

**5 July 2019**

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

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

Scrip Code: 524669

Symbol: HESTERBIO

**Respected Sir/Madam:**

**Subject: Notice of the 32<sup>nd</sup> Annual General Meeting (AGM) and Annual Report 2018-19**

This is further to our letter dated 20 June 2019, wherein the Company had informed that the Annual General Meeting of the Company is scheduled to be held on Wednesday, 31 July 2019 at 11:00 am at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Navrangpura, Ahmedabad, Gujarat 380009.

Pursuant to Regulation 30 and Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding herewith the Notice of the 32<sup>nd</sup> Annual General Meeting along with Annual Report for the financial year 2018-19, which is being dispatched / sent to the members by the permitted mode(s). The same will be made available on the website of the Company, at [www.hester.in](http://www.hester.in).

Please take the same on your record.

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

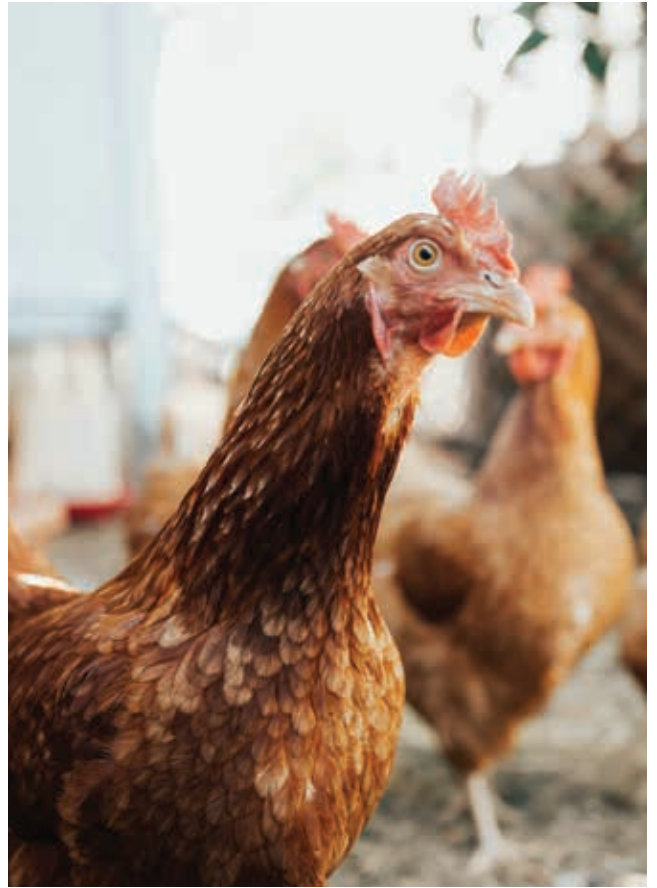


**Rajiv Gandhi**  
**CEO & Managing Director**  
**DIN: 00438037**

Enclosure: As above

HESTER

# The Value of Diversity



Hester Biosciences Limited  
32<sup>nd</sup> Annual Report 2018-19

## **Forward-looking statement**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This Report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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# Corporate Overview

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# FY 2018-19 highlights

**₹1,711.87** <sup>↑27%\*</sup> **million**

Net Sales

**₹438.52** <sup>↑44%\*</sup> **million**

Profit After Tax (PAT)

**₹51.55** <sup>↑44%\*</sup>

Earnings Per Share (EPS)

\* y-o-y growth

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**500+**

Distributors in India

**30+**

Countries present in

**2**

Manufacturing facilities



## Delivering through differentiation

In today's transformational business environment, diversity is the way forward for a fulfilling customer experience. At Hester Biosciences (Hester), we acknowledge this reality and are strengthening the diversity of our offerings.



Our broad portfolio of products, backed by in-house manufacturing, research and strong service, form the backbone of our continuing success. On the back of our well-connected marketing network domestically and internationally, we aspire to further expand our footprint and grow our product portfolio to cater to all sectors of animal healthcare. Focusing on our customers' evolving needs inspires our most inventive solutions. We are, therefore, committed to creating long-term value for all our stakeholders through decisive steps on strengthening operations, supplementing success and creating growth avenues for our partners. Walking on these steps has led us on a journey to create sustainable, profitable growth through a risk-focused business model.

Marching forward on the journey of growth, we are focused on bolstering capabilities and capacities to capitalise on

the emerging market opportunities. Our R&D expertise, customer-centric approach and commitment to superior quality are the principal business drivers that help us deliver continuously on our mission of providing better health for human beings through healthier animals.

We have invested persistently in our operations, workforce, technology and distribution channels during the year. We are strengthening scale, and enriching our product basket and services to meet the critical requirements of a global client base. Our strategies are translating into positive outcomes across markets – a testimony that our efforts are in the right direction.

We will continue to offer customised, responsible solutions to our customers through our state-of-the-art offerings, thereby incorporating the value of diversity in our business.



Introducing Hester

# Staying ahead of competition through diversification

Hester Biosciences is one of India’s leading animal healthcare companies and second-largest poultry vaccine manufacturer.

Our products, across the four verticals of Poultry Vaccines, Animal Vaccines, Poultry Health Products and Animal Health Products, aim at improving the health of animal species, and monitoring and preventing animal diseases. We are a WHO GMP, GLP, ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified Company. Our R&D department is recognised and approved by the Department of Scientific & Industrial Research (DSIR).

We have a diverse product portfolio, with over 50 vaccines and 35 health products. Our products are registered with various countries and international agencies, have received wide acceptance and are marketed across India as well as in several other countries internationally. Over the years,

we have regularly launched new products according to the varying needs of our customers, changes in the disease pattern and have expanded our geographical presence in various countries, including Africa. Our joint venture with Golchha Organisation, Hester Biosciences Nepal Private Limited (HBNPL), is engaged in the manufacturing of large animal vaccines, complementing the Indian operations.

Leveraging our key strengths of cutting-edge R&D capabilities, we are well-prepared to unlock the untapped potential of the growing animal vaccine market across the globe.

## Mission

Better health for human beings through healthier animals

## Vision

Building the future on a foundation of excellence

## Core Values

-  Integrity
-  Innovation
-  Passion
-  Discipline
-  Trust

## Our Key Strengths

### Diversified product portfolio

Hester offers 46 types of poultry vaccines in single and combination varieties: 3 types of large animal vaccines, and a large range of medicines, feed supplements and disinfectants for poultry as well as large animals. The products are a strategic mix of volume and value proportions.

### Modern and regulatory compliant capacities

Hester owns and operates Asia's largest single-location animal biological manufacturing facility in Gujarat, benchmarked with international quality compliance standards. We also have another plant in Kathmandu, Nepal. Through our robust framework, we implement uniform manufacturing standards across all our facilities to achieve standardised product quality for all our markets.

### Robust compliance

We have progressively reinforced our compliance in line with the demanding standards in regulated markets. We are strengthening this culture of compliance through consistent investments in people, technologies and processes.

### Strong R&D capabilities

Research is a key catalyst that drives our vision of becoming a respected, profitable and integrated global animal healthcare company. Our dedicated R&D team is committed to this vision. They provide a spectrum of services encompassing technical service, applications, development and research. Leveraging global knowledge across markets, our team develops processes and products to create a diverse range of cost-effective vaccines.

### Experienced promoters and a dynamic team

Promoters with 36+ years of experience drive our team of over 400 dedicated employees with their vision and strategies for value creation in an evolving regulatory scenario. Our key operational personnel have extensive knowledge and understanding of the global generic pharmaceutical business environment. They are also skilled to innovate and organically scale up the business.

**We are Asia's largest  
single-location animal  
biological manufacturing  
facility**

**We are one of India's  
leading animal  
healthcare companies**

### Services



seroprofiling for  
poultry flocks



mastitis control  
programmes for cattle

Introducing Hester *Continued*

# Operational highlights

## Products

2

New products launched  
in the domestic market

5

Products renewed  
in 2 countries

64.33 million

Doses of Peste Des Petits  
Ruminants (PPR) vaccine supplied  
to state governments

4.53 billion

Doses of vaccines  
manufactured

## Inactivated Vaccine

Production expansion is under commission

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Certifications

**WHO GMP**

**GMP/GLP**

Received for Texas Lifesciences  
Private Limited

**3 GMP**

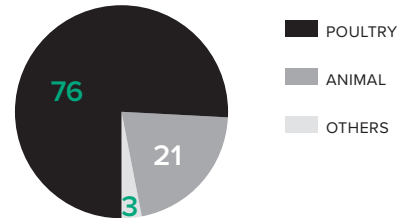
Inspections handled by Audit

## Product offerings

# Diversified product portfolio

We deliver quality pharmaceutical medicines and vaccines, programmes and technical services to safeguard the health of animals and support safe and affordable food supplies.

## Revenue Distribution



## Poultry healthcare division

We have a strong portfolio in poultry vaccines. Every day, we commit ourselves to provide cost-effective solutions to manage disease, optimise flock performance and drive profitability under sustainable conditions. Our products and services help healthy birds reach their full production. As per the current market demand, we are constantly monitoring the disease scenario and innovating vaccines to combat emerging diseases among poultry.

We offer vaccines that immunise poultry against diseases such as Fowl Pox, Newcastle Disease, Infectious Bronchitis, and many more. Additionally, our portfolio also includes health products for poultry.



14 Live Vaccine | 32 Inactivated Vaccine



- Therapeutics – Anti-infective
- Feed Supplement – Growth Tonic, Toxin Binder, Herbal Supplement
- Biosecurity – Disinfectants for Farms and Equipments, Sanitizer

## Highlights of FY 2018-19

Striving to strengthen the health product portfolio by gradually launching some new products every year in the nutritional, therapeutics and biosecurity categories

**₹1,306.20 million** ↑14.71%  
Total Sales



## Animal healthcare division

In this segment, we provide vaccines for large animals against Goat Pox, PPR and Brucellosis. At the same time, we also have a strong presence in the animal health products division, with several unique products available in the therapeutics and nutritional segments.



3 Active



- Drugs – Anti-infective, Anti-parasite, Nonsteroidal Anti-inflammatory Drugs (NSAIDs), Anthelmintic
- Feed supplement – Growth Tonic, Mineral Mixture, Fertility Supplement, Bypass Fat
- Disinfectants – Farms and Equipment, Udder Management

### Highlights of FY 2018-19

Increased territorial reach in domestic market in the states of Uttar Pradesh, Bihar, Karnataka and Tamil Nadu

**₹354.85 million** ↑98.7%  
Total Sales

Geographical reach

# Our global footprint

**● Manufacturing units**

India (Ahmedabad) and Nepal (Kathmandu)

## India

**■ Diagnostic laboratories**

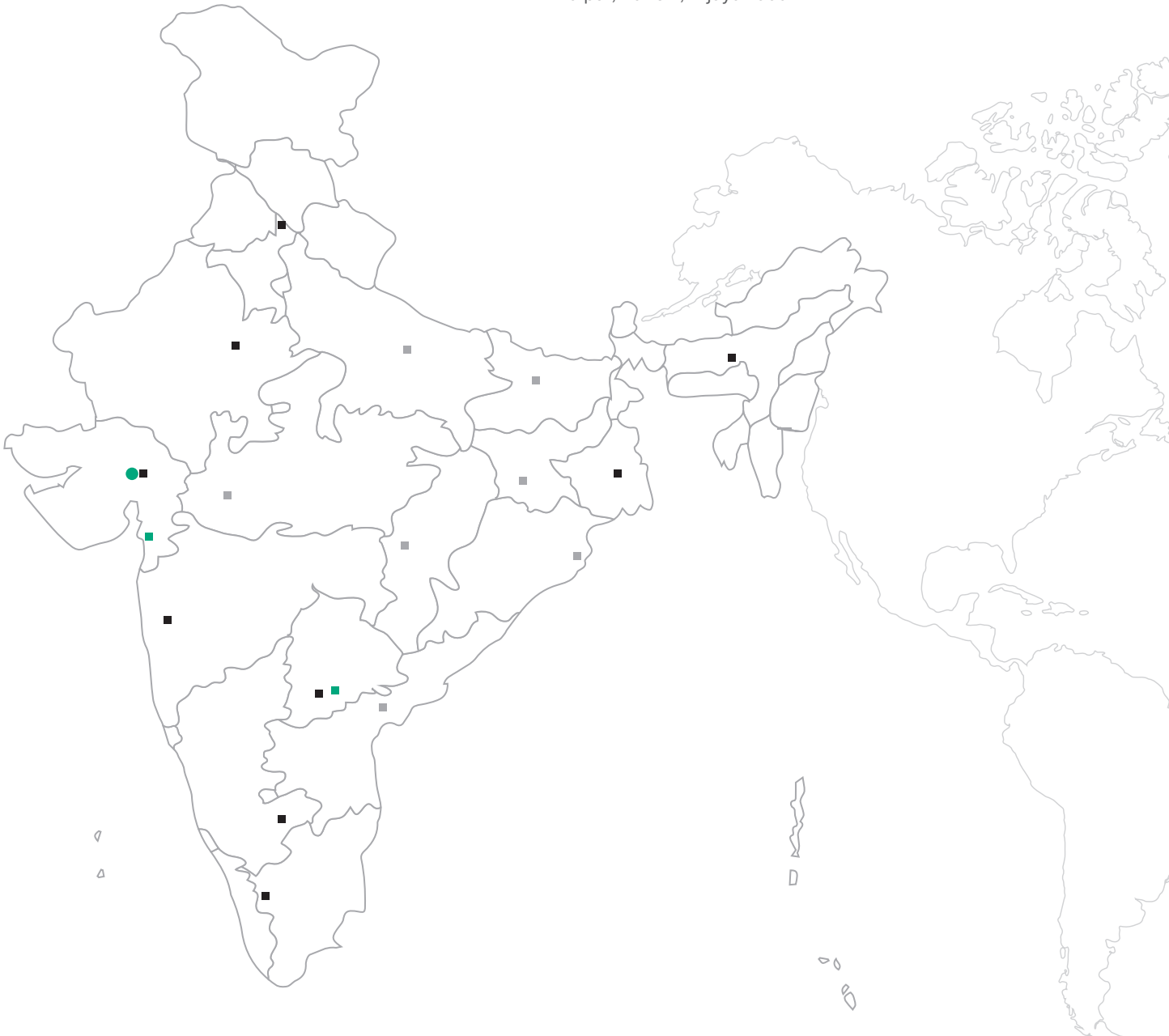
Anand (Gujarat), Hyderabad (Telangana)

**■ Sales depots**

Ahmedabad, Bengaluru, Coimbatore, Panchkula, Guwahati, Hyderabad, Jaipur, Kolkata, Pune


**■ Super distributors**


Bhubaneswar, Indore, Lucknow, Patna, Raipur, Ranchi, Vijayawada



Note: Map not to scale

## GLOBAL

 **Future vaccine production unit**  
Tanzania (Dar es Salaam), Nepal (Kathmandu)

 **Global presence**  
Bangladesh, Botswana, Burkina Faso, Burundi, Egypt, Indonesia, Iraq, Kenya, Kuwait, Lebanon, Malawi, Madagascar, Myanmar, Nigeria, Senegal, Uganda, Vietnam, Zambia, Mongolia, Morocco, Ivory Coast, Afghanistan, Iran, Bhutan, Algeria





## Financial highlights

# Our performance review

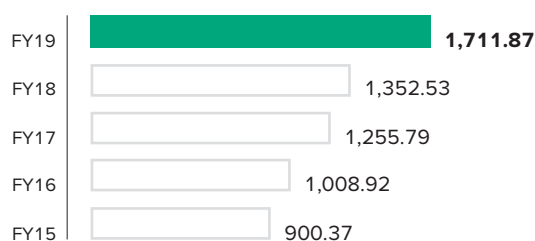
Hester has positive momentum across its portfolio and is delivering value for all stakeholders – communities, partners, customers and shareholders. Growing the business and driving ongoing efficiencies are integral to our strategy. We integrate economic success with

responsible business conduct to achieve sustainable financial performance and ensure transparency and reliability of financial information. We are committed to fair, timely and on-going disclosures as a means to achieve high levels of management transparency.

## Profit and Loss Metrics

### Turnover (₹ in million)

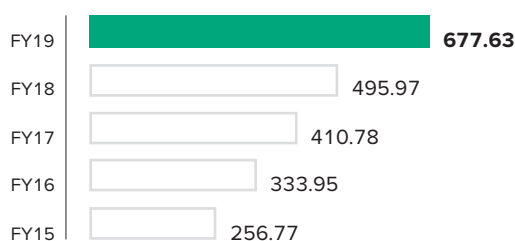
↑ 13.71%



Our turnover has increased driven by increased market penetration. Besides, rationalisation, better planning and addition of capacities led to growth in volumes

### EBITDA (₹ in million)

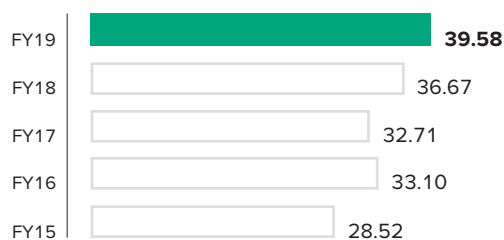
↑ 21.42%



Our operating performance have improved on the back of focused strategy to enhance the proportion of higher value-added products, a rationalised product mix and improved operational efficiencies.

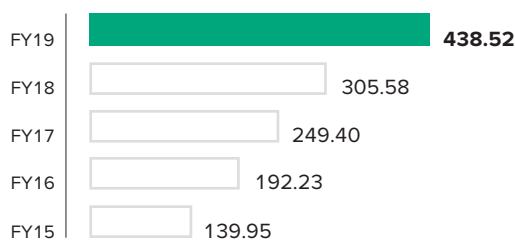
### EBITDA Margin (%)

↑ 6.78%



### Net Profit (₹ in million)

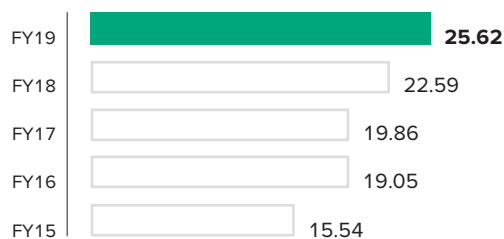
↑ 25.66%



Our profitability has improved consistently on the strength of the business model.

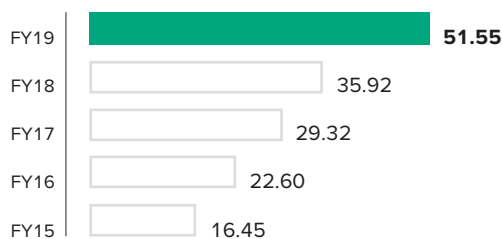
### Net Profit Margin (%)

↑ 10.51%



### EPS (₹)

↑ 25.66%

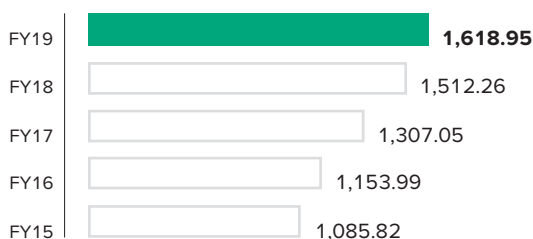


Our growing EPS indicates our growing profitability.

## Balance Sheet Metrics

### Gross Block (₹ in million)

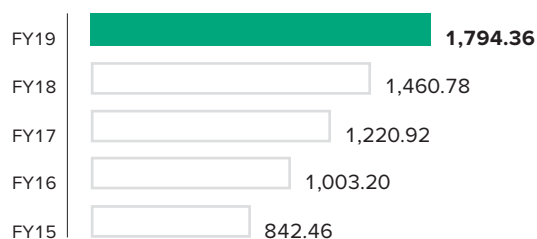
↑ 8.32%



Our gross block increased as we added new capacities.

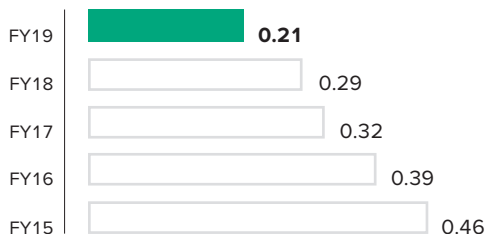
### Net Worth (₹ in million)

↑ 16.32%



Our net worth has increased with our rising profitability.

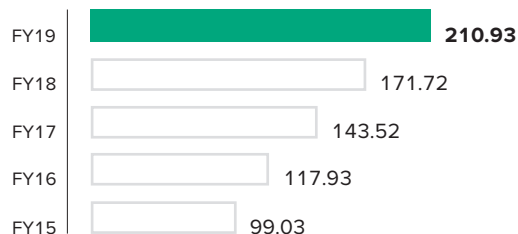
### Debt/Equity Ratio (in times)



Our debt/equity ratio has declined due to increasing cash flows from operations over the years.

### Book Value per Share (₹)

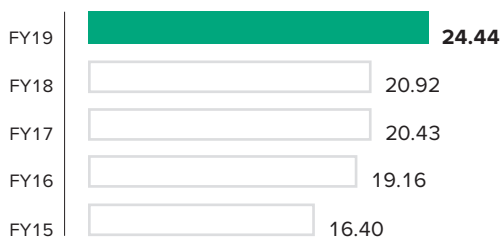
↑ 16.33%



Our growing book value per share indicates our ability to steadily improve shareholders' value.

### Return on Equity (ROE) (%)

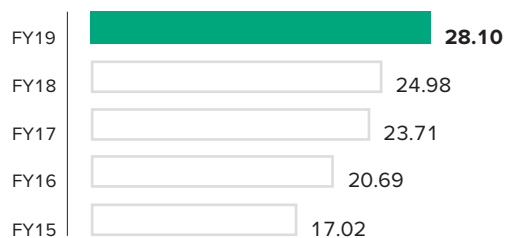
↑ 8.31%



Our ROE grew 352 basis points, indicating growing profitability.

### Return on Capital Employed (ROCE) (%)

↑ 10.55%



Our ROCE grew 312 basis points reflecting our strengthening capital efficiency led by our business model and prudent investments in areas that generate higher returns.

↑ 5 year CAGR

## CEO and MD's Message

# Delivering sustainable growth

Encouraging performance has been supported by our commitment to quality, manufacturing excellence and strong supply chain capabilities.

## Dear Shareholders,

As always, I am pleased to present the performance of your Company for FY 2018-19.

### FY 2018-19 in retrospect

Your Company reported net sales of ₹ 1,711.87 million in FY 2018-19 compared to ₹ 1,352.53 million in the previous year, thereby registering a growth of 27%. Domestic sales grew by 31.30% and exports grew by 8.87%. The overall sales growth was as per forecast. The lesser growth in exports was covered up by domestic sales. Exports continued to face similar problems as those of last year due to external reasons. The tendering for PPR vaccine from FAO still remained slower.

Your Company recorded a net profit after tax of ₹ 438.52 million in FY 2018-19 as against ₹ 305.58 million in the previous year, a growth of 44%. 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 36.67% in FY 2017-18 to 39.58% in FY2018-19. ROCE strengthened from 24.98% to 28.10%, thereby revalidating our commitment to make a better use of resources throughout the year.

The year saw other contributions:

- The African animal vaccine manufacturing project is well on track.

- We embarked on a new mass immunisation program in backyard animals in UP and Bihar, besides continuing the program in Odisha, Chhatisgarh and in Jharkhand. All these activities are being carried on by our Veterinary Social Business Division.
- An elaborate marketing and distribution network has been created in Nepal, thereby paving the way to start domestic sales from Hester Nepal.
- New products were introduced in the Animal Healthcare division.

The lessons of FY 2017-18 surely helped us in FY 2018-19. Better planning, better forecasting, keeping in mind unforeseen external circumstances made us much more stronger. This added strength will help us in years ahead.

### Preparing for the future

#### Self Reliance

Through Texas Lifesciences, our Company which manufactures animal health products, we are near to achieving self-reliance in manufacturing our own animal health products. This has eased our supply and quality issues. While we are still in the process of shifting all the manufacturing of our products to Texas Lifesciences, newer products too are being added at the same time, which are being produced there.



### **Geographical diversity**

While continuing to reach-out deeper within India, we have laid the foundation for geographical diversity by focusing on Africa. Our own depots in Tanzania and in Kenya and distributors in a few other countries mainly in Eastern and Southern Africa will lead us into reducing dependency on any one area or one region or one country. Product registrations are well on way and in two years time this geographical diversity would be well visible. We have now embarked on creating a very strong marketing and distribution network in Nepal. Through Hester Nepal, we are increasing our domestic sales, thereby reducing the dependency on the international PPR vaccine tender business. Additional vaccines and health products have been registered in Nepal.

### **Divisional focus**

In order to achieve product diversity, your Company has started focusing on the large animal vaccines and health products. Success in this endeavor was clearly seen with the contribution of poultry health care division reducing from 84% in FY 2017-18 to 76% in FY 2018-19. This endeavor continues.

As you all may be aware, The Government of India, in its first cabinet meeting after the formation of the new government, took a decision (besides taking many others), to focus on animal health. It announced an initiative to control Foot and Mouth Disease (FMD) and Brucella disease in animals.

₹

**Your Company recorded a net profit after tax of ₹ 438.52 million in FY 2018-19 as against ₹ 305.58 million in the previous year, a growth of 44%.**

The government cleared an outlay of ₹ 13,342 crores (₹ 133.42 billion) for this initiative.

The end result achievable through this initiative is immunisation of animals against FMD and Brucella disease, improvement in the health of animals, primarily improving milk yields (due to better animal health) and less disease incidences. Farmers in India will also be benefitted economically as well as in terms of their own health.

Hester will be a contributor in the Brucella disease eradication program by way of making the vaccine available across the country through the initiative of the Government. Hester has already geared-up to ensure that it is able to supply the required quantities in the coming year.

In conclusion, our team's dedication helped us towards increasing our market share in India, towards creating higher international awareness and towards improving the financial working. The year FY 2018-19 ended as a good year with our team gaining additional confidence towards meandering Hester to the next level!

Regards,

**Rajiv Gandhi**  
**CEO & MD**

Strategic review

# Our priorities

We have a clear strategy for growth, which centres on enhancing our current portfolio, developing the animal health business, deepening our investment in product development and expanding our international business. We have several platforms in place to ensure sustainable growth, including a well-distinguished strategy of products, strong set of capabilities focused on product selection and cost optimisation, and a highly capable team with proven track record.



## Build an international business

Our focus areas for international market are Africa and Asia. Registration of our products in different new regions is under progress. We are also registering additional vaccines to expand the business in countries where we are already present. Further, we are expanding our distribution network via subsidiaries in selected African countries. This network will distribute our products from India, Nepal and Tanzania plants and will be a key factor for higher growth in international business in the coming years.

**60+**  
new registrations in  
various countries targeted  
in FY 2018-19 for which  
we may get approval in  
FY 2019-20



## Grow the large animal business

We plan to grow the large animal vaccines and animal healthcare business, which has huge potential within India and globally. Our expansion strategy in this segment is based on new product launches and increase in share of our existing products. We have several enablers in place to ensure sustainable growth, including a well-differentiated strategy of products, strong set of capabilities focused on product selection and cost optimisation, and a highly capable team with proven track record. We are making sizeable investments in IT infrastructure, concentrating on data integrity, management and security.

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### Optimise market penetration of our product portfolio

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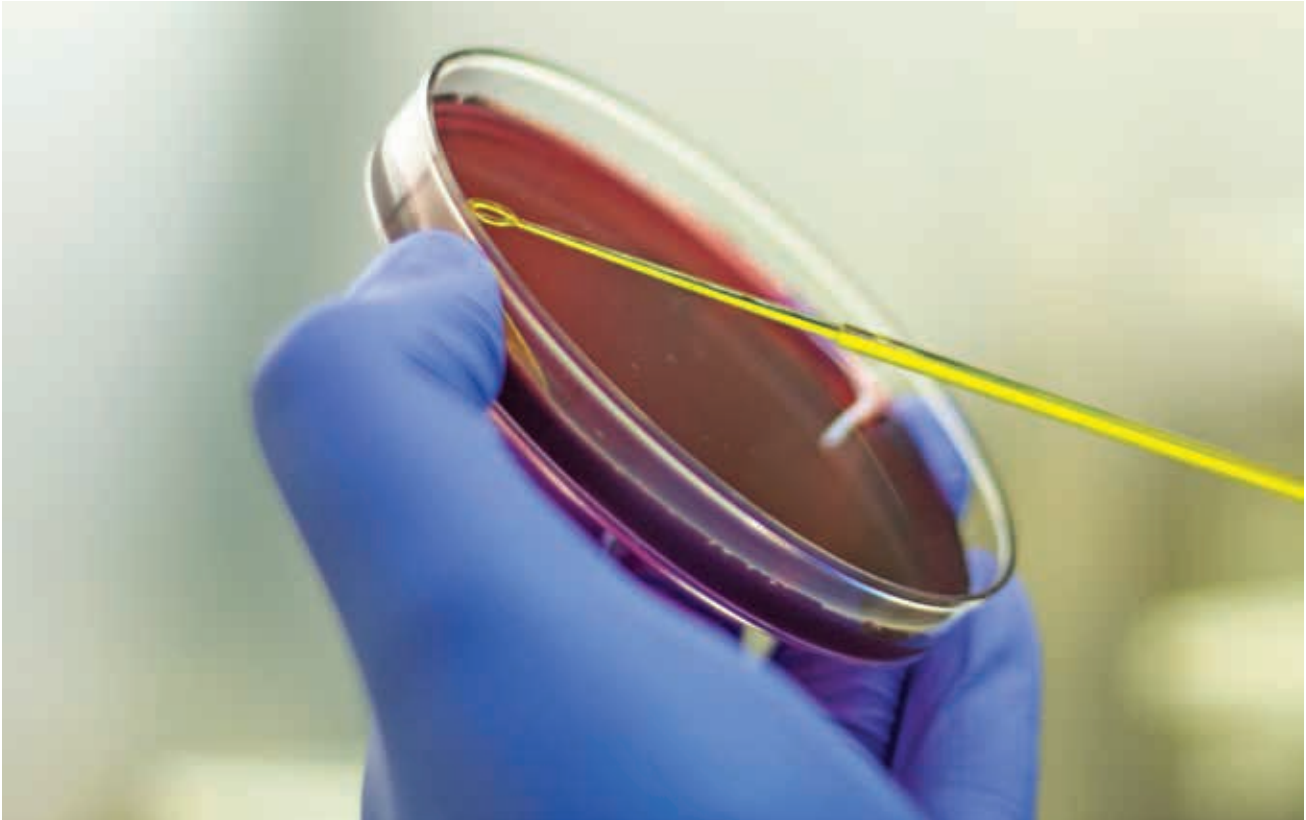
### Efficient and reliable product sourcing, manufacturing and supply

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### Portfolio expansion through a growing product pipeline

## Improve productivity

Our customers expect us to deliver quality products at highly competitive prices. To achieve this, we are focusing on becoming stronger through productivity enhancement. We plan to reinforce our competencies in the realms of cost efficiencies, sales force productivity, R&D and plant productivity, in line with the evolving market and regulatory environment.



## Diversifying ahead

Powerful and strong trends are driving demand for animal health products and services and fuelling the industry's 5-6% CAGR. These include human population growth, a rising middle class in emerging markets, and a steady migration of people from rural communities to urban centres.

Hester has a wide portfolio of 49 vaccines and 50+ health products addressing the preventive, curative and growth needs of poultry and large animals. Our focus is on growing further in the animal healthcare division to reduce dependency on the poultry segment. Our aim is to aggressively increase the territorial reach, penetrate the existing market and introduce new products. The animal healthcare division is a lucrative market and is expected to grow significantly.

Therefore, as part of our growth strategy, we are expanding our product portfolio to empower customers with a wide range of choices. It is our aspiration to make Hester a name synonymous with the animal healthcare segment across the globe.

**FY 2017-18**

**42**  
Products

**66**  
SKUs

**FY 2018-19**

**49**  
Products

**94**  
SKUs

To have better control over quality, availability and costs of acquisition of the animal healthcare products, Hester has followed a strategy of consolidating the manufacturing of these products at Texas Lifesciences in Mehsana.

#### Products manufactured at Texas

**FY 2018-19**

**16**  
Products

**7**  
SKUs

**FY 2019-20**

planned

**24**  
Products

**12**  
SKUs

In addition, we have planned to add two products and two Stock Keeping Units (SKUs) from other third-party manufacturers in the current fiscal year.

## Opportunity landscape

The future of animal healthcare products looks attractive, driven by increasing pet ownership and a growing demand for livestock. Growing animal healthcare awareness is positively impacting the market. Veterinary spending on pets has grown steadily in the recent years and is only expected to increase. Meanwhile, farmers across the world are looking for ways to keep their livestock healthier. As rapidly spreading diseases in animals can compromise the food supply and the economy of any country or region, animal healthcare awareness is given due importance. Further, electronic, print and digital media are also educating the world about animal healthcare. With favourable growth trends over the foreseeable future, the animal healthcare sector offers some intriguing investment opportunities.





## Aiming for greater heights

We set up a facility in Nepal to complement our India operations.

Rt. Hon'ble Prime Minister of Nepal Shri K.P. Sharma Oli and their Finance Minister Dr. Yuba Raj Khatriwada visited the Nepal Plant. The operation of Hester Biosciences in Nala is assisting farmers in livestock production, and is in turn contributing towards economic growth, increase in household income and urbanisation in the country. The facility has been built as per GMP standards and norms, with an annual capacity to manufacture 1.24 billion doses of live and inactivated vaccines.



## Key highlights



Started activity with GALVmed for establishment of supply chain for smallholder farmers



Won the USAID- funded project for the development and marketing of Thermo-tolerant PPR vaccine



Planning to initiate the registration process of Classical Swine Fever vaccine from Nepal

# 103%

Export target achieved



# 5

Received market authorisation from the Nepal drug authority



# 3

Received market manufacturing permission from the Nepal drug authority

## Key product wins

- Hester will produce and distribute 400,000 thermostable vaccine doses to prevent PPR in Nepal, improving the incomes of 100,000 Nepali herders by reducing the mortality and morbidity of goats and sheep. The main purpose is to extend the reach of the PPR vaccine to remote areas by commercialising a thermostable formulation that is easily transported without refrigeration to increase resiliency in farming communities.
- The Company participated in FAO tenders for Afghanistan and supplied 11,100,000 doses of PPR Nigeria 75/1 strain.
- It exported 13,000,000 doses of PPR Nigeria 75/1 strain to Algeria through government tenders.
- Hester is the only global organisation who can supply two most acceptable strains of PPR vaccine, Sungri from India and Nigeria 75/1 strain from the Nepal facility.

## Future strategy

- Nepal facility to be projected as the hub for small ruminant vaccines
- To collaborate with the Department of Livestock Services for the production of the Foot and Mouth Disease (FMD) vaccine
- PPR registration, FAO tenders and government tenders are the focus areas for export from Nepal. The Company is also working on the registration of additional vaccines, other than PPR, from Nepal
- Registrations are under process in four different countries and approvals are expected in FY 2019-20



# First-of-its-kind veterinary social business

At Hester, we believe in the 4A principle: ‘aware smallholder farmers can achieve great heights if appropriate products and services are made available to them at affordable prices.’ Therefore, our veterinary social business is relentlessly working to create awareness and ensure mass access of veterinary vaccines and other health and nutritional products through a reliable supply chain. We partnered with GALVmed and launched a campaign to sensitise farmers about animal health and management.

## Objective:



Facilitating mass access to quality vaccines and health products in rural areas through a sustainable supply chain



Reducing mortality in smallholder farmers’ poultry through the Newcastle Disease vaccination



Creating awareness among smallholder livestock keepers for preventive animal healthcare

## Approach

- The campaign is one of our initiatives to kickstart a new programme that aims to provide over two million smallholder farmers with animal health products in the Indian states of Uttar Pradesh and Bihar, and in Nepal over a period of five years.
- During the campaign period, the Hester and Gaon Connection teams conducted at least 10 village meetings per month in different districts of eastern Uttar Pradesh. Experts from livestock and agriculture sectors joined these events enthusiastically to give holistic solutions to issues affecting smallholder livestock farmers as they usually do crop farming.
- To date, 12 Pashu Chaupal events have been convened, reaching over 1,000 farmers in the districts of eastern Uttar Pradesh (Azamgarh, Varanasi, Gorakhpur, Kaushambi, Chandauli, Barabanki, Sitapur, Prayagraj and Faizabad). During such meetings, the experts highlight the importance of regular deworming and vaccinations of livestock and poultry against diseases such as PPR and Goat Pox in goats, PPR in sheep and the Newcastle disease in poultry, along with good nutrition and management practices.
- Audio-visual awareness tools such as short videos are used to aid in learning. Dedicated sessions on addressing questions from farmers are also held, where experts give advice in a variety of subjects covering livestock and crop.

## Impact

- Initially, the farmers were hesitant to adopt vaccination, but gradually accepted when they observed that after regular vaccination, the disease outbreaks were not recurring and that in turn, led to a rise in bird population.
- Farmers are now consuming their own 'desi' bird instead of broiler and layer. By seeling the local poultry breed, they are also earning well.
- Many vaccinators are now earning more than ₹ 5,000-₹ 10,000, thereby improving their lifestyle, and are able to send their children to good schools, purchase two-wheelers and are financially comfortable compared to the pre-project days.

## Outlook

- First year (FY 2018-19) of the veterinary social business was based on the transformation of the team, while the second year (FY 2019-20) is targeted as 'Year of Growth'. Improving the productivity per person is the main target for FY 2019-20.
- Awareness creation of vaccines (PPR and Goat Pox) along with feed supplement for small ruminants will be the focus area in GALVmed project areas (UP and Bihar).
- 'More business per customer' is the key strategic message to entire veterinary social business team.

## Key initiatives

- Increased product range
- Increased margins for channel partners
- Increased the number of awareness creation activities
- Incentivised the service providers
- Utilised existing rural government channels
- Conducted periodic sero-monitoring for disease surveillance and impact measurement
- Engaged in innovative partnerships:

### Capacity building

Future veterinary professionals:  
**Bihar Animal Science University, Patna, Bihar**

Community animal health service providers:  
**Bihar Rural Livelihood Promotional Society and Jharkhand State Livelihood Promotional Society**

### Social innovation

To encourage social innovation in animal health service delivery in the smallholder sector:  
**IIT Mumbai**

## Risk management

# An integrated risk management architecture

Hester leverages its deep domain and management insights to undertake proactive countermeasures that strengthen viability across verticals, products, geographies and market cycles.

We have implemented an integrated risk management approach through which we review and assess significant risks on a regular basis to ensure that there is a robust system of internal controls in place. We take a proactive approach to recognising, assessing and mitigating risks with the aim of protecting our employees and consumers, and safeguarding the interests of the Company and its shareholders in the constantly changing environment in which the Company operates. The Company is governed by a strong compliance ethic and has set up various response mechanisms that mitigate environmental, operational and business risks and minimise impact on business.

## Competition risk

Our products face intense competition from those of other pharmaceutical companies in India and abroad. Moreover, introduction of new products by competitors may impair our competitive advantage and lead to erosion of revenues.

## Risk mitigation

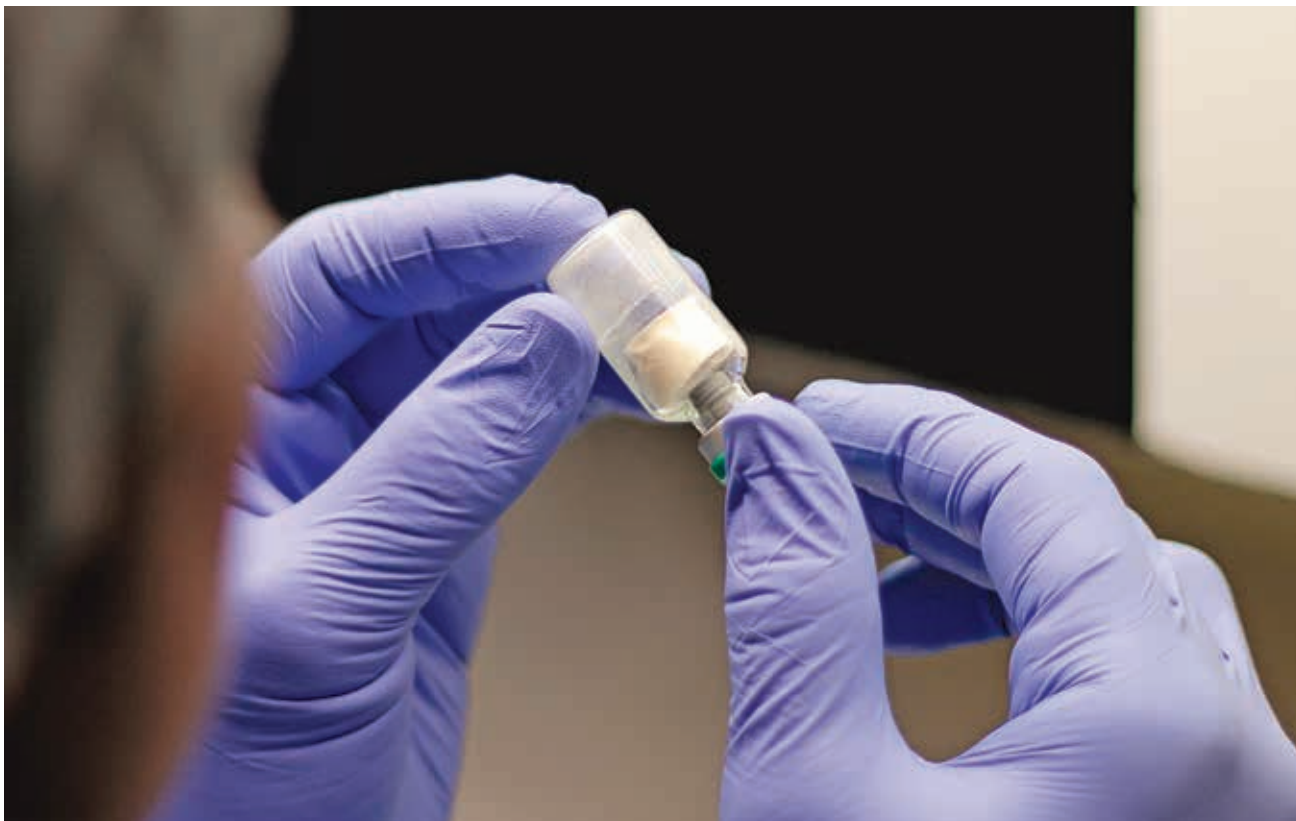
We monitor market activity prior to launch of competitor products and develop a marketing response strategy to mitigate competitor impact.

## Product quality

Patients, consumers and healthcare professionals trust the quality of our products at the point of use. Any failure to guarantee product quality is an enterprise risk, which is relevant across all our global operations. Failure to deliver major products due to pipeline delays or newly launched products not meeting revenue expectations also threatens our business.

## Risk mitigation

We have adopted a Quality Management System (QMS) that defines corporate quality standards and systems for the Company as a whole to ensure operations comply with GMP requirements globally. The QMS also supports delivery of consistent and reliable products. With respect to all new product launches, a detailed marketing plan is established and progress against the plan is regularly monitored.



## Changing global political and economic conditions

We face the risk of exposure to various external political and economic conditions as well as natural disasters that may hit our work performance and capability to achieve our objectives. Additionally, we operate across a broad range of markets, which are susceptible to natural disasters.

### Risk mitigation

The extent of our product portfolio and geographic footprint supports in mitigating our coverage to any specific localised risk to a certain degree. External uncertainties are carefully measured when developing strategy and reviewing performance.

## Regulatory risk

We conduct our business in a highly regulated environment, which is designed to ensure the safety, efficacy, quality and ethical promotion of pharmaceutical products. Failure to adhere to regulatory standards or to implement changes in those standards could affect our ability to register, manufacture or promote our products.

### Risk mitigation

Our internal control framework is designed to ensure that we comply strictly to legal and regulatory requirements through constant evaluation. We have implemented several mechanisms to monitor and support our compliance with legal and regulatory requirements.

We are cognisant of the effects of these risks on our business and have kept them under review.

# Corporate Information

## BOARD OF DIRECTORS

**Dr. Bhupendra Gandhi**, Chairman  
**Mr. Rajiv Gandhi**, CEO & Managing Director  
**Mr. Sanjiv Gandhi**, Director  
**Mr. Ravin Gandhi**, 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

**Mr. Vinod Mali**

## REGISTERED & CORPORATE OFFICE

1st Floor, Pushpak, Panchvati Circle,  
 Motilal Hirabhai Road, Ahmedabad  
 Gujarat - 380 006

## MANUFACTURING UNIT

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

## AUDITORS

**Shah Karia & Associates**

Chartered Accountants  
 405, Scarlet Business Hub, Opp. Ankur School,  
 Nr. Mahalaxmi Five Roads, Fatehpur,  
 Paldi, Ahmedabad - 380 007

## 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. Xavier's College Corner,  
 Off C G Road, Ellisesbridge,  
 Ahmedabad - 380 006

# Directors' Report

Your Directors are pleased to present the Thirty Second Annual Report and the Audited Financial Statements for the financial year ended on 31 March 2019.

## 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 standalone and Consolidated financial performance of the Company, for the financial year ended on 31 March 2019 is summarised below:

₹ in Million

Particulars	Standalone		Consolidated	
	For the year ended on 31 March 2019	For the year ended on 31 March 2018	For the year ended on 31 March 2019	For the year ended on 31 March 2018
Revenue from operations and other income	1,742.84	1,371.30	1,852.77	1,389.60
Profit before interest, depreciation, amortisation expenses and tax (PBIDT)	708.60	514.73	752.45	498.17
Less: Finance Cost	35.43	23.15	66.34	40.36
Less: Depreciation Amortisation Expenses	75.66	54.51	117.55	96.59
<b>Profit before tax (PBT)</b>	<b>597.51</b>	<b>437.07</b>	<b>568.56</b>	<b>361.22</b>
Less: Tax Expenses	158.99	131.49	161.62	130.55
<b>Profit after tax (PAT)</b>	<b>438.52</b>	<b>305.58</b>	<b>406.94</b>	<b>230.67</b>
<b>Profit for the year</b>	<b>438.52</b>	<b>305.58</b>	<b>406.94</b>	<b>230.67</b>
Attributable to:				
Owners	438.52	305.58	415.67	256.21
Non-Controlling Interest	-	-	(8.74)	(25.54)
Other Comprehensive Income /(Loss)	(2.38)	(1.22)	(2.51)	(1.06)
<b>Total Comprehensive Income</b>	<b>436.14</b>	<b>304.36</b>	<b>404.42</b>	<b>229.61</b>
Attributable to:				
Owners	436.14	304.36	413.09	255.08
Non-Controlling Interest	-	-	(8.66)	(25.47)
Opening Balance in Retained Earnings	798.95	609.09	728.97	594.88
<b>Amount available for appropriation</b>	<b>1,235.09</b>	<b>913.45</b>	<b>1,133.39</b>	<b>843.47</b>
Less: Dividend (including Dividend Distribution Tax) on equity shares	102.55	64.50	102.55	64.50
Less: Transfer to general reserve	-	50.00	-	50.00
<b>Closing Balance in Retained Earnings</b>	<b>1,132.54</b>	<b>798.95</b>	<b>1,030.84</b>	<b>728.97</b>
<b>Earnings Per Share (Basic / Diluted)</b>	<b>51.55</b>	<b>35.92</b>	<b>47.84</b>	<b>27.12</b>
<b>(Face Value of Share ₹ 10 each)</b>				

## RESULTS OF OPERATIONS

### Sales

Your Company posted a turnover of ₹ 1,711.87 million in the financial year ended on 31 March 2019, as compared to ₹ 1,352.53 million in the previous year.

### Profitability

Your Company's profit before tax for the year ended 31 March 2019 was recorded at ₹ 597.51 million, as compared to ₹ 437.07 million in the previous year.

### Earnings Per Share

EPS was at ₹ 51.55 as on 31 March 2019 as against ₹ 35.92 as on 31 March 2018.

### Net Worth

The Company's net worth as on 31 March 2019 was at ₹ 1,794.36 million as compared to ₹ 1,460.78 million as on 31 March 2018.

### DIVIDEND

During the year, your Directors declared and paid 1st interim dividend of ₹ 2.00 per equity share and 2nd interim dividend of ₹ 2.00 per equity share for the financial year 2018-19. The resolution to pay interim dividends was passed in the meeting held on 10 August 2018 and 29 October 2018. Further, your Directors have recommended a final dividend payment of ₹ 7.00 per equity share for the financial year 2018-19, making a total of ₹ 11.00 per equity share for the



financial year as compared to ₹ 10 per equity share for the last year. This final dividend is subject to approval by the shareholders at the ensuing Annual General Meeting. The total pay-out of dividend is 21.34 per cent 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 ₹ 93,575,515 as against ₹ 85,068,650 in the earlier year.

During the year, the unclaimed dividend pertaining to the dividend for the year ended 31 March 2011 was transferred to Investors Education and Protection Fund.

## SHARE CAPITAL

The paid-up equity share capital as on 31 March 2019 stood at ₹ 85.07 million.

## REVIEW OF OPERATIONS

The financial year saw an increase in sales by 27 per cent and an increase in bottom line by 44 per cent.

The growth in sales was as per forecast while the growth in bottom line was more than the forecast.

For better management, we restructured the divisions of the company. The divisions now are follows:

- Poultry Healthcare
- Animal Healthcare
- Veterinary Social Business

The poultry healthcare division, comprising of vaccines and health products, witnessed a growth of 14.71 per cent, an increase in sales to ₹ 1,306.20 million from ₹ 1,138.74 million in the previous year. The growth has been more than the growth on the poultry industry, thereby indicating that we have improved our market share.

The animal healthcare division witnessed a growth of 98.70 per cent, an increase in sales to ₹ 354.85 million as against ₹ 178.58 million in the previous year. This growth has come evenly between vaccines and health products. Vaccines growth has come mainly through government tenders while health products have given a good growth in the trade market.

Exports sales registered a growth of 8.87 per cent, an increase in sales to ₹ 138.26 million as against ₹ 126.99 million in the previous year. Exports were below forecasts. The attributable factors were mainly external. Delay in registrations and slow international tender movements were the main causes. Our pursuit continues to consolidate international business and we hope to make big strides in this financial year as well as next year.

Our CARE credit rating was reaffirmed and assigned as follows:

- Long-term Bank Facilities rating 'A-: Stable ("A" Minus, Outlook: Stable)'
- Long-term/ Short-term Bank Facilities rating 'A-: Stable (A" Minus, Outlook: Stable)' / 'A2'
- 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 ₹ 1,852.77 million and total comprehensive income attributable to owners' equity after non-controlling interest is ₹ 404.42 million for the financial year 2018-19 as compared to the Groups' consolidated total income from operations of ₹ 1,389.59 million and total comprehensive income attributable to owners' equity after non-controlling interest of ₹ 229.61 million for the previous financial year 2017-18. 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
4. Hester Bioscience Kenya Limited - Foreign Wholly-owned Subsidiary
5. Hester Biosciences Tanzania Limited - Foreign Step-down Subsidiary (Wholly-owned Subsidiary of Hester Biosciences Kenya Limited)

In accordance with the Indian Accounting Standard (Ind AS) - 110 Consolidation of 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 AND ASSOCIATE COMPANIES

As on 31 March 2019, your Company has two wholly-owned subsidiary Company namely, Hester Biosciences Africa Limited and Hester Biosciences Kenya 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 subsidiaries.

During the year, Hester Biosciences Limited incorporated 100% wholly-owned subsidiary Hester Biosciences Kenya Limited in Kenya.

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 Company's website at the link: <https://www.hester.in/s/Policy-for-Determining-Material-Subsidiaries-9m3y.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)

Teaxs Lifesciences is a subsidiary of Hester Biosciences Limited and holds 54.80% stake. 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)

HBAL is 100% wholly-owned subsidiary of Hester Biosciences Limited in Tanzania. HBAL will be in the business of manufacturing veterinary vaccines and animal health product in Tanzania. HBAL may commence commercial production at the end of 2020.

### Hester Biosciences Kenya Limited (HBKL)

During the year, Hester Biosciences Limited incorporated a 100% wholly-owned subsidiary in the name of Hester Biosciences Kenya Limited (HBKL) in Kenya. HBKL is in the business of Trading of veterinary vaccines and animal health product in Kenya.

### Hester Biosciences Tanzania Limited (HBTL)

During the year, HBKL has incorporated and invested in wholly-owned subsidiary namely, Hester Biosciences Tanzania Limited (HBTL), in Tanzania. HBTL is the step-down subsidiary of Hester Biosciences Limited. HBTL is in the business of Trading of veterinary vaccines and animal health product in Tanzania and other Africa region.

## BOARD OF DIRECTORS AND 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, Dr. Bhupendra Gandhi (DIN: 00437907) 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 32nd 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 and 16 (b) of the Listing Regulations from Independent Directors confirming that they are not disqualified for continuing as an Independent Director.

### 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 Company's strategy, operations, product and service offerings, organisation structure, finance, human resources, technology, quality and facilities. Further, the Company has devised a Familiarisation Programme 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/Policy-on-Familiarization-Programme-for-the-Independent-Directors-bwm9.pdf>

### Key Managerial Personnel

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. During the year, 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.

#### **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 29 January 2019, 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 judgement 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 Nomination and Remuneration policy has amended by the Board of Directors in their meeting held on 29 January 2019, on Recommendation of Nomination and Remuneration Committee. 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 2019, 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: 14 May 2018, 10 August 2018, 29 October 2018 and 29 January 2019.

#### **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.

#### **Terms of References of Committees and Policies**

The Board of Directors has amended the Terms of References of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Grievances and Relationship Committee in their meeting held on 29 January 2019, on recommendation from respective committee to amend the same. The Board of Directors has also made changes in some policies like, Related Party Transaction Policy, Policy for Determining Material Subsidiaries, Nomination and Remuneration Policy and Code of Conduct for Board Members and Senior Management Personnel in their Meeting held on 29 January 2019, as SEBI Regulations amended time to time.

### **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 website of the Company: [www.hester.in](http://www.hester.in)

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

During the year, State Bank of India has revised total credit facilities of the Company to ₹ 556.80 million for working capital requirement and capital expenditures. The Company has raised the additional finance through Working Capital Demand Loan (unsecured) facility from HDFC Bank Limited and 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 Company's 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 Company's website.

## DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has formulated and 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.

The Company always endeavours to create and provide an environment to its employees and external individuals engaged with the Company that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the year, under review there were no incidences of sexual harassment reported and received.

## 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 and amendments therein. A separate section on detailed report on Corporate Governance practice followed by the Company under SEBI (LODR) Regulations, 2015 along with a certificate from Practising 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 AND 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 the Annual Report.

## AUDITORS

### Statutory Auditor and Audit Report

Shah Karia & Associates (Firm Registration No. 131546W), Chartered Accountants, Ahmedabad, was appointed as a statutory auditor of your Company to hold Office until the conclusion of the 32nd AGM.

The Board of Directors of the Company has re-appointed Shah Karia & Associates, Chartered Accountants, Ahmedabad, as statutory auditor of the Company in their Board meeting held on 7 May 2019, subject to approval of the members in the ensuing Annual General Meeting for a period of one year from the conclusion of Thirty Second Annual General Meeting till the Conclusion of next Annual General Meeting. The Audit Committee has considered the qualifications and experiences of the statutory auditor and has recommended their re-appointment. Written consent of the 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 of Shah Karia & Associates for the year ended on 31 March 2019 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 Audit Report**

Naresh J. Patel & Co., Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY 2018-19. 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 2019-20 as an Internal Auditor of the Company in the Board meeting held on 7 May 2019, after obtaining its willingness and eligibility letter for appointment as Internal Auditor of the Company.

#### **Cost Auditor**

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 2018-19, on the remuneration terms as approved by the members at the last Annual General Meeting held on 10 August 2018. The Cost Audit report for the financial year 2017-18 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2018-19 is within 180 days from 31 March 2019.

The Board has appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2019-20 as a Cost Auditor of the Company in the Board meeting held on 7 May 2019, 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 32nd Annual General Meeting of the Company.

#### **Secretarial Auditor and Secretarial Audit 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 2018-19. The Secretarial Audit Report for the FY 2018-19 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 2019-20 in the Board Meeting held on 7 May 2019.

#### **PARTICULARS OF LOANS, GUARANTEES AND 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 2019 in Form MGT-9 is annexed to this report as **Annexure-3**. The same is available on the website of the Company and can be accessed through: [www.hester.in](http://www.hester.in)

#### **RELATED PARTY TRANSACTIONS**

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 Personnel 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. The Related Party Transactions took place during the financial year 2018-19 have placed in Notes of Financial Statements of the Company.

The policy on Related Party Transactions as approved by the Board may be accessed through the web link: <https://www.hester.in/s/Related-Party-Transaction-Policy-rr76.pdf>

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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, is provided in **Annexure-4** and forms part of this report.

## 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 AND FRAMEWORK

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximising returns. The Company's 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 AND 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 2019, 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 Company's operations.

## CREDIT RATING

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

## TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) ACCOUNT

During the year, the Company has transferred 20,705 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. The Company has sent letters to shareholders to claim their unpaid dividend before the shares transferred to IEPF Account.

## 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 2019, 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 judgements 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 2019 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: 7 May 2019  
Place: Ahmedabad

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
Director

# Annexure-1

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

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes under taken or proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.

The Company framed and adopted CSR policy in compliance with the provisions of Section 135 of Companies Act, 2013 and policy may be accessed through the web-link: <https://www.hester.in/s/Corporate-Social-Responsibility-Policy-6f83.pdf>

The CSR Policy encompasses the Company's 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 2018-19.

### 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: ₹ 340.02 million

### 4. Prescribed CSR expenditure [2% of the amount as in item No. 3 above]: ₹ 6.80 million

### 5. Details of CSR spent during the financial year:

a) Total amount spent during the financial year: ₹ 1.70 million

b) Amount unspent, if any: ₹ 5.10 million

c) Manner in which the amount spent during the financial year is detailed below:

Sr.	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 upto the reporting date	Amount spent: Direct or through implementing agency
1	Educational Programme	Education	Mumbai (Maharashtra)	0.10	0.10	0.10	Through NGO (Shri Bhartiya Sanskruti Samvardhak Trust)
2	Educational Programme	Education	Mumbai (Maharashtra)	0.70	0.70	0.80	Through NGO (Piroja Vasunia Education Trust)
3	Environment Conservation Programme	Healthcare	Ahmedabad (Gujarat)	0.70	0.70	1.50	Through NGO (Centre for Environment Educations)
4	Swachh Bharat Abhiyan	Healthcare	Ahmedabad (Gujarat)	0.20	0.20	1.70	Through NGO (Tulsi Vallabh Nidhi)

**In case the Company has failed to spend the stipulated two per cent 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 unspent ₹ 51 Lakhs towards a project of promoting education, healthcare 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

Date: 7 May 2019  
Place: Ahmedabad

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
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		Hester Biosciences Kenya Limited	Hester Biosciences Tanzania Limited
	As on 31 March 2019	As on 31 March 2018	As on 31 March 2019	As on 31 March 2018	As on 31 March 2019	As on 31 March 2018	As on 31 March 2019	As on 31 March 2019
Equity Share capital	119.49	119.49	48.08	48.08	155.63	32.35	10.31	38.34
Other Equity	(126.36)	(96.07)	(1.78)	(5.95)	(3.25)	(1.82)	65.57	(6.64)
Total Assets	457.17	462.67	62.41	53.49	434.04	33.43	75.89	31.70
Total Liabilities	457.17	462.67	62.41	53.49	434.04	33.43	75.89	31.70
Investments	-	-	-	-	-	-	39.19	-
Turnover	63.97	4.45	83.50	14.69	-	-	-	2.20
Profit before Taxation	(30.29)	(73.58)	6.00	0.27	-	(2.58)	(1.01)	(3.60)
Provision for Taxation	-	-	(1.83)	0.18	-	-	-	-
Profit after Taxation	(30.29)	(73.58)	4.18	0.45	-	(2.58)	(1.01)	(3.60)
% of Shareholding	65%	65%	54.80%	54.80%	100%	100%	100%	100%*

\* Shares held by Hester Biosciences Kenya Limited

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

1. Names of subsidiaries which are yet to commence operations:
  - i. Hester Biosciences Africa Limited
  - ii. Hester Biosciences Kenya 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 2019.

For and on behalf of Board of Directors

Date: 7 May 2019  
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 2019**

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

**I. REGISTRATION AND 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 Phone: +91 79 26445107 Fax: +91 79 26445105 E-mail: 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 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xaviers' College Corner, Off C. G. Road, Ellisbridge, Ahmedabad - 380 006 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	-	Subsidiary Company	65.00	2(87)
2	Texas Lifesciences Private Limited	U24304GJ2017PTC097758	Subsidiary Company	54.80	2(87)
3	Hester Biosciences Africa Limited	-	Wholly-Owned Subsidiary Company	100.00	2(87)
4	Hester Biosciences Kenya Limited	-	Wholly-Owned Subsidiary Company	100.00	2(87)
5	Hester Biosciences Tanzania Limited	-	Wholly-Owned Step-down Subsidiary Company	100.00*	2(87)

\* Shares held by Hester Biosciences Kenya Limited.

## IV. SHAREHOLDING PATTERN:

### i. Category-wise Shareholding:

Category of Shareholders as per Clause 31 (b)	Shareholding at the Beginning of the Year (1 April 2018)				Shareholding at the End of the Year (31 March 2019)				% Change during Year
	Demateria- lised	Physical	Total	% of Total Shares	Demateria- lised	Physical	Total	% of Total Shares	
<b>Shareholding of Promoter and Promoter Group</b>									
<b>Indian</b>									
Individuals/ Hindu Undivided Family	3,524,329	0	3,524,329	41.43	3,524,629	0	3,524,629	41.43	0.00
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
<b>SUB-TOTAL (A)(1)</b>	<b>3,797,167</b>	<b>0</b>	<b>3,797,167</b>	<b>44.64</b>	<b>3,797,467</b>	<b>0</b>	<b>3,797,467</b>	<b>44.64</b>	<b>0.00</b>
<b>Foreign</b>									
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
<b>SUB-TOTAL (A)(2)</b>	<b>803,955</b>	<b>0</b>	<b>803,955</b>	<b>9.45</b>	<b>803,955</b>	<b>0</b>	<b>803,955</b>	<b>9.45</b>	<b>0.00</b>
<b>TOTAL Shareholding of Promoter and Promoter Group (A= 1 + 2)</b>	<b>4,601,122</b>	<b>0</b>	<b>4,601,122</b>	<b>54.09</b>	<b>4,601,422</b>	<b>0</b>	<b>4,601,422</b>	<b>54.09</b>	<b>0.00</b>
<b>Public Shareholding</b>									
<b>Institutions</b>									
Mutual Funds/ UTI	9,000	4,400	13,400	0.15	0	2,850	2,850	0.03	(0.12)
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Alternate Investment Funds	34,255	0	34,255	0.40	36,370	0	36,370	0.43	0.03
Foreign Venture	0	0	0	0.00	0	0	0	0.00	0.00
<b>Capital Investors</b>									
Foreign Portfolio Investor	145,181	0	145,181	1.71	150,981	0	150,981	1.78	0.07
Financial Institutions / Banks	1,544	0	1,544	0.02	14,822	0	14,822	0.17	0.15
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
<b>SUB-TOTAL (B)(1)</b>	<b>189,980</b>	<b>4,400</b>	<b>194,380</b>	<b>2.28</b>	<b>202,173</b>	<b>2,850</b>	<b>205,023</b>	<b>2.41</b>	<b>0.13</b>
<b>Central Government/ State Government(s)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>SUB-TOTAL (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Non-Institutions</b>									
Bodies Corporate	388,829	0	388,829	4.57	352,911	0	352,911	4.15	(0.42)
NBFCs registered with RBI	0	0	0	0.00	68,451	0	68,451	0.81	0.81
<b>Individuals</b>									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	1,429,978	198,044	1,628,022	19.14	1,438,817	161,381	1,600,198	18.81	(0.33)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	896,892	0	896,892	10.54	923,092	0	923,092	10.85	0.31
<b>Others</b>									
i) Employees	0	0	0	0.00	0	0	0	0	0.00
ii) Non-Resident Repatriates	215,502	200,550	416,052	4.89	193,319	200,550	393,869	4.63	(0.26)
iii) Non-Resident Non-Repatriates	97,493	36	97,529	1.15	98,374	36	98,410	1.16	0.01
iv) Non-Domestic Companies	0	0	0	0.00	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) Investors Education & Protection Fund (IEPF)	41,996	0	41,996	0.49	62,701	0	62,701	0.74	0.25
vii) Others	205,593	0	205,593	2.42	164,338	0	164,338	1.93	(0.49)

Category of Shareholders as per Clause 31 (b)	Shareholding at the Beginning of the Year (1 April 2018)				Shareholding at the End of the Year (31 March 2019)				% Change during Year
	Dematerialised	Physical	Total	% of Total Shares	Dematerialised	Physical	Total	% of Total Shares	
viii) Directors and their Relatives and Friends	0	0	0	0.00	0	0	0	0.00	0.00
ix) Foreign Nations	6,450	0	6,450	0.07	6,450	0	6,450	0.07	0.00
<b>SUB TOTAL (B)(3)</b>	<b>3,270,737</b>	<b>398,630</b>	<b>3,669,367</b>	<b>43.62</b>	<b>3,338,453</b>	<b>361,967</b>	<b>3,700,420</b>	<b>43.50</b>	<b>(0.12)</b>
<b>TOTAL Public Shareholding(B) = (1) + (2)+ (3)</b>	<b>3,502,713</b>	<b>403,030</b>	<b>3,905,743</b>	<b>45.91</b>	<b>3,540,626</b>	<b>364,817</b>	<b>3,905,443</b>	<b>45.91</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>	<b>8,103,835</b>	<b>403,030</b>	<b>8,506,865</b>	<b>100.00</b>	<b>8,142,048</b>	<b>364,817</b>	<b>8,506,865</b>	<b>100.00</b>	<b>0.00</b>
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
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>8,103,835</b>	<b>403,030</b>	<b>8,506,865</b>	<b>100.00</b>	<b>8,142,048</b>	<b>364,817</b>	<b>8,506,865</b>	<b>100.00</b>	<b>0.00</b>

**ii. Shareholding of Promoters**

Sr.	Shareholders' Name	Shareholding at the Beginning of the Year (as on 1 April 2018)			Shareholding at the End of the Year (as on 31 March 2019)			% 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	2,850	0.03	0.00	3,150	0.03	0.00	0.00

**iii. Change in Promoters' Shareholding**

Sr.	Shareholders' Name	Shareholding at the Beginning of the Year (as on 1 April 2018)		Date-wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the Ending of the Year (31 March 2019)	
		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 Diagnostics 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	2,850	0.03	11 June 2018	300 Purchase		3,150	0.03	3,150	0.03

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

Sr.	Name	Shareholding at the Beginning of the Year (as on 1 April 2018)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the Ending of the Year (31 March 2019)	
		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	Mr. Vinay Shah	108,900	1.28	Nil movement during the year			108,900	1.28	108,900	1.28
3	Mr. Mahaveer Prasad Jain	107,182	1.26	Nil movement during the year			107,182	1.26	107,182	1.26
4	Mr. Manish Jain	100,360	1.18	Nil movement during the year			100,360	1.18	100,360	1.18
5	Mr. Kuntal Hasmukhlal Shah	84,466	0.99	Nil movement during the year			84,466	0.99	84,466	0.99
6	Mr. Aniruddha Narayan Malpani	81,542	0.96	21 December 2018	(681)	Sale	80,861	0.95	80,346	0.94
				28 December 2018	(515)	Sale	80,346	0.94		
7	Ms. Anjali Aniruddha Malpani	80,375	0.94	21 December 2018	(1,439)	Sale	78,936	0.93	77,886	0.92
				29 March 2019	(1,050)	Sale	77,886	0.92		
8	India Acorn Fund Ltd.	75,330	0.89	Nil movement during the year			75,330	0.89	75,330	0.89
9	Nirmal Bang Financial Services Private Limited*	61,500	0.72	6 April 2018	2,000	Purchase	63,500	0.75	75,000	0.88
				20 April 2018	2,000	Purchase	65,500	0.77		
				27 April 2018	9,500	Purchase	75,000	0.88		
				1 June 2018	(800)	Sale	74,200	0.87		
				8 June 2018	45	Purchase	74,245	0.87		
				22 June 2018	(45)	Sale	74,200	0.88		
				6 July 2018	800	Purchase	75,000	0.88		
				27 July 2018	45	Purchase	75,045	0.88		
				10 August 2018	(45)	Sale	75,000	0.88		
				7 September 2018	45	Purchase	75,045	0.88		
				12 October 2018	(45)	Sale	75,000	0.88		
				7 December 2018	45	Purchase	75,045	0.88		
				21 December 2018	(45)	Sale	75,000	0.88		
				1 February 2019	45	Purchase	75,045	0.88		
15 February 2019	(45)	Sale	75,000	0.88						
22 March 2019	4	Purchase	75,004	0.88						
29 March 2019	(4)	Sale	75,000	0.88						
10	Indianivesh Capitals Limited	112,035	1.32	5 May 2017	(46,122)	Sale	65,913	0.77	69,991	0.82
				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						
11	Ms. Anupriya Jain#	66,921	0.79	Nil movement during the year			66,921	0.79	66,921	0.79

\* Not in list of top 10 shareholders as on 1 April 2018. The same has been reflected above since the shareholders were one of the top 10 shareholders as on 31 March 2019.

# Ceased to be in the list of top 10 shareholders as on 31 March 2019. The same is reflected since the shareholders was one of the top 10 shareholders as on 1 April 2018.

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

Sr.	Name	Shareholding at the Beginning of the Year (as on 1 April 2018)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the Ending of the Year (31 March 2019)	
		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	1,152	0.01	Nil movement during the year			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	Deposits	Total Indebtedness
Indebtedness at the beginning 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	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>376.17</b>	<b>50.00</b>	<b>-</b>	<b>426.17</b>
Change on indebtedness during the financial year				
i. Addition	32.26	50.00	-	82.26
ii. Reduction	(125.51)	-	-	(125.51)
<b>Net Change</b>	<b>(93.25)</b>	<b>50.00</b>	<b>-</b>	<b>(43.25)</b>
Indebtedness at the end of the financial year				
i. Principal amount	281.42	100.00	-	381.42
ii. Interest due but not paid	1.49	-	-	1.49
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>282.92</b>	<b>100.00</b>	<b>-</b>	<b>382.92</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****i. Remuneration to Managing Director, Whole-Time Director and / or Manager**

(₹ in million)

Sr.	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	20.40	20.40
b)	Value of perquisite u/s 17 (2) of Income Tax Act, 1961	0.60	0.60
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	-	-
5	Others, Specify -	-	-
	<b>Total (A)</b>	<b>21.00</b>	<b>21.00</b>
	Ceiling as per the Act (@ 5% of profits calculated under Section 198 of the Companies Act, 2013)		22.00

**ii. Remuneration to other Directors**

(In ₹)

Sr.	Name of Director	Fee for Attending Board / Committee Meetings	Commission	Other, Specify	Total Amount
<b>A Independent Directors</b>					
1	Mr. Vishwesh Patel	110,000	-	-	110,000
2	Ms. Grishma Nanavaty	110,000	-	-	110,000
3	Mr. Naman Patel	110,000	-	-	110,000
4	Mr. Amit Shukla	110,000	-	-	110,000
	<b>Total (1)</b>	<b>440,000</b>	<b>-</b>	<b>-</b>	<b>440,000</b>
<b>B Other Non-Executive Directors</b>					
1	Dr. Bhupendra Gandhi	40,000	-	-	40,000
2	Mr. Sanjiv Gandhi	40,000	-	-	40,000
3	Ms. Nina Gandhi	20,000	-	-	20,000
	<b>Total (2)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
	<b>Total (1+2)</b>	<b>540,000</b>	<b>-</b>	<b>-</b>	<b>540,000</b>

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

(₹ in million)

Sr.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Jigar Shah (Chief Financial Officer)	Ms. Amala Parikh* (Company Secretary)	Mr. Vinod Mali # (Company Secretary)	
1	Gross Salary				
a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	6.92	0.02	0.43	7.37
b)	Value of perquisite u/s 17 (2) of Income Tax Act, 1961	-	-	-	-
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:	-	-	-	-
	<b>Total</b>	<b>6.92</b>	<b>0.02</b>	<b>0.43</b>	<b>7.37</b>

\* Resigned on 14 May 2018

# Appointed on 14 May 2018

**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)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	87	Delay in filling Charge Satisfaction due to issuance of NOC from Bank	Compounding Fees of ₹ 4,000	The Regional Director, North Western Region	-
<b>B. Director</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officer in Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors

Date: 7 May 2019  
Place: Ahmedabad

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
Director



# Annexure-4

## PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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 rain water recharge well work completed applied for CGWA permission.

Result: In 2018 monsoon we recharge 265,000 litres of rain water to ground.

Advantage: Conservation on natural resources.

Status: CGWA approval is pending once done more five well will be created for site requirement of rain water harvesting.

##### 2. Fire Hydrant System and Reject Water Sump

Target: Per day approximately 30,000 litres of reject water is going to ETP. Due to VP-2 facility additional effluent load increased more by 20,000 litres.

Action: Instead of building additional capacity of ETP, one sump of 2 lakh litres is created. It serves dual purpose- 1) RO reject water need not to send to ETP 2) water requirement for fire network fulfilled by reject water.

Result: All RO plants reject water going to sump and used in fire water network. System is functional now.

Advantage: Cost saving on using fresh borewell water as fire water. And additional load of reject water on ETP removed.

Status: Project is completed. Documents submitted for NOC process and approval to Chief Fire Officer, Ahmedabad Fire & Emergency Services.

##### 3. Fire Protection- Smoke Detection/ Alarm System:

Target: To protect administration block for fire hazard.

Action: Smoke detection monitoring, and alarm system installed at administration blocks and Bio-hazard scrap yard.

Result: System is functional now.

Status: Project is completed. Documents submitted for NOC process and approval to Chief Fire Officer, Ahmedabad Fire & Emergency Services.

##### 4. New boiler

Target: To replace existing two nos. of Non-IBR boilers of capacity 1,250 Kg/Hr with new one IBR boiler of 3,000 Kg/Hr under installation/ commissioning functional by 31 May 2019 and benefits are-

- a) Quality of plant steam will improve
- b) Water, fuel power consumption will be reduce

#### 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 2018-19	FY 2017-18
Capital	1.14	44.22
Recurring	31.74	28.77
<b>Total</b>	<b>32.88</b>	<b>73.00</b>
<b>Total R&amp;D expenditure as a percentage of turnover</b>	<b>1.92%</b>	<b>5.40%</b>

**C. FOREIGN EXCHANGE EARNINGS AND 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 2018-19	FY 2017-18
Purchase / Materials / Trading Goods / Packing (including payment to creditors)	44.76	16.01
Travelling	-	6.58
Capital Expenditure (Furniture and Machinery)	0.94	5.48
Membership / Registration fees	-	1.58
Consultancy and Professional fees	0.93	0.06
Sales Promotion	26.64	-
Office Maintenance	0.43	0.57
Others	0.06	0.05
<b>Total</b>	<b>73.76</b>	<b>30.33</b>

**b) Earning in Foreign Currency:**

(₹ in million)

Particulars	FY 2018-19	FY 2017-18
F. O. B. Value of Exports	119.86	112.79
Other Operating Income	8.34	22.70
<b>Total</b>	<b>128.20</b>	<b>135.49</b>

For and on behalf of Board of Directors

Date: 7 May 2019  
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.	Name	Designation	Ratio
1	Mr. Rajiv Gandhi	CEO & Managing Director	69.59 : 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.	Name	Designation	Percentage (%)
1	Mr. Rajiv Gandhi*	CEO & Managing Director	9.15
2	Mr. Jigar Shah	Chief Financial Officer	10.17
3	Mr. Vinod Mali#	Company Secretary & Compliance Officer	-
4	Ms. Amala Parikh@	Company Secretary	-

\* Remuneration excluding Commission on Profit

# Appointed on 14 May 2018

@ Resigned on 14 May 2018

**c) The percentage increase in the median remuneration of employees in the financial year 2018-19: 14.15%****d) The number of permanent employees on the rolls of the Company as on 31 March 2019: 448 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 12.84%, whereas average increase in the managerial remuneration was 9.15% for the financial year. The 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	₹ 21 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	56 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: 7 May 2019  
Place: Ahmedabad

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
Director

# Annexure-6

## SECRETARIAL AUDIT REPORT For the financial year ended 31 March 2019

[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**  
CIN: L99999GJ1987PLC022333  
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 Company's 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 2019 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 2019 and made available to me, according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder 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 thereunder;
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, as amended from time to time, 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

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 thereunder 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) Approval of Shareholders has been taken for granting loan, giving guarantee, providing security or making investment to the extent of ₹ 200 crores in Annual General Meeting held on 10 August 2018.
- ii) Approval of shareholders has been taken for issuance of equity shares or equity linked securities/securities convertible into equity shares through Qualified Institutional Placement (QIP) or Preferential allotment to the extent of ₹ 100 crores through postal ballot process on 19 December 2018.
- iii) Approval for Revision in remuneration of Mr. Rajiv Gandhi, CEO & Managing Director for the current term up to 31 March 2020, has been taken through postal ballot process on 19 December 2018.

Name of Company Secretary in practice: **Tapan Shah**

FCS No.: **4476**

C P No.: **2839**

Place: Ahmedabad

Date: 7 May 2019

**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**  
CIN: L99999GJ1987PLC022333  
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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad  
Date: 7 May 2019

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

# Management Discussion and Analysis

## ECONOMIC ENVIRONMENT

### GLOBAL

#### The year in review

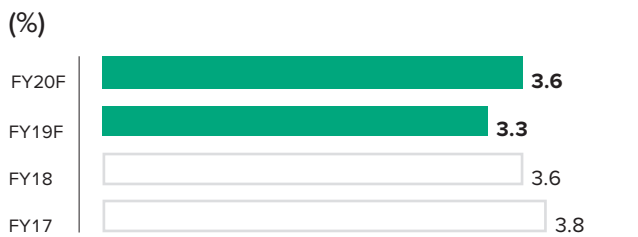
The global economy grew by 3.6% in 2018 (Source: IMF), weighed down by weak financial market sentiments, continued trade tensions between the US and China, macroeconomic issues in Argentina and Turkey, and volatile crude prices. The US was an outlier among advanced economies, recording an acceleration to 2.9% from 2.2% in 2017, as the US dollar strengthened, unemployment stayed at the natural rate, and inflation remained low. The Eurozone slowed to 1.8% from 2.4% in 2017, largely due to sluggish domestic demand, while China grew by 6.6% versus 6.9% a year earlier.

#### Highlights of the key markets of the Company

- Nepal grew by 6.3% on the back of healthy momentum in the industrial and services sectors, and the government’s continued reforms.
- Africa grew by 3.5% (Source: African Development Bank) owing to strong performance of East African countries—Ethiopia, Kenya, Rwanda and Tanzania—aided by government reforms to attract more investments.
- Indonesia’s economic growth of 5.2% was driven by a pick-up in domestic consumption.

Source: International Monetary Fund, World Economic Outlook, April 2019

### Global growth (GDP) trend



Source: International Monetary Fund, World Economic Outlook, April 2019  
F: Forecasted

#### Outlook

While downside risks to global economic expansion remain, persistently low inflation in major economies may prompt the central banks to adopt a more accommodative policy stance. This dovish strategy could stimulate the global economy in the second half of 2019 and trigger capital inflows into emerging and developing economies, especially China and India. China may also increase the size of its economic stimulus to cushion the impact of trade tariffs and boost domestic consumption.

## INDIA

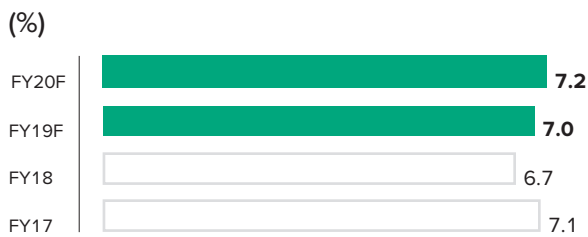
### The year in review

India, the world’s sixth largest economy, remained the fastest growing major economy in FY19. An uptick in private sector investment, strong gross capital formation and improved exports boosted GDP, aided by double-digit growth in private consumption and steady construction activity aided this growth. Consumer confidence improved in the second half of FY19, inching up for two straight quarters.

Retail inflation, measured by the Consumer Price Index (CPI), and wholesale inflation, measured by the Wholesale Price Index (WPI), remained in low single digits for the most part of FY19. The Reserve Bank of India (RBI) reverted to its ‘neutral’ stance from ‘calibrated tightening’ (briefly adopted between October and December 2018). The apex bank announced a 25-basis-point cut in the repo rate in its last policy review meeting of FY19 to fast-track growth and improve system liquidity. The government adopted prudent policy measures to contain fiscal deficit in a narrow band.

The Indian rupee (₹) remained tepid for most part of the year and hit a low of 74.48 against the US dollar (USD) due to higher oil prices, improving US yields, weak domestic fundamentals and outflows from domestic markets.

### India’s GDP growth



Source: CSO, RBI  
e = estimate; F = forecast

#### Key macro growth enablers

- Favourable demographics are likely to propel the Indian consumption story
- A stable and reform focussed policy framework will drive business and investment
- Government focus on improving disease control and providing financial support to new farms
- Growing demand for poultry protein

#### Outlook

India’s economy is likely to grow at over 7.2% in FY20, driven by wide-ranging reforms undertaken by the government such

as Goods and Services Tax (GST), Housing for All by 2022, Ease of Foreign Direct Investment (FDI) norms, among others. These reforms will help drive consumption and investment in the country.

Another reason for this stable growth is the country's low-exposure to a slowdown in global manufacturing trade growth vis-à-vis other major Asian economies and emerging markets.

**INDUSTRY INSIGHT**

**Global animal healthcare industry**

The size of the global animal healthcare market was estimated at \$27 billion in 2017 and is forecast to grow at a CAGR of 4% between 2018 and 2024 (Source: Global Market Insights). The rising prevalence of different communicable diseases in animals and the subsequent increase in the cases of zoonotic diseases in humans have boosted demand for animal vaccines globally.

**Growth enablers for the industry**

- **Rising global demand for animal protein**
- **Increasing trend of Zoonotic diseases to drive demand for vaccines**
- **Natural resources constraints driving need for more efficient food production**
- **Livestock rearing is a prominent source of income in some economies**
- **Increased pet ownership and spending**
- **Higher focus on food safety and food security**

**Outlook**

The global veterinary vaccines market is driven by the vulnerability of animals to fatal and chronic diseases and the rapidly changing patterns of diseases among animals. Veterinary vaccines have also reduced the amount of drug treatments to control established diseases and, in many instances, have prevented long-term suffering and death.

Structural trends such as rising awareness on animal health, early disease detection and the increased use of preventive medicines are likely to act as key catalysts for demand for veterinary vaccines in the coming years.

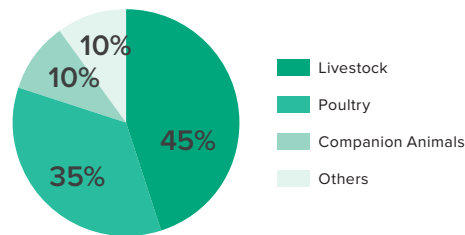
Improving demand for animal protein, including milk, meat, eggs and fish, and growing expenditure on healthcare of companion animals are expected to boost the global veterinary vaccines market.

**Indian animal healthcare industry**

The Indian animal health industry has played a major role in safeguarding the animal husbandry interests of the nation.

The size of the Indian animal healthcare industry is estimated to almost double from ₹39,200 million in 2016 to ₹75,000 million in 2020. During this period, dairy healthcare products are expected to record a 12-15% CAGR while poultry could grow at 8-10%. The companion animal and other segments are expected to record a CAGR of 18-20% and 8-10%, respectively, during this period. This high growth could be attributed to a robust livestock sector which has been buoyed by strong domestic consumption and technology intervention, coupled with the emerging risk of diseases of economic and zoonotic significance.

**Estimated composition of animal healthcare market in India**



Source: Industry

**Growth enablers for the industry**

- **Rising disposable income boosting spends on protein diet**
- **Spends on animal health shifting towards preventive care**
- **Higher access to and awareness about animal healthcare products**
- **Various government programmes to improve livestock health**
- **Discovery of new treatments and new additions, particularly biological and preventive care products**
- **Rising spends on animal healthcare due to increasing share of organised players and higher MSP of farmers**
- **Significant export opportunities**
- **Growing number of veterinary professionals**

**Outlook**

Animal husbandry in India has undergone significant changes over the years, thanks to the adoption of innovative technologies used for the prevention and cure of farm and companion animals. There has been a paradigm shift in the business approach of animal health companies—from therapeutics to preventive and productivity enhancement to overall healthcare of animals now. The animal health industry



has evolved and propelled animal husbandry to new heights, catapulting India at the top of milk and egg production.

## REVIEW OF THE BUSINESS

### Business overview

Hester Biosciences Limited (Hester) is the second largest poultry vaccine manufacturer and one of the leading animal healthcare companies in India. Incorporated in 1987, the Company has come a long way from being a small proprietary trading business. Today, Hester is one of the leading animal healthcare manufacturers globally. Its manufacturing facility in Ahmedabad is Asia’s largest single-location animal biological manufacturing unit. The Company also has another state-of-the-art facility in Nepal and is setting up another plant in Tanzania to capture the immense potential of the Africa market. Hester has an installed manufacturing capacity of

4.8 billion doses in India and 1.24 billion doses in Nepal, and its products cover the entire spectrum of vaccines, health products and diagnostics. The Company's service offerings include sero-profiling for poultry flocks and mastitis control programmes for cattle. It operates through four verticals—Poultry Vaccines, Animal Vaccines, Poultry Health Products and Animal Health Products. Hester's product portfolio includes over 50 vaccines and 35 health products. The Company's cutting-edge research and development capabilities distinguish Hester from the rest, and lends it a sustainable competitive edge. Hester is a WHO GMP (Good Manufacturing Practices), GLP (Good Laboratory Practices), ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified Company. The Company's R&D department is recognised and approved by the DSIR (Department of Scientific & Industrial Research).

### Competitive positioning

#### SWOT analysis: Hester Biosciences

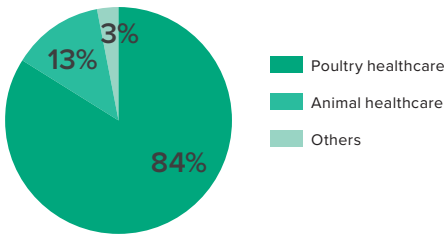
Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> <li>a) Only company in the world which can offer both strains of PPR vaccine—Indian (Sungri/96) and Global (Nigerian 75/1)</li> <li>b) Strong in-house R&amp;D capabilities</li> <li>c) Dominant position in India’s animal healthcare market</li> <li>d) Wide range of product offerings with 50+ vaccines and 35+ health products</li> <li>e) World class infrastructure</li> <li>f) Access to changing technologies</li> <li>g) Low employee attrition</li> <li>h) Strong distribution network in India</li> <li>i) Strong financials</li> </ul>	<ul style="list-style-type: none"> <li>a) Over-dependence on the poultry segment</li> </ul>	<ul style="list-style-type: none"> <li>a) Ramping up the large animal health business</li> <li>b) Strong prospects in the markets of Nepal and Africa</li> <li>c) Develop new generation vaccines through its R&amp;D capabilities</li> <li>d) Favourable government policies to drive higher penetration of animal healthcare products in India</li> </ul>	<ul style="list-style-type: none"> <li>a) High competitive intensity</li> <li>b) Any increase in regulatory restrictions in the Company's key markets</li> </ul>

### Performance Review

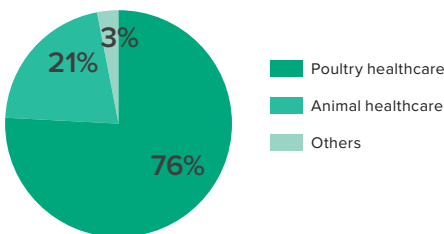
- Revenue grew 27% to ₹1,711.87 million driven by all-round growth in all the markets.
- Continued to de-risk its business by growing the animal healthcare business to 21% of total revenue from 13% a year ago.
- Domestic business clocked 31% revenue growth to ₹1,565.27 million.
- Exports grew by 9% to ₹138.26 million.
- EBITDA margin witnessed a robust expansion of 291 basis points to 40% during the year.
- Profit after tax grew by 44% to ₹438.52 million owing to doubling of revenues from animal healthcare segment, good growth in poultry revenues and higher cost efficiencies.
- The Debt Equity Ratios (in times) is 0.21 in FY19 whereas the same was 0.29 in FY18, the reason for decrease in ratio by 27% mainly due to decrease in total borrowings by ₹ 43.25 million in FY19 as compared to FY18 and increase in shareholders' fund by ₹ 333.59 million in FY19 as compared to FY18.
- The Return on Net worth (%) is 24% in FY19 whereas the same was 21% in FY18, the reason for increase in ratio by 17% mainly due to increase in Net profit by ₹ 132.94 million in FY19 as compared to FY18 and increase in Net worth by ₹ 333.59 million in FY19 as compared to FY18.
- In Nepal, the Company has 11 number of vaccine licenses and expects 11 number of vaccine licenses in the future. These vaccines will be available for domestic sale.
- In Africa, 6 vaccines have been approved.

- Announced an additional final dividend of ₹7 per equity share, taking total dividend for the financial year to ₹11.

## Revenue mix: FY18



## Revenue mix: FY19



### Outlook

Hester will continue to diversify its business to achieve a healthy balance of poultry healthcare and animal healthcare segments. While the momentum is likely to continue in domestic markets, the Company will continue to ramp up its presence in select locations within Africa and Asia.

Hester is moving swiftly to register in more countries in these continents. The Company is expanding its distribution network in select African countries via its subsidiaries. This network will distribute products from the Company's India, Nepal and Tanzania plants and will drive growth in the international business in the coming years.

### RISK IDENTIFICATION AND MITIGATION STRATEGIES

Refer to pages 26-27 of this report.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of its business operations. The Company maintains a proper and adequate system of internal controls, which provide for automatic checks and balances. The Company's 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 and operational information, meeting statutory compliances. The Company's internal team and Audit Committee closely oversee business operations. These responsibilities include the design, implementation and maintenance of adequate internal financial controls

to ensure an orderly and efficient conduct of its business. The committees also ensure adherence to the Company's 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 promptly reported to the management. Various risk mitigation measures are then devised to bring risk exposure levels in line with risk appetite. Timely and adequate measures are undertaken to ensure uninterrupted functioning of the business.

### HUMAN RESOURCES

Human Resources play a critical role in driving Hester's strategies and growth. The Company endeavours to become the best place to work for its employees and to provide them with a nurturing environment that is essential for their growth. Hester has implemented comprehensive and well-structured HR policies to ensure employee growth both at personal and professional levels. The Company's talent pool comprises a diverse set of experienced and skilled people who play key roles in enhancing business efficiency, devising strategies, setting up systems and evolving business as per industry requirements. The Company provides a safe, conducive and productive work environment to its people. Hester's strong organisational culture also enables it to attract talented resources. The Company conducts regular training programmes for employees to ensure skill upgradation and personnel development. High employee retention levels is a key outcome of these initiatives. Overall, the Company provides a nurturing work environment to a diverse set of workforce including 461, 42 and 6 number of people with Indian, Nepali and African nationalities.

# 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 as amended from time to time.

Corporate Governance is corporate discipline, extended transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance stakeholder's value by focussing 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) and amendments therein.

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 2019, 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 there under 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, industry

and information technology. 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.

A certificate has been received from Mr. Tapan Shah, Practising Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

The Board of Directors have an opinion that all the Independent Directors full fills the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended time to time. All the independent directors are independent of the management and affairs of the Company.

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 14 May 2018, 10 August 2018, 29 October 2018 and 29 January 2019.

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 supporting 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 Judgement 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 2019.

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 Gandhi	Non-Executive and Chairman	4	4	Yes	-	-	1
Mr. Rajiv Gandhi	Executive and CEO & Managing Director	4	4	Yes	-	1	8
Mr. Sanjiv Gandhi	Non-Executive Director	4	4	Yes	-	-	4
Mr. Ravin Gandhi	Non-Executive Director	4	-	-	-	-	-
Mr. Vishwesh Patel	Non-Executive and Independent Director	4	4	Yes	1	1	11
Ms. Grishma Nanavaty	Non-Executive and Independent Director	4	4	Yes	1	1	-
Mr. Naman Patel	Non-Executive and Independent Director	4	4	Yes	3	-	8
Mr. Amit Shukla	Non-Executive and Independent Director	4	4	Yes	2	-	1
Ms. Nina Gandhi	Non-Executive and Alternate Director	4	2	Yes	-	-	5

\* 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 there under 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 Company's website by clicking the link: <https://www.hester.in/s/Policy-on-Familiarization-Programme-for-the-Independent-Directors-bwm9.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 judgement 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 2018-19 on 14 May 2018, 10 August 2018, 29 October 2018 and 29 January 2019. The time gap between any two meetings was less than 120 days. The Audit Committee, at its Meeting held on 14 May 2018, reviewed the audited financial results for the quarter and year ended on 31 March 2018 and recommended the accounts for approvals by the Board of Directors. The Audit Committee, at its meetings held on 10 August 2018, 29 October 2018 and 29 January 2019, reviewed the unaudited financial results for the quarter ended on 30 June 2018, 30 September 2018 and 31 December 2018.

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	4
Ms. Grishma Nanavaty	Non-Executive/Independent	4	4
Mr. Naman Patel	Non-Executive/Independent	4	4
Mr. Amit Shukla	Non-Executive/Independent	4	4

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 10 August 2018 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. The Company Secretary act as Secretary to the 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.

The Board of Directors of the Company has approved the changes in Terms of Reference in their meeting held on 29 January 2019, on recommendation of Audit Committee to adopt the amendment of SEBI (LODR) Amendment Regulations, 2018.

### Terms of Reference

1. Oversight of the Company's 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 judgement 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. Transactions done with promoter or promoter group holding 20% or more of Equity or Preference share capital will require prior approval of audit committee.
  24. Review the utilisation of loans and/or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments made.
  25. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which holds 10% or more shareholding in the listed entity.
  26. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  27. Internal audit reports relating to internal control weaknesses; and
  28. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  29. 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 Company's 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 2019 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 two meetings during 2018-19 on 14 May 2018 and 29 October 2018. The meeting was held on 14 May 2018 to evaluate performance of the Independent Directors and Board as whole and 29 October 2018 to revise terms of remuneration of CEO & Managing Director and to approve Continuation of Dr. Bhupendra Gandhi as a Director.

Details of attendance of members of the committee at the meeting of the committee are as under:

Name of the Member	No. of Meeting held	No. of Meeting Attended
Mr. Vishwesh Patel, Chairman	2	2
Ms. Grishma Nanavaty	2	2
Mr. Naman Patel	2	2
Mr. Amit Shukla	2	2

The Company Secretary acts as the Secretary to the Committee.

The Board of Directors of the Company has approved the changes in Terms of Reference in their meeting held on 29 January 2019, on recommendation of Nomination and Remuneration Committee to adopt the amendment of SEBI (LODR) Amendment Regulations, 2018.

### 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.

6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

### Nomination and Remuneration Policy and details of remuneration paid/payable to the Directors for the year ended 31 March 2019:

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 Directors:

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 there under.
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. Company's 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 2019.
7. The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

**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, as approved by shareholders as per the resolution passed through postal ballot and result declared on 20 December 2018.

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 2019 as below:

(Amount in ₹)

Particulars	Salary	Perquisites	Total
Mr. Rajiv Gandhi	20,400,000	600,000	21,000,000

The Company has entered into agreement with Mr. Rajiv Gandhi for their respective employment. 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 CEO & 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 2018-19 are given below:**

Name of the Non-Executive Directors	Board Meetings	Audit Committee Meetings	NRC Committee Meetings	Stakeholders' Grievances and Relationship Committee Meetings	Total
Dr. Bhupendra Gandhi	40,000	-	-	-	40,000
Mr. Sanjiv Gandhi	40,000	-	-	-	40,000
Mr. Ravin Gandhi	-	-	-	-	-
Mr. Vishwesh Patel	40,000	40,000	10,000	20,000	110,000
Ms. Grishma Nanavaty	40,000	40,000	10,000	20,000	110,000
Mr. Naman Patel	40,000	40,000	10,000	20,000	110,000
Mr. Amit Shukla	40,000	40,000	10,000	20,000	110,000
Ms. Nina Gandhi	20,000	-	-	-	20,000

**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.

has been constituted specifically look into various aspects of interest of shareholders, debenture holders and other security holder 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.

**3) STAKEHOLDERS' GRIEVANCES AND 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 and Relationship Committee". The Stakeholders' Grievances and Relationship Committee as a committee of the Board

**Composition, meetings held and attendance at the meetings during the year**

The Stakeholders' Grievances and Relationship Committee as on 31 March 2019, comprises four members, Ms. Grishma Nanavaty 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 and Relationship Committee held four meetings during 2017-18 on 14 May 2018, 10 August 2018, 29 October 2018 and 29 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	4
Mr. Naman Patel	4	4
Mr. Amit Shukla	4	4

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

The Company and / or its Registrar and Transfer Agents have received the following requests /complaints from SEBI / Stock Exchanges and also directly from the shareholders, which were resolved within the timeframes laid down by SEBI.

Sr.	Nature of Complaints / Requests	Opening	Received	Resolved	Pending
1	Non-receipt of Dividend warrant	-	-	-	-
2	Non-receipt of Annual Reports/ Sticker	-	-	-	-
3	Non-receipt of shares after transfer / Bonus/Rights Shares	-	1	1	-
4	Letters received from SEBI / ROC / Stock Exchanges	-	-	-	-
5	Others	-	-	-	-
	<b>Total</b>	-	1	1	-

#### Terms of Reference

The Board of Directors of the Company has approved the changes in Terms of Reference in their meeting held on 29 January 2019, on recommendation of Stakeholders' Grievances and Relationship Committee to adopt the amendment of SEBI (LODR) Amendment Regulations, 2018.

The role of the Stakeholders' Grievances and Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company.

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 Companies' CSR activities under Section 135 of the Companies Act, 2013. A CSR policy indicates activities, projects or programmes, 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 29 January 2019.

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.

**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 2019 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 34 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 29 January 2019, 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.

All the Independent Directors were present at the meeting.

**SUBSIDIARY COMPANIES:**

Company has four non-material Subsidiary Companies namely, Hester Biosciences Nepal Private Limited, Texas Lifesciences Private Limited, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited as on 31 March 2019. The Company has one Step-down subsidiary namely, Hester Biosciences Tanzania Limited, which is wholly-owned subsidiary of Hester Biosciences Kenya Limited as on 31 March 2019. The Audit Committee reviews the financial statements, particularly, the investments made in Subsidiary Companies and step-down subsidiary Company. 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-9m3y.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 Standard (Ind As) - 24 Related Party Disclosure” issued by ICAI.

The Board has approved a policy for related party transactions which has been placed on Company’s website: [www.hester.in](http://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](http://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 2019 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: 7 May 2019

**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 2019:

Name of the Directors	No. of shares held as at 31 March 2019	Details of shares bought (+) /sold (-) during 2018-2019
Dr. Bhupendra 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	51,000	Nil
Ms. Grishma Nanavaty	-	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 32nd 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 2019, has been placed before the Board.

**J) Credit Ratings**

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

**K) Fees of Statutory Auditor**

The Company has obtained the services of statutory auditor of the company i.e. Shah Karia & Associates, Chartered Accountant, Ahmedabad and paid/payable during the FY 2018-19, towards stated services as below and Statutory Auditor of the Company is not appointed as an Auditor for any subsidiary company:

Sr.	Services	Amount (₹)
1	Statutory Audit Fees	1,000,000
2	Taxation Matter Fees	250,000
3	Other Professional / Certification Fees	100,000
<b>Total</b>		<b>1,350,000</b>

**L) Unclaimed Shares**

During the year, the Company has transferred 20,705 equity shares held by 265 equity shareholders to Demat account of IEPF authorities for which the Company had complied with the necessary requirements. The Company have transferred total 62,701 equity shares to demat account of IEPF Authority.

**MEANS OF COMMUNICATION**

1. The Company has 8,465 the shareholders as on 31 March 2019. 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 quarterly, half yearly and annual financial results are sent to Stock Exchanges and published in “Financial Express”, in English and Gujarati Editions. Simultaneously, they are also put on the Companys' website and can be accessed at: [www.hester.in](http://www.hester.in).
4. The official news releases and official media releases are sent to stock exchanges and are put on the Companys' website ([www.hetser.in](http://www.hetser.in)). Detailed presentations are made to institutional investors and financial analysts on the Companys' quarterly, half yearly and annual financial results. These presentations and schedule of analyst or institutional investors meet or call are also put on the Companys' website and the transcripts of the call can be accessed at [www.hester.in](http://www.hester.in) as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in meeting / presentation with institutional investors and financial analysts.
5. The Companys’ website ([www.hester.in](http://www.hester.in)) contains a separate dedicated section ‘Investor Relations’ and ‘Shareholders’ where informations are available.
6. The Annual Report containing, inter alia, Audited Financial Statements, Audited Consolidated Financial Statements, Boards’ Report, Auditors’ Report and other important information is circulated to members and others entitled thereto. The Managements’ Discussion and Analysis (MDA) Report forms part of the Annual Report. The Companys’ Annual Report is also available on the Companys’ website and can be accessed at [www.hester.in](http://www.hester.in).
7. 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.
8. The investor complaints received through SEBI Complaints Redress System (SCORES) are processed in a centralised web-based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
9. The Company has designated the following e-mail-id exclusively for investor servicing: [investor@hesterbiosciences.co.in](mailto:investor@hesterbiosciences.co.in), for queries on share transfer, transmission, bonus shares, dividend etc.

## GENERAL MEETINGS

### 1. Details of last three Annual General Meetings held are provided hereunder:

Financial Year	Meeting	Date	Venue	Time
2015-16	29th AGM	29 July 2016	Ahmedabad Textile Mills' Association	11.00 a.m.
2016-17	30th AGM	28 July 2017	Hall (ATMA Hall), Ashram Road,	
2017-18	31st AGM	10 August 2018	Navrangpura, Ahmedabad - 380 009	

### 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.	Nature of Special Resolutions passed	Relevant provisions of the Companies Act	AGM details
1	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
2	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	29th AGM held on 29 July 2016
3	Granting loan, giving guarantee, providing security or making investment in excess of limit specified in Section 186 of the Companies Act, 2013	Section 186 of Companies Act, 2013	31st AGM held on 10 August 2018

The special resolutions indicated above were passed with requisite majority.

### 3. Approval of Members through Postal Ballot

During the year, members of the Company have approved the resolutions, stated in the below table by requisite majority, by means of Postal Ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated 29 October 2018 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company/ respective Depository Participants. In case of physical shareholding, copies of Postal Ballot Notice along with the Postal Ballot Form was sent in physical, by permitted mode along with self-addressed postage pre-paid Business Reply Envelope.

The Company had published a notice in the newspaper on Friday, 6 November 2018 in Financial Express (English and Gujarati Editions) in compliance with the provisions

of the Companies Act, 2013 and Secretarial Standard - 2. The voting period commenced from Monday, 19 November 2018 at 9:00 a.m. (IST) and ended on Tuesday, 18 December 2018 at 5:00 p.m. (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as on Friday, 2 November 2018.

The Board of Directors had appointed Mr. Tapan Shah, a Practicing Company Secretary, as a Scrutiniser to conduct the Postal Ballot process in a fair and transparent manner and had engaged the services of Central Depository Services (India) Limited (CDSL) as an agency for the purpose of providing e-voting facility.

Mr. Tapan Shah, Scrutiniser, had submitted his report on the Postal Ballot to the CEO & Managing Director and the Resolutions were passed on Wednesday, 19 December 2018.

The details of the Voting Pattern are given below:

Special Resolutions passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
Issuance of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment	100.00	-
Approval for continuation of current term of Dr. Bhupendra Gandhi, Non-Executive Director	100.00	-
Revision in Remuneration of Mr. Rajiv Gandhi as a CEO & Managing Director for the current Term up to 31 March 2020	99.96	0.04

There is no immediate proposal for passing any resolution through Postal Ballot.

## GENERAL SHAREHOLDERS' INFORMATION

### 1. General Information

Date, Time and Venue of 32nd AGM	Wednesday, 31 July 2019 at 11.00 am. Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad - 380 009
Financial Year	1 April 2018 to 31 March 2019
Book Closure Date	Saturday, 20 July 2019 to Wednesday, 31 July 2019
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 2019
Half yearly financial results	On or before 14 November 2019
Third quarter financial results	On or before 14 February 2020
Audited financial results for the year 2019-20	On or before 30 May 2020

### 3. Listing of Equity Shares on Stock Exchanges

The Company's shares are listed and traded on the BSE Limited (BSE) at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and The National Stock Exchange of India Limited (NSE) at Exchange Plaza, C-1 Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

### 4. Payment of Listing Fees

Annual listing fee for the financial year 2019-20 has been paid by the Company to BSE and NSE.

### 5. Payment of Depository Fees

Annual Custody/ Issuer fee for the financial year 2019-20 has been paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).

### 6. 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:

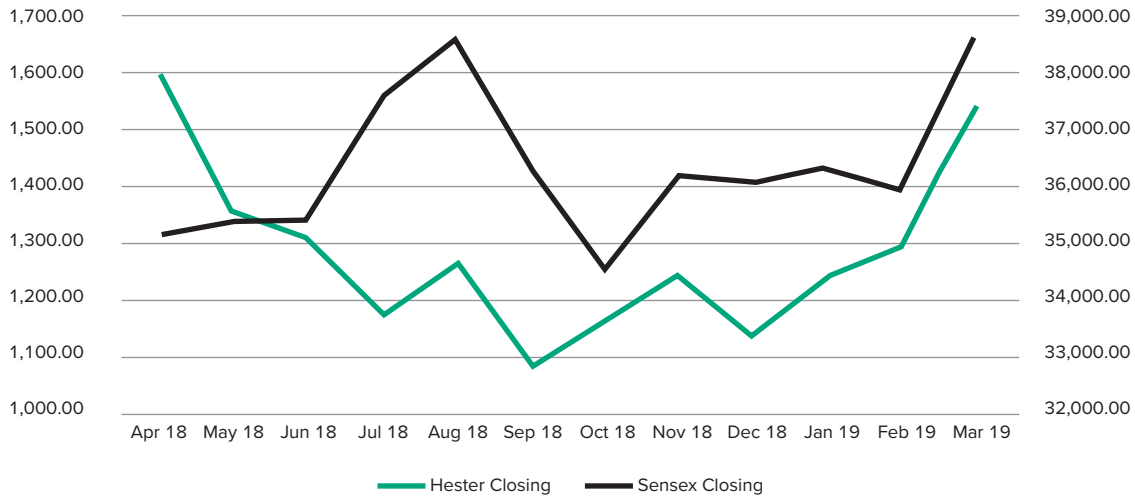
Name of the Stock Exchanges	Stock Code	Closing Price as on 31 March 2019 (₹)	Market Capitalisation (₹ in million)
BSE Limited	524669	1,545.30	13,145.66
The National Stock Exchange of India Limited	HESTERBIO	1,547.45	13,163.95

### 7. Stock Market Price Data

#### a) Monthly share price data on BSE for the financial year 2018-19 is as under:

Month (FY 2018-19)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	BSE Sensex Closing* (₹)
April	1,825.00	1,564.70	1,599.50	35,160.36
May	1,714.00	1,345.10	1,361.00	35,322.38
June	1,387.00	1,174.60	1,302.00	35,423.48
July	1,331.70	1,126.00	1,174.65	37,606.58
August	1,382.90	1,140.00	1,256.90	38,645.07
September	1,334.00	1,051.00	1,074.60	36,227.14
October	1,217.00	1,039.95	1,166.75	34,442.05
November	1,249.30	1,093.05	1,232.85	36,194.30
December	1,279.00	1,106.15	1,128.05	36,068.33
January	1,264.40	1,043.25	1,229.35	36,256.69
February	1,446.85	1,234.55	1,289.20	35,867.44
March	1,600.00	1,315.10	1,545.30	38,672.91

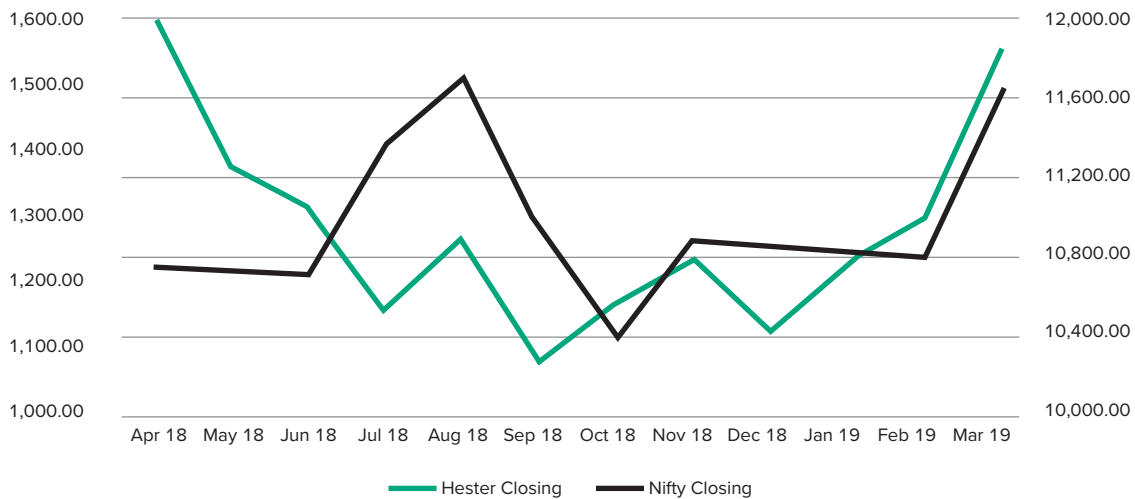
\* Closing prices on the last working day of month



**b) Monthly share price data on NSE for the financial year 2018-19 is as under:**

Month (FY 2018-19)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	NSE Nifty Closing* (₹)
April	1,825.00	1,570.05	1,588.60	10,739.35
May	1,680.00	1,362.00	1,372.60	10,736.15
June	1,395.00	1,180.00	1,310.40	10,714.30
July	1,359.00	1,112.45	1,161.20	11,356.50
August	1,392.00	1,140.00	1,268.70	11,680.50
September	1,339.00	1,072.00	1,079.95	10,930.45
October	1,220.00	1,040.00	1,172.65	10,386.60
November	1,250.00	1,091.90	1,240.55	10,876.75
December	1,294.80	1,101.05	1,129.35	10,862.55
January	1,274.00	1,033.50	1,234.25	10,830.95
February	1,450.00	1,220.20	1,293.60	10,792.50
March	1,599.00	1,311.00	1,547.45	11,632.90

\* Closing prices on the last working day of month



**8. Shares held in Physical and Dematerialised Form**

The Company's shares are compulsorily traded in the dematerialised mode. As on 31 March 2019, 95.71% shares were held in the dematerialised form and the balance 4.29% 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 2019 is given below:



## 9. Distribution of Shareholding as on 31 March 2019

### a) On the basis of shares held (Folio-wise details):

No. of Equity Shares Held (Range)	Number of Shareholders	Percentage of Total Shareholders	Number of Shares held	Percentage to Total Shares Held
1 to 500	7,983	92.37	631,028	7.42
501 To 1000	275	3.18	202,120	2.38
1001 to 2000	161	1.86	232,710	2.73
2001 to 3000	53	0.61	132,611	1.56
3001 to 4000	29	0.34	103,601	1.22
4001 to 5000	15	0.17	67,401	0.79
5001 to 10000	55	0.64	392,083	4.61
Above 10001	72	0.83	6,745,311	79.29
<b>Total</b>	<b>8,643</b>	<b>100.00</b>	<b>8,506,865</b>	<b>100.00</b>

### b) On the basis of category (Details Pan-wise consolidated):

Sr.	Description	No. of Members		No. of Shares	
		Nos.	%	Nos.	%
<b>A Promoters Holding</b>					
1	Promoters	12	0.22	4,328,584	50.88
2	Promoters' Group	2	0.04	272,838	3.21
<b>B Non-Promoter Holding</b>					
1	Resident Individual	7,641	90.18	2,523,290	29.66
2	Hindu Undivided Family	262	3.09	154,904	1.82
3	Non-Resident Individual	280	3.30	492,279	5.79
4	Investors Education and Protection Fund (IEPF)	1	0.01	62,701	0.74
5	Mutual Fund, Nationalised Bank and Financial Institution, NBFCs etc.	6	0.07	86,123	1.01
6	Foreign Portfolio Investor	10	0.12	150,981	1.77
7	Alternate Investment Funds	1	0.01	36,370	0.43
8	Domestic Companies	181	2.14	352,911	4.15
9	Clearing Members and others	69	0.81	45,884	0.54
<b>Total</b>		<b>8,465</b>	<b>100.00</b>	<b>8,506,865</b>	<b>100.00</b>

## 10. Share Transfer System

Applications for transfer of shares in the physical form are processed by the Company's Registrar and 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 Exchanges for compliances of Regulation 40 (10) of the SEBI (LODR) Regulations, 2015.

Pursuant to Regulation 40 of SEBI (LODR) (Fourth Amendments) Regulations, 2018 dated 8 June 2019, the deadline set out for physical shares transfer as 5 December 2018. Further SEBI has extended deadline till 31 March 2019. The listed Companies shares can be transferred only in dematerialised form, no physical share transferred is allowed with effect from 1 April 2019.

## 11. PAN requirement for transfer, transmission and transposition of shares

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 and 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 Transfer Form (Form No. SH-4) pursuant to Section 56 of the Companies Act, 2013 and its applicable rules. Members requires to submit copy of PAN Card for Transposition and the legal heirs requires to submit its copy of PAN card in case of Transmission of Shares

## 12. Reconciliation of Share Capital

A practicing company secretary carried out audit in each of the quarters in the financial year 2018-19, 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 audit were submitted to stock exchanges for compliances of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

## 13. 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.

#### 14. 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.

#### 16. Details of Unclaimed Dividend as on 31 March 2019

Financial Years	Date of Declaration of Dividend	Dividend payment %	Unpaid/ Unclaimed Amount (in ₹)	Expected date of transfer of unclaimed dividend of IEPF
2011-12	14 September 2012	10	121,916.00	19 November 2019
2012-13	14 August 2013	20	297,184.00	18 October 2020
2013-14	23 September 2014	20	278,508.00	27 November 2021
2014-15	15 September 2015	31	418,357.40	19 November 2022
2015-16 (Interim)	10 March 2016	30	400,722.00	15 May 2023
2015-16 (Final)	29 July 2016	11	159,883.90	3 October 2023
2016-17 (Interim)	20 October 2016	30	411,774.00	25 December 2023
2016-17 (Final)	28 July 2017	23	330,811.80	1 October 2024
2017-18 (Interim)	9 November 2017	40	584,048.00	13 January 2025
2017-18 (Final)	10 August 2018	60	597,738.00	14 October 2025
2018-19 (1st Interim)	10 August 2018	20	211,326.00	14 October 2025
2018-19 (2nd Interim)	29 October 2018	20	219,846.00	2 January 2026

#### 17. Locations of the Company's Offices and Manufacturing Plant

<b>Plant</b>	: Village: Merda Adraj Taluka: Kadi Dist.: Mehsana Gujarat - 382 721		
<b>Registered Office</b>	: 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad - 380 006		
<b>Branches:</b>			
<b>Coimbatore</b> 738/1A, 1B & 2C A.P Kalyanamandapam Back Side Goldwins, Civil Aerodrome Post, Avinashi Road, Coimbatore - 641 014, Tamilnadu	<b>Hyderabad</b> House No. 7-4-10/3, Yesodara Nagar, Opp. Medicare Hospital, Sagar Ring Road, L. B. Nagar, Hyderabad - 500 074, Telangana	<b>Bengaluru</b> No 14, 4th Main, 4th Block, 1st Stage, Near Indian Academy College, Opp. Regency Magnum Apartment, Hennur Main Road, HBR Layout, Kalyanagar Post, Bengaluru - 560 043, Karnataka	
<b>Pune</b> Gat No. 1313, Milakat No. 2354, Near Ramkrishna Warehousing, Pune - Saswad Road, At Post. Wadki, Tal. Haweli, Pune - 412 308, Maharashtra	<b>Panchkula</b> DSS-25 Sector-12 Panchkula Near Yadav Bhawan, Panchkula - 134 112, Haryana		

#### 18. Registrar and Share Transfer Agent

Link Intime India Private Limited (Link Intime) is acting as Registrar and Share Transfer Agent of the Company. For lodgement of transfer deeds and other documents

#### 15. Details of Dividend

The Board of Directors has declared and paid Interim Dividend at ₹ 4.00 per share (40%) for the financial year 2018-19 and Board of Directors also recommended final dividend at ₹ 7.00 per share (70%) for the financial year 2018-19. 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, 19 July 2019 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, 19 July 2019.

or any grievances/complaints, investors may contact the Company's 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. Xavier’s College Corner,  
 Off C G Road, Ellisebridge,  
 Ahmedabad - 380 006  
 Phone: +91 79 26465179 /86 / 87  
 E-mail: ahmedabad@linkintime.co.in

**19. Address for Correspondence**

Shareholders’ correspondence should be addressed to the Company’s 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:

**Mr. Vinod Mali**  
 Company Secretary and Compliance Officer  
 Phone: +91 7926445106  
 E-mail ID: investor@hesterbiosciences.co.in

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

**20. 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.

**21. 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 Company Secretary in Practice has 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.

**22. 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 Company’s website: [www.hester.in](http://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: Dr. Bhupendra 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 Company’s Internal Auditor reports directly to the Audit Committee.

For and on behalf of Board of Directors

**Rajiv Gandhi**  
 CEO & Managing Director

**Sanjiv Gandhi**  
 Director

Date: 7 May 2019  
 Place: Ahmedabad

## CEO & MANAGING DIRECTOR AND 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 2019 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.

Date: 7 May 2019  
Place: Ahmedabad

**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 2019 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, 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.

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: 7 May 2019

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

# Independent Auditors' Report

TO THE MEMBERS OF HESTER BIOSCIENCES LIMITED

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone financial statements of **HESTER BIOSCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

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 Companies Act, 2013 ("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 2019, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Standalone Financial Statements and our Auditors' Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### MANAGEMENTS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows 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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Companies' financial reporting process.

### AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4) Conclude on the appropriateness of managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the

disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### OTHER MATTER

The Ind AS Financial Statements of the Company for the year ended 31 March 2018, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 14 May 2018.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 purposes 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 Statement of Changes in Equity and the Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the Directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us by the management, the remuneration paid/provided during the Current Year by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid/provided to any director is not in excess of the limit laid down under Section 197 of the Act.
- (h) 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 the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 37 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SHAH KARIA & ASSOCIATES**

Chartered Accountants  
ICAI Firm Registration No.: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

Place: Ahmedabad

Date: 7 May 2019



# Annexure A to the Independent Auditors' Report

**Referred to in Paragraph 1 on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2019**

**(i) In respect of its Property, Plant and Equipment:**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
  - (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification carried out during the year in accordance with the aforesaid plan.
  - (c) As per the information and explanations provided 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)** The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at 31 March 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii)** The Company has granted loan to a subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013.
- (a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is prima facie, not prejudicial to the interest of the Company.
  - (b) The schedule of repayment of principal and payment of interest has not been stipulated and is at the discretion of the Company. Hence, in the absence of stipulation of repayment terms, there

has been no default on the part of Party to whom the money has been lent; and

- (c) There is no amount of loan granted to company listed in the register maintained under Section 189 of the Act, which are 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 Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of grant of loans and advances, making investments and providing guarantees and securities.
- (v)** According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act. Therefore, the provision of Clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi)** We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, related to the manufacturing of vaccines, and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)** According to the information and explanation given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the 31 March 2019 for a period of more than six months from the date of becoming payable.

- (c) According to the information and explanations given to us, the dues outstanding of Income Tax on account of disputes, are as follows:

Name of the Statute	Nature of Dues	Years to which matter pertains	Forum where dispute is pending	Amount (₹)
Income Tax Act, 1961	Income Tax	A.Y. 2015-16	Commissioner of Income Tax (Appeals)	1,101,580

- (viii)** In our opinion, based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings from financial institutions, Government and debenture holders.
- (ix)** In our opinion and according to the information and explanations given to us by the management, the Company has utilised money raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer/further public offer/debt instruments during the year.
- (x)** Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers or employees of the Company has been noticed or reported during the year.
- (xi)** According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii)** The Company is not a Nidhi company and hence reporting under clause (xii) of Paragraph 3 the Order is not applicable to the Company.
- (xiii)** According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in notes to the financial statements, as required by the applicable accounting standards.
- (xiv)** According to the information and explanations given by the management and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause (xiv) of Paragraph 3 of the Order is not applicable to the Company.
- (xv)** According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi)** According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **SHAH KARIA & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No.: 131546W

**Priyank Shah**  
Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

# Annexure B to the Independent Auditors' Report

**Referred to in Paragraph 2(f) on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2019**

## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143(3)(I) 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 2019 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 Company's 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Company's 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 Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial Controls over financials reporting was 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 with reference to these standalone financial statements and their operative 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 material weakness exists and testing and evaluating the design and operating effectiveness of internal controls 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 of our audit opinion on the internal financial control system over financial reporting with reference to these standalone financial statements.

## **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial controls over financial reporting with reference to these standalone financial statements 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 Company's internal financial control over financial reporting include 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 accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have 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 with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial controls 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 explanation given by the management, the Company has, in all material respects, an adequate internal financial control

system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2019, based on the internal controls over financials reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

For **SHAH KARIA & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No.: 131546W

**Priyank Shah**  
Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

# Balance Sheet

as at 31 March 2019

(Figures in ₹)

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property Plant & Equipment	3	1,001,166,512	659,527,052
(b) Capital Work-in-Progress		4,170,478	304,729,960
(c) Other Intangible Assets	4	4,798,620	6,491,366
(d) Biological Assets other than the Bearer Plants	5	2,127,628	1,378,098
(e) Financial Assets			
(i) Investments	6	282,188,487	144,776,907
(ii) Loans	7	54,688,194	44,353,718
(iii) Other Financial Assets	8	14,101,388	14,888,791
(f) Other Non-current Assets	9	34,925,458	37,430,439
		<b>1,398,166,765</b>	<b>1,213,576,331</b>
<b>(2) Current assets</b>			
(a) Inventories	10	484,964,055	387,006,470
(b) Financial Assets			
(i) Trade Receivables	11	326,712,951	319,351,439
(ii) Cash and Cash Equivalents	12	20,916,625	108,907,475
(iii) Other Bank Balances	13	14,251,423	10,621,384
(iv) Loans	14	2,571,564	699,534
(c) Other Current Assets	15	154,824,298	64,711,446
		<b>1,004,240,916</b>	<b>891,297,748</b>
<b>Total Assets</b>		<b>2,402,407,680</b>	<b>2,104,874,079</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Share capital	16	85,068,650	85,068,650
(b) Other equity	17	1,709,295,808	1,375,710,532
		<b>1,794,364,458</b>	<b>1,460,779,182</b>
<b>(2) Liabilities</b>			
<b>(a) Non-current liabilities</b>			
<b>(i) Financial Liabilities</b>			
- Borrowings	18	113,674,017	146,070,131
- Other Financial Liabilities	19	500,000	500,000
(ii) Deferred Tax Liabilities (Net)	20	100,892,927	73,230,236
		<b>215,066,944</b>	<b>219,800,367</b>
<b>(b) Current liabilities</b>			
<b>(i) Financial Liabilities</b>			
- Borrowings	21	209,365,959	241,919,088
- Trade Payables	22	80,491,475	78,517,961
- Other Financial Liabilities	23	77,703,988	61,230,382
(ii) Other Current Liabilities	24	22,828,563	32,030,908
(iii) Provisions	25	2,586,293	13,134
(iv) Current Tax Liabilities (Net)	26	-	10,583,057
		<b>392,976,278</b>	<b>424,294,530</b>
		<b>608,043,222</b>	<b>644,094,897</b>
<b>Total Equity and Liabilities</b>		<b>2,402,407,680</b>	<b>2,104,874,079</b>
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 47		

As per our report of even date attached.

**For Shah Karia & Associates**

Chartered Accountants

FRN: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

For &amp; on behalf of the Board of Directors

**Rajiv Gandhi**

CEO &amp; Managing Director

DIN: 00438037

**Sanjiv Gandhi**

Director

DIN: 00024548

**Jigar Shah**

CFO

Place: Ahmedabad

Date: 7 May 2019

**Vinod Mali**

Company Secretary

Place: Ahmedabad

Date: 7 May 2019

# Statement of Profit and Loss

for the year ended 31 March 2019

(Figures in ₹)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>I. REVENUE FROM OPERATIONS</b>	27	1,711,866,192	1,352,525,946
<b>II. OTHER INCOME</b>	28	30,972,991	18,771,985
<b>III. TOTAL REVENUE (I+II)</b>		<b>1,742,839,183</b>	<b>1,371,297,931</b>
<b>IV. EXPENSES</b>			
Cost of Materials Consumed	29	227,323,045	217,036,746
Purchase of Stock-in-Trade	30	137,262,460	78,418,113
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	31	(72,452,719)	(62,352,488)
Excise Duty		-	4,673,620
Employee Benefit Expenses	32	267,408,314	222,880,267
Finance Cost	33	35,426,315	23,155,663
Depreciation and Amortisation Expenses	3 & 4	75,663,884	54,509,158
Other Expenses	34	474,694,558	395,903,806
<b>V. TOTAL EXPENSES</b>		<b>1,145,325,857</b>	<b>934,224,885</b>
<b>VI. PROFIT BEFORE TAX (III-V)</b>		<b>597,513,326</b>	<b>437,073,046</b>
<b>VII. TAX EXPENSES</b>			
(1) Current Tax		152,390,633	125,153,531
(2) Deferred Tax		6,601,761	6,335,414
<b>VIII. PROFIT FOR THE YEAR (VI-VII)</b>	(A)	<b>438,520,932</b>	<b>305,584,101</b>
<b>IX. OTHER COMPREHENSIVE INCOME</b>			
<b>Item will not to be reclassified to profit or loss</b>			
(1) Re-measurement of Defined Benefit Plans		(3,359,047)	(1,862,394)
(2) Income Tax Effect		978,154	644,575
Net Re-measurement of Defined Benefit Plans		(2,380,893)	(1,217,819)
<b>Total Items that will not be reclassified to Profit or Loss</b>	(B)	<b>(2,380,893)</b>	<b>(1,217,819)</b>
<b>X. OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>	(C)	<b>(2,380,893)</b>	<b>(1,217,819)</b>
<b>XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(A)+(C)	<b>436,140,039</b>	<b>304,366,281</b>
<b>XII. EARNINGS PER SHARE (in ₹)</b>			
Basic & Diluted	43	51.55	35.92
[Nominal value of Equity per Share of ₹ 10]			
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 47		

As per our report of even date attached.

**For Shah Karia & Associates**

Chartered Accountants

FRN: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

Place: Ahmedabad

Date: 7 May 2019

For & on behalf of the Board of Directors

**Rajiv Gandhi**

CEO & Managing Director

DIN: 00438037

**Jigar Shah**

CFO

Place: Ahmedabad

Date: 7 May 2019

**Sanjiv Gandhi**

Director

DIN: 00024548

**Vinod Mali**

Company Secretary

# Statement of Changes in Equity

for the year ended 31 March 2019

## A EQUITY SHARE CAPITAL

(Figures in ₹)

Balance at the beginning of the reporting period i.e. 1 April 2017	Changes in Equity Share Capital during the year 2017-18	Balance at the end of the reporting period i.e. 31 March 2018	Changes in Equity Share Capital during the year 2018-19	Balance at the end of the reporting period i.e. 31 March 2019
85,068,650	-	85,068,650	-	85,068,650

## B OTHER EQUITY

(Figures in ₹)

Particular	Reserve and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at 1 April 2017	9,424,089	175,067,104	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	-	-	-	304,366,282	304,366,282
Dividends (including dividend distribution tax)	-	-	-	(64,503,575)	(64,503,575)
Transfer to General Reserve	-	-	50,000,000	(50,000,000)	-
Other Adjustment	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>9,424,089</b>	<b>175,067,104</b>	<b>392,262,311</b>	<b>798,957,028</b>	<b>1,375,710,532</b>
Profit for the Year	-	-	-	438,520,932	438,520,932
Other Comprehensive Income for the year	-	-	-	(2,380,893)	(2,380,893)
Total Comprehensive Income for the year	-	-	-	436,140,039	436,140,039
Dividends (including dividend distribution tax)	-	-	-	(102,554,763)	(102,554,763)
Transfer to General Reserve	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>9,424,089</b>	<b>175,067,104</b>	<b>392,262,311</b>	<b>1,132,542,304</b>	<b>1,709,295,808</b>

As per our report of even date attached.

### For Shah Karia & Associates

Chartered Accountants  
FRN: 131546W

### Priyank Shah

Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

For & on behalf of the Board of Directors

### Rajiv Gandhi

CEO & Managing Director  
DIN: 00438037

### Jigar Shah

CFO  
Place: Ahmedabad  
Date: 7 May 2019

### Sanjiv Gandhi

Director  
DIN: 00024548

### Vinod Mali

Company Secretary

# Cash Flow Statement

for the year ended 31 March 2019

(Figures in ₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax as Per Profit & Loss statement	597,513,326	437,073,045
<b>Adjustments For:</b>		
Depreciation and Amortisation Expense	75,663,884	54,509,158
Bad Debts Written off	-	12,064,829
(Profit) / Loss on Sale of Property, Plant & Equipments	549,812	-
Finance Cost	35,426,315	23,155,663
Balance Written off	-	(8,640,330)
Interest & Commission Income	(15,195,043)	(4,374,724)
Unrealised Foreign Exchange Gain	(8,118,491)	(1,454,278)
Remeasurement of Net Defined Benefit Plans	(3,359,047)	(1,862,394)
<b>Operating Profit / (Loss) Before Changes in Working Capital</b>	<b>682,480,756</b>	<b>510,470,968</b>
<b>Adjustments For:</b>		
Trade Receivables	756,979	(54,235,626)
Inventories	(97,957,585)	(56,338,772)
Other Current and Non Current Assets	(71,042,247)	7,914,479
Trade Payables	1,973,514	3,822,124
Other Current Liabilities	(9,202,345)	5,918,865
Short-term Provisions	2,573,161	(413,517)
Loans & Advances	(13,879,618)	(4,763,619)
Other Financial Liability	16,473,606	9,126,818
Other Financial Assets	5,585,318	(4,754,633)
<b>Cash Generated From Operations</b>	<b>517,761,539</b>	<b>416,747,088</b>
Net Income Tax (paid) / refunds	(155,827,119)	(93,904,177)
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>361,934,421</b>	<b>322,842,911</b>
<b>B. Cash Flow from Investing Activities</b>		
Proceeds from sale of Property, Plant & Equipments	1,220,000	1,143,951
Investment in Subsidiary Companies	(137,411,580)	(58,760,777)
Capital Expenditure on Property, Plant & Equipments	(117,570,457)	(206,332,509)
Interest & Commission Income	15,195,043	4,374,724
Investment in Bank Deposits	(8,427,954)	(3,660,940)
<b>Net Cash Flow from / (used in) Investing Activities (B)</b>	<b>(246,994,949)</b>	<b>(263,235,552)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Short-term Borrowings	(32,553,130)	66,769,264
Interest Paid	(35,426,315)	(23,155,663)
Dividend Paid (Including Dividend Distribution Tax)	(102,554,763)	(64,503,575)
Proceeds/(Repayment) of Long-Term Borrowing	(32,396,114)	(41,547,385)
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>(202,930,322)</b>	<b>(62,437,359)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(87,990,850)</b>	<b>(2,829,999)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>108,907,475</b>	<b>111,737,474</b>
<b>Cash and Cash Equivalents at the end of the year [Note No. 12]</b>	<b>20,916,625</b>	<b>108,907,475</b>
<b>Major Components of Cash &amp; Cash Equivalents</b>		
<b>Cash on Hand</b>	<b>2,598,151</b>	<b>2,004,971</b>
Balance with Banks - On Current Accounts	18,318,474	76,902,503
Fixed Deposits having maturity of less than 3 Months	-	30,000,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>20,916,625</b>	<b>108,907,475</b>

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

As per our report of even date attached.

**For Shah Karia & Associates**

Chartered Accountants  
FRN: 131546W

**Priyank Shah**

Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

For & on behalf of the Board of Directors

**Rajiv Gandhi**

CEO & Managing Director  
DIN: 00438037

**Jigar Shah**

CFO

Place: Ahmedabad  
Date: 7 May 2019

**Sanjiv Gandhi**

Director  
DIN: 00024548

**Vinod Mali**

Company Secretary



# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 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.

### b. USE OF ESTIMATES:

The preparation of financial statements in conformity with GAAP 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 impairment 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

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

are disclosed under capital work-in-progress.  
Assets not ready for use are not depreciated.

**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.

**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 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 & spares:**

Raw materials and stores & spares are valued at Lower of cost and net realisable value. However, materials and other items held for use in

# Notes forming part of Financial Statements

for the year ended 31 March 2019

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.

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

**o. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents in the comprise 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
- 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

# Notes forming part of Financial Statements

for the year ended 31 March 2019

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 Company's 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.

**(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 Company's 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

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

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.

**t. Operating Cycle and Current/Non-current classification:**

All the assets and liabilities have been classified as current or non current as per the Companies' 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.

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 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:

The Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified amendments to the following accounting standards. The amendments would be effective from 1 April 2019.

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 12, Income taxes - Accounting for Dividend Distribution Taxes
3. Ind AS 23, Borrowing costs
4. Ind AS 28 – Investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments
7. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 3 PROPERTY, PLANT & EQUIPMENT:

(Figures in ₹)

Particulars	Freehold Land	Buildings	Plant & Machineries	Electrical Installations	Storage Equipment	Furniture & Fixtures	Vehicles	Computer	Total
<b>Gross Carrying Value</b>									
<b>As at 1 April 2017</b>	18,300,844	469,343,912	398,646,370	62,672,889	29,582,889	46,222,953	43,457,236	13,319,464	1,081,546,557
Additions during the Year	-	8,062,560	86,433,511	1,501,158	3,306,314	3,090,454	8,900,197	1,586,493	112,880,687
Disposals during the Year	-	-	163,274	-	-	-	-	-	163,274
<b>As at 31 March 2018</b>	18,300,844	477,406,472	484,916,607	64,174,047	32,889,203	49,313,407	52,357,433	14,905,957	1,194,263,970
Additions during the Year	-	157,357,567	211,633,324	20,016,399	15,028,597	9,113,958	336,032	3,742,109	417,227,986
Disposals during the Year	-	-	1,405,834	313,268	33,750	-	5,990,964	126,000	7,869,816
<b>As at 31 March 2019</b>	18,300,844	634,764,039	695,144,097	83,877,178	47,884,050	58,427,365	46,702,501	18,522,066	1,603,622,140
<b>Accumulated Depreciation &amp; Impairment:</b>									
<b>As at 1 April 2017</b>	-	101,372,443	255,873,651	43,396,961	15,685,054	27,131,728	27,847,792	10,213,914	481,521,543
Charge for the Year	-	14,767,942	24,376,595	3,059,080	2,320,399	3,437,648	3,752,056	1,501,655	53,215,375
Deductions due to Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	-	116,140,385	280,250,246	46,456,041	18,005,453	30,569,376	31,599,848	11,715,569	534,736,918
Charge for the Year	-	17,207,175	41,285,439	3,947,744	3,014,070	3,669,032	3,572,681	1,983,407	74,679,548
Deductions due to Disposals	-	-	1,149,241	-	-	-	5,691,897	119,700	6,960,838
<b>As at 31 March 2019</b>	-	133,347,560	320,386,444	50,403,785	21,019,523	34,238,408	29,480,632	13,579,276	602,455,628
<b>Net Carrying Value</b>									
<b>As at 31 March 2018</b>	18,300,844	361,266,087	204,666,361	17,718,006	14,883,750	18,744,031	20,757,585	3,190,389	659,527,052
<b>As at 31 March 2019</b>	18,300,844	501,416,479	374,757,653	33,473,393	26,864,527	24,188,957	17,221,868	4,942,790	1,001,166,512

(\*) For Details of Property, Plant & Equipment pledged as security against Borrowings, Please Refer Note 18 - Long Term Borrowings



# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 4 INTANGIBLE ASSETS (Other than Internally Generated)

(Figures in ₹)

Particulars	Software	Product & Trademark	Goodwill	Total
<b>Gross Carrying Value</b>				
<b>As at 1 April 2018</b>	6,441,653	4,020,025	2,800,000	13,261,678
Additions during the Year	692,500	-	-	692,500
Disposals during the Year	-	-	-	-
<b>As at 31 March 2019</b>	<b>7,134,153</b>	<b>4,020,025</b>	<b>2,800,000</b>	<b>13,954,178</b>
<b>Accumulated Amortisation &amp; Impairment:</b>				
<b>As at 1 April 2018</b>	4,421,178	1,089,940	1,259,194	6,770,312
Charge for the Year	441,440	403,000	139,897	984,337
Impairment for the Year *	-	-	1,400,909	1,400,909
Deductions due to Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>4,862,618</b>	<b>1,492,940</b>	<b>2,800,000</b>	<b>9,155,558</b>
<b>Carrying Amount:</b>				
<b>As at 31 March 2018</b>	2,020,475	2,930,085	1,540,806	6,491,366
<b>As at 31 March 2019</b>	<b>2,271,535</b>	<b>2,527,085</b>	<b>-</b>	<b>4,798,620</b>

\* Company has carried out impairment testing during the year 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, the Company has impaired Goodwill during the year.

## 5 BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Live Stock (Poultry Healthcare)</b>		
As at 1 April 2018	1,378,098	1,403,494
Add: Purchased during the Year	749,530	955,280
Less: Sold/(Disposed) during the Year	-	(980,676)
<b>At the end of the year</b>	<b>2,127,628</b>	<b>1,378,098</b>

### Non-Financial Measures or Estimates of Physical Quantities of Biological Assets

Particulars	UNIT	As at 31 March 2019	As at 31 March 2018
<b>Live Stock</b>			
- Poultry Healthcare	Nos.	35,889	42,756
<b>At the end of the year</b>		<b>35,889</b>	<b>42,756</b>

## 6 INVESTMENT (NON CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Trade Investments (Valued at cost unless stated otherwise)</b>		
Unquoted Investment in Equity Instrument		
<b>Investment in subsidiaries:</b>		
1,280,000 (31 March 2018:1,280,000) Equity shares each of NPR 100 in Hester Biosciences Nepal Private Limited	86,016,130	86,016,130
5,130,080 (31 March 2018:1,120,320) Equity shares each of TSHS 1,000 in Hester Biosciences Africa Limited	159,451,459	32,413,759
2,634,702 (31 March 2018: 2,634,702) Equity shares each of ₹ 10 in Texas Lifesciences Private Limited	26,347,018	26,347,018
150,600 (31 March 2018: NIL) Equity shares each of KSHS 100 in Hester Biosciences Kenya Limited	10,373,880	-
<b>Total</b>	<b>282,188,487</b>	<b>144,776,907</b>

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 7 LOANS (NON CURRENT) (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Loans & Advances to related parties (Refer Note No.: 41)	54,688,194	44,353,718
<b>Total</b>	<b>54,688,194</b>	<b>44,353,718</b>

## 8 OTHER FINANCIAL ASSETS (NON CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Bank Deposits with more than 12 months of original maturity	5,603,915	806,000
Security Deposits	8,497,473	14,082,791
<b>Total</b>	<b>14,101,388</b>	<b>14,888,791</b>

## 9 OTHER NON CURRENT ASSETS (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital Advances	34,925,458	37,430,439
<b>Total</b>	<b>34,925,458</b>	<b>37,430,439</b>

## 10 INVENTORIES

(At Lower of Cost and Net Realisable Value)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw Materials	57,625,904	29,730,817
Work-in-Progress	262,290,545	246,112,420
Finished Goods	54,967,416	14,409,587
Stock-in-Trade	63,468,026	47,751,261
Stores & Spares	19,459,294	29,161,683
Packing Materials	27,152,870	19,840,702
<b>Total</b>	<b>484,964,055</b>	<b>387,006,470</b>

## 11 TRADE RECEIVABLES

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Dues from Related Parties (Refer Note No.: 41)	11,825,906	4,083,277
Others	314,887,045	315,268,162
<b>Total</b>	<b>326,712,951</b>	<b>319,351,439</b>

## 12 CASH AND CASH EQUIVALENTS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Balance with Banks</b>		
- In Current Accounts	18,318,474	76,902,503
- In Deposit Accounts with original Maturity less than 3 Months	-	30,000,000
Cash on Hand	2,598,151	2,004,972
<b>Total</b>	<b>20,916,625</b>	<b>108,907,475</b>

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 13 OTHER BANK BALANCES

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Earmarked Balances with Banks	4,032,115	3,115,350
Deposits with Original Maturity more than 3 Months	10,219,308	7,506,034
<b>Total</b>	<b>14,251,423</b>	<b>10,621,384</b>

## 14 LOANS (CURRENT)

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Loan to Employees	2,571,564	699,534
<b>Total</b>	<b>2,571,564</b>	<b>699,534</b>

## 15 OTHER CURRENT ASSETS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance Tax Paid (Net of Provision for Income Tax)	14,892,512	-
Unsecured, Considered Good		
Advances to Suppliers	57,407,991	27,810,503
Interest Accrued but not due	-	106,688
Advances to Employees	836,556	1,479,710
Prepaid Expenses	1,605,728	4,610,647
Export Incentives Receivables	1,145,304	602,180
Balance with Government Authorities	53,776,199	26,900,474
Others	25,160,008	3,201,244
<b>Total</b>	<b>154,824,298</b>	<b>64,711,446</b>

## 16 SHARE CAPITAL

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>AUTHORISED CAPITAL</b>		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112,000,000	112,000,000
	<b>112,000,000</b>	<b>112,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85,068,650	85,068,650
<b>Total</b>	<b>85,068,650</b>	<b>85,068,650</b>

### 16.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Equity Shares at the beginning of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>
Changes during the Year	-	-
<b>Outstanding at the end of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>

### 16.2 RIGHTS, PREFERENCES AND RESTRICTION ATTACHED TO SHARES:

The Company has only one class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each equity shareholder is entitled to one vote per share. 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 declared during the year and Company pays the same in Indian Rupees. In the event of liquidation of the Company, the equity Shareholders are eligible to receive the remaining asset of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held.

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

The board of directors had declared and paid an interim dividend of ₹ 2 per equity share (20%) in Q1 FY19 as well as on Q2 FY19, totaling to ₹ 4 per equity share (40%). The board has further recommended an additional final dividend of ₹ 7 per equity share (70%) for FY19, subject to the approval of the shareholders. Total Dividend therefore for FY19 would be ₹ 11 per equity share (110%) as against the ₹ 10 per equity share (100%) for FY18.

## 16.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	949,397	11.16	949,397	11.16
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	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 PRECEDING THE BALANCE SHEET DATE

Particulars	Financial Year	No. of Shares
Equity shares allotted 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 2019	As at 31 March 2018
<b>Capital Reserve</b>		
As per last Balance sheet	9,424,089	9,424,089
Add: Addition during the year	-	-
	<b>9,424,089</b>	<b>9,424,089</b>
<b>Securities Premium</b>		
As per last Balance sheet	175,067,105	175,067,105
Add: Addition during the year	-	-
	<b>175,067,105</b>	<b>175,067,105</b>
<b>General Reserve</b>		
As per last Balance sheet	392,262,311	342,262,311
Add: Transferred from Surplus in Statement of Profit and Loss	-	50,000,000
	<b>392,262,311</b>	<b>392,262,311</b>
<b>Surplus—Statement of Profit &amp; Loss</b>		
As per Last Balance Sheet	798,957,027	609,094,321
Add: Profit for the year	438,520,932	305,584,101
Add: Other Comprehensive Income	(2,380,893)	(1,217,819)
	<b>1,235,097,066</b>	<b>913,460,602</b>
<b>Less: Appropriations</b>		
- Dividend (Including Dividend distribution tax)	102,554,763	64,503,575
- Transferred to General Reserve	-	50,000,000
	<b>1,132,542,303</b>	<b>798,957,027</b>
<b>Total</b>	<b>1,709,295,808</b>	<b>1,375,710,532</b>

## 18 BORROWING (NON CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Secured Borrowings</b>		
Term Loans from Banks	172,119,669	180,636,776
Hire Purchase Loans from Banks	1,433,264	3,614,093
	<b>173,552,933</b>	<b>184,250,869</b>
<b>Less: Current Maturities of Long Term Borrowings (Refer Note No.: 23)</b>		
Term Loans from Banks	(59,111,112)	(36,000,000)
Hire Purchase Loans from Banks	(767,804)	(2,180,738)
	<b>(59,878,916)</b>	<b>(38,180,738)</b>
<b>Total</b>	<b>113,674,017</b>	<b>146,070,131</b>

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 18.1 REPAYMENT TERMS AND SECURITY PLEDGED AGAINST THE BORROWINGS:

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.	9.75%^	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
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.	11.00%^	Quarterly	4	2,777,778
			4	2,777,778
			4	2,777,778
			4	2,777,778
			2	2,777,778
			ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.00%
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.25%	Monthly	60	33,671*
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 2019	31 March 2018
Trade Deposits	500,000	500,000
<b>Total</b>	<b>500,000</b>	<b>500,000</b>

## 20 DEFERRED TAX LIABILITIES (NET)

(Figures in ₹)

Particulars	As at	
	31 March 2019	31 March 2018
<b>Deferred Tax Liabilities</b>		
- Benefit availed Under Income Tax Act	59,057,573	64,478,594
- Excess of Net Block over Written Down Value as per provision of Income Tax Act	40,961,778	30,574,939
- Provision for Employee Benefits	873,576	-
<b>Total Deferred Tax Liabilities (A)</b>	<b>100,892,927</b>	<b>95,053,533</b>
<b>Deferred Tax Assets</b>		
- Provision for Employee Benefits	-	762,367
- MAT Credit Entitlement	-	21,060,930
<b>Total Deferred Tax Assets (B)</b>	<b>-</b>	<b>21,823,297</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>100,892,927</b>	<b>73,230,236</b>

## 21 BORROWINGS (CURRENT)

(Figures in ₹)

Particulars	As at	
	31 March 2019	31 March 2018
<b>Loan Repayable on Demand</b>		
(1) Secured		
- Cash Credit from Bank	104,852,992	191,919,088
- Credit Card	4,512,967	-
(2) Unsecured		
- Working Capital Demand Loan	100,000,000	50,000,000
<b>Total</b>	<b>209,365,959</b>	<b>241,919,088</b>

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

**21.1** Cash Credit from bank & Credit card accounts are secured by first and exclusive hypothecation 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 2019	As at 31 March 2018
Dues to Micro, Small and Medium Enterprises (Refer Note No.:38)	2,238,894	-
Other Trade Payables	78,252,581	78,517,961
<b>Total</b>	<b>80,491,475</b>	<b>78,517,961</b>

## 23 OTHER FINANCIAL LIABILITIES (CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Current Maturities of Long Term Borrowings (Refer Note No.:18)</b>		
- Term Loans	59,111,112	36,000,000
- Hire Purchase Loans	767,804	2,180,738
Unclaimed Dividends	4,032,115	3,115,350
Creditors for Capital expense	13,792,957	19,934,294
<b>Total</b>	<b>77,703,988</b>	<b>61,230,382</b>

## 24 OTHER CURRENT LIABILITIES

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance from Customers	4,913,278	1,828,041
Payables to Statutory Authorities	6,214,957	8,235,376
Other Liabilities	11,700,328	21,967,491
<b>Total</b>	<b>22,828,563</b>	<b>32,030,908</b>

## 25 PROVISIONS (CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision For Employee Benefits	2,586,293	13,134
<b>Total</b>	<b>2,586,293</b>	<b>13,134</b>

## 26 CURRENT TAX LIABILITIES (NET)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for Income Tax (Net of Advance tax)	-	10,583,057
<b>Total</b>	<b>-</b>	<b>10,583,057</b>

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 27 REVENUE FROM OPERATIONS

(Figures in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
<b>(A) Sale of Goods</b>				
<b>Manufacturing Sales</b>				
Domestic Sales	1,327,034,265		1,025,012,821	
Export Sales	135,426,831	1,462,461,096	108,503,651	1,133,516,472
<b>Trading Sales</b>				
Domestic Sales	238,231,174		167,129,470	
Export Sales	2,835,176	241,066,349	18,488,811	185,618,281
<b>(B) Other Operating Revenue</b>		<b>8,338,747</b>		<b>33,391,193</b>
<b>Total</b>		<b>1,711,866,192</b>		<b>1,352,525,946</b>

Note: Revenue from operations up to 30 June 2017, includes Excise Duty, which is discontinued with effect from 1 July 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18 - Revenue and Schedule III of the Companies Act 2013, unlike Excise Duties, GST is not part of Revenue from Operations. In view of the aforesaid restructuring of indirect taxes, Revenue from Operations for the Year Ended 31 March 2019 is not comparable with the corresponding figures of Previous Year.

### 27.1 SEGMENT-WISE BREAK-UP OF REVENUE:

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
- Poultry Healthcare	1,306,204,237	1,138,739,002
- Animal Healthcare	354,845,165	178,579,670
- Others	50,816,790	35,207,274
<b>Total</b>	<b>1,711,866,192</b>	<b>1,352,525,946</b>

## 28 OTHER INCOME

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest Income</b>		
- From Bank Deposits	1,151,212	312,059
- From Others	4,359,849	4,062,665
Commission Income	9,683,982	-
Miscellaneous Income	6,354,006	3,521,244
Rent Income	410,610	289,932
Exchange Profit & loss (Net)	8,118,491	1,454,278
Sundry balances / Excess provisions Written off / Written back (Net)	-	8,640,331
Profit on Sale of Property, Plant and Equipment	894,841	491,476
<b>Total</b>	<b>30,972,991</b>	<b>18,771,985</b>

## 29 COST OF MATERIAL CONSUMED

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventory at the Beginning of the Year	29,730,817	49,499,474
Add: Purchased during the Year	255,218,132	197,268,089
Less: Inventory at the End of the Year	57,625,904	29,730,817
<b>Total</b>	<b>227,323,045</b>	<b>217,036,746</b>

### 29.1 BREAK-UP OF RAW MATERIAL CONSUMED

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Growth Media	138,718,970	118,945,407
Other Chemicals	88,604,075	98,091,339
<b>Total</b>	<b>227,323,045</b>	<b>217,036,746</b>

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 29.2 VALUE OF INDIGENEOUS AND IMPORTED RAW MATERIAL CONSUMED DURING THE YEAR

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Percentage	Value (In ₹)	Percentage	Value (In ₹)
Imported	7.06%	16,047,730	9.14%	19,836,246
Indigenous	92.94%	211,275,314	90.86%	197,200,500
<b>Total</b>	<b>100.00%</b>	<b>227,323,045</b>	<b>100.00%</b>	<b>217,036,746</b>

## 30 PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
- Poultry Healthcare	44,268,070	40,829,168
- Animal Healthcare	78,128,932	37,588,945
- Others	14,865,458	-
<b>Total</b>	<b>137,262,460</b>	<b>78,418,113</b>

## 31 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Inventories at the End of the Year</b>		
- Finished Goods	118,435,441	62,160,848
- Semi-finished Goods	262,290,546	246,112,420
	<b>380,725,987</b>	<b>308,273,268</b>
<b>Inventories at the Beginning of the Year</b>		
- Finished Goods	62,160,848	50,209,367
- Semi-finished Goods	246,112,420	195,711,413
	<b>308,273,268</b>	<b>245,920,780</b>
<b>Total</b>	<b>(72,452,719)</b>	<b>(62,352,488)</b>

## 32 EMPLOYEE BENEFIT EXPENSES

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries & Wages	251,221,584	209,412,501
Contributions to Provident Fund & Other Funds	10,724,315	8,770,215
Staff Welfare Expenses	5,462,415	4,697,551
<b>Total</b>	<b>267,408,314</b>	<b>222,880,267</b>

## 33 FINANCE COST

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest Expenses	23,229,043	20,717,433
Bank Commission & Charges	12,197,272	2,438,230
<b>Total</b>	<b>35,426,315</b>	<b>23,155,663</b>



# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 34 OTHER EXPENSES

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Manufacturing Expenses</b>		
Power and Fuel	69,525,965	57,111,344
Consumption of Stores and Spares	56,396,944	9,637,138
<b>Repairs &amp; Maintenance</b>		
- Plant and Machinery	8,121,317	13,563,658
- Building	1,711,601	2,702,945
- Electrical Equipments	2,039,167	1,747,361
Packing Expenses	54,255,442	53,352,486
Quality Control and Testing Expenses	2,482,708	4,129,512
Other Production Expenses	29,601,763	50,636,454
	<b>224,134,907</b>	<b>192,880,898</b>
<b>Selling and Distribution Expenses</b>		
Selling Expenses	80,667,257	45,639,777
Sales Tax Expenses	272,756	2,768,916
Transportation Expenses	67,198,109	42,502,777
Travelling Expenses	22,099,137	18,317,940
	<b>170,237,259</b>	<b>109,229,410</b>
<b>Administrative Expenses</b>		
Communication Expenses	3,657,839	3,917,543
Insurance Expenses	2,588,712	2,758,169
Legal, Professional and Consultancy Fees	16,082,940	13,683,963
Printing and Stationery Expenses	4,537,999	2,633,445
Travelling and Conveyance Expenses	13,819,746	22,750,680
Rent, Rates and Taxes	6,946,427	5,654,981
Repairs and Maintenance - Others	4,446,606	5,143,409
Vehicle Maintenance and Conveyance Expenses	9,120,308	9,991,442
Electricity Charges	1,311,446	1,264,834
CSR Expenses (Refer Note No.: 40)	1,700,000	3,701,000
Charity & Donations	162,575	77,000
Bad Debts written off	-	12,064,829
Loss on Sale of Property, Plant and Equipment	1,444,653	-
Miscellaneous Expenses	13,153,141	9,152,203
Payment to Auditor		
- As Auditor	1,000,000	600,000
- For Taxation Matters	250,000	200,000
- For Other Services	100,000	200,000
	<b>80,322,392</b>	<b>93,793,498</b>
<b>Total</b>	<b>474,694,558</b>	<b>395,903,806</b>

## 35 TAX RECONCILIATION

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Reconciliation of Tax Expense</b>		
Profit Before Tax	597,513,326	437,073,046
Enacted Income Tax Rate applicable to Company	29.120%	34.608%
Expected Income Tax Expenses	173,995,881	151,262,240
<b>Adjustments to reconcile expected income tax expenses to reported income tax</b>		
Weighted deduction allowed in respect of research and development expenses	(5,120,515)	(27,935,844)
Expenses Disallowed as per Income Tax	842,444	892,018
Other Adjustments	(17,327,177)	935,117
<b>Current Tax Provision (A)</b>	<b>152,390,633</b>	<b>125,153,531</b>
Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets	4,965,818	6,808,731
Incremental Deferred Tax Liability on account of Financial Assets & other Items	1,635,943	(473,317)
<b>Deferred Tax Provision (B)</b>	<b>6,601,761</b>	<b>6,335,414</b>
<b>Tax Expense Recognised in the Statement of Profit &amp; Loss (A+B)</b>	<b>158,992,394</b>	<b>131,488,945</b>
<b>Effective Tax Rate</b>	<b>26.61%</b>	<b>30.08%</b>

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 36 COMMITMENTS

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	15,784,588	38,038,163

## 37 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Claims against the Company not acknowledged as debts:		
Income Tax*	1,101,580	6,720,185
Corporate Guarantee given against credit facilities availed by Subsidiary**	276,685,200	-

\* includes demand from Income Tax Authorities based on assessment/appeal orders and the Company is in appeal with higher authorities, and the Company has been advised that the decision will be in favour of the Company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.

\*\* In respect of Corporate Guarantee of USD 14 Million issued in favor of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal Vaccine Manufacturing Plant.

## 38 DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS PER MSMED ACT,2006:

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Principal amount due remaining unpaid to to Micro and Small Enterprises as at end of the year;	2,238,894	-
(ii) Interest accrued and remaining unpaid to to Micro and Small Enterprises as at end of the year;	-	-
(iii) Interest due and payable to Micro and Small Enterprises as at end of the year;	-	-
(iv) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;		
(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 Micro and Small Enterprises.		-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company

## 39 RESEARCH AND DEVELOPMENT EXPENDITURE

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue Expenditure</b>		
Salary and Wages	13,847,235	15,255,289
Contribution to Provident Fund	276,122	288,076
Packing-Forwarding-Freight expenses	22,425	2,604
Power and Fuel	13,822,633	11,395,079
Consumption of Chemicals	932,374	398,937
Other Consumables	779,528	594,694
Other Allowances/Reimbursements	1,824,900	407,250
Repair and Maintenance expenses	-	251,100
Travelling Expenses	218,662	130,625
Miscellaneous Expenses	18,100	51,307
<b>Total (A)</b>	<b>31,741,979</b>	<b>28,774,961</b>
<b>Capital Expenditure (B)</b>	<b>1,142,130</b>	<b>44,222,192</b>
<b>Total Research and Development Expenditure (A+B)</b>	<b>32,884,109</b>	<b>72,997,153</b>

## 40 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

Pursuant to Section 135 of the Companies Act, 2013, a Company, meeting the applicability of threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities identified by the Company and monitored by CSR Committee.

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount Required to be spent under Section 135 of the Companies Act, 2013	6,800,432	4,949,416
Amount Spent during the year	1,700,000	3,701,000

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## 41 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 2019

#### (a) Subsidiary Companies:

	% of holding	
	31 March 2019	31 March 2018
1) Hester Biosciences Nepal Private Limited	65.00	65.00
2) Texas Lifesciences Private Limited	54.80	54.80
3) Hester Biosciences Africa Limited	100.00	100.00
4) Hester Biosciences Kenya Limited	100.00	100.00

#### (b) Step-down Subsidiary Company

1) Hester Biosciences Tanzania Limited (Wholly owned Subsidiary of Hester Biosciences Kenya Limited)	100.00	100.00
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#### (c) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Mr. Jigar Shah - Chief Financial Officer
- 3) Mr. Vinod Mali - Company Secretary
- 4) Ms. Amala Parikh (Till 14 May 2018) - Company Secretary

#### (d) 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)
- 5) Ms. Priya Gandhi

#### (e) 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 2019

(Figures in ₹)

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHS)		Total	
	2017-18		2017-18		2017-18		2017-18	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>(a) Purchase</b>	-	-	70,654,744	5,840,032	22,398,410	18,597,318	93,053,154	24,437,350
Texas Lifesciences Private Limited	-	-	70,654,744	5,840,032	-	-	70,654,744	5,840,032
Gujarat Polyplast Private Limited	-	-	-	-	22,398,410	18,597,318	22,398,410	18,597,318
<b>(b) Sales</b>	-	-	10,835,075	2,327,683	-	-	10,835,075	2,327,683
Hester Biosciences Nepal Private Limited	-	-	7,742,629	2,327,683	-	-	7,742,629	2,327,683
Hester Biosciences Tanzania Limited	-	-	290,030	-	-	-	290,030	-
Texas Lifesciences Private Limited	-	-	2,802,416	-	-	-	2,802,416	-
<b>(c) Interest Income</b>	-	-	3,987,824	3,608,892	-	-	3,987,824	3,608,892
Hester Biosciences Nepal Private Limited	-	-	3,987,824	3,608,892	-	-	3,987,824	3,608,892
<b>(d) Commission Income</b>	-	-	9,683,892	-	-	-	9,683,892	-
Hester Biosciences Africa Limited	-	-	9,683,892	-	-	-	9,683,892	-
<b>(e) Sitting Fees for Board Meetings</b>	100,000	90,000	-	-	-	-	100,000	90,000
Mr. Sanjiv Gandhi	40,000	30,000	-	-	-	-	40,000	30,000
Dr. Bhupendra V. Gandhi	40,000	20,000	-	-	-	-	40,000	20,000
Ms. Nina Gandhi	20,000	40,000	-	-	-	-	20,000	40,000
<b>(f) Remuneration Paid</b>	27,776,212	29,860,653	-	-	-	-	27,776,212	29,860,653
Mr. Rajiv Gandhi	20,400,000	23,400,000	-	-	-	-	20,400,000	23,400,000
Mr. Jigar Shah	6,919,101	6,280,653	-	-	-	-	6,919,101	6,280,653
Mr. Vinod Mali	434,853	-	-	-	-	-	434,853	-
Ms. Amala Parikh	22,258	180,000	-	-	-	-	22,258	180,000
<b>(g) Rent Paid - MDs' Residence</b>	-	-	-	-	600,000	600,000	600,000	600,000
Biolink Healthcare Limited	-	-	-	-	600,000	600,000	600,000	600,000
<b>(h) Salary Paid</b>	1,452,975	1,221,000	-	-	-	-	1,452,975	1,221,000
Ms. Priya Gandhi	1,452,975	1,221,000	-	-	-	-	1,452,975	1,221,000
<b>(i) Advances Given for Purchase</b>	-	-	-	3,280,734	-	-	-	3,280,734
Hester Biosciences Nepal Private Limited	-	-	-	3,280,734	-	-	-	3,280,734
<b>(j) Loans and Advances Given</b>	-	-	2,639,352	1,884,732	-	-	2,639,352	1,884,732
Hester Biosciences Africa Limited	-	-	2,639,352	1,884,732	-	-	2,639,352	1,884,732
<b>(k) Loans and Advances Received Back</b>	-	-	4,580,259	514,204	-	-	4,580,259	514,204
Hester Biosciences Africa Limited	-	-	4,580,259	514,204	-	-	4,580,259	514,204
Leruarua Vetcare (Proprietary) Limited	-	-	-	514,204	-	-	-	514,204
<b>(l) Investment in Subsidiary Companies</b>	-	-	137,411,580	58,760,777	-	-	137,411,580	58,760,777
Hester Biosciences Africa Limited	-	-	127,037,700	32,413,759	-	-	127,037,700	32,413,759
Hester Biosciences Kenya Limited	-	-	10,373,880	-	-	-	10,373,880	-
Texas Lifesciences Private Limited	-	-	-	26,347,018	-	-	-	26,347,018

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## Balances at the end of the Year:

(Figures in ₹)

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHS)		Total
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	
<b>(a) Trade Receivables</b>							
Hester Biosciences Nepal Private Limited	-	-	16,687,680	4,083,277	-	-	16,687,680
Hester Biosciences Tanzania Limited	-	-	11,825,906	4,083,277	-	-	11,825,906
	-	-	4,861,774	-	-	-	4,861,774
<b>(b) Trade Payables</b>							
Gujarat Polyplast Private Limited	-	-	5,933,402	1,236,437	3,424,825	3,346,561	9,358,227
Texas Lifesciences Private Limited	-	-	5,933,402	1,236,437	-	-	5,933,402
<b>(c) Loans &amp; Advances</b>							
Hester Biosciences Nepal Private Limited	-	-	63,137,543	61,034,451	-	-	63,137,543
Hester Biosciences Africa Limited	-	-	63,137,543	59,149,719	-	-	63,137,543
	-	-	-	1,884,732	-	-	1,884,732
<b>(d) Investments</b>							
Hester Biosciences Nepal Private Limited	-	-	282,188,487	144,776,907	-	-	282,188,487
Hester Biosciences Africa Limited	-	-	86,016,130	86,016,130	-	-	86,016,130
Hester Biosciences Kenya Limited	-	-	159,451,459	32,413,759	-	-	159,451,459
Texas Lifesciences Private Limited	-	-	10,373,880	-	-	-	10,373,880
	-	-	26,347,018	26,347,018	-	-	26,347,018
<b>(e) Remuneration Payable</b>							
Mr. Rajiv Gandhi	-	3,068,792	-	-	-	-	3,068,792
<b>(f) Commission Receivables</b>							
Hester Biosciences Africa Limited	-	-	8,231,385	-	-	-	8,231,385
	-	-	8,231,385	-	-	-	8,231,385

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 42 DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 19 (IND AS 19) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2019

### 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 ₹ 8.44 million (2017-18: ₹ 6.44 million) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

### 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 2019.

### Balance Sheet

#### (i) Change in the Present Value of Defined Benefit Obligation

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Defined Benefit Obligation at Beginning of the Year	21,199,399	18,032,666
Current Service Costs	2,400,073	2,115,453
Interest Cost on Defined Benefit Obligation	1,668,393	1,365,073
Actuarial (Gain) / Loss on Defined Benefit Obligation	3,062,222	1,665,093
Benefits paid during the Year	(1,129,562)	(1,978,886)
Defined Benefit Obligation at End of the Year	27,200,525	21,199,399

#### (ii) Change in Plan Asset

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Fair Value of Plan Assets at the Beginning of the Year	24,153,423	17,606,016
Expected Return on Plan Assets	1,900,874	1,332,775
Contribution made during the Year	-	7,390,819
Benefits paid during the Year	(1,129,562)	(1,978,886)
Actuarial Loss on Plan Assets	(296,825)	(197,301)
Fair Value of Plan Assets at the End of the Year	24,627,910	24,153,423

#### (iii) Disclosure in Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Defined Benefit Obligation at the End of the Year	(27,200,525)	(21,199,399)
Fair Value of Plan Assets at the end of the Year	24,627,910	24,153,423
Funded Status [(Deficit)/Surplus]	(2,572,615)	2,954,024
Net (Liability)/Asset Recognised in the Balance Sheet	(2,572,615)	2,954,024

# Notes forming part of Financial Statements

for the year ended 31 March 2019

## (iv) Reconciliation - Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Net (Asset)/Liability at the Beginning of the Year	(2,954,024)	426,650
Expenses Recognised in Statement of Profit or Loss	2,167,592	2,147,751
Expenses Recognised in Other Comprehensive Income	3,359,047	1,862,394
Employers Contribution Paid	-	(7,390,819)
Net Liability/(Asset) at the End of the Year	2,572,615	(2,954,024)

## Statement of Profit and Loss

### (v) Expenses recognised during the year

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>In Income Statement</b>		
Current Service Costs	2,400,073	2,115,453
Interest Cost	(232,481)	32,298
Expenses Recognised in Statement of Profit or Loss	2,167,592	2,147,751
<b>In Other Comprehensive Income</b>		
Actuarial (Gain) / Loss	3,062,222	1,665,093
Return on Plan Assets	296,825	197,301
Expenses Recognised in Other Comprehensive Income	3,359,047	1,862,394

### (vi) Assumptions used

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Discount rate	7.78%	7.87%
Rate of return on plan asset	7.78%	7.87%
Salary escalation	6.00%	6.00%
Attrition rate	2.00%	2.00%

### (vii) Sensitivity Analysis

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	3,100,952	2,490,359
Change in rate of salary increase (delta effect of +/- 1%)	(2,660,961)	(2,134,805)
Change in rate of employee turnover (delta effect of +/- 1%)	460,761	(464,365)

Particulars	(Figures in ₹)	
	Year ended 31 March 2018	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2,082,807)	2,490,359
Change in rate of salary increase (delta effect of +/- 1%)	2,512,546	(2,134,805)
Change in rate of employee turnover (delta effect of +/- 1%)	398,917	(464,365)

## 43 EARNINGS PER SHARE

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Net Profit as per Statement of Profit and Loss	438,520,932	305,584,100
Weighted Average No. of Eq. Shares of ₹ 10 each (Basic & Diluted)	8,506,865	8,506,865
Basic and diluted Earnings per share	51.55	35.92
Nominal Value of Share (In ₹)	10.00	10.00

# Notes Forming Part of Financial Statements

for the year ended 31 March 2019

## 44 FINANCIAL INSTRUMENTS

### (i) Financial assets and liabilities

(Figures in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial Assets</b>				
<b>Amortised Cost:</b>				
- Loans	57,259,758	57,259,758	45,053,252	45,053,252
- Cash and Cash Equivalents	20,916,625	20,916,625	108,907,475	108,907,475
- Other Bank Balances	14,251,423	14,251,423	10,621,384	10,621,384
- Other Financial Assets	14,101,388	14,101,388	14,888,791	14,888,791
<b>Total</b>	<b>106,529,194</b>	<b>106,529,194</b>	<b>179,470,902</b>	<b>179,470,902</b>
<b>Financial Liabilities</b>				
<b>Amortised Cost:</b>				
- Borrowings	323,039,976	323,039,976	387,989,212	387,989,212
- Trade Payables	80,491,475	80,491,475	78,517,961	78,517,961
- Other Financial Liabilities	78,203,988	78,203,988	61,730,382	61,730,382
<b>Total</b>	<b>481,735,439</b>	<b>481,735,439</b>	<b>528,237,555</b>	<b>528,237,555</b>

### (ii) Financial risk management

The Company's 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 Company's overall risk management programme 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 Company's 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 Company's 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	31 March 2019	31 March 2018
	USD	USD
<b>Assets</b>		
Cash and Cash Equivalents	4,950,797	10,906,323
Trade Receivables	24,058,519	43,095,718
<b>Total</b>	<b>29,009,316</b>	<b>54,002,041</b>
<b>Liabilities</b>		
Trade Payables	-	6,287,707
<b>Total</b>	<b>-</b>	<b>6,287,707</b>
<b>Net assets/(liabilities)</b>	<b>29,009,316</b>	<b>47,714,334</b>



# Notes forming part of Financial Statements

for the year ended 31 March 2019

For the years ended 31 March 2019 and 31 March 2018, 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 ₹ 0.29 million and ₹ 0.48 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 2019 and 31 March 2018, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ 7.46 million and ₹ 5.56 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 2019			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	159.88	71.55	69.78	301.21
Trade Payable	80.49	-	-	80.49
<b>Total</b>	<b>240.37</b>	<b>71.55</b>	<b>69.78</b>	<b>381.70</b>

(₹ 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
<b>Total</b>	<b>358.62</b>	<b>48.77</b>	<b>97.30</b>	<b>504.69</b>

**(iii) Capital management**

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's 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 2019

## 45 SEGMENT INFORMATION:

(Figures in ₹)

Particulars	Year ended 31 March 2019				Year ended 31 March 2018			
	Poultry Healthcare	Animal Healthcare	Others	Total	Poultry Healthcare	Animal Healthcare	Others	Total
<b>A. Segment Revenue</b>								
Sales and Operating Earnings (Net)	1,306,204,237	354,845,165	50,816,790	1,711,866,192	1,138,739,002	178,579,670	35,207,274	1,352,525,946
Other Income	27,819,818	3,108,675	44,498	30,972,991	16,709,935	2,062,050	-	18,771,985
<b>Total Segment Revenue</b>	<b>1,334,024,055</b>	<b>357,953,840</b>	<b>50,861,288</b>	<b>1,742,839,183</b>	<b>1,155,448,937</b>	<b>180,641,720</b>	<b>35,207,274</b>	<b>1,371,297,931</b>
Identifiable Segment Expenses	855,417,432	205,956,918	48,525,193	1,109,899,542	813,654,583	95,597,366	1,817,274	911,069,223
<b>Segment Operating Income</b>	<b>478,606,624</b>	<b>151,996,922</b>	<b>2,336,095</b>	<b>632,939,641</b>	<b>341,794,354</b>	<b>85,044,354</b>	<b>33,390,000</b>	<b>460,228,708</b>
Less: Unallocable Finance Cost				35,426,315				23,155,663
<b>Net Profit Before Tax</b>				<b>597,513,326</b>				<b>437,073,045</b>
Less: Tax Expense				158,992,394				131,488,945
<b>Net Profit after Tax</b>				<b>438,520,932</b>				<b>305,584,100</b>

Particulars	Year ended 31 March 2019			Year ended 31 March 2018		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
<b>B. Other Information</b>						
Segment Assets	1,880,891,731	243,203,158	2,124,094,889	1,641,408,596	187,209,015	1,828,617,611
Unallocated Assets			338,549,792			189,130,624
Segment Liabilities	441,220,492	126,166,804	567,387,296	451,527,309	32,211,508	483,738,817
Unallocated Liabilities			100,892,927			73,230,236
Depreciation/Amortisation	74,760,961	902,923	75,663,884	54,170,994	338,164	54,509,158
Capital Expenditure	117,299,286	271,171	117,570,457	202,690,735	3,641,774	206,332,509

## 46 EVENT OCCURRED AFTER THE BALANCE SHEET DATE

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 7 May 2019, there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

- 47** Previous years' Financial Statements have been audited by a firm of Chartered Accountant other than Shah Karia & Associates. Previous years' figures have been regrouped / reclassified wherever necessary to confirm to Current years' classification / disclosure.

As per our report of even date attached.

**For Shah Karia & Associates**

Chartered Accountants  
FRN: 131546W

**Priyank Shah**

Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

For & on behalf of the Board of Directors

**Rajiv Gandhi**

CEO & Managing Director  
DIN: 00438037

**Jigar Shah**

CFO  
Place: Ahmedabad  
Date: 7 May 2019

**Sanjiv Gandhi**

Director  
DIN: 00024548

**Vinod Mali**

Company Secretary

# Independent Auditors' Report

TO THE MEMBERS OF HESTER BIOSCIENCES LIMITED

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated financial statements of **HESTER BIOSCIENCES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, and 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 notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 Consolidated state of affairs of the Group as at 31 March 2019, and their Consolidated profit including other comprehensive income, the Consolidated changes in equity and Consolidated cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Consolidated Financial Statements and our Auditors' Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## MANAGEMENTS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the Companies included in Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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, 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 Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid..

In preparing the consolidated financial statements, the respective Board of directors of the Companies Included in Group are responsible for assessing the Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of companies included in Group are also responsible for overseeing the Groups' financial reporting process.

### AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 1) Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4) Conclude on the appropriateness of managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Groups' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5) Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. For the entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### OTHER MATTER

The Consolidated Financial Statements of the Group for the year ended 31 March 2018, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 14 May 2018.

We did not audit the financial statements and other financial information of 4 subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of ₹ 1,026.47 million as at 31 March 2019, total revenue of ₹ 147.78 million for the year ended 31 March 2019 and total loss after tax of ₹ 33.59 million for the year ended 31 March 2019 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 consolidated financial statements, in so far relates to the amounts and disclosures included in respect of subsidiaries, is solely based on such report of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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 matters with respect to our reliance on the work done and the reports of the other auditors.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

- (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and reports of the Other Auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive Income, the 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 the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditor who are appointed under Section 139 of the Act, of its subsidiary incorporated in India, none of the directors of the Group's companies is disqualified as on 31 March 2019 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 with reference to these Consolidated Financial Statements, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us by the management, the remuneration paid/ provided during the Current Year by the Holding Company and its subsidiary incorporated in India to their directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid/ provided to any director by the Holding Company and its subsidiary incorporated in India is not in excess of the limit laid down under Section 197 of the Act.
- (h) 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 the explanations given to us and based on the consideration of the report of the other audit on separate financial statements and also the other financial information of the subsidiaries as noted in the 'Other Matter' paragraph:

- i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 36 to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For **SHAH KARIA & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No.: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

Place: Ahmedabad

Date: 7 May 2019

# Annexure A to the Independent Auditors' Report

Referred to in clause f on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2019

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143(3)(I) OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of HESTER BIOSCIENCES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group") as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

## MANAGEMENTS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary incorporated in India, are responsible for establishing and maintaining internal financial controls 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 respective Companies' 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 Groups' internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial Controls over financials reporting was 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 with reference to these consolidated financial statements and their operative 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 material weakness exists and testing and evaluating the design and operating effectiveness of internal controls 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis of our audit opinion on the internal financial control system over financial reporting with reference to these consolidated financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Holding Company's internal financial controls over financial reporting with reference to these consolidated financial statements 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 Company's internal financial control over financial reporting include 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 Group;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the respective Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Groups' assets that could have 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 with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial controls 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, according to the explanations given by the management and based on the consideration of report of Other Auditor, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial control system over financial

reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at 31 March 2019, based on the internal controls over financials reporting criteria established by the Holding Company considering the essential components of internal controls stated in the Guidance Note.

### **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 with reference to these consolidated financial statements, 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 **SHAH KARIA & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No.: 131546W

Place: Ahmedabad  
Date: 7 May 2019

**Priyank Shah**  
Partner  
Membership No.: 118627



# Consolidated Balance Sheet

as at 31 March 2019

(Figures in ₹)

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property Plant & Equipment	3	1,441,244,537	1,094,326,350
(b) Capital Work-in-Progress		70,543,940	318,112,536
(c) Other Intangible Assets	4	4,798,620	6,491,366
(d) Biological Assets other than the Bearer Plants	5	2,127,628	1,378,098
<b>(e) Financial Assets</b>			
(i) Other Financial Assets	6	14,101,388	14,888,791
(f) Other Non-current Assets	7	34,925,458	20,749,705
		<b>1,567,741,571</b>	<b>1,455,946,846</b>
<b>(2) Current assets</b>			
(a) Inventories	8	507,852,463	397,573,435
<b>(b) Financial Assets</b>			
(i) Trade Receivables	9	316,942,715	322,874,916
(ii) Cash and Cash Equivalents	10	406,472,052	123,274,842
(iii) Other Bank Balances	11	14,251,423	10,621,384
(iv) Loans	12	2,571,564	699,534
(c) Current Tax Assets (Net)	13	15,302,316	-
(d) Other Current Assets	14	163,380,238	129,430,290
		<b>1,426,772,771</b>	<b>984,474,401</b>
<b>Total Assets</b>		<b>2,994,514,342</b>	<b>2,440,421,247</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Share capital	15	85,068,650	85,068,650
(b) Other equity	16	1,689,515,396	1,321,270,013
Equity Attributable to Owners		1,774,584,046	1,406,338,663
Non Controlling Interest		36,967,612	43,679,282
		<b>1,811,551,658</b>	<b>1,450,017,945</b>
<b>(2) Liabilities</b>			
<b>(a) Non-current liabilities</b>			
<b>(i) Financial Liabilities</b>			
- Borrowings	17	583,511,984	365,392,601
- Other Financial Liabilities	18	500,000	500,000
(ii) Deferred Tax Liabilities (Net)	19	106,603,705	78,194,667
(iii) Deferred Capital Grant		5,740,346	-
		<b>696,356,035</b>	<b>444,087,268</b>
<b>(b) Current liabilities</b>			
<b>(i) Financial Liabilities</b>			
- Borrowings	20	224,981,301	254,104,120
- Trade Payables	21	87,516,028	78,989,298
- Other Financial Liabilities	22	108,376,949	91,737,660
(ii) Other Current Liabilities	23	63,146,078	110,812,765
(iii) Provisions	24	2,586,293	79,134
(iv) Current Tax Liabilities (Net)	25	-	10,593,057
		<b>486,606,649</b>	<b>546,316,034</b>
		<b>1,182,962,684</b>	<b>990,403,302</b>
<b>Total Equity and Liabilities</b>		<b>2,994,514,342</b>	<b>2,440,421,247</b>
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 47		

As per our report of even date attached.

For **Shah Karia & Associates**

Chartered Accountants

FRN: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

For &amp; on behalf of the Board of Directors

**Rajiv Gandhi**

CEO &amp; Managing Director

DIN: 00438037

**Sanjiv Gandhi**

Director

DIN: 00024548

**Jigar Shah**

CFO

**Vinod Mali**

Company Secretary

Place: Ahmedabad

Date: 7 May 2019

Place: Ahmedabad

Date: 7 May 2019

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Figures in ₹)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>I. REVENUE FROM OPERATIONS</b>	26	1,780,667,731	1,364,059,691
<b>II. OTHER INCOME</b>	27	72,102,772	25,540,498
<b>III. TOTAL REVENUE (I+II)</b>		<b>1,852,770,503</b>	<b>1,389,600,189</b>
<b>IV. EXPENSES</b>			
Cost of Materials Consumed	28	293,616,415	226,547,466
Purchase of Stock-in-Trade	29	71,276,411	73,139,073
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	30	(76,106,869)	(66,585,648)
Excise Duty		-	4,673,620
Employee Benefit Expenses	31	289,292,048	232,383,582
Finance Cost	32	66,338,888	40,362,203
Depreciation and Amortisation Expenses	3 & 4	117,553,683	96,592,901
Other Expenses	33	522,239,135	421,268,333
<b>V. TOTAL EXPENSES</b>		<b>1,284,209,712</b>	<b>1,028,381,530</b>
<b>VI. PROFIT BEFORE TAX (III-V)</b>		<b>568,560,791</b>	<b>361,218,659</b>
<b>VII. TAX EXPENSES</b>			
(1) Current Tax		154,235,326	125,363,531
(2) Deferred Tax		7,389,489	5,180,790
<b>VIII. PROFIT FOR THE YEAR (VI-VII)</b>	(A)	<b>406,935,976</b>	<b>230,674,338</b>
<b>IX. OTHER COMPREHENSIVE INCOME</b>			
(a) Item will not to be reclassified to profit or loss			
(1) Re-measurement of Defined Benefit Plans		(3,359,047)	(1,862,394)
(2) Income Tax Effect		978,154	644,575
Net Re-measurement of Defined Benefit Plans		(2,380,893)	(1,217,819)
<b>Total Items that will not be reclassified to Profit or Loss</b>	(B)	<b>(2,380,893)</b>	<b>(1,217,819)</b>
(b) Item will be reclassified to profit or loss			
(1) Gain or Loss arising from translating the financial statement of foreign operation		(132,616)	156,594
(2) Income Tax Effect		-	-
<b>Total Items that will be reclassified to Profit or Loss</b>	(C)	<b>(132,616)</b>	<b>156,594</b>
<b>X. OTHER COMPREHENSIVE INCOME, NET OF TAXES</b>	(D)	<b>(2,513,509)</b>	<b>(1,061,225)</b>
<b>XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(A)+(D)	<b>404,422,467</b>	<b>229,613,113</b>
<b>XII. PROFIT ATTRIBUTABLE TO:</b>			
(1) Owners		415,673,315	256,209,528
(2) Non Controlling Interest		(8,737,339)	(25,535,190)
		<b>406,935,976</b>	<b>230,674,338</b>
<b>XIII. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
(1) Owners		(2,587,003)	(1,130,816)
(2) Non Controlling Interest		73,494	69,591
		<b>(2,513,509)</b>	<b>(1,061,225)</b>
<b>XIV. TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
(1) Owners		413,086,312	255,078,713
(2) Non Controlling Interest		(8,663,844)	(25,465,599)
		<b>404,422,468</b>	<b>229,613,114</b>
<b>XII. EARNINGS PER SHARE (in ₹)</b>			
Basic & Diluted	42	47.84	27.12
[Nominal value of Equity per Share of ₹ 10]			
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 47		

As per our report of even date attached.  
For **Shah Karia & Associates**  
Chartered Accountants  
FRN: 131546W

For & on behalf of the Board of Directors

**Priyank Shah**  
Partner  
Membership No.: 118627

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

**Sanjiv Gandhi**  
Director  
DIN: 00024548

**Jigar Shah**  
CFO

**Vinod Mali**  
Company Secretary

Place: Ahmedabad  
Date: 7 May 2019

Place: Ahmedabad  
Date: 7 May 2019

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

## A EQUITY SHARE CAPITAL

(Figures in ₹)

Balance at the beginning of the reporting period i.e. 1 April 2017	Changes in Equity Share Capital during the year 2017-18	Balance at the end of the reporting period i.e. 31 March 2018	Changes in Equity Share Capital during the year 2018-19	Balance at the end of the reporting period i.e. 31 March 2019
85,068,650	-	85,068,650	-	85,068,650

## B OTHER EQUITY

(Figures in ₹)

Particular	Reserve and Surplus					Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	
<b>Balance as at 1 April 2017</b>	<b>23,099,903</b>	<b>175,067,105</b>	<b>342,262,311</b>	<b>594,880,094</b>	<b>(916,430)</b>	<b>1,134,392,983</b>
Profit for the Year	-	-	-	256,209,528	-	256,209,528
Other Comprehensive Income for the year	-	-	-	(1,217,819)	156,595	(1,061,224)
Total Comprehensive Income for the year	-	-	-	254,991,709	156,595	255,148,304
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)	-	-
Other Adjustment	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>25,737,774</b>	<b>175,067,105</b>	<b>392,262,311</b>	<b>728,962,658</b>	<b>(759,835)</b>	<b>1,321,270,013</b>
Profit for the Year	-	-	-	415,673,315	-	415,673,315
Other Comprehensive Income for the year	-	-	-	(2,380,893)	(132,616)	(2,513,509)
Total Comprehensive Income for the year	-	-	-	413,292,422	(132,616)	413,159,806
Dividends (including dividend distribution tax)	-	-	-	(102,554,763)	-	(102,554,763)
Others	57,640,340	-	-	-	-	57,640,340
Transfer to General Reserve	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>83,378,114</b>	<b>175,067,105</b>	<b>392,262,311</b>	<b>1,039,700,317</b>	<b>(892,451)</b>	<b>1,689,515,396</b>

As per our report of even date attached.

For **Shah Karia & Associates**

Chartered Accountants

FRN: 131546W

**Priyank Shah**

Partner

Membership No.: 118627

Place: Ahmedabad

Date: 7 May 2019

For & on behalf of the Board of Directors

**Rajiv Gandhi**

CEO & Managing Director

DIN: 00438037

**Jigar Shah**

CFO

Place: Ahmedabad

Date: 7 May 2019

**Sanjiv Gandhi**

Director

DIN: 00024548

**Vinod Mali**

Company Secretary

# Consolidated Cash Flow Statement

as at 31 March 2019

(Figures in ₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax as Per Profit & Loss statement	568,560,791	361,218,659
<b>Adjustments For:</b>		
Depreciation and Amortisation Expense	117,553,683	96,592,901
Bad Debts Written off	-	12,064,829
(Profit) / Loss on Sale of Property, Plant & Equipments	549,812	-
Finance Cost	66,338,888	40,362,203
Balance Written off	-	(8,640,330)
Interest Income	(1,523,237)	(809,658)
Unrealised Foreign Exchange Gain	(8,118,491)	(1,454,278)
Remeasurement of Net Defined Benefit Plans	(3,359,047)	(1,862,394)
<b>Operating Profit / (Loss) Before Changes in Working Capital</b>	<b>740,002,400</b>	<b>497,471,932</b>
<b>Adjustments For:</b>		
Trade Receivables	70,702,301	(59,470,628)
Inventories	(103,636,852)	(60,407,724)
Other Current and Non Current Assets	(48,125,701)	9,748,357
Trade Payables	6,105,812	4,293,461
Other Current Liabilities	(47,666,687)	48,738,171
Short-term Provisions	2,507,161	(347,517)
Loans & Advances	(1,872,030)	730,006
Other Financial Liability	16,639,288	38,379,290
Other Financial Assets	5,585,318	(4,754,633)
<b>Cash Generated From Operations</b>	<b>640,241,010</b>	<b>474,380,715</b>
Net Income Tax (paid) / refunds	(158,091,615)	(94,104,178)
<b>Net Cash Flow from Operating Activities</b>	<b>482,149,395</b>	<b>380,276,537</b>
Exchange rate fluctuation arising on consolidation	(47,930)	(34,929)
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>482,101,465</b>	<b>380,241,608</b>
<b>B. Cash Flow from Investing Activities</b>		
Acquisition of Subsidiary Company	-	(26,347,018)
Proceeds from sale of Property, Plant & Equipments	1,138,964	-
Capital Expenditure on Property, Plant & Equipments	(226,530,755)	(229,707,369)
Interest Income	1,523,237	809,658
Investment in Bank Deposits	(8,427,954)	(3,053,125)
<b>Net Cash Flow from / (used in) Investing Activities (B)</b>	<b>(232,296,508)</b>	<b>(258,297,854)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Short-term Borrowings	(28,451,289)	74,896,272
Interest Paid	(66,338,888)	(40,362,203)
Dividend Paid (Including Dividend Distribution Tax)	(102,554,763)	(64,503,575)
Proceeds/(Repayment) of Long Term Borrowing	218,119,383	(80,817,888)
Receipt of Capital Grant	5,740,346	-
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>26,514,789</b>	<b>(110,787,394)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>276,319,746</b>	<b>11,156,360</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>123,274,842</b>	<b>111,800,282</b>
Add: Upon addition of Subsidiary Company	6,877,464	318,199
<b>Cash and Cash Equivalents at the end of the year [Note No.: 10]</b>	<b>406,472,052</b>	<b>123,274,842</b>
<b>Major Components of Cash &amp; Cash Equivalents</b>		
Cash on Hand	8,073,521	2,203,812
Balance with Banks - On Current Accounts	124,374,931	91,071,030
Fixed Deposits having maturity of less than 3 Months	274,023,600	30,000,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>406,472,052</b>	<b>123,274,842</b>

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

As per our report of even date attached.  
For **Shah Karia & Associates**  
Chartered Accountants  
FRN: 131546W

For & on behalf of the Board of Directors

**Priyank Shah**  
Partner  
Membership No.: 118627

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

**Sanjiv Gandhi**  
Director  
DIN: 00024548

**Jigar Shah**  
CFO

**Vinod Mali**  
Company Secretary

Place: Ahmedabad  
Date: 7 May 2019

Place: Ahmedabad  
Date: 7 May 2019

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 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.

### b. USE OF ESTIMATES:

The preparation of financial statements in conformity with GAAP 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 impairment 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 Consolidated Financial Statements

for the year ended 31 March 2019

**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.

**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 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 & spares:**

Raw materials and stores & 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

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

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.

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

**o. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents in the comprise 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
- 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



# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

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 Company's 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.

**(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 Company's 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

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

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.

**t. Operating Cycle and Current/Non-current classification:**

All the assets and liabilities have been classified as current or non current as per the Companies' 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.

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

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:**

The Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified

amendments to the following accounting standards. The amendments would be effective from 1 April 2019.

1. Ind AS 12, Income taxes - Appendix C on uncertainty over income tax treatments
2. Ind AS 12, Income taxes - Accounting for Dividend Distribution Taxes
3. Ind AS 23, Borrowing costs
4. Ind AS 28 - Investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 - Business combinations and joint arrangements
6. Ind AS 109 - Financial instruments
7. Ind AS 19 - Employee benefits

The Company is in the process of evaluating the impact of such amendments.

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 3. PROPERTY, PLANT & EQUIPMENT

(Figures in ₹)

Particulars	Freehold Land	Buildings	Plant & Machineries	Electrical Installations	Storage Equipment	Furniture & Fixtures	Vehicles	Computer	Total
<b>At Cost or Deemed cost:</b>									
As at 1 April 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	1,515,496,488
Additions during the year	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 during the year	-	-	163,274	-	-	-	-	-	163,274
Translation Reserve	50,303	326,501	337,482	-	-	4,762	7,636	-	726,684
As at 31 March 2018	71,273,271	688,298,969	706,296,310	64,174,047	32,889,203	52,305,386	57,310,950	15,028,178	1,687,576,314
Additions during the year	1,266,373	181,396,280	230,313,394	20,264,299	15,028,597	10,258,594	2,867,763	3,833,586	465,228,886
Disposals during the year	-	-	1,405,834	313,268	33,750	-	7,377,273	126,000	9,256,125
Translation Reserve	(7,372)	(130,288)	(118,210)	-	-	(7,817)	(4,975)	-	(268,662)
<b>As at 31 March 2019</b>	<b>72,532,272</b>	<b>869,564,961</b>	<b>935,085,660</b>	<b>84,125,078</b>	<b>47,884,050</b>	<b>62,556,163</b>	<b>52,796,465</b>	<b>18,735,764</b>	<b>2,143,280,413</b>
<b>Accumulated Depreciation &amp; Impairment:</b>									
As at 1 April 2017	-	105,004,900	267,137,534	43,396,961	15,685,055	27,597,933	28,741,476	10,213,914	497,777,773
Depreciation expenses	-	24,900,648	54,759,083	3,059,080	2,320,399	3,943,692	4,782,133	1,534,086	95,299,121
Eliminated on disposals	-	-	-	-	-	-	-	-	-
Translation Reserve	-	(27,925)	203,795	-	-	(993)	(1,807)	-	173,070
As at 31 March 2018	-	129,877,623	322,100,412	46,456,041	18,005,454	31,540,632	33,521,802	11,748,000	593,249,964
Depreciation expenses	-	28,069,808	70,328,332	3,959,685	3,014,070	4,323,053	4,814,959	2,059,439	116,569,346
Eliminated on disposals	-	-	1,149,241	-	-	-	6,298,408	119,700	7,567,349
Translation Reserve	-	(54,574)	(148,338)	-	-	(4,121)	(9,053)	-	(216,085)
<b>As at 31 March 2019</b>	<b>-</b>	<b>157,892,857</b>	<b>391,131,165</b>	<b>50,415,726</b>	<b>21,019,524</b>	<b>35,859,565</b>	<b>32,029,300</b>	<b>13,687,739</b>	<b>702,035,876</b>
<b>Carrying Amount:</b>									
As at 1 April 2017	48,340,468	559,316,541	333,043,990	19,275,928	13,897,834	21,466,643	19,271,761	3,105,550	1,017,718,715
As at 31 March 2018	71,273,271	558,421,346	384,195,898	17,718,006	14,883,749	20,764,754	23,789,148	3,280,178	1,094,326,350
<b>As at 31 March 2019</b>	<b>72,532,272</b>	<b>711,672,104</b>	<b>543,954,495</b>	<b>33,709,352</b>	<b>26,864,526</b>	<b>26,696,598</b>	<b>20,767,165</b>	<b>5,048,025</b>	<b>1,441,244,537</b>

For details of assets pledged as security refer note no 17.1

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 4. INTANGIBLE ASSETS (Other Than Internally Generated)

(Figures in ₹)

Particulars	Software	Product & Trademark	Goodwill	Total
<b>At cost or Deemed Cost:</b>				
As at 1 April 2017	5,738,821	4,020,025	2,800,000	12,558,846
Additions during the year	702,832	-	-	702,832
Disposals during the year	-	-	-	-
As at 31 March 2018	6,441,653	4,020,025	2,800,000	13,261,678
Additions during the year	692,500	-	-	692,500
Disposals during the year	-	-	-	-
<b>As at 31 March 2019</b>	<b>7,134,153</b>	<b>4,020,025</b>	<b>2,800,000</b>	<b>13,954,178</b>
<b>Accumulated Amortisation &amp; Impairment:</b>				
As at 1 April 2017	4,089,990	686,945	699,597	5,476,532
Additions during the year	331,188	402,995	559,597	1,293,780
Disposals during the year	-	-	-	-
As at 31 March 2018	4,421,178	1,089,940	1,259,194	6,770,312
Amortisation expenses	441,440	403,000	139,897	984,337
Impairment loss recognised*	-	-	1,400,909	1,400,909
Eliminated on disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>4,862,618</b>	<b>1,492,940</b>	<b>2,800,000</b>	<b>9,155,558</b>
<b>Carrying Amount:</b>				
As at 1 April 2017	1,648,831	3,333,080	2,100,403	7,082,314
As at 31 March 2018	2,020,475	2,930,085	1,540,806	6,491,366
<b>As at 31 March 2019</b>	<b>2,271,535</b>	<b>2,527,085</b>	<b>-</b>	<b>4,798,620</b>

\* Company has carried out impairment testing during the year 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, the Company has impaired Goodwill during the year.

## 5. BIOLOGICAL ASSETS OTHER THAN THE BEARER PLANTS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Live Stock (Poultry Healthcare)</b>		
At the beginning of the year (At Cost)	1,378,098	1,403,494
Add: Purchases during the year	749,530	955,280
Less: Sold / (Disposed) during the year	-	(980,676)
<b>At the end of the year</b>	<b>2,127,628</b>	<b>1,378,098</b>

### Non-Financial Measures or Estimates of Physical Quantities of Biological Assets

Particulars	UNIT	As at 31 March 2019	As at 31 March 2018
<b>Live Stock</b>			
- Poultry Healthcare	Nos.	35,889	42,756
<b>At the end of the year</b>		<b>35,889</b>	<b>42,756</b>

## 6. OTHER FINANCIAL ASSETS (NON CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Bank Deposits with more than 12 months of original maturity	5,603,915	806,000
Security Deposits	8,497,473	14,082,791
<b>Total</b>	<b>14,101,388</b>	<b>14,888,791</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 7. OTHER NON CURRENT ASSETS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital Advances	34,925,458	20,749,705
<b>Total</b>	<b>34,925,458</b>	<b>20,749,705</b>

## 8. INVENTORIES

(At Lower of Cost and Net Realisable Value)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw Materials	62,527,118	32,186,059
Work-in-Progress	262,290,545	246,112,420
Finished Goods	67,405,312	18,627,870
Stock-in-Trade	63,468,026	47,751,261
Stores & Spares	19,459,293	29,161,683
Packing Materials	32,702,169	23,734,142
<b>Total</b>	<b>507,852,463</b>	<b>397,573,435</b>

## 9. TRADE RECEIVABLES

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade Receivables	316,942,715	322,874,916
<b>Total</b>	<b>316,942,715</b>	<b>322,874,916</b>

## 10. CASH AND CASH EQUIVALENTS

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance with Banks		
- In Current Accounts	124,374,931	91,071,030
- In Deposit Accounts with original Maturity less than 3 Months	274,023,600	30,000,000
Cash on Hand	8,073,521	2,203,812
<b>Total</b>	<b>406,472,052</b>	<b>123,274,842</b>

## 11. OTHER BANK BALANCES

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Earmarked Balances with Banks	4,032,115	3,115,350
Deposits with original Maturity more than 3 Months	10,219,308	7,506,034
<b>Total</b>	<b>14,251,423</b>	<b>10,621,384</b>

## 12. LOANS (CURRENT)

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Loan to Employees	2,571,564	699,534
<b>Total</b>	<b>2,571,564</b>	<b>699,534</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 13. CURRENT TAX ASSETS (NET)

(Figures in ₹)

Particulars	As at	As at
	31 March 2019	31 March 2018
Advance Tax Paid (Net of Provision for Income Tax)	15,302,316	-
<b>Total</b>	<b>15,302,316</b>	<b>-</b>

## 14. OTHER CURRENT ASSETS

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at	As at
	31 March 2019	31 March 2018
Advance to Suppliers	40,727,258	27,810,503
Interest Accrued but not due	-	106,688
Advance to Employees	836,556	1,479,710
Prepaid Expenses	1,720,804	4,770,519
Export Incentives Receivables	1,145,304	602,180
Balance with Government Authorities	53,785,199	59,495,897
Others	65,165,117	35,164,793
<b>Total</b>	<b>163,380,238</b>	<b>129,430,290</b>

## 15. SHARE CAPITAL

(Figures in ₹)

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>AUTHORISED CAPITAL</b>		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112,000,000	112,000,000
	<b>112,000,000</b>	<b>112,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85,068,650	85,068,650
<b>Total</b>	<b>85,068,650</b>	<b>85,068,650</b>

### 15.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>Equity Shares at the beginning of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>
Add: Changes during the year	-	-
<b>Outstanding at the end of the year</b>	<b>8,506,865</b>	<b>8,506,865</b>

### 15.2 RIGHTS, PREFERENCES AND RESTRICTION ATTACHED TO SHARES:

The Company has only one class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Each equity shareholder is entitled to one vote per share. 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 declared during the year and Company pays the same in Indian Rupees. In the event of liquidation of the Company, the equity Shareholders are eligible to receive the remaining asset of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held.

The board of directors had declared and paid an interim dividend of ₹ 2 per equity share (20%) in Q1 FY19 as well as on Q2 FY19, totaling to ₹ 4 per equity share (40%). The board has further recommended an additional final dividend of ₹ 7 per equity share (70%) for FY19, subject to the approval of the shareholders. Total Dividend therefore for FY19 would be ₹ 11 per equity share (110%) as against the ₹ 10 per equity share (100%) for FY18.

### 15.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	949,397	11.16	949,397	11.16
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	692,820	8.14	692,820	8.14

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 15.4 AGREEGATE NUMBER OF SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH FOR THE PERIOD OF 5 YEARS IMMEDIATELY PRECEEDING THE BALANCE SHEET DATE

Particulars	Financial Year	No. of Shares
Equity shares allotted as fully paid - up pursuant to the demerger of Trading Unit of Innoves Animal Health Private limited into the Company	2014-15	65

## 16. OTHER EQUITY

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Capital Reserve</b>		
As per last Balance sheet	25,737,774	23,099,903
Add: Addition during the year	57,640,340	2,637,871
	<b>83,378,114</b>	<b>25,737,774</b>
<b>Securities Premium</b>		
As per last Balance sheet	175,067,105	175,067,105
Add: Addition during the year	-	-
	<b>175,067,105</b>	<b>175,067,105</b>
<b>General Reserve</b>		
As per last Balance sheet	392,262,311	342,262,311
Add: Transferred from Surplus in Statement of Profit and Loss	-	50,000,000
	<b>392,262,311</b>	<b>392,262,311</b>
<b>Surplus- Statement of Profit &amp; Loss</b>		
As per Last Balance Sheet	728,962,658	594,880,094
Add: Profit for the year	415,673,315	256,209,528
Add: Other Comprehensive Income	(2,380,893)	(1,217,819)
Add: Others	-	(286,514)
Add: Deferred Tax Liability	-	(6,119,056)
	<b>1,142,255,080</b>	<b>843,466,233</b>
<b>Less: Appropriations</b>		
- Dividend (Including Dividend distribution tax)	102,554,763	64,503,575
- Transferred to General Reserve	-	50,000,000
	<b>1,039,700,317</b>	<b>728,962,658</b>
Foreign Currency Translation Reserve	(759,835)	(916,430)
As per last Balance sheet	(132,616)	156,595
Add: Addition During the Year	(892,451)	(759,835)
<b>Total</b>	<b>1,689,515,396</b>	<b>1,321,270,013</b>

## 17. BORROWING (NON CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Secured Borrowings</b>		
Term Loans From Banks	670,244,417	428,631,915
Hire Purchase Loans From Banks	3,272,567	5,068,283
	<b>673,516,984</b>	<b>433,700,198</b>
<b>Less: Current Maturities of Long Term Borrowings (Refer Note No.: 22)</b>		
Term Loans from Banks	(89,237,195)	(66,126,859)
Hire Purchase Loans from Banks	(767,805)	(2,180,738)
	<b>(90,005,000)</b>	<b>(68,307,597)</b>
<b>Total</b>	<b>583,511,984</b>	<b>365,392,601</b>



# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 17.1 REPAYMENT TERMS AND SECURITY PLEDGED AGAINST THE BORROWINGS

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 unencumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.75%^	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
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 unencumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	11.00%^	Quarterly	4	2,777,778
			4	2,777,778
			4	2,777,778
			4	2,777,778
			4	2,777,778
			2	2,777,778
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*
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*

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
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	8	6,875,000
			2	55,700
			4	278,500
			4	417,750
			12	557,000
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	2	779,800
			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 hypothecation of specific vehicle / car	10.25%	Monthly	60	34,190
Nepal Investment Bank Limited is secured by hypothecation of specific vehicle / car	9.25%	Monthly	60	39,365
Nepal Investment Bank Limited is secured by hypothecation 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.

## 18 OTHER FINANCIAL LIABILITIES (NON CURRENT)

(Figures in ₹)

Particulars	As at	
	31 March 2019	31 March 2018
Trade Deposits	500,000	500,000
<b>Total</b>	<b>500,000</b>	<b>500,000</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 19. DEFERRED TAX LIABILITIES (NET)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Deferred Tax Liabilities</b>		
- Benefit availed Under Income Tax Act	59,057,574	64,478,594
- Excess of Net Block over Written Down Value as per provision of Income Tax Act	46,672,556	36,503,647
- Provision for Employee Benefits	873,576	-
<b>Total Deferred Tax Liabilities (A)</b>	<b>106,603,705</b>	<b>100,982,241</b>
<b>Deferred Tax Assets</b>		
- Provision for Employee Benefits	-	762,367
- MAT Credit Entitlement	-	21,060,930
- Pre Incorporation Expenses	-	201,218
- Unabsorbed Losses	-	763,059
<b>Total Deferred Tax Assets (B)</b>	<b>-</b>	<b>22,787,574</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>106,603,705</b>	<b>78,194,667</b>

## 20. BORROWINGS (CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Loan Repayable on Demand</b>		
(1) Secured		
- Cash Credit from Bank	120,468,334	201,455,607
- Credit Card	4,512,967	-
(2) Unsecured		
- Working Capital Demand Loan	100,000,000	50,000,000
- Loans & Advances	-	2,648,513
<b>Total</b>	<b>224,981,301</b>	<b>254,104,120</b>

**20.1** Cash Credit from bank & Credit card accounts are secured by first and exclusive hypothecation 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.

**20.2** Cash Credit accounts of subsidiary company are secured by first and exclusive hypothecation 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 personal guarantee of some of the Directors.

**20.3** Interest Rates on Loans are varying, which are linked to base rate of Bank, from time to time.

## 21. TRADE PAYABLES

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Dues to Micro, Small and Medium Enterprises (Refer Note No.: 37)	2,238,894	-
Other Trade Payables	85,277,134	78,989,298
<b>Total</b>	<b>87,516,028</b>	<b>78,989,298</b>

## 22. OTHER FINANCIAL LIABILITIES (CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Current Maturities of Long Term Borrowings (Refer Note No.: 17)</b>		
- Term Loans	89,237,195	66,126,859
- Hire Purchase Loans	767,805	2,180,738
Unclaimed Dividends	4,032,115	3,115,350
Creditors for Capital expense	14,339,834	19,934,294
Others	-	380,419
<b>Total</b>	<b>108,376,949</b>	<b>91,737,660</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 23. OTHER CURRENT LIABILITIES

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance from Customers	4,913,278	1,945,077
Payables to Statutory Authorities	6,214,957	9,273,890
Other Liabilities	52,017,843	99,593,798
<b>Total</b>	<b>63,146,078</b>	<b>110,812,765</b>

## 24. PROVISIONS (CURRENT)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision For Employees Benefit	2,586,293	13,134
Provision For Expenses	-	66,000
<b>Total</b>	<b>2,586,293</b>	<b>79,134</b>

## 25. CURRENT TAX LIABILITIES (NET)

(Figures in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for Income Tax (Net of Advance tax)	-	10,593,057
<b>Total</b>	<b>-</b>	<b>10,593,057</b>

## 26. REVENUE FROM OPERATIONS

(Figures in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
<b>(A) Sale of Goods</b>				
<b>Manufacturing Sales</b>				
Domestic Sales	1,328,600,479		1,036,591,028	
Export Sales	187,598,326	<b>1,516,198,805</b>	108,503,651	<b>1,145,094,679</b>
<b>Trading Sales</b>				
Domestic Sales	253,295,003		167,129,470	
Export Sales	2,835,176	<b>256,130,179</b>	16,161,128	<b>183,290,598</b>
<b>Sale of Services</b>				<b>2,283,221</b>
<b>(B) Other Operating Revenue</b>		<b>8,338,747</b>		<b>33,391,193</b>
<b>Total</b>		<b>1,780,667,731</b>		<b>1,364,059,691</b>

Note: Revenue from operations up to 30 June 2017, includes Excise Duty, which is discontinued with effect from 1 July 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18 - Revenue and Schedule III of the Companies Act 2013, unlike Excise Duties, GST is not part of Revenue from Operations. In view of the aforesaid restructuring of indirect taxes, Revenue from Operations for the Year Ended 31 March 2019 is not comparable with the corresponding figures of Previous Year.

### 26.1 SEGMENT-WISE BREAK-UP OF REVENUE:

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
- Poultry Healthcare	1,303,401,821	1,173,946,275
- Animal Healthcare	426,449,120	187,830,195
- Others	50,816,790	2,283,221
<b>Total</b>	<b>1,780,667,731</b>	<b>1,364,059,691</b>

## 27. OTHER INCOME

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest Income</b>		
- From Bank Deposits	1,151,212	355,885
- From Others	372,025	453,773
Miscellaneous Income	8,174,774	13,854,494

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
Rent Income	410,610	289,932
Exchange Profit & loss (Net)	8,284,826	1,454,278
Sundry balances / Excess provisions / Written off / Written back (Net)	-	8,640,330
Profit on Sale of Property, Plant and Equipment	894,841	491,476
Grant Income (Amortisation)	52,814,484	-
Other Non-Operating Income	-	330
<b>Total</b>	<b>72,102,772</b>	<b>25,540,498</b>

## 28. COST OF MATERIAL CONSUMED

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
Inventory at the Beginning of the Year	32,191,633	51,646,978
Add: Purchased during the Year	325,945,125	207,092,121
Less: Inventory at the End of the Year	64,520,343	32,191,633
<b>Total</b>	<b>293,616,415</b>	<b>226,547,466</b>

### 28.1 BREAK-UP OF RAW MATERIAL CONSUMED

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
Growth Media	142,289,050	118,945,408
Other Chemicals	151,327,365	107,602,058
<b>Total</b>	<b>293,616,415</b>	<b>226,547,466</b>

### 28.2 VALUE OF INDIGENEOUS AND IMPORTED RAW MATERIAL CONSUMED DURING THE YEAR

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Percentage	Value (In ₹)	Percentage	Value (In ₹)
Imported	6.68%	19,617,810	8.76%	19,836,246
Indigenous	93.32%	273,998,605	91.24%	206,711,220
<b>Total</b>	<b>100.00%</b>	<b>293,616,415</b>	<b>100.00%</b>	<b>226,547,466</b>

## 29. PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
- Poultry Healthcare	44,268,070	37,239,421
- Animal Healthcare	12,142,883	35,899,652
- Others	14,865,458	-
<b>Total</b>	<b>71,276,411</b>	<b>73,139,073</b>

## 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Figures in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
<b>Inventories at the End of the Year</b>				
-Finished Goods	126,322,752		66,394,008	
-Semi-finished Goods	262,290,545		246,112,420	
		<b>388,613,297</b>		<b>312,506,428</b>
<b>Inventories at the Beginning of the Year</b>				
-Finished Goods	66,394,008		50,209,367	
-Semi-finished Goods	246,112,420		195,711,413	
		<b>312,506,428</b>		<b>245,920,780</b>
<b>Total</b>		<b>(76,106,869)</b>		<b>(66,585,648)</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 31. EMPLOYEE BENEFIT EXPENSES

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries & Wages	272,707,881	218,871,084
Contributions to Provident Fund & Other Funds	11,083,761	8,812,947
Staff Welfare Expenses	5,500,406	4,699,551
<b>Total</b>	<b>289,292,048</b>	<b>232,383,582</b>

## 32. FINANCE COST

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest Expenses	53,042,743	37,907,885
Bank Commission & Charges	13,296,145	2,454,318
<b>Total</b>	<b>66,338,888</b>	<b>40,362,203</b>

## 33. OTHER EXPENSES

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Manufacturing Expenses</b>		
Power and Fuel	77,024,247	62,311,685
Consumption of Stores and Spares	56,764,763	9,637,138
<b>Repairs &amp; Maintenance</b>		
- Plant and Machinery	8,121,317	13,563,658
- Building	1,711,601	2,702,945
- Electrical Equipments	2,039,167	1,747,361
Packing Expenses	54,313,233	54,217,292
Quality Control and Testing Expenses	2,591,866	4,129,512
Other Production Expenses	32,789,456	52,690,470
	<b>235,355,650</b>	<b>201,000,061</b>
<b>Selling and Distribution Expenses</b>		
Selling Expenses	86,122,205	45,694,577
Sales Tax Expenses	272,756	2,768,916
Transportation Expenses	69,176,477	42,590,312
Travelling Expenses	22,341,463	18,868,606
	<b>177,912,901</b>	<b>109,922,411</b>
<b>Administrative Expenses</b>		
Office Expenses	-	67,245
Communication Expenses	3,910,486	4,069,298
Insurance Expenses	4,412,259	4,783,944
Legal, Professional and Consultancy Fees	18,539,878	15,972,915
Printing and Stationery Expenses	4,906,228	2,742,911
Travelling and Conveyance Expenses	13,860,365	23,365,572
Rent, Rates and Taxes	14,466,031	6,995,510
Repairs and Maintenance - Others	5,915,529	5,469,298
Vehicle Maintenance and Conveyance Expenses	9,352,938	9,991,442
Electricity Charges	1,311,446	1,407,126
CSR Expenses (Refer Note No.: 39)	1,700,000	3,701,000
Charity & Donations	162,575	77,000
Bad Debts written off	-	12,064,829
Loss on Sale of Property, Plant and Equipment	1,444,653	-
Miscellaneous Expenses	18,027,668	10,529,611
Service Charges	-	192,870
Preoperative Expenses written off	7,604,193	7,591,454
Prior Period Expenses	828,578	-
Payment to Auditor		
- As Auditor	2,177,757	920,296
- For Taxation Matters	250,000	200,000
- For Other Services	100,000	200,000
- For Reimbursement of Expenses	-	3,540
	<b>108,970,584</b>	<b>110,345,861</b>
<b>Total</b>	<b>522,239,135</b>	<b>421,268,333</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 34. TAX RECONCILIATION

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Reconciliation of Tax Expenses</b>		
Profit Before Tax	568,560,791	361,218,659
Enacted Income Tax Rate applicable to Company	29.120%	34.608%
Expected Income Tax Expenses	165,564,902	125,010,553
<b>Adjustments to reconcile expected income tax expenses to reported income tax</b>		
Weighted deduction allowed in respect of research and development expenses	(5,120,515)	(27,935,844)
Expenses Disallowed as per Income Tax	1,126,061	892,018
Non-taxable Subsidiaries and effect of Differential Tax Rate under various jurisdiction	9,992,054	26,451,686
Other Adjustments	(17,327,177)	945,117
<b>Current Tax Provision (A)</b>	<b>154,235,326</b>	<b>125,363,531</b>
Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets	4,949,106	6,045,672
Incremental Deferred Tax Liability on account of Financial Assets & other Items	2,440,383	(864,883)
<b>Deferred Tax Provision (B)</b>	<b>7,389,489</b>	<b>5,180,789</b>
<b>Tax Expense Recognised in the Statement of Profit &amp; Loss (A+B)</b>	<b>161,624,815</b>	<b>130,544,320</b>
<b>Effective Tax Rate</b>	<b>28.43%</b>	<b>36.14%</b>

## 35. COMMITMENTS

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	15,784,588	38,038,163

## 36. CONTINGENT LIABILITIES NOT PROVIDED FOR

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Claims against the company not acknowledged as debts:</b>		
Income Tax *	1,101,580	6,720,185
Corporate Guarantee given against credit facilities availed by Subsidiary**	276,685,200	-

\* includes demand from Income Tax Authorities based on assessment/appeal orders and the Company is in appeal with higher authorities, and the Company has been advised that the decision will be in favour of the Company, and hence no provision has been made in the Financial Statements. The matters are pending before respective appellate authorities and not yet settled.

\*\* In respect of Corporate Guarantee of USD 14 Million issued in favor of Bill & Melinda Gates Foundation, U.S.A on behalf of Hester Biosciences Africa Limited, Tanzania (Wholly Owned Subsidiary Company) for setting up of an animal Vaccine Manufacturing Plant.

## 37. DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Principal amount due remaining unpaid to to Micro and Small Enterprises as at end of the year;	2,238,894	-
(ii) Interest accrued and remaining unpaid to to Micro and Small Enterprises as at end of the year;	-	-
(iii) Interest due and payable to Micro and Small Enterprises for the year;	-	-
(iv) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;	-	-
(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 Micro and Small Enterprises.	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 38 RESEARCH AND DEVELOPMENT EXPENDITURE

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue Expenditure</b>		
Salary and Wages	13,847,235	15,255,289
Contribution to Provident Fund	276,122	288,076
Packing-Forwarding-Freight Expenses	22,425	2,604
Power and Fuel	13,822,633	11,395,079
Consumption of Chemicals	932,374	398,937
Other Consumables	779,528	594,694
Other Allowances/Reimbursements	1,824,900	407,250
Repair and Maintenance Expenses	-	251,100
Traveling Expenses	218,662	130,625
Miscellaneous Expenses	18,100	51,308
<b>Total (A)</b>	<b>31,741,979</b>	<b>28,774,961</b>
<b>Capital Expenditure (B)</b>	<b>1,142,130</b>	<b>44,222,192</b>
<b>Total Research and Development Expenditures (A+B)</b>	<b>32,884,109</b>	<b>72,997,153</b>

## 39. DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

Pursuant to Section 135 of the Companies Act, 2013, a Company, meeting the applicability of threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities identified by the Company and monitored by CSR "Committee.

(Figures in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount Required to be spent under Section 135 of the Companies Act, 2013	6,800,432	4,949,416
Amount Spent during the year	1,700,000	3,701,000

## 40. 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 2019

#### (a) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Mr. Jigar Shah - Chief Financial Officer
- 3) Mr. Vinod Mali - Company Secretary
- 4) Ms. Amala Parikh (Till 14 May 2018) - Company Secretary

#### (b) 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)
- 5) Ms. Priya Gandhi

#### (c) 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 Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Transactions during the year with Related Parties:

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Associate Company		Enterprises Having Significant Influence (EHS)		Total
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	
<b>(a) Purchase</b>	-	-	-	-	<b>22,398,410</b>	<b>18,597,318</b>	<b>2018-19 22,398,410</b> <b>2017-18 18,597,318</b>
Gujarat Polyplast Private Limited	-	-	-	-	22,398,410	18,597,318	22,398,410 18,597,318
<b>(b) Sitting Fees for Board Meetings</b>	<b>100,000</b>	<b>90,000</b>	-	-	-	-	<b>100,000</b>
Mr. Sanjiv Gandhi	40,000	30,000	-	-	-	-	40,000 30,000
Dr. Bhupendra V. Gandhi	40,000	20,000	-	-	-	-	40,000 20,000
Ms. Nina Gandhi	20,000	40,000	-	-	-	-	20,000 40,000
<b>(c) Remuneration Paid</b>	<b>27,776,212</b>	<b>29,860,653</b>	-	-	-	-	<b>27,776,212</b> <b>29,860,653</b>
Mr. Rajiv Gandhi	20,400,000	23,400,000	-	-	-	-	20,400,000 23,400,000
Mr. Jigar Shah	6,919,101	6,280,653	-	-	-	-	6,919,101 6,280,653
Mr. Vinod Mali	434,853	-	-	-	-	-	434,853 -
Ms. Amala Parikh	22,258	180,000	-	-	-	-	22,258 180,000
<b>(d) Rent Paid - MDs' Residence</b>	-	-	-	-	<b>600,000</b>	<b>600,000</b>	<b>600,000</b> <b>600,000</b>
Biolink Healthcare Limited	-	-	-	-	600,000	600,000	600,000 600,000
<b>(e) Salary Paid</b>	<b>1,452,975</b>	<b>1,221,000</b>	-	-	-	-	<b>1,452,975</b> <b>1,221,000</b>
Ms. Priya Gandhi	1,452,975	1,221,000	-	-	-	-	1,452,975 1,221,000
<b>(f) Loans and Advances Received Back</b>	-	-	-	<b>514,204</b>	-	-	<b>514,204</b>
Leruarua Vetcare (Proprietary) Limited	-	-	-	514,204	-	-	- 514,204

## Balances at the end of the Year:

Particulars	Key Management Personnel/Relatives of Key Managerial Personnel		Associate Company		Enterprises Having Significant Influence (EHS)		Total
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	
<b>(a) Trade Payables</b>	-	-	-	-	<b>3,424,825</b>	<b>3,346,561</b>	<b>2018-19 3,424,825</b> <b>2017-18 3,346,561</b>
Gujarat Polyplast Private Limited	-	-	-	-	3,424,825	3,346,561	3,424,825 3,346,561
<b>(b) Remuneration Payable</b>	-	<b>3,068,792</b>	-	-	-	-	<b>3,068,792</b>
Mr. Rajiv Gandhi	-	3,068,792	-	-	-	-	- 3,068,792



# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## 41. DISCLOSURE AS PER INDIAN ACCOUNTING STANDARD 19 (IND AS 19) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2019

### 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 ₹ 8.44 million (2017-18: ₹ 6.44 million) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

### 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 2019.

#### Balance Sheet

#### i) Change in the Present Value of Defined Benefit Obligation

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Defined Benefit Obligation at Beginning of the Year	21,199,399	18,032,666
Current Service Costs	2,400,073	2,115,453
Interest Cost on Defined Benefit Obligation	1,668,393	1,365,073
Actuarial (Gain) / Loss on Defined Benefit Obligation	3,062,222	1,665,093
Benefits paid during the Year	(1,129,562)	(1,978,886)
<b>Defined Benefit Obligation at End of the Year</b>	<b>27,200,525</b>	<b>21,199,399</b>

#### ii) Change in plan Asset

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Fair Value of Plan Assets at the Beginning of the Year	24,153,423	17,606,016
Expected Return on Plan Assets	1,900,874	1,332,775
Contribution made during the Year	-	7,390,819
Benefits paid during the Year	(1,129,562)	(1,978,886)
Actuarial Loss on Plan Assets	(296,825)	(197,301)
<b>Fair Value of Plan Assets at the End of the Year</b>	<b>24,627,910</b>	<b>24,153,423</b>

#### iii) Disclosure in Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Defined Benefit Obligation at the End of the Year	(27,200,525)	(21,199,399)
Fair Value of Plan Assets at the end of the Year	24,627,910	24,153,423
Funded Status [(Deficit)/Surplus]	(2,572,615)	2,954,024
<b>Net (Liability)/Asset Recognised in the Balance Sheet</b>	<b>(2,572,615)</b>	<b>2,954,024</b>

#### iv) Reconciliation - Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2019	Year ended 31 March 2018
Net (Asset)/Liability at the Beginning of the Year	(2,954,024)	426,650
Expenses Recognised in Statement of Profit or Loss	2,167,592	2,147,751
Expenses Recognised in Other Comprehensive Income	3,359,047	1,862,394
Employers Contribution Paid	-	(7,390,819)
<b>Net Liability/(Asset) at the End of the Year</b>	<b>2,572,615</b>	<b>(2,954,024)</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## Statement of Profit and Loss

### v) Expenses recognised during the Year

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
<b>In Income Statement</b>		
Current Service Costs	2,400,073	2,115,453
Interest Cost	(232,481)	32,298
Expenses Recognised in Statement of Profit or Loss	2,167,592	2,147,751
<b>In Other Comprehensive Income</b>		
Actuarial (Gain) / Loss	3,062,222	1,665,093
Return on Plan Assets	296,825	197,301
Expenses Recognised in Other Comprehensive Income	3,359,047	1,862,394

### vi) Assumptions used

Particulars	Year ended	
	31 March 2019	31 March 2018
Discount rate	7.78%	7.87%
Rate of return on plan asset	7.78%	7.87%
Salary escalation	6.00%	6.00%
Attrition rate	2.00%	2.00%

### vii) Sensitivity Analysis

(Figures in ₹)

Particulars	Year ended 31 March 2019	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	3,100,952	2,490,359
Change in rate of salary increase (delta effect of +/- 1%)	(2,660,961)	(2,134,805)
Change in rate of employee turnover (delta effect of +/- 1%)	460,761	(464,365)

(Figures in ₹)

Particulars	Year ended 31 March 2018	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(2,082,807)	2,490,359
Change in rate of salary increase (delta effect of +/- 1%)	2,512,546	(2,134,805)
Change in rate of employee turnover (delta effect of +/- 1%)	398,917	(464,365)

## 42. EARNINGS PER SHARE

(Figures in ₹)

Particulars	Year ended	
	31 March 2019	31 March 2018
Net Profit as per Statement of Profit and Loss	406,935,976	230,674,338
Weighted Average No. of Eq. Shares of ₹ 10 each (Basic & Diluted)	8,506,865	8,506,865
Basic and diluted Earnings per share	47.84	27.12
Nominal Value of Share (In ₹)	10.00	10.00

## 43. FINANCIAL INSTRUMENTS

### (i) Financial assets and liabilities

(Figures in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial Assets</b>				
<b>Amortised Cost:</b>				
- Loans	2,571,564	2,571,564	699,534	699,534
- Trade Receivables	316,942,715	316,942,715	322,874,916	322,874,916
- Cash and Cash Equivalents	406,472,052	406,472,052	123,274,841	123,274,841
- Other Bank Balances	14,251,423	14,251,423	10,621,384	10,621,384
- Other Financial Assets	14,101,388	14,101,388	14,888,791	14,888,791
<b>Total</b>	<b>754,339,142</b>	<b>754,339,142</b>	<b>472,359,466</b>	<b>472,359,466</b>
<b>Financial Liabilities</b>				
<b>Amortised Cost:</b>				
- Borrowings	808,493,285	808,493,285	619,496,721	619,496,721
- Trade Payables	87,516,028	87,516,028	78,989,298	78,989,298
- Other Financial Liabilities	108,876,949	108,876,949	92,237,660	92,237,660
<b>Total</b>	<b>1,004,886,262</b>	<b>1,004,886,262</b>	<b>790,723,679</b>	<b>790,723,679</b>

# Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Financial risk management

The Company's 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 Company's overall risk management programme 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 Company's 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 Company's 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:

Particulars	(Figures in ₹)	
	31 March 2019	31 March 2018
	USD	USD
<b>Assets</b>		
Cash and Cash Equivalents	391,300,400	24,048,224
Trade Receivables	41,874,171	43,095,718
<b>Total</b>	<b>433,174,571</b>	<b>67,143,942</b>
<b>Liabilities</b>		
Trade Payables	12,805,221	6,287,707
Borrowings	275,963,813	-
<b>Total</b>	<b>288,769,034</b>	<b>6,287,707</b>
<b>Net assets/(liabilities)</b>	<b>144,405,537</b>	<b>60,856,235</b>

For the years ended 31 March 2019 and 31 March 2018, 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 ₹ 1.44 million and ₹ 0.61 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 2019 and 31 March 2018, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ 7.93 million and ₹ 6.79 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

# Notes Forming Part of Consolidated Financial Statements

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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 2019			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	220.91	139.07	143.87	503.85
Trade Payable	87.52	-	-	87.52
<b>Total</b>	<b>308.43</b>	<b>139.07</b>	<b>143.87</b>	<b>591.37</b>

(₹ 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
<b>Total</b>	<b>401.40</b>	<b>92.82</b>	<b>272.57</b>	<b>766.79</b>

**(iii) Capital management**

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Companies' objective for capital management is to maintain the capital structure which will support the Companies' strategy to maximise shareholders' value, safeguarding the business continuity and help in supporting the growth of the Company.

## 44. SEGMENT INFORMATION

(Figures in ₹)

Particulars	Year ended 31 March 2019				Year ended 31 March 2018			
	Poultry Healthcare	Animal Healthcare	Others	Total	Poultry Healthcare	Animal Healthcare	Others	Total
<b>A. Segment Revenue</b>								
Sales and Operating Earnings (Net)	1,303,401,821	426,449,120	50,816,790	1,780,667,731	1,173,946,275	187,830,195	2,283,221	1,364,059,691
Other Income	27,819,818	44,238,456	44,498	72,102,772	13,101,043	2,062,050	10,377,405	25,540,498
<b>Total Segment Revenue</b>	<b>1,331,221,639</b>	<b>470,687,576</b>	<b>50,861,288</b>	<b>1,852,770,503</b>	<b>1,187,047,318</b>	<b>189,892,245</b>	<b>12,660,626</b>	<b>1,389,600,189</b>
Identifiable Segment Expenses	852,233,503	317,112,127	48,525,193	1,217,870,824	820,112,079	165,497,983	2,409,265	988,019,327
<b>Segment Operating Income</b>	<b>478,988,135</b>	<b>153,575,449</b>	<b>2,336,095</b>	<b>634,899,679</b>	<b>366,935,239</b>	<b>24,394,262</b>	<b>10,251,361</b>	<b>401,580,862</b>
Less: Unallocable Finance Cost				66,338,888				40,362,203
<b>Net Profit Before Tax</b>				<b>568,560,791</b>				<b>361,218,659</b>
Less: Tax Expense				161,624,815				130,544,321
<b>Net Profit after Tax</b>				<b>406,935,976</b>				<b>230,674,338</b>

# Notes Forming Part of Consolidated Financial Statements

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Particulars	Year ended 31 March 2019			Year ended 31 March 2018		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
<b>B. Other Information</b>						
Segment Assets	1,880,891,731	243,203,158	2,124,094,889	1,641,408,596	187,209,015	1,828,617,611
Unallocated Assets			870,419,452			611,803,630
Segment Liabilities	441,220,492	126,166,804	567,387,296	451,527,309	32,211,508	483,738,818
Unallocated Liabilities			652,543,000			550,343,761
Depreciation/Amortisation	74,760,961	42,792,723	117,553,683	54,771,250	41,711,805	96,483,055
Unallocable Depreciation / Amortisation	-	-	-	-	-	109,846
Capital Expenditure	117,299,286	1,318,341	118,617,627	202,909,871	13,648,680	216,558,551
Unallocable Capital Expenditure	-	-	-	-	-	13,777,075

## 45. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY / ASSOCIATES / JOINT VENTURE

(Figures in ₹)

Particulars	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Hester Biosciences Limited	79.39	1,438,149,456	107.77	438,573,761	94.72	(2,380,893)	107.86	436,192,868
<b>Subsidiary Company (Indian)</b>								
Texas Lifesciences Private Limited	1.16	20,927,808	0.56	2,288,534	-	-	0.57	2,288,534
<b>Subsidiary Company (Foreign)</b>								
Hester Biosciences Nepal Private Limited	4.85	87,939,002	(4.85)	(19,732,071)	8.20	(206,110)	(4.93)	(19,938,181)
Hester Biosciences Africa Limited	8.80	159,395,168	(0.20)	(804,440)	-	-	(0.20)	(804,440)
Hester Biosciences Kenya Limited	3.76	68,172,612	(1.14)	(4,652,469)	-	-	(1.15)	(4,652,469)
<b>Non Controlling interest in Subsidiary Companies</b>	2.04	36,967,612	(2.15)	(8,737,338)	(2.92)	73,494	(2.14)	(8,663,844)
<b>Total</b>	<b>100.00</b>	<b>1,811,551,658</b>	<b>100.00</b>	<b>406,935,977</b>	<b>100.00</b>	<b>(2,513,509)</b>	<b>100.00</b>	<b>404,422,468</b>

## 46. EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 7 May 2019, there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

47. Previous years' Financial Statements have been audited by a firm of Chartered Accountant other than Shah Karia & Associates. Previous years' figures have been regrouped / reclassified wherever necessary to confirm to Current years' classification / disclosure.

As per our report of even date attached.  
For **Shah Karia & Associates**  
Chartered Accountants  
FRN: 131546W

**Priyank Shah**  
Partner  
Membership No.: 118627

Place: Ahmedabad  
Date: 7 May 2019

For & on behalf of the Board of Directors

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

**Jigar Shah**  
CFO

Place: Ahmedabad  
Date: 7 May 2019

**Sanjiv Gandhi**  
Director  
DIN: 00024548

**Vinod Mali**  
Company Secretary

# Ten-Year Financial Statistics

(Figures in ₹)

Year Ended on 31 March	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Manufacturing Sales	367.83	416.73	479.21	618.08	638.34	826.17	877.28	1,114.88	1,133.52	1,462.46
Trading Sales	7.49	2.98	3.42	32.96	52.14	62.89	105.08	119.99	185.62	241.07
Other Operational Income	0.00	0.00	0.00	0.00	0.00	11.31	26.56	20.91	33.39	8.34
<b>NET SALES</b>	<b>375.32</b>	<b>419.71</b>	<b>482.63</b>	<b>651.04</b>	<b>690.48</b>	<b>900.37</b>	<b>1,008.92</b>	<b>1,255.78</b>	<b>1,352.53</b>	<b>1,711.87</b>
Other Income	0.81	1.31	2.44	2.34	7.73	3.57	8.72	7.26	18.77	30.97
<b>TOTAL INCOME</b>	<b>376.13</b>	<b>421.02</b>	<b>485.07</b>	<b>653.38</b>	<b>698.21</b>	<b>903.94</b>	<b>1,017.64</b>	<b>1,263.04</b>	<b>1,371.30</b>	<b>1,742.84</b>
<b>Total Expenses</b>	<b>214.18</b>	<b>239.13</b>	<b>293.55</b>	<b>426.98</b>	<b>437.18</b>	<b>643.60</b>	<b>674.97</b>	<b>845.00</b>	<b>856.56</b>	<b>1,034.24</b>
(a) (Increase)/decrease in Inventories	(40.21)	(54.59)	(51.45)	(24.64)	(30.32)	59.58	(29.75)	33.21	(62.35)	(72.45)
(b) Trading Purchase	7.25	1.89	6.72	31.76	39.28	37.23	67.59	88.05	78.42	137.26
(c) Consumption of Raw materials	91.43	113.76	119.21	147.15	104.56	150.01	157.68	177.67	217.04	227.32
(d) Manufacturing Expenses	57.08	60.98	87.41	93.48	116.49	128.91	168.40	175.53	197.55	224.13
(e) Staff Cost	49.97	58.19	68.68	90.62	98.37	123.17	154.40	183.23	222.88	267.41
(f) Selling, General & Admin. Expenses	48.65	58.89	62.98	88.61	108.80	144.71	156.65	187.31	203.02	250.56
Interest	23.63	25.28	28.27	32.18	64.34	44.49	36.86	32.08	23.16	35.43
Depreciation	42.33	44.78	41.23	43.95	53.78	54.94	57.32	55.09	54.51	75.66
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<b>96.00</b>	<b>111.83</b>	<b>122.02</b>	<b>150.27</b>	<b>142.91</b>	<b>160.91</b>	<b>248.49</b>	<b>330.87</b>	<b>437.07</b>	<b>597.51</b>
Exceptional Items	0.00	0.00	0.00	0.00	0.00	27.21	0.00	0.00	0.00	0.00
<b>PROFIT BEFORE TAX</b>	<b>96.00</b>	<b>111.83</b>	<b>122.02</b>	<b>150.27</b>	<b>142.91</b>	<b>188.11</b>	<b>248.49</b>	<b>330.87</b>	<b>437.07</b>	<b>597.51</b>
Provision for taxation	35.67	35.88	44.11	53.37	42.03	48.16	56.26	81.47	131.49	158.99
<b>NET PROFIT</b>	<b>60.33</b>	<b>75.96</b>	<b>77.91</b>	<b>96.90</b>	<b>100.88</b>	<b>139.95</b>	<b>192.23</b>	<b>249.40</b>	<b>305.58</b>	<b>438.52</b>
<b>BALANCE SHEET AS AT</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>SOURCES OF FUNDS:</b>										
Paid-up Equity Share Capital	51.91	51.91	56.71	85.07	85.07	85.07	85.07	85.07	85.07	85.07
Equity Warrants	0.00	16.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Reserve & Surplus	356.73	411.50	543.78	593.68	674.65	757.39	918.13	1,135.85	1,375.71	1,709.30
Loan Funds	201.49	213.25	140.20	214.81	324.49	387.17	386.56	394.27	426.17	382.92
<b>TOTAL</b>	<b>610.13</b>	<b>693.10</b>	<b>740.69</b>	<b>893.56</b>	<b>1,084.21</b>	<b>1,229.63</b>	<b>1,389.76</b>	<b>1,615.19</b>	<b>1,886.95</b>	<b>2,177.28</b>
<b>APPLICATION OF FUNDS:</b>										
Net Fixed Assets	398.36	392.16	365.32	346.99	506.77	565.30	615.68	608.50	667.40	1,008.09
Capital Work - in - Progress	0.00	0.00	63.04	240.53	131.50	142.74	104.70	212.94	304.73	4.17
Investment	0.00	25.00	25.00	27.85	36.33	88.80	86.70	86.02	144.78	282.19
Net Current Assets	238.32	301.40	311.81	304.18	458.87	486.12	663.01	743.19	843.27	983.72
Deferred Tax Assets / (Liabilities)	(26.55)	(25.46)	(24.48)	(25.99)	(49.26)	(53.33)	(80.33)	(35.46)	(73.23)	(100.89)
<b>TOTAL</b>	<b>610.13</b>	<b>693.10</b>	<b>740.69</b>	<b>893.56</b>	<b>1,084.21</b>	<b>1,229.63</b>	<b>1,389.76</b>	<b>1,615.19</b>	<b>1,886.95</b>	<b>2,177.28</b>
Equity Dividend	30%	35%	10%	20%	20%	31%	41%	53%	100%	110%

# 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 Ground Water 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	Depository Participant Identity
24	DSIR	Department for Scientific & Industrial Research
25	EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
26	EIR	Effective Interest Rate
27	EPCG	Export Promotion Capital Goods
28	EPS	Earning 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	HBKL	Hester Biosciences Kenya Limited
45	HBTL	Hester Biosciences Tanzania Limited
46	HUF	Hindu Undivided Family
47	IBR	Indian Boiler Regulations
48	ICAI	Institute of Chartered Accountants of India
49	Ind AS	Indian Accounting Standards
50	ILRI	International Livestock Research Institute
51	IEPF	Investor Education and Protection Fund

52	IPO	Initial Public Offer
53	ISIN	International Securities Identification Number
54	ISO	International Organisation for Standardisation
55	IST	Indian Standard Time
56	KMP	Key Managerial Personnel
57	LLP	Limited Liability Partnership
58	Listing Regulations	SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015
59	LODR	Listing Obligations and Disclosures Requirements
60	MAT	Minimum Alternate Tax
61	MBL	Maine Biological Laboratories
62	MCA	Ministry of Corporate Affairs
63	mn	Million
64	NEAPS	NSE Electronic Application Processing System
65	NGO	Non-Governmental Organisation
66	NIC	National Industrial Classification
67	NOC	No Objection Certificate
68	NRC	Nomination and Remuneration Committee
69	NSDL	National Securities Depository Limited
70	NSE	The National Stock Exchange of India Limited
71	OHSAS	Occupational Health and Safety Assessment Series
72	OIE	World Organisation for Animal Health
73	PAT	Profit After Tax
74	PBT	Profit Before Tax
75	PBIT	Profit Before Interest and Tax
76	P/E	Price-Earnings
77	PPR	Peste des Petits Ruminants
78	PAN	Permanent Account Number
79	P.Y.	Previous Year
80	QIP	Qualified Institutional Placement
81	R & D	Research & Development
82	ROC	Registrar of Companies
83	ROE	Return on Equity
84	ROCE	Return on Capital Employed
85	SCRA	The Securities Contracts (Regulation) Act, 1956
86	SCORES	SEBI Complaints Redressal System
87	SEBI	Securities Exchange Board of India
88	SLM	Straight Line Method
89	SS	Secretarial Standards
90	the Company	Hester Biosciences Limited
91	WDV	Written Down Value
92	WHO	World Health Organisation













**Hester Biosciences Limited**  
[www.hester.in](http://www.hester.in)

**HESTER BIOSCIENCES LIMITED**

CIN: L99999GJ1987PLC022333

Registered Office: 1<sup>st</sup> Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006, India

Phone: +91 79 26445106 Fax No: +91 79 26445105 Email: mail@hester.in Website: www.hester.in

# NOTICE

NOTICE is hereby given that 32<sup>nd</sup> Annual General Meeting of the Members of Hester Biosciences Limited, will be held on Wednesday, 31 July 2019 at 11.00 A.M. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380009, Gujarat, to transact the following business:

**ORDINARY BUSINESS**

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 2019 and the reports of the Board of Directors' and Auditors' thereon; and
2. To take note of the payment of interim dividends on equity shares and to declare a final dividend on equity shares for the financial year 2018-19.
3. To appoint a Director in place of Dr. Bhupendra Gandhi (DIN: 00437907), who retires by rotation and being eligible, has offered himself for re-appointment.

**4. Re-appointment of Statutory Auditor:**

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder, Shah Karia & Associates, Chartered Accountant, Ahmedabad (FRN No. 131546W) be and are hereby re-appointed as the Statutory Auditor of the Company, to hold the office from the conclusion of this Annual General Meeting till the conclusion of Next Annual General Meeting of the Company, on such remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the Board of Directors and the Auditor."

**"RESOLVED FURTHER THAT** to give effect to above resolution, the Board of Directors of the Company be and is hereby authorised for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

**SPECIAL BUSINESS****5. Ratification of remuneration to Cost Auditor:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor viz. Kiran J. Mehta & Co. (Firm Registration No. 000025), Cost Accountants, Ahmedabad, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2020, be paid the remuneration of ₹ 200,000 (Rupees Two Lakh Only) plus goods and service tax as applicable and reimbursement of Out-of-pocket expenses"

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**6. To give Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director for the FY 2018-19:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 and an Articles of Association of the Company, and subject to such consent(s), approval(s) and permission(s) as may be required in this regard, approval of the members be and is hereby accorded for the Milestone Bonus

of ₹ 3.20 Crore to be given to Mr. Rajiv Gandhi (DIN: 00438037), CEO & Managing Director of the Company for the Performance and achievement of milestone turnover of ₹ 150 Crore and more in the Financial Year 2018-19 and to be paid in the year 2019-20, in addition to remuneration terms stated in remuneration agreement.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to vary, alter and modify the terms and condition of remuneration structure of Mr. Rajiv Gandhi, CEO & Managing Director of the Company, within the limits prescribed in the explanatory statement to this resolution and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.”

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

Place : Ahmedabad

Date : 7 May 2019

**Registered Office:**

1<sup>st</sup> Floor, Pushpak, Panchvati Circle,

Motilal Hirabhai Road, Ahmedabad 380 006 Gujarat

CIN: L99999GJ1987PLC022333

**Rajiv Gandhi**

CEO & Managing Director

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A member entitled to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend and vote on a poll on his behalf and proxy need not be member of the Company. The instrument appointing a proxy must be deposited with the Company at its registered office not less than 48 hours before the time for holding the meeting.  
  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.  
  
During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
3. Corporate members intending to send their authorised representative to attend meeting are requested to send the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
4. Members/proxies/authorised representatives are requested to bring their attendance slip along with their copy of Annual Report in the meeting.
5. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of Names will be entitled to vote.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Book of the Company will be closed from Saturday, 20 July 2019 to Wednesday, 31 July 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
10. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within a period of 30 days from the date of declaration, to those members whose name appear in the Register of Members as on Friday, 19 July 2019.

11. Members holding shares in electronic form are requested to intimate immediately for any change in their address or bank mandates to their Depository Participants with whom they are maintaining their dematerialised accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or contact our Registrar and Transfer Agent i.e. Link Intime India Private Limited.
12. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividends declared up to financial year 2010-11, from time to time, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company www.hester.in, as well as on the website of the Ministry of Corporate Affairs.
13. Members wishing to claim their unclaimed dividend declared after the year 2011-12 are requested to correspond with said Registrar and Transfer Agent (RTA) or Secretarial Department at the registered office of the Company.
14. Members are requested to contact our **Registrar and Transfer Agent** for any queries related to shares, dividend and other inquiry 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. Xavier's College Corner,  
 Off C G Road, Ellisebridge,  
 Ahmedabad 380 006  
 Phone: +91 79 26465179 /86 / 87  
 E-mail: ahmedabad@linkintime.co.in

- Please quote Folio no. / DP ID & CL ID for any communication for your shareholding.
- Bring the copy of Annual Report at the meeting.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN to the Company or contact our Registrar and Transfer Agent i.e. Link Intime India Private Limited.
16. The Company's equity shares are presently listed and traded at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to BSE & NSE for the financial year 2019-20.
17. Pursuant to Regulation 36 (3) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on Wednesday, 31 July 2019 are provided hereunder. The Directors have furnished consent / declaration for appointment / reappointment as required under the Companies Act, 2013 and the Rules made thereunder.

<b>Name of Director</b>	<b>Dr. Bhupendra Gandhi</b>
Date of Birth	16 October 1942
Date of appointment	21 April 2005
Qualifications	Nephrology, MBBS etc.
Expertise in specific functional areas	Specialist in Nephrology.
List of Public Ltd. Co. in which Directorship held	Nil
*Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil
*Chairman/ Member of the committees of Directors of other Co.	Nil
No. of Shares held	399,082 Equity Shares of ₹ 10 each
Relationship with other Directors	1) Uncle of Mr. Rajiv Gandhi 2) Uncle of Mr. Sanjiv Gandhi 3) Uncle of Mr. Ravin Gandhi

\* Chairmanship/membership of the Audit Committee and Stakeholders' Grievance and Relationship Committee has been considered.



18. Any member desiring any clarification / explanation in respect of the information given in this annual report is requested to submit query to the Company at least seven days in advance before the meeting so as to enable the management to keep information ready.
19. Pursuant to Regulations 36 of SEBI (LODR) Regulations, 2015, the soft copies of Annual Report 2018-19 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by the permitted mode.

The Companies Act, 2013 has also recognised serving of documents to any Member through electronic mode. Your email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices / documents including those covered under Sections 101 and 136 of the Companies Act, 2013 read with Section 20 of the Companies Act, 2013 and the underlying rules relating to transmission of documents in electronic mode. In light of the requirements prescribed by the aforesaid circulars, for those Members whose Depository Participant accounts do not contain the details of their email address, printed hard copies of the Notice of Annual General Meeting and Annual Report for the year ended 31 March 2019 would be dispatched.

20. Members may also note that the Notice of the 32<sup>nd</sup> AGM and the Annual Report 2018-19 will be available on the Company's website: [www.hester.in](http://www.hester.in). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at [investor@hesterbiosciences.co.in](mailto:investor@hesterbiosciences.co.in).
21. With a view towards using natural resources responsibly and to support the "Green Initiative", we request Members to update their email address, with their Depository Participants to enable the Company to send the Annual Report and other communications electronically.
22. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules 2015, and Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide to its members, facility to exercise their rights to vote on resolutions proposed to be passed at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means. The members may cast their votes using electronic system from a place other than the venue of the meeting ("remote e-voting") through the remote electronic voting service facility arranged by Central Depository Services (India) Limited.

The facility for voting through ballot papers will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for remote e-voting are annexed to the Notice.

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

Place : Ahmedabad

Date : 7 May 2019

**Registered Office:**

1<sup>st</sup> Floor, Pushpak, Panchvati Circle,

Motilal Hirabhai Road, Ahmedabad 380 006 Gujarat

CIN: L99999GJ1987PLC022333

**Rajiv Gandhi**

CEO & Managing Director

**EXPLANATORY STATEMENT**

Pursuant to Section 102 of the Companies Act, 2013

**Item No. 4**

This explanatory statement is provided, though strictly not required, as per Section 102 of the Act.

Shah Karia & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 131546W), who was appointed as a statutory auditor of your Company; hold Office until the conclusion of the 32<sup>nd</sup> AGM to be held in the year 2019.

The Board of Directors of the Company has recommended to re-appoint Shah Karia & Associates, Chartered Accountants, Ahmedabad, as statutory auditor of the Company for the second term of one year to hold office till next Annual General Meeting, in their Board meeting held on 7 May 2019, 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 re-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 re-appointment. The Board of Directors has also considered and recommends re-appointment of Shah Karia & Associates, Chartered Accountants, as statutory auditor 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.

Accordingly, Re-appointment of statutory auditor as per the proposal contained in the resolution set out at Item No. 4 of the Notice.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the aforesaid Ordinary Resolution save and except to the extent of their directorship/ shareholding in any such body corporate as may be applicable

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

**Item No. 5**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditor, to conduct the audit of the cost accounts / cost records of the Company for the financial year 2019-20 on a remuneration of ₹ 200,000 plus goods and service tax as applicable and reimbursement of out-of pocket expenses.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is being sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2019-20.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the aforesaid Ordinary Resolution save and except to the extent of their directorship/ shareholding in any such body corporate as may be applicable.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

**Item No. 6**

The Board of Directors of the Company has revised the remuneration of Mr. Rajiv Gandhi, CEO & Managing Director and members of the Company has duly approved through the postal ballot and result of postal ballot published on 20 December 2018. However, considering the Hard work and dedication of Mr. Rajiv Gandhi, CEO & Managing Director of the Company, towards the Company Management and achievement of first time milestone turnover of ₹ 150 Crore and more in the Financial Year 2018-19 by the Company, the Board of Directors have decided to give one time Milestone Bonus of ₹ 3.20 Crore to Mr. Rajiv Gandhi for the Milestone achievement. The Board of Directors at its meeting held on 7 May 2019 have, on the recommendation of Nomination and Remuneration Committee, decided to give Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director and the same will be paid in financial year 2019-20, over and above the terms and conditions mentioned in Remuneration Agreement.

Accordingly, consent of the members is being sought for passing Special Resolution as set out at Item No. 6 of the Notice for Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director of the Company.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the aforesaid Special Resolution save and except Mr. Sanjiv Gandhi, Dr. Bhupendra Gandhi, Mr. Ravin Gandhi and Ms. Nina Gandhi, being relatives of Mr. Rajiv Gandhi, CEO & Managing Director of the Company.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

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

Place : Ahmedabad

Date : 7 May 2019

**Registered Office:**

1<sup>st</sup> Floor, Pushpak, Panchvati Circle,

Motilal Hirabhai Road, Ahmedabad 380 006 Gujarat

CIN: L99999GJ1987PLC022333

**Rajiv Gandhi**

CEO & Managing Director

**HESTER BIOSCIENCES LIMITED**

CIN: L99999GJ1987PLC022333

Registered Office: 1<sup>st</sup> Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006, India

Phone: +91 79 26445106 Fax No: +91 79 26445105 Email: mail@hester.in Website: www.hester.in

**VOTING THROUGH ELECTRONIC MEANS**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, and Regulations 44 of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means and the business as detailed in the Notice may be transacted through remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Company had fixed Friday, 19 July 2019 as the record date (cut-off Date) for determining voting rights of members entitled to participating in the e-voting process.

In this regard, your Dematerialised Account / Folio Number has been enrolled by the Company for your participation in remote e-Voting on all the resolutions placed by the Company on e-Voting system.

The remote e-voting facility will be available during the following period:

Commencement of remote e-Voting	Sunday, 28 July 2019 at 9.00 AM
End of remote e-Voting	Tuesday, 30 July 2019 at 5.00 PM

During this period, members of the Company may cast their vote electronically. The remote e-voting module shall be disabled for voting thereafter. Once the vote(s) on a resolution is cast by the member, the members shall not be allowed to change it subsequently.

The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, 19 July 2019.

Also note that you can opt for only one mode of voting i.e., either through remote e-voting or physical ballot form. If you opt for remote e-voting, then you should not vote through ballot form and vice versa. However, in case you cast your vote(s) through remote e-voting and ballot form, then voting done through remote e-voting shall prevail and voting done through ballot form will be treated as invalid.

The instructions for members for voting electronically (both for physical holders as well as dematerialised account holders) are as under:

- (i) The voting period begins on Sunday, 28 July 2019 at 9.00 AM and ends on Tuesday, 30 July 2019 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 19 July 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in dematerialised form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Dematerialised Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both dematerialised shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on Attendance Slip / Address Sticker.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your dematerialised account or in the Company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the dematerialised account holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the "**HESTER BIOSCIENCES LIMITED**" to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If dematerialised account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSLs' mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.

- (xx) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution/Authority letter in PDF format in the system for the scrutinizer to verify the same.

#### Contact Details

<b>Company</b>	: 1 <sup>st</sup> Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380 006 Phone: +91 79 26445106 Fax: +91 79 26445105 Email: <a href="mailto:mail@hester.in">mail@hester.in</a> Website: <a href="http://www.hester.in">www.hester.in</a>
<b>Registrar and Transfer Agent</b>	: Link Intime India Private Limited Unit: Hester Biosciences Limited 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier’s College Corner, Off C G Road, Ellisebridge, Ahmedabad 380006 Phone: +91 79 26465179 /86 / 87 E-mail: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>
<b>e-Voting Agency</b>	: Central Depository Services (India) Limited E-mail: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>
<b>Scrutiniser</b>	: Mr. Tapan Shah Practicing Company Secretary E-mail: <a href="mailto:scrutinizer@tapanshah.in">scrutinizer@tapanshah.in</a>

ROUTE MAP FOR THE VENUE OF THE 32<sup>ND</sup> ANNUAL GENERAL MEETING

Geolocation: Longitude: 72.57106746 ; Latitude: 23.03262243

**PROXY FORM****HESTER BIOSCIENCES LIMITED**

CIN: L99999GJ1987PLC022333

Registered Office: 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006, India

Phone: +91 79 26445106 Fax No: +91 79 26445105 Email: mail@hester.in Website: www.hester.in

**Form MGT – 11**

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered Address : .....

E-Mail : .....

Folio No. /\*Client Id : ..... \*DP Id: .....

I/We being the member(s) of ..... shares of Hester Biosciences Limited, hereby appoint:

1) ..... of ..... having e-mail id ..... or failing him

2) ..... of ..... having e-mail id ..... or failing him

3) ..... of ..... having e-mail id .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, 31 July 2019 at 11.00 a.m. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009, Gujarat and at any adjournment thereof such resolution as are indicated behind:**ATTENDANCE SLIP****HESTER BIOSCIENCES LIMITED**

CIN: L99999GJ1987PLC022333

Registered Office: 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006, India

Phone: +91 79 26445106 Fax No: +91 79 26445105 Email: mail@hester.in Website: www.hester.in

Name of Sole / First Named Member :

Joint Holder (s) Name :

Address of the Member :

Regd. Folio Number/

DP ID &amp; Client ID\* :

Number of Shares held :

I certify that, I am / we are a registered shareholder / proxy for the registered shareholder of the Company.

I / we hereby record my presence at the 32<sup>nd</sup> Annual General Meeting of the company held on Wednesday, 31 July 2019 at 11.00am. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009, Gujarat......  
**(Signature of Shareholder / Proxy / Authorised Representative attending the meeting)**



**Resolutions**

- 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 2019 and the reports of the Board of Directors' and Auditors' thereon; and
- 2) To take note of the payment of interim dividends on equity shares and to declare a final dividend on equity shares for the financial year 2018-19;
- 3) To appoint a Director in place of Dr. Bhupendra Gandhi (DIN: 00437907), who retires by rotation and being eligible, has offer himself for reappointment;
- 4) Re-Appointment of Statutory Auditor;
- 5) Ratification of remuneration to Cost Auditor; and
- 6) To give Milestone Bonus to CEO & Managing Director



Signed this ..... Day of ..... 2019

.....  
Signature of Shareholder

.....  
Signature of first proxy holder

.....  
Signature of second proxy holder

.....  
Signature of third proxy holder

**Notes:**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

**\*Applicable for investors holding shares in electronic form.**

**Note:**

1. Electronic copy of the Annual Report for 2018-19 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for 2018-19 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form are sent in the permitted mode(s) to all members whose email address is not registered or have requested for a hard copy.
3. Only member/ proxy holder can attend the meeting. A member /proxy holder attending the meeting should bring copy of the Annual Report for reference at the meeting.
4. Please fill in this attendance slip and hand it over at the entrance of the meeting hall. Joint Shareholder(s) may obtain additional attendance slip at the venue of the meeting

\*Applicable for investors holding shares in electronic form.