidy are credited to separate reserve.</p> <p>b) Revenue grants/subsidy (other than product subsidy) relating to sales are disclosed separately under other operating revenues, whereas product subsidy are disclosed under sales and services.</p>
1.11	Investments
	Investments are stated at cost less provision for diminution other than temporary, if any.
1.12	Employee benefits
	<p>a) Gratuity and Leave Encashment</p> <p>The Gratuity liability and Leave Encashment liabilities are determined under separate group schemes maintained with LIC of India. The liabilities towards these schemes are estimated yearly, based on the actuarial valuation, in addition to the</p>

	valuation provided by LIC of India. The incremental liabilities on year to year basis are funded as per demand raised by LIC of India and is charged to the revenue.
	b) Voluntary Retirement Benefits
	The entire liability on account of payments under VRS is charged off to the Profit and Loss Account in the same year.
	c) Post Employment Medical Benefits
	The Employees (including his/her spouse) on the rolls of the Company from 01.07.2005 are covered under Group Medical Insurance Scheme of M/s National Insurance Company Ltd.
	d) Bonus/ Performance Related Payment
	Provision for bonus for the employees is made on the basis of Productivity Linked Incentive Scheme as per the Long Term Agreement entered into with the recognized trade unions. Executives at the Board level and below the Board level are covered for Performance Related Pay (PRP) as per the guidelines issued by the Department of Public Enterprise.
	e) Pension Scheme
	Company has introduced a contributory pension scheme from 1-4-2011 for the permanent employees who are on the rolls of the company as on 9-10-2012. Company will contribute 3% of basic plus DA with a matching contribution from employees. The pension scheme is managed by LIC of India.
1.13	Borrowing costs
-	The borrowing cost incurred / attributable to the acquisition for the purpose of obtaining a qualifying asset is capitalized. Interest on loan taken specifically for the acquiring assets and the interest thereon are proportionately allocated to respective assets based on asset value.
1.14	Segment reporting
	<p>The Company has identified its reportable segments for Segment Reporting, in accordance with Accounting Standard 17, as Contraceptive Products, Healthcare Products, Trading Products, Services and Contracts which are the primary groups. In addition, the following specific accounting policies have been followed for Segment Reporting.</p> <p>(a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment, including inter segment revenue.</p> <p>(b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. Expenses which relate to the company as a whole and not allocable to segments are included under "Unallocable expenditure".</p> <p>(c) Income which relate the the company as a whole and not allocable to segments is included in "Unallocable Income".</p> <p>(d) Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable Corporate assets and liabilities represents the assets and liabilities that relate to the company as a whole and not allocable to any segment.</p>

1.15	Leases
	Fixed Assets acquired and given on lease are shown as part of fixed assets. Lease rental income is accounted on accrual basis.
1.16	Taxes on income
	Provision for current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961 Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the Tax rates and laws that are applicable as on the Balance sheet Date .The deferred Tax asset is recognized and carried forward only to the extent there is a reasonable certainty of its realization in future. Minimum Alternative Tax (MAT) paid in accordance with the provisions of Income Tax Act 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as asset in the balance sheet.
1.17	Research and development expenses
	Capital expenditure on Research and Development is treated in the same manner as Fixed Assets. The revenue expenditure on Research and development is charged off in the year in which it is incurred.
1.18	Impairment of assets
	Impairment of assets is recognized when there is an indication of Impairment. On such indication the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to recoverable amount.
1.19	Provisions and contingencies
	A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed seperately. Contingent assets are neither recognized nor disclosed in financial statement.
1.20	Prepaid Expenses
	Prepaid expenses of items of Rs 2000/- each and below are charged off to the revenue
1.21	Prior Period Expenses/Income
	Income and expenditure relating to prior period exceeding Rs. 5000/- in each case only is accounted under prior period.

1.22	General Stores/Spares/ Raw Materials/ Finished Products
	The provision for loss if any in respect of slow moving items of materials/finished products are accounted after obtaining the technical opinion regarding the usability/marketability.
1.23	Treatment of expenditure during construction Period
	Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.
1.24	Classification of Assets and Liabilities as Current and Non-Current
	All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in schedule VI to the Companies Act, 1956. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current or non-current classification of assets and Liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

Consolidated Contingent liabilities and commitments (to the extent not provided for)	2013-14	2012-13
	₹ lacs	₹ lacs
(I) Contingent Liabilities		
(i) Income Tax		
(a) Income Tax demands against the Company not acknowledged as debt and not provided for in respect of which the Company is in appeal and exclusive of the similar matters in respect of pending assessments and interest.	312.16	222.50
(b) Sales Tax Claims against the Co. not acknowledged as debt	687.64	263.48
(ii) Claims against the Company not acknowledged as debts	4,981.76	4,308.84
(iii) Guarantee	-	
(a) Company's guarantee for Employees Housing Loan for Officers	2.38	4.03
(b) Company's guarantee for Employees Housing Loan for others	8.06	15.92
(iv) Bank Guarantees to Govt. Departments. (Net of Margin Money)	161.33	1,764.24
(v) Bank Guarantees to others.	4,718.11	12,981.07
(vi) Corporate Guarantees issued	2,579.94	2,580.00
(vii) Letter of Credits (net of Margin Money)	428.75	769.25
(viii) Provision for Customs Duty	49.12	45.13
(ix) Bond cum legal undertaking in favour of Cochin Special Economic Zone	465.92	465.92
(x) Encumbrance/amount payable, existing on the property acquired in auction	36.88	36.88
(xi) Interest payable on MSMED overdues and claims with Hon.High Court Mumbai .		
TOTAL	14,432.05	23,457.27
(II) Commitments		
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	14,365.89	15,947.38
(ii) Pending rebate claim for which appeals filed	5.61	2.00
TOTAL	14,371.50	15,949.38
GRAND TOTAL	28,803.57	39406.66

Annexure 2 - Referred to in Consolidated Notes No. C. 5

Disclosure Under Accounting Standard - 17 - CONSOLIDATED SEGMENT REPORTING

	Particulars					₹ lacs
1. Primary Segment Information						
Segment Revenue						
	Contraceptives	Health Care	Trading	Procurement and consultancy services	Contract Services	Total
Net Sales & Services	40,496.88	16,361.74	16,297.36	3,681.04	17,948.86	94,785.88
Other Unallocable Revenue						1,261.58
Total						96,047.46
Capital Employed						
	Contraceptives	Health Care	Trading	Procurement and consultancy services	Contract Services	Total
Profit before Interest & Tax	4,926.12	-770.37	439.34	1,361.36	3,979.09	9,935.53
Less:- Interest						1,799.57
Less: Other unallocable expenditure						4,492.44
Prior period items						-15.81
Add:-Other unallocable income						0.00
Profit before tax						3,627.71
	Contraceptives	Health Care	Trading Products	Procurement and consultancy services	Contract Services	Total
Capital Employed						
Allocated Fixed Assets (a)	12,707.12	10,300.34	44.66	923.87	0.94	23,976.92
Allocated Current Assets (b)	28,270.55	28,661.31	4,025.68	9,755.91	11,386.74	82,100.19
(a+b)	40,977.67	38,961.65	4,070.34	10,679.77	11,387.68	1,06,077.11
Allocated Current Liabilities	10,253.00	8,930.19	1,799.61	3,341.20	6,675.23	30,999.23
Capital Employed Allocation	30,724.67	30,031.46	2,270.73	7,338.58	4,712.45	75,077.88
Unallocable portion of Capital Employed						-28,480.59
Total Capital Employed						46,597.29
2. Secondary Segment Information - Geographical Revenue						
India						82,651.12
Outside India						13,396.34
						96,047.46
Capital Employed						
India						41,132.39
Outside India						5464.90
						46,597.29
For and on behalf of the Board				Vide our report of even date attached For M/s Abraham & Jose Chartered Accountants Firm No. 000010S		
sd/- Dr. M.Ayyappan Chairman & Managing Director	sd/- R. P. Khandelwal Director (Finance)	sd/- P. Sreekumar Company Secretary & VP(F)	sd/- CA. Jose Pottokaran Partner Membership No: 012056			
Trivandrum 05.07.2014						

Audited Balance Sheet abstract of Joint Venture & Subsidiaries as at 31st March 2014

Particulars		Life Spring Hospitals (P) Ltd	HLL Biotech Ltd	Goa Antibiotics and Pharmaceuticals Ltd
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1,566.84	17,801.00	1,902.00
	(b) Reserves and surplus	(1,665.45)	(11.18)	(1,746.98)
		(98.61)	17,789.82	155.02
2	Non-current liabilities			
	(a) Long-term borrowings	661.52	-	859.23
	(b) Deferred tax liabilities (net)	75.05	-	-
		736.57	-	859.23
3	Current liabilities			
	(a) Short-term borrowings	24.64	-	0.01
	(b) Trade payables	74.80	24.30	1,177.14
	(c) Other current liabilities	38.11	35.27	236.95
	(d) Short-term provisions	-	6.59	39.97
		137.55	66.16	1,454.07
	TOTAL	775.51	17,855.98	2,468.32
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	413.74	195.76	446.88
	(ii) Intangible assets	112.53	17.98	5.60
	(iii) Capital work-in-progress	-	1,935.07	-
	(iv) Intangible asset under development	-	310.48	-
		526.27	2,459.29	452.48
	(b) Non-current investments	-	-	0.25
	(c) Long Term Loans and Advances	101.87	2,056.00	5.36
	(d) Other Non-current assets	-	0.52	-
2	Current assets			
	(a) Inventories	0.85	32.59	115.72
	(b) Trade receivables	5.30	-	1,486.72
	(c) Cash and cash equivalents	95.85	13,023.33	325.68
	(d) Short-term loans and advances	45.37	220.70	25.26
	(e) Other current assets	-	63.55	56.85
		147.37	13,340.17	2,010.23
	TOTAL	775.51	17,855.98	2,468.32

Annexure 3 : Referred to in Consolidated Notes No. C.6

₹ lacs

Audited Statement of Profit and Loss for Joint Venture & Subsidiaries for the year ended 31st March, 2014				
	Particulars	Life Spring Hospitals (P) Ltd	HLL Biotech Ltd	Goa Antibiotics and Pharmaceuticals Ltd
1	Revenue from operations (gross)	1,184.84	-	4,059.31
	Less: Excise duty	-	-	130.95
	Revenue from operations (net)	1,184.84	-	3,928.36
2	Other income	7.92	-	13.86
3	Total revenue (1+2)	1,192.76	-	3,942.22
4	Expenses			
	(a) Cost of materials consumed	72.52	-	1,325.21
	(b) Purchases of stock-in-trade	-	-	740.93
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	196.68
	(d) Employee benefits expense	647.49	-	672.06
	(e) Finance costs	102.89	-	46.71
	(f) Depreciation and amortisation expense	69.14	-	55.89
	(g) Other expenses	354.77	11.18	656.79
	(h) Contract Expenses	-	-	-
5	Total expenses	1,246.81	11.18	3,694.27
6	Profit / (Loss) before Exceptional and extra ordinary items and tax (3 - 5)	(54.05)	(11.18)	247.95
7	Exceptional items	2.11	-	(61.83)
8	Profit / (Loss) before extra ordinary items and tax (6 - 7)	(56.16)	(11.18)	309.78
9	Extra - ordinary item	1.00	-	10.32
10	Profit / (Loss) before tax (8-9)	(57.16)	(11.18)	299.46
11	Tax expense:			
	(a) Current tax expense for current year			
	(b) Current tax expense relating to prior years			
	(c) MAT Credit Entitlement			
	(c) Deferred tax	(2.96)	-	-
		(2.96)	-	-
12	Profit / (Loss) for the year from continuing operations	(54.20)	(11.18)	299.46
13	Profit / (Loss) from discontinuing operations (6 - 7)	-	-	-
14	Profit / (Loss)	(54.20)	(11.18)	299.46