Hester Biosciences Limited
Pushpak, 1st Floor
Panchvati Circle
Motilal Hirabhai Road
Ahmedabad 380006
Gujarat, India

Phone +91 79 26445106
Email mail@hester.in
Toll Free 1 800 233 7937
www.hester.in

CIN L99999GJ1987PLC022333

**11 August 2018**

**To,**
**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Scrip Code: 524669

**To,**
**National Stock Exchange of India Limited**
Exchange Plaza,
Bandra - Kurla Complex,
Bandra (E), Mumbai 400 051

Symbol: HESTERBIO

**Respected Sir/Madam:**

**Subject: Outcome of 31st Annual General Meeting held on 10 August 2018**

This is in reference to our letter dated 13 July 2018, the 31st Annual General Meeting (AGM) was held on Friday, 10 August 2018 at 11.00 am. at Ahmedabad Textile Mills Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 to transact the business as stated in the Notice dated 14 May 2018.

We attach herewith:

1. The proceedings of the 31st Annual General Meeting of the Company
2. 31st Annual Report for the year 2017-18 of the Company as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please take note on your record.

**Sincerely,**
**For Hester Biosciences Limited**

**Rajiv Gandhi**
**CEO & Managing Director**
DIN: 00438037

**Enclosure:** As above

HESTER

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**PROCEEDINGS OF 31ST ANNUAL GENERAL MEETING HELD AT THE AHMEDABAD TEXTILE MILLS ASSOCIATION HALL, ASHRAM ROAD, NAVRANGPURA, AHMEDABAD 380 009 ON FRIDAY, 10 AUGUST 2018 AT 11.00 A.M.**

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The 31st Annual General Meeting of the Members of the Company was held on Friday, 10 August 2018 at 11.00 a.m. at Ahmedabad Textile Mills Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009.

Dr. Bhupendra Gandhi, Chairman of the Company took the Chair.

The Statutory Auditor from Apaji Amin & Co. LLP and Secretarial Auditor & the Scrutiniser Mr. Tapan Shah were present at the Meeting.

The Statutory Registers and the Proxy Register were available at the Venue for inspection of members.

As requisite quorum was present, Chairman calls the Meeting to an order.

With consent of members the Notice Convening the 31st Annual General Meeting ("AGM"), Directors' Report, and Financial Statements for the financial year ended 31 March 2018 were taken as read. The Chairman informed that the Auditors' Report did not have any qualifications and Auditors' Report readout to the Members.

Thereafter, Mr. Rajiv Gandhi, CEO & Managing Director of the Company gave highlights on Companys' working, current market scenario and its future prospects related to Companys' point of view.

Thereafter, the following resolutions as set out in the Notice convening the AGM were proposed and seconded by the Members:

| Item No. | Particulars | Resolution (Ordinary/ Special) |
|---|---|---|
| 1 | To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the Company for the financial year ended on 31 March 2018 and the reports of the Board of Directors' and Auditors' thereon; and | Ordinary |
| 2 | To take note of the payment of interim dividend on equity shares and to declare a final dividend on equity shares for the financial year 2017-18; | Ordinary |
| 3 | To appoint a Director in place of Mr. Ravin Gandhi (DIN: 00438361), who retires by rotation and being eligible, has offer himself for reappointment; | Ordinary |
| 4 | Appointment of Statutory Auditor; | Ordinary |
| 5 | Ratification of remuneration to Cost Auditors for the year 2018-19; | Ordinary |
| 6 | Granting loan, giving guarantee, providing security or making investment in excess of limit specified in Section 186 of the Companies Act, 2013. | Special |

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The Chairman then informed the members that pursuant to the Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had provided e-voting platform of Central Depository Services (India) Limited to the Shareholders for exercising their voting rights in electronic form. The remote e - voting commenced on Tuesday, 7 August 2018 at 9.00 a.m. and ended on Thursday, 9 August 2018 at 5.00 p.m.

The Chairman further informed that the resolutions prescribed in the notice convening the 31st Annual General Meeting will be passed through poll process by the members present at the meeting. He further ordered the poll on all the resolutions as set out in Item no. 1 to 6 on the Notice convening the 31st Annual General Meeting.

The Chairman stated that pursuant to the provision of Section 109 of the Companies Act, 2013, Mr. Tapan Shah, Practicing Company Secretary is appointed as scrutiniser to conduct the poll process in fair and transparent manner, scrutinize the poll process and to submit his report.

The Chairman informed that the results of voting on each resolution shall be determined by adding the votes of poll in favour of or against a resolution with the electronic votes casted by the members in favour of or against the respective resolution. He declared that on receipt of Scrutinisers' Report on the poll to be conducted, the result of the voting shall be declared latest by 11 August 2018. The results to be declared for each resolution shall be intimated to the Stock Exchanges website i.e. www.bseindia.com and www.nseindia.com, immediately and would also be uploaded on the Companys' website: www.hester.in.

The CEO & Managing Director invited to members to ask questions on the working of the Company if any.

Members asked few questions on the performance of the Company, possibility of future development of the business, competitiveness of company in Global as well as Indian market and future prospects of Bioscience industry. Members have also asked questions on operations of the subsidiary Companies.

All the questions were responded satisfactory by Mr. Rajiv Gandhi, CEO & Managing Director of the Company.

The Chairman concluded the meeting at 11.40 a.m. with vote of thanks to all the Members for their co-operation and sparing their valuable time for attending the meeting.

Please take note on your record.

**Sincerely,**
**For Hester Biosciences Limited**

**Rajiv Gandhi**
**CEO & Managing Director**
DIN: 00438037

HESTER

**Hester Biosciences Limited**
**31st Annual Report** 2017-18

# Poised. Prepared. Positive.

Recognising the need for safe alternative sources of energy, Hester has commissioned a pilot Solar Power Plant with a planned expansion by 2020

# Contents



**Forward-looking Statements**

Statements in this report that describe the Companys' objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Companys' principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Companys' operations, such as litigation, labour negotiations and fiscal regimes.

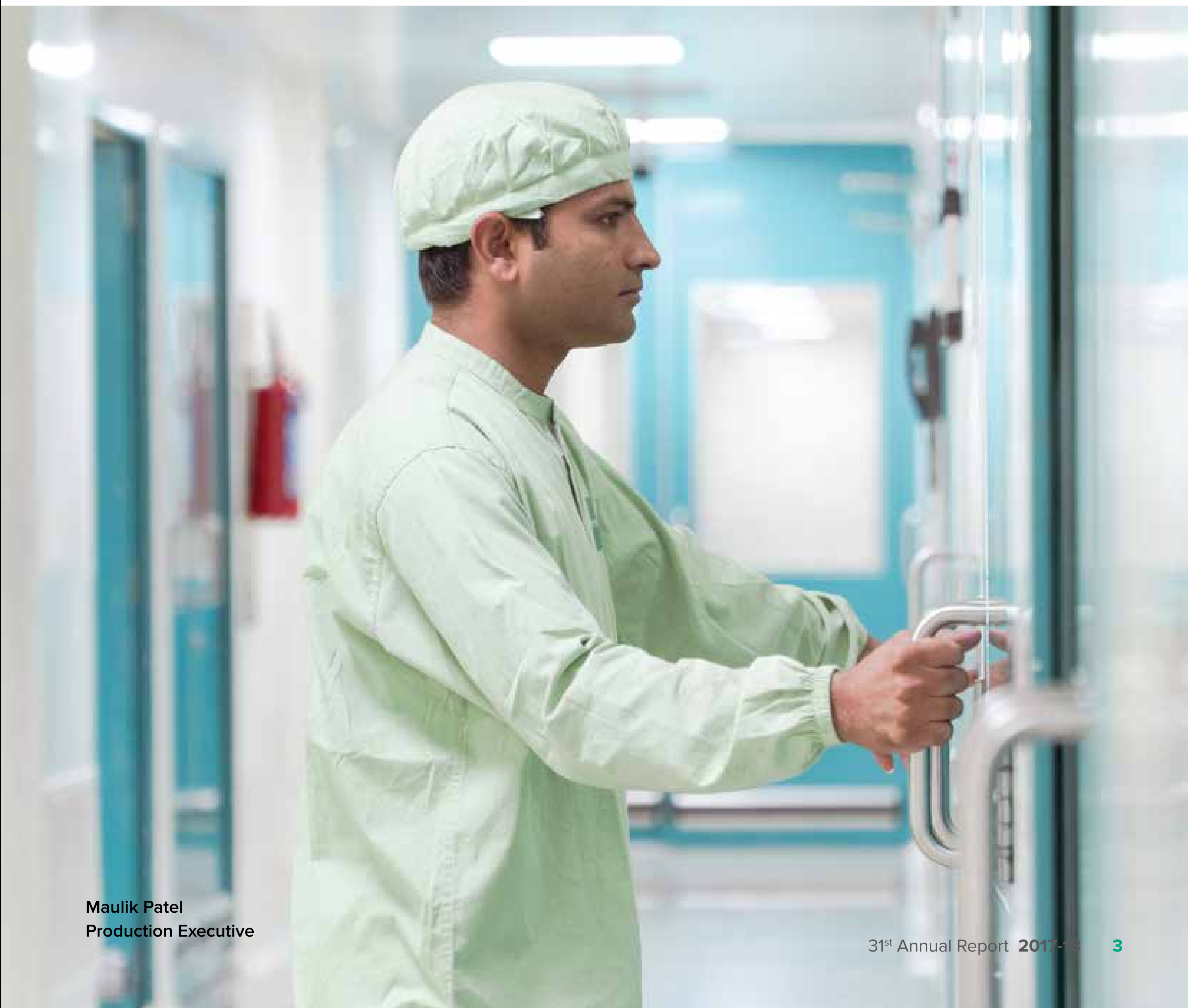
01

# Business Overview

# At a Glance

**Hester is amongst Indias' leading animal healthcare companies and the second largest poultry vaccine manufacturer.**

Headquartered in Ahmedabad, Gujarat, Hester has a state-of-the-art manufacturing facility for vaccines, health products and diagnostics. The Companys' products, registered with various countries and international agencies, have received wide acceptance and is marketed across India and a few African and Asian countries. The Company has a total manufacturing capacity of 4.8 billion doses of vaccines.



Maulik Patel
Production Executive

# Mission

Better health for human beings through healthier animals

# Vision

Building the future on a foundation of excellence

# Values

- Integrity
- Innovation
- Passion
- Discipline
- Trust

## Certifications & Credit Rating

Hester is a WHO GMP (Good Manufacturing Practices), GLP (Good Laboratory Practices), ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified Company. Its R&D department is recognised and approved by the DSIR (Department of Scientific & Industrial Research). It has a credit rating of 'A- ' for long-term and 'A2' for short-term credit financial obligations.

Praganesh Patel
From Production

## Key Achievements

**Recognition from the Bill & Melinda Gates Foundation, U.S.A, for its efforts in improving livestock health and lifting peoples' lives globally**

**Acknowledgement from Mr. Bill Gates at the Smallholder-led Agricultural Transformation Summit, Andhra Pradesh, India for the Companys' efforts in making available vaccine for Newcastle Disease at low cost**

## Product & Service Offerings

A dedicated animal healthcare Company, Hester has a wide portfolio comprising of 49 vaccines and 50 health products for poultry and large animals (livestock). The products are segregated under the following business divisions:

- Live Vaccines
- Inactivated Vaccines
- Health Products
- Disinfectants and Sanitisers
- Diagnostic Kits

The live and inactivated vaccines are used for immunisation against major veterinary diseases of economic importance. Health products enable prevention and cure of diseases, in addition to addressing growth promotion. Disinfectants and water sanitisers are health-aid products facilitating to maintain hygiene standards. Diagnostic Kits are used for sero-surveillance and disease monitoring.

Apart from the products, the Company also offers Sero-monitoring services for poultry farms. This involves use of diagnostic kits and other scientific tools to provide precise immune status and disease diagnosis, thereby assisting poultry farmers to better manage their flocks and improve their profitability.

The Company also offers Mastitis prevention programs for cattle farms. Mastitis is a major challenge for cattle farmers. The Company with its expert team, specialises in the prevention and cure of mastitis using diagnostic tools, treatment therapies and prevention programs.

## Key Highlights of the Journey

| | |
|---|---|
| **1983** | Commenced operations as a propriety concern to distribute poultry medicines and feed additives in Mumbai, covering the districts of Thane and Raigadh. |
| **1987** | Formed Hester Pharmaceuticals Private Limited to acquire the exclusive marketing rights for animal health products of overseas brands for Indian market. |
| **1990** | Entered into exclusive marketing agreement with Ghen Corporation, Japan, for its range of poultry feed additives and with Maine Biological Laboratories (MBL), USA, for its range of poultry vaccine. |
| **1993** | Entered into technical and financial collaboration agreement with MBL, to manufacture poultry vaccines in India. |
| **1994** | Shifted base to Ahmedabad to set-up the poultry vaccine manufacturing unit and converted Hester into a public limited company following an IPO. |
| **1997** | Commenced marketing of the locally manufactured poultry vaccines. |
| **2003** | Terminated the financial and technical collaboration with MBL. |
| **2007** | Expanded manufacturing capacity four-fold. |
| **2012** | Partnered by the Bill & Melinda Gates Foundation, U.S.A, to develop a Thermostable Newcastle Disease Vaccine to immunise backyard poultry in rural India |
| **2013** | Received the WHO-GMP certification and DSIR registration for the in-house R&D unit. Embarked to set-up an animal vaccine manufacturing unit in Nepal. |
| **2017** | • Completed the worlds' largest backyard poultry immunisation program<br>• Acknowledgement from Mr. Bill Gates in his speech at the AP AgTech Summit 2017 in Visakhapatnam for low-cost Newcastle Disease vaccine<br>• Acquired controlling stake in Texas Lifesciences and received loan license for 23 veterinary pharmaceutical products<br>• Established subsidiary in Africa – Hester Biosciences Africa |

## Global Reach & Presence

**2** Manufacturing plants

**4.8** billion doses (India)

**1.24** billion doses (Nepal)

**34** Countries

**500+** distributors in India

**Manufacturing unit:** India (Ahmedabad) & Nepal (Kathmandu)

**Future vaccine production unit:** Tanzania (Dar es Salaam)

**Diagnostic laboratory:** Anand, Gujarat, India

**Sales depots in India:** Ahmedabad, Bengaluru, Coimbatore, Chandigarh, Guwahati, Hyderabad, Jaipur, Kolkata, Pune

**Super distributors in India:** Bhubaneswar, Indore, Lucknow, Patna, Raipur, Ranchi, Vijayawada

**Current sizeable global presence:** Bangladesh, Botswana, Burkina Faso, Burundi, Egypt, Indonesia, Iraq, Kenya, Kuwait, Lebanon, Malawi, Madagascar, Myanmar, Nigeria, Senegal, Uganda, Vietnam, Zambia

## Listing Details

The Companys' shares are listed and traded actively on BSE Ltd. and National Stock Exchange of India Limited (NSE). Its market capitalisation as on 31 March 2018, was ₹ 13.64 bn on BSE Ltd and ₹ 13.83 bn on National Stock Exchange of India Limited.

# A Proud Moment at Hester

## Worlds' Largest Poultry Immunisation Program

One priority is animal health. Diseases can wipe out flocks and herds, driving smallholders even further into poverty. For example, Newcastle Disease can kill three-quarters of the chickens in a flock during an outbreak. Through a partnership with Hester Biosciences, there is now a vaccine that costs just three cents a dose."

*Mr. Bill Gates at Smallholder-led Agricultural Transformation Summit Andhra Pradesh, India, 17 November 2017*

CASE STUDY

### Hester undertook the worlds' largest poultry immunisation program: Facilitating Mass Access of Veterinary Vaccines & Products to Scale-up Backyard & Small Holders Farming.

This project was undertaken by Hester for the rural livestock keepers, implemented in 3 Indian States – Odisha, Chhattisgarh and Jharkhand between October 2014 and June 2017, in collaboration with GALVmed, a Not for Profit organisation based out of Edinburgh, Scotland.

GALVmed and Hester entered into a successful partnership that concluded with the development, registration and launching of thermo-tolerant Lasota Newcastle Disease Vaccine for use in the village poultry sector.

### The impact:

**71.43 Mn***

vaccine doses delivered

**9.45 Mn***

households across Odisha, Chhattisgarh and Jharkhand benefited

*as of 31 October 2017

# Built on Strong Fundamentals

## State-of-the-Art Manufacturing

The Company has two plants, one in India and the other in Nepal. Benchmarked to international quality and compliance standards, the Gujarat plant is Asias' largest single-location animal biological manufacturing facility. Its R&D laboratory is approved by The Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

## R&D & Innovation Driven

Hester, with its strong team of research scientists, equipment infrastructure and biological know-how, has the required expertise to develop stable biological products that are safe, effective and which meet regulatory requirements. The R&D activities are funded through Hesters' own cash flow. The Company has a focus on developing new generation vaccines and animal health products that have higher efficacy and which cater to the evolving needs.

## Wide Portfolio Offerings

The Company has a wide portfolio of 49 vaccines and 50 health products addressing preventive, curative and growth needs of poultry and large animals. It also provides services such as seromonitoring for poultry farms and mastitis prevention programs for cattle farms.

## Quality Focused

The Company has adopted good manufacturing and good laboratory practice (GMP and GLP) guidelines laid down by WHO. Its robust quality control and quality assurance teams ensures high quality standards.

## Wide Reach & Distribution Network

Hester has received regulatory approvals for its products in many African and Asian countries. Additional product approvals as well as approvals in additional countries are underway. In India, it has a country-wide presence with its network of 500+ distributors. In rural regions, Hester partners with various stakeholders to facilitate mass vaccination for backyard poultry and large animals to improve the economical conditions of backyard farmers.

The Company has a focus on expanding operations in Africa. A wholly-owned subsidiary has been established for setting-up of an animal vaccine manufacturing unit in Tanzania. The current activities towards creating a distribution network in Africa, coupled with the proposed manufacturing plant, would synergise Hesters' business in Africa.

## Proven Performance

The Company has a track record of consistently growing its topline and bottom line. This has been driven by its ability to innovate and deliver relevant products, create strong supply chain network, collaborate with international agencies and get regulatory approvals within India and from various countries.

## Strong Financials

The Companys' strong balance sheet augurs well for its plans for a sustainable growth in future. With its strong business model and focused strategy of having superior products and improving operational efficiencies, it has significantly improved its operational performance. In the last three years, the Companys' EBIDTA margins improved 357 basis points to 36.67%, while return on capital employed improved 432 basis points to 25.01%. As on 31 March 2018, the Companys' balance sheet position was strong with a net worth of ₹ 1,460.78 million and a gearing of 0.29.

## Sustainable Strategy Aligned to Opportunities

The Company has strategically created presence in geographies where livestock diseases create a lot of challenges, as well as where access to veterinary products is a challenge. Besides, the FAOs' Global PPR Disease Eradication Program in sheep and goat and the growing awareness of Brucella abortus disease among farmers provide scope for significant future growth.

02

# Strategic Overview

# Highlights of the Year

## Growth in key performance indicators in FY 2017-18 vs FY 2016-17

**7.70%**

Turnover

**20.74%**

EBIDTA

**22.52%**

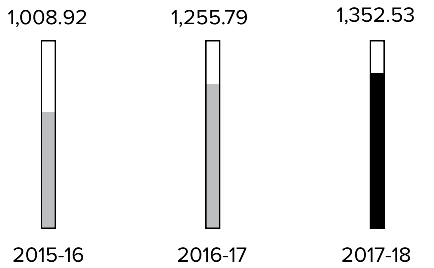
Profit after Tax

**110.20%**

Market capitalisation

### Turnover

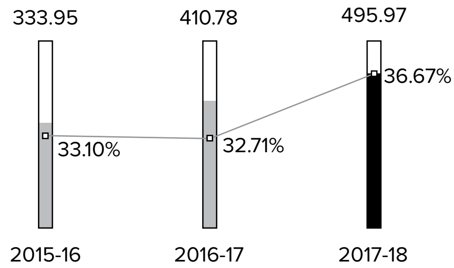
(₹ mn)




Turnover has increased, driven by increased market penetration and award of tender businesses in the large animal segment in domestic market. Besides, rationalisation, better planning and addition of capacities led to growth in volumes.

### EBIDTA & EBIDTA Margin

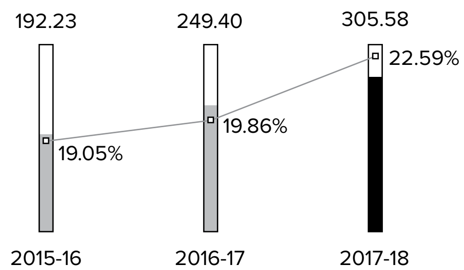
(₹ mn) (%)




Operating performance have improved, driven by focused strategy to enhance proportion of higher value-added products, rationalise product-mix and improve operational efficiencies. Better inventory management and stricter credit control further enabled in reducing cost of operations.

### PAT & PAT Margin

(₹ mn) (%)



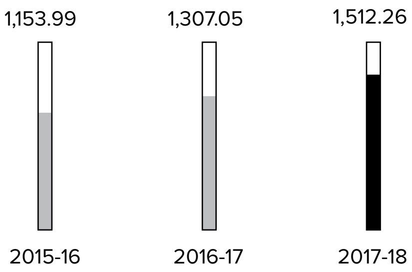

Profitability has improved consistently on the strength of the business model> It is reflected in the valuation of the company.

### Debt:Equity

(in times)

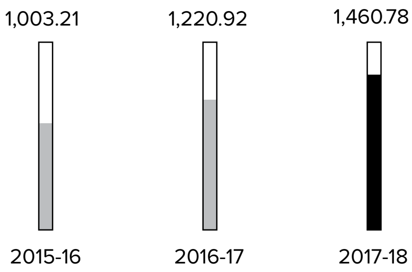

Debt:Equity ratio has declined, driven by increasing cash flows from operations over the years. Cash inflows have been effectively utilised to service debt, while the surplus reinvested.

## Gross Block
(₹ mn)




Gross block has increased as the Company added new capacities.

## Net Worth
(₹ mn)

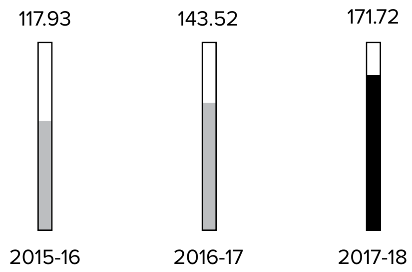



Net worth has increased with rising profitability. The profits have been effectively ploughed back.

## Earnings Per Share
(₹)


The Companys' growing earnings per share indicates its growing profitability.

## Book Value Per Share
(₹)

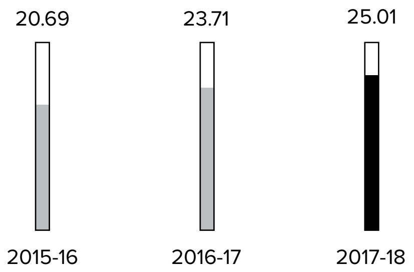



The Companys' growing book value per share indicates its ability to steadily improve shareholders' value.

## ROE
(%)


The Companys' ROE grew 49 basis points indicating the Companys' growing profitability.

## ROCE
(%)




The Companys' ROCE grew 130 basis points reflecting its strengthening capital efficiency led by its business model and prudent investments in areas that generate higher returns.

# A Message from the CEO and Managing Director

**Your Company recorded a net profit after tax of ₹ 305.58 million in FY 2017-18 as against ₹ 249.40 million in the previous year, a growth of 23%. The growth in profit was substantially higher than the growth in sales. Like in the previous year, this can be attributed to operational improvements, prudent product mix changes and credit control.**

**As always, I am pleased to present the performance of your Company for FY 2017-18.**

## FY 2017-18 in Retrospect

Your Company reported net sales of ₹ 1,352.53 million in FY18 compared to ₹ 1,255.79 million in the previous year, thereby registering a growth of 7.70%. Domestic sales grew 9.31% whereas exports dipped by 11.99%. This dip in exports was due to external and internal issues. Externally, the tendering for PPR vaccine from FAO was much slower. Also, the regulatory approvals for our new plant at Kathmandu, Nepal got delayed due to circumstances beyond our control. Internally, at Hester India, we faced capacity constraints for poultry vaccines during peak demand.

While external issues still remain partly out of our control, it is expected that PPR tendering will go up substantially from the second half of this calendar year. Also, in this financial year, in Nepal, we have received a few approvals for poultry vaccines, for which the manufacturing has commenced.

Internally, at Hester India, we have resolved our capacity constraint by commissioning our additional capacity.

Your Company recorded a net profit after tax of ₹ 305.58million in FY18 as against ₹ 249.40million in the previous year, a growth of 23%. The growth in profit was substantially higher than the growth in sales. Like in the previous year, this can be attributed to operational improvements, prudent product mix changes and credit control.

EBIDTA margins improved from 32.71% in FY17 to 36.67% in FY18. ROCE strengthened from 23.71% to 25.01%, thereby revalidating our commitment to make a superior use of resources in the year. (Figures on EBIDTA and on ROCE for FY17 being regrouped due to GST in FY18, would be marginally different from those published in the last report.)

In summary, this has been a year of mixed financial performances. Though we did not report the kind of topline growth that we had anticipated, yet we delivered a strong bottom-line relative to the sales. We lived up to our mandate towards improving the bottom-line. Our confidence assures us of a good growth in the topline as well as in the bottom line in the current financial year.

Going beyond financials, there were other contributions in the year. Listing a few of them:

- We embarked on the planning of our Africa manufacturing project.
- We successfully completed a mass immunisation program in backyard animals in a few states in India. This has laid the foundation to start our Veterinary Social business Division.
- Improved efficiencies in production through our R&D which will help us in increase our capacity by 15% for live vaccines without any capital expenditure.

**A milestone achieved towards immunising backyard animals**

Through my email in 19 April 2018, I had shared a document 'Facilitating Mass Access To Veterinary Vaccines & Products to Scale-up Backyard & Small Holder Farming'. The document presented the project completed by Hester towards immunising backyard poultry and other animals. The outcome of the project was as follows: 71.50 million doses of Newcastle (Ranikhet) Disease Vaccine were administered to backyard poultry in Odisha, Chhattisgarh & Jharkhand. 945,000 households were covered in the three states until October 2017. Backyard chicken population per household has gone up between 20% and 100%. Egg production per chicken has gone up by 20 eggs per year and the mortality in chicken which used to be over 50%, has gone down to 20%. Backyard farmers have been able to sell eggs & chicken meat to earn additional income as well as reduce their household food consumption cost by themselves consuming part of the eggs and meat. The women in the village houses have got occupation for managing the backyard chicken. 2000 youth in the villages who were trained free of cost to administer the vaccine to the poultry, are now earning ₹ 5,000 to ₹ 10,000 each per month.

Hester has continued the work with the same objectives in the same geographical area, by converting the project into a financially sustainable business model through its new division – 'Veterinary Social Business Division', thereby contributing towards creating wealth for backyard farmers in rural India as well as in giving employment to over 2000 people.

## Prepared for a Better Future

**Self Reliance**

While out-sourcing has become the order of the day in many industries including that in the pharmaceutical industry, Hester believes in being self-reliant.

Till recently, all Hester animal health products were out-sourced. With the need to control quality and production schedules, it seemed imperative for us to manufacture our range of animal health products by ourselves. Another reason to consider manufacturing the health products by ourselves was to ensure that all registrations, worldwide, are registered under our own entity rather than under a third partys' name.

To achieve this objective, we acquired 55% stake in Texas Lifesciences Private Limited, an animal health products manufacturing company in Mehsana. This acquisition has enabled us to undertake manufacturing of all health products in-house, rather than outsourcing them, and thus have better control over quality and production schedules. Further, it would now enable us to own product registrations across all countries through Texas. This action has also given us an impetus towards our brand building activities.

**Focus on Africa**

Worldwide economic forecasts clearly indicate that Africa is the next continent for economic boom. Our own market survey has brought to light that animal farming activities, either organsied or backyard farming, are poised to grow exponentially. This would have a direct positive impact on the demand for animal health products in Africa.

To exploit these opportunities, Hester has decided to put resources in to Africa towards distribution as well as towards manufacturing.

We hope to create Hester-owned country-specific distribution networks in most of the African countries. The objectives of such entities would be to make available quality animal vaccines and health products at prevailing international prices, to organised animal farms as well as to backyard farmers. This process has already begun, by us establishing Hester Biosciences Kenya Limited and Hester Biosciences Tanzania Limited as distribution companies in Kenya and in Tanzania respectively. In a few countries we have collaborated with local existing distributors with an aim to ultimately set up our own entities with their participation. Product registration activities are currently on going in many African countries.

Africa as a continent is yet untapped towards immunising animals against diseases. Many Africa-specific animal diseases, though identified, still remain unaddressed.

Seeing this as an opportunity, Hester has formed a wholly owned subsidiary in Tanzania in the name of Hester Biosciences Africa Limited, to set up an animal vaccine-manufacturing unit in Tanzania. This project would manufacture vaccines against most of the African-specific animal diseases, thereby addressing the unaddressed market in the continent. The project size is USD 18 million, will be an export-oriented unit to address the animal vaccine demand of the continent. The plant capacity would be to manufacture 1.50 billion doses of animal vaccines to reach revenues of USD 30 million at full capacity. The project is part funded by the Bill & Melinda Gates Foundation and is expected to roll out the first commercial batch in early 2021.

Our distribution activities coupled with this manufacturing plant would synergise our business in Africa.

**Divisional focus**

The focus areas in the coming years would be on large animal vaccines and health products. When we refer to the term 'large animals' we mean cattle, buffalo, sheep, goat and swine.

Large Animal vaccines market is forecasted to grow in geometric progression considering that there are immunisation as well as eradication programs embarked on by state governments as well as by the central government for Brucella and PPR diseases, respectively.

Large Animal health products have a huge market. We estimate that this division would be the fastest growing division in the next two financial years. A large range of products have been planned to be launched in the next two years, which would substantially contribute to the topline.

The success of the mass immunisation program in rural India and seeing the opportunity, we established our Veterinary Social Business Division in this financial year which would be focused towards embarking on similar programs in other states in the country, besides continuing the project in Odisha, Chhattisgarh and Jharkhand.

In conclusion, the year gone has given us many positive lessons. We have learnt that we need to plan better. We have learnt that we need to have a better forecasting system in place. We have learnt that we need to keep in mind undesired external circumstances. We have learnt that we need to build in a lot of redundancy into our business, thereby not being dependent on any single factor for improving the topline or the bottom-line or for impacting our long term plans.

While our lessons and learning continue, it surely now makes us more Poised, Prepared and Positive to take your Company to the next level.

Warm wishes,

**Rajiv Gandhi**

CEO and Managing Director

# Strategy for Future Growth

**Hesters' mission statement is 'Better health for human beings through healthier animals'. Our short-term and long-term goals revolve around our mission.**

Trusharti Brahmbhatt – Production Assistant Manager
Krishna Patel – Production Senior Executive

## Short-term Goals

### Develop new generation vaccines through in-house R&D

The Company would steadily move away from conventional vaccines, towards recombinant vaccines, which are safer and cheaper to produce and easier to administer. Each recombinant vaccine can encompass the immunisation against multiple diseases in one dose. They are ideal replacements and would also provide better margins.

### Grow Large Animal Business

Hester intends to grow its large animal vaccines and health products business which has huge potential within India and globally.

### Develop International Business

Till three years ago, Hester had all its revenue derived from domestic sales. The immediate focus is to grow international business and make exports as a 50% contributor to the total sales by 2020.

### Strengthen Base in Africa

Africa is a huge untapped market with significant opportunities. The Companys' focus will be on creating a distribution network in Eastern Africa as well as setting-up an animal vaccine plant in Tanzania to manufacture vaccines against Africa-specific animal diseases.

## Long-term Goals

The Companys' long terms goals are towards achieving its philosophy:

- Build the future on a foundation of excellence
- Institutionalise the business to ensure perpetuity

03

# Business Review

# Poultry Division

## Business Overview

The Company offers a total 15 live vaccines, 30 inactivated vaccines and 16 health products for poultry. It is the largest business segment accounting for 84.33% of the Companys' overall FY 2017-18 revenues. The product portfolio under the segment include:

- **Vaccines** – Immunisation against diseases
- **Health products:**
  - **Drugs –** Anti Infective
  - **Feed Supplement** – Growth Tonic, Toxin Binder, Herbal Supplement
  - **Disinfectants –** Farms and Equipment

## Performance Review

The total sales from the poultry segment increased 5.41% from ₹ 1,082.02 million in FY 2016-17 to ₹ 1,140.56 million in FY 2017-18. Within the poultry segment, vaccines and health products sales were ₹ 1,082.58 million and ₹ 57.98 million respectively. The revenues were partly impacted due to sales lost in inactivated vaccines due to lower capacity for which the Company has already commissioned the expansion in this financial year. The Company created ELISA diagnostic kits, the impact of which, though small, would be reflected in this financial and the next fiscal year.

**5.41%**
over FY 2016-17

**₹1,140.56Mn**

Revenues FY 2017-18

**61 products**

(live vaccines, inactivated vaccines, health products)

**84.33%**

Revenue contribution to overall FY 2017-18 revenues

# Large Animal Division

## Business Overview

The Company offers a total three live vaccines and 35 health products for the large animals. The segment accounts for 13.20% of the Companys' overall FY 2017-18 revenues. The product portfolio under the segment include:

- **Vaccines** – Immunisation against diseases
- **Health products:**
  - **Drugs –** Anti Infective, Anti Parasite, NSAIDs, Anthelmintic
  - **Feed Supplement –** Growth Tonic, Mineral Mixture, Fertility Supplement, Bypass Fat
  - **Disinfectants –** Farms and Equipment, Udder Management

## Performance Review

The total sales of large animal segment increased 16.83% from ₹ 152.86 million in FY 2016-17 to ₹ 178.58 million in FY 2017-18. Within the large animal segment, vaccine and health product sales were ₹ 77.41 million and ₹ 101.17 million respectively. With very few organised dairy farms in the country, and majority of large animals in the backyard, the Company is strongly focused on creating a strong distribution for backyard farmers. The Company also developed a few diagnostic kits for large animals.

**16.83%**
over FY 2016-17

**₹178.58 Mn**

Revenues FY 2017-18

**38 products**

(live vaccines, health products)

**13.20%**

Revenue contribution to overall FY 2017-18 revenues

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# People and Management

# An Organisation Driven by Values & Ethics

Dr. Pravinsinh Chauhan
Animal House In-charge

## Professional Management

Hesters' Board comprise of respected and experienced people. Their overall knowledge in business, in industry as well as in the veterinary space has been crucial in imparting a philosophy to the company as well as in driving its business forward.

## Ethical Leadership

Hesters' leadership team, driven by the Companys' as well as their personal values and ethics, ensure that value system is percolated right upto the bottom level in the organisation.

## Corporate Governance & Regulatory Compliances

The Company has high regards for corporate governance. The aim is to be legally as well as morally compliant. Various committees have been created to address legal compliance.

## Transparent Business Practices

The Company follows the practice of giving out all relevant, timely and correct information to all its stakeholders. It also ensures all its business dealings and transactions are fair and transparent.

## People Power

The Company has a robust intellectual capital in terms of people. All employees are professionals bringing in diverse expertise. The intellect pool includes nine Ph.Ds, six Masters of Veterinary Science, five Bachelors of Veterinary Science, forty four Masters of Science, thirty six Bachelors of Science, eighteen MBAs, six pharmacists, twenty six engineers and two Chartered Accountants.

# Powerful Leadership Team


1. **Jigar Dhabalia,** Assistant Vice President – Logistics
2. **Rashmin Patel,** Assistant Vice President – Sales Operation
3. **Maulik Patel,** Assistant Manager – International Marketing
4. **Raj Rughwani,** Manager – Sales & Marketing, Large Animal Division
5. **Sumit Gupta,** Vice President – Information Technology
6. **Raj Gera,** Vice President – Sales & Marketing
7. **U K Jani,** Consultant
8. **V C Joshi,** Vice President – Commercial
9. **Kajal Patel,** Vice President – Quality Assurance
10. **Priya Gandhi,** Manager – Branding & Communication
11. **Rajiv Gandhi,** CEO & Managing Director
12. **Jigar Shah,** CFO
13. **Dr. J K Pal,** Vice President – Research & Development
14. **Dr. Shankar Chinchkar,** Vice President – Production
15. **Dr. Surajit Bakshi,** Assistant Vice President – Quality Control
16. **Dr. Rahul Srivastava,** Assistant Vice President – Veterinary Social Business
17. **Dr. Manish Bhatt,** Vice President – Engineering
18. **Mayank Gamit,** Assistant Vice President – Sales & Marketing, Poultry Division
19. **Ritesh Patel,** Senior Manager – Regulatory Affairs
20. **Srutikant Nayak,** Senior Manager – Production
21. **Dr. Sulochana Shrestha,** CEO – Hester Biosciences Nepal Private Limited
22. **Darayus Lakdawalla,** Vice President – Overseas Operations

# Corporate Information

## Board of Directors

**Dr. Bhupendra V. Gandhi,** Chairman
**Mr. Rajiv Gandhi,** CEO & Managing Director
**Mr. Sanjiv Gandhi,** Non-Executive Director
**Mr. Ravin Gandhi,** Non-Executive Director
**Mr. Vishwesh Patel,** Independent Director
**Ms. Grishma Nanavaty**, Independent Director
**Mr. Naman Patel,** Independent Director
**Mr. Amit Shukla,** Independent Director
**Ms. Nina Gandhi,** Alternate Director

## Chief Financial Officer

Mr. Jigar Shah

## Company Secretary

Ms. Amala Parikh

## Registered & Corporate Office

1st Floor, Pushpak, Panchvati Circle,
Motilal Hirabhai Road, Ahmedabad
Gujarat - 380006

## Manufacturing Unit

Village: Merda Adraj,
Taluka: Kadi, District: Mehsana
State: Gujarat - 382 721

## Auditors

Apaji Amin & Co. LLP
Chartered Accountants
304, Aakansha Building, Navrangpura
Ahmedabad - 380 009

## Bankers

State Bank of India
Overseas Branch, S G Highway,
Prahladnagar Road, Ahmedabad 380 015

## Stock Exchanges

BSE Limited
The National Stock Exchange of India Limited

ISIN: INE782E01017
CIN: L99999GJ1987PLC022333

## Audit Committee

Mr. Vishwesh Patel, Chairman
Ms. Grishma Nanavaty, Member
Mr. Naman Patel, Member
Mr. Amit Shukla, Member

## Stakeholders' Grievances & Relationship Committee

Ms. Grishma Nanavaty, Chairperson
Mr. Vishwesh Patel, Member
Mr. Naman Patel, Member
Mr. Amit Shukla, Member

## Nomination and Remuneration Committee

Mr. Vishwesh Patel, Chairman
Ms. Grishma Nanavaty, Member
Mr. Naman Patel, Member
Mr. Amit Shukla, Member

## Corporate Social Responsibility Committee

Mr. Rajiv Gandhi, Chairman
Mr. Vishwesh Patel, Member
Ms. Grishma Nanavaty, Member

## Share Transfer Committee

Mr. Rajiv Gandhi, Chairman
Mr. Sanjiv Gandhi, Member
Ms. Grishma Nanavaty, Member

## Management Committee

Mr. Rajiv Gandhi, Chairman
Mr. Sanjiv Gandhi, Member
Ms. Grishma Nanavaty, Member

## Registrar & Transfer Agents

Link Intime India Private Limited
(Unit: Hester Biosciences Limited)
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Near St. Xaviers' College Corner,
Off C G Road, Ellisesbridge,
Ahmedabad 380006

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# Statutory Reports

# Directors' Report

Your Directors are pleased to present the Thirty First Annual Report and the Audited Financial Statements for the financial year ended on 31 March 2018.

## FINANCIAL RESULTS:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements for the Financial Year ended on 31 March 2018 are the Companys' first Ind AS compliant annual financial statements with comparative figures for the year ended on 31 March 2017 also under Ind AS. The transition date of Ind AS is 1 April 2016.

The disclosure and effects of first time adoption of Ind AS are provided in the Notes of the Standalone Financial Statements and Notes of the Consolidated Financial Statements.

The standalone financial performance of the Company, for the financial year ended on 31 March 2018 is summarised below:

(₹ in Million)

| PARTICULARS | Standalone | |
|---|---|---|
| | For the year ended on 31 March 2018 | For the year ended on 31 March 2017 |
| Revenue from operations and other income | 1,371.30 | 1,263.04 |
| Profit before interest, depreciation and tax (PBIDT) | 514.73 | 418.04 |
| Less: Finance Cost | 23.15 | 32.08 |
| Less: Depreciation | 54.51 | 55.09 |
| Profit before tax (PBT) | 437.07 | 330.87 |
| Less: Provision for tax | 125.15 | 73.84 |
| Deferred tax | 6.34 | 7.63 |
| Profit after tax (PAT) | 305.58 | 249.40 |
| Total Other Comprehensive Income | (1.22) | (0.97) |
| Total Comprehensive Income | 304.36 | 248.43 |
| Balance of profit and loss account | 609.09 | 432.64 |
| Profit available for appropriation | 304.36 | 248.43 |
| Less: Dividend (including Dividend Distribution Tax) on equity shares | 40.95 | 30.72 |
| Less: Reversal of Proposed Dividend (including Dividend Distribution Tax) | 23.55 | 11.26 |
| Less: Transfer to general reserve | 50.00 | 30.00 |
| Balance carried to balance sheet | 798.95 | 609.09 |
| Earnings per share (basic / diluted) | 35.92 | 29.32 |

Figures for Financial Year 2016-17 have been restated as per Ind AS and therefore may not be comparable with financials for Financial Year 2016-17 approved by the Directors and disclosed in the Financial Statements of previous year.

## RESULTS OF OPERATIONS

**Sales**

Your Company posted a turnover of ₹ 1,352.53 million in the financial year ended on 31 March 2018, as compared to ₹ 1,255.79 million in the previous year.

**Profitability**

Your Companys' profit before tax for the year ended 31 March 2018 was recorded at ₹ 437.07 million, as compared to ₹ 330.87 million in the previous year.

### Earnings Per Share

EPS was at ₹ 35.92 as on 31 March 2018 as against ₹ 29.32 as on 31 March 2017.

### Transfer to Reserves

₹ 50 million is proposed to be transferred to the General Reserve and ₹ 798.95 million is proposed to be retained in the surplus.

### Net Worth

The Companys' net worth as on 31 March 2018 was at ₹ 1,460.78 million as compared to ₹ 1,220.92 million as on 31 March 2017.

## DIVIDEND

During the year, your Directors declared and paid interim dividend of ₹ 4.00 per equity share for the financial year 2017-18. The resolution to pay interim dividend was passed in the meeting held on 9 November 2017. Further, your Directors have recommended a final dividend payment of ₹ 6.00 per equity share for the financial year 2017-18, making a total of ₹ 10.00 per equity share for the financial year as compared to ₹ 5.30 per equity share for the last year. This final dividend is subject to approval by the shareholders at the ensuing AGM. The total pay-out of dividend is 27.84% of the stand-alone profit, and is in line with the dividend policy adopted by the Company.

The total dividend appropriation (excluding dividend tax) for the current year is ₹ 53,593,249.50 as against ₹ 34,878,146.50 in the earlier year.

During the year, the unclaimed dividend pertaining to the dividend for the year ended 31 March 2010 was transferred to Investors Education and Protection Fund.

## SHARE CAPITAL

The paid-up equity share capital as on 31 March 2018 stood at ₹ 85.07 million.

## REVIEW OF OPERATIONS

The financial year saw an increase in sales by 8% and an increase in bottom line by 23%.

The growth in sales was less than forecasted while we achieved the targeted growth in the bottom line.

We added the vertical of Diagnostics to the already existing verticals of Poultry Vaccines, Poultry Health Products, Large Animal Vaccines and Large Animal Health Products.

The poultry vaccine division witnessed a growth of 3.57%, an increase in sales to ₹ 1,082.57 million from ₹ 1,045.22 million in the previous year. The lesser than forecasted growth was mainly due to capacity constraints. The new created capacity is now functional to address the normal demand for poultry vaccines. The poultry health products division witnessed a growth of 57.57%, an increase in sales to ₹ 57.98 million as compared to sales of ₹ 36.80 million in the previous year. Over all poultry divisions combined grew at 5.41%

The large animal vaccine division witnessed a growth of 12.09%, an increase in sales to ₹ 77.41 million as against ₹ 69.06 million in the previous year. Tender business which was expected in the last quarter, did not materialise. These orders would now come up in the first two quarters of the financial year, thus would make up for the lesser sales. The large animal health products division saw a growth of 20.73%, an increase in sales to ₹ 101.17 million from ₹ 83.80 million. Over all large animal divisions combined grew at 16.83%

Exports sales were far below forecasts. Product registrations, which were expected in various countries did not come through. Besides, a lot of resources had to be used up in rationalising the distribution network. FAO international tenders for PPR were far below their projections. Exports therefore dipped by 11.99% to ₹ 126.99 million from ₹ 144.31 million in the previous year.

While no sales was reported in the diagnostics division, we got the licenses for 3 diagnostics kits in the month of March. Sales are expected to start from the second quarter of this financial year.

While over-all sales were below forecasts, the trend in this financial year surely indicates a good growth in the top line as well as a further improvement in the bottom line.

Our CARE credit rating was reaffirmed as:

- Long-term rating 'A- ("A" Minus)'
- Short-term rating 'A2'

We continue to hold the following certifications:

1. WHO - GMP
2. GLP (Good Laboratory Practices)
3. ISO 9001:2008
4. ISO 14001:2004
5. OHSAS 180001:2007
6. DSIR approved R&D Centre

## CONSOLIDATED FINANCIAL STATEMENTS

The Groups' consolidated total income from operations is ₹ 1,389.59 million and total comprehensive income attributable to owners' equity after non-controlling interest is ₹ 229.61 million for the financial year 2017-18 as compared to the Groups' consolidated total income from operations of ₹ 1,258.23 million and total comprehensive income attributable to owners' equity after non-controlling interest of ₹ 225.52 million for the previous financial year 2016-17. Consolidated financial results include the financial results of following entities:

1. Hester Biosciences Nepal Private Limited - Foreign Subsidiary

2. Texas Lifesciences Private Limited - Subsidiary

3. Hester Biosciences Africa Limited - Foreign Wholly-owned Subsidiary

In accordance with the Indian Accounting Standard (Ind AS)-110 Consolidated Financial Statements and as provided under the provisions of the Companies Act, 2013 (hereinafter referred to as "Act") read with Schedule III to the Act and Rules made thereunder and the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, incomes, profits and other details of the Company, its subsidiary Companies after elimination of minority interest, as a single entity.

## SUBSIDIARY, JOINT-VENTURE & ASSOCIATE COMPANIES

As on 31 March 2018, your Company has one wholly-owned subsidiary Company namely, Hester Biosciences Africa Limited and two subsidiary Companies namely, Hester Biosciences Nepal Private Limited and Texas Lifesciences Private Limited.

Further, there has been no material change in the nature of business of the subsidiary.

During the year, Hester Biosciences Limited acquired and invested about 54.80% in the capital of Texas Laboratories, a firm having a business place at Mehsana district of Gujarat. In June 2017, Texas Laboratories converted into private limited company under the Companies Act, 2013 namely, Texas Lifesciences Private Limited. Further, Hester Biosciences Limited incorporated 100% wholly-owned subsidiary Hester Biosciences Africa Limited in Tanzania.

The audited financial accounts of the Subsidiary Companies will be available for inspection during business hours at our registered office. Further, the financial highlights of Subsidiaries are part of this Annual Report as **Annexure-2** as prescribed in Form AOC-1.

As provided under section 129(3) of the Companies Act, 2013 and Rules made thereunder a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries as approved by the Board may be accessed on the Companys' website at the link: https://www.hester.in/s/Policy-for-Determining-Material-Subsidiaries-gcgn.pdf

The performances of the Subsidiary Companies as under:

**Hester Biosciences Nepal Private Limited (HBNPL)**

HBNPL is a subsidiary of Hester Biosciences Limited. Hester India holds 65% stake in HBNPL, hence becoming a subsidiary of Hester Biosciences Limited. HBNPL is in the business of manufacturing veterinary vaccines in Nepal.

**Texas Lifesciences Private Limited (Texas Lifesciences)**

During the year, Hester Biosciences Limited acquired and invested in capital of Texas Laboratories, a firm having a business place at Mehsana district of Gujarat. In June 2017, Texas Laboratories converted into private limited company under the Companies Act, 2013 namely, Texas Lifesciences Private Limited. Hester India holds 54.80% stake in Texas Lifesciences, hence becoming a subsidiary of Hester Biosciences Limited. Texas Lifesciences is in the business of manufacturing and supplying pharma formulations, tablets, capsules, powder, and oral liquid for human and veterinary markets.

**Hester Biosciences Africa Limited (HBAL)**

During the year, Hester Biosciences Limited incorporated a 100% wholly-owned subsidiary in the name of Hester Biosciences Africa Limited (HBAL) in Tanzania. HBAL will be in the business of manufacturing veterinary vaccines and animal health product in Tanzania.

The board has approved the setting up of an animal vaccine manufacturing unit in Tanzania.

Hester sees a big potential in Africa for animal vaccines. More than 80% of the vaccines required in Africa are imported. Besides the common diseases, there are Africa-specific diseases, which currently remain unaddressed, thereby causing economical losses to poultry and livestock farmers.

The objective of the project is to bridge the quantitative and qualitative gap between demand and supply of animal vaccines among small holder farmers as well as amongst the commercial farmers in the African continent. The project would mainly manufacture vaccines against Africa-specific diseases, besides having the capability as well as the capacity to manufacture a bigger range of vaccines against other commonly occurring animal diseases.

**Project Highlights:**

| | |
|---|---|
| Name of entity: | Hester Biosciences Africa Limited |
| Ownership | Wholly-owned subsidiary of Hester Biosciences Limited, India |
| Type of company: | An export Oriented Unit registered under the Companies Act, 2002 of Tanzania |
| Export committment: | 80% of the sales |
| Location: | Kibaha Coast Region, Tanzania |
| Capacity: | 1.5 billion doses of vaccines |
| Revenue: | USD 30 million per year at full capacity |
| Employment generation: | 200 direct & 300 indirect employees at full capacity |

**Project Cost (In USD):**

| | |
|---|---|
| Land & Building: | 7,000,000 |
| Plant & Machinery: | 7,000,000 |
| Other Cost*: | 4,000,000 |
| Total Project Cost: | 18,000,000 |

**Other Cost include preliminary & preoperative expenses, Technology adaption, Market survey and product Registration Costs*

**Source of Finance (In USD):**

| | | |
|---|---|---|
| Equity Share Capital | Hester Biosciences Limited | 4,000,000 |
| Secured Loan** | Bill & Melinda Gates Foundation, located in U.S.A. | 10,000,000 |
| Grant** | Bill & Melinda Gates Foundation, located in U.S.A. | 4,000,000 |
| Total Sources of Finance | | 18,000,000 |

*** Total Sanctioned Secured loan is USD 12,000,000. Disbursement of both the loan and the grant are pending the execution of definitive loan agreements and the Companys' satisfaction of relevant closing conditions.*

**Timeline of Project:**

| | |
|---|---|
| Completion of Construction: | January 2020 |
| Validation of facility: | April 2020 |
| First commercial batch: | November 2020 |

In coming years, Africa is poised to become one of the major markets for animal vaccines. Tanzania, having the third largest herd of domestic livestock, will be the biggest market for animal vaccines in Africa.

Hester is also in the process of creating a strong distribution network in Africa. This network will service the backyard farmers, which constitute a big percentage of the animal population in Africa, as well as the organised poultry & livestock farmers.

## BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### Appointment and Resignation of Directors

During the year, there is no appointment and resignation was done under review.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 164 (2) of the Companies Act, 2013.

### Retirement by Rotations

In accordance with the provisions of section 152 (6) of the Act and in terms of the Articles of Association of the Company, Mr. Ravin Gandhi, Director (DIN - 00438361) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

### Profile of Directors Seeking Appointment / Re-appointment

As required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015, particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are annexed to the notice convening 31st Annual General Meeting.

### Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013. The terms and conditions of the Independent Directors are incorporated on the website of the Company as per Regulation 46(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 at: https://www.hester.in/s/Terms-and-Conditions-Independent-Director.pdf

### Training of Independent Directors

To familiarise the new inductees with the strategy, operations and functions of our Company, the executive directors / senior managerial personnel make presentations to the inductees about the Companys' strategy, operations, product and service offerings, organisation structure, finance, human resources, technology, quality and facilities. Further, the Company has devised a Familiarisation Program for Independent Directors as per Regulation 46 (2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same has been placed on the website of the Company at: https://www.hester.in/s/Familairisation-Programs-Details-of-Independent-Director-2017-18.pdf

### Key Managerial Personnel

Mr. Vinod Mali appointed as Company Secretary and Compliance Officer in place of Ms. Amala Parikh, who has resigned from the post of Company Secretary of the Company with effect from 14 May 2018. Mr. Rajiv Gandhi, CEO & Managing Director, Mr. Jigar Shah, Chief Financial Officer and Mr. Vinod Mali, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

### Evaluation of Performance of the Board, its Committees and Individual Directors

During the year, the evaluation of the annual performance of individual directors including the Chairman of the Company and Independent Directors, Board and Committees of the Board was carried out under the provisions of the Act and relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and the circular issued by SEBI dated 5 January 2017 with respect to Guidance Note on Board Evaluation. The Nomination and Remuneration Committee had approved the indicative criteria for the evaluation based on the SEBI Guidance Note on Board Evaluation.

The evaluation for the performance of the Board as a whole and of the Committees were conducted by questionnaires.

In a separate meeting of Independent Directors held on 23 January 2018, performance of Non-Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, experience of Directors, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board and other indicators. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgment among other components.

**Nomination and Remuneration Policy**

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy on selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

**Board of Director Meetings**

The Board consists of eight members as on 31 March 2018, four of whom are Promoters and Non-Independent Directors and the remaining four are Independent Directors.

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly, half yearly and annual financial results of the Company. Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses.

During the year under review, the Board of Directors of the Company met four times: 8 May 2017, 28 July 2017, 9 November 2017 and 23 January 2018.

**Committees of Board of Directors**

Your Company has several Committees which have been established as part of best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Grievances and Relationship Committee
- Corporate Social Responsibility Committee
- Management Committee
- Share Transfer Committee

A detailed note on the committees with respect to composition, meetings, powers, and terms of reference is provided under the Corporate Governance Report section in this Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR")

The CSR Committee is responsible for indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the Corporate Social Responsibility Policy and recommending the amount to be spent on CSR activities. The details of membership of the Committee & the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the web link: https://www.hester.in/s/Corporate-Social-Responsibility-Policy-6f83.pdf

Corporate Social Responsibility (CSR) Committee and Statutory Disclosures with respect to CSR Committee and an Annual Report on CSR Activities form part of this Directors' Report as **Annexure-1**.

## PUBLIC DEPOSITS

During the period under review, the Company has not accepted deposits from shareholders and public falling within the ambit of Section 73 of the Companies Act, 2013 and rules made thereunder.

## FINANCE

The working capital requirement and all capital expenditures were funded through internal accruals. During the year, the Company has raised the finance through Working Capital Demand Loan (unsecured) facility from Yes Bank Limited.

## INSURANCE

Assets of your Company are adequately insured against various perils.

## VIGIL MECHANISM

The Company has established a vigil mechanism and framed a Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Companys' Code of Conduct or Ethics Policy. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. No whistle blower has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the Companys' website.

## SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company. Its continuous endeavor of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the year, under review there were no incidences of sexual harassment reported and received, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013 and Regulations 17 to 27 and 46 of the SEBI (LODR) Regulations, 2015. A separate section on detailed report on Corporate Governance practice followed by the Company under SEBI (LODR) Regulations, 2015 along with a certificate from Practicing Company Secretary, confirming the compliance forms a part of this report. The Board of Directors supports the basic principles of corporate governance and lays strong emphasis on transparency, accountability and integrity.

## SECRETARIAL STANDARDS

Secretarial Standards for the Board of Directors and General Meetings (SS-1 & SS-2) are applicable to the Company. The Company has complied with the provisions of both Secretarial Standards.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your attention is drawn to the perception and business outlook of the management for your company for the current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report, as required under Regulations 34 of the SEBI (LODR) Regulations, 2015 is attached and forms part of this Directors' Report.

## AUDITORS

### Statutory Auditor and Their Report

Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 100513W/W100062), was appointed as a statutory auditor of your Company, and will hold Office until the conclusion of the 32nd AGM to be held in the year 2019. Apaji Amin & Co. LLP has submitted their resignation and shown their unwillingness to ratify their appointment due to their pre-occupation in other assignments.

The Board of Directors of the Company has filled this casual vacancy by recommending Shah Karia & Associates, Chartered Accountants, Ahmedabad, as statutory auditor of the Company in their Board meeting held on 14 May 2018, subject to approval of the members in the ensuing Annual General Meeting. Shah Karia & Associates (Firm Registration No. 131546W), Chartered Accountants, Ahmedabad, have expressed their willingness to be appointed as the statutory auditor of the Company. The Audit Committee has considered the qualifications and experiences of the proposed statutory auditor and has recommended their appointment. The Board of Directors has also considered and recommends appointment of Shah Karia & Associates, Chartered Accountants, as statutory auditor in place of the Apaji Amain & Co. LLP subject to approval of shareholder of the Company in ensuing Annual General Meeting of the Company. Written consent of the proposed auditor together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Board has duly reviewed the Statutory Auditors' Report for the year ended on 31 March 2018 and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors as provided under section 134 of the Companies Act, 2013.

### Internal Auditor and Their Report

Naresh J. Patel & Co., Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY 2017-18. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

The Board has appointed Naresh J. Patel & Co., Chartered Accountants, Ahmedabad for the FY 2018-19 as an Internal Auditor of the Company in the Board meeting held on 14 May 2018, after obtaining its willingness and eligibility letter for appointment as Internal Auditor of the Company.

### Cost Auditor and Their Report

Pursuant to provisions of Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors had, on recommendation of the Audit Committee, re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the financial year 2017-18, on the remuneration terms as approved by the members at the last Annual General Meeting held on 28 July 2017.

The Cost Audit report for the financial year 2016-17 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2017-18 is within 180 days from 31 March 2018.

The Board has appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2018-19 as a Cost Auditor of the Company in the Board meeting held on 14 May 2018, after obtaining its willingness and eligibility letter for appointment as Cost Auditor of the Company. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking ratification by members for the remuneration payable to Kiran J. Mehta & Co. is included in the Notice convening 31st Annual General Meeting of the Company.

**Secretarial Auditor and Their Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2017-18. The Secretarial Audit Report for the FY 2017-18 is annexed to this Directors' Report as **Annexure-6**. The Board of Directors has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation/clarification by the Board of Directors as provided under section 134 of the Act.

The Board of Directors has appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2018-19 in the Board Meeting held on 14 May 2018.

## PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## EXTRACT OF ANNUAL RETURN

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at 31 March 2018 in Form MGT-9 forms part of this Annual Report as **Annexure-3**.

## RELATED PARTY TRANSACTIONS

The policy on Related Party Transactions as approved by the Board is available on the website of the Company and can be accessed through the web link: https://www.hester.in/s/Related-Party-Transaction-Policy-jsdr.pdf

All contracts/arrangements/transactions entered by the Company during the previous financial year with the related parties were in the ordinary course of business and on arms' length basis. There were no materially significant related party transactions entered by the Company with its Promoters, Directors, Key Managerial Personnels or other persons which may have potential conflict with the interest of the Company.

All Related Party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval for normal business transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature and accordingly, the required disclosures are made to the Committee on a quarterly basis in terms of the approval of the Committee.

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC - 2 is not applicable for the current year.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014 forms part of this directors' report as **Annexure-4**.

## PARTICULAR OF EMPLOYEES

The information required under section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in this Annual Report as **Annexure-5**.

## MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of financial year and the date of Directors' Report.

## RISK MANAGEMENT POLICY & FRAMEWORK

Risk management is embedded in your Companys' operating framework. Your Company believes that managing risks helps in maximising returns. The Companys' approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

## INTERNAL FINANCIAL CONTROL SYSTEMS & ITS ADEQUACY

The Company has its internal audit function which endeavours to make meaningful contributions to the organisations' overall governance, risk management and internal controls. The function reviews and ensures sustained effectiveness of Internal Financial Control by adopting a systematic approach to its work.

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134 (5) (e) of the Act. For the year ended on 31 March 2018, the Board having opinion that the Company has sound Internal Financial Control commensurate with the size, scale and complexity of its business operations. The Internal Financial Control operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps would have a material effect on the Companys' operations.

## CREDIT RATING

CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A2" for short term bank facilities of the Company.

## UNCLAIMED EQUITY SHARES

The Company has transferred 41,996 Equity Shares to Investor Education & Protection Fund pursuant to the provisions of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders.

## DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134(3) (c) read with 134(5) of the Companies Act, 2013, Directors' subscribe to the "Directors' Responsibility Statement" and confirm that:

a) In preparation of annual accounts for the year ended 31 March 2018, the applicable accounting standards have been followed and no material departures have been made from the same;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts for the year ended 31 March 2018 on going concern basis;

e) The Directors had laid down the internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## GENERAL

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134 (3) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, to the extent the transactions took place on these items during the year and no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS.

3. The Managing Director of the Company has not received any remuneration or commission from any of its subsidiaries.

4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Companys' operations in future.

## ACKNOWLEDGEMENT

Your Directors wish to thank all stakeholders, employees, Companys' bankers, various government authorities, members and business associates for their continued support and valuable co-operation.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of Board of Directors

| | | |
|---|---|---|
| Date: 14 May 2018 | **Rajiv Gandhi** | **Sanjiv Gandhi** |
| Place: Ahmedabad | CEO & Managing Director | Director |

Annexure-1

## THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Companys' CSR Policy, including overview of projects or programs undertaken or proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.**

   The CSR Policy encompasses the Companys' philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large.

   The main projects or programs proposed to be undertaken by the Company are as provided under the Schedule VII of the Companies Act, 2013. Further, The Company focuses its philanthropy primarily in geographic regions of India, where the Company has a business presence. However, the Company may contribute to causes in other parts of India, if the CSR Committee is of the opinion that such contribution is appropriate.

   The CSR Committee approved the CSR spending on promotion of education, health care, improving livelihood of rural populations and so on, through charitable institutions and also directly by the Company during the FY 2017-18.

2. **Composition of CSR Committee**

| | |
|---|---|
| Mr. Rajiv Gandhi | Chairman |
| Mr. Vishwesh Patel | Member |
| Ms. Grishma Nanavaty | Member |

3. **Average net profits of the Company for last three financial years:** ₹ 247.47 million

4. **Prescribed CSR expenditure [2% of the amount as in item No. 3 above]:** ₹ 4.95 million

5. **Details of CSR spent during the financial year:**
   a. **Total amount spent during the financial year:** ₹ 3.70 million
   b. **Amount unspent, if any:** ₹ 1.25 million
   c. **Manner in which the amount spent during the financial year is detailed below:**

(₹ in million)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programmes (1) Local areas or other (2) Specify the state or district where projects or programmes was undertaken | Amount outlay (budget) project or programme-wise | Amount spent on the projects or programmes sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads | Cumulative expenditure up to the reporting date | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Women Empowerment Programme | Women Empowerment | Ahmedabad (Gujarat) | 0.05 | 0.05 | 0.05 | Through NGO (Darshu Care Public Charitable Trust) |
| 2 | Healthcare Programme | Healthcare | Mumbai (Maharashtra) | 3.10 | 3.10 | 3.15 | Through NGO (Amar Gandhi Foundation) |
| 3 | Educational Programme | Education | Ahmedabad (Gujarat) | 0.05 | 0.05 | 3.20 | Through NGO (Samvedana Trust) |
| 4 | Environment Conservation Programme | Environment | Ahmedabad (Gujarat) | 0.30 | 0.30 | 3.50 | Through NGO (Centre for Environment Education) |
| 5 | Healthcare Programme | Healthcare | Ahmedabad (Gujarat) | 0.20 | 0.20 | 3.70 | Through NGO (The Gujarat Cancer Society) |

**In case the Company has failed to spend the stipulated 2% of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

During the year, the Company spent ₹ 3,701,000 towards a project of promoting education, health care and environment conservation through NGOs. A few projects undertaken by the Company is an on-going one where the Company will have a continuing engagement over the years to come. The Company was in process of identifying and evaluating projects which were in line with the CSR policy. However given the projects were still under the evaluation process, the Company could not spend a minimum of two per cent of its average profit for CSR, as defined in the Act, during the year. The Company has plans to achieve its objectives and completing the identification of projects.

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company**

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in conformance with CSR objectives and policy of the Company.

For and on behalf of Board of Directors

| | | |
|---|---|---|
| | **Rajiv Gandhi** | **Sanjiv Gandhi** |
| Date: 14 May 2018 | Chairman - CSR Committee and | Director |
| Place: Ahmedabad | CEO & Managing Director | |

Annexure-2

# AOC-1

## STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

(Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 - AOC-1)

## PART "A" – SUBSIDIARIES

(₹ in million)

| Name of Subsidiaries | Hester Biosciences Nepal Private Limited | | Texas Lifesciences Private Limited | Hester Biosciences Africa Limited |
|---|---|---|---|---|
| **Particulars** | **As on 31 March 2018** | **As on 31 March 2017** | **As on 31 March 2018** | **As on 31 March 2018** |
| Equity Share capital | 118.94 | 118.74 | 48.08 | 32.35 |
| Other Equity | (57.55) | 11.94 | (5.95) | (1.82) |
| Total Assets | 460.53 | 484.40 | 53.49 | 33.43 |
| Total Liabilities | 460.53 | 484.40 | 53.49 | 33.43 |
| Investments | - | - | - | - |
| Turnover | 4.45 | 12.93 | 14.69 | - |
| Profit before Taxation | (73.54) | (21.66) | 0.27 | (2.58) |
| Provision for Taxation | - | - | 0.18 | - |
| Profit after Taxation | (73.54) | (21.66) | 0.45 | (2.58) |
| % of Shareholding | 65% | 65% | 54.80% | 100% |

**Notes: the following information shall be furnished at the end of the statement:**

1. Names of subsidiaries which are yet to commence operations: Hester Biosciences Africa Limited
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

## PART "B": ASSOCIATES AND JOINT VENTURES

The Company does not have any Associates or Joint Ventures as on 31 March 2018.

For and on behalf of Board of Directors

Date: 14 May 2018
Place: Ahmedabad

**Rajiv Gandhi**
CEO & Managing Director

**Sanjiv Gandhi**
Director

**Annexure-3**

# FORM NO MGT – 9
# EXTRACT OF ANNUAL RETURN

**FOR THE FINANCIAL YEAR ENDED ON 31 March 2018**

(Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of Companies (Management and Administration) Rules, 2014)

## I. REGISTRATION & OTHER DETAILS

| Sr. | Particulars | | Details |
|---|---|---|---|
| 1 | CIN | : | L99999GJ1987PLC022333 |
| 2 | Registration Date | : | 29 April 1987 |
| 3 | Name of the Company | : | Hester Biosciences Limited |
| 4 | Category / Sub-category of the Company | : | Public Company / Limited by Share Capital |
| 5 | Address of Registered Office and Contact Details | | 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad - 380 006, Gujarat<br>Phone: +91 79 26445107 Fax: +91 79 26445105<br>Email: mail@hester.in Website: www.hester.in |
| 6 | Whether Listed Company | : | Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent | : | Link Intime India Private Limited<br>506-508, Amarnath Business Centre-1 (ABC-1),<br>Besides Gala Business Centre<br>Near St. Xaviers' College Corner, Off C G Road,<br>Ellisbridge, Ahmedabad 380006<br>Phone: 91 79 26465179 / 86 / 87 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| Name and Description of Main Products / Services | NIC Code of the Product / Service | % of Total Turnover of the Company |
|---|---|---|
| Manufacture of pharmaceuticals, medicinal chemical and botanical products | 2100 | 100% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. | Name and Address of the Company | CIN / GLN / Registration No. | Holding / Subsidiary / Associate Company | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Hester Biosciences Nepal Private Limited | 80050 | Subsidiary Company | 65.00 | 2(87) |
| 2 | Texas Lifesciences Private Limited | U24304GJ2017PTC097758 | Subsidiary Company | 54.80 | 2(87) |
| 3 | Hester Biosciences Africa Limited | 128503 | Wholly-Owned Subsidiary Company | 100.00 | 2(87) |

## IV. SHAREHOLDING PATTERN:

### i. Category - Wise Shareholding:

| Category of Shareholders as per Clause 31 (b) | Shareholding at the Beginning of the Year (1 April 2017) | | | | Shareholding at the End of the Year (31 March 2018) | | | | % Change during Year |
|---|---|---|---|---|---|---|---|---|---|
| | Demateria-lised | Physical | Total | % of Total Shares | Demateria-lised | Physical | Total | % of Total Shares | |
| **Shareholding of Promoter and Promoter Group** | | | | | | | | | |
| **Indian** | | | | | | | | | |
| Individuals/ Hindu Undivided Family | 3,523,279 | 0 | 3,523,279 | 41.42 | 3,524,329 | 0 | 3,524,329 | 41.43 | 0.01 |
| Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Bodies Corporate | 272,838 | 0 | 272,838 | 3.21 | 272,838 | 0 | 272,838 | 3.21 | 0.00 |
| Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Directors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| iii) Employee Welfare Trust | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **SUB TOTAL (A)(1)** | **3,796,117** | **0** | **3,796,117** | **44.63** | **3,797,167** | **0** | **3,797,167** | **44.64** | **0.01** |
| **Foreign** | | | | | | | | | |
| Individuals (Non-Residents Individuals / Foreign Individuals) | 803,955 | 0 | 803,955 | 9.45 | 803,955 | 0 | 803,955 | 9.45 | 0.00 |
| Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Not Specified | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **SUB TOTAL (A)(2)** | **803,955** | **0** | **803,955** | **9.45** | **803,955** | **0** | **803,955** | **9.45** | **0.00** |
| **TOTAL Shareholding of Promoter and Promoter Group (A)=(1)+(2)** | **4,600,072** | **0** | **4,600,072** | **54.08** | **4,601,122** | **0** | **4,601,122** | **54.09** | **0.01** |
| **Public Shareholding** | | | | | | | | | |
| **Institutions** | | | | | | | | | |
| Mutual Funds/ UTI | 111,392 | 11,500 | 122,892 | 1.44 | 9,000 | 4,400 | 13,400 | 0.15 | (1.29) |
| Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Alternate Investment Funds | 0 | 0 | 0 | 0.00 | 34,255 | 0 | 34,255 | 0.40 | 0.40 |
| Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Foreign Portfolio Investor | 43,351 | 0 | 43,351 | 0.51 | 145,181 | 0 | 145,181 | 1.71 | 1.20 |
| Financial Institutions / Banks | 4,157 | 0 | 4,157 | 0.05 | 1,544 | 0 | 1,544 | 0.02 | (0.03) |
| Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Provident Funds / Pension Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **SUB TOTAL (B)(1)** | **158,900** | **11,500** | **170,400** | **2.00** | **189,980** | **4,400** | **194,380** | **2.28** | **0.28** |
| **Central Government/ State Government(s)** | **0** | **0** | **0** | **0.00** | **41,996** | **0** | **41,996** | **0.49** | **0.49** |
| **SUB TOTAL (B)(2)** | **0** | **0** | **0** | **0.00** | **41,996** | **0** | **41,996** | **0.49** | **0.49** |
| **Non - Institutions** | | | | | | | | | |
| Bodies Corporate | 369,971 | 0 | 369,971 | 4.35 | 388,829 | 0 | 388,829 | 4.57 | 0.22 |
| Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to ₹ 2 lakh | 1,412,593 | 242,092 | 1,654,685 | 19.45 | 1,429,978 | 198,044 | 1,628,022 | 19.14 | (0.31) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 963,961 | 0 | 963,961 | 11.33 | 896,892 | 0 | 896,892 | 10.54 | (0.79) |

| Category of Shareholders as per Clause 31 (b) | Shareholding at the Beginning of the Year (1 April 2017) | | | | Shareholding at the End of the Year (31 March 2018) | | | | % Change during Year |
|---|---|---|---|---|---|---|---|---|---|
| | Demateria-lised | Physical | Total | % of Total Shares | Demateria-lised | Physical | Total | % of Total Shares | |
| Others | | | | | | | | | |
| i) Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| ii) Non-Resident Repatriates | 165,850 | 200,550 | 366,400 | 4.31 | 215,502 | 200,550 | 416,052 | 4.89 | 0.58 |
| iii) Non-Resident Non Repatriates | 106,150 | 36 | 106,186 | 1.25 | 97,493 | 36 | 97,529 | 1.15 | (0.10) |
| iv) Non Domestic Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| v) Trusts | 30,000 | 0 | 30,000 | 0.35 | 30,000 | 0 | 30,000 | 0.35 | 0.00 |
| vi) Others | 238,740 | 0 | 238,740 | 2.81 | 205,593 | 0 | 205,593 | 2.42 | (0.39) |
| vii) Directors and their Relatives and Friends | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| viii) Foreign Nations | 6,450 | 0 | 6,450 | 0.07 | 6,450 | 0 | 6,450 | 0.07 | 0.00 |
| **SUB TOTAL (B)(3)** | **3,293,715** | **442,678** | **3,736,393** | **43.92** | **3,270,737** | **398,630** | **3,669,367** | **43.13** | **(0.79)** |
| **TOTAL Public Shareholding (B) = (1) + (2)** | **3,452,615** | **454,178** | **3,906,793** | **45.92** | **3,502,713** | **403,030** | **3,905,743** | **45.91** | **(0.01)** |
| **TOTAL (A)+(B)** | **8,052,687** | **454,178** | **8,506,865** | **100.00** | **8,103,835** | **403,030** | **8,506,865** | **100.00** | **0.00** |
| Shares held by custodians and against which depository receipts have been issued (C) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **GRAND TOTAL (A) + (B) + (C)** | **8,052,687** | **454,178** | **8,506,865** | **100.00** | **8,103,835** | **403,030** | **8,506,865** | **100.00** | **0.00** |

## ii. Shareholding of Promoters

| Sr. No. | Shareholders' Name | Shareholding at the Beginning of the Year (as on 1 April 2017) | | | Shareholding at the End of the Year (as on 31 March 2018) | | | % Change during Year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / Encumbered to Total Shares | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / Encumbered to Total Shares | |
| 1 | Mr. Rajiv Gandhi | 949,397 | 11.16 | 0.00 | 949,397 | 11.16 | 0.00 | 0.00 |
| 2 | Ms. Nina Gandhi | 696,340 | 8.19 | 0.00 | 696,340 | 8.19 | 0.00 | 0.00 |
| 3 | Mr. Sanjiv Gandhi | 692,820 | 8.14 | 0.00 | 692,820 | 8.14 | 0.00 | 0.00 |
| 4 | Mr. Ravin Gandhi | 403,320 | 4.74 | 0.00 | 403,320 | 4.74 | 0.00 | 0.00 |
| 5 | Ms. Bela Gandhi | 400,635 | 4.71 | 0.00 | 400,635 | 4.71 | 0.00 | 0.00 |
| 6 | Dr. Bhupendra V. Gandhi | 399,082 | 4.69 | 0.00 | 399,082 | 4.69 | 0.00 | 0.00 |
| 7 | Bhupendra V. Gandhi (HUF) | 311,595 | 3.66 | 0.00 | 311,595 | 3.66 | 0.00 | 0.00 |
| 8 | Biolink Healthcare Limited | 248,838 | 2.92 | 0.00 | 248,838 | 2.92 | 0.00 | 0.00 |
| 9 | Ms. Madhuri Kapadia | 236,100 | 2.78 | 0.00 | 236,100 | 2.78 | 0.00 | 0.00 |
| 10 | Ms. Shaila Gandhi | 189,555 | 2.23 | 0.00 | 189,555 | 2.23 | 0.00 | 0.00 |
| 11 | Mr. Anup Kapadia | 27,000 | 0.32 | 0.00 | 27,000 | 0.32 | 0.00 | 0.00 |
| 12 | Hester Diagnostics Private Limited | 24,000 | 0.28 | 0.00 | 24,000 | 0.28 | 0.00 | 0.00 |
| 13 | Ms. Hetal Gandhi | 19,590 | 0.23 | 0.00 | 19,590 | 0.23 | 0.00 | 0.00 |
| 14 | Mr. Yash Gandhi | 1,800 | 0.02 | 0.00 | 2,850 | 0.03 | 0.00 | 0.01 |

### iii. Change in Promoters' Shareholding

| Sr. No. | Name | Shareholding at the Beginning of the Year (1 April 2017) | | Date-Wise Increase / Decrease in Shareholding | | | Cumulative Shareholding During the Year | | Shareholding at the Ending of the Year (31 March 2018) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Shareholding | Reason | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Rajiv Gandhi | 949,397 | 11.16 | Nil movement during the year | | | 949,397 | 11.16 | 949,397 | 11.16 |
| 2 | Ms. Nina Gandhi | 696,340 | 8.19 | Nil movement during the year | | | 696,340 | 8.19 | 696,340 | 8.19 |
| 3 | Mr. Sanjiv Gandhi | 692,820 | 8.14 | Nil movement during the year | | | 692,820 | 8.14 | 692,820 | 8.14 |
| 4 | Mr. Ravin Gandhi | 403,320 | 4.74 | Nil movement during the year | | | 403,320 | 4.74 | 403,320 | 4.74 |
| 5 | Ms. Bela Gandhi | 400,635 | 4.71 | Nil movement during the year | | | 400,635 | 4.71 | 400,635 | 4.71 |
| 6 | Dr. Bhupendra V. Gandhi | 399,082 | 4.69 | Nil movement during the year | | | 399,082 | 4.69 | 399,082 | 4.69 |
| 7 | Bhupendra V. Gandhi (HUF) | 311,595 | 3.66 | Nil movement during the year | | | 311,595 | 3.66 | 311,595 | 3.66 |
| 8 | Biolink Healthcare Limited | 248,838 | 2.92 | Nil movement during the year | | | 248,838 | 2.92 | 248,838 | 2.92 |
| 9 | Ms. Madhuri Kapadia | 236,100 | 2.78 | Nil movement during the year | | | 236,100 | 2.78 | 236,100 | 2.78 |
| 10 | Ms. Shaila Gandhi | 189,555 | 2.23 | Nil movement during the year | | | 189,555 | 2.23 | 189,555 | 2.23 |
| 11 | Mr. Anup Kapadia | 27,000 | 0.32 | Nil movement during the year | | | 27,000 | 0.32 | 27,000 | 0.32 |
| 12 | Hester Diagnotics Private Limited | 24,000 | 0.28 | Nil movement during the year | | | 24,000 | 0.28 | 24,000 | 0.28 |
| 13 | Ms. Hetal Gandhi | 19,590 | 0.23 | Nil movement during the year | | | 19,590 | 0.23 | 19,590 | 0.23 |
| 14 | Mr. Yash Gandhi | 1,800 | 0.02 | 14 August 2017 | 750 | Purchase | 2,550 | 0.03 | | |
| | | | | 7 February 2018 | 300 | Purchase | 2,850 | 0.03 | 2,850 | 0.03 |

### iv. Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of ADRs and GDRs)

| Sr. No. | Name | Shareholding at the Beginning of the Year (1 April 2017) | | Date-Wise Increase / Decrease in Shareholding | | | Cumulative Shareholding During the Year | | Shareholding at the End of the Year (31 March 2018) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Shareholding | Reason | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Ms. Darshna D Kapadia | 138,300 | 1.63 | Nil movement during the year | | | 138,300 | 1.63 | 138,300 | 1.63 |
| 2 | Indianivesh Capitals Limited | 112,035 | 1.32 | 5 May 2017 | (46,122) | Sale | 65,913 | 0.77 | | |
| | | | | 12 May 2017 | 200 | Purchase | 66,113 | 0.78 | | |
| | | | | 2 June 2017 | (22) | Sale | 66,091 | 0.78 | | |
| | | | | 9 June 2017 | 45,944 | Purchase | 112,035 | 1.32 | | |
| | | | | 25 August 2017 | 4,000 | Purchase | 116,035 | 1.36 | | |
| | | | | 15 September 2017 | (46,122) | Sale | 69,913 | 0.82 | | |
| | | | | 12 January 2018 | 500 | Purchase | 70,413 | 0.83 | | |
| | | | | 23 March 2018 | (422) | Sale | 69,991 | 0.82 | 69,991 | 0.82 |
| 3 | Mr. Vinay N Shah | 108,900 | 1.28 | Nil movement during the year | | | 108,900 | 1.28 | 108,900 | 1.28 |
| 4 | SBI Equity Opportunities Fund Series II# | 94,029 | 1.11 | 14 July 2017 | (22,970) | Sale | 71,059 | 0.84 | | |
| | | | | 3 November 2017 | (38,285) | Sale | 32,774 | 0.39 | | |
| | | | | 10 November 2017 | (2,257) | Sale | 30,517 | 0.36 | | |
| | | | | 17 November 2017 | (6,248) | Sale | 24,269 | 0.29 | | |
| | | | | 24 November 2017 | (15,000) | Sale | 9,269 | 0.11 | | |
| | | | | 1 December 2017 | (9,269) | Sale | 0 | 0.00 | 0 | 0.00 |
| 5 | Mr. Kuntal Hasmukhlal Shah | 84,466 | 0.99 | Nil movement during the year | | | 84,466 | 0.99 | 84,466 | 0.99 |
| 6 | Mr. Aniruddh Narayan Malpani | 81,542 | 0.96 | Nil movement during the year | | | 81,542 | 0.96 | 81,542 | 0.96 |
| 7 | Ms. Anjali Aniruddha Malpani | 80,375 | 0.94 | Nil movement during the year | | | 80,375 | 0.94 | 80,375 | 0.94 |
| 8 | Mr. Mahaveer Prasad Jain | 77,826 | 0.91 | 19 January 2018 | 19,356 | Purchase | 97,182 | 1.14 | | |
| | | | | 2 February 2018 | 10,000 | Purchase | 107,182 | 1.26 | 107,182 | 1.26 |
| 9 | Mr. Manish Jain | 71,005 | 0.83 | 19 January 2018 | 19,355 | Purchase | 90,360 | 1.06 | | |
| | | | | 2 February 2018 | 10,000 | Purchase | 100,360 | 1.18 | 100,360 | 1.18 |

| Sr. No. | Name | Shareholding at the Beginning of the Year (1 April 2017) | | Date-Wise Increase / Decrease in Shareholding | | | Cumulative Shareholding During the Year | | Shareholding at the End of the Year (31 March 2018) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Shareholding | Reason | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 10 | Ms. Anupriya Jain | 66,921 | 0.79 | Nil movement during the year | | | 66,921 | 0.79 | 66,921 | 0.79 |
| 11 | India Acorn Fund Ltd* | 0 | 0.00 | 1 September 2017 | 140 | Purchase | 140 | 0.00 | | |
| | | | | 8 September 2017 | 20556 | Purchase | 20,696 | 0.24 | | |
| | | | | 15 September 2017 | 1159 | Purchase | 21,855 | 0.26 | | |
| | | | | 22 September 2017 | 5230 | Purchase | 27,085 | 0.32 | | |
| | | | | 29 September 2017 | 16691 | Purchase | 43,776 | 0.51 | | |
| | | | | 6 October 2017 | 11577 | Purchase | 55,353 | 0.65 | | |
| | | | | 3 November 2017 | 1758 | Purchase | 57,111 | 0.67 | | |
| | | | | 10 November 2017 | 4475 | Purchase | 61,586 | 0.72 | | |
| | | | | 8 December 2017 | 9142 | Purchase | 70,728 | 0.83 | | |
| | | | | 22 December 2017 | 4602 | Purchase | 75,330 | 0.89 | 75,330 | 0.89 |

** Not in list of top 10 shareholders as on 1 April 2017. The same has been reflected above since the shareholders were one of the top 10 shareholders as on 31 March 2018.*

*# Ceased to be in the list of top 10 shareholders as on 31 March 2018. The same is reflected since the shareholders was one of the top 10 shareholders as on 1 April 2017*

### v. Shareholding of Directors and Key Managerial Personnel

| Sr. No. | Name | Shareholding at the Beginning of the Year as on (1 April 2017) | | Date-Wise Increase / Decrease in Shareholding | | | Cumulative Shareholding During the Year | | Shareholding at the Ending of the Year (31 March 2018) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Shareholding | Reason | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| 1 | Mr. Rajiv Gandhi | 949,397 | 11.16 | Nil movement during the year | | | 949,397 | 11.16 | 949,397 | 11.16 |
| 2 | Mr. Sanjiv Gandhi | 692,820 | 8.14 | Nil movement during the year | | | 692,820 | 8.14 | 692,820 | 8.14 |
| 3 | Mr. Ravin Gandhi | 403,320 | 4.74 | Nil movement during the year | | | 403,320 | 4.74 | 403,320 | 4.74 |
| 4 | Dr. Bhupendra V. Gandhi | 399,082 | 4.69 | Nil movement during the year | | | 399,082 | 4.69 | 399,082 | 4.69 |
| 5 | Mr. Vishwesh Patel | 51,000 | 0.60 | Nil movement during the year | | | 51,000 | 0.60 | 51,000 | 0.60 |
| 6 | Mr. Amit Shukla | 5,250 | 0.06 | Nil movement during the year | | | 5,250 | 0.06 | 5,250 | 0.06 |
| 7 | Mr. Naman Patel | 1,500 | 0.02 | Nil movement during the year | | | 1,500 | 0.02 | 1,500 | 0.02 |
| 8 | Ms. Nina Gandhi | 696,340 | 8.19 | Nil movement during the year | | | 696,340 | 8.19 | 696,340 | 8.19 |
| 9 | Mr. Jigar Shah | 1,052 | 0.01 | 6 February 2018 | 100 | Purchase | 1,152 | 0.01 | 1,152 | 0.01 |

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in million)

| Particulars | Secured loans Excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal amount | 292.38 | 100.00 | - | 392.38 |
| ii. Interest due but not paid | 1.89 | - | - | 1.89 |
| iii. Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **294.27** | **100.00** | **-** | **394.27** |
| Change on indebtedness during the financial year | | | | |
| i. Addition | 138.71 | - | - | 138.71 |
| ii. Reduction | (56.81) | (50.00) | - | (106.81) |
| **Net Change** | **81.90** | **50.00** | **-** | **31.90** |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 374.66 | 50.00 | - | 424.66 |
| ii. Interest due but not paid | 1.51 | - | - | 1.51 |
| iii. Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **376.17** | **50.00** | **-** | **426.17** |

## VI. REMUNERATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### i. Remuneration to Managing Director, Whole-Time Director and / or Manager

(₹ in million)

| Sr. No. | Particulars of Remuneration | Mr. Rajiv Gandhi (CEO & Managing Director) | Total Amount |
|---|---|---|---|
| 1 | Gross Salary | | |
| | a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 | 18.60 | 18.60 |
| | b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961 | 0.64 | 0.64 |
| | c) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961 | - | - |
| 2 | Stock option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission as % of profit | 4.76 | 4.76 |
| 5 | Others, Specify - | - | - |
| | **Total (A)** | **24.00** | **24.00** |
| | Ceiling as per the Act | Due to inadequate profit, the Company has paid remuneration as per Schedule V of the Companies Act, 2013 (maximum ₹ 24 million), which is well within the limit approved by the members. | |

### ii. Remuneration to other Directors

(Amount in ₹)

| Sr. No. | Name of Director | Fee for Attending Board / Committee Meeting | Commission | Other, Specify | Total Amount |
|---|---|---|---|---|---|
| A | **Independent Directors** | | | | |
| | 1 Mr. Vishwesh Patel | 80,000 | - | - | 80,000 |
| | 2 Ms. Grishma Nanavaty | 105,000 | - | - | 105,000 |
| | 3 Mr. Naman Patel | 80,000 | - | - | 80,000 |
| | 4 Mr. Amit Shukla | 55,000 | - | - | 55,000 |
| | **Total (1)** | **320,000** | **-** | **-** | **320,000** |
| B | **Other Non-Executive Directors** | | | | |
| | 1 Dr. Bhupendra V. Gandhi | 30,000 | - | - | 30,000 |
| | 2 Mr. Sanjiv Gandhi | 20,000 | - | - | 20,000 |
| | 3 Ms. Nina Gandhi | 40,000 | - | - | 40,000 |
| | **Total (2)** | **90,000** | **-** | **-** | **90,000** |
| | **Total (B) = (1+2)** | **410,000** | **-** | **-** | **410,000** |
| | **Total Managerial Remuneration#** | | | | **24,000,000** |
| | Overall Ceiling as per the Act# | | | | **24,000,000** |

*# Excludes the sitting fees*

### iii. Remuneration to Key Managerial Personnel other than Managing Director, Whole-Time Director and / or Manager

(₹ in million)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---|---|---|---|---|
| | | Mr. Jigar Shah (Chief Financial Officer) | Ms. Amala Parikh (Company Secretary) | |
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 | 6.27 | 0.18 | 6.45 |
| | b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961 | 0.01 | - | 0.01 |
| | c) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| 5 | Others, Specify: | - | - | - |
| | **Total** | **6.28** | **0.18** | **6.46** |

## VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES (Under Companies Act, 2013)

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishments/ Compounding fees imposed | Authority (RD / NCLT / Court) | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. Director** | | | | | |
| Penalty | | | -NIL- | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. Other Officer in Default** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of Board of Directors

Date: 14 May 2018
Place: Ahmedabad

**Rajiv Gandhi**
CEO & Managing Director

**Sanjiv Gandhi**
Director

Annexure-4

# PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

## A. CONSERVATION OF ENERGY

**i) The Steps Taken or Impact on Conservation of Energy:**

**1) Rain Water Harvesting**

**Target:** Rain water harvesting at site

**Action**: One recharge well work is completed and have applied for CGWA permission. Once the permission arrives, will do more five wells to complete site requirement of rain water harvesting. Target date 1 April 2019.

**2) New Reject Water Sump**

**Target:** Per day approximately 30,000 liter of reject water is going to ETP. Once Egg Harvest facility will be functional, ETP load will be further increased by 30,000 liters. To reduce load of ETP, Reject Water Sump is proposed and under construction.

**Action:** New 2 lakh liter sump is now functional. Reject water storage and distribution started for gardening.

**Initiatives in the Pipelines**

**3) Rain Water Harvesting**

**Target:** Five more rain water recharge wells will be constructed

**4) New Boiler**

**Target:** To replace the existing two Non-IBR boilers of capacity 1,250 kg/hour with new one IBR boiler of 3,000 kg/hour capacity. The benefits are:

a) Quality of plant steam will improve

b) Water and fuel power consumption will be reduced

**ii) The steps taken by the Company for utilising alternate sources of energy:**
There were no steps taken by the Company for utilising alternate sources of energy.

**iii) The capital investment on energy conservation equipment:** NIL

## B. TECHNOLOGY ABSORPTION

**i. The effort made towards technology absorption;**

There were no new technologies acquired by the company, besides the on-going in-house R&D work. The Company has a focus to develop in-house technologies and reduce the dependency on outside acquired technologies.

**ii. The benefit derived like product improvement, cost reduction, product development or import substitution;**

Process improvement is an on-going activity in the company. It has been well reflected in the financials by way of improved operating margins. The endeavour is to keep the efforts on to further reduce the operating margins.

**iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year);**

We have not acquired any technology from international sources during the year.

iv. **The Expenditure Incurred on Research and Development**

(₹ in million)

| Particulars | FY 2017-18 | FY 2016-17 |
|---|---|---|
| Capital | 44.22 | 51.60 |
| Recurring | 28.77 | 28.34 |
| **Total** | **73.00** | **79.94** |
| **Total R&D expenditure as a percentage of turnover** | **5.40%** | **6.37%** |

## C. FOREIGN EXCHANGE EARNINGS & EXPENDITURE:

The Company is continuously focusing on supplying its products to various countries and working to aim a larger presence in export market. The total foreign exchange earnings and expenditure are given below:

a. **Expenditure in Foreign Currency**

(₹ in million)

| Particulars | FY 2017-18 | FY 2016-17 |
|---|---|---|
| Purchase / Materials / Trading Goods / Packing (including payment to creditors) | 16.01 | 32.99 |
| Travelling | 6.58 | 6.56 |
| Capital Expenditure (Furniture and Machinery) | 5.48 | 23.82 |
| Membership / Registration fees | 1.58 | 0.67 |
| Consultancy and Professional fees | 0.06 | 0.17 |
| Books & Periodicals | - | 0.13 |
| Office Maintenance | 0.57 | 3.84 |
| Others | 0.05 | 0.09 |

b. **Earning in Foreign Currency:**

(₹ in million)

| Particulars | FY 2017-18 | FY 2016-17 |
|---|---|---|
| F.O.B. Value of Exports | 112.79 | 134.63 |
| Other Operating Income | 22.70 | 20.42 |

For and on behalf of Board of Directors

Date: 14 May 2018
Place: Ahmedabad

**Rajiv Gandhi**
CEO & Managing Director

**Sanjiv Gandhi**
Director

Annexure-5

# PARTICULARS OF EMPLOYEES

**A. The ratio of the remuneration of each Director to the median employees' remuneration and other details in terms of Sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**a) The ratio of remuneration of each Director to the median employees' remuneration for the financial year:**

| Sr. No. | Name | Designation | Ratio |
|---|---|---|---|
| 1 | Mr. Rajiv Gandhi | CEO & Managing Director | 90.78: 1 |

**b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

| Sr. No. | Name | Designation | Percentage (%) |
|---|---|---|---|
| 1 | Mr. Rajiv Gandhi | CEO & Managing Director | 33.33 |
| 2 | Mr. Jigar Shah | Chief Financial Officer | 20.96 |
| 3 | Ms. Amala Parikh | Company Secretary | - |

**c) The percentage increase in the median remuneration of employees in the financial year 2017-18:** 3.77%

**d) The number of permanent employees on the rolls of the Company as on 31 March 2018:** 399 Employees

**e) Average increase in the salaries of the employees and managerial remuneration:**
The average annual increase in the salaries of the employees, other than managerial personnel was 7.40%, whereas the average increase in the managerial remuneration was 33.33% for the financial year. The higher increase in managerial remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

The Board of Directors of the Company hereby affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.

**B. Particulars of employee in terms of Sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

There was no employee except Mr. Rajiv Gandhi, CEO & Managing Director of the Company, employed throughout the financial year with salary above ₹ 1 Crore and 2 Lakh per annum or employed in part of the financial year with an average salary above ₹ 8 Lakh and 50 Thousands per month. Details of Remuneration paid to Mr. Rajiv Gandhi is as under:

| Name of Employee | Mr. Rajiv Gandhi |
|---|---|
| Designation | CEO & Managing Director |
| Remuneration | ₹ 24.00 million |
| Nature of Employment | Key Managerial Personnel |
| Qualification and experience of the employee | B. Com. and Diploma in Marketing Management & Poultry Management. Mr. Rajiv Gandhi has over 32 years' experience in management, particularly in distribution and marketing of animal health products. |
| Date of Commencement of Employment | 29 April 1987 |
| Age | 55 years |
| Particulars of Previous Employment | - |
| % of Equity Shares held in the Company | 11.16% |

Further, there is no employee employed throughout the financial year or part thereof, was in receipt of remuneration in aggregate in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two per cent (2%) of the equity shares of the Company.

For and on behalf of Board of Directors

Date: 14 May 2018
Place: Ahmedabad

**Rajiv Gandhi**
CEO & Managing Director

**Sanjiv Gandhi**
Director

**Annexure-6**

# SECRETARIAL AUDIT REPORT

**For the financial year ended 31 March 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**HESTER BIOSCIENCES LIMITED**
1st Floor, Pushpak,
Panchvati Circle, Motilal Hirabhai Road,
Ahmedabad - 380 006

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hester Biosciences Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Companys' books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2018 and made available to me, according to the provisions of:

1) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

    c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

6) Secretarial Standards issued by the Institute of Company Secretaries of India (SS – 1 and SS – 2)

I have also examined compliance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges.

Further being a Pharmaceutical Company, following are some of the Acts applicable to the Company, for which examination of the relevant documents and records, on test check basis, have been carried out under:

1) Pharmacy Act, 1948

2) Drugs and Cosmetics Act, 1940 & Amendment 2008 and its Rules

3) Biological Diversity Act, 2002 & its Rules

4) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and its Rules

5) The Drugs (Prices Control) Order, 1995 (under the Essential Commodities Act)

6) Drug Policy, 2002

7) Gujarat Drugs (Control) Act, 1959

8) The Indian Copyright Act, 1957

9) The Trade Marks Act, 1999

During the period under review the Company has generally complied with the all material aspects of applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc.

mentioned above. However, the Company has spent less than the prescribed threshold limit of two per cent of its average net profits for the last three financial years (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility.

During the Period under review, provisions of the following Acts, Rules, Regulations, Guidelines, etc. were not applicable to the Company:

i. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014;

ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings.

**I further report that,**

The Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

**I further report that,**

Based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit, in my opinion, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc.

**I further report that,**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the year, all decision in the Board Meetings were carried unanimously.

I further report that during the audit period there were no specific events / actions in pursuance of the above referred laws, rules, regulations, standards, etc. having a major bearing on the Companys' affairs., except as stated below:

i) Incorporated wholly-owned subsidiary Company, namely Hester Biosciences Africa Limited (HBAL) in Tanzania. HBAL is in the business of manufacturing and trading of veterinary vaccines and animal health product in Tanzania.

ii) The Company has acquired (54.80% stake) and invested in Texas Lifesciences Private Limited, subsidiary of Hester Biosciences Limited. This Company is in the business of manufacturing and supplying pharma formulations, tablets, capsules, powder, and oral liquid for human and veterinary markets.

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**

Place: Ahmedabad
Date: 14 May 2018

Note: This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report.

## Annexure-A

To,
The Members,
**HESTER BIOSCIENCES LIMITED**
1st Floor, Pushpak,
Panchvati Circle, Motilal Hirabhai Road,
Ahmedabad - 380 006

My report of the above date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**

Place: Ahmedabad
Date: 14 May 2018

# Management Discussion & Analysis

## GLOBAL ECONOMIC OVERVIEW

Global economy achieved 3.8% growth in 2017, the fastest since 2011. Growth in advanced economies was at 2.3% in 2017 versus 1.7% in 2016, primarily driven by strong pick up in investment spending. US witnessed 2.3% growth in 2017 versus 1.5% in 2016, aided by strengthening private investment. The Euro area witnessed 2.3% growth in 2017 versus 1.8% in 2016, aided by policy stimulus and strengthening global demand. Domestic demand and import growth saw upswing led by the simulative stance of the European Central Bank (ECB).

Growth in Emerging Market and Developing Economies was at 4.8% in 2017 as against 4.4% in 2016. Growth in China and India was led by robust growth in net exports and strong private consumption respectively, although investment growth has slowed during the year. Argentina, Brazil, Nigeria and the Russian Federation saw cyclical improvements.

In emerging nations, Asia witnessed strong growth with a notable upswing in emerging Europe. There were signs of recovery in several commodity exporters. Large exporters such as Germany, Japan, the United Kingdom (UK), the United States (US), and emerging Asia contributed to the recovery in exports. The recovery in imports was broad based, except in the UK.

**Global Growth (in %)**

| | 2017 | 2018 P | 2019 P |
|---|---|---|---|
| Global Economy | 3.8 | 3.9 | 3.9 |
| Advanced Economies | 2.3 | 2.5 | 2.2 |
| Emerging market and developing economies | 4.8 | 4.9 | 5.1 |

*Source: IMF, April 2018 Outlook*

Global growth is expected to pick up to 3.9% in both 2018 and 2019. The growth will be aided by the sustained strong momentum, favourable market sentiments and accommodative financial conditions. Fiscal policy of US will aid growth in both the domestic and international market in the near term, though post 2020, US tax reform will lead to certain challenges. The partial recovery in commodity prices should allow conditions in commodity exporters to gradually improve. Advanced economies will grow faster than potential during the next two years. Accommodative monetary policy in Euro economies will help reduce excess capacity. Continued strong growth in emerging Asia and Europe and upswing in performance of commodity exporters will lead to robust growth in emerging market and developing economies. India and China are the only two economies that are projected to surpass the worlds' growth rate at 7.4% and 6.6% respectively in 2018.

*(Source: World Economic Outlook 2018, IMF; World Bank)*

## INDIAN ECONOMIC OVERVIEW

Indian economy has witnessed transformational reforms in the year under review. The first half of the year struggled due to GST implementation, after effects of demonetisation and implementation of Insolvency and Bankruptcy Code (IBC). However, the second half of the financial year, witnessed a strong rebound in economic activity on the back of a turnaround in investment demand, acceleration in manufacturing, pick-up in capacity utilisation, strong activity in the services sector and a record agricultural harvest. As per second advanced estimates issued by the Central Statistics Organisation (CSO), Indias' GDP at constant prices is expected to grow by 6.6% in FY 2017-18 as compared to 7.1% in the previous year.

One Nation One Tax “GST” will create single market, increase productivity and boost corporate investment and will help in reducing the cost of capital equipment. Investment will be further supported by the plan to recapitalise public banks and by the new road plan. On the Direct tax front the plans to reduce the corporate income tax rate and broaden the base will also promote growth.

According to IMF, the Indian economy is expected to grow at an annual rate of 7.4% in FY 2018-19 and 7.8% in FY 2019-20. The growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivise private investment. Indias' projected 2018-19 growth rates are well above Chinas' 6.6% and 6.4% over the same period.

## OUTLOOK

The outlook for India remains largely positive, underpinned by robust private consumption and public investment, as well as on-going structural reforms. Reflection of this is upgradation in Moodys' rating of Indias' local and foreign currency issuer rating to "Baa2" with a stable outlook from "Baa3". These are on the expectations that continued progress in Indias' economic reforms will enhance Indias' growth potential over time.

According to World Banks' Ease of Doing Business 2018 Report, Indias' ranking improved by 30 positions to 100th rank. As per the World Economic Forum, Indias' rank in Global Competitiveness Index is 40 out of 137 countries in FY 2017-18 which puts India on a strong footing on the global map. However, fiscal slippages and a below-normal monsoon could portend upside risks to inflation. Factors such as food prices, crude oil prices, other commodity prices and southwest monsoon could impact the growth forecasts.

*Source: World Economic Situation and Prospects 2018 report of the United Nations; Central Statistics Organisation*

## GLOBAL ANIMAL HEALTHCARE MARKET

The global animal healthcare market is expected to reach USD 53 billion by 2025 from USD 32 billion in 2016, by growing at 5.6% CAGR from 2017 to 2025.

Animal healthcare market consists of products and services used by animals for the purpose of safe-guarding, preserving, and preventing them from various diseases. It also includes providing necessary veterinary services to enhance their lifespan, quality of life and their respective yield.

Animal healthcare market could be segmented by product types and animal types. The product type segment includes feed additives, pharmaceuticals and vaccines. Feed additives are the biggest sub-segment of Product types, due to increasing animal population, rising demand for protein rich diet and to preserve the optimum health of the livestock. Pharmaceutical and vaccines segment is expanding rapidly due to rise in number of veterinary diseases. The animal type segment can be classified into production animals and companion animals. Production animal is the biggest sub-segment of animal type and growing rapidly, due to increasing consumption of meat, milk and related products and technological advancement in the R&D of animal healthcare. Companion animals segment is expected to gain momentum due to rise in zoonotics and animal immunisation made compulsory by the regulatory authorities in several countries.

From regional perspective, North America is the largest animal healthcare market. This is due to the largest cattle population (both milch and meat cattle), a rising demand for protein rich diet, and rising incidence of animal diseases. Asia-Pacific is the fastest growing market due to factors such as under penetration, rising trend of zoonotics, mandatory government requirement for immunisation of animals, and growing trend for keeping companion animals.

## INDUSTRY GROWTH DRIVERS

- **Growing Demand for a Protein-rich Diet**
  As income levels are growing across the world, there is a growing demand of protein rich diet i.e. Eggs, Meat, Milk and related products. This is resulting in large scale, commercial farming of milch and meat cattle.

- **Major Source of Income for Mass Population**
  Governments in emerging countries have also recognised the fact that livestock rearing is often the sole means of earning for under-privileged population. To support them, government has launched several programs to promote cattle and chicken rearing, including programs that improve breed health.

- **Increasing Trend of Zoonotic Diseases**
  Across the world, there is an increasing trend of zoonotic disease, or animal disease spreading to human beings. This trend is driving the demand for effective vaccines and remedial medicines.

- **Increasing Awareness about Disease**
  There is an increasing trend of keeping companion animals, leading to better awareness about related veterinary vaccines and diseases. In addition, several governments are taking proactive actions by imposing regulatory insistence on vaccinations and regular medical treatments.

*https://www.researchandmarkets.com/reports/4427317/global-companion-animal-specialty-drugs-market#rela4*
*https://www.prnewswire.com/news-releases/global-animal-healthcare-market-2017-2025---a-53-billion-market-potential-300577550.html*

## INDIAN ANIMAL HEALTHCARE MARKET

The Indian Animal Healthcare market is expected to grow at a CAGR of 8% to reach over USD 1.2 billion by 2024. A major reason for the market growth is countrys' extensive animal husbandry practices. Indian livestock population constitute 10% of global livestock population and ranks among the largest producers of cattle, chicken and fish.

The market is expected to expand in several directions viz. export opportunities, new segments, specific product and services for specific category of animals. Below are the key factors that would determine the expansion trajectory of Indian animal market

- Favourable demographics
- Rising disposable income leading to rising spend on high protein diet
- Rising access and awareness about animal healthcare products
- Government programs for better livestock health
- Discovery of new treatments
- Development of new generation biological and antibiotics for veterinary animals
- Well-defined and structured regulatory approvals in the sub-continent as compared to other countries, leading to export opportunities
- Increase in veterinary professionals

*https://www.gminsights.com/industry-analysis/animal-healthcare-market*
*https://www.animalhealthindia.com/ah-market*
*https://www.mordorintelligence.com/industry-reports/india-veterinary-healthcare-market-industry*

## RISKS IDENTIFICATION & MITIGATION STRATEGIES

- **Economic Slowdown**

  The Companys' products help to produce the most inexpensive forms of animal protein i.e. milk, eggs and meat. If there is a slowdown in the economy, the sale of these products could also impact, hence could adversely impact the sales of the Companys' animal healthcare products.

  **Mitigation Strategy:**

  The Company continuously monitor the business and economic environment and adapt new technologies and seek ways to improve market penetration to counter such an event.

- **Competition Risk**

  The Companys' complex manufacturing processes and access to export countries having stringent registration requirements, creates a competitive advantage for the Company. However, in case any competitor emerges with better technology or better access to markets, it may adversely affect the Companys' prospects.

  **Mitigation Strategy:**

  The Company ranks among the largest animal healthcare companies in Asia and effortlessly strive to stay ahead in the learning curve by implementing latest technologies and explore new and growing markets.

- **Delay in Government Programs**

  Large animal vaccines such as those for Brucella and PPR are supported by the government for their initiatives to eradicate these animal diseases. In case of delay in rolling out these programs by government, it may affect the Companys' operations in the short term.

  **Mitigation Strategy:**

  The Company is developing newer routes of market access such as selling to large dairy owners, cattle farms and co-operatives to ensure these products reach markets.

- **Product Development Issues**

  One of the Companys' key product advantages has been offering a thermostable vaccine for Newcastle disease, for the same any cold chain distribution system is not required. This allows the Company to offer product in remote regions as well. In case of delays in development, the Company would not be able to offer this product to areas doesn't have cold storage distribution facilities.

  **Mitigation Strategy:**

  The Company have been building up inventory of theseproducts and have implemented a production planning system. However, a disproportionately large government order or export tender may require us to divert stock from other markets, or use manufacturing capacity to handle such demand. Since these vaccines need to be administered only at a specific period in the animal life cycle, the Company build sufficient inventory to meet the demand.

- **Forex Risks**

  Being exposed to a significant number of geographies, the Company deals in a number of currencies and runs the risk of unfavourable movement in any currency leading to financial losses

  **Mitigation Strategy:**

  In the FY 2017-18, the Company derived over 9.39% of sales from exports and fulfil some of its raw material requirements through imports.

- **Regulatory Risks**

  The Companys' business operations are dependent on local rules and regulations of each country. Any change in regulations, government policies or political environment could adversely impact the Companys' growth prospects

  **Mitigation Strategy:**

  In the past few decades, the Company has established a partnership level relationship with local government and authorities. The Company always strives to reduce political or regulatory risks by proper legal consultations and documentations.

## INTERNAL CONTROLS, SYSTEMS & ADEQUACY

The Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations. The Company maintains a proper and adequate system of internal controls which provide for automatic checks and balances. The Companys' resilience and focus is driven to a large extent by its strong internal control systems for financial reporting. The Company follows strict procedures to ensure high accuracy in recording and providing reliable financial & operational information, meeting statutory compliances.

The Companys' internal team and Audit Committee closely oversee the business operations. These responsibilities include the design, implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of its business. The committees also ensure adherence to Companys' policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. Any deviations are prompted to the management. Various risk mitigation solutions are then determined to bring risk exposure levels in line with risk appetite. Timely and adequate measures are undertaken to ensure undisrupted functioning of the business.

## HUMAN RESOURCES

The Company believes that human resources are the most critical element responsible for the growth of the Company. The Company values its human capital and provides them ample opportunities to grow. The Company has in place comprehensive and well-structured HR policies to ensure employee growth both at personal and professional levels. The Company boasts of an experienced and talented pool of employees who continue to play key roles in enhancing business efficiency, devising strategies, setting-up systems and evolving business as per industry requirements. The Company ensures a safe, conducive and productive work environment. The Company values its talent pool and works hard to retain its best talent by providing ample opportunities to grow. Its strong organisational culture also enables it to attract talented resources. The Company conducts regular trainings to the employees to ensure skill upgradation and personnel development.

# Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for Listed Companies vide Regulation 17 to 27 and 46 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Corporate Governance is corporate discipline, extended transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance stakeholders' value by focusing on long-term value creation without compromising on integrity, social obligations and regulatory compliances.

## COMPANYS' PHILOSOPHY ON CORPORATE GOVERNANCE

Hester Biosciences Limited has always been committed to the principal of continuous good corporate governance and always strives to improve performance at all level by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprises of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The Companys' continued endeavour is to achieve good governance which ensures our performance rules with integrity, thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, consumers and the community at large. Apart from compliance with the statutory provisions of Company Law, allied acts and SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, our disclosure seeks to attain best practices in corporate governance. We believe that good corporate governance is critical to enhance and retain stakeholders' trust.

## GOVERNANCE STRUCTURE

Governance structure of the Company comprises of the Board of Directors and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organisational and governance structure enables an environment for value creation through sustainable and profitable growth. The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities. The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism, accountability and decision making process to be followed. The CEO & Managing Director is in overall control and responsible for the overall working of the Company. He gives strategic directions, lays down the policy guidelines and ensures the implementation of the decisions of the Board and its committees. The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

## BOARD OF DIRECTORS

The CEO & Managing Director looks after the day-to-day business affairs of the Company; the Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Companys' performance provided by the CEO & Managing Director.

**A) Composition of the Board**

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. As on 31 March 2018, your Companys' Board comprises of eight Directors (excluding One Alternate Director) with a mix of Executive / Non-Executive and Promoter / Independent Directors of the total Board members, the Chairman is a Non-Executive Promoter Director, the Managing Director is an Executive Promoter Director, two of them are Non -

Executive Promoter Directors and the remaining four are Non-Executive Independent Directors. As required under the provisions of section 149(1) of the Companies Act, 2013 and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

**B) Board of Directors and their Meetings**

During the year, there is no appointment and cessation taken a place.

In compliance with regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. Additional meetings are held as and when required to transact important business of the Company. During the year under review, four Board of Directors meeting were held on 8 May 2017, 28 July 2017, 9 November 2017 and 23 January 2018.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiary. The Agenda for the Board meeting covers items set out as guidelines in regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. In compliance with regulation 17 of Listing Regulations, the Company has circulated all agenda papers along with notes and other supportings before seven days of the Board meetings.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary, in consultation with the CEO & Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any matter for discussion at the Board meetings with the permission of the Chairman.

The draft minutes of the meeting approved by the Chairman is circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board / Committee meetings is placed, for the information, to the Board / Committee members.

The Board has complete access to the information within the Company, which inter alia includes:

1) Quarterly results and results of operations of Company, its subsidiaries.

2) All borrowings, investments, loans and guarantees.

3) Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies.

4) Details of acquisitions of brands, trademarks or companies or any collaboration agreements.

5) Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any

6) Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or

7) Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

While constituting the Committee of Directors, the requirement that a Director shall not be a member of more than ten committees and Chairman of not more than five committees have been ensured and complied with. None of the Independent Directors serves as an Independent Director in more than seven listed Companies. None of the Director of the Company is serving as a Whole-Time Director in any listed Company and is holding a position of Independent Director in more than three listed Companies.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Companies (other than the Company) and chairmanship / membership in Board Committees of Public Limited Companies as at 31 March 2018.

| Name of the Director | Category & Position | No. of Board meetings held during the year | No. of Board meetings attended | Whether attended last AGM (Yes/No) | Other Board Committee* | | No. of other Directorships held |
|---|---|---|---|---|---|---|---|
| | | | | | Member | Chairman | |
| Dr. Bhupendra V. Gandhi | Non-Executive and Chairman | 4 | 3 | Yes | - | - | 1 |
| Mr. Rajiv Gandhi | Executive and CEO & Managing Director | 4 | 4 | Yes | - | 1 | 7 |
| Mr. Sanjiv Gandhi | Non-Executive Director | 4 | 2 | No | - | - | 2 |
| Mr. Ravin Gandhi | Non-Executive Director | 4 | - | No | - | - | - |
| Mr. Vishwesh Patel | Non-Executive and Independent Director | 4 | 3 | Yes | 1 | 1 | 9 |
| Ms. Grishma Nanavaty | Non-Executive and Independent Director | 4 | 4 | Yes | 1 | 1 | - |
| Mr. Naman Patel | Non-Executive and Independent Director | 4 | 3 | Yes | 3 | - | 7 |
| Mr. Amit Shukla | Non-Executive and Independent Director | 4 | 2 | Yes | 2 | - | 1 |
| Ms. Nina Gandhi | Non-Executive and Alternate Director | 4 | 4 | Yes | - | - | 4 |

** Other Board committee means Audit Committee and Stakeholders' Grievances and Relationship Committee.*

**C) Familiarisation Programme**

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder and regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Familiarisation programme is posted on the website of the Company and any member can visit the Companys' website by clicking the link: https://www.hester.in/s/Familairisation-Programs-Details-of-Independent-Director-2017-18.pdf

**D) Evaluation of Board of Directors**

In terms of the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, a performance evaluation of the Board, its Committees and individual Directors are required to be carried out on an annual basis. The process took the form of questionnaires followed by structured interviews with individual Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board etc. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgment etc.

## COMMITTEES OF BOARD OF DIRECTORS

The Board of Directors currently has the following committees:

1) Audit Committee
2) Nomination and Remuneration Committee
3) Stakeholders' Grievances and Relationship Committee
4) Corporate Social Responsibility (CSR) Committee
5) Management Committee
6) Share Transfer Committee

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the each Board Committees are convened by the respective Committee Chairman / Chairperson.

## 1) AUDIT COMMITTEE

The Company has constituted the Audit Committee with the primary objective to monitor and provide effective supervision of the Managements' financial reporting process with the view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

**Composition, Meetings Held and Attendance at the Meetings During the Year**

The Audit Committee comprises four members Mr. Vishwesh Patel as the Chairman of the Committee and Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla as the Members. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Audit Committee held four meetings during 2017-18 on 8 May 2017, 28 July 2017, 9 November 2017 and 23 January 2018. The time gap between any two meetings was less than 120 days. The Audit Committee, at its Meeting held on 8 May 2017, reviewed the audited financial results for the quarter and year ended on 31 March 2017 and recommended the accounts for approvals by the Board of Directors. The Audit Committee, at its meetings held on 28 July 2017, 9 November 2017 and 23 January 2018, reviewed the unaudited financial results for the quarter ended on 30 June 2017, 30 September 2017 and 31 December 2017.

Details of the attendance of the members of the Committee at the meetings of the Committee are as under:

| Name of the Member | Category | No. of Meetings held | No. of Meetings Attended |
|---|---|---|---|
| Mr. Vishwesh Patel, Chairman | Non-Executive/ Independent | 4 | 3 |
| Ms. Grishma Nanavaty | Non-Executive/ Independent | 4 | 4 |
| Mr. Naman Patel | Non-Executive/ Independent | 4 | 3 |
| Mr. Amit Shukla | Non-Executive/ Independent | 4 | 2 |

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 28 July 2017 to respond to shareholders' queries.

**Invitees at the Audit Committee Meetings**

The Statutory Auditor is regularly invited and has attended all the Audit Committee meetings held during the year. The Chief Financial Officer is invited to attend and participate in these meetings also acts as Secretary to the Audit Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

**Terms of Reference**

1. Oversight of the Companys' financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

   a) Matters requiring inclusion in the Directors' Responsibility Statement to be included in the Boards' report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.

   b) Changes, if any, in accounting policies and practices and reasons for the same.

   c) Major accounting entries involving estimates based on the exercise of judgment by management.

   d) Significant adjustments made in the financial statements arising out of audit findings.

   e) Compliance with listing and other legal requirements relating to financial statements.

   f) Disclosure of any related party transactions.

   g) Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditors' independence and performance, and effectiveness of the audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors about any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

21. Management discussion and analysis of financial condition and results of operations;

22. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

23. Management letters / letters of internal control weaknesses issued by the statutory auditors;

24. Internal audit reports relating to internal control weaknesses; and

25. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

26. Statement of deviations:
    (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

    (b) Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

## 2) NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations 2015, the Board has constituted a “Nomination and Remuneration Committee” (NRC).

The Nomination and Remuneration Committee as a committee of the Board has been constituted mainly to determine and recommend to Board, the Companys' policies on remuneration packages for Executive and Non-Executive Directors and policies on Nomination for Appointment of Director, Key Managerial Personnel and Senior Management Personnel.

**Composition, Meetings Held and Attendance at the Meetings during the Year**

The composition of Nomination and Remuneration Committee as on 31 March 2018 comprises four members - Mr. Vishwesh Patel as the Chairman and Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla as the members. All members of the committee are Non-Executive Independent Directors.

The Nomination and Remuneration Committee held one meeting during 2017-18 on 8 May 2017. The meeting was held on 8 May 2017 to evaluate performance of the Independent Directors and Board as whole.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

| Name of the Member | No. of Meeting held | No. of Meeting Attended |
|---|---|---|
| Mr. Vishwesh Patel, Chairman | 1 | 1 |
| Ms. Grishma Nanavaty | 1 | 1 |
| Mr. Naman Patel | 1 | 1 |
| Mr. Amit Shukla | 1 | 1 |

The Company Secretary acts as the Secretary to the Committee.

**Terms of Reference**

The Terms of reference of the said NRC is specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. Devising a policy on diversity of board of directors;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

**Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended 31 March 2018:**

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

**a) Objectives:**

1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;

2) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board; and

3) To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

**b) Remuneration to Non-Executive and Independent Director:**

1) Non-Executive and Independent Directors may receive remuneration / commission as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2) Non-Executive and Independent Directors may receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Independent Director shall be entitled to reimbursement of expenses for participation in the Board and other meeting.

3) Non-Executive and Independent Directors may receive commission within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4) An Independent Director shall not be entitled to any stock option of the Company.

5) Companys' remuneration policy is guided by a common reward framework and set of principles and objectives as particularly envisaged under section 178 of the Companies Act 2013, inter alia, principles pertaining to determining qualifications, positives attributes, integrity and independence etc.

6) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on 31 March 2018.

**c) Remuneration to CEO & Managing Director:**

Mr. Rajiv Gandhi is the CEO & Managing Director of the Company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors decides and approves the remuneration payable to Mr. Rajiv Gandhi within the ceiling fixed by shareholders as per the resolution passed through postal ballot.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Rajiv Gandhi, CEO & Managing Director was paid remuneration / remuneration payable for the financial year ended on 31 March 2018 as below:

(Amount in ₹)

| Particulars | Salary | Perquisites | Commission | Total |
|---|---|---|---|---|
| Mr. Rajiv Gandhi | 18,600,000 | 639,600 | 4,760,400 | 24,000,000 |

The Company has entered into agreement with Mr. Rajiv Gandhi for their respective employment for a period of three years. Either party to an agreement is entitled to terminate the agreement by giving notice in writing to the other party.

**d) Remuneration to Senior Management Employees:**

The Managing Director with the help of the Human Resources Department, carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like – Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after accessing the candidates' capability to shoulder higher responsibility.

**e) Details of the sitting fees paid to the Non-Executive Directors for the year 2017-18 are given below:**

(Amount in ₹)

| Name of the Non-Executive Directors | Board Meetings | Audit Committee Meetings | NRC Committee Meeting | Stakeholders' Grievances and Relationship Committee Meetings | Total |
|---|---|---|---|---|---|
| Dr. Bhupendra V. Gandhi | 30,000 | - | - | - | 30,000 |
| Mr. Sanjiv Gandhi | 20,000 | - | - | - | 20,000 |
| Mr. Ravin Gandhi | - | - | - | - | - |
| Mr. Vishwesh Patel | 30,000 | 30,000 | 5,000 | 15,000 | 80,000 |
| Ms. Grishma Nanavaty | 40,000 | 40,000 | 5,000 | 20,000 | 105,000 |
| Mr. Naman Patel | 30,000 | 30,000 | 5,000 | 15,000 | 80,000 |
| Mr. Amit Shukla | 20,000 | 20,000 | 5,000 | 10,000 | 55,000 |
| Ms. Nina Gandhi | 40,000 | - | - | - | 40,000 |

**f) Stock Option:**

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

## 3) STAKEHOLDERS' GRIEVANCES & RELATIONSHIP COMMITTEE

In compliance with the provisions of section 178 of the Companies Act, 2013 and the Listing Agreement / regulation 20 of the Listing Regulations, the Board has formed a "Stakeholders' Grievances & Relationship Committee". The Stakeholders' Grievances & Relationship Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders' and Investors' Grievances, if any, like transfer / transmission / dematerialisation of shares, loss of share certificates, non-receipt of Annual Report, Dividend Warrants and other grievances.

**Composition, Meetings Held And Attendance at the Meetings During the Year**

The Stakeholders' Grievances & Relationship Committee as on 31 March 2018, comprises four members, Ms. Grishma Nanvaty as the Chairperson of the Committee and Mr. Vishwesh Patel, Mr. Naman Patel and Mr. Amit Shukla as the Members. All members are Non-Executive Independent Directors.

The Stakeholders' Grievances & Relationship Committee held four meetings during 2017-18 on 8 May 2017, 28 July 2017, 9 November 2017 and 23 January 2018.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

| Name of the Member | No. of Meeting held | No. of Meeting Attended |
|---|---|---|
| Ms. Grishma Nanavaty, Chairperson | 4 | 4 |
| Mr. Vishwesh Patel | 4 | 3 |
| Mr. Naman Patel | 4 | 3 |
| Mr. Amit Shukla | 4 | 2 |

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations. The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously.

**Number of Complaints**

During the year, the Company had not received any complaints from the shareholders. No complaint was pending as on 31 March 2018.

**Terms of Reference**

The Stakeholders' Grievances & Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialisation of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc. The role of the Stakeholders' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to the Share Transfer Committee.

## 4) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR committee constituted under Board to oversee and give direction to the Companys' CSR activities under section 135 of the Companies Act, 2013. A CSR policy indicates activities, projects or programs, to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to recommend the amount of expenditure to be incurred on the CSR activity.

**Composition, Meetings Held and Attendance at the Meetings During the Year**

The CSR committee comprises of three Directors namely Mr. Rajiv Gandhi as a Chairman and Mr. Vishwesh Patel and Ms. Grishma Nanavaty as members of the Committee. The CSR committee held one meeting on 23 January 2018.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

| Name of the Member | No. of Meeting held | No. of Meeting Attended |
|---|---|---|
| Mr. Rajiv Gandhi, Chairman | 1 | 1 |
| Mr. Vishwesh Patel | 1 | 1 |
| Ms. Grishma Nanavaty | 1 | 1 |

**Terms of Reference**

The Corporate Social Responsibility Committee is constituted to perform the following functions:

1) Formulate and recommend to the Board, a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

2) Recommend the amount of expenditure to be incurred on the activities referred to in the CSR policy.

3) Monitor the Corporate Social Responsibility policy of the Company from time to time.

The Company has framed a Corporate Social Responsibility policy and placed it on the website of the Company: https://www.hester.in/s/Corporate-Social-Responsibility-Policy-6f83.pdf

## 5) MANAGEMENT COMMITTEE

The Management Committee comprises of three Directors namely Mr. Rajiv Gandhi as a Chairman and Mr. Sanjiv Gandhi and Ms. Grishma Nanavaty as members of the Committee, subject to supervision and control of the Board of Directors. Management Committee oversees day to day operations of the Company. The Management Committee makes decision within the authority delegated by the Board of Directors. All decisions / recommendations of the Committee are placed before the Board of Directors for information and / or their approval.

## 6) SHARE TRANSFER COMMITTEE

**Composition, Meetings Held and Attendance at the Meetings During the Year**

The Share Transfer Committee as on 31 March 2018 comprises three members, Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Ms. Grishma Nanavaty as the Members of the Committee. The Company Secretary acts as the Secretary to the committee. The Share Transfer Committee met 33 times during the year.

The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate share certificates.

**Terms of Reference**

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring transfers, transmission, dematerialisation, rematerialisation, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

## INDEPENDENT DIRECTORS' MEETING

During the year under review, a separate meeting of Independent Directors was held on 23 January 2018, inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,

2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and

3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

The terms and conditions of Independent Directors are available on the website of the Company: https://www.hester.in/s/Terms-and-Conditions-Independent-Director.pdf

## SUBSIDIARY COMPANIES:

Company has three non-material Subsidiary Company namely Hester Biosciences Nepal Private Limited, Texas Lifesciences Private Limited and Hester Biosciences Africa Limited as on 31 March 2018. The Audit Committee reviews the financial statements, particularly, the investments made in Subsidiary Companies. The Board also reviews the financial statements of the said Subsidiary Companies on annual basis.

The Company has devised the policy for "Determining Material Subsidiaries" which is available on the website of the Company: https://www.hester.in/s/Policy-for-Determining-Material-Subsidiaries-gcgn.pdf

## DISCLOSURES

**A) Related Party Transaction**

All the transactions entered into with related parties as defined under Companies Act, 2013 and Regulations 23 of SEBI (LODR) Regulations, 2015, during the financial year were in the ordinary course of business and on arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Related Party Transactions during the year have been disclosed in notes on financial statements as per the requirement of "Indian Accounting Standards (Ind AS)-24 Related Party Disclosure" issued by ICAI.

The Board has approved a policy for related party transactions which has been placed on Companys' website: www.hester.in

**B) Code of Conduct**

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel in Compliance with Part-D under Schedule V of SEBI (LODR) Regulations, 2015. The Code of Conduct is available on the website of the Company: www.hester.in. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended on 31 March 2018 under review. The declaration of CEO & Managing Director is given below:

**To the Shareholders of Hester Biosciences Limited**

**Subject: Compliance with Code of Conduct**

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place: Ahmedabad
Date: 14 May 2018

**Rajiv Gandhi**
CEO & Managing Director

**C) Prohibition of Insider Trading**

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Shares held by the Directors as at 31 March 2018:

| Name of the Directors | No. of shares held as at 31 March 2018 | Details of shares bought /sold (-) during 2017-18 |
|---|---|---|
| Dr. Bhupendra V. Gandhi | 399,082 | Nil |
| Mr. Rajiv Gandhi | 949,397 | Nil |
| Mr. Sanjiv Gandhi | 692,820 | Nil |
| Mr. Ravin Gandhi | 403,320 | Nil |
| Mr. Vishwesh Patel | 54,150 | Nil |
| Ms. Grishma Nanavaty | Nil | Nil |
| Mr. Naman Patel | 1,500 | Nil |
| Mr. Amit Shukla | 5,250 | Nil |
| Ms. Nina Gandhi | 696,340 | Nil |

**D) Whistle Blower Policy**

The Company has a Whistle Blower Policy to deal with instance of fraud and mismanagement. The employees of the Company are free to report instances of unethical behavior, actual or suspected fraud, violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained while dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern. Employees can lodge their Complaints through anonymous e-mails besides usual means of communications like written complaints. No personnel have been denied access to the Audit Committee.

**E) Management**

**Management Discussion and Analysis:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report as required under Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015.

**Disclosure of Material Financial and Commercial Transactions:**

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

**F) Details of Directors seeking appointment/re-appointment in forthcoming Annual General Meeting**

The particulars about the brief resume and other information required to be disclose under Regulation 36 (3) of SEBI (LODR) Regulations, 2015, of the Director seeking appointment / re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the 31st Annual General Meeting.

**G) Compliance by the Company**

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

**H) Disclosure of Accounting Treatment in the Preparation of Financial Statements**

Your Company has followed all relevant Indian Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) while preparing financial statements.

**I) CEO/CFO Certification**

The requisite certification from the CEO & Managing Director and Chief Financial Officer required to be given under Regulation 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015. The aforesaid certificate, duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31 March 2018, has been placed before the Board.

**J) Unclaimed Shares**

As per the notification issued by Ministry of Corporate Affairs, 41,996 equity shares held by 257 equity shareholders has been transferred to Demat account of IEPF authorities for which the Company had complied with the necessary requirements.

## MEANS OF COMMUNICATION

1. The Company has 8,790 the shareholders as on 31 March 2018. The main channel of communication to shareholders through Annual Report, which includes inter-alia, the Directors' Report, Managements' Discussion and Analysis, Report on Corporate Governance and Audited Financial Results.

2. The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman and other Key Managerial Personnel also respond to the specific queries of the shareholders.

3. The Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of

relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary. The official news and media releases are disseminated to stock exchanges and displayed on the Companys' website.

4. The quarterly, half yearly and annual financial results are published in widely circulating national and local daily such as "Financial Express", in English and Gujarati. The results are also posted on the website of the Company: www.hester.in, and the same are not sent individually to the shareholders.

5. The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript of the earnings call is also uploaded on the Companys' website. Presentations made to institutional investors and financial analysts on the financial results are uploaded on the Companys' website.

6. The Company disseminates the requisite corporate announcements including the SEBI Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS / BSEs' Listing Centre is a web-based application and periodical fillings like shareholding pattern, corporate governance report, financial results, material / price sensitive information, etc. are filed electronically on such designated platforms.

7. The Annual Report is circulated to members and others entitled thereto in electronic as well as physical modes, is disseminated to stock exchanges and is also uploaded on the Companys' website.

## GENERAL MEETINGS

**1) Details of last three Annual General Meetings held are provided hereunder:**

| Financial Year | Meeting | Date | Venue | Time |
|---|---|---|---|---|
| 2014-15 | 28th AGM | 15 September 2015 | Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 | 11.00 a.m. |
| 2015-16 | 29th AGM | 29 July 2016 | | |
| 2016-17 | 30th AGM | 28 July 2017 | | |

**2) Special Resolutions passed in the previous three Annual General Meeting:**

The shareholders of the Company have passed the following special resolutions in the previous three Annual General Meetings.

| Sr. No. | Nature of Special Resolutions passed | Relevant provisions of the Companies Act | AGM details |
|---|---|---|---|
| 1 | Appointment of Mr. Vishwesh Patel as an Independent Director | Sections 149 and 152 of Companies Act, 2013 | 28th AGM held on 15 September 2015 |
| 2 | Appointment of Ms. Grishma Nanavaty as an Independent Director | Section 149 and 152 of Companies Act, 2013 | |
| 3 | To adopt New Set of Articles of Association | Section 14 of Companies Act, 2013 | |
| 4 | To change place of keeping and inspection of Register and Index of members, returns, etc. | Section 88 and 94 of Companies Act, 2013 | 29th AGM held on 29 July 2016 |
| 5 | To issue of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment | Section 42 and 62 of Companies Act, 2013 | |

The special resolutions indicated above were passed with requisite majority.

**3) Approval of Members through Postal Ballot**

During the year, the Company has not sought approvals from members through postal ballot under review.

## GENERAL SHAREHOLDERS' INFORMATION

**1) General Information**

| | |
|---|---|
| Date, Time and | Friday, 10 August 2018 at 11.00 am. |
| Venue of 31st AGM | Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 |
| Financial Year | 1 April 2017 to 31 March 2018 |
| Book Closure Date | Saturday, 4 August 2018 to Friday, 10 August 2018 |
| Registered Office Address | 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad-380 006 |
| Website | www.hester.in |

**2) Tentative Financial Calendar**

| | |
|---|---|
| First quarter financial results | On or before 14 August 2018 |
| Half yearly financial results | On or before 14 November 2018 |
| Third quarter financial results | On or before 14 February 2019 |
| Audited financial results for the year 2018-19 | On or before 30 May 2019 |

**3) Listing of Shares and Listing Fees**

The Companys' shares are listed and traded on the BSE Limited (BSE) at Mumbai and the National Stock Exchange of India Limited (NSE) at Mumbai. The Company has paid listing fees to both the Stock Exchanges for financial year 2018-19.

**4) a) Details of Shares:**

Types of Shares : Equity Shares

No. of Paid Up Shares : 8,506,865

Security Code (ISIN) : INE782E01017

**b) Stock Code, Closing Price and Market Capitalisation:**

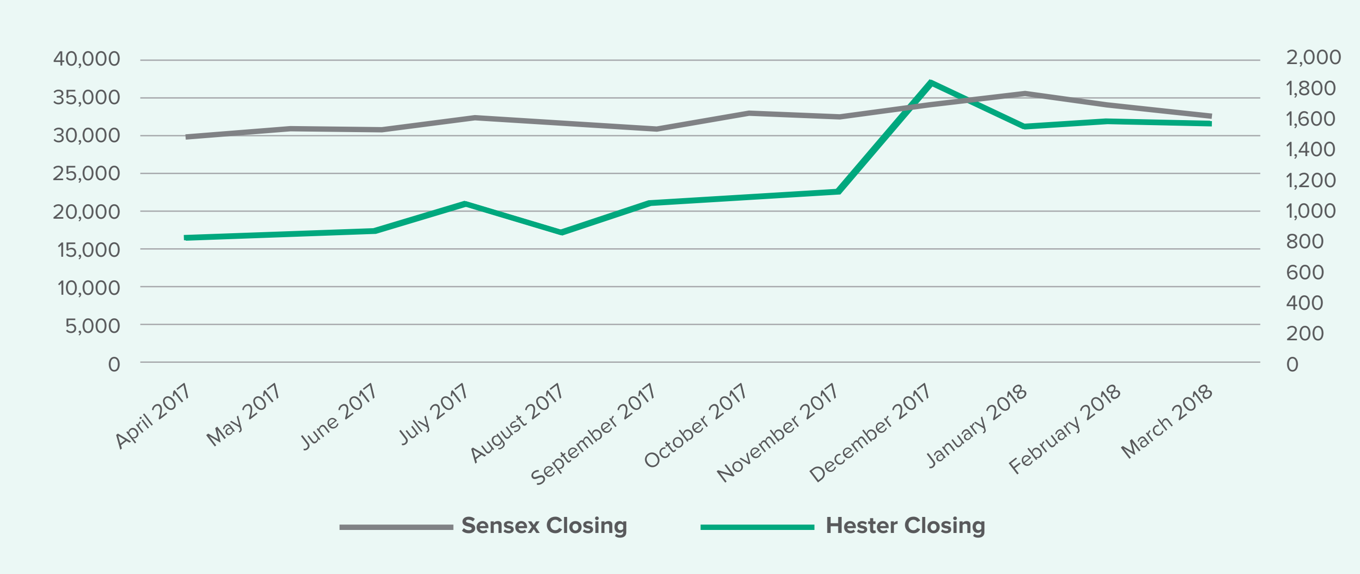
| Name of the Stock Exchanges | Stock Code | Closing Price as on 31 March 2018 (₹) | Market Capitalisation (₹ in million) |
|---|---|---|---|
| BSE Limited | 524669 | 1,603.90 | 13,644.16 |
| The National Stock Exchange of India Limited | HESTERBIO | 1,625.75 | 13,830.04 |

**5) Stock Price and BSE & NSE Data**

a) Monthly share price data on BSE for the financial year 2017-18 is as under:

| Month (FY 2017-18) | Hester High (₹) | Hester Low (₹) | Hester Closing* (₹) | BSE Sensex Closing* (₹) |
|---|---|---|---|---|
| April | 965.00 | 771.00 | 841.65 | 29,918.40 |
| May | 925.00 | 810.00 | 870.00 | 31,145.80 |
| June | 937.00 | 854.70 | 882.40 | 30,921.61 |
| July | 1,233.00 | 891.00 | 1,051.00 | 32,514.94 |
| August | 1,057.80 | 845.15 | 870.95 | 31,730.49 |
| September | 1,110.10 | 846.00 | 1,068.55 | 31,283.72 |
| October | 1,134.95 | 1,025.00 | 1,091.30 | 33,213.13 |
| November | 1,300.00 | 1,075.00 | 1,152.15 | 33,149.35 |
| December | 1,949.80 | 1,155.40 | 1,865.55 | 34,056.83 |
| January | 1,908.00 | 1,555.05 | 1,568.35 | 35,965.02 |
| February | 1,737.80 | 1,432.05 | 1,612.45 | 34,184.04 |
| March | 1,620.00 | 1,592.00 | 1,603.90 | 32,968.68 |

** Closing prices on the last working day of month*




b) Monthly share price data on NSE for the financial year 2017-18 is as under:

| Month (FY 2017-18) | Hester High (₹) | Hester Low (₹) | Hester Closing* (₹) | NSE Nifty Closing* (₹) |
|---|---|---|---|---|
| April | 967.60 | 762.50 | 836.05 | 9,304.05 |
| May | 925.00 | 812.45 | 861.30 | 9,621.25 |
| June | 934.80 | 860.00 | 891.15 | 9,520.90 |
| July | 1,244.00 | 882.15 | 1049.55 | 10,077.10 |
| August | 1,065.60 | 845.00 | 861.40 | 9,917.90 |
| September | 1,110.00 | 851.00 | 1074.10 | 9,788.60 |
| October | 1,139.00 | 1,017.70 | 1092.65 | 10,335.30 |
| November | 1,278.00 | 1,072.25 | 1161.65 | 10,226.55 |
| December | 1,954.55 | 1,162.00 | 1856.40 | 10,530.70 |
| January | 1,900.00 | 1,555.25 | 1570.00 | 11,027.70 |
| February | 1,720.00 | 1,410.00 | 1621.15 | 10,492.85 |
| March | 1,739.40 | 1,525.00 | 1625.75 | 10,113.70 |

** Closing prices on the last working day of month*

**6) Shares Held in Physical and Dematerialised Form**

The Companys' shares are compulsorily traded in the dematerialised mode. As on 31 March 2018, 95.26% shares were held in the dematerialised form and the balance 4.74% shares were held in physical form. The shareholders whose shares are held in physical form are requested to dematerialise the same at the earliest in their own interest. The dematerialised security code (ISIN) for the equity shares is INE782E01017. As on that date, total promoters' holding is 54.09 % of the capital. Shareholding pattern of the Company as on 31 March 2018 is given below:

**7) Distribution of Shareholding as on 31 March 2018**

**a) On the Basis of Shares Held:**

| No. of Equity Shares Held (Range) | No. of Shareholders | Percentage to Total Shareholders | Percentage to Total Shareholders | Percentage to Total Shares Held |
|---|---|---|---|---|
| 1 to 500 | 8,147 | 92.68 | 652,038 | 7.66 |
| 501 to 1000 | 251 | 2.86 | 182,734 | 2.15 |
| 1001 to 2000 | 171 | 1.95 | 243,968 | 2.87 |
| 2001 to 3000 | 51 | 0.58 | 129,609 | 1.52 |
| 3001 to 4000 | 18 | 0.20 | 65,991 | 0.78 |
| 4001 to 5000 | 18 | 0.20 | 81,590 | 0.96 |
| 5001 to 10000 | 58 | 0.66 | 402,088 | 4.73 |
| Above 10001 | 76 | 0.87 | 6,748,847 | 79.33 |
| **Total** | **8,790** | **100.00** | **8,506,865** | **100.00** |

**b) On the Basis of Category:**

| Sr. | Description | No. of Members | | No. of Shares | |
|---|---|---|---|---|---|
| | | Nos. | % | Nos. | % |
| **A** | **Promoters Holding** | | | | |
| 1 | Promoters | 19 | 0.22 | 4,328,284 | 50.88 |
| 2 | Promoters' Group | 3 | 0.03 | 272,838 | 3.21 |
| **B** | **Non Promoter Holding** | | | | |
| 1 | Resident Individual | 7,941 | 90.34 | 2,524,914 | 29.68 |
| 2 | Hindu Undivided Family | 249 | 2.83 | 152,863 | 1.80 |
| 3 | Non-Resident Individual | 277 | 3.15 | 513,581 | 6.04 |
| 4 | Investor Education and Protection Fund (IEPF) | 1 | 0.01 | 41,996 | 0.49 |
| 5 | Mutual Fund, Nationalised Bank and Financial Institution etc. | 6 | 0.07 | 14,944 | 0.18 |
| 6 | Foreign Portfolio Investor | 9 | 0.10 | 145,181 | 1.71 |
| 7 | Alternate Investment Funds | 1 | 0.01 | 34,255 | 0.40 |
| 8 | Domestic Companies | 184 | 2.10 | 388,829 | 4.57 |
| 9 | Clearing Members and others | 100 | 1.14 | 89,180 | 1.04 |
| | **Total** | **8,790** | **100.00** | **8,506,865** | **100.00** |

**8) Share Transfer System**

Applications for transfer of shares in the physical form are processed by the Companys' Registrar & Transfer Agent, Link Intime India Private Limited. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters considers and approves the share transfer within the stipulated time limit, subject to transfer instrument being valid and complete in all respects.

The Company has obtained half-yearly certificates from the Company Secretary in practice for compliance of share transfer formalities as per the requirement of Regulation 40(9) of the SEBI (LODR) Regulations, 2015 and submitted to Stock Exchange for compliances of Regulation 40 (10) of the SEBI (LODR) Regulations, 2015.

**9) PAN Requirement for Transfer of Shares in the Physical Form**

The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off-market / private transactions involving transfer of shares in the physical form of listed companies. Therefore it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company / Registrar & Share Transfer Agents for Registration of such transfers. Members / Investors are therefore requested to make note of the same and submit their PAN Card copy to the Company Registrar and Share Transfer Agents. Members are also requested to use new Transfer Form (Form No. SH-4) pursuant to Section 56 of the Companies Act, 2013 and its applicable rules.

**10) Secretarial Audit**

A practicing company secretary carried out secretarial audit in each of the quarters in the financial year 2017-18, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories. The reports of secretarial audit were submitted to stock exchanges for compliances of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

**11) Nomination Facility**

It is in the interest of the shareholders to appoint a nominee for their investments in the Company. Those members who are holding shares in the physical mode and have not appointed a nominee or want to change the nomination are requested to send us the nomination form duly filled in and signed by all the joint holders.

**12) Change in Shareholders' Details**

In case you are holding your shares in dematerialised form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialisation of your share certificates or other inquiries should be addressed to your DP where you have opened your dematerialised account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our registrar and transfer agent of the Company, Link Intime India Private Limited, as per the address mentioned below.

**13) Details of Dividend**

The Board of Directors has declared and paid Interim Dividend at ₹ 4.00 per share (40%) for the financial year 2017-18 and Board of Directors also recommended final dividend at ₹ 6.00 per share (60%) for the financial year 2017-18. The payment of final dividend as recommended by the Directors, if approved at the Meeting, will be made:

(i) To those members whose names are on the Register of Members on Friday, 3 August 2018 or to their mandates.

(ii) In respect of shares held in electronic form, to those "deemed members" whose names appears of the statement of beneficiary ownership, furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on Friday, 3 August 2018.

**14) Details of Unclaimed Dividend as on 31 March 2018**

| Financial Years | Date of Declaration of Dividend | Dividend payment % | Unpaid/ Unclaimed Amount (in ₹) | Expected date of transfer of unclaimed dividend of IEPF |
|---|---|---|---|---|
| 2010-11 | 03 September 2011 | 35 | 356,692.00 | 7 November 2018 |
| 2011-12 | 14 September 2012 | 10 | 115,796.00 | 19 November 2019 |
| 2012-13 | 14 August 2013 | 20 | 271,076.00 | 18 October 2020 |
| 2013-14 | 23 September 2014 | 20 | 221,120.00 | 27 November 2021 |
| 2014-15 | 15 September 2015 | 31 | 419,733.80 | 19 November 2022 |
| 2015-16 (Interim) | 10 March 2016 | 30 | 396,225.00 | 15 May 2023 |
| 2015-16 (Final) | 29 July 2016 | 11 | 165,328.90 | 3 October 2023 |
| 2016-17 (Interim) | 20 October 2016 | 30 | 384,387.00 | 25 December 2023 |
| 2016-17 (Final) | 28 July 2017 | 23 | 342,771.80 | 1 October 2024 |
| 2017-18 (Interim) | 9 November 2017 | 40 | 607,548.00 | 13 January 2025 |

**15) Locations of the Companys' Offices and Manufacturing Plant**

| | | |
|---|---|---|
| **Plant** | : | Village: Merda Adraj<br>Taluka: Kadi<br>Dist: Mehsana<br>Gujarat 382 721 |
| **Registered Office** | : | 1st Floor, Pushpak,<br>Panchvati Circle,<br>Motilal Hirabhai Road,<br>Ahmedabad 380 006 |

| Branches: | |
|---|---|
| **Coimbatore**<br>738/1A, 1B & 2C<br>A.P Kalyanamandapam Back Side<br>Goldwins, Civil Aerodrome Post,<br>Avinashi Road, Coimbatore - 641 014, Tamilnadu | **Hyderabad**<br>House No. 7-4-10/3, Yesodara Nagar,<br>Opp. Medicare Hospital, Sagar Ring Road,<br>L. B. Nagar, Hyderabad 500 074, Telangana |
| **Bangalore**<br>No 14, 4th Main, 4th Block, 1st Stage,<br>Near Indian Academy College,<br>Opp. Regency Magnum Apartment,<br>Hennur Main Road, HBR Layout, Kalyanagar Post,<br>Bangalore 560 043, Karnataka | **Pune**<br>Gat No. 1313, Milakat No. 2354,<br>Near Ramkrishna Warehousing,<br>Pune - Saswad Road,<br>At Post. Wadki, Tal. Haweli,<br>Pune 412 308, Maharashtra |
| **Panchkula**<br>DSS-25 Sector-12 Panchkula<br>Near Yadav Bhawan,<br>Panchkula 134 112, Haryana | |

**16) Registrar and Share Transfer Agent**

Link Intime India Private Limited (Link Intime) is acting as Registrar & Share Transfer Agent of the Company. For lodgement of transfer deeds and other documents or any grievances / complaints, investors may contact the Companys' Registrar and Share Transfer Agent at the following address:

**Link Intime India Private Limited**
Unit: Hester Biosciences Limited
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Near St. Xaviers' College Corner,
Off C G Road, Ellisebridge,
Ahmedabad 380006
Phone: +91 79 26465179 /86 / 87
E-mail: ahmedabad@linkintime.co.in

**17) Address for Correspondence**

Shareholders' correspondence should be addressed to the Companys' Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance:

**Hester Bioscience Limited**
Company Secretary and Compliance Officer
Phone: +91 79 26445107
E-mail ID: investor@hesterbiosciences.co.in

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

**18) Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity**

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

**19) Details of Non-Compliance**

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. The Statutory Auditor of the Company have certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

**20) Non-Mandatory Requirements of regulation 27 (1) & Part E of Schedule II of the SEBI (LODR) Regulations, 2015**

- **Shareholders' Right:** Half-yearly financial results, including summary of the significant events, are presently not being sent to shareholders of the Company. However, quarterly financial results are published in the leading newspapers and are also available on the Companys' website: www.hester.in

- **Audit Qualification:** There is no qualification in the Auditors' Report on the Financial Statements to the shareholders of the Company.

- **Separate post of Chairman and CEO:** Mr. Bhupendra V. Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi acting as CEO & Managing Director of the Company.

- **Reporting of Internal Auditor:** The Companys' Internal Auditor reports directly to the Audit Committee.

**For and on behalf of Board of Directors**

Place: Ahmedabad
Date: 14 May 2018

**Rajiv Gandhi**
CEO & Managing Director

**Sanjiv Gandhi**
Director

# CEO & MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

To,
Board of Directors
**Hester Biosciences Limited**
Ahmedabad

As required under the Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) read with Schedule II part B of the Listing Regulations, we hereby certify that;

1. We have reviewed the Balance Sheet and Profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31 March 2018 and that to the best of our knowledge and belief:

    a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

    b. These statements together present a true and fair view of the Companys' affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Companys' Code of Conduct.

3. We accept the responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

4. We have indicated to the Auditors and the Audit Committee:

    a. Significant change in internal control over financial reporting during the year.

    b. Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and

    c. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Companys' internal control system over financial reporting.

Place: Ahmedabad
Date: 14 May 2018

**Rajiv Gandhi**
CEO & Managing Director

**Jigar Shah**
Chief Financial Officer

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No.: L99999GJ1987PLC022333

Nominal Capital: ₹ 112,000,000

To,
The Members of
**HESTER BIOSCIENCES LIMITED**
Ahmedabad

I have examined the compliance of conditions of corporate governance by HESTER BIOSCIENCES LIMITED , for the year ended on 31 March 2018 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the mandatory conditions as stipulated in above mentioned Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges, except that formal Risk Management Policy should be adopted by board, covering detailed areas of risk involved in the organisation.

I further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

Place: Ahmedabad
Date: 14 May 2018

Name of Company Secretary : **TAPAN SHAH**
Membership No. : FCS4476
C P No. : 2839

06

# Financial Statements

# INDEPENDENT AUDITORS' REPORT

**To the Members of HESTER BIOSCIENCES LIMITED**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **HESTER BIOSCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENTS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Companys' Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, those were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Companys' preparation of the standalone financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Companys' Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## REPORT ON OTHER LEGAL & REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, based on our audit, we report that:
   a. We have sought and 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 it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in ''Annexure-B''; and Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Companys' internal financial controls over financial reporting.

g. With respect to the other matters to be included In the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Apaji Amin & Co. LLP**
Chartered Accountants
Firm Registration No.: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No: 035476

**Place : Ahmedabad**
**Date : 14 May 2018**

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that

**i) In respect of Fixed Assets:**

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

b) The Company has a regular program of physical verification of its Property, Plant & Equipment by which all fixed assets are verified in phased manner by the management during the year, which in our opinion is reasonable, having regards to the size of the Company and nature of the assets. No material discrepancies were noticed on such physical verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

**ii)** As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.

**iii)** The Company has granted unsecured loans to one subsidiary company covered in the register maintained under Section 189 of the Act. There are no Firms, Limited Liability Partnership and Other parties covered in the register maintained under section 189 of the Act.

(a) In respect of the aforesaid loan, the terms and conditions under which such loans were granted are not prejudicial to Companys' interest.

(b) In respect of aforesaid loan, no schedule for repayment of principal and payment of interest has been stipulated by the Company. Therefore, in the absence of stipulation of repayment terms, we don't make any comment in the regularity of repayment of principal and payment of interest.

(c) In respect of the aforesaid loan, there is no amount which is overdue for more than ninety days.

**iv)** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

**v)** According to information and explanation given to us, the company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and rules framed there under.

**vi)** We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the same.

**vii) In respect of Statuary due:**

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax which have not been deposited as on 31 March 2018 on account of disputes are given below:

| Name of the Statue | Nature of Dues | Amount (In ₹) | Period to which amount relates | Forum where dispute is Pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 5,618,805 | A.Y. 2011-12 | Deputy Commissioner Of Income Tax |
| | | 1,101,580 | A.Y. 2015-16 | Commissioner of Income Tax (Appeals) |

**viii)** Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according the information and explanation given by the management, we are of the opinion that Company has not defaulted in repayment of dues to bank. The Company does not have any borrowing from financial institution, government or by way of debenture.

**ix)** Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given by the management and overall examination of the balance sheet, we report that monies raised by way of term loan were applied for the purposes for which the loan was obtained. No monies were raised, during the year, by the company by way of initial public offer or further public offer (including debt instruments).

**x)** According to information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

**xi)** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**xii)** According to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

**xiii)** According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

**xiv)** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

**xv)** According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

**xvi)** According to the information and explanations given to us, the provisions of Section 45-IA of Reserve Bank of India Act, 1934 are not applicable to the company.

**For Apaji Amin & Co. LLP**
Chartered Accountants
Firm Registration No.: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No: 035476

**Place : Ahmedabad**
**Date : 14 May 2018**

# ANNEXURE B TO THE AUDITORS' REPORT

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls over financial reporting of Hester Biosciences Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Companys' management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Companys' policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Companys' internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Companys' internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Companys' internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Companys' internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Companys' assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Apaji Amin & Co. LLP**
Chartered Accountants
Firm Registration No.: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No: 035476

**Place : Ahmedabad**
**Date : 14 May 2018**

# BALANCE SHEET

as at 31 March 2018

(Figures in ₹)

| Particulars | Note No | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| (1) Non-Current Assets | | | | |
| (a) Property Plant & Equipment | 3 | 659,527,052 | 600,025,015 | 607,616,287 |
| (b) Capital work-in-progress | | 304,729,963 | 212,936,253 | 104,700,647 |
| (c) Other Intangible Assets | 4 | 6,491,364 | 7,082,314 | 6,691,956 |
| (d) Biological Assets other than the Bearer Plants | 5 | 1,378,098 | 1,403,494 | 1,375,115 |
| (e) Financial Assets | | | | |
| (i) Investments | 6 | 144,776,907 | 86,016,130 | 86,699,078 |
| (ii) Loans | 7 | 44,353,718 | 40,289,633 | 9,856,901 |
| (iii) Other Financial Assets | 8 | 14,888,791 | 14,077,511 | 8,799,499 |
| (f) Other Non-current Assets | 9 | 37,430,439 | 74,444,454 | 32,817,459 |
| | | **1,213,576,332** | **1,036,274,803** | **858,556,941** |
| (2) Current Assets | | | | |
| (a) Inventories | 10 | 387,006,470 | 330,667,698 | 336,205,238 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 11 | 319,351,439 | 267,086,033 | 262,389,400 |
| (ii) Cash and Cash Equivalents | 12 | 108,907,475 | 111,737,474 | 47,098,314 |
| (iii) Other Bank Balances | 13 | 10,621,384 | 3,017,091 | 4,644,743 |
| (iv) Loans | 14 | 699,534 | - | - |
| (c) Other Current Assets | 15 | 64,711,446 | 35,611,910 | 21,171,182 |
| | | **891,297,747** | **748,120,207** | **671,508,878** |
| **Total Assets** | | **2,104,874,079** | **1,784,395,010** | **1,530,065,819** |
| **II. EQUITY AND LIABILITIES** | | | | |
| (1) Equity | | | | |
| (a) Share Capital | 16 | 85,068,650 | 85,068,650 | 85,068,650 |
| (b) Other Equity | 17 | 1,375,710,532 | 1,135,847,825 | 929,398,500 |
| **Total Equity** | | **1,460,779,182** | **1,220,916,475** | **1,014,467,150** |
| (2) Liabilities | | | | |
| (a) Non-current Liabilities | | | | |
| (i) Financial Liabilities | | | | |
| -Borrowings | 18 | 146,070,131 | 186,617,516 | 128,681,540 |
| -Other Financial Liabilities | 19 | 500,000 | 1,500,000 | 1,500,000 |
| (ii) Deferred Tax Liabilities (Net) | 20 | 73,230,236 | 35,462,522 | 22,175,431 |
| | | **219,800,367** | **223,580,038** | **152,356,971** |
| (b) Current Liabilities | | | | |
| (i) Financial Liabilities | | | | |
| -Borrowings | 21 | 241,919,088 | 175,149,825 | 210,430,193 |
| -Trade Payables | 22 | 78,517,961 | 74,695,837 | 58,434,324 |
| -Other Financial Liabilities | 23 | 61,230,382 | 52,103,564 | 56,660,431 |
| (ii) Other Current Liabilities | 24 | 32,030,908 | 26,112,043 | 28,824,582 |
| (iii) Provisions | 25 | 13,132 | 426,649 | 229,511 |
| (iv) Current Tax Liabilities (Net) | 26 | 10,583,058 | 11,410,579 | 8,662,657 |
| | | **424,294,530** | **339,898,497** | **363,241,698** |
| **Total Liabilities** | | **644,094,897** | **563,478,534** | **515,598,669** |
| **Total Equity and Liabilities** | | **2,104,874,079** | **1,784,395,010** | **1,530,065,819** |
| Significant accounting policies | 2 | | | |
| Accompanying notes form part of financial statements. | 1 to 55 | | | |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 14 May 2018

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Jigar Shah**
CFO

**Sanjiv Gandhi**
Director
DIN: 00024548

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | | Note No | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|---|---|
| I. | REVENUE FROM OPERATIONS | 27 | 1,352,525,946 | 1,255,788,141 |
| II. | OTHER INCOME | 28 | 18,771,985 | 7,255,641 |
| III. | TOTAL REVENUE (I+II) | | 1,371,297,931 | 1,263,043,782 |
| IV. | EXPENSES | | | |
| | Cost of Materials Consumed | 29 | 217,036,746 | 177,671,559 |
| | Purchase of Stock-in-Trade | 30 | 78,418,113 | 88,049,358 |
| | Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 31 | (62,352,488) | 33,212,860 |
| | Excise Duty | | 4,673,620 | 22,945,636 |
| | Employee Benefit Expenses | 32 | 222,880,267 | 183,231,140 |
| | Finance Cost | 33 | 23,155,663 | 32,079,931 |
| | Depreciation and Amortisation Expenses | 34 | 54,509,158 | 55,090,489 |
| | Other expenses | 35 | 395,903,806 | 339,894,089 |
| V. | TOTAL EXPENSES | | 934,224,885 | 932,175,063 |
| VI. | PROFIT BEFORE TAX (III-V) | | 437,073,045 | 330,868,719 |
| VII. | TAX EXPENSES | | | |
| | (1) Current Tax | | 125,153,531 | 73,838,653 |
| | (2) Deferred Tax | | 6,335,414 | 7,630,111 |
| VIII. | PROFIT FOR THE YEAR (VI-VII) | (A) | 305,584,100 | 249,399,954 |
| IX. | OTHER COMPREHENSIVE INCOME | | | |
| | (a) Item will not be reclassified to profit or loss | | | |
| | (1) Re-measurement of defined benefit plans | | (1,862,394) | (1,486,641) |
| | (2) Income Tax effect | | 644,575 | 514,526 |
| | Re-measurement of defined benefit plans | | (1,217,819) | (972,115) |
| | Total Items that will not be reclassified to Profit or Loss | (B) | (1,217,819) | (972,115) |
| X. | OTHER COMPREHENSIVE INCOME, NET OF TAXES | (C ) | (1,217,819) | (972,115) |
| XI. | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (A)+(C) | 304,366,281 | 248,427,840 |
| XII. | EARNINGS PER SHARE (in ₹) | | | |
| | (1) Basic & Diluted [Nominal value of equity per share of ₹ 10] | 52 | 35.92 | 29.32 |
| Significant accounting policies | | 2 | | |
| Accompanying notes form part of financial statements. | | 1 to 55 | | |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

(Figures in ₹)

## A Equity Share Capital

| Balance at the beginning of the reporting period i.e. 1 April 2016 | Changes in equity share capital during the year 2016-17 | Balance at the end of the reporting period i.e. 31 March 2017 | Changes in equity share capital during the year 2017-18 | Balance at the end of the reporting period i.e. 31 March 2018 |
|---|---|---|---|---|
| 85,068,650 | - | 85,068,650 | - | 85,068,650 |

(Figures in ₹)

## B Other Equity

| Particular | Reserve and Surplus | | | | Total |
|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | |
| Balance as at 1 April 2016 | 9,424,089 | 175,067,105 | 312,262,311 | 432,644,995 | 929,398,500 |
| Change in Equity for the year ended 31 March 2017 | | | | | - |
| Profit for the Year | - | - | - | 249,399,954 | 249,399,954 |
| Other Comprehensive Income for the year | - | - | - | (972,115) | (972,115) |
| Total Comprehensive Income for the year | - | - | - | 681,072,835 | 681,072,835 |
| Dividends (including dividend distribution tax) | - | - | - | (41,978,514) | (41,978,514) |
| Transfer to General Reserve | - | - | 30,000,000 | (30,000,000) | - |
| Other Adjustment | - | - | - | - | - |
| **Balance as at 31 March 2017** | **9,424,089** | **175,067,105** | **342,262,311** | **609,094,321** | **1,135,847,825** |
| Profit for the Year | - | - | - | 305,584,101 | 305,584,101 |
| Other Comprehensive Income for the year | - | - | - | (1,217,819) | (1,217,819) |
| Total Comprehensive Income for the year | - | - | - | 913,460,602 | 913,460,602 |
| Dividends (including dividend distribution tax) | - | - | - | (64,503,575) | (64,503,575) |
| Transfer to General Reserve | - | | 50,000,000 | (50,000,000) | - |
| **Balance as at 31 March 2018** | **9,424,089** | **175,067,105** | **392,262,311** | **798,957,027** | **1,375,710,532** |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# CASH FLOW STATEMENT

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Net Profit Before Tax as Per Profit & Loss statement | 437,073,045 | 330,868,719 |
| **Adjustments For:** | | |
| Depreciation and Amortisation Expense | 54,509,158 | 55,090,489 |
| Bad debts Written off | 12,064,829 | 5,530,924 |
| (Profit) / loss on sale of assets | - | 956,948 |
| Finance Cost | 23,155,663 | 32,079,931 |
| Balance Written off | (8,640,330) | (1,109,556) |
| Interest Income | (4,374,724) | (3,766,469) |
| Unrealised Foreign Exchange Gain | - | 106,888 |
| Remeasurement of net defined benefit plans | (1,862,394) | (1,486,641) |
| **Operating profit / (loss) before working capital changes** | **511,925,246** | **418,271,233** |
| **Adjustments For:** | | |
| Trade Receivables | (55,689,904) | (9,224,890) |
| Inventories | (56,338,772) | 5,537,540 |
| Other Current Assets | (32,611,653) | 621,592 |
| Trade Payables | 3,822,124 | 16,261,513 |
| Other Current Liabilities | 5,918,865 | (2,712,539) |
| Short-term Provisions | (413,517) | 197,138 |
| Loans & Advances | 31,007,880 | (82,844,414) |
| **Cash generated from operations** | **407,620,269** | **346,107,173** |
| Net income tax (paid) / refunds | (93,904,178) | (70,576,205) |
| **Net cash flow from / (used in) operating activities (A)** | **313,716,092** | **275,530,968** |
| **B. Cash flow from investing activities** | | |
| Proceeds from sale of Property, Plant & Equipment | 1,143,951 | 1,319,724 |
| Proceeds from sale of Investments | - | 682,948 |
| Investment in Subsidiary Companies | (58,760,777) | - |
| Capital Expenditure on Fixed Assets | (206,332,509) | (158,430,233) |
| Interest Income | 4,374,724 | 3,766,469 |
| Investment in Bank Deposits | (3,660,940) | (2,271,012) |
| **Net cash flow from / (used in) investing activities (B)** | **(263,235,552)** | **(154,932,104)** |

# CASH FLOW STATEMENT

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| **C. Cash flow from financing activities** | | |
| Proceeds/(Repayment) of Short-term Borrowings | 66,769,264 | (35,280,368) |
| Interest paid | (23,155,663) | (32,079,931) |
| Dividend Paid (Including Dividend Distribution) | (64,503,575) | (41,978,514) |
| Proceeds/(Repayment) of Long term Borrowing | (41,547,385) | 57,935,976 |
| Other Long term Current Liablities | 9,126,818 | (4,556,867) |
| **Net cash flow from / (used in) financing activities (C)** | **(53,310,540)** | **(55,959,705)** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | **(2,830,000)** | **64,639,159** |
| **Cash and cash equivalents at the beginning of the year** | **111,737,474** | **47,098,314** |
| **Cash and cash equivalents at the end of the year [Note No. 12]** | **108,907,475** | **111,737,474** |
| **Major Components of Cash & Cash Equivalents** | | |
| **Cash on Hand** | 2,004,971 | 1,487,161 |
| Balance with Banks - On Current Accounts | 76,902,503 | 110,250,313 |
| Fixed Deposits having maturity of less than 3 Months | 30,000,000 | - |
| **Total Cash & Cash Equivalents** | **108,907,475** | **111,737,474** |

The above cashflow has been prepared under the " Indirect Method " as set out in Indian Accounting Standard 7 (Ind AS 7) on Cash Flow Statements.

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 1 CORPORATE INFORMATION

Hester Biosciences Limited is a public limited company domiciled in India and listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The company is engaged in manufacturing of Poultry Vaccines and Large Animal Vaccines and trading of Poultry and Large Animal Health Products having its manufacturing set up at Merda Adraj Village, Mehsana District, Gujarat.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### a. BASIS OF PREPARATION:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Defined benefit plans - plan assets measured at fair value

ii) Biological assets - measured at fair value less cost to sell

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended 31 March 2016, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP"

These financial statements are the Companys' first Ind AS standalone financial statements.

### b. USE OF ESTIMATES:

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

### c. REVENUE RECOGNITION:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably. Sale of goods is recorded net of returns, Trade Discounts, Rebates, VAT/Sales Tax, Service Tax, Goods and Service Tax but inclusive excise duty.

Revenue from services are recognised as the related services are performed.

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary companies. Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

### d. PROPERTY PLANT & EQUIPMENTS :

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairement losses. The cost of Property, Plant and Equipment comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Capital assets under erection/installation are stated at cost in the Balance Sheet as "Capital Work-in-Progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

## Notes Forming Part of Financial Statements for the year ended 31 March 2018

**Transition to Ind AS**
On transiiton to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

e. **INTANGIBLE ASSETS**
Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

**Transition to Ind AS**
On transiiton to Ind AS, the group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

f. **DEPRECIATION / AMORTISATION :**
Depreciation on Fixed Assets is provided on Straight Line method (SLM) method based on useful life of the assets as prescribed under Part-C of Schedule II to the companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used. The Management estimates the useful lives for such fixed assets as under:-

| Particulars | Estimated Useful Life |
|---|---|
| Furniture & Fixtures | Over a Period of 9 Years |
| Vehicles | Over a Period of 8 Years |
| Plant & Machineries, Equipments, Electrical Installation & Utilities | Over a Period of 9 Years |
| Office Building | Over a Period of 30 Years |

g. **IMPAIRMENT OF NON-FINANCIAL ASSET- Property, Plant and Equipment and Intangible Assets:**
The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, assets' carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets' fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU's) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

h. **INVESTMENTS:**
Investments, which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Investments in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment properties. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

i. **INVENTORIES:**
Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods.

**Finished products:**
Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.

**Work in Progress:**
Work in Progress is valued at cost of direct materials, labour and other Manufacturing overheads up to estimated stage of process.

**Raw materials and stores and spares:**
Raw materials and stores and spares are valued at Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost is determined using First in First out (FIFO) method.

j. **BORROWING COSTS:**
Borrowing costs that are attributable to the acquisitions or construction of fixed assets/ qualifying assets for expansion/new project are capitalised to respective fixed assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue in the year in which they are incurred.

k. **FOREIGN CURRENCY TRANSACTIONS:**

i Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.

ii Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date.

iii Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.

iv Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognised as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

l **RESEARCH AND DEVELOPMENT:**
Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss for the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to the fixed assets and is depreciated on the same basis as other fixed assets.

m. **PROVISION FOR RETIREMENT BENEFITS:**

(i) Short-Term Employee Benefits:
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(ii) Post- employment benefit plans:

a) **Defined Contribution Plan:**
Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.

b) **Defined Benefit Plan:**
The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

n. **EARNINGS PER SHARE:**
Basic earnings per share are calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, which includes all stock options granted to employees.

o **CASH AND CASH EQUIVALENTS:**
Cash and cash equivalents comprises cash on hand and balance at bank including fixed deposits with an original maturity period of less than three months and short term investments with an original maturity of three months or less.

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

**p. FINANCIAL INSTRUMENTS:**

**(i) Financial Asset:**

**(a) Classification:**

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**(b) Initial recognition and measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date,i.e., the date that the Group commits to purchase or sell the asset.

**(c) Financial assets at amortised cost:**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised.

**(d) Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the groups' financial statements) when:

The rights to receive cash flows from The asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Company has transferred substantially all the risks and rewards of the asset, or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Companys' continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Notes Forming Part of Financial Statements for the year ended 31 March 2018

(e) **Impairment of financial assets:**
In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial Liabilities:

(a) **Classification:**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

(b) **Initial recognition and measurement:**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Companys' financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(c) **Loans and borrowings:**
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.

(d) **Derecognition:**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**q. TAXATION:**

i. Current Tax:
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii. Deferred Tax Provision:
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

iii. Minimum Alternative Tax (MAT):

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India which gives rise to future economic benefit in the form of MAT credit entitlement for adjustment of future income tax liability, is considered as an asset only when there is convincing evidence that the company will pay normal income tax within the specified period. Accordingly MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such assets are revised at each balance sheet date.

r. **GRANTS:**

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

s. **PROVISIONS AND CONTINGENT LIABLITIES:**

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

t. **OPERATING CYCLE AND CURRENT/NON-CURRENT CLASSIFICATION:**

All the assets and liabilities have been classified as current or non current as per the Companys' normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

u. **BIOLOGICAL ASSETS:**

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

v. **STANDARDS ISSUED BUT NOT EFFECTIVE:**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from

## Notes Forming Part of Financial Statements for the year ended 31 March 2018

Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entitys' contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The effect on adoption of Ind AS 115 is expected to be insignificant.

## RECONCILIATIONS BETWEEN PREVIOUS GAAP AND Ind AS

Ind AS 101 requires an entity to reconcile Equity, Total Comprehensive Income and Cash Flows for the Prior Period.

The Following tables represent the Reconciliation from Previous GAAP to Ind AS:-

**Reconciliation of Equity as at 31 March 2017 and 1 April 2016** (Figures in ₹)

| 1 | Particulars | Foot note | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| | Total Equity as per Previous GAAP | | 1,112,298,910 | 918,135,973 |
| Add | Proposed dividend including dividend distribution tax | A | 23,548,915 | 11,262,527 |
| | Reserves as per Ind AS | | 1,135,847,825 | 929,398,500 |

**Reconciliation of Total Comprehensive Income for the year ended 31 March 2017**

(Figures in ₹)

| 2 | Particulars | Foot note | As at 31 March 2017 |
|---|---|---|---|
| | Net Profit as per Previous GAAP | | 248,427,840 |
| | Net Profit after Tax as per Ind AS | | 249,399,954 |
| | Other Comprehensive Income | | |
| Add | Actuarial (losses)/Gain reclassified to other comprehensive income | B | (1,486,641) |
| Add | Current Tax on above Adjustment | | 514,526 |
| | Total Comprehensive Income as per Ind AS | | 248,427,840 |

**Reconciliation of Cash Flow Statement for the year ended 31 March 2017**

(Figures in ₹)

| 3 | Particulars | Previous GAAP | Effects of Transition to Ind AS | Ind AS |
|---|---|---|---|---|
| | Net Cash Generated by Operating Activities | 270,974,105 | (4,556,863) | 275,530,968 |
| | Net Cash Used in Investing Activities | (154,916,154) | 15,950 | (154,932,104) |
| | Net Cash Used in Financing Activities | (51,402,840) | 4,556,865 | (55,959,705) |
| | Net Increase in Cash & Cash Equivelants | 64,655,111 | | 64,639,159 |
| | Cash & Cash Equivelants at the beginning of the year | 49,620,633 | | 47,098,314 |
| | Cash & Cash Equivelants at the end of the year | 114,275,744 | | 111,737,474 |

**Notes to reconciliations between previous GAAP and Ind AS :**

A. Proposed dividend including dividend distribution tax

Under Ind AS, dividend payable and dividend distribution tax is recognised as a liability in the period in which it is declared and approved by the shareholders. Under previous GAAP, dividend payable and dividend distribution tax was recorded as a liability in the period to which it relates. This difference has resulted in increase in equity under Ind AS by ₹ 23,548,915 as at 31 March 2017 (₹ 11,262,517 as at 1 April 2016).

B. Remeasurement of gratuity recognised in other comprehensive income

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. This difference has resulted in increase of profit by ₹ 1,486,641 for the year ended 31 March 2017.

## RECONCILIATION OF BALANCE SHEET AS AT 31 MARCH 2017 & 1 APRIL 2016

(Figures in ₹)

| Particulars | As at 31 March 2017 | | | As at 1 April 2016 | | |
|---|---|---|---|---|---|---|
| | Indian GAAP | Effects of Transition to Ind AS | Ind AS | Indian GAAP | Effects of Transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | |
| **(1) Non-Current Assets** | | | | | | |
| (a) Property Plant & Equipment | 600,025,015 | - | 600,025,015 | 607,616,287 | - | 607,616,287 |
| (b) Capital Work-In-Progress | 212,936,253 | - | 212,936,253 | 104,700,647 | - | 104,700,647 |
| (c) Intangible Assets | 7,082,314 | - | 7,082,314 | 6,691,956 | - | 6,691,956 |
| (d) Biological Assets other than bearer plants | 1,403,494 | - | 1,403,494 | 1,375,115 | - | 1,375,115 |
| (e) Financial Assets | | | | | | |
| (i) Investments | 86,016,130 | - | 86,016,130 | 86,699,078 | - | 86,699,078 |
| (ii) Loans | 40,289,633 | - | 40,289,633 | 9,856,901 | - | 9,856,901 |
| (iii) Other Financial Assets | 14,077,511 | - | 14,077,511 | 8,799,499 | - | 8,799,499 |
| (f) Other Non-Current Assets | 74,444,454 | - | 74,444,454 | 32,817,459 | - | 32,817,459 |
| **Total Non-Current Assets** | **1,036,274,803** | **-** | **1,036,274,803** | **858,556,941** | **-** | **858,556,941** |
| **(2) Current Assets** | | | - | | | - |
| (a) Inventories | 330,667,698 | - | 330,667,698 | 336,205,238 | - | 336,205,238 |
| (b) Financial Assets | | | | | | |
| (i) Trade Receivables | 267,086,033 | - | 267,086,033 | 262,389,400 | - | 262,389,400 |
| (ii) Cash and Cash Equivalents | 111,737,474 | - | 111,737,474 | 47,098,314 | - | 47,098,314 |
| (iii) Bank Balance other than (ii) above | 3,017,091 | - | 3,017,091 | 4,644,743 | - | 4,644,743 |
| (iv) Loans | - | | - | - | | - |
| (c) Other Current Assets | 35,611,910 | - | 35,611,910 | 21,171,182 | - | 21,171,182 |
| **Total Current Assets** | **748,120,207** | **-** | **748,120,207** | **671,508,878** | **-** | **671,508,878** |
| **Total Assets** | **1,784,395,010** | **-** | **1,784,395,010** | **1,530,065,819** | **-** | **1,530,065,819** |
| **EQUITY & LIABILITIES** | | | | | | |
| **EQUITY** | | | | | | |
| (a) Equity Share Capital | 85,068,650 | - | 85,068,650 | 85,068,650 | - | 85,068,650 |
| (b) Other Equity | 1,112,298,910 | 23,548,915 | 1,135,847,825 | 918,135,973 | 11,262,527 | 929,398,500 |
| **Total Equity** | **1,197,367,560** | **23,548,915** | **1,220,916,475** | **1,003,204,623** | **11,262,527** | **1,014,467,150** |

(Figures in ₹)

| Particulars | As at 31 March 2017 | | | As at 1 April 2016 | | |
|---|---|---|---|---|---|---|
| | Indian GAAP | Effects of Transition to Ind AS | Ind AS | Indian GAAP | Effects of Transition to Ind AS | Ind AS |
| **Liabilities** | | | | | | |
| (1) Non-Current Liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Borrowings | 186,617,516 | - | 186,617,516 | 128,681,540 | - | 128,681,540 |
| (ii) Other Long-Term Liabilities | 1,500,000 | - | 1,500,000 | 1,500,000 | - | 1,500,000 |
| (b) Deferred Tax Liabilities (Net) | 35,462,522 | | 35,462,522 | 22,175,431 | | 22,175,431 |
| **Total Non Current Liabilities** | **223,580,038** | **-** | **223,580,038** | **152,356,971** | **-** | **152,356,971** |
| (2) Current Liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Borrowings | 175,149,825 | - | 175,149,825 | 210,430,193 | - | 210,430,193 |
| (ii) Trade Payables | 74,695,837 | - | 74,695,837 | 58,434,324 | - | 58,434,324 |
| (iii) Other | 52,103,564 | - | 52,103,564 | 56,660,431 | - | 56,660,431 |
| (b) Other Current Liabilities | 26,112,043 | - | 26,112,043 | 28,824,582 | - | 28,824,582 |
| (c) Provisions | 23,975,564 | (23,548,915) | 426,649 | 11,492,038 | (11,262,527) | 229,511 |
| (d) Current Tax Liabilities (Net) | 11,410,579 | - | 11,410,579 | 8,662,657 | - | 8,662,657 |
| **Total Current Liabilities** | **363,447,412** | **(23,548,915)** | **339,898,497** | **374,504,225** | **(11,262,527)** | **363,241,698** |
| **Total Liabilities** | **587,027,449** | **(23,548,915)** | **563,478,534** | **526,861,196** | **(11,262,527)** | **515,598,669** |
| **Total Equity & Liabilities** | **1,784,395,010** | **-** | **1,784,395,010** | **1,530,065,819** | **-** | **1,530,065,819** |

## RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

(Figures in ₹)

| Particulars | Indian GAAP | Adjustments<br>Effects of Transition to Ind AS | Ind AS |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from Operations | 1,255,788,141 | - | 1,255,788,141 |
| Other Income | 7,255,641 | - | 7,255,641 |
| **TOTAL REVENUE** | **1,263,043,782** | **-** | **1,263,043,782** |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 177,671,559 | - | 177,671,559 |
| Purchase of Stock-in-Trade | 88,049,358 | - | 88,049,358 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 33,212,860 | - | 33,212,860 |
| Excise Duty | 22,945,636 | - | 22,945,636 |
| Employee Benefit Expenses | 184,717,781 | (1,486,641) | 183,231,140 |
| Finance cost | 32,079,931 | - | 32,079,931 |
| Depreciation and Amortisation Expenses | 55,090,489 | - | 55,090,489 |
| Other Expenses | 339,894,089 | - | 339,894,089 |
| **TOTAL EXPENSES** | **933,661,704** | **(1,486,641)** | **932,175,063** |
| **PROFIT BEFORE TAX** | **329,382,078** | **(1,486,641)** | **330,868,719** |
| **Tax Expenses** | | | |
| - Current Tax | 73,324,127 | 514,526 | 73,838,653 |
| - Deferred Tax | 7,630,111 | - | 7,630,111 |
| **NET PROFIT FOR THE YEAR** | **248,427,840** | **(972,115)** | **249,399,954** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Item that will be reclassified to profit or loss | | | |
| Re-measurement of defined benefit plans | - | (1,486,641) | (1,486,641) |
| Income tax effect | - | 514,526 | 514,526 |
| Re-measurement of defined benefit plans | - | (972,115) | (972,115) |
| **Total Items that will not be reclassified to profit or loss** | **-** | **(972,115)** | **(972,115)** |
| **Other Comprehensive Income, Net of Taxes** | **-** | **(972,115)** | **(972,115)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **248,427,840** | **-** | **248,427,840** |

## 3 PROPERTY, PLANT & EQUIPMENT

(Figures in ₹)

| Particulars | Freehold Land | Buildings | Plant & Machineries | Electrical Installations | Storage Equipment | Furniture & Fixtures | Vehicles | Computer | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At Cost or Deemed cost** | | | | | | | | | |
| As at 1 April 2016 | 17,249,844 | 452,869,194 | 380,808,033 | 61,896,252 | 26,127,464 | 42,774,807 | 45,376,027 | 11,226,966 | 1,038,328,588 |
| Additions | 1,051,000 | 16,474,718 | 17,838,337 | 776,637 | 3,455,425 | 3,448,146 | 2,508,667 | 2,092,498 | 47,645,428 |
| Disposals | - | - | - | - | - | - | 4,427,458 | - | 4,427,458 |
| **As at 31 March 2017** | **18,300,844** | **469,343,912** | **398,646,370** | **62,672,889** | **29,582,889** | **46,222,953** | **43,457,236** | **13,319,464** | **1,081,546,558** |
| Additions | - | 8,062,562 | 86,433,512 | 1,501,158 | 3,306,314 | 3,090,454 | 8,900,197 | 1,586,493 | 112,880,688 |
| Disposals | - | - | 163,275 | - | - | - | - | - | 163,275 |
| **As at 31 March 2018** | **18,300,844** | **477,406,473** | **484,916,606** | **64,174,047** | **32,889,202** | **49,313,407** | **52,357,433** | **14,905,957** | **1,194,263,971** |
| **Accumulated Depriciation & Impairment** | | | | | | | | | |
| As at 1 April 2016 | - | 86,853,484 | 230,196,974 | 40,216,975 | 13,663,657 | 23,535,234 | 27,314,277 | 8,931,700 | 430,712,301 |
| Depreciation expense | - | 14,518,959 | 25,676,677 | 3,179,986 | 2,021,397 | 3,596,494 | 3,604,025 | 1,282,214 | 53,879,752 |
| Impairment loss recognised | - | - | - | - | - | - | - | - | - |
| Eliminated on disposals | - | - | - | - | - | - | 3,070,510 | - | 3,070,510 |
| **As at 31 March 2017** | **-** | **101,372,443** | **255,873,651** | **43,396,961** | **15,685,054** | **27,131,728** | **27,847,792** | **10,213,914** | **481,521,543** |
| Depreciation expense | - | 14,767,942 | 24,376,595 | 3,059,080 | 2,320,399 | 3,437,648 | 3,752,056 | 1,501,655 | 53,215,376 |
| Impairment loss recognised | - | - | - | - | - | - | - | - | - |
| Eliminated on disposals | - | - | - | - | - | - | - | - | - |
| **As at 31 March 2018** | **-** | **116,140,386** | **280,250,246** | **46,456,041** | **18,005,453** | **30,569,376** | **31,599,848** | **11,715,569** | **534,736,919** |
| **Carrying Amount** | | | | | | | | | |
| As at 1 April 2016 | 17,249,844 | 366,015,710 | 150,611,059 | 21,679,277 | 12,463,807 | 19,239,573 | 18,061,750 | 2,295,266 | 607,616,287 |
| **As at 31 March 2017** | **18,300,844** | **367,971,469** | **142,772,719** | **19,275,928** | **13,897,835** | **19,091,225** | **15,609,444** | **3,105,550** | **600,025,015** |
| **As at 31 March 2018** | **18,300,844** | **361,266,088** | **204,666,360** | **17,718,005** | **14,883,749** | **18,744,031** | **20,757,585** | **3,190,389** | **659,527,052** |

For details of assets pledged as security refer note no 18.1

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 4 INTANGIBLE ASSETS

(Figures in ₹)

Other than Internally Generated

| Particulars | Software | Product & Trademark | Goodwill | TOTAL |
|---|---|---|---|---|
| **At cost or Deemed Cost** | | | | |
| As at 1 April 2016 | 5,401,421 | 2,756,330 | 2,800,000 | 10,957,751 |
| Additions | 337,400 | 1,263,695 | - | 1,601,095 |
| Disposals | - | - | - | - |
| **As at 31 March 2017** | **5,738,821** | **4,020,025** | **2,800,000** | **12,558,846** |
| Additions | 702,832 | - | - | 702,832 |
| Disposals | - | - | - | - |
| **As at 31 March 2018** | **6,441,653** | **4,020,025** | **2,800,000** | **13,261,678** |
| **Accumulated Amortisation & Impairment** | | | | |
| As at 1 April 2016 | 3,815,251 | 310,544 | 140,000 | 4,265,795 |
| Amortisation expense | 274,739 | 376,401 | 559,597 | 1,210,737 |
| Impairment loss recognised | - | - | - | - |
| Eliminated on disposals | - | - | - | - |
| **As at 31 March 2017** | **4,089,990** | **686,945** | **699,597** | **5,476,532** |
| Amortisation expense | 331,188 | 402,997 | 559,597 | 1,293,781 |
| Impairment loss recognised | - | - | - | - |
| Eliminated on disposals | - | - | - | - |
| **As at 31 March 2018** | **4,421,178** | **1,089,942** | **1,259,194** | **6,770,313** |
| **Carrying Amount** | | | | |
| As at 1 April 2016 | 1,586,170 | 2,445,786 | 2,660,000 | 6,691,956 |
| **As at 31 March 2017** | **1,648,831** | **3,333,080** | **2,100,403** | **7,082,314** |
| **As at 31 March 2018** | **2,020,475** | **2,930,083** | **1,540,806** | **6,491,364** |

## 5 BIOLOGICAL ASSETS OTHE THAN THE BEARER PLANTS

(Figures in ₹)

| Particulars | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Live Stock (Poultry)** | | | | |
| | At the beginning of the year (At Cost) | 1,403,494 | 1,375,115 | 934,072 |
| Add: | Purchases | 955,280 | 948,103 | 632,343 |
| Less: | Sale / (Disposal) | 980,676 | 919,724 | 191,300 |
| **At the end of the year (Fair Value)** | | **1,378,098** | **1,403,494** | **1,375,115** |

### Non-Financial Measures or Estimates of Physical Quantities of Biological Assets

| Particulars | | UNIT | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|---|
| **Live Stock** | | | | |
| - | Poultry | NOS | 42,756 | 23,346 |
| | **At the end of the year** | | **42,756** | **23,346** |

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 6 INVESTMENT (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Trade Investments (Valued at cost unless stated otherwise)** | | | |
| Unquoted Investment in Equity Instrument | - | - | - |
| **Investment in Subsidiaries:** | | | |
| 1,280,000 (31 March 2017 :1,280,000)(1 April 2016 : 1,280,000) Equity shares each of NPR 100 in Hester Biosciences Nepal Private Limited | 86,016,130 | 86,016,130 | 86,016,130 |
| 1,120,320 (31 March 2017 :NIL)(1 April 2016 : NIL) Equity shares each of TSHS 1000 Hester Biosciences Africa Limited | 32,413,759 | - | - |
| 2,634,702 (31 March 2017 :NIL)(1 April 2016 : NIL) Equity shares each of ₹ 10 in Texas Lifesciences Private Limited | 26,347,018 | - | - |
| **Investment in Associates:** | | | |
| NIL (31 March 2017 :NIL)(1 April 2016 : 107,000) Equity shares of BWP 1 each fully paid-up in Leruarua Vetcare (Proprietary) Limited | - | - | 682,948 |
| **Total** | **144,776,907** | **86,016,130** | **86,699,078** |

## 7 LOANS (NON CURRENT)

(Unsecured, Considered Good)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Loans & Advances to related parties (Refer Note : 50)** | | | |
| Unsecured, Considered Good | 44,353,718 | 39,689,467 | 6,445,799 |
| **Loans to employees** | | | |
| Unsecured, Considered Good | - | 600,166 | 3,411,102 |
| **Total** | **44,353,718** | **40,289,633** | **9,856,901** |

## 8 OTHER FINANCIAL ASSETS (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Bank Deposits | 806,000 | 4,749,353 | 850,688 |
| Security Deposits | 14,082,791 | 9,328,158 | 7,948,811 |
| **Total** | **14,888,791** | **14,077,511** | **8,799,499** |

## 9 OTHER NON CURRENT ASSETS

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Capital Advances | 37,430,439 | 74,444,454 | 32,706,153 |
| Other Assets | - | - | 111,306 |
| **Total** | **37,430,439** | **74,444,454** | **32,817,459** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 10 INVENTORIES

(At lower of cost and net realisable value) (Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Raw Materials | 29,730,817 | 49,499,474 | 32,603,545 |
| Work-in-Progress | 246,112,420 | 195,711,413 | 205,146,944 |
| Finished Goods | 14,409,587 | 23,059,860 | 40,683,409 |
| Stock-in-Trade | 47,751,261 | 27,149,507 | 33,303,287 |
| Stores & Spares | 29,161,683 | 17,079,569 | 10,770,296 |
| Packing Materials | 19,840,702 | 18,167,876 | 13,697,758 |
| **Total** | **387,006,470** | **330,667,698** | **336,205,238** |

## 11 TRADE RECEIVABLES

(Unsecured and Considered Good) (Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Receivables | 319,351,439 | 267,086,033 | 262,389,400 |
| **Total** | **319,351,439** | **267,086,033** | **262,389,400** |

### 11.1 TRADE RECEIVABLES FROM RELATED PARTIES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Receivables from Related Parties included in above figure (Refer Note : 50) | 4,083,277 | 1,755,594 | - |
| **Total** | **4,083,277** | **1,755,594** | **-** |

## 12 CASH AND CASH EQUIVALENTS

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Balance with Banks** | | | |
| - In Current Account | 76,902,503 | 110,250,313 | 45,353,266 |
| - In Deposit Accounts with original maturity less than 3 Months | 30,000,000 | - | - |
| Cash on Hand | 2,004,971 | 1,487,161 | 1,745,048 |
| **Total** | **108,907,475** | **111,737,474** | **47,098,314** |

## 13 OTHER BANK BALANCES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Earmarked Balances with Banks | 3,115,350 | 2,538,269 | 2,522,319 |
| Deposits | 7,506,034 | 478,822 | 2,122,424 |
| **Total** | **10,621,384** | **3,017,091** | **4,644,743** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 14 LOANS (CURRENT)

(Unsecured and Considered Good) (Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Loan to Employees | 699,534 | - | - |
| **Total** | **699,534** | **-** | **-** |

## 15 OTHER CURRENT ASSETS

(Unsecured and Considered Good) (Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance to Suppliers | 27,810,503 | 31,168,905 | 14,601,773 |
| Interest Accrued but not due | 106,688 | | |
| Advance to Employees | 1,479,710 | 1,829,628 | 2,400,646 |
| Prepaid Expenses | 4,610,647 | 2,100,712 | 2,722,304 |
| Export Incentives Receivable | 602,180 | 512,665 | 1,446,459 |
| Balance with Government Authorities | 26,900,474 | - | - |
| Others | 3,201,244 | - | - |
| **Total** | **64,711,446** | **35,611,910** | **21,171,182** |

## 16 SHARE CAPITAL

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **AUTHORISED CAPITAL** | | | |
| 11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each | 112,000,000 | 112,000,000 | 112,000,000 |
| | 112,000,000 | 112,000,000 | 112,000,000 |
| **ISSUED, SUBSCRIBED & PAID UP CAPITAL** | | | |
| 8,506,865 (P.Y. 8,506,865) Equity Shares of ₹10 each fully paid up | 85,068,650 | 85,068,650 | 85,068,650 |
| **Total** | **85,068,650** | **85,068,650** | **85,068,650** |

### 16.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Equity Shares at the beginning of the year | 8,506,865 | 8,506,865 | 8,506,865 |
| Add: Issue of Shares during the year | - | - | - |
| **Outstanding at the end of the year** | **8,506,865** | **8,506,865** | **8,506,865** |

### 16.2 RIGHTS, PREFERENCES AND RESTRICTION ATTACHED TO SHARES:

Share capital of the company consists of one class of equity shares having a Par value of ₹10 Per Share. Each holder of equity share is eligible for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend.

In the event of liquidation the equity shareholders are eligible to receive the remaining asset of the company after distribution of all preferential amounts, in proportion to their Shareholding.

Notes Forming Part of Financial Statements for the year ended 31 March 2018

### 16.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES:

| Name of the Shareholders | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held | No. of Shares | % held |
| MR. RAJIV GANDHI | 949,397 | 11.16 | 949,397 | 11.16 | 859,397 | 10.10 |
| MS. NINA GANDHI | 696,340 | 8.19 | 696,340 | 8.19 | 696,340 | 8.19 |
| MR. SANJIV GANDHI | 692,820 | 8.14 | 692,820 | 8.14 | 692,820 | 8.14 |

### 16.4 AGREEGATE NUMBER OF SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH FOR THE PERIOD OF 5 YEARS IMMEDIATELY PRECEEDING THE BALANCE SHEET DATE

| Pariculars | Financial Year | No.of Shares |
|---|---|---|
| Equity shares alloted as fully paid - up pursuant to the demerger of Trading Unit of Innoves Animal Health Private Limited into the Company | 2014-15 | 65 |

## 17 OTHER EQUITY

(Figures in ₹)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| **Capital Reserve** | | | | | | |
| As per Last Balance Sheet | 9,424,089 | | 9,424,089 | | 9,424,089 | |
| Add: Addition during the year | - | | - | | - | |
| | | **9,424,089** | | **9,424,089** | | **9,424,089** |
| **Securities Premium** | | | | | | |
| As per Last Balance Sheet | 175,067,105 | | 175,067,105 | | 175,067,105 | |
| Add: Addition during the year | - | | - | | - | |
| | | **175,067,105** | | **175,067,105** | | **175,067,105** |
| **General Reserve** | | | | | | |
| As per Last Balance Sheet | 342,262,311 | | 312,262,311 | | 287,262,961 | |
| Add: Transferred from Surplus in Statement of Profit and Loss | 50,000,000 | | 30,000,000 | | 25,000,000 | |
| Less: Shares issued pursuant to the scheme of Amalgamation | - | | - | | 650 | |
| | | **392,262,311** | | **342,262,311** | | **312,262,311** |
| **Surplus- Statement of Profit & Loss** | | | | | | |
| As per Last Balance Sheet | 609,094,321 | | 432,644,995 | | 285,636,085 | |
| Profit for the year | 305,584,100 | | 249,399,954 | | 193,141,214 | |
| Add: Other Comprehensive Income | (1,217,819) | | (972,115) | | (911,700) | |
| Add: Adjustment | - | | - | | 10,495,346 | |
| | **913,460,602** | | **681,072,835** | | **488,360,945** | |
| **Less: Appropriations** | | | | | | |
| - Dividend (Including Dividend Distribution Tax) | 64,503,575 | | 41,978,514 | | 30,715,950 | |
| - Transferred to General Reserve | 50,000,000 | | 30,000,000 | | 25,000,000 | |
| | | **798,957,027** | | **609,094,321** | | **432,644,995** |
| **Total** | | **1,375,710,532** | | **1,135,847,825** | | **929,398,500** |

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 18 BORROWINGS (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Term Loans (Secured)** | | | |
| - From Banks | 144,636,776 | 183,000,405 | 124,418,107 |
| **Hire Purchase Loans (Secured)** | | | |
| - From Banks | 1,433,355 | 3,617,111 | 4,263,433 |
| **Total** | **146,070,131** | **186,617,516** | **128,681,540** |

### 18.1 REPAYMENT TERMS AND SECURITY OFFERED FOR THE LOANS ARE SET OUT AS BELOW:

| Particulars | Rate of Interest | Terms of Repayment | Repayable in | |
|---|---|---|---|---|
| | | | Number of installments | Each Installment of ₹ |
| State Bank of India- Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the Company. | 12.5%^ | Monthly | 10<br>12<br>12<br>12<br>12<br>12<br>12 | 1,000,000<br>2,000,000<br>2,500,000<br>3,000,000<br>4,000,000<br>5,000,000<br>6,000,000 |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 10.15% | Monthly | 60 | 15,961* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 60 | 84,300* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.25% | Monthly | 60 | 33,671* |
| Kotak Mahindra Bank Is secured by hypothecation of specific vehicle/car | 11.07% | Monthly | 47 | 25,147* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.50% | Monthly | 48 | 30,725* |
| Axis Bank Loan is secured by hypothecation of specific vehicle/car | 9.91% | Monthly | 60 | 24,404* |
| Axis Bank Loan is secured by hypothecation of specific vehicle/car | 9.91% | Monthly | 60 | 19,435* |

^ Interest rate on loan is varying, which is linked to base rate of Bank, from time to time.

* Installment includes interest.

## 19 OTHER FINANCIAL LIABILITIES (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Deposits | 500,000 | 1,500,000 | 1,500,000 |
| **Total** | **500,000** | **1,500,000** | **1,500,000** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 20 DEFERRED TAX LIABILITIES (NET)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| - Benefit availed Under Income Tax Act | 64,478,594 | 55,264,582 | 57,645,284 |
| - Excess of Net Block over Written Down Value as per provision of Income Tax Act | 30,574,939 | 32,832,556 | 22,985,684 |
| **Total Deferred Tax Liabilities (A)** | **95,053,533** | **88,097,138** | **80,630,968** |
| **Deferred Tax Assets** | | | |
| - Provision for Employee Benefits | 762,367 | 141,386 | 305,327 |
| - Mat Credit Entitlement | 21,060,930 | 52,493,230 | 58,150,210 |
| **Total Deferred Tax Assets (B)** | **21,823,297** | **52,634,616** | **58,455,537** |
| **Net Deferred Tax Liabilities (A-B)** | **73,230,236** | **35,462,522** | **22,175,431** |

## 21 BORROWINGS (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Loan Repayable on Demand** | | | |
| **(1) Secured** | | | |
| - From Bank- Cash Credit | 191,919,088 | 53,207,895 | 210,430,193 |
| - Credit Card | - | 21,941,929 | - |
| **(2) Unsecured** | | | |
| - Working Capital Demand Loan | 50,000,000 | 100,000,000 | - |
| **Total** | **241,919,088** | **175,149,825** | **210,430,193** |

21.1 Cash Credit & Credit card accounts are secured by first and exlusive hypothication charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Land and Building on Survey No. 1972 and 1973/p1 situated at Village Merda Adraj, Kadi Thol Road, Kadi, Mehsana, and hypothecation of unencumbered plant and machinery of the company and personal guarantee of some of the directors.

21.2 Interest Rates on Loans are varying, which are linked to base rate of Bank, from time to time.

## 22 TRADE PAYABLES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Payables (Refer Note : 39) | 78,517,961 | 74,695,837 | 58,434,324 |
| **Total** | **78,517,961** | **74,695,837** | **58,434,324** |

## 23 OTHER FINANCIAL LIABILITIES (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Current Maturities of Long Term Borrowings** | | | |
| - Term Loans | 36,000,000 | 30,000,000 | 45,096,000 |
| - Hire Purchase Loans | 2,180,738 | 2,501,789 | 2,354,428 |
| Unclaimed Dividends | 3,115,350 | 2,538,269 | 2,522,319 |
| Creditors for Capital expense | 19,934,294 | 17,063,506 | 6,687,684 |
| **Total** | **61,230,382** | **52,103,564** | **56,660,431** |

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 24 OTHER CURRENT LIABILITIES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance from Customers | 1,828,041 | 1,763,568 | 995,784 |
| Duties and Taxes | 8,235,376 | 10,944,284 | 10,346,155 |
| Other Liabilities | 21,967,491 | 13,404,191 | 17,482,643 |
| **Total** | **32,030,908** | **26,112,043** | **28,824,582** |

## 25 PROVISIONS (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Provision For Employees Benefit | 13,132 | 426,649 | 229,511 |
| **Total** | **13,132** | **426,649** | **229,511** |

## 26 CURRENT TAX LIABILITIES (NET)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Provision for Income Tax (Net of Advance Tax) | 10,583,058 | 11,410,579 | 8,662,657 |
| **Total** | **10,583,058** | **11,410,579** | **8,662,657** |

## 27 REVENUE FROM OPERATIONS

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **(A) Sale of Goods** | | | | |
| **Manufacturing Sales** | | | | |
| Domestic Sales | 1,025,012,821 | | 984,259,632 | |
| Export Sales | 108,503,651 | 1,133,516,472 | 130,630,292 | 1,114,889,924 |
| **Trading Sales** | | | | |
| Domestic Sales | 167,129,470 | | 106,302,221 | |
| Export Sales | 18,488,811 | 185,618,281 | 13,684,183 | 119,986,404 |
| **(B) Other Operating Revenue** | | **33,391,193** | | **20,911,813** |
| **Total** | | **1,352,525,946** | | **1,255,788,141** |

Note: Revenue from operations for the quarter ended 30 June 2017 and year ended 31 March 2017 are inclusive of excise duty. Goods and Service Tax ("GST") has been implemented with effect from 1 July 2017 which replaces excise duty and other input taxes. As per Ind AS 18, the revenue for the period from 1 July 2017 to 31 March 2018 is reported net of GST and accordingly it is not comparable to that extent with comparative period.

### 27.1 PARTICULARS OF SALES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| - Poultry | 1,173,946,275 | 1,102,935,797 |
| - Large Animal | 178,579,670 | 152,852,344 |
| **Total** | **1,352,525,946** | **1,255,788,141** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 28 OTHER INCOME

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Interest Income** | | |
| - From Bank Deposits | 312,059 | 86,116 |
| - From Others | 4,062,665 | 3,680,353 |
| Miscellaneous Income | 3,521,244 | 1,319,577 |
| Rent Income | 289,932 | 38,268 |
| Exchange Profit & Loss (Net) | 1,454,278 | 1,021,771 |
| Sundry balances / Excess provisions Written off / Written back (Net) | 8,640,330 | 1,109,556 |
| Profit on Sale of Fixed Assets | 491,476 | - |
| **Total** | **18,771,985** | **7,255,641** |

## 29 COST OF MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Opening Stock | 49,499,474 | 32,603,545 |
| Add: Purchases | 197,268,089 | 194,567,488 |
| Less: Closing Stock | 29,730,817 | 49,499,474 |
| **Total** | **217,036,746** | **177,671,559** |

### 29.1 PARTICULARS OF RAW MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Growth Media | 118,945,407 | 118,719,752 |
| Other Chemicals | 98,091,339 | 58,951,807 |
| **Total** | **217,036,746** | **177,671,559** |

### 29.2 VALUE OF INDIGENEOUS AND IMPORTED RAW MATERIAL CONSUMED DURING THE YEAR

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| | Percentage | Value (In ₹) | Percentage | Value (In ₹) |
| Imported | 9.14% | 19,836,246 | 8.13% | 14,448,388 |
| Indigeneous | 90.86% | 197,200,500 | 91.87% | 163,223,172 |
| **Total** | **100.00%** | **217,036,746** | **100.00%** | **177,671,559** |

## 30 PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Purchase of stock in trade:** | | |
| - Poultry | 40,829,168 | 33,086,441 |
| - Large Animal | 37,588,945 | 54,962,917 |
| **Total** | **78,418,113** | **88,049,358** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 31 CHANGE IN INVENTORIES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **Inventories (at close)** | | | | |
| - Finished Goods | 62,160,848 | | 50,209,367 | |
| - Semi-finished Goods | 246,112,420 | | 195,711,413 | |
| | | **308,273,268** | | **245,920,780** |
| **Inventories (at commencement)** | | | | |
| - Finished Goods | 50,209,367 | | 73,986,696 | |
| - Semi-finished Goods | 195,711,413 | | 205,146,944 | |
| | | **245,920,780** | | **279,133,640** |
| **Total** | | **(62,352,488)** | | **33,212,860** |

## 32 EMLPOYEE BENEFIT EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries & Wages | 209,412,501 | 172,420,420 |
| Contributions to Provident Fund & Other Funds | 8,770,215 | 6,772,201 |
| Staff Welfare Expenses | 4,697,551 | 4,038,519 |
| **Total** | **222,880,267** | **183,231,140** |

## 33 FINANCE COST

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest Expenses | 20,717,434 | 29,259,833 |
| Bank Commission & Charges | 2,438,229 | 2,820,098 |
| **Total** | **23,155,663** | **32,079,931** |

## 34 DEPRECIATION AND AMORTISATION EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation | 53,215,376 | 53,879,752 |
| Amortisation | 1,293,781 | 1,210,737 |
| **Total** | **54,509,158** | **55,090,489** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 35 OTHER EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **Manufacturing Expense** | | | | |
| Power and Fuel | 57,111,344 | | 51,810,721 | |
| Consumption of Stores and Spares | 9,637,138 | | 7,650,616 | |
| **Repairs & Maintenance** | | | | |
| - Machinery | 13,563,658 | | 7,710,007 | |
| - Building | 2,702,945 | | 5,035,801 | |
| - Electrical | 1,747,361 | | 3,071,240 | |
| Packing Expense | 53,352,486 | | 39,743,101 | |
| Quality Control and Testing Expense | 4,129,512 | | 3,443,683 | |
| Other Production Expense | 50,636,453 | | 34,118,452 | |
| | | **192,880,899** | | **152,583,623** |
| **Selling and Distribution Expense** | | | | |
| Selling Expense | 45,639,777 | | 40,050,799 | |
| Sales Tax Expense | 2,768,916 | | 3,150,436 | |
| Transportation Expense | 42,502,777 | | 38,264,680 | |
| Travelling Expense | 18,317,940 | | 16,578,150 | |
| | | **109,229,410** | | **98,044,065** |
| **Establishment Expense** | | | | |
| Communication Expenses | 3,917,543 | | 5,269,906 | |
| Insurance Expense | 2,758,169 | | 2,904,353 | |
| Legal , Professional and Consultancy | 13,683,963 | | 16,899,612 | |
| Printing and Stationery | 2,633,445 | | 1,888,049 | |
| Travelling and Conveyance | 22,750,680 | | 17,956,372 | |
| Rent,Rates and Taxes | 5,654,981 | | 5,411,197 | |
| Repairs and Maintenance - Others | 5,143,409 | | 5,740,760 | |
| Vehicle & Petrol Expense | 9,991,442 | | 8,635,337 | |
| Electricity Charges | 1,264,834 | | 1,308,144 | |
| CSR Expenses | 3,701,000 | | 1,611,000 | |
| Charity & Donations | 77,000 | | 1,668,218 | |
| Bad Debts written off | 12,064,829 | | 5,530,924 | |
| Loss on sale of Fixed Asset | - | | 956,948 | |
| Miscellaneous Expense | 9,152,203 | | 12,405,830 | |
| **Payment to Auditor** | | | | |
| - As Auditor | 600,000 | | 621,750 | |
| - For Taxation Matters | 200,000 | | 229,000 | |
| - For Other Services | 200,000 | | 229,000 | |
| - For Reimbursement of Expense | - | | - | |
| | | **93,793,498** | | **89,266,401** |
| **Total** | | **395,903,806** | | **339,894,089** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 36 TAX RECONCILIATION

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Reconciliation of Tax Exepnse** | | |
| Profit Before Tax | 437,073,045 | 330,868,719 |
| Enacted Income Tax Rate applicable to Company | 34.608% | 34.608% |
| Expexcted Income Tax Expense | 151,262,240 | 114,507,046 |
| **Adjustments to reconcile expected income tax expense to reported income tax** | | |
| Weighted deduction allowed in respect of research and development expense | (27,935,844) | (45,524,565) |
| Expenses Disallowed | 892,018 | 1,840,920 |
| Others | 935,117 | 3,015,252 |
| **Current Tax Provision (A)** | **125,153,531** | **73,838,653** |
| Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets | 6,808,731 | 7,828,762 |
| Incremental Deferred Tax Liability on account of Financial Assets & other Items | (473,317) | (198,651) |
| **Deferred Tax Provision (B)** | **6,335,414** | **7,630,111** |
| **Tax Expense Recognised in the Statement of Profit & Loss (A+B)** | **131,488,945** | **81,468,764** |
| Effective Tax Rate | 30.08% | 24.66% |

## 37 COMMITMENTS

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **(a) Capital Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance] | 38,038,163 | 42,367,494 |

## 38 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Claims against the company not acknowledged as debts: | | |
| **Income Tax:** | | |
| In respect of matters decided against the Company, for which the Company is in appeal/ may opt for appeal with higher authorities. | 6,720,185 | 6,216,945 |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 39 DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Fugures in ₹)

| Particulars | | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | - | - |
| (ii) | The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006; | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006. | - | - |

The above information has been determined to the extent such parties have been identified by the Company on the basis of information collected by the Management, which has been relied upon by the Auditors.

## 40 ELIGIBLE RESEARCH & DEVELOPMENT EXPENDITURE INCLUDED IN NOTES 29 TO 35 (EXCEPT NOTE NO. 33 & 34) ARE AS UNDER:

**Research and Development Expenditure eligible for deduction in the current year:**

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Revenue Expenditure** | | |
| Salary and Wages | 15,255,289 | 13,540,845 |
| Provident Fund Contribution | 288,076 | 227,943 |
| Packing-Forwarding-Freight expenses | 2,604 | 21,191 |
| Power and Fuel Cost | 11,395,079 | 11,058,215 |
| Chemical | 398,937 | 561,515 |
| Carriage Inward Expenses | - | 35,524 |
| Consumable (Local) | 594,694 | 1,316,991 |
| Other Allowances/Reimbursement | 407,250 | 499,912 |
| R & D Expense | 36,307 | 213,441 |
| Repair and Maintenance expenses | 251,100 | 712,629 |
| Travelling Expense | 130,625 | 91,272 |
| Other Admin Expense | 15,000 | 57,506 |
| **Total (A)** | **28,774,961** | **28,336,984** |
| **Capital Expenditure (B)** | **44,222,192** | **51,603,244** |
| **Total (A +B)** | **72,997,153** | **79,940,228** |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 41 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Purchase of Materials/Trading goods/ Packing (on C.I.F basis) | 16,013,871 | 32,985,745 |
| Travelling | 6,582,406 | 6,555,791 |
| Capital Expenditure | 5,478,540 | 23,819,118 |
| Membership/Registration Fees | 1,575,029 | 674,682 |
| Consultancy & Professional Fees | 56,714 | 173,878 |
| Books & Periodicals | - | 134,426 |
| Office Maintenance | 569,497 | 3,835,384 |
| Others | 48,107 | 85,485 |

## 42 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| F.O.B. Value of Exports | 112,791,115 | 134,626,580 |
| Other Operating Revenue | 22,697,205 | 20,911,813 |

## 43 DIVIDEND REMMITANCES IN FOREIGN CURRENCY:

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Final Dividend for 2016-17** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | 461,265 | |
| **Interim Dividend for 2017-18** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | 802,200 | |
| **Final Dividend for 2015-16** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | | 220,605 |
| **Interim Dividend for 2016-17** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | | 601,650 |

## 44 PROPOSED DIVIDEND

**The final dividend proposed for the year is below**

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **On Equity Shares of ₹ 10 Each** | | |
| Amount of Dividend Proposed | 51,041,190 | 19,565,790 |
| Dividend Per Share | 6.00 | 2.30 |

The Board of Directors have recommended the payment of a final dividend of ₹ 6 per fully paid equity share (31 March 2017: ₹ 2.30). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## 45 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Fugures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Amount Required to be spent under Section 135 of the Act | 4,949,416 | 3,787,614 |
| Amount Spent during the year | 3,701,000 | 1,611,000 |

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

**46** Balances of receivables, payables, loans & advances and deposits are subject to confirmations. Any adjustments, if required would be made at the time of reconciliation of settlment of accounts.

**47** In the opinion of the Board of Directors, loans and advances are of the value stated in the Balance Sheet, to be realised in the normal course of business and provision for all known liabilities have been made in the books of accounts which are adequate and not in excess of the amount reasonably required.

## 48 DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENTS WITH THE STOCK EXCHANGES:

**A Loans and Advances given to subsidiaries, associates, firms or companies in which directors are interested**

(Figures in ₹)

| Name of party | Relationship | Amount outstanding as at 31 March 2018 | Maximum Balance outstanding during the year (₹) |
|---|---|---|---|
| Hester Biosciences Nepal Private Limited | Subsidiary | 59,149,719<br>(44,700,000) | 59,149,719<br>(49,296,172) |
| Leruarua Vetcare (Proprietary) Limited | Associate | NIL<br>(514,204) | 514,204<br>(2,363,831) |
| Hester Biosciences Africa Limited | Wholly-owned Subsidiary | 1,884,732<br>(NIL) | 1,884,732<br>(NIL) |

Note: Figures in Brackets relate to Previous Year

**49** The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with the Indian Accounting Standard (Ind AS)-36, issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the directors, no provision for impairment of the asset is considered necessary in respect of any of the assets of the Company.

## 50 RELATED PARTY DISCLOSURE

**As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:**

### (i) List of Related Parties as on 31 March 2018

**(a) Subsidiary Companies:**

1) Hester Biosciences Nepal Private Limited
2) Texas Lifesciences Private Limited
3) Hester Biosciences Africa Limited

**(b) Key Management Personnel:**

1) Mr. Rajiv Gandhi - CEO & Managing Director
2) Mr. Jigar Shah - Chief Financial Officer
3) Ms. Amala Parikh - Company Secretary

**(c) Promoters and their relatives having control:**

1) Dr. Bhupendra V. Gandhi (Non-Executive chairman)
2) Mr. Sanjiv Gandhi (Non-Executive Director)
3) Mr. Ravin Gandhi (Non-Executive Director)
4) Ms. Nina Gandhi (Non-Executive Alternate Director of Mr. Ravin Gandhi)

**(d) Enterprise having significant influence:**

1) Hester Coatings LLP
2) Sinsui India Private Limited
3) Biolink Healthcare Limited
4) Hester Diagnostics Private Limited
5) Gujarat Polyplast Private Limited

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

## (ii) Transactions during the year with Related Parties :

(Figures in ₹)

| Particulars | Key Management Personnel/Relatives of Key Managerial Personnel | | Subsidiary /Associate Companies | | Enterprises Having Significant Influence (EHSI) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **(a) Sale of Goods** | | | **2,327,683** | **1,755,594** | | | **2,327,683** | **1,755,594** |
| Hester Biosciences Nepal Private Limited | | | 2,327,683 | 1,755,594 | | | 2,327,683 | 1,755,594 |
| **(b) Purchase** | | | **5,840,032** | **13,125,000** | **18,597,318** | **17,812,860** | **24,437,350** | **30,937,860** |
| Gujarat Polyplast Private Limited | | | | | 18,597,318 | 17,812,860 | 18,597,318 | 17,812,860 |
| Hester Biosciences Nepal Private Limited | | | - | 13,125,000 | | | - | 13,125,000 |
| Texas Lifesciences Private Limited | | | 5,840,032 | - | | | 5,840,032 | - |
| **(c) Sitting Fees for Board Meetings** | **90,000** | **120,000** | | | | | **90,000** | **120,000** |
| Ms. Priya Gandhi | - | 10,000 | | | | | - | 10,000 |
| Mr. Sanjiv Gandhi | 20,000 | 40,000 | | | | | 20,000 | 40,000 |
| Dr. Bhupendra V. Gandhi | 30,000 | 40,000 | | | | | 30,000 | 40,000 |
| Ms. Nina Gandhi | 40,000 | 30,000 | | | | | 40,000 | 30,000 |
| **(d) Interest Income** | | | **3,608,892** | **3,070,401** | | | **3,608,892** | **3,070,401** |
| Hester Biosciences Nepal Private Limited | | | 3,608,892 | 3,070,401 | | | 3,608,892 | 3,070,401 |
| **(e) Remuneration Paid** | **29,860,653** | **22,772,450** | | | | | **29,860,653** | **22,772,450** |
| Mr. Rajiv Gandhi | 23,400,000 | 17,400,000 | | | | | 23,400,000 | 17,400,000 |
| Mr. Jigar Shah | 6,280,653 | 5,192,450 | | | | | 6,280,653 | 5,192,450 |
| Ms. Amala Parikh | 180,000 | 180,000 | | | | | 180,000 | 180,000 |
| **(f) Rent Paid - MD's Residence** | | | | | **600,000** | **600,000** | **600,000** | **600,000** |
| Biolink Healthcare Limited | | | | | 600,000 | 600,000 | 600,000 | 600,000 |
| **(g) Salary Paid** | **1,221,000** | **517,543** | | | | | **1,221,000** | **517,543** |
| Ms. Priya Gandhi | 1,221,000 | 517,543 | | | | | 1,221,000 | 517,543 |
| **(h) Advance Given for Purchase** | | | **3,280,734** | **13,400,000** | | | **3,280,734** | **13,400,000** |
| Hester Biosciences Nepal Private Limited | | | 3,280,734 | 13,400,000 | | | 3,280,734 | 13,400,000 |
| **(i) Loans and Advances Given** | | | **1,884,732** | **31,814,204** | | | **1,884,732** | **31,814,204** |
| Hester Biosciences Nepal Private Limited | | | - | 31,300,000 | | | - | 31,300,000 |
| Leruarua Vetcare (Proprietary) Limited | | | - | 514,204 | | | - | 514,204 |
| Hester Biosciences Africa Limited | | | 1,884,732 | - | | | 1,884,732 | - |
| **(j) Loans and Advances Received Back** | | | **514,204** | **1,534,457** | | | **514,204** | **1,534,457** |
| Leruarua Vetcare (Proprietary) Limited | | | 514,204 | 1,534,457 | | | 514,204 | 1,534,457 |
| **(k) Disinvestment in Associates** | | | **-** | **731,078** | | | **-** | **731,078** |
| Leruarua Vetcare (Proprietary) Limited | | | - | 731,078 | | | - | 731,078 |
| **(l) Investment in Subsidiaries** | | | **58,760,777** | **-** | | | **58,760,777** | **-** |
| Hester Biosciences Africa Limited | | | 32,413,759 | - | | | 32,413,759 | - |
| Texas Lifesciences Private Limited | | | 26,347,018 | - | | | 26,347,018 | - |

### Balances at the end of the Year

(Figures in ₹)

| Particulars | Key Management Personnel/Relatives of Key Managerial Personnel | | Subsidiary /Associate Companies | | Enterprises Having Significant Influence (EHSI) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **(a) Trade Receivables** | | | **4,083,277** | **1,755,594** | | | **4,083,277** | **1,755,594** |
| Hester Biosciences Nepal Private Limited | | | 4,083,277 | 1,755,594 | | | 4,083,277 | 1,755,594 |
| **(b) Trade Payables** | | | **1,236,437** | **-** | **3,346,561** | **3,777,326** | **4,582,998** | **3,777,326** |
| Gujarat Polyplast Private Limited | | | | | 3,346,561 | 3,777,326 | 3,346,561 | 3,777,326 |
| Texas Lifesciences Private Limited | | | 1,236,437 | - | | | 1,236,437 | - |
| **(c) Loans & Advances** | | | **61,034,451** | **53,089,467** | | | **61,034,451** | **53,089,467** |
| Hester Biosciences Nepal Private Limited | | | 59,149,719 | 52,260,093 | | | 59,149,719 | 52,260,093 |
| Leruarua Vetcare (Proprietary) Limited | | | - | 829,374 | | | - | 829,374 |
| Hester Biosciences Africa Limited | | | 1,884,732 | - | | | 1,884,732 | - |
| **(d) Investment** | | | **144,776,907** | **86,016,130** | | | **144,776,907** | **86,016,130** |
| Hester Biosciences Nepal Private Limited | | | 86,016,130 | 86,016,130 | | | 86,016,130 | 86,016,130 |
| Hester Biosciences Africa Limited | | | 32,413,759 | - | | | 32,413,759 | - |
| Texas Lifesciences Private Limited | | | 26,347,018 | - | | | 26,347,018 | - |
| **(e) Remuneration Payable** | **3,068,792** | **4,703,400** | | | | | **3,068,792** | **4,703,400** |
| Mr. Rajiv Gandhi | 3,068,792 | 4,703,400 | | | | | 3,068,792 | 4,703,400 |

## 51 DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 19 (Ind AS 19) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2018

**a Defined Contribution Plans**

The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit. The Company recognised ₹ 6.44 million (P.Y. ₹ 5.19 million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme.

**b Defined Benefit Plan**

The Company made annual contribution to the employees' Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

The present value of define benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companys' financial statement as at 31 March 2018.

### i) Change in benefit obligations:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Projected benefit obligations at beginning of the year | 18,032,666 | 14,006,008 |
| Service Cost | 2,115,453 | 1,751,007 |
| Interest Cost | 1,365,073 | 1,155,496 |
| Actuarial (Gain) / Loss | 1,665,093 | 1,267,872 |
| Benefits Paid | (1,978,886) | (147,717) |
| Projected benefit obligations at the end of year | 21,199,399 | 18,032,666 |

### ii) Change in plan Asset:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Fair value of plan assets at the beginning of the period | 17,606,016 | 14,610,757 |
| Expected return on plan assets | 1,332,775 | 1,205,387 |
| Contribution | 7,390,819 | 2,156,358 |
| Benefit paid | (1,978,886) | (147,717) |
| Actuarial Gain/(Loss) on plan asset | (197,301) | (218,769) |
| Fair value of plan assets at the end of the period | 24,153,423 | 17,606,016 |

### iii) Expenses recognised during the year:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **In Income Statement** | | |
| Current Service Cost | 2,115,453 | 1,751,007 |
| Interest Cost | 32,298 | (49,891) |
| Expense recognised in P/L | 2,147,751 | 1,701,116 |
| **In Other Comprehensive Income** | | |
| Actuarial (Gains)/Losses | 1,665,093 | 1,267,872 |
| Return on Plan Assets | 197,301 | 218,769 |
| Net Expense for the Period Recognised in OCI | 1,862,394 | 1,486,641 |

### iv) Assumptions used in accounting for the Gratuity plan:

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Discount rate | 7.87% | 7.57% |
| Rate of return on plan asset | 7.87% | 7.57% |
| Salary escalation | 6.00% | 6.00% |
| Attrition rate | 2.00% | 2.00% |

# Notes Forming Part of Financial Statements for the year ended 31 March 2018

### v) Amount recognised in the Balance sheet:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Present Value of Benefit Obligation at the end of the Period | (21,199,399) | (18,032,666) |
| Fair value of the plan assets at the end of the period | 24,153,423 | 17,606,016 |
| Funded Status (Surplus/(Deficit)) | 2,954,024 | (426,650) |
| Net (Liability)/Asset Recognised in the Balance Sheet | 2,954,024 | (426,650) |

### vi) Balance sheet Reconciliation:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Opening Net Liability | 426,650 | (604,749) |
| Expenses Recognised in Statement of Profit or Loss | 2,147,751 | 1,701,116 |
| Expenses Recognised in OCI | 1,862,394 | 1,486,641 |
| Employers' Contribution Paid | (7,390,819) | (2,156,358) |
| Closing Net Liability/(Asset) in the Balance Sheet | (2,954,024) | 426,650 |

### vii) Sensitivity:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Change in discounting rate (delta effect of +/- 1%) | (2,082,807) | 2,490,359 | (1,780,749) | 2,135,773 |
| Change in rate of salary increase (delta effect of +/- 1%) | 2,512,546 | (2,134,805) | 2,148,259 | (1,820,507) |
| Change in rate of employee turnover (delta effect of +/- 1%) | 398,917 | (464,365) | 267,696 | (314,901) |

## 52 EARNINGS PER SHARE

**Calculation of Net Profit available for Equity Shareholders:**

(Figures in ₹)

| | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| A | Net Profit After Tax | 305,584,100 | 249,399,954 |
| | Profit available to Equity shareholders | 305,584,100 | 249,399,954 |
| B | Weighted Average No. of Equity Shares of ₹ 10 each | 8,506,865 | 8,506,865 |
| C | Basic and diluted Earnings per share | 35.92 | 29.32 |

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 53. FINANCIAL INSTRUMENTS

### (i) Financial Assets and Liabilities

(Figures in ₹)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Fair Value | Carryng Value | Fair Value | Carryng Value |
| **Financial Assets** | | | | |
| **Amortised Cost:** | | | | |
| - Loans | 45,053,252 | 45,053,252 | 40,289,633 | 40,289,633 |
| - Cash and Cash Equivalents | 108,907,475 | 108,907,475 | 111,737,474 | 111,737,474 |
| - Other Bank Balances | 10,621,384 | 10,621,384 | 3,017,091 | 3,017,091 |
| - Other Financial Assets | 14,888,791 | 14,888,791 | 14,077,511 | 14,077,511 |
| **TOTAL** | **179,470,902** | **179,470,902** | **169,121,709** | **169,121,709** |
| **Finacial Liabilities** | | | | |
| **Amortised Cost:** | | | | |
| - Borrowings | 387,989,212 | 387,989,212 | 361,767,340 | 361,767,340 |
| - Trade Payables | 78,517,961 | 78,517,961 | 74,695,837 | 74,695,837 |
| - Other Financial Liabilities | 61,730,382 | 61,730,382 | 53,603,564 | 53,603,564 |
| **TOTAL** | **528,237,555** | **528,237,555** | **490,066,741** | **490,066,741** |

### (ii) Financial Risk Management

The Companys' activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Companys' overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**(a) Market risk :**

Market risk refers to the possibility that changes in the market rates may have impact on the Companys' profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

(i) Foreign currency exchange rate risk :

The Companys' foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the Company.

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(Figures in ₹)

| Particulars | As at 31 March 2018 USD | As at 31 March 2017 USD |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | 10,906,323 | 8,853,765 |
| Trade Receivables | 43,095,718 | 39,910,946 |
| **Total** | **54,002,042** | **48,764,711** |
| **Liabilities** | | |
| Trade Payables | 6,287,707 | 16,138,949 |
| **Total** | **6,287,707** | **16,138,949** |
| **Net Assets/(Liabilities)** | **47,714,335** | **32,625,762** |

For the years ended 31 March 2018 and 31 March 2017, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Companys' net profit by approximately ₹ 0.48 million and ₹ 0.33 million respectively.

(ii) Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest.

For the years ended 31 March 2018 and 31 March 2017, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ (5.56) million and ₹ (3.06) million respectively.

**(b) Credit risk :**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

**(c) Liquidity Risk:**

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

(₹ in Million)

| Particulars | Maturity Profiles as at 31 March 2018 | | | |
|---|---|---|---|---|
| | Within 1 year | 1-2 Years | 2-5 Years | Total |
| Borrowings | 280.10 | 48.77 | 97.30 | 426.17 |
| Trade Payable | 78.52 | - | - | 78.52 |
| **Total** | **358.62** | **48.77** | **97.30** | **504.69** |

(₹ in Million)

| Particulars | Maturity Profiles as at 31 March 2017 | | | |
|---|---|---|---|---|
| | Within 1 year | 1-2 Years | 2-5 Years | Total |
| Borrowings | 207.65 | 38.18 | 148.44 | 394.27 |
| Trade Payable | 74.70 | - | - | 74.70 |
| **Total** | **282.35** | **38.18** | **148.44** | **468.97** |

**(iii) Capital Management**

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Companys' objective for capital management is to maintain the capital structure which will support the Companys' strategy to maximise shareholders' value, safeguarding the business continuity and help in supporting the growth of the Company.

Notes Forming Part of Financial Statements for the year ended 31 March 2018

## 54 SEGMENT INFORMATION

(Figures in ₹)

| Particulars | Year Ended 31 March 2018 | | | Year Ended 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | Poultry Division | Large Animal Division | Total | Poultry Division | Large Animal Division | Total |
| **A. Segement Revenue** | | | | | | |
| Sales and Operating Earnings (Net) | 1,173,946,275 | 178,579,670 | 1,352,525,946 | 1,102,935,797 | 152,852,344 | 1,255,788,141 |
| Other Income | 16,709,935 | 2,062,050 | 18,771,985 | 6,815,533 | 440,108 | 7,255,641 |
| **Total Segment Revenue** | **1,190,656,210** | **180,641,720** | **1,371,297,931** | **1,109,751,330** | **153,292,452** | **1,263,043,782** |
| Identifiable Segment Expenses | 813,877,537 | 97,191,686 | 911,069,223 | 887,605,252 | 12,489,879 | 900,095,131 |
| **Segment Operating Income** | **376,778,673** | **83,450,034** | **460,228,708** | **222,146,078** | **140,802,573** | **362,948,651** |
| Less : Unallocable Finance Cost | | | 23,155,663 | | | 32,079,931 |
| **Net Profit Before Tax** | | | **437,073,045** | | | **330,868,720** |
| Less : Tax Expense | | | 131,488,945 | | | 81,468,764 |
| **Net Profit after Tax** | | | **305,584,100** | | ` | **249,399,956** |

(Figures in ₹)

| Particulars | Year Ended 31 March 2018 | | | Year Ended 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | Poultry Division | Large Animal Division | Total | Poultry Division | Large Animal Division | Total |
| **B. Other Information** | | | | | | |
| Segment Assets | 1,641,408,596 | 187,209,015 | 1,828,617,611 | 1,405,303,741 | 133,588,260 | 1,538,892,001 |
| Unallocated Assets | | | 189,130,624 | | | 125,705,597 |
| Segment Liabilities | 451,527,309 | 32,211,508 | 483,738,818 | 403,417,556 | 4,801,045 | 408,218,601 |
| Unallocated Liabilities | | | 73,230,236 | | | 35,462,522 |
| Depreciation/ Amortisation | 54,170,994 | 338,164 | 54,509,158 | 54,869,560 | 220,929 | 55,090,489 |
| Capital Expenditure | 202,831,225 | 3,641,774 | 206,472,999 | 158,289,744 | 140,489 | 158,430,233 |

**55** Previous years' figures have been regrouped / reclassified wherever necessary to confirm to current year's classification / disclosure.

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# INDEPENDENT AUDITORS' REPORT

**To the Members of HESTER BIOSCIENCES LIMITED**

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Financial Statements of **HESTER BIOSCIENCES LIMITED** ("the Holding Company"), its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## MANAGEMENTS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Companys' Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ( "the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance including Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Relevant Rules of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, 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 financial control relevant to the Holding Companys' preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Companys' Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and its consolidated profit , consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

## OTHER MATTERS

We did not audit the financial statements of subsidiary companies Included in the consolidated financial results, whose financial statements reflect total assets of ₹ 547.18 million as at 31 March 2018, total revenue of ₹ 19.14 million for the year ended 31 March 2018 and total loss after tax of ₹ 75.67 million for the year ended 31 March 2018 as considered in consolidated financial results. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the Statement, in so far relates to the amounts and disclosures included in respect of subsidiary companies, is solely based on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL & REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that :

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditor.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company, and its subsidiary incorporated in India and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in ''Annexure-A''; and Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.

   g. With respect to the other matters to be included In the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to explanations given to us :

      i) The Company doesn't have any pending litigations which would impact its financial position in its financial statements.

      ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Apaji Amin & Co. LLP**
Chartered Accountants
Firm Registration No.: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No: 035476

**Place : Ahmedabad**
**Date : 14 May 2018**

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls over financial reporting of Hester Biosciences Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

## MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Companys' policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Companys' internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Companys' internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Companys' internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Companys' internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Companys' assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor, as referred to in Other Matters paragraph, the Holding Company, its subsidiary which is company incorporated in India have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March

2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

## OTHER MATTER

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to separate financial statement of one subsidiary company which is incorporated in India, is based in the corresponding report of the auditor of such subsidiary incorporated in India.

**For Apaji Amin & Co. LLP**
Chartered Accountants
Firm Registration No.: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No: 035476

**Place : Ahmedabad**
**Date : 14 May 2018**

# CONSOLIDATED BALANCE SHEET

as at 31 March 2018

(Figures in ₹)

| Particulars | Note No | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| (1) Non-Current Assets | | | | |
| (a) Property Plant & Equipment | 3 | 1,094,326,350 | 1,017,718,717 | 638,256,518 |
| (b) Capital work-in-progress | | 318,112,538 | 212,936,253 | 364,579,666 |
| (c) Other Intangible Assets | 4 | 6,491,364 | 7,082,314 | 6,691,956 |
| (d) Biological Assets other than the Bearer Plants | 5 | 1,378,098 | 1,403,494 | 1,375,115 |
| (e) Financial Assets | | | | |
| (i) Investments | 6 | - | - | 682,948 |
| (ii) Loans | 7 | - | 1,429,540 | 5,260,729 |
| (iii) Other Financial Assets | 8 | 14,888,791 | 14,077,511 | 8,799,499 |
| (f) Other Non-current Assets | 9 | 20,749,705 | 74,444,454 | 32,817,459 |
| | | **1,455,946,846** | **1,329,092,282** | **1,058,463,890** |
| (2) Current Assets | | | | |
| (a) Inventories | 10 | 397,573,435 | 334,114,711 | 336,205,238 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 11 | 322,874,916 | 265,330,439 | 262,389,400 |
| (ii) Cash and Cash Equivalents | 12 | 123,274,841 | 111,800,282 | 47,339,716 |
| (iii) Other Bank Balances | 13 | 10,621,384 | 3,017,091 | 4,644,743 |
| (iv) Loans | 14 | 699,534 | - | - |
| (c) Other Current Assets | 15 | 129,430,289 | 85,411,449 | 91,086,723 |
| | | **984,474,400** | **799,673,974** | **741,665,820** |
| **Total Assets** | | **2,440,421,247** | **2,128,766,256** | **1,800,129,710** |
| **II. EQUITY AND LIABILITIES** | | | | |
| (1) Equity | | | | |
| (a) Share Capital | 16 | 85,068,650 | 85,068,650 | 85,068,650 |
| (b) Other Equity | 17 | 1,321,270,013 | 1,134,392,982 | 943,263,282 |
| Equity Attributable to Owners | | | | |
| Non Controlling Interest | | 43,679,282 | 45,993,007 | 46,451,716 |
| **Total Equity** | | **1,450,017,946** | **1,265,454,640** | **1,074,783,647** |
| (2) Liabilities | | | | |
| (a) Non-current Liabilities | | | | |
| (i) Financial Liabilities | | | | |
| -Borrowings | 18 | 365,392,601 | 446,210,486 | 330,930,094 |
| -Other Financial Liabilities | 19 | 500,000 | 1,500,000 | 1,500,000 |
| (ii) Deferred Tax Liabilities (Net) | 20 | 78,194,667 | 35,462,522 | 22,175,431 |
| | | **444,087,268** | **483,173,008** | **354,605,525** |
| (b) Current Liabilities | | | | |
| (i) Financial Liabilities | | | | |
| -Borrowings | 21 | 254,104,120 | 183,156,111 | 210,430,193 |
| -Trade Payables | 22 | 78,989,298 | 74,695,837 | 58,434,324 |
| -Other Financial Liabilities | 23 | 91,737,660 | 52,358,371 | 56,916,672 |
| (ii) Other Current Liabilities | 24 | 110,812,765 | 58,091,062 | 36,067,179 |
| (iii) Provisions | 25 | 79,132 | 426,649 | 229,511 |
| (iv) Current Tax Liabilities (Net) | 26 | 10,593,057 | 11,410,578 | 8,662,659 |
| | | **546,316,033** | **380,138,608** | **370,740,538** |
| **Total Liabilities** | | **990,403,301** | **863,311,616** | **725,346,063** |
| **Total Equity and Liabilities** | | **2,440,421,247** | **2,128,766,256** | **1,800,129,710** |
| Significant accounting policies | 2 | | | |
| Accompanying notes form part of financial statements. | 1 to 55 | | | |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | | Note No | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|---|---|
| I. | **REVENUE FROM OPERATIONS** | 27 | 1,364,059,691 | 1,254,032,547 |
| II. | **OTHER INCOME** | 28 | 25,540,498 | 4,199,108 |
| III. | **TOTAL REVENUE (I+II)** | | **1,389,600,189** | **1,258,231,655** |
| IV. | **EXPENSES** | | | |
| | Cost of Materials Consumed | 29 | 226,547,466 | 176,414,594 |
| | Purchase of Stock-in-Trade | 30 | 73,139,073 | 74,912,858 |
| | Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 31 | (66,585,648) | 33,212,860 |
| | Excise Duty | | 4,673,620 | 22,945,636 |
| | Employee Benefit Expenses | 32 | 232,383,582 | 183,241,471 |
| | Finance Cost | 33 | 40,362,203 | 34,986,747 |
| | Depreciation and Amortisation Expenses | 34 | 96,592,901 | 70,017,522 |
| | Other expenses | 35 | 421,268,333 | 353,159,611 |
| V. | **TOTAL EXPENSES** | | **1,028,381,530** | **948,891,300** |
| VI. | **PROFIT BEFORE TAX (III-V)** | | **361,218,659** | **309,340,355** |
| VII. | **TAX EXPENSES** | | | |
| | (1) Current Tax | | 125,363,531 | 73,838,653 |
| | (2) Deferred Tax | | 5,180,790 | 7,630,111 |
| VIII. | **PROFIT FOR THE YEAR (VI-VII)** | **(A)** | **230,674,338** | **227,871,590** |
| IX. | **OTHER COMPREHENSIVE INCOME** | | | |
| | (a) Item will not be reclassified to profit or loss | | | |
| | (1) Re-measurement of defined benefit plans | | (1,862,394) | (1,486,641) |
| | (2) Income Tax effect | | 644,575 | 514,526 |
| | Re-measurement of defined benefit plans | | (1,217,819) | (972,115) |
| | **Total Items that will not be reclassified to Profit or Loss** | **(B)** | **(1,217,819)** | **(972,115)** |
| | **(b) Item will be reclassified to profit or loss** | | | |
| | (1) Gain Or Loss arising from translating the financial statements of foreign operation | | 156,595 | (1,374,378) |
| | (2) Income tax effect | | - | |
| | | **(C)** | **156,595** | (1,374,378) |
| X. | **OTHER COMPREHENSIVE INCOME, NET OF TAXES** | **(D)** | **(1,061,225)** | **(2,346,493)** |
| XI. | **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **(A)+(D)** | **229,613,113** | **225,525,098** |
| XII. | **PROFIT ATTRIBUTABLE TO:** | | | |
| | (1) Owners | | 256,209,528 | 235,454,707 |
| | (2) Non Controlling Interest | | (25,535,190) | (7,583,117) |
| | | | **230,674,338** | **227,871,590** |
| XIII. | **OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | |
| | (1) Owners | | (1,130,816) | (2,122,464) |
| | (2) Non Controlling Interest | | 69,591 | (224,049) |
| | | | **(1,061,225)** | **(2,346,513)** |
| XIV. | **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | |
| | (1) Owners | | 255,078,713 | 233,332,264 |
| | (2) Non Controlling Interest | | (25,465,599) | (7,807,166) |
| | | | **229,613,113** | **225,525,098** |
| XV. | **EARNINGS PER SHARE (in ₹)** | | | |
| | (1) Basic & Diluted [Nominal value of equity per share of ₹ 10] | 51 | 27.12 | 26.79 |
| Significant accounting policies | | 2 | | |
| Accompanying notes form part of financial statements. | | 1 to 55 | | |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

(Figures in ₹)

## A Equity Share Capital

| Balance at the beginning of the reporting period i.e. 1 April 2016 | Changes in equity share capital during the year 2016-17 | Balance at the end of the reporting period i.e. 31 March 2017 | Changes in equity share capital during the year 2017-18 | Balance at the end of the reporting period i.e. 31 March 2018 |
|---|---|---|---|---|
| 85,068,650 | - | 85,068,650 | - | 85,068,650 |

(Figures in ₹)

## B Other Equity

| Particular | Reserve and Surplus | | | | | Total |
|---|---|---|---|---|---|---|
| | General Reserve | Security Premium Reserve | Capital Reserve | Foreign Currency Translation Reserve | Retained Earnings | |
| Balance as at 1 April 2016 | 312,262,311 | 175,067,105 | 23,099,903 | 432,376,015 | 457,948 | 943,263,282 |
| Change in Equity for the year ended 31 March 2017 | | | | | | |
| Profit for the Year | | | | 235,454,707 | | 235,454,707 |
| Other Comprehensive Income for the year | | | | (972,115) | (1,374,378) | (2,346,493) |
| Total Comprehensive Income for the year | | | | 666,858,608 | | 666,858,608 |
| Dividends (including dividend distribution tax) | | | | (41,978,514) | | (41,978,514) |
| Transfer to General Reserve | 30,000,000 | | | (30,000,000) | | - |
| Other Adjustment | | | | | | |
| **Balance as at 31 March 2017** | **342,262,311** | **175,067,105** | **23,099,903** | **594,880,094** | **(916,430)** | **1,134,392,982** |
| Profit for the Year | | | | 256,209,528 | | 256,209,528 |
| Other Comprehensive Income for the year | | | | (1,217,819) | 156,595 | (1,217,819) |
| Total Comprehensive Income for the year | | | | 849,871,803 | | 849,871,803 |
| Dividends (including dividend distribution tax) | | | | (64,503,575) | | (64,503,575) |
| Others | | | 2,637,871 | (286,514) | | 2,351,357 |
| Deferred Tax Liability | | | | (6,119,056) | | (6,119,056) |
| Transfer to General Reserve | 50,000,000 | | | (50,000,000) | | - |
| **Balance as at 31 March 2018** | **392,262,311** | **175,067,105** | **25,737,774** | **728,962,658** | **(759,835)** | **1,321,270,012** |

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Net Profit Before Tax as Per Profit & Loss statement | 361,218,659 | 309,340,355 |
| **Adjustments For:** | | |
| Depreciation and Amortisation Expense | 96,592,901 | 70,017,522 |
| Prior Period Expenses | - | 289,134 |
| Bad debts written off | 12,064,829 | 5,530,924 |
| (Profit) / loss on sale of assets | - | 956,948 |
| Finance Cost | 40,362,203 | 34,986,747 |
| Excess Balances/Provisions Written back (net) | (8,640,330) | (1,109,556) |
| Interest Income | (809,658) | (696,068) |
| Remeasurement of net defined benefit plans | (1,862,394) | (1,486,641) |
| Unrealised Foreign Exchange Loss/(Gain) | - | 106,888 |
| | 137,707,551 | 108,595,899 |
| **Operating profit / (loss) before working capital changes** | **498,926,210** | **417,936,254** |
| **Adjustments For:** | | |
| Trade Receivables | (60,924,906) | (7,469,296) |
| Inventories | (60,407,724) | 2,090,526 |
| Trade Payables | 4,293,461 | 16,261,513 |
| Other Current Liabilities | 48,738,171 | 22,023,883 |
| Short-term Provisions | (347,517) | 197,138 |
| Loans & Advances | 730,006 | 9,838,629 |
| Other Current Assets | (43,946,392) | (35,951,721) |
| Other Non Current Assets | 53,694,749 | - |
| Other Non Current Financial Assets | (4,754,633) | (1,379,347) |
| Other Current financial liability | 39,379,290 | (4,558,301) |
| Other Long Term Liabilty | (1,000,000) | - |
| | **(24,545,495)** | **1,053,024** |
| **Cash generated from operations** | **474,380,715** | **418,989,278** |
| Net income tax (paid) / refunds | (94,104,178) | (70,576,202) |
| **Net Cash from operating activities** | **380,276,537** | **348,413,076** |
| Exchange rate fluctuation arising on consolidation | (34,929) | (436,399) |
| **Net cash flow from / (used in) operating activities (A)** | **380,241,608** | **347,976,677** |
| **B. Cash flow from investing activities** | | |
| Acquisition of Subsidiary Company | (26,347,018) | - |
| Proceeds from sale of Property, Plant & Equipment | | 1,463,945 |
| Proceeds from sale of Investments | - | 682,948 |
| Capital Expenditure on Fixed Assets | (229,707,369) | (302,433,197) |
| Interest Income | 809,658 | 696,068 |
| Investment in Bank Deposits | (3,053,125) | (2,271,012) |
| **Net cash flow from / (used in) investing activities (B)** | **(258,297,854)** | **(301,861,248)** |

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

(Figures in ₹)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|---|---|
| **C. Cash flow from financing activities** | | |
| Proceeds/(Repayment) of Short Term Borrowings | 74,896,272 | (27,274,082) |
| Interest paid | (40,362,203) | (34,986,747) |
| Proceeds from Issue of Share Capital | - | 7,304,091 |
| Dividened Paid ( Including Dividend Distribution Tax) | (64,503,575) | (41,978,514) |
| Proceeds/(Repayment) of Long Term Borrowing | (80,817,888) | 115,280,389 |
| **Net cash flow from / (used in) financing activities (C)** | **(110,787,395)** | **18,345,137** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | **11,156,360** | **64,460,566** |
| **Cash and cash equivalents at the beginning of the year** | **111,800,282** | **47,339,716** |
| Add: Upon addition of Subsidiary Company | 318,199 | - |
| **Cash and cash equivalents at the end of the year [Note No. 12]** | **123,274,841** | **111,800,282** |
| **Major Components of Cash & Cash Equivelants** | | |
| **Cash on Hand** | 2,203,812 | 1,512,622 |
| Balance with Banks - On Current Accounts | 91,071,030 | 110,287,660 |
| Fixed Deposits having maturity of less than 3 Months | 30,000,000 | - |
| **Total Cash & Cash Equivelants** | **123,274,841** | **111,800,282** |

The above cashflow has been prepared under the “ Indirect Method “ as set out in Indian Accounting Standard 7 (Ind AS 7) on Cash Flow Statements.

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Tehmul B. Sethna**
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 14 May 2018

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 1 CORPOARTE INFORMATION

Hester Biosciences Limited is a public limited company domiciled in India and listed on the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company is engaged in manufacturing of Poultry Vaccines and Large Animal Vaccines and trading of Poultry and Large Animal Health Products, having its manufacturing set up at Merda Adraj Village, Mehsana District, Gujarat.

## 2.1 PRINCIPLES OF CONSOLIDATION

a. Subsidiaries are fully consolidated from the date of acquisition / incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

b. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

c. The excess of the cost to the Company of its investment in the subsidiaries over the Companys' portion of equity on the acquisition date is recognised in the financial statements as "Goodwill" and is tested for impairment annually. The excess of Companys' portion of equity of the Subsidiary over the cost of investment therein is treated as "Capital Reserve". The Companys' portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the holding company and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

d. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group members' financial statements in preparing the consolidated financial statements to ensure conformity with the groups' accounting policies.

e. If the Group loses control over a subsidiary, it:
   i) derecognises the assets (including goodwill) and liabilities of the subsidiary;
   ii) derecognises the carrying amount of any minority interest;
   iii) derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
   iv) recognises the value of the consideration received;
   v) recognises the value of any investment retained;
   vi) recognises any surplus or deficit in profit or loss;
   vii) reclassifies the parents' share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

f. These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent company.

## 2.2 SIGNIFICANT ACCOUNTING POLICIES

**a. BASIS OF PREPARATION:**

The consolidated financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Defined benefit plans - plan assets measured at fair value

ii) Biological assets - measured at fair value less cost to sell

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended 31 March 2016, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards)

Rules, 2006 and considered as "Previous GAAP"

These financial statements are the Companys' first Ind AS consolidated financial statements.

**b. USE OF ESTIMATES:**

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

**c. REVENUE RECOGNITION:**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably. Sale of goods is recorded net of returns, Trade Discounts, Rebates, VAT/Sales Tax, Service Tax, Goods and Service Tax but inclusive excise duty.

Revenue from services are recognised as the related services are performed.

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary companies. Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

**d. PROPERTY PLANT & EQUIPMENTS :**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairement losses. The cost of Property, Plant and Equipment comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Capital assets under erection/installation are stated at cost in the Balance Sheet as "Capital Work-in-Progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

**Transition to Ind AS**

On transiiton to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**e. INTANGIBLE ASSETS :**

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

**Transition to Ind AS**

On transiiton to Ind AS, the group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

**f. DEPRECIATION / AMORTISATION :**

Depreciation on Fixed Assets is provided on Straight Line method (SLM) based on useful life of the assets as prescribed under Part-C of Schedule II to the companies Act, 2013 except in respect of the following assets , where useful life is different than those prescribed in Schedule II are used. The Management estimates the useful lives for such fixed assets as under:-

| Particulars | Estimated Useful Life |
|---|---|
| Furniture & Fixtures | Over a Period of 9 Years |
| Vehicles | Over a Period of 8 Years |
| Plant & Machineries, Equipments, Electrical Installation & Utilities | Over a Period of 9 Years |
| Office Building | Over a Period of 30 Years |

**g. IMPAIRMENT OF NON - FINANCIAL ASSET - Property, Plant and Equipment and Intangible Assets:**

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets' fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs') to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

**h. INVESTMENTS:**

Investments, which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Investments in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment properties. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

**i. INVENTORIES:**

Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods.

**Finished products:**

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.

**Work in Progress:**

Work in Progress is valued at cost of direct materials, labour and other Manufacturing overheads up to estimated stage of process.

**Raw materials and stores and spares:**

Raw materials and stores and spares are valued at Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost is determined using First in First out (FIFO) method.

**j. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisitions or construction of fixed assets/ qualifying assets for expansion/new project are capitalised to respective fixed assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue in the year in which they are incurred.

**k. FOREIGN CURRENCY TRANSACTIONS:**

i Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.

ii Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date.

iii Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.

iv Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognised as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

**l. RESEARCH AND DEVELOPMENT:**

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss for the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to the fixed assets and is depreciated on the same basis as other fixed assets.

**m. PROVISION FOR RETIREMENT BENEFITS:**

(i) Short-Term Employee Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(ii) Post- employment benefit plans:

**(a) Defined Contribution Plan:**

Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.

**(b) Defined Benefit Plan:**

The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**n. EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, which includes all stock options granted to employees.

**o. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents comprises cash on hand and balance at bank including fixed deposits with an original maturity period of less than three months and short term investments with an original maturity of three months or less.

**p. FINANCIAL INSTRUMENTS:**

(i) Financial Asset:

**(a) Classification:**

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**(b) Initial recognition and measurement:**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date,i.e., the date that the Group commits to purchase or sell the asset.

**(c) Financial assets at amortised cost:**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised.

**(d) Derecognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the groups' financial statements) when:

The rights to receive cash flows from The asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(i) the Company has transferred substantially all the risks and rewards of the asset, or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Companys' continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis thatreflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**(e) Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### (ii) Financial Liabilities:

**(a) Classification:**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

**(b) Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Companys' financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**(c) Loans and borrowings:**
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.

**(d) Derecognition:**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**q. TAXATION:**

**i. Current Tax:**
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**ii. Deferred Tax Provision:**
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

**iii. Minimum Alternative Tax (MAT):**
Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India which gives rise to future economic benefit in the form of MAT credit entitlement for adjustment of future income tax liability, is considered as an asset only when there is convincing evidence that the company will pay normal income tax within the specified period. Accordingly MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such assets are revised at each balance sheet date.

**r. GRANTS:**
Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

**s. PROVISIONS AND CONTINGENT LIABILITIES:**
A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. , A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

**t. OPERATING CYCLE AND CURRENT/NON-CURRENT CLASSIFICATION:**

All the assets and liabilities have been classified as current or non current as per the Companys' normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**u. BIOLOGICAL ASSETS:**

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

**v. STANDARDS ISSUED BUT NOT EFFECTIVE:**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entitys' contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach).

  The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The effect on adoption of Ind AS 115 is expected to be insignificant.

## RECONCILIATIONS BETWEEN PREVIOUS GAAP AND Ind AS

Ind AS 101 requires an entity to reconcile Equity, Total Comprehensive Income and Cash Flows for the Prior Period.

### The Following tables represent the Reconciliation from Previous GAAP to Ind AS:-

**Reconciliation of Equity as at 31 March 2017 and 1 April 2016** (Figures in ₹)

| 1 | Particulars | Foot note | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| | Total Equity as per Previous GAAP | | 1,111,068,096 | 932,000,755 |
| Add | Proposed dividend including dividend distribution tax | A | 23,548,915 | 11,262,527 |
| Less | Others | | (224,029) | - |
| | Reserves as per Ind AS | | 1,134,392,982 | 943,263,282 |

**Reconciliation of Total Comprehensive Income for the year ended 31 March 2017**

(Figures in ₹)

| 2 | Particulars | Foot note | As at 31 March 2017 |
|---|---|---|---|
| | Net Profit as per Previous GAAP | | 226,899,476 |
| | Net Profit after Tax as per Ind AS | | 227,871,590 |
| | Other Comprehensive Income | | |
| Add | Actuarial (Losses)/Gain reclassified to other comprehensive income | B | (1,486,641) |
| Add | Current Tax on above Adjustment | | 514,526 |
| | Total Comprehensive Income as per Ind AS | | 226,899,476 |

**Reconciliation of Cash Flow Statement for the year ended 31 March 2017**

(Figures in ₹)

| 3 | Particulars | Previous GAAP | Effects of Transition to Ind AS | Ind AS |
|---|---|---|---|---|
| | Net Cash Generated by Operating Activities | 347,976,676 | - | 347,976,676 |
| | Net Cash Used in Investing Activities | (301,845,298) | 15,950 | (301,861,248) |
| | Net Cash Used in Financing Activities | 18,345,138 | - | 18,345,138 |
| | Net Increase in Cash & Cash Equivelants | 64,476,516 | - | 64,460,566 |
| | Cash & Cash Equivelants at the beginning of the year | 49,862,035 | - | 47,339,716 |
| | Cash & Cash Equivelants at the End of the year | 114,338,552 | - | 111,800,282 |

**Notes to reconciliations between previous GAAP and Ind AS :**

A. Proposed dividend including dividend distribution tax

Under Ind AS, dividend payable and dividend distribution tax is recognised as a liability in the period in which it is declared and approved by the shareholders. Under previous GAAP, dividend payable and dividend distribution tax was recorded as a liability in the period to which it relates. This difference has resulted in increase in equity under Ind AS by ₹ 23,548,915 as at 31 March 2017 (₹ 11,262,517 as at 1 April 2016).

B. Remeasurement of gratuity recognised in other comprehensive income

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. This difference has resulted in increase of profit by ₹ 1,486,641 for the year ended 31 March 2017.

## RECONCILIATION OF BALANCE SHEET AS AT 31 MARCH 2017 & 1 APRIL 2016

(Figures in ₹)

| Particulars | As at 31 March 2017 | | | As at 1 April 2016 | | |
|---|---|---|---|---|---|---|
| | Indian GAAP | Effects of Transition to Ind AS | Ind AS | Indian GAAP | Effects of Transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | |
| **(1) Non-Current Assets** | | | | | | |
| (a) Property Plant & Equipment | 1,017,718,717 | - | 1,017,718,717 | 638,256,518 | - | 638,256,518 |
| (b) Capital Work-In-Progress | 212,936,253 | - | 212,936,253 | 364,579,666 | - | 364,579,666 |
| (c) Intangible Assets | 7,082,314 | - | 7,082,314 | 6,691,956 | - | 6,691,956 |
| (d) Biological Assets other than bearer plants | 1,403,494 | - | 1,403,494 | 1,375,115 | - | 1,375,115 |
| (e) Financial Assets | | | | | | |
| (i) Investments | - | - | - | 682,948 | - | 682,948 |
| (ii) Loans | 1,429,540 | - | 1,429,540 | 5,260,729 | - | 5,260,729 |
| (iii) Other Financial Assets | 14,077,511 | - | 14,077,511 | 8,799,499 | - | 8,799,499 |
| (f) Other Non-Current Assets | 74,444,454 | - | 74,444,454 | 32,817,459 | - | 32,817,459 |
| **Total Non-Current Assets** | **1,329,092,282** | **-** | **1,329,092,282** | **1,058,463,890** | **-** | **1,058,463,890** |
| **(2) Current Assets** | | | - | | | - |
| (a) Inventories | 334,114,711 | - | 334,114,711 | 336,205,238 | - | 336,205,238 |
| (b) Financial Assets | | | | | | |
| (i) Trade Receivables | 265,330,439 | - | 265,330,439 | 262,389,400 | - | 262,389,400 |
| (ii) Cash and Cash Equivalents | 111,800,282 | - | 111,800,282 | 47,339,716 | - | 47,339,716 |
| (iii) Bank Balance other than (ii) above | 3,017,091 | - | 3,017,091 | 4,644,743 | - | 4,644,743 |
| (iv) Loans | - | | - | - | | - |
| (c) Other Current Assets | 85,411,449 | - | 85,411,449 | 91,086,723 | - | 91,086,723 |
| **Total Current Assets** | **799,673,974** | **-** | **799,673,974** | **741,665,820** | **-** | **741,665,820** |
| **Total Assets** | **2,128,766,256** | **-** | **2,128,766,256** | **1,800,129,710** | **-** | **1,800,129,710** |
| **EQUITY AND LIABILITIES** | | | - | | | - |
| **EQUITY** | | | - | | | - |
| (a) Equity Share Capital | 85,068,650 | - | 85,068,650 | 85,068,650 | - | 85,068,650 |
| (b) Other Equity | 1,111,068,096 | 23,324,885 | 1,134,392,982 | 932,000,755 | 11,262,527 | 943,263,282 |
| Equity Attributable to Owners | | | | | | |
| Non Controlling Interest | 45,768,978 | 224,029 | 45,993,007 | 46,451,716 | - | 46,451,716 |
| **Total Equity** | **1,241,905,724** | **23,548,915** | **1,265,454,640** | **1,063,521,121** | **11,262,527** | **1,074,783,647** |

(Figures in ₹)

| Particulars | As at 31 March 2017 | | | As at 1 April 2016 | | |
|---|---|---|---|---|---|---|
| | Indian GAAP | Effects of Transition to Ind AS | Ind AS | Indian GAAP | Effects of Transition to Ind AS | Ind AS |
| **Liabilities** | | | | | | |
| (1) Non-Current Liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Borrowings | 446,210,486 | - | 446,210,486 | 330,930,094 | - | 330,930,094 |
| (ii) Other Long-Term Liabilities | 1,500,000 | - | 1,500,000 | 1,500,000 | - | 1,500,000 |
| (b) Deferred Tax Liabilities (Net) | 35,462,522 | - | 35,462,522 | 22,175,431 | - | 22,175,431 |
| **Total Non Current Liabilities** | **483,173,008** | **-** | **483,173,008** | **354,605,525** | **-** | **354,605,525** |
| (2) Current Liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Borrowings | 183,156,111 | - | 183,156,111 | 210,430,193 | - | 210,430,193 |
| (ii) Trade Payables | 74,695,837 | - | 74,695,837 | 58,434,324 | - | 58,434,324 |
| (iii) Other | 52,358,371 | - | 52,358,371 | 56,916,672 | - | 56,916,672 |
| (b) Other Current Liabilities | 58,091,062 | - | 58,091,062 | 36,067,179 | - | 36,067,179 |
| (c) Provisions | 23,975,564 | (23,548,915) | 426,649 | 11,492,038 | (11,262,527) | 229,511 |
| (d) Current Tax Liabilities (Net) | 11,410,578 | - | 11,410,578 | 8,662,659 | - | 8,662,659 |
| **Total Current Liabilities** | **403,687,523** | **(23,548,915)** | **380,138,608** | **382,003,065** | **(11,262,527)** | **370,740,538** |
| **Total Liabilities** | **886,860,531** | **(23,548,915)** | **863,311,616** | **736,608,590** | **(11,262,527)** | **725,346,063** |
| **Total Equity and Liabilities** | **2,128,766,255** | **-** | **2,128,766,256** | **1,800,129,710** | **-** | **1,800,129,710** |

## RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

(Figures in ₹)

| Particulars | Indian GAAP | Adjustments Effects of Transition to Ind AS | Ind AS |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from Operations | 1,254,032,547 | - | 1,254,032,547 |
| Other Income | 4,199,108 | - | 4,199,108 |
| **TOTAL REVENUE** | **1,258,231,655** | **-** | **1,258,231,655** |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 176,414,594 | - | 176,414,594 |
| Purchase of Stock-in-Trade | 74,912,858 | - | 74,912,858 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 33,212,860 | - | 33,212,860 |
| Excise Duty | 22,945,636 | - | 22,945,636 |
| Employee Benefit Expenses | 184,728,112 | (1,486,641) | 183,241,471 |
| Finance cost | 34,986,747 | - | 34,986,747 |
| Depreciation and Amortisation Expenses | 70,017,522 | - | 70,017,522 |
| Other Expenses | 353,159,611 | - | 353,159,611 |
| **TOTAL EXPENSES** | **950,377,941** | **(1,486,641)** | **948,891,300** |
| **PROFIT BEFORE TAX** | **307,853,714** | **(1,486,641)** | **309,340,355** |
| **Tax Expenses** | | | |
| - Current Tax | 73,324,127 | (514,526) | 73,838,653 |
| - Deferred Tax | 7,630,111 | - | 7,630,111 |
| **NET PROFIT FOR THE YEAR** | **226,899,475** | **(972,115)** | **227,871,590** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Item that will be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit plans | - | (1,486,641) | (1,486,641) |
| Income tax effect | - | 514,526 | 514,526 |
| Re-measurement of defined benefit plans | - | (972,115) | (972,115) |
| **Total Items that will not be reclassified to profit or loss** | **-** | **(972,115)** | **(972,115)** |
| **Item will be reclassified to profit or loss** | | | |
| Gain or Loss arising from translating the financial statements of foreign operation | - | (1,374,378) | (1,374,378) |
| Income tax effect | - | - | - |
| **Total items that will be reclassified to profit or loss** | **-** | **(1,374,378)** | **(1,374,378)** |
| Other Comprehensive Income, Net of Taxes | - | (2,346,493) | (2,346,493) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **-** | **(1,831,967)** | **225,525,098** |
| **Total Comprehensive Income Attributable to:** | - | - | - |
| Owners | - | - | 233,332,264 |
| Non Controlling Interest | - | - | (7,807,166) |
| | **-** | | **225,525,098** |

## 3 PROPERTY, PLANT & EQUIPMENT

(Figures in ₹)

| Particulars | Freehold Land | Buildings | Plant & Machineries | Electrical Installations | Storage Equipment | Furniture & Fixtures | Vehicles | Computer | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At Cost or Deemed cost** | | | | | | | | | |
| As at 1 April 2016 | 47,072,516 | 452,869,194 | 380,808,033 | 61,896,252 | 26,127,464 | 43,519,327 | 46,653,128 | 11,226,966 | 1,070,172,880 |
| Additions | 1,434,800 | 212,359,506 | 220,064,385 | 776,637 | 3,455,425 | 5,549,426 | 5,794,734 | 2,092,498 | 451,527,411 |
| Disposals | - | - | 144,221 | - | - | - | 4,427,458 | - | 4,571,679 |
| Translation Reserve | (166,847) | (907,259) | (546,672) | - | - | (4,177) | (7,167) | - | (1,632,123) |
| **As at 31 March 2017** | **48,340,468** | **664,321,441** | **600,181,524** | **62,672,889** | **29,582,889** | **49,064,576** | **48,013,237** | **13,319,464** | **1,515,496,489** |
| Additions | 22,882,500 | 23,651,027 | 105,940,578 | 1,501,158 | 3,306,314 | 3,236,048 | 9,290,077 | 1,708,714 | 171,516,416 |
| Disposals | - | - | 163,275 | - | - | - | - | - | 163,275 |
| Translation Reserve | 50,303.04 | 326,501 | 337,482 | - | - | 4,762 | 7,636 | - | 726,684 |
| **As at 31 March 2018** | **71,273,271** | **688,298,969** | **706,296,309** | **64,174,047** | **32,889,202** | **52,305,386** | **57,310,950** | **15,028,178** | **1,687,576,314** |
| **Accumulated Depriciation & Impairment** | | | | | | | | | |
| As at 1 April 2016 | - | 86,853,484 | 230,196,974 | 40,216,975 | 13,663,657 | 23,935,154 | 28,118,419 | 8,931,700 | 431,916,362 |
| Depreciation expense | - | 18,119,599 | 36,841,897 | 3,179,986 | 2,021,398 | 3,664,428 | 3,697,264 | 1,282,214 | 68,806,785 |
| Impairment loss recognised | - | - | - | - | - | - | - | - | - |
| Eliminated on disposals | - | - | - | - | - | - | 3,070,510 | - | 3,070,510 |
| Translation Reserve | | 31,817 | 98,663 | | | (1,649) | (3,697) | - | 125,134 |
| **As at 31 March 2017** | **-** | **105,004,900** | **267,137,534** | **43,396,961** | **15,685,055** | **27,597,933** | **28,741,476** | **10,213,914** | **497,777,772** |
| Depreciation expense | - | 24,900,648 | 55,049,406 | 3,059,080 | 2,320,399 | 3,943,692 | 4,782,133 | 1,534,086 | 95,589,445 * |
| Impairment loss recognised | - | - | - | - | - | - | - | - | - |
| Eliminated on disposals | - | - | - | - | - | - | - | - | - |
| Translation Reserve | | (27,925) | (86,528) | - | - | (993) | (1,807) | - | (117,253) |
| **As at 31 March 2018** | **-** | **129,877,623** | **322,100,412** | **46,456,041** | **18,005,454** | **31,540,632** | **33,521,801** | **11,748,000** | **593,249,963** |
| **Carrying Amount** | | | | | | | | | |
| As at 1 April 2016 | 47,072,516 | 366,015,710 | 150,611,059 | 21,679,277 | 12,463,807 | 19,584,173 | 18,534,710 | 2,295,266 | 638,256,518 |
| **As at 31 March 2017** | **48,340,468** | **559,316,541** | **333,043,991** | **19,275,928** | **13,897,834** | **21,466,643** | **19,271,762** | **3,105,550** | **1,017,718,717** |
| **As at 31 March 2018** | **71,273,271** | **558,421,346** | **384,195,897** | **17,718,005** | **14,883,748** | **20,764,754** | **23,789,149** | **3,280,179** | **1,094,326,351** |

For details of assets pledged as security refer note no 18.1

* Depreciation for the year include Depreciation of ₹ 290,325 on account of consolidation of Texas Lifesciences Pvt. Ltd. which became subsidiary during the year. Thus, net amount of ₹ 96,592,901 has been considered in the Statement of Profit and Loss.

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 4 INTANGIBLE ASSETS

(Figures in ₹)

**Other than Internally Generated**

| Particulars | Software | Product & Trademark | Goodwill | TOTAL |
|---|---|---|---|---|
| **At Cost or Deemed Cost** | | | | |
| As at 1 April 2016 | 5,401,421 | 2,756,330 | 2,800,000 | 10,957,751 |
| Additions | 337,400 | 1,263,695 | - | 1,601,095 |
| Disposals | - | - | - | - |
| **As at 31 March 2017** | **5,738,821** | **4,020,025** | **2,800,000** | **12,558,846** |
| Additions | 702,832 | - | - | 702,832 |
| Disposals | - | - | - | - |
| **As at 31 March 2018** | **6,441,653** | **4,020,025** | **2,800,000** | **13,261,678** |
| **Accumulated Amortisation & Impairment** | | | | |
| As at 1 April 2016 | 3,815,251 | 310,544 | 140,000 | 4,265,795 |
| Amortisation expense | 274,739 | 376,401 | 559,597 | 1,210,737 |
| Impairment loss recognised | - | - | - | - |
| Eliminated on disposals | - | - | - | - |
| **As at 31 March 2017** | **4,089,990** | **686,945** | **699,597** | **5,476,532** |
| Amortisation expense | 331,188 | 402,997 | 559,597 | 1,293,781 |
| Impairment loss recognised | - | - | - | - |
| Eliminated on disposals | - | - | - | - |
| **As at 31 March 2018** | **4,421,178** | **1,089,942** | **1,259,194** | **6,770,313** |
| **Carrying Amount** | | | | |
| As at 1 April 2016 | 1,586,170 | 2,445,786 | 2,660,000 | 6,691,956 |
| **As at 31 March 2017** | **1,648,831** | **3,333,080** | **2,100,403** | **7,082,314** |
| **As at 31 March 2018** | **2,020,475** | **2,930,083** | **1,540,806** | **6,491,364** |

## 5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS

(Figures in ₹)

| Particulars | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Live Stock (Poultry)** | | | | |
| | At the beginning of the year (At Cost) | 1,403,494 | 1,375,115 | 934,072 |
| Add: | Purchases | 955,280 | 948,103 | 632,343 |
| Less: | Sale / (Disposal) | 980,676 | 919,724 | 191,300 |
| **At the end of the year (Fair Value)** | | **1,378,098** | **1,403,494** | **1,375,115** |

**Non-Financial Measures or Estimates of Physical Quantities of Biological Assets**

| Particulars | | UNIT | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|---|
| **Live Stock** | | | | |
| - | Poultry | NOS | 42,756 | 23,346 |
| | **At the end of the year** | | **42,756** | **23,346** |

## 6 INVESTMENT (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Trade Investments (Valued at cost unless stated otherwise)** | | | |
| Unquoted Investment in Equity Instrument | | | |
| **Investment in Associate:** | | | |
| NIL (31 March 2017 :NIL)(1 April 2016 : 107,000) Equity shares of BWP 1 each fully paid-up in Leruarua Vetcare (Proprietary) Limited | - | - | 682,948 |
| **Total** | **-** | **-** | **682,948** |

## 7 LOANS (NON CURRENT)

(Unsecured, Considered Good)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Loans & Advance to related parties (Refer Note : 49)** | | | |
| Unsecured, Considered Good | - | 829,374 | 1,849,627 |
| **Loans to employees** | | | |
| Unsecured, Considered Good | - | 600,166 | 3,411,102 |
| **Total** | **-** | **1,429,540** | **5,260,729** |

## 8 OTHER FINANCIAL ASSETS (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Bank Deposits | 806,000 | 4,749,353 | 850,688 |
| Security Deposits | 14,082,791 | 9,328,158 | 7,948,811 |
| **Total** | **14,888,791** | **14,077,511** | **8,799,499** |

## 9 OTHER NON CURRENT ASSETS

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Capital Advances | 20,749,705 | 74,444,454 | 32,706,153 |
| Other Assets | - | - | 111,306 |
| **Total** | **20,749,705** | **74,444,454** | **32,817,459** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 10 INVENTORIES

(At lower of cost and net realisable value)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Raw Materials | 32,186,059 | 50,775,335 | 32,603,545 |
| Work-in-Progress | 246,112,420 | 195,711,413 | 205,146,944 |
| Finished Goods | 18,627,870 | 23,059,860 | 40,683,409 |
| Stock-in-Trade | 47,751,261 | 27,149,507 | 33,303,287 |
| Stores & Spares | 29,161,683 | 17,079,569 | 10,770,296 |
| Packing Materials | 23,734,142 | 20,339,028 | 13,697,758 |
| **Total** | **397,573,435** | **334,114,711** | **336,205,238** |

## 11 TRADE RECEIVABLES

(Unsecured and Considered Good)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Receivables | 322,874,916 | 265,330,439 | 262,389,400 |
| **Total** | **322,874,916** | **265,330,439** | **262,389,400** |

## 12 CASH AND CASH EQUIVALENTS

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Balance with Banks** | | | |
| - In Current Account | 91,071,030 | 110,287,660 | 45,465,625 |
| - In Deposit Accounts with original maturity less than 3 Months | 30,000,000 | - | - |
| Cash on Hand | 2,203,812 | 1,512,622 | 1,874,091 |
| **Total** | **123,274,841** | **111,800,282** | **47,339,716** |

## 13 OTHER BANK BALANCES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Earmarked Balances with Banks | 3,115,350 | 2,538,269 | 2,522,319 |
| Deposits | 7,506,034 | 478,822 | 2,122,424 |
| **Total** | **10,621,384** | **3,017,091** | **4,644,743** |

## 14 LOANS (CURRENT)

(Unsecured and Considered Good)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Loan to Employees | 699,534 | - | - |
| **Total** | **699,534** | **-** | **-** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 15 OTHER CURRENT ASSETS

(Unsecured and Considered Good) (Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance to Suppliers | 27,810,503 | 17,956,806 | 14,774,774 |
| Interest Accrued but not due | 106,688 | - | - |
| Advance to Employees | 1,479,710 | 1,829,628 | 2,400,646 |
| Prepaid Expenses | 4,770,519 | 2,100,712 | 2,722,304 |
| Export Incentives Receivables | 602,180 | 512,665 | 1,446,459 |
| Balance with Government Authorities | 59,495,897 | 30,854,007 | 21,979,040 |
| Others | 35,164,793 | 32,157,630 | 47,763,499 |
| **Total** | **129,430,289** | **85,411,449** | **91,086,723** |

## 16 SHARE CAPITAL

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **AUTHORISED CAPITAL** | | | |
| 11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each | 112,000,000 | 112,000,000 | 112,000,000 |
| | **112,000,000** | **112,000,000** | **112,000,000** |
| **ISSUED, SUBSCRIBED & PAID UP CAPITAL** | | | |
| 8,506,865 (P.Y. 8,506,865) Equity Shares of ₹10 each fully paid up | 85,068,650 | 85,068,650 | 85,068,650 |
| **Total** | **85,068,650** | **85,068,650** | **85,068,650** |

### 16.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Equity Shares at the beginning of the year | 8,506,865 | 8,506,865 | 8,506,865 |
| Add: Issue of Shares during the year | - | - | - |
| **Outstanding at the end of the year** | **8,506,865** | **8,506,865** | **8,506,865** |

### 16.2 RIGHTS, PREFERENCES AND RESTRICTION ATTACHED TO SHARES:

Share Capital of the Company consists of one class of equity shares having a par value of ₹ 10 per share.Each holder of equity share is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend.

In the event of liquidation the equity shareholders are eligible to receive the remaining asset of the company after distribution of all preferential amounts, in proportion to their Shareholding.

### 16.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES:

| Name of the Shareholders | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held | No. of Shares | % held |
| MR. RAJIV GANDHI | 949,397 | 11.16 | 949,397 | 11.16 | 859,397 | 10.10 |
| MS. NINA GANDHI | 696,340 | 8.19 | 696,340 | 8.19 | 696,340 | 8.19 |
| MR. SANJIV GANDHI | 692,820 | 8.14 | 692,820 | 8.14 | 692,820 | 8.14 |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

### 16.4 AGREEGATE NUMBER OF SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH FOR THE PERIOD OF 5 YEARS IMMEDIATELY PRECEEDING THE BALANCE SHEET DATE

| Pariculars | Financial Year | No.of Shares |
|---|---|---|
| Equity shares alloted as fully paid - up pursuant to the demerger of Trading Unit of Innoves Animal Health Private Limited into the Company | 2014-15 | 65 |

## 17 OTHER EQUITY

(Figures in ₹)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| **Capital Reserve** | | | | | | |
| As per Last Balance Sheet | 23,099,903 | | 23,099,903 | | 23,099,903 | |
| Add: Addition during the year | 2,637,871 | | - | | - | |
| | | **25,737,774** | | **23,099,903** | | **23,099,903** |
| **Securities Premium** | | | | | | |
| As per Last Balance Sheet | 175,067,105 | | 175,067,105 | | 175,067,105 | |
| Add: Addition during the year | - | | - | | - | |
| | | **175,067,105** | | **175,067,105** | | **175,067,105** |
| **General Reserve** | | | | | | |
| As per Last Balance Sheet | 342,262,312 | | 312,262,311 | | 287,262,961 | |
| Add: Transferred from Surplus in Statement of Profit and Loss | 50,000,000 | | 30,000,000 | | 25,000,000 | |
| Less: Shares issued pursuant to the scheme of Amalgamation | - | | - | | 650 | |
| | | **392,262,312** | | **342,262,311** | | **312,262,311** |
| **Surplus- Statement of Profit & Loss** | | | | | | |
| As per Last Balance Sheet | 594,880,094 | | 432,376,015 | | 285,636,085 | |
| Profit for the year | 256,209,528 | | 235,454,707 | | 192,872,234 | |
| Add: Other Comprehensive Income | (1,217,819) | | (972,115) | | (911,700) | |
| Add: Others | (286,514) | | - | | 10,495,346 | |
| Add: Deferred Tax Liability | (6,119,056) | | - | | - | |
| | **843,466,233** | | **666,858,608** | | **488,091,965** | |
| **Less: Appropriations** | | | | | | |
| - Dividend (Including Dividend Distribution Tax) | 64,503,575 | | 41,978,514 | | 30,715,950 | |
| - Transferred to General Reserve | 50,000,000 | | 30,000,000 | | 25,000,000 | |
| | | **728,962,658** | | **594,880,094** | | **432,376,015** |
| Foreign Currency Translation Reserve | (916,430) | | 457,948 | | (441,013) | |
| Addition | 156,595 | (759,835) | (1,374,378) | (916,430) | 898,961 | 457,948 |
| **Total** | | **1,321,270,013** | | **1,134,392,982** | | **943,263,282** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 18 BORROWINGS (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Term Loans (Secured)** | | | |
| - From Banks | 362,505,056 | 439,712,263 | 326,357,925 |
| **Hire Purchase Loans (Secured)** | | | |
| - From Banks | 2,887,545 | 6,498,223 | 4,572,169 |
| **Total** | **365,392,601** | **446,210,486** | **330,930,094** |

### 18.1 REPAYMENT TERMS AND SECURITY OFFERED FOR THE LOANS ARE SET OUT AS BELOW:

| Particulars | Rate of Interest | Terms of Repayment | Repayable in | |
|---|---|---|---|---|
| | | | Number of installments | Each Installment of ₹ |
| State Bank of India- Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the Company. | 12.5%^ | Monthly | 10<br>12<br>12<br>12<br>12<br>12<br>12 | 1,000,000<br>2,000,000<br>2,500,000<br>3,000,000<br>4,000,000<br>5,000,000<br>6,000,000 |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 10.15% | Monthly | 60 | 15,961* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 60 | 84,300* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.25% | Monthly | 60 | 33,671* |
| Kotak Mahindra Bank Is secured by hypothecation of specific vehicle/car | 11.07% | Monthly | 47 | 25,147* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.50% | Monthly | 48 | 30,725* |
| Axis Bank Loan is secured by hypothecation of specific vehicle/car | 9.91% | Monthly | 60 | 24,404* |
| Axis Bank Loan is secured by hypothecation of specific vehicle/car | 9.91% | Monthly | 60 | 19,435* |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

| Particulars | Rate of Interest | Terms of Repayment | Repayable in | |
|---|---|---|---|---|
| | | | Number of installments | Each Installment of NPR |
| Century Commercial Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors. | 10.00% | Quarterly | 3 | 550,000 |
| | | | 4 | 2,750,000 |
| | | | 4 | 4,125,000 |
| | | | 4 | 6,325,000 |
| | | | 8 | 6,875,000 |
| Century Commercial Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors. | 10.00% | Quarterly | 2 | 55,700 |
| | | | 4 | 278,500 |
| | | | 4 | 417,750 |
| | | | 12 | 557,000 |
| | | | 2 | 779,800 |
| Nepal Investment Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors. | 10.00% | Quarterly | 4 | 594,500 |
| | | | 4 | 2,972,500 |
| | | | 3 | 4,458,750 |
| | | | 4 | 734,460 |
| | | | 4 | 736,500 |
| | | | 4 | 1,104,750 |
| | | | 12 | 1,473,000 |
| | | | 2 | 2,062,000 |
| | | | 4 | 3,672,310 |
| | | | 4 | 5,508,470 |
| | | | 4 | 6,836,750 |
| | | | 8 | 7,431,250 |
| | | | 4 | 8,446,320 |
| | | | 7 | 9,180,720 |
| Nepal Investment Bank Limited is secured by hypothication of specific vehicle / car | 10.25% | Monthly | 60 | 34,190 |
| Nepal Investment Bank Limited is secured by hypothication of specific vehicle / car | 9.25% | Monthly | 60 | 39,365 |
| Nepal Investment Bank Limited is secured by hypothication of specific vehicle / car | 9.00% | Monthly | 60 | 60,407 |

^ Interest rate on loan is varying, which is linked to base rate of Bank, from time to time.

* Installment includes interest.

## 19 OTHER FINANCIAL LIABILITIES (NON CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Deposits | 500,000 | 1,500,000 | 1,500,000 |
| **Total** | **500,000** | **1,500,000** | **1,500,000** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 20 DEFERRED TAX LIABILITIES (NET)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| - Benefit availed Under Income Tax Act | 64,478,594 | 55,264,582 | 57,645,284 |
| - Excess of Net Block over Written Down Value as per provision of Income Tax Act | 36,503,647 | 32,832,556 | 22,985,684 |
| **Total Deferred Tax Liabilities (A)** | **100,982,241** | **88,097,138** | **80,630,968** |
| **Deferred Tax Assets** | | | |
| - Provision for Employee Benefits | 762,367 | 141,386 | 305,327 |
| - Mat Credit Entitlement | 21,060,930 | 52,493,230 | 58,150,210 |
| - Pre incorporation Expenses | 201,218 | - | - |
| - Unabsorbed Losses | 763,059 | - | - |
| **Total Deferred Tax Assets (B)** | **22,787,574** | **52,634,616** | **58,455,537** |
| **Net Deferred Tax Liabilities (A-B)** | **78,194,667** | **35,462,522** | **22,175,431** |

## 21 BORROWINGS (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Loan Repayable on Demand** | | | |
| **(1) Secured** | | | |
| - From Bank- Cash Credit | 201,455,607 | 61,214,182 | 210,430,193 |
| - Credit Card | - | 21,941,929 | - |
| **(2) Unsecured** | | | |
| - Working Capital Demand Loan | 50,000,000 | 100,000,000 | - |
| - Loans and Advances | 2,648,513 | - | - |
| **Total** | **254,104,120** | **183,156,111** | **210,430,193** |

21.1 Cash Credit & Credit card accounts are secured by first and exlusive hypothication charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Land and Building on Survey No. 1972 and 1973/p1 situated at Village Merda Adraj, Kadi Thol Road, Kadi, Mehsana, and hypothecation of unencumbered plant and machinery of the company and personal guarantee of some of the directors.

21.2 Cash Credit accounts of subsidiary company are secured by first and exclusive hypothcation charge on all the current assets of the Company. It is also Collateral secured by Equitable mortgage of Land and Building on Ward No:7 Ugarachandi VDC Kavre, NEpal and hypothecation of unencumbered plant and machinery of the company and peronal guarantee of some of the Directors

21.3 Interest Rates on Loans are varying, which are linked to base rate of Bank, from time to time.

## 22 TRADE PAYABLES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade Payables (Refer Note : 39) | 78,989,298 | 74,695,837 | 58,434,324 |
| **Total** | **78,989,298** | **74,695,837** | **58,434,324** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 23 OTHER FINANCIAL LIABILITIES (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Current Maturities of Long Term Borrowings** | | | |
| - Term Loans | 66,126,859 | 30,000,000 | 45,352,240 |
| - Hire Purchase Loans | 2,180,738 | 2,756,596 | 2,354,428 |
| Unclaimed Dividends | 3,115,350 | 2,538,269 | 2,522,319 |
| Creditors for Capital Expense | 19,934,294 | 17,063,506 | 6,687,684 |
| Others | 380,419 | - | - |
| **Total** | **91,737,660** | **52,358,371** | **56,916,672** |

## 24 OTHER CURRENT LIABILITIES

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance from Customers | 1,945,077 | 1,763,568 | 995,784 |
| Duties and Taxes | 9,273,890 | 11,655,033 | 10,600,740 |
| Other Liabilities | 99,593,798 | 44,672,460 | 24,470,655 |
| **Total** | **110,812,765** | **58,091,062** | **36,067,179** |

## 25 PROVISIONS (CURRENT)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Provision For Employees Benefit** | | | |
| Provision For Employees Benefit | 13,132 | 426,649 | 229,511 |
| **Others** | | | |
| Provision for Expenses | 66,000 | - | - |
| **Total** | **79,132** | **426,649** | **229,511** |

## 26 CURRENT TAX LIABILITIES (NET)

(Figures in ₹)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Provision for Income Tax (Net of Advance Tax) | 10,593,057 | 11,410,578 | 8,662,659 |
| **Total** | **10,593,057** | **11,410,578** | **8,662,659** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 27 REVENUE FROM OPERATIONS

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **(A) Sale of Goods** | | | | |
| **Manufacturing Sales** | | | | |
| Domestic Sales | 1,036,591,028 | | 984,259,632 | |
| Export Sales | 108,503,651 | 1,145,094,679 | 130,630,292 | 1,114,889,924 |
| **Trading Sales** | | | | |
| Domestic Sales | 167,129,470 | | 106,302,221 | |
| Export Sales | 16,161,128 | 183,290,598 | 11,928,589 | 118,230,810 |
| **Sale of Services** | | 2,283,221 | | - |
| **(B) Other Operating Revenue** | | **33,391,193** | | **20,911,813** |
| **Total** | | **1,364,059,691** | | **1,254,032,547** |

Note: Revenue from Operations for the quarter ended 30 June 2017 and year ended 31 March 2017 are inclusive of excise duty. Goods and Service Tax ("GST") has been implemented with effect from 1 July 2017 which replaces excise duty and other input taxes. As per Ind AS 18, the revenue for the period since 1 July 2017 to 31 March 2018 is reported net of GST and accordingly, is not comparable to that extent with comparative period.

### 27.1 PARTICULARS OF SALES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| - Poultry | 1,173,946,275 | 1,102,935,797 |
| - Large Animal | 187,830,195 | 151,096,750 |
| - Others | 2,283,221 | - |
| **Total** | **1,364,059,691** | **1,254,032,547** |

## 28 OTHER INCOME

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Interest Income** | | |
| - From Bank Deposits | 355,885 | 86,116 |
| - From Others | 453,773 | 609,952 |
| Miscellaneous Income | 13,854,494 | 1,333,445 |
| Rent Income | 289,932 | 38,268 |
| Exchange Profit & Loss (Net) | 1,454,278 | 1,021,771 |
| Sundry balances / Excess provisions Written off / Written back (Net) | 8,640,330 | 1,109,556 |
| Profit on Sale of Fixed Assets | 491,476 | - |
| Other Non Operating Income | 329 | |
| **Total** | **25,540,498** | **4,199,108** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 29 COST OF MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Opening Stock | 51,646,978 | 32,603,545 |
| Add: Purchases | 207,092,120 | 193,310,523 |
| Less: Closing Stock | 32,191,633 | 49,499,474 |
| **Total** | **226,547,466** | **176,414,594** |

### 29.1 PARTICULARS OF RAW MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Growth Media | 118,945,407 | 118,719,752 |
| Other Chemicals | 107,602,058 | 57,694,842 |
| **Total** | **226,547,466** | **176,414,594** |

### 29.2 VALUE OF INDIGENEOUS AND IMPORTED RAW MATERIAL CONSUMED DURING THE YEAR

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| | Percentage | Value (In ₹) | Percentage | Value (In ₹) |
| Imported | 8.76% | 19,836,246 | 8.19% | 14,448,388 |
| Indigeneous | 91.24% | 206,711,220 | 91.81% | 161,966,206 |
| **Total** | **100.00%** | **226,547,466** | **100.00%** | **176,414,594** |

## 30 PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Purchase of stock in trade:** | | |
| - Poultry | 37,239,421 | 33,086,441 |
| - Large Animal | 35,899,652 | 41,826,417 |
| **Total** | **73,139,073** | **74,912,858** |

## 31 CHANGE IN INVENTORIES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **Inventories (at close)** | | | | |
| - Finished Goods | 66,394,008 | | 50,209,367 | |
| - Semi-finished Goods | 246,112,420 | | 195,711,413 | |
| | | **312,506,428** | | **245,920,780** |
| **Inventories (at commencement)** | | | | |
| - Finished Goods | 50,209,367 | | 73,986,696 | |
| - Semi-finished Goods | 195,711,413 | | 205,146,944 | |
| | | **245,920,780** | | **279,133,640** |
| **Total** | | **(66,585,648)** | | **33,212,860** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 32 EMLPOYEE BENEFIT EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries & Wages | 218,871,084 | 172,420,420 |
| Contributions to Provident Fund & Other Funds | 8,812,947 | 6,772,201 |
| Staff Welfare Expenses | 4,699,551 | 4,048,850 |
| **Total** | **232,383,582** | **183,241,471** |

## 33 FINANCE COST

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest Expenses | 37,907,885 | 31,714,928 |
| Bank Commission & Charges | 2,454,318 | 3,271,819 |
| **Total** | **40,362,203** | **34,986,747** |

## 34 DEPRECIATION & AMORTISATION EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation | 95,299,120 | 68,806,785 |
| Amortisation | 1,293,781 | 1,210,737 |
| **Total** | **96,592,901** | **70,017,522** |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 35 OTHER EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| **Manufacturing Expense** | | | | |
| Power and Fuel | 62,311,685 | | 54,629,497 | |
| Consumption of Stores and Spares | 9,637,138 | | 7,904,102 | |
| **Repairs & Maintenance** | | | | |
| - Machinery | 13,563,658 | | 7,710,007 | |
| - Building | 2,702,945 | | 5,035,801 | |
| - Electrical | 1,747,361 | | 3,071,240 | |
| Packing Expense | 54,217,292 | | 39,743,101 | |
| Quality Control and Testing Expense | 4,129,512 | | 3,443,683 | |
| Other Production Expense | 52,690,469 | | 34,765,298 | |
| | | **201,000,061** | | **156,302,729** |
| **Selling and Distribution Expense** | | | | |
| Selling Expense | 45,694,577 | | 40,054,185 | |
| Sales Tax Expense | 2,768,916 | | 3,150,436 | |
| Transportation Expense | 42,590,311 | | 38,264,680 | |
| Travelling Expense | 18,868,606 | | 16,578,150 | |
| | | **109,922,411** | | **98,047,451** |
| **Establishment Expense** | | | | |
| Office Expense | 67,245 | | - | |
| Communication Expenses | 4,069,298 | | 5,326,501 | |
| Insurance Expense | 4,783,944 | | 3,698,860 | |
| Legal, Professional and Consultancy | 15,972,915 | | 17,036,689 | |
| Printing and Stationery | 2,742,911 | | 1,905,567 | |
| Travelling and Conveyance | 23,365,572 | | 17,974,965 | |
| Rent,Rates and Taxes | 6,995,510 | | 5,445,672 | |
| Repairs and Maintenance - Others | 5,469,298 | | 5,740,760 | |
| Vehicle & Petrol Expense | 9,991,442 | | 8,635,337 | |
| Electricity Charges | 1,407,126 | | 1,308,144 | |
| CSR Expenses | 3,701,000 | | 1,611,000 | |
| Charity & Donations | 77,000 | | 1,668,218 | |
| Bad Debts written off | 12,064,829 | | 5,530,924 | |
| Loss on sale of Fixed Asset | - | | 956,948 | |
| Miscellaneous Expense | 10,529,612 | | 12,918,548 | |
| Service Charges | 192,870 | | - | |
| Prior Period Expenses | - | | 289,134 | |
| Preoperative Expenses written off | 7,591,454 | | 7,485,977 | |
| **Payment to Auditor** | | | | |
| - As Auditor | 920,296 | | 818,184 | |
| - For Taxation Matters | 200,000 | | 229,000 | |
| - For Other Services | 200,000 | | 229,000 | |
| - For Reimbursement of Expense | 3,540 | | - | |
| | | **110,345,862** | | **98,809,430** |
| **Total** | | **421,268,333** | | **353,159,611** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 36 TAX RECONCILIATION

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Reconciliation of Tax Expense** | | |
| Profit Before Tax | 361,218,659 | 309,340,355 |
| Enacted Income Tax Rate applicable to Company | 34.608% | 34.608% |
| Expexcted Income Tax Expense | 125,010,553 | 107,056,510 |
| **Adjustments to reconcile expected income tax expense to reported income tax** | | |
| Weighted deduction allowed in respect of research and development expense | (27,935,844) | (45,524,565) |
| Expenses Disallowed | 892,018 | 1,840,920 |
| Non-Taxable Subsidiaries and effect of Differential Tax Rate under various jurisdiction | 26,451,686 | 7,450,536 |
| Others | 945,117 | 3,015,252 |
| **Current Tax Provision (A)** | **125,363,531** | **73,838,653** |
| Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets | 6,045,672 | 7,828,762 |
| Incremental Deferred Tax Liability on account of Financial Assets & other Items | (864,883) | (198,651) |
| **Deferred Tax Provision (B)** | **5,180,789** | **7,630,111** |
| **Tax Expense Recognised in the Statement of Profit & Loss (A+B)** | **130,544,320** | **81,468,764** |
| Effective Tax Rate | 36.14% | 26.34% |

## 37 COMMITMENTS

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **(a) Capital Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance] | 38,038,163 | 42,367,494 |

## 38 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Claims against the company not acknowledged as debts: | | |
| **Income Tax:** | | |
| In respect of matters decided against the Company, for which the Company is in appeal/ may opt for appeal with higher authorities. | 6,720,185 | 6,216,945 |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 39 DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| (i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | - | - |
| (ii) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| (iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006; | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| (v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006. | - | - |

The above information has been determined to the extent such parties have been identified by the Company on the basis of information collected by the Management, which has been relied upon by the Auditors.

## 40 ELIGIBLE RESEARCH & DEVELOPMENT EXPENDITURE INCLUDED IN NOTES 29 TO 35 (EXCEPT NOTE NO. 33 & 34) ARE AS UNDER:

**Research and Development Expenditure eligible for deduction in the current year:**

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Revenue Expenditure** | | |
| Salary and Wages | 15,255,289 | 13,540,845 |
| Provident Fund Contribution | 288,076 | 227,943 |
| Packing-Forwarding-Freight expenses | 2,604 | 21,191 |
| Power and Fuel Cost | 11,395,079 | 11,058,215 |
| Chemical | 398,937 | 561,515 |
| Carriage Inward Expenses | - | 35,524 |
| Consumable (Local) | 594,694 | 1,316,991 |
| Other Allowances/Reimbursement | 407,250 | 499,912 |
| R & D Expense | 36,307 | 213,441 |
| Repair and Maintenance expenses | 251,100 | 712,629 |
| Travelling Expense | 130,625 | 91,272 |
| Other Admin Expense | 15,000 | 57,506 |
| **Total (A)** | **28,774,961** | **28,336,984** |
| **Capital Expenditure (B)** | **44,222,192** | **51,603,244** |
| **Total (A +B)** | **72,997,153** | **79,940,228** |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 41 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Purchase of Materials/Trading goods/ Packing (on C.I.F basis) | 16,013,871 | 32,985,745 |
| Travelling | 6,582,406 | 6,555,791 |
| Capital Expenditure | 5,478,540 | 23,819,118 |
| Membership/Registration Fees | 1,575,029 | 674,682 |
| Consultancy & Professional Fees | 56,714 | 173,878 |
| Books & Periodicals | - | 134,426 |
| Office Maintenance | 569,497 | 3,835,384 |
| Others | 48,107 | 85,485 |

## 42 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| F.O.B. Value of Exports | 112,791,115 | 134,626,580 |
| Other Operating Revenue | 22,697,205 | 20,911,813 |

## 43 DIVIDEND REMMITANCES IN FOREIGN CURRENCY:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Final Dividend for 2016-17** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | 461,265 | |
| **Interim Dividend for 2017-18** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | 802,200 | |
| **Final Dividend for 2015-16** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | | 220,605 |
| **Interim Dividend for 2016-17** | | |
| On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Shareholder | | 601,650 |

## 44 PROPOSED DIVIDEND

**The final dividend proposed for the year is below**

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **On Equity Shares of ₹ 10 Each** | | |
| Amount of Dividend Proposed | 51,041,190 | 19,565,790 |
| Dividend Per Share | 6.00 | 2.30 |

The Board of Directors have recommended the payment of a final dividend of ₹ 6 per fully paid equity share (31 March 2017: ₹ 2.30). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 45 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Amount Required to be spent under Section 135 of the Act | 4,949,416 | 3,787,614 |
| Amount Spent during the year | 3,701,000 | 1,611,000 |

**46** Balances of receivables, payables, loans & advances and deposits are subject to confirmations. Any adjustments, if required would be made at the time of reconciliation of settlment of accounts.

**47** In the opinion of the Board of Directors, loans and advances are of the value stated in the Balance Sheet, to be realised in the normal course of business and provision for all known liabilities have been made in the books of accounts which are adequate and not in excess of the amount reasonably required.

**48** The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with the Indian Accounting Standard (Ind AS)- 36, issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the directors, no provision for impairment of the asset is considered necessary in respect of any of the assets of the Company.

## 49 RELATED PARTY DISCLOSURE

**As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:**

### (i) List of Related Parties as on 31 March 2018

**(a) Key Management Personnel:**

1) Mr. Rajiv Gandhi - CEO & Managing Director
2) Mr. Jigar Shah - Chief Financial Officer
3) Ms. Amala Parikh - Company Secretary

**(c) Promoters and their relatives having control:**

1) Dr. Bhupendra V. Gandhi (Non-Executive chairman)
2) Mr. Sanjiv Gandhi (Non-Executive Director)
3) Mr. Ravin Gandhi (Non-Executive Director)
4) Ms. Nina Gandhi (Non-Executive Alternate Director of Mr. Ravin Gandhi)

**(d) Enterprise having significant influence:**

1) Hester Coatings LLP
2) Sinsui India Private Limited
3) Biolink Healthcare Limited
4) Hester Diagnostics Private Limited
5) Gujarat Polyplast Private Limited

**(ii) Transactions during the year with Related Parties :**

(Figures in ₹)

| Particulars | Key Management Personnel/Relatives of Key Managerial Personnel | | Associate Company | | Enterprises Having Significant Influence (EHSI) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **(a) Purchase** | | | | | **18,597,318** | 17,812,860 | **18,597,318** | **17,812,860** |
| Gujarat Polyplast Private Limited | | | | | 18,597,318 | 17,812,860 | 18,597,318 | 17,812,860 |
| **(b) Sitting Fees for Board Meetings** | **90,000** | **120,000** | | | | | **90,000** | **120,000** |
| Ms. Priya Gandhi | - | 10,000 | | | | | - | 10,000 |
| Mr. Sanjiv Gandhi | 20,000 | 40,000 | | | | | 20,000 | 40,000 |
| Dr. Bhupendra V. Gandhi | 30,000 | 40,000 | | | | | 30,000 | 40,000 |
| Ms. Nina Gandhi | 40,000 | 30,000 | | | | | 40,000 | 30,000 |
| **(c) Remuneration Paid** | **29,860,653** | 22,772,450 | | | | | 29,860,653 | 22,772,450 |
| Mr. Rajiv Gandhi | 23,400,000 | 17,400,000 | | | | | 23,400,000 | 17,400,000 |
| Mr. Jigar Shah | 6,280,653 | 5,192,450 | | | | | 6,280,653 | 5,192,450 |
| Ms. Amala Parikh | 180,000 | 180,000 | | | | | 180,000 | 180,000 |
| **(d) Rent Paid - MD's Residence** | | | | | **600,000** | **600,000** | **600,000** | **600,000** |
| Biolink Healthcare Limited | | | | | 600,000 | 600,000 | 600,000 | 600,000 |
| **(e) Salary Paid** | **1,221,000** | **517,543** | | | | | **1,221,000** | **517,543** |
| Ms. Priya Gandhi | 1,221,000 | 517,543 | | | | | 1,221,000 | 517,543 |
| **(f) Loans and Advances Given** | | | **-** | **514,204** | | | **-** | **514,204** |
| Leruarua Vetcare (Proprietary) Limited | | | - | 514,204 | | | - | 514,204 |
| **(g) Loans and Advances Received Back** | | | **514,204** | **1,534,457** | | | **514,204** | **1,534,457** |
| Leruarua Vetcare (Proprietary) Limited | | | 514,204 | 1,534,457 | | | 514,204 | 1,534,457 |
| **(k) Disinvestment in Associates** | | | **-** | **731,078** | | | **-** | **731,078** |
| Leruarua Vetcare (Proprietary) Limited | | | - | 731,078 | | | - | 731,078 |

**Balances at the end of the Year**

(Figures in ₹)

| Particulars | Key Management Personnel/Relatives of Key Managerial Personnel | | Associate Company | | Enterprises Having Significant Influence (EHSI) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **(a) Trade Payables** | | | | | **3,346,561** | **3,777,326** | **3,346,561** | **3,777,326** |
| Gujarat Polyplast Private Limited | | | | | 3,346,561 | 3,777,326 | 3,346,561 | 3,777,326 |
| **(c) Loans & Advances** | | | **-** | **829,374** | | | **-** | **829,374** |
| Leruarua Vetcare (Proprietary) Limited | | | - | 829,374 | | | - | 829,374 |
| **(e) Remuneration Payable** | **3,068,792** | **4,703,400** | | | | | **3,068,792** | **4,703,400** |
| Mr. Rajiv Gandhi | 3,068,792 | 4,703,400 | | | | | 3,068,792 | 4,703,400 |

Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

## 50 DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 19 (Ind AS 19) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2018

**a Defined Contribution Plans**

The Company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.

The Company recognised ₹ 6.44 million (P.Y. ₹ 5.19 million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme.

**b Defined Benefit Plan**

The Company made annual contribution to the employees' Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of define benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companys' financial statement as at 31 March 2018.

**i) Change in benefit obligations:**

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Projected benefit obligations at beginning of the year | 18,032,666 | 14,006,008 |
| Service Cost | 2,115,453 | 1,751,007 |
| Interest Cost | 1,365,073 | 1,155,496 |
| Actuarial (Gain) / Loss | 1,665,093 | 1,267,872 |
| Benefits Paid | (1,978,886) | (147,717) |
| Projected benefit obligations at the end of year | 21,199,399 | 18,032,666 |

**ii) Change in plan Asset:**

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Fair value of plan assets at the beginning of the period | 17,606,016 | 14,610,757 |
| Expected return on plan assets | 1,332,775 | 1,205,387 |
| Contribution | 7,390,819 | 2,156,358 |
| Benefit paid | (1,978,886) | (147,717) |
| Actuarial Gain/(Loss) on plan asset | (197,301) | (218,769) |
| Fair value of plan assets at the end of the period | 24,153,423 | 17,606,016 |

### iii) Expenses recognised during the year:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **In Income Statement** | | |
| Current Service Cost | 2,115,453 | 1,751,007 |
| Interest Cost | 32,298 | (49,891) |
| Expense recognised in P/L | 2,147,751 | 1,701,116 |
| **In Other Comprehensive Income** | | |
| Actuarial (Gains)/Losses | 1,665,093 | 1,267,872 |
| Return on Plan Assets | 197,301 | 218,769 |
| Net Expense for the Period Recognised in OCI | 1,862,394 | 1,486,641 |

### iv) Assumptions used in accounting for the Gratuity plan:

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Discount rate | 7.87% | 7.57% |
| Rate of return on plan asset | 7.87% | 7.57% |
| Salary escalation | 6.00% | 6.00% |
| Attrition rate | 2.00% | 2.00% |

### v) Amount recognised in the Balance sheet:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Present Value of Benefit Obligation at the end of the Period | (21,199,399) | (18,032,666) |
| Fair value of the plan assets at the end of the period | 24,153,423 | 17,606,016 |
| Funded Status (Surplus/(Deficit)) | 2,954,024 | (426,650) |
| Net (Liability)/Asset Recognised in the Balance Sheet | 2,954,024 | (426,650) |

### vi) Balance sheet Reconciliation:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Opening Net Liability | 426,650 | (604,749) |
| Expenses Recognised in Statement of Profit or Loss | 2,147,751 | 1,701,116 |
| Expenses Recognised in OCI | 1,862,394 | 1,486,641 |
| Employers' Contribution Paid | (7,390,819) | (2,156,358) |
| Closing Net Liability/(Asset) in the Balance Sheet | (2,954,024) | 426,650 |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

### vii) Sensitivity:

(Figures in ₹)

| Particulars | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Change in discounting rate (delta effect of +/- 1%) | (2,082,807) | 2,490,359 | (1,780,749) | 2,135,773 |
| Change in rate of salary increase (delta effect of +/- 1%) | 2,512,546 | (2,134,805) | 2,148,259 | (1,820,507) |
| Change in rate of employee turnover (delta effect of +/- 1%) | 398,917 | (464,365) | 267,696 | (314,901) |

## 51 EARNINGS PER SHARE

**Calculation of Net Profit available for Equity Shareholders:**

(Figures in ₹)

| | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| A | Net Profit After Tax | 230,674,338 | 227,871,590 |
| | Profit available to Equity shareholders | 230,674,338 | 227,871,590 |
| B | Weighted Average No. of Equity Shares of ₹ 10 each | 8,506,865 | 8,506,865 |
| C | Basic and diluted Earnings per share | 27.12 | 26.79 |

## 52. FINANCIAL INSTRUMENTS

### (i) Financial Assets and Liabilities

(Figures in ₹)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Fair Value | Carryng Value | Fair Value | Carryng Value |
| **Financial Assets** | | | | |
| **Amortised Cost:** | | | | |
| - Loans | 699,534 | 699,534 | 1,429,540 | 1,429,540 |
| - Cash and Cash Equivalents | 123,274,841 | 123,274,841 | 111,800,282 | 111,800,282 |
| - Other Bank Balances | 10,621,384 | 10,621,384 | 3,017,091 | 3,017,091 |
| - Other Financial Assets | 14,888,791 | 14,888,791 | 14,077,511 | 14,077,511 |
| **TOTAL** | **149,484,551** | **149,484,551** | **130,324,424** | **130,324,424** |
| **Finacial Liabilities** | | | | |
| **Amortised Cost:** | | | | |
| - Borrowings | 619,496,721 | 619,496,721 | 629,366,597 | 629,366,597 |
| - Trade Payables | 78,989,298 | 78,989,298 | 74,695,837 | 74,695,837 |
| - Other Financial Liabilities | 92,237,660 | 92,237,660 | 53,858,371 | 53,858,371 |
| **TOTAL** | **790,723,680** | **790,723,680** | **757,920,805** | **757,920,805** |

### (ii) Financial Risk Management

The Companys' activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Companys' overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**(a) Market isk :**

Market risk refers to the possibility that changes in the market rates may have impact on the Companys' profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

(i) Foreign currency exchange rate risk :

The Companys' foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the Company.

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(Figures in ₹)

| Particulars | As at 31 March 2018 USD | As at 31 March 2017 USD |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | 24,048,224 | 8,853,765 |
| Trade Receivables | 43,095,718 | 39,910,946 |
| **Total** | **67,143,942** | **48,764,711** |
| **Liabilities** | | |
| Trade Payables | 6,287,707 | 16,138,949 |
| **Total** | **6,287,707** | **16,138,949** |
| **Net Assets/(Liabilities)** | **60,856,235** | **32,625,762** |

For the years ended 31 March 2018 and 31 March 2017, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the company's net profit by approximately ₹ 0.61 million and ₹ 0.33 million respectively.

(ii) Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest.

For the years ended 31 March 2018 and 31 March 2017, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ 6.79 million and ₹ 8.80 million respectively.

**(b) Credit risk :**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

**(c) Liquidity risk:**

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

(₹ in Million)

| Particulars | Maturity Profiles as at 31 March 2018 | | | |
|---|---|---|---|---|
| | Within 1 year | 1-2 Years | 2-5 Years | Total |
| Borrowings | 322.41 | 92.82 | 272.57 | 687.80 |
| Trade Payable | 78.99 | - | - | 78.99 |
| **Total** | **401.40** | **92.82** | **272.57** | **766.79** |

(₹ in Million)

| Particulars | Maturity Profiles as at 31 March 2017 | | | |
|---|---|---|---|---|
| | Within 1 year | 1-2 Years | 2-5 Years | Total |
| Borrowings | 215.91 | 68.31 | 371.40 | 655.62 |
| Trade Payable | 74.70 | - | - | 74.70 |
| **Total** | **290.61** | **68.31** | **371.40** | **730.32** |

### (iii) Capital Management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Companys' objective for capital management is to maintain the capital structure which will support the Companys' strategy to maximise shareholders' value, safeguarding the business continuity and help in supporting the growth of the Company.

## 53 SEGMENT INFORMATION

(Figures in ₹)

| Particulars | Year Ended 31 March 2018 | | | | Year Ended 31 March 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Poultry Division | Large Animal Division | Others | Total | Poultry Division | Large Animal Division | Others | Total |
| **A. Segement Revenue** | | | | | | | | |
| Sales and Operating Earnings (Net) | 1,173,946,275 | 187,830,195 | 2,283,221 | 1,364,059,691 | 1,102,935,797 | 151,096,750 | - | 1,254,032,547 |
| Other Income | 13,101,043 | 2,062,050 | 10,377,405 | 25,540,498 | 3,745,132 | 453,976 | | 4,199,108 |
| **Total Segment Revenue** | **1,187,047,318** | **189,892,245** | **12,660,626** | **1,389,600,189** | **1,106,680,929** | **151,550,726** | | **1,258,231,655** |
| Identifiable Segment Expenses | 820,112,079 | 165,497,983 | 2,409,265 | 988,019,327 | 887,605,252 | 26,299,302 | | 913,904,554 |
| **Segment Operating Income** | **366,935,239** | **24,394,262** | **10,251,361** | **401,580,862** | **219,075,677** | **125,251,424** | | **344,327,101** |
| Less : Unallocable Finance Cost | | | | 40,362,203 | | | | 34,986,747 |
| **Net Profit Before Tax** | | | | **361,218,659** | | | | **309,340,354** |
| Less : Tax Expense | | | | 130,544,321 | | | | 81,468,764 |
| **Net Profit After Tax** | | | | **230,674,338** | | ` | | **227,871,590** |

# Notes Forming Part of Consolidated Financial Statements for the year ended 31 March 2018

(Figures in ₹)

| Particulars | Year Ended 31 March 2018 | | | | Year Ended 31 March 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Poultry Division | Large Animal Division | Others | Total | Poultry Division | Large Animal Division | Others | Total |
| **B. Other Information** | | | | | | | | |
| Segment Assets | 1,641,408,596 | 187,209,015 | | 1,828,617,611 | 1,405,303,741 | 133,588,260 | | 1,538,892,001 |
| Unallocated Assets | | | | 611,803,630 | | | | 589,874,252 |
| Segment Liabilities | 451,527,309 | 32,211,508 | | 483,738,818 | 403,417,556 | 4,801,045 | | 408,218,601 |
| Unallocated Liabilities | | | | 550,343,761 | | | | 501,086,021 |
| Depreciation/Amortisation | 54,771,250 | 41,711,805 | | 96,483,055 | 54,869,560 | 15,147,962 | | 70,017,522 |
| Unallocable Depreciation/ Amortisation | | | | 109,846 | | | | - |
| Capital Expenditure | 202,909,871 | 13,648,680 | | 216,558,551 | 158,289,744 | 143,999,232 | | 302,288,976 |
| Unallocable Capital Expenditure | | | | 13,777,075 | | | | - |

## 54 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY / ASSOCIATES / JOINT VENTURES

| Name of the Company | Net Assets (Total Assets Less Total Liabilities) | | Share in Profit or Loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of Consolidated Net Assets | Amount (In ₹) | As % of Consolidated Profit or Loss | Amount (In ₹) | As % of Consolidated Other Comprehensive Income | Amount (In ₹) | As % of Consolidated total comprehensive Income | Amount (In ₹) |
| **Holding Company** | | | | | | | | |
| Hester Biosciences Limited | 86.63 | 1,256,216,128 | 132.47 | 305,584,100 | 95.00 | (1,217,819) | 132.68 | 304,366,281 |
| **Subsidiary Company (Indian)** | | | | | | | | |
| Texas Lifesciences Private Limited | 1.32 | 19,129,382 | 0.11 | 247,351 | - | - | 0.11 | 247,351 |
| **Subsidiary Company (foreign)** | | | | | | | | |
| Hester Biosciences Nepal Private Limited | 6.80 | 98,603,918 | (20.72) | (47,802,546) | 10.43 | (133,732) | (20.90) | (47,936,278) |
| Hester Biosciences Africa Limited | 2.23 | 32,389,235 | (0.79) | (1,819,376) | - | - | (0.79) | (1,819,376) |
| Non Controlling interest in Subisidiary Companies | 3.01 | 43,679,282 | (11.07) | (25,535,192) | (5.43) | 69,591 | (11.10) | (25,465,601) |
| **Total** | **100.00** | **1,450,017,946** | **100.00** | **230,674,338** | **100.00** | **(1,281,960)** | **100.00** | **229,392,378** |

**55** Previous years' figures have been regrouped / reclassofied wherever necessary to confirm to current years' classification / disclosure.

As per our report of even date attached.

For & on behalf of the Board of Directors

**For Apaji Amin & Co. LLP**
Chartered Accountants
FRN: 100513W/W100062

**Rajiv Gandhi**
CEO & Managing Director
DIN: 00438037

**Sanjiv Gandhi**
Director
DIN: 00024548

**Tehmul B. Sethna**
Partner
Membership No.: 035476

**Jigar Shah**
CFO

**Amala Parikh**
Company Secretary

Place : Ahmedabad
Date : 14 May 2018

Place : Ahmedabad
Date : 14 May 2018

# Ten Year Financial Statistics

(₹ in Million)

| Year Ended on 31 March | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Manufacturing Sales | 297.84 | 367.83 | 416.73 | 479.21 | 618.08 | 638.34 | 826.17 | 877.28 | 1114.88 | 1133.52 |
| Trading Sales | 3.76 | 7.49 | 2.98 | 3.42 | 32.96 | 52.14 | 62.89 | 105.08 | 119.99 | 185.62 |
| Other Operational Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.31 | 26.56 | 20.91 | 33.39 |
| **NET SALES** | **301.60** | **375.32** | **419.71** | **482.63** | **651.04** | **690.48** | **900.37** | **1008.92** | **1255.78** | **1352.53** |
| Other Income | 0.92 | 0.81 | 1.31 | 2.44 | 2.34 | 7.73 | 3.57 | 8.72 | 7.26 | 18.77 |
| **TOTAL INCOME** | **302.52** | **376.13** | **421.02** | **485.07** | **653.38** | **698.21** | **903.94** | **1017.64** | **1263.04** | **1371.30** |
| Total Expenses | 153.68 | 214.18 | 239.13 | 293.55 | 426.98 | 437.18 | 643.60 | 674.97 | 845.00 | 856.56 |
| (a) (Increase)/Decrease in Inventories | (41.36) | (40.21) | (54.59) | (51.45) | (24.64) | (30.32) | 59.58 | (29.75) | 33.21 | (62.35) |
| (b) Trading Purchase | 3.28 | 7.25 | 1.89 | 6.72 | 31.76 | 39.28 | 37.23 | 67.59 | 88.05 | 78.42 |
| (c) Consumption of Raw Materials | 71.31 | 91.43 | 113.76 | 119.21 | 147.15 | 104.56 | 150.01 | 157.68 | 177.67 | 217.04 |
| (d) Manufacturing Expenses | 36.51 | 57.08 | 60.98 | 87.41 | 93.48 | 116.49 | 128.91 | 168.40 | 175.53 | 197.55 |
| (e) Staff Cost | 36.66 | 49.97 | 58.19 | 68.68 | 90.62 | 98.37 | 123.17 | 154.40 | 183.23 | 222.88 |
| (f) Selling, General & Admin. Expenses | 47.28 | 48.65 | 58.89 | 62.98 | 88.61 | 108.80 | 144.71 | 156.65 | 187.31 | 203.02 |
| Interest | 28.88 | 23.63 | 25.28 | 28.27 | 32.18 | 64.34 | 44.49 | 36.86 | 32.08 | 23.16 |
| Depreciation | 38.44 | 42.33 | 44.78 | 41.23 | 43.95 | 53.78 | 54.94 | 57.32 | 55.09 | 54.51 |
| **PROFIT BEFORE EXCEPTIONAL ITEMS** | **81.52** | **96.00** | **111.83** | **122.02** | **150.27** | **142.91** | **160.91** | **248.49** | **330.87** | **437.07** |
| Exceptional Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27.21 | 0.00 | 0.00 | 0.00 |
| **PROFIT BEFORE TAX** | **81.52** | **96.00** | **111.83** | **122.02** | **150.27** | **142.91** | **188.11** | **248.49** | **330.87** | **437.07** |
| Provision for Taxation | 34.16 | 35.67 | 35.88 | 44.11 | 53.37 | 42.03 | 48.16 | 56.26 | 81.47 | 131.49 |
| **NET PROFIT** | **47.36** | **60.33** | **75.96** | **77.91** | **96.90** | **100.88** | **139.95** | **192.23** | **249.40** | **305.58** |

| BALANCE SHEET AS AT | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SOURCES OF FUNDS :** | | | | | | | | | | |
| Paid-up Equity Share Capital | 51.91 | 51.91 | 51.91 | 56.71 | 85.07 | 85.07 | 85.07 | 85.07 | 85.07 | 85.07 |
| Equity Warrants | 0.00 | 0.00 | 16.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| General Reserve & Surplus | 314.56 | 356.73 | 411.50 | 543.78 | 593.68 | 674.65 | 757.39 | 918.13 | 1135.85 | 1375.71 |
| Loan Funds | 187.66 | 201.49 | 213.25 | 140.20 | 214.81 | 324.49 | 387.17 | 386.56 | 394.27 | 426.17 |
| **TOTAL** | **554.13** | **610.13** | **693.10** | **740.69** | **893.56** | **1084.21** | **1229.63** | **1389.76** | **1615.19** | **1886.95** |
| **APPLICATION OF FUNDS :** | | | | | | | | | | |
| Net Fixed Assets | 405.31 | 398.36 | 392.16 | 365.32 | 346.99 | 506.77 | 565.30 | 615.68 | 608.50 | 667.40 |
| Capital Work - in - Progress | 0.00 | 0.00 | 0.00 | 63.04 | 240.53 | 131.50 | 142.74 | 104.70 | 212.94 | 304.73 |
| Investment | 0.00 | 0.00 | 25.00 | 25.00 | 27.85 | 36.33 | 88.80 | 86.70 | 86.02 | 144.78 |
| Net Current Assets | 174.71 | 238.32 | 301.40 | 311.81 | 304.18 | 458.87 | 486.12 | 663.01 | 743.19 | 843.27 |
| Deferred Tax Assets / (Liabilities) | (25.89) | (26.55) | (25.46) | (24.48) | (25.99) | (49.26) | (53.33) | (80.33) | (35.46) | (73.23) |
| **TOTAL** | **554.13** | **610.13** | **693.10** | **740.69** | **893.56** | **1084.21** | **1229.63** | **1389.76** | **1615.19** | **1886.95** |
| Equity Dividend | 25% | 30% | 35% | 10% | 20% | 20% | 31% | 41% | 53% | 100% |

# Abbreviations

| | | |
|---|---|---|
| 1 | Act | Companies Act, 2013 |
| 2 | AGM | Annual General Meeting |
| 3 | ADRs | American Depository Receipts |
| 4 | AS | Accounting Standards |
| 5 | Board | Board of Directors |
| 6 | BMGF | Bill & Melinda Gates Foundation |
| 7 | bps | Basis points |
| 8 | BSE | The BSE Limited |
| 9 | bn | Billion |
| 10 | Capital W.I.P. | Capital Work in Progress |
| 11 | CARE | Credit Analysis and Research Limited |
| 12 | CAGR | Compound Annual Growth Rate |
| 13 | CGWA | Central Water Ground Authority |
| 14 | C.I.F. | Cost Insurance and Freight |
| 15 | CDSL | Central Depository Services Limited |
| 16 | CEO | Chief Executive Officer |
| 17 | CFO | Chief Finance Officer |
| 18 | CIN | Corporate Identity Number |
| 19 | CLID | Client Identity |
| 20 | CS | Company Secretary |
| 21 | CSR | Corporate Social Responsibility |
| 22 | DIN | Director Identification Number |
| 23 | DPID | Depositroy Participant Identity |
| 24 | DSIR | Department for Scientific & Industrial Research |
| 25 | EBIDTA | Earnings Before Interest, Depreciation, Taxes, and Amortisation |
| 26 | EIR | Effective Interest Rate |
| 27 | EPCG | Export Promotion Capital Goods |
| 28 | EPS | Earnings Per Share |
| 29 | ESOS | Employees Stock Option Scheme |
| 30 | ETP | Effluent Treatment Plant |
| 31 | FAO | Food and Agriculture Organisation |
| 32 | FD | Fixed Deposit |
| 33 | FOB | Free On Board |
| 34 | F.Y. | Financial Year |
| 35 | GAAP | Generally Accepted Accounting Principles |
| 36 | GALVmed | Global Alliance for Livestock Veterinary Medicines |
| 37 | GDRs | Global Depository Receipts |
| 38 | GMP | Good Manufacturing Practices |
| 39 | GLN | Global Location Number |
| 40 | GLP | Good Laboratory Practices |
| 41 | HBL | Hester Biosciences Limited |
| 42 | HBAL | Hester Biosciences Africa Limited |

| | | |
|---|---|---|
| 43 | HBNPL | Hester Biosciences Nepal Private Limited |
| 44 | HUF | Hindu Undivided Family |
| 45 | IBR | Indian Boiler Regulations |
| 46 | ICAI | Institute of Chartered Accountants of India |
| 47 | Ind AS | Indian Accounting Standards |
| 48 | ILRI | International Livestock Research Institute |
| 49 | IEPF | Investor Education and Protection Fund |
| 50 | IPO | Initial Public Offer |
| 51 | ISIN | International Securities Identification Number |
| 52 | ISO | International Organisation for Standardisation |
| 53 | KMP | Key Managerial Personnel |
| 54 | LLP | Limited Liability Parternership |
| 55 | Listing Regulations | SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 |
| 56 | LODR | Listing Obligations and Disclosures Requirements |
| 57 | MAT | Minimum Alternate Tax |
| 58 | MBL | Maine Biological Laboratories |
| 59 | MCA | Ministry of Corporate Affairs |
| 60 | mn | Million |
| 61 | NEAPS | NSE Electronic Application Processing System |
| 62 | NGO | Non-Governmental Organisation |
| 63 | NIC | National Industrial Classification |
| 64 | NSDL | National Securities Depository Limited |
| 65 | NSE | The National Stock Exchange of India Limited |
| 66 | OHSAS | Occupational Health and Safety Assessment Series |
| 67 | OIE | World Organisation for Animal Health |
| 68 | PAT | Profit After Tax |
| 69 | PBT | Profit Before Tax |
| 70 | PBIT | Profit Before Interest and Tax |
| 71 | P/E | Price-Earnings |
| 72 | PPR | Peste des Petits Ruminants |
| 73 | PAN | Permanent Account Number |
| 74 | P.Y. | Previous Year |
| 75 | QIP | Qualified Institutional Placement |
| 76 | R & D | Research & Development |
| 77 | ROC | Registrar of Companies |
| 78 | ROE | Return on Equity |
| 79 | ROCE | Return on Capital Employed |
| 80 | SCRA | The Securities Contracts (Regulation) Act, 1956 |
| 81 | SCORES | SEBI Complaints Redressal System |
| 82 | SEBI | Securities Exchange Board of India |
| 83 | SLM | Straight Line Method |
| 84 | SS | Secretarial Standards |
| 85 | the Company | Hester Biosciences Limited |
| 86 | WDV | Written Down Value |
| 87 | WHO | World Health Organisation |

# Notes

HESTER

Hester Biosciences Limited

www.hester.in

Concept, Content & Design
WYATTPrism COMMUNICATIONS
(info@wyatt.co.in)