



# THE BIG LEAP

  
**Hester**

HESTER BIOSCIENCES LIMITED

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26th ANNUAL REPORT 2012-13



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WITH OVER TWO DECADES OF EXPERIENCE IN POULTRY VACCINE MANUFACTURING IN INDIA, HESTER BIOSCIENCES IS NOW READY FOR THE BIG LEAP.

THE COMPANY IS ALL SET TO ESTABLISH ITS FIRST INTERNATIONAL ANIMAL VACCINE MANUFACTURING FACILITY IN NEPAL WITH THE INTENT TO EMERGE AS A GLOBAL MULTI-LOCATIONAL PLAYER.

DURING THE YEAR UNDER REVIEW, THE COMPANY STARTED DIVISIONS DEDICATED TO LARGE ANIMAL VACCINES, POULTRY & LARGE ANIMAL HEALTH PRODUCTS AND VETERINARY DIAGNOSTICS, WITH THE OBJECTIVE TO CONTINUE TO BE ON THE LEAP.





# HESTER BIOSCIENCES REPORTED A RECORD TOPLINE GROWTH OF 35% IN 2012-13, IT'S HIGHEST IN FIVE YEARS

## ABOUT US

Hester Biosciences Limited was founded in 1987 by Mr. Rajiv Gandhi, a first generation entrepreneur.

Hester is listed on the Bombay Stock Exchange and enjoys a market capitalisation of ₹ 1.1 billion (March 31, 2013).

## PRESENCE

With manufacturing facilities in Mehsana district, Gujarat, and an upcoming facility in Nepal, Hester boasts of a marketing network across Ten Indian States and an office in Nepal.

## PRODUCTS

Over the last fiscal year, Hester added three

segments to its poultry biological portfolio, comprising of large animal biologicals, health products (large animals and poultry) and veterinary diagnostics. The Company has a diversified product portfolio which includes 44 vaccines, 31 health products and 81 diagnostic products available pan-India through a deep and wide distribution network.

## CERTIFICATIONS

The Company is certified with the following:

- WHO - GMP
- Good Laboratory Practices (GLP)
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007



**35%**

REVENUE GROWTH

2011-12	2012-13
₹ 482.63 mn	₹ 651.04 mn

**18%**

EBIDTA GROWTH

2011-12	2012-13
₹ 191.52 mn	₹ 226.40 mn

**18%**

CASH PROFIT GROWTH

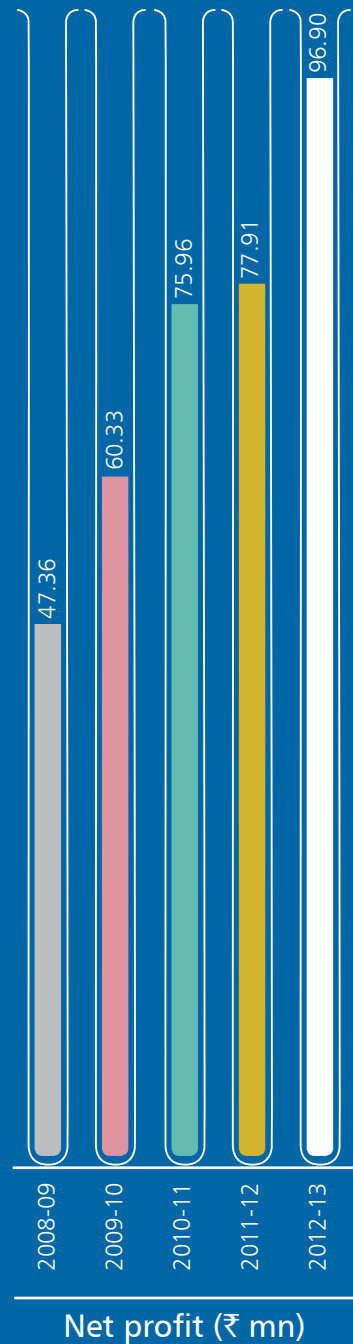
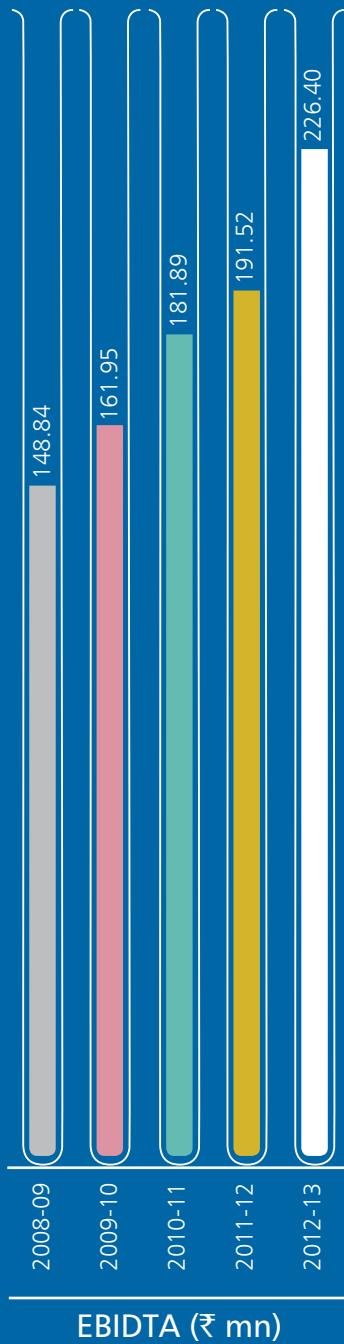
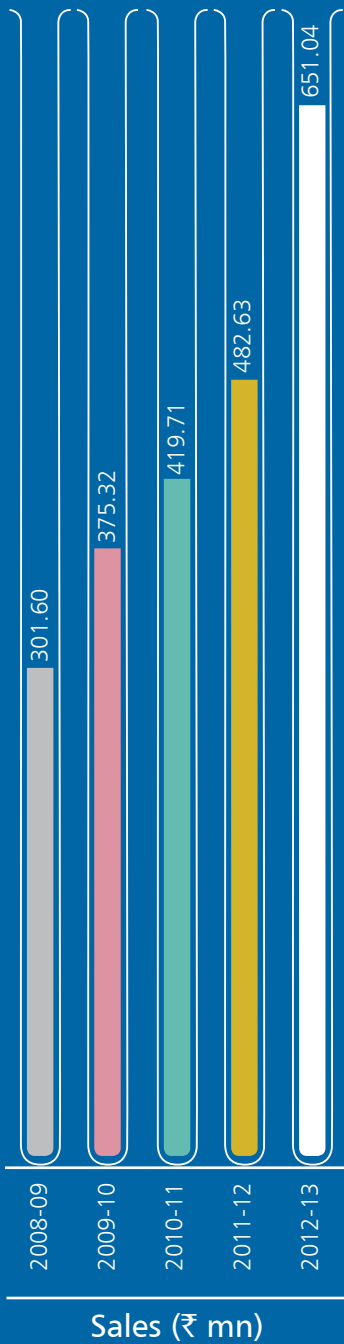
2011-12	2012-13
₹ 119.14 mn	₹ 140.85 mn

**24%**

NET PROFIT GROWTH

2011-12	2012-13
₹ 77.91 mn	₹ 96.90 mn

# KEY FINANCIAL HIGHLIGHTS

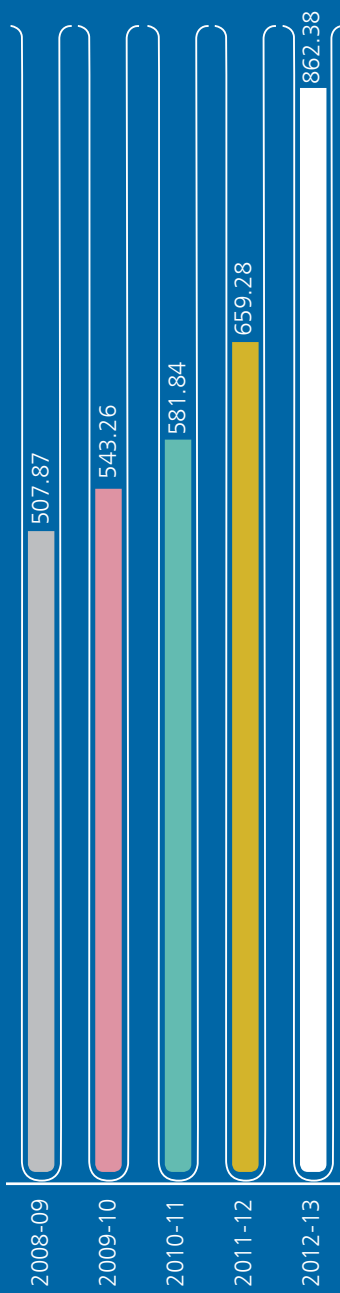


# 13%

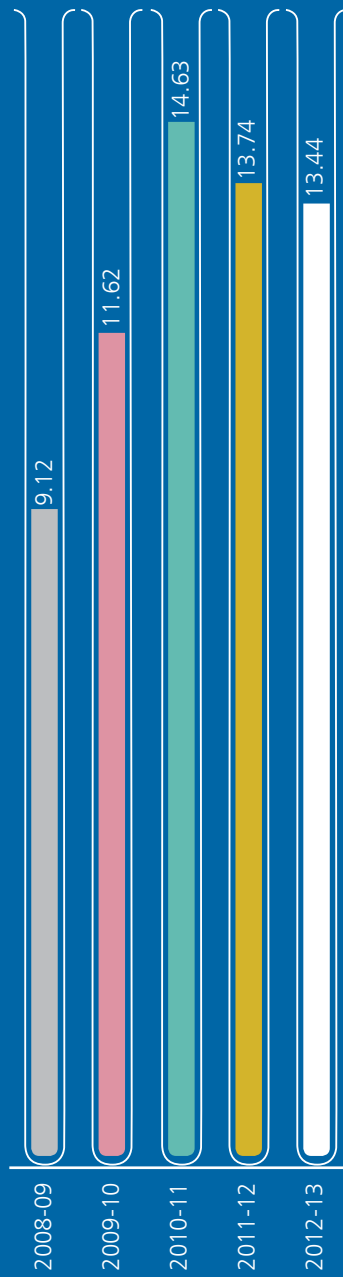
RONW GROWTH

2011-12  
₹ 600.49 mn

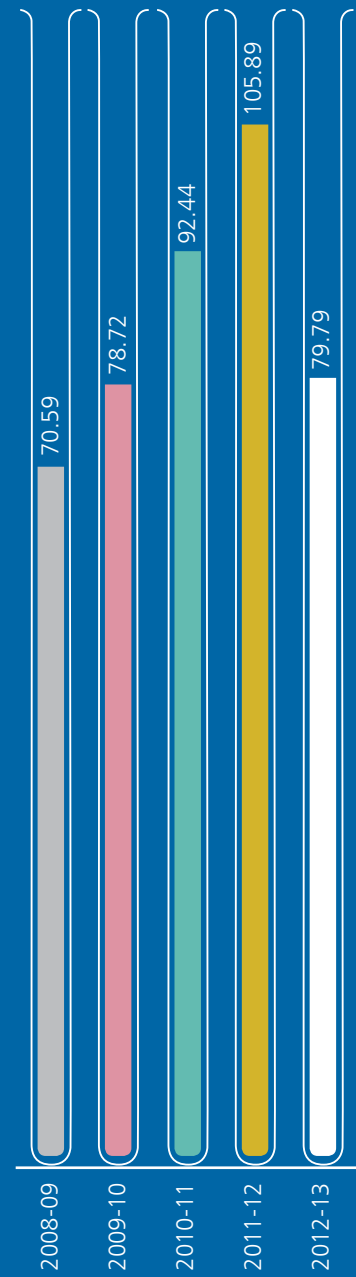
2012-13  
₹ 678.75 mn



Gross block (₹ mn)



Earnings per share (₹)



Book value per share (₹)



**"AT HESTER, OUR BIG LEAP WILL CATAPULT US INTO OUR NEXT ORBIT OF GROWTH."**

An overview by Mr. Rajiv Gandhi, CEO and Managing Director

*Dear Shareholders,*

Despite several economic headwinds, I take pride in Hester reporting a creditable performance for 2012-13. While our revenues grew by 35% to ₹ 651.04 million, the highest such growth over the last five years, our bottomline grew by 15% to ₹ 96.90 million. I must mention however that an aggressive pursuit to grow our topline impacted our bottom line growth to some extent on account of higher production and distribution costs. We believe that this will get corrected progressively with better planning and once we reach scale in terms of our production and distribution infrastructure.

#### **NEW VENTURES**

Hester continued to remain India's leading veterinary lifesciences company, as we consolidated our position in the poultry biological segment. During the course of 2012-13, we forayed into the animal health business, which involves diagnostic services as well the manufacture of a wide range of feed additives and medicines. On the large animal biologicals front, we applied for manufacturing licenses for sheep and cattle vaccines. We expect to obtain these licenses by the end of calendar 2013.

We entered the health products market in October 2012 through the acquisition of Innoves, an SME, via a business transfer agreement. We merged that businesses with our business, our philosophy and our culture and have created one cohesive whole.



Though the diagnostics segment is growing rapidly worldwide, in India growth has been subdued vis-à-vis the rising animal population. This is on account of two reasons: unavailability of specialised services and a lack of adequate farm management measures mediated towards improving hygiene standards. Currently, veterinary medication is prescribed based on symptomatic diagnosis. Hester intends to change this to specific pathological diagnosis, deploying scientific tools through diagnostic kits. To achieve this objective, Hester intends to form a 70:30 joint venture with Kochi-based UBio Biotechnologies and through this alliance, aims to develop and manufacture a complete range of veterinary diagnostics that offer affordable, scientific diagnostic tools for disease detection and health monitoring in all animal species. The JV, which would be named Diavetra Lifesciences Private Limited, would acquire the veterinary diagnostics business of UBio Biotechnologies and operate the business independently.

## CORE COMPETENCIES

At Hester, our business foundation is placed on three pillars:

- Ability to produce vaccines from within our R&D centre, thereby enhancing profitability
- Our strong distribution network which enables us to reach far flung rural markets
- Our swift intra-organisational and decentralised decision-making capabilities which helps us capture opportunities.

## KEY 2012-13 HIGHLIGHTS

- Awarded the prestigious WHO-GMP certification.
- Developed the Bivalent Marek's disease vaccine for poultry, an import substitute vaccine.
- Developed five cattle vaccines of which the PPR (for sheep and goat) and Brucella (for cattle) vaccines will contribute towards disease eradication programmes initiated by the Government of India.
- Embarked on a Mesititus treatment programme for cattle, which will help improve milk quality and quantity in buffaloes and cows.
- Focused on honing scientific processes along with an enhanced spotlight on hygiene.

## NEXT STEPS

At Hester, we will undertake several steps to stimulate revenue growth. We intend to achieve this by incorporating a variety of products in our existing product portfolio and enhance throughput by leveraging our existing distribution networks. Learning from the year gone by, we will take steps to plan our production process better, enabling us to optimise production costs.

We are also in the process of establishing a Greenfield animal vaccine manufacturing unit in Nepal with a capacity of 1.5 billion doses per annum. Products manufactured at this site will be those, which will complement the range manufactured in India. This plant will also help make Nepal self-sufficient in the manufacture of veterinary vaccines and will play an important

role in controlling and eradicating animal diseases in Nepal. In addition to fulfilling the veterinary vaccines needs of Nepal, these products will be exported to the Middle Eastern and African countries, thereby increasing our export revenues.

## OPTIMISM

The Company is entering into joint ventures in emerging markets as well increasing its global product range. It intends to invest USD 5.5 million towards its upcoming manufacturing plant in Nepal, which will deepen its presence in the Nepalese, Middle Eastern and African markets.

Hester also expects to increase and diversify its offerings by entering into the animal health business. Going ahead, the Company will focus on manufacturing and marketing veterinary diagnostics and also creating an international marketing and distribution network. The Company is continually improving its R&D capabilities and awaiting official recognition from the DSIR.

The Board of Directors has recommended a dividend of 20% translating into ₹ 2 per Equity Share for the financial year 2012-13, subject to approvals from shareholders.

With a vision to become a global animal healthcare company with a multi-locational manufacturing presence, we aim to reach a topline of INR 10 billion by 2020.

With my best wishes



Rajiv Gandhi



## OUR DIFFERENTIATORS

### WELL-POSITIONED

Being the country's second largest poultry vaccine manufacturer, Hester has rightly positioned itself to capitalise on upcoming opportunities; a case in point is its growing prowess in treating veterinary diseases.

### PRODUCT MIX

The Company possesses a diverse mix of 156 products across vaccines (live and inactivated), health products and diagnostics. Services include sero-monitoring for poultry farms and Mastitis prevention programs for the cattle farms.

### NON-BIO-HAZARDOUS

The Company manufactures products in an environment-friendly way. A testimony to this claim is the certification given by the Gujarat Pollution Control Board for disposing contaminated water and waste in a manner that does not harm the environment.

### FORTE

Hester owns and operates Asia's largest single-location animal biological manufacturing facility benchmarked to international quality compliance standards.

### TEAM

The Company is driven by a team of 307 motivated individuals. Average revenue per employee increased to ₹ 2.12 million in 2012-13 from ₹ 1.85 million in 2011-12. Hester enjoys almost nil attrition, indicating its ability to retain intellectual capital.

### RESEARCH AND DEVELOPMENT

Hester has applied for DSIR recognition and is expected in the coming few months. We desire to commence R&D activities towards the development of recombinant vaccines and towards various monoclonal antibodies for the development of animal diagnostics. Hester is present in the veterinary biological niche and its key strength is embedded in its cutting-edge research and development capabilities, reflected in the development of internationally-compliant vaccines.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dr. Bhupendra V. Gandhi - *Chairman*  
Mr. Rajiv Gandhi - *CEO & Managing Director*  
Mr. Sanjiv Gandhi  
Mr. Darayus Lakdawalla  
Mr. Ravin Gandhi  
Mr. Abhinava Shukla  
Mr. Vimal Ambani  
Mr. Vishwesh Patel  
Dr. Parimal Tripathi - *Alternate Director of*  
*Mr. Ravin Gandhi*

## CHIEF FINANCIAL OFFICER

Mr. Jigar Shah

## COMPANY SECRETARY

Mrs. Amala Parikh

## REGISTERED OFFICE

'Pushpak' 1st Floor,  
Panchvati Circle,  
Motilal Hirabhai Road.  
Ahmedabad 380006

## CORPORATE OFFICE

'Pushpak' 1st Floor,  
Panchvati Circle,  
Motilal Hirabhai Road.  
Ahmedabad 380006

## MANUFACTURING UNIT

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

## BANKERS

Bank of India  
Navrangpura Branch,  
Ahmedabad - 380 009.

## AUDIT COMMITTEE

Mr. Vimal Ambani - *Chairman*  
Mr. Abhinava Shukla - *Member*  
Mr. Vishwesh Patel - *Member*

## SHAREHOLDERS' GRIEVANCE COMMITTEE

Mr. Abhinava Shukla - *Chairman*  
Mr. Vishwesh Patel - *Member*  
Mr. Vimal Ambani - *Member*

## REMUNERATION COMMITTEE

Mr. Vishwesh Patel - *Chairman*  
Mr. Abhinava Shukla - *Member*  
Mr. Vimal Ambani - *Member*

## AUDITORS

M/s. Shah Nariealwala & Co.  
Chartered Accountant  
608, 'Shitiratna', Panchvati, Ellisbridge,  
Ahmedabad – 380 006.

## REGISTRAR & TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.  
(Ahmedabad Branch)  
416-420 4th.Floor, Devnandan Mall  
Opp. Sanyash Ashram, Ashram Road, Ellisbridge  
Ahmedabad-380006

## ISIN

INE782E01017

## CIN

L99999GJ1987PLC022333

# DIRECTORS' REPORT



*Dear Shareholders,*

Your Directors are pleased to present the 26th Annual Report with the Audited Accounts of the Company for the year ended 31.3.2013.

## FINANCIAL RESULTS

Particulars	( <i>₹ In Millions</i> )	
	Current year	Previous year
Total Income	653.38	485.07
Profit before Depreciation & Tax	194.22	163.24
Less : Depreciation	43.95	41.23
Profit Before Tax	150.27	122.01
Less: Provision for Tax	1.51	(0.98)
Current Tax	51.83	45.00
Income tax of earlier year	0.03	0.08
Fringe Benefit Tax	–	–
Net Profit After Tax	96.90	77.91
Balance of Profit & Loss Account	148.72	117.40
Profit available for appropriation	245.62	195.31
Dividend on equity shares	17.01	5.67
Dividend Tax	2.89	0.92
General Reserve	25.00	40.00
Balance carried to Balance sheet	200.72	148.72
Earnings per share (Basic/Diluted)	13.44	13.74

## FINANCIAL HIGHLIGHTS

### Sales

Your company posted a turnover of ₹ 651.04 million in the financial year ended on 31.3.2013, as compared to ₹ 482.64 million in the previous year.

### Profitability

Your company's PBT for the year ended 31.3.2013 was recorded at ₹ 150.27 million, as compared to ₹ 122.03 million in the previous year.

### Earnings Per Share

EPS was at ₹13.44 as on 31.3.2013 (on the enhanced post bonus equity) as against ₹ 13.74 as on 31.3.2012.

### Net Worth

The company's net worth as on 31.3.2013 was at ₹ 678.75 million as compared to ₹ 600.50 million as on 31.3.2012.

### Issue of Bonus Shares

The Board of Directors of your Company have issued Bonus Equity Shares, to its existing members, by capitalizing a sum of

₹ 28,356,000 (Rupees Twenty Eight Million, Three Hundred and Fifty Six Thousand Only) from the Securities Premium Account and other reserves, in the ratio of 1:2, i.e., One new equity share for every Two existing equity shares held. The Bonus Shares were allotted on 01.10.2012. The said shares are listed and traded on The Bombay Stock Exchange.

### Dividend

Your Directors have recommended a dividend payment of ₹ 2 per equity share of ₹ 10 each for the financial year 2012-13, as compared to the last year's dividend of ₹ 1 per equity share. This dividend is subject to approval by the shareholders at the ensuing AGM. This year, the dividend is on the enhanced share capital after giving bonus shares in a ratio of 1 new equity share for every 2 existing equity shares held.

## REVIEW OF OPERATIONS AND FUTURE PROSPECTS

The last financial year saw a leap in the sales. We started off the year with 2 clear objectives - To gain a higher market share in India and to increase the product range. Our strategy paid off. Besides making a sizable growth in the revenues from poultry vaccines, the top line further grew due to the increased product range of poultry and other animal health products.

The acquisition of the business of INNOVES through a BTA in October 2012, provided the company a marketing and a distribution platform in the non-poultry segment of the Indian veterinary market, besides increasing our top line marginally. The Innoves range of products include growth promoters, vitamin premixes, antibiotics and disinfectants mainly for the cattle and sheep.

During the year, the company embarked on many projects which would ensure a fast growth in the coming years, as well as establish Hester as a truly global animal health company.

Through collaborative efforts, we embarked on the development of the bivalent Marek's Disease Live vaccine for the poultry, containing HVT & SB1 strains. Currently trials are being conducted and we hope to launch the product in October 2012. The market for this vaccine is approximately INR 300 million. At present, nearly 50% of this vaccine requirement is imported. Hester's local production of this vaccine will be an

import replacement, besides providing a cost advantage to the Indian poultry farmers.

In collaboration with IVRI (Indian Veterinary Research Institute), we are currently developing 5 types of cattle vaccines. Of these, the PPR vaccine for sheep and goat and Brucella vaccine for cattle would contribute towards the disease eradication programs of the Government of India. The total addressable market in these 5 vaccines would be INR 2.5 billion

In December 2012, Hester formed a subsidiary in the name of DIAVETRA LIFESCIENCES PRIVATE LIMITED with an objective to manufacture veterinary diagnostics. The veterinary diagnostics business is a very fast growing segment with a worldwide market of over USD 1 billion. With the cost advantages within India, Hester is confident of making a dent in this segment during this current financial year. The technologies would be developed in-house as well as acquired from Indian and international sources. Diavetra would have a focus towards the international market.

During the year, CRISIL upgraded our credit ratings as follows:

- Long Term rating from 'BBB-' to 'BBB+'
- Short Term rating from 'A3' to 'A3+'

We were successful in getting the WHO-GMP certification in February 2013. This certification would help Hester in hastening the registration process in many countries, as well as in opening the registration doors in the regulated markets.

In December 2012, we have made an application for Recognition of In-House R&D unit with the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India. We hope to get this recognition shortly.

## ENERGY CONSERVATION

(Information under section 217(1)(e) of the Companies Act, 1956.)

The company has a continuous focus on energy conservation. Regular studies are conducted to analyse quantitative energy conservation patterns. Variances are rigorously scrutinised. The company regularly benchmarks its energy conservation levels and consistently works towards improving efficiencies, towards getting the cost of energy down for every unit produced.

Total energy consumption and energy consumption per unit of production:

Particulars		31.03.2013	31.03.2012
<b>(A) Power &amp; Fuel Consumption:</b>			
Electricity:			
(a) Purchased Units	Kwh	3,684,645.00	3,497,955.00
Total Amount	₹	25,755,994.00	22,380,361.00
Rate/Unit	₹	6.99	6.40
(b) Own Generation through Diesel Genset			
Units	Kwh	64,036.00	60,466.00
Units per Litre of Diesel Oil	Kwh	3.02	3.05
Cost/Unit	₹	16.13	14.98
<b>(B) Consumption per Unit of production:</b>			
Electricity consumed per vial (in units)		1.48	1.61

## FOREIGN EXCHANGE EARNINGS & OUTFLOW

Foreign exchange earnings during the year towards sale of goods were ₹ 43.82 million as compared to ₹ 29.21 million during the previous year. Total outflow of foreign exchange during the year towards purchase of materials, trading goods, travelling expenses and purchase of capital items was ₹ 74.79 million as compared to ₹ 56.70 million during the previous year.

## DIRECTORS

In accordance with the provisions of the Articles of Association and of the Companies Act 1956, Dr. Bhupendra Gandhi and Mr. Ravin Gandhi, Directors of the Company, retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The brief particulars of all directors, for which approval of members for their appointments or re-appointments are sought, have been provided in the Notice of The Annual General Meeting pursuant to Clause 49 of the Listing Agreement relating to Corporate Governance.

## PUBLIC DEPOSITS

The company has not invited or accepted any deposits under Section 58A of the Companies Act, 1956, from the public, during the year.

## FINANCE

The working capital requirement was funded through enhanced

bank limits. The capital expenditures were funded through the additional working capital & term loans from the bank as well as through internal accruals.

## SUBSIDIARY COMPANY

Your Company has three subsidiary Companies namely Hester Biosciences (Mauritius) Limited (Wholly Owned Subsidiary), Diavetra Lifesciences Private Limited (Subsidiary) and Hester Biosciences Nepal Private Limited (Step down subsidiary), Details of all the subsidiaries are as under:

### Hester Biosciences (Mauritius) Limited (HBML)

This Company has been incorporated in the Month of February 2011, as a wholly (100%) owned subsidiary of Hester Biosciences Limited. The Company has not yet started its activities and hence only administrative expensed are incurred.

### Diavetra Lifesciences Private Limited

On 26.12.2012, the company has formed a subsidiary namely Diavetra Lifesciences Private Limited with an objective to develop and market Veterinary Diagnostics Kits.

### Hester Biosciences Nepal Private Limited (HBNPL)

HBNPL is a subsidiary of HBML. HBML holds 65% stake in HBNPL, hence becoming an indirect subsidiary of Hester Biosciences Limited. HBNPL will be in the business of manufacturing large animal vaccines in Nepal.

## COMPLIANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

In terms of general exemption granted by Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8.2.2011, under section 212(8) of the Companies Act, 1956, the Audited Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of our subsidiaries need not to be attached with the Balance Sheet of the Company subject to complying with the certain conditions. These documents will be made available upon request by any member of the Company interested in obtaining the same. However, the brief financial details of the subsidiaries have been furnished under "Financial details of Subsidiary Company", forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes financial information of its subsidiaries. These documents will also be available for inspection during business hours at our registered office. The details of the accounts of individual subsidiary companies are available on the website of the Company.

## CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance and certificate obtained from practicing Company Secretary confirming its compliance, is provided separately and forming part of this Report. The Board of Directors support the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

Report on Management Discussion and Analysis is provided in separate section, forming part of this report.

## FORMATION OF VARIOUS COMMITTEES

Details of various committees constituted by the Board of Directors are given in the annexed Corporate Governance Report which forms part of this report.

## PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees is not applicable to the Company, as

no employees drawing remuneration of ₹ 6,000,000 or more per annum employed throughout the year or ₹ 500,000 or more per month employed for a part of the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 I would like to state the following:

In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March 2013.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the attached statements of accounts for the year ended 31st March, 2013 on a going concern basis.

## AUDITORS & AUDITORS REPORT

M/s. Shah Narielwala & Co.; Chartered Accountants, retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

Notes forming part of the accounts are self explanatory and therefore, do not require any further comments.

## ACKNOWLEDGEMENT

Your Directors express their appreciation for the assistance and cooperation received from Bank of India, various government authorities, customers, vendors and members during the year under review. 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.

By order of the Board

30 May, 2013  
Ahmedabad

**Rajiv Gandhi**  
CEO & Managing Director



# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY

Growth of the world economy has weakened considerably during 2012 and is expected to remain subdued in the coming two years. The global economy growth hovered around 3.2% in 2012, lower than 2011 (3.9%), on account of the eurozone debt crisis, inflation and market volatility. The United States, the largest economy in the world, posted better numbers (2.3% in 2012 against 1.8% in 2011). The eurozone reported a negative growth of 0.4% and China’s growth slowed from 9.3% to 7.8%. The global economy is expected to mend gradually in 2013, projected to grow at 3.3% in 2013 and at 4% in 2014. The emerging developing economies are expected to drive global growth in 2013 (around 5.25% in 2013 and 5.75% in 2014).

A more significant slowdown is expected in the less mature economies over the next year – and beyond. Growth in emerging market and developing economies is expected to remain robust, strengthening from about 5% in 2012 to 5.25% in 2013 and 5.75% in 2014. Activity in most of these economies has already picked up after a slowdown in 2012, thanks to resilient consumer demand, supportive macroeconomic policies, and a revival of exports. In the emerging European economies, the recovery should gain speed as demand from advanced economies in Europe pick up. However, some economies in the Middle East and North Africa continue to struggle with internecine political mêlées.

*(Source: IMF, World Economic)*

## World output (%)

	2010	2011	2012	2013 (P)	2014 (P)
World output	5.2	3.9	3.2	3.3	4.0
Advanced economies	3.2	1.6	1.3	1.2	2.2
Emerging economies	7.3	6.3	5.1	5.25	5.75

*(Source: IMF, World Economic Outlook)*

## INDIAN ECONOMY

The growth of the Indian economy hovered around 5% in 2012-13, the lowest in a decade, on account of poor performances in its manufacturing, agriculture and services sectors. The moderation in growth was primarily attributable to weaknesses in industry (mining and quarrying, manufacturing, electricity, gas and water supply, and construction) at 3.1% while the manufacturing sector grew only by 1.9%. The growth of the services sector was at a low 6.6% in 2012-13 against 8.2% in 2011-12.

The country’s industrial output declined led mainly due to a contraction in the manufacturing, mining and capital goods sectors (proxy for investment activity). The dampened industrial sentiment was largely due to factors like high inflation, high

interest rates, currency fluctuations and policy logjam.

To boost industrial sector growth, the government has announced some important policy decisions:

- Moderated interest rates during fiscal 2012-13
- Revived the stressed infrastructure sector by fast-tracking large infrastructural projects and announcing SOPs for certain segments of the infrastructure segment
- Used buffer stocks to moderate food inflation
- Introduced FDI in multi-brand retail, aviation, insurance and broadcasting sectors
- Partially deregulated the oil and gas sector (diesel pricing) to reduce subsidy burden





## Gross Domestic Product (at 2004-05 prices)

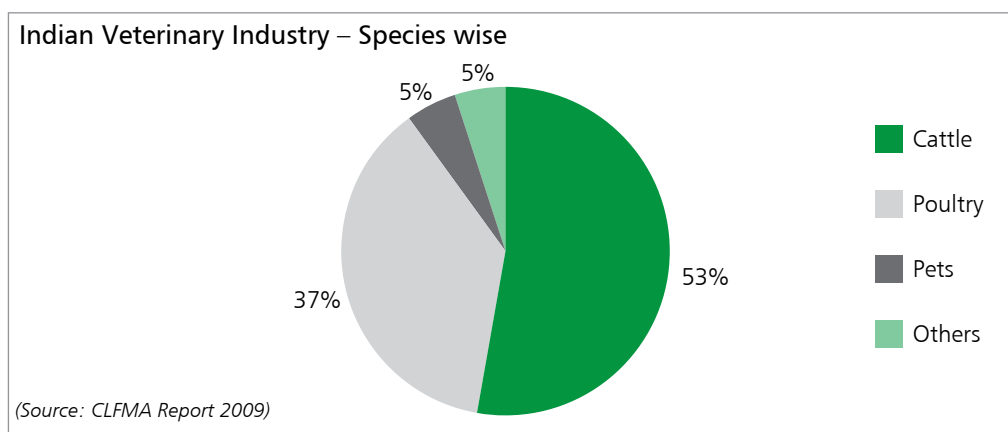
(in crore) at factor cost

Industry	2011-12	2012-13
Agriculture, forestry & fishing	739,495	752,746
Mining & quarrying	108,249	108,713
Manufacturing	823,023	838,541
Electricity, gas & water supply	98,814	103,642
Construction	412,412	436,637
Trade , hotels, transport & communication	1,440,312	1,514,593
Financing, Insurance, real estate & bus services	948,808	1,030,633
Community, social & personal services	672,469	717,971
GDP at factor cost	5,243,582	5,503,476

(Source: CSO, Ministry of Statistics & Programme Implementation)

## INDIAN VETERINARY INDUSTRY

The size of the Indian veterinary industry in 2009 was ₹ 18.3 billion (USD 332 million) out of which biological/bio-security products held a 29% share, feed additives held 30% and therapeutics held 41%.



## Indian livestock population data

Species	Total cattle population			Milch cattle population		
	2003	2007	Growth	2003	2007	Growth
Cow	185.2	199.1	8%	64.5	73	13%
Buffalo	97.9	105.3	7.6%	51	54.5	7%
<b>Total cattle</b>	<b>283.1</b>	<b>304.4</b>	<b>7.5%</b>	<b>115.5</b>	<b>127.5</b>	<b>10.4%</b>

(Source: 18th Livestock Census Report)

Species	2003	2007	Growth
Sheep	61.5	71.6	16%
Goat	124.4	140.5	13%
<b>Total</b>	<b>185.9</b>	<b>212.1</b>	<b>14%</b>

(Source: 18th Livestock Census Report)

## TRENDS IN THE INDIAN LIVESTOCK SECTOR

India is the world's largest producer of milk producing country where the Indian dairy sector is unique, comprising 40% indigenous cows, 46% buffaloes, 14% crossbreds. Buffalo milk accounts for 55% to the total milk production.

Home to the world's largest dairy herd, India nonetheless faces a milk supply gap. However there is an immense scope because of increasing consumption of dairy products and rising expenditure on dairy products as there has been an increasing amount of emphasis being laid on nutritional products.

This industry is driven by efficiency pressures faced by dairy farmers who are trying to increase milk production / productivity while containing costs.

## INDIAN POULTRY AND DAIRY STATISTICS

India's livestock population is among the highest in the world. With the growing population and due to taboos against the slaughter and consumption of cattle, with the notable exceptions of the states of Kerala and West Bengal, as well as a few North Eastern states, chicken is India's preferred non-vegetarian protein source, with local production increasing by an estimated 10% annually.

Buoyed by favourable socio-economic conditions like rising purchasing power and changing food habits, the country's poultry sector is likely to continue growing in the long-term, while demand for broiler meat is likely to continue growing at up to 10% while that of eggs are expected to rise at about 4-5% in the long-term (Source: ICRA, Economic times).

Domestic poultry meat production (broiler - carcass weight) is estimated to have increased from less than 1.0 million tonnes in 2000 to 3.4 million tonnes in 2012 with a per capita consumption increasing from 0.8 kg to 2.8 kg per annum during same period. Table egg production is estimated to have increased from 30 billion eggs in 2000 to 66 billion eggs in 2012 with per capita egg consumption increasing from 28 to 55 eggs during that period. The healthy growth in poultry output over last decade makes India one of the fastest growing countries in the segment with future growth potential remaining strong on back of wide gap against global per capital consumption norms and favorable socio economic factors. (Source: ICRA)

The poultry sector has undergone a paradigm shift in terms of structure and operation during the last two decades. It has transformed itself from a mere backyard activity into a major commercial activity with participation by big players as well as successful implementation of contractual poultry farming on a large scale.

India is emerging as the world's second largest poultry market with an annual growth of more than 14%, producing 61 million tonnes or 3.6% of the global egg production. The annual growth rate of egg production is pegged at 5-8%. Apart from

this, India ranks sixth in broiler production (125 billion rupees) with an annual output of 2.39 million tonnes of broiler meat, as per the estimates of the Ministry of Agriculture, Government of India. The total poultry industry is valued at about ₹ 350 billion. The per capita consumption per year is approx 2.4 kg, which is much lower than the National Institute of Nutrition's recommendations of 11 kg.

In dairying, India ranks as the world's largest milk producer with an annual output of 116 million tonnes approximately. With an annual growth rate of 4%, India's milk production accounts for 16% of the total global output. India has 52% of the global cattle population and 15% of the global buffalo population. It ranks third in sheep population and second in goat population in the world. The Union Agriculture Ministry's Department of Animal Husbandry, Dairying & Fisheries is focusing on increasing the animal population and productivity as a thrust area, offering financial assistance to the organisations. On the other hand, Ministry of Food Processing Industries has its own programmes to increase dairy processing and value-added products to target export markets. This would facilitate India to achieve its potential of becoming a 'Food Factory of the World'.

## Challenges

- Large wet market accounting for 80% of India's poultry meat sale.
- Skill deficit - there is an urgent demand for enhancing efficiency across the length of the value chain.
- High cost of Logistics for Feed Ingredients (corn and soybeans). Logistics costs are as high as USD 500 to USD 625 for 10 tonnes.
- Inefficient farm management practices.
- Lack of awareness on effective animal nutrition and health practices amongst farmers.

## Opportunities

- Biggest consumer market in the world with a growing population of 1.2 billion consumers.
- Bridging consumption gaps between NIN/NAC recommended 180 eggs and 11kg of poultry meat. When compared with current consumption patterns (52 eggs and 2.5 kg of poultry meat) it presents a huge opportunity for the international players to tap the market.
- Most economical source of animal protein without any religious taboo.
- Changing consumption patterns especially amongst the youths taking up egg and poultry meat on account of high nutritional value. This is huge opportunity as 30% of India's population is under the age of 30 years.
- Fast paced growth of organised retail in India currently 6% and expected to grow to USD 239 billion by 2015. This has resulted in shift from local wet market to organised retail.



## REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for Listed Companies vide Clause 49 in the listing agreement with the Stock Exchanges.

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

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Hester Biosciences Limited, has always been committed to the principal of sound Corporate Governance to promote the effective functioning of the Board and its Committee & to assist it in the exercise of its responsibility. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

The Company's continued endeavor is to achieve good governance which ensures our performance rules with integrity whereby ensuring the truth, transparency accountability & responsibility in all our dealings with our employees, shareholders, consumers & the community at large. Apart from compliance with the Statutory provisions of Company Law, allied acts & Listing Agreements, our disclosure seeks to attend best practice in corporate governance. We believe that sound corporate governance is critical to enhance & retain stakeholders trust.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long term value by way of providing necessary guidance and strategic vision to the Company.

The Board also ensure that the Company's management and employees operate with highest degree of ethical standard. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation & integrity.

### BOARD OF DIRECTORS

The Company's Board comprises of 8 Directors (excluding one alternate Director) with a mix of executive/non-executive and promoter/independent directors. Out of total Board members, Chairman is Non-Executive Promoter Director, Managing Director is Executive Promoter Director, two are Non-Executive Promoter Directors and other 4 are Non-Executive Independent Directors. The composition of Board complies with the requirements of the Corporate Governance code with 50% of the directors being non-executive Independent directors.

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, Board of Directors of Hester met 6times, viz 15th May, 2012, 14thAugust, 2012, 14th September, 2012, 9th November, 2012, 29th January, 2013 & 28th February, 2013and one Circular Resolution dated 1st October, 2012 and the 25th Annual General Meeting was held on 14th September, 2012. The gap between any two meetings did not exceed four months. The agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information as required under Clause 49 of the Listing Agreement.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of other directorship, chairmanship/membership of other companies.



Name of the Director & Designation & Age	Category & Nature of employment	Date of Appointment	No. of other Directorship Held In public companies in India	No. of other Board committees of which Member(M)/ Chairman( C )	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Dr. Bhupendra V Gandhi Chairman 71 Years	Non Executive Non Independent Director	03/12/1992	0	0	1	Yes	710,577 8.35%
Mr. Rajiv Gandhi CEO & Managing Director 51 Years	Executive Non Independent Director - Contractual Employment	29/04/1987	1	0	6	Yes	837,909 9.85%
Mr. Sanjiv Gandhi Director 48 Years	Non Executive Non Independent Director	29/04/1987	1	0	3	Yes	669,720 7.87%
Mr. Darayus Lakdawalla Director 52 Years	Non Executive Independent Director	01/03/1990	1	0	3	Yes	23580 0.28%
Mr. Ravin Gandhi Director 40 Years	Non Executive Non Independent Director	22/04/1999	0	0	-	No	403,320 4.74%
Mr. Vimal Ambani Director 52 Years	Non Executive Independent Director	01/02/2003	2	0	4	No	16,167 0.19%
Mr. Abhinava Shukla Director 68 years	Non Executive Independent Director	01/02/2003	0	0	4	Yes	-
Mr. Vishwesh Patel Director 36 Years	Non Executive Independent Director	23/05/2010	2	0	2	No	54,150 0.64%
Dr. Parimal Tripathi* 53 Years	Non Executive Non Independent Director	27/06/2003	0	0	-	No	-

\*Alternate Director to Mr. Ravin Gandhi

Notes:

- This number excludes the directorships/committee memberships held in private companies and also of the Company. Committee include Audit Committee and Shareholders' Grievance Committee as per Clause 49 of The Listing Agreement.
- As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies & membership of board committees (audit/remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship, except Dr. Bhupendra V. Gandhi, Mr. Sanjiv Gandhi & Mr. Ravin Gandhi who are relative of Managing Director of the Company. Non-executive Directors have no transaction with the company, except receiving sitting fees for attending Board Meetings and Audit Committee Meetings. The details of sitting fees, commission and remuneration paid to each director appear later under the disclosure relating to Remuneration to Directors.

## Details of the directors seeking appointment/reappointment in forthcoming annual general meeting

Name of Director	Mr. Ravin Gandhi	Dr Bhupendra V. Gandhi
Date of Birth	06.07.1973	16.10.1942
Date of appointment	22.04.1999	03.12.1992
Qualifications	MBA	Doctor in Nephrology, MBBS
Expertise in specific functional areas	General Management	Diplomate American Board of Internal Medicine Diplomate Subspeciality of Nephrology (USA)
List of Public Ltd. Co. in which Directorship held	Nil	Nil
Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil	Nil
Chairman/ Member of the committees of Directors of other Co.	Nil	Nil

### Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2013. A declaration to this effect duly signed by CEO of the company is attached herewith and forms part of Corporate Governance Report.

### Audit Committee

The Audit Committee comprises of 3 members. Mr. Vimal Ambani as the Chairman of the Committee and Mr. Abhinava Shukla & Mr. Vishwesh Patel as the Members. All members are Non-Executive Independent Directors.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, 4 meetings were held on 15th May, 2012, 14th August, 2012, 9th November, 2012 and 29th January, 2013. The chairman of Audit Committee had not attended last Annual General Meeting of the company held on 14th September, 2012. The Audit Committee at its Meeting held on 15th May, 2012, reviewed the unaudited financial results for the quarter ended on 31st March, 2012. The Audit Committee at its meeting held on 14th August, 2012, reviewed the unaudited financial results for the quarter ended on 30th June, 2012 and reviewed the Annual Accounts for the year 2011-12. The Audit Committee at its meeting held on 9th November,

2012 and 29th January, 2013, reviewed the unaudited financial results for the quarter ended on September 30, 2012 and December 31, 2012.

Details of attendance of members of the Audit Committee is as under:

Name	Designation	Attendance
Mr. Vimal Ambani	Chairman	4
Mr. Abhinava Shukla	Member	4
Mr. Vishwesh Patel	Member	2

Mr. Jigar Shah, CFO is a regular invitee and also acting as Secretary to the Audit Committee. Statutory Auditors are also invited in the Meeting.

### Broad Terms of Reference

The broad terms of reference of the Committee as approved by the Board includes overseeing of the Company's financial reporting process, the appointment of statutory auditors and internal auditors, reviewing the quarterly and annual financial statements before submission to the Board for approval, compliance with listing and other legal requirements relating to financial statements, reviewing adequacy of the internal and internal audit function, etc.

In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law.

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations

forming part of this Annual Report and other information as mentioned in Clause 49 (II)(E) of the Listing Agreement.

### Shareholders' Grievance Committee

The Shareholders' Grievance Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. The Shareholders' Grievance Committee comprises of 3 members, Mr. Abhinava Shukla as the Chairman of the Committee & Mr. Vishwesh Patel and Mr. Vimal Ambani as the Member. All members are Non-Executive Independent Directors.

During the year, 4 meetings were held on 15th May, 2012, 14th August, 2012, 9th November, 2012 and 29th January, 2013. During the year, the Company had received 3 complaints from the Shareholders. Both of them have been resolved and no

complaint was pending as on 31st March, 2013.

Mr. Jigar Shah, CFO provides secretarial support to the Committee. The Company has appointed Mrs. Amala Parikh as a Company Secretary. She has been appointed as a designated Compliance officer.

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 Share Transfer Committee. The Share Transfer Committee met 19 times during the year. The Company has no transfers pending at the close of the financial year.

The following table summarizes the status of investor complaints received during the period. These were attended within a reasonable period of time

Sr No.	Nature of Complaints / Requests	Opening as on 01-04-12	Received	Resolved	Pending as on 31-03-13
1.	Non-receipt of Dividend warrant	-	1	1	-
2.	Non-receipt of Annual Reports / Sticker	-	1	1	-
3.	Non-receipt of shares after transfer / Bonus / Rights Shares	-	1	1	-
4.	Letters received from SEBI / ROC / Stock Exchanges	-	-	-	-
5.	Others – Demat Credit	-	-	-	-
	<b>Total</b>	-	3	3	-

### Remuneration Committee

The 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. The Remuneration Committee comprises of 3 members, Mr. Vishwesh Patel as the Chairman of the Committee & Mr. Vimal Ambani & Mr. Abhinava Shukla as the Members. All members are Non-Executive Independent Directors.

No meeting was held during the year under review, as there was no change in remuneration of any Managerial persons.

The Company pays remuneration to its Managing Director by way of Salary, perquisites and allowances, as approved by the members in general meeting. Non-executive Directors have no transaction with the Company, except receiving sitting fees for attending Board Meetings and Audit Committee Meetings. The Company does not pay any severance fees. The details of remuneration paid to directors are provided below in this report under the head Remuneration to Directors.

## Remuneration To Directors

Name of Director	Designation	Remuneration (including perquisites) paid ₹	Sitting Fees paid ₹	Commission paid ₹	Total Remuneration ₹
Dr. Bhupendra V. Gandhi	Chairman	NIL	NIL	NIL	NIL
Mr. Rajiv Gandhi	CEO & Managing Director	3,989,000/-	NIL	NIL	3,989,000/-
Mr. Sanjiv Gandhi	Director	NIL	5,000/-	NIL	5,000/-
Mr. Darayus Lakdawalla	Director	NIL	5,000/-	NIL	5,000/-
Mr. Ravin Gandhi	Director	NIL	NIL	NIL	NIL
Mr. Vimal Ambani	Director	NIL	30,000/-	NIL	30,000/-
Mr. Abhinava Shukla	Director	NIL	30,000/-	NIL	30,000/-
Dr. Parimal Tripathi	Alternate Director	NIL	NIL-	NIL	NIL
Mr. Vishwesh Patel	Director	NIL	15,000/-	NIL	15,000/-
<b>Total</b>		<b>3,989,000/-</b>	<b>85,000/-</b>	<b>NIL</b>	<b>4,074,000/-</b>

## Subsidiary Company

Hester Biosciences (Mauritius) Limited is the wholly owned subsidiary of the Company and Hester Biosciences Nepal Pvt. Ltd. is subsidiary of Hester Biosciences (Mauritius) Limited as on March 31, 2013. During the year, one subsidiary company has been incorporated namely Diavetra Lifesciences Pvt. Ltd. w.e.f. 26th December, 2012. All the three companies are non-material non-listed subsidiary Companies. The Audit Committee reviews the financial statements, particularly, the investments made in subsidiary Companies. Minutes of the Wholly Owned subsidiary Company is being placed before the Board for its review. The Board also reviews the accounts of the said Subsidiary Company on regular basis.

## Other Compliances

The Company has no materially significant related party transactions with its promoters, the directors or the management or relatives etc. that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No. 38 of Notes on Accounts of balance sheet of the Company.

There were no instances of non-compliance or Penalties, imposed on the Company by the Stock Exchange/(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

In preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

Business risk evaluation and management is an ongoing process within the Organization. A detailed exercise on the Business Risk Management is yet to be carried out covering all aspects of business operations.

The Management Discussion and Analysis Report have been separately given in this Annual Report as required under clause 49 of the Listing Agreement.

The Company has already appointed Mr. Rajiv Gandhi, as CEO & Managing Director and Mr. Jigar Shah, as CFO of the Company. Certification from the both was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2012-13.

## General Body Meetings

Details of the last three Annual General Meetings are as under

AGM	Date	Time	Venue	No. of special Resolutions passed
23rd AGM	28th July, 2010	11.00 a.m.	Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	1 (one)
24thAGM	3rd September, 2011	11.00 a.m.	Village : Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	0
25thAGM	14thSeptember, 2012	11.00 a.m.	Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009	3 (Three)

At the AGM held on 28th July, 2010, One Special Resolution was passed, for allotment of 4,80,000 warrants per section 81(1A) and other applicable provisions of the Act. At the AGM held 14th September, 2012, 3 special resolutions were passed, First was for re-appointment of Mr. Rajiv Gandhi,

as CEO & Managing Director of the Company as per section 198, 269 and other applicable provisions of the Act. Second was for increasing the authorised share capital of the Company and making consequential amendments in Capital Clause of Memorandum and Articles of Association of the Company and Third was for issue of 2,835,600 Bonus Share in proportion of 1 (One) equity share for every 2 (Two) equity shares held.

The special resolutions indicated above were passed by show of hands.

### POSTAL BALLOT

The Company has not passed any resolution through postal ballot during the year under reference. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed through Postal Ballot.

### CEO/CFO CERTIFICATION

The Company is duly placing a certificate to the Board from the CEO & Managing Director and Chief Financial Officer in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31st March, 2013 has been placed before

the Board and given elsewhere in this Annual Report.

### MEANS OF COMMUNICATION

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings and were also published in any two newspapers namely, Business Standard (English) and Economics Times (English & Gujarati). These results are also put on the Company's website: [www.hesterbiosciences.co.in](http://www.hesterbiosciences.co.in).

The Company also informs by way of intimation to the stock exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

### SHAREHOLDERS' INFORMATION

**Plant** : Village: Merda Adraj  
Taluka : Kadi  
Dist : Mehsana  
Gujarat 382 721

**Registered Office** : 1st Floor, 'Pushpak',  
Panchvati circle, Motilal Hirabhai Road,  
Ahmedabad 380 006.  
Phone : 079 – 26445107  
Fax : 079 – 26445105  
E-mail : [mail@hester.in](mailto:mail@hester.in)  
Website : <http://www.hester.in>

#### Branches:

##### Coimbatore

No.18, Ashok Layout,  
Civil Aerodrome Post,  
Sitra, Coimbatore - 641 014.

##### Hyderabad

House No.7-4-10/3, Yesodara Nagar,  
Opp.Medicare Hospital,  
Sagar Ring Road, L.B.Nagar,  
Hyderabad - 74

##### Bangalore

No 14, 4th Main, 4th block, 1st Stage,  
Near Indian Academy College,  
Opp Regency Magnum Apartment,  
Hennur Main Road, HBR Layout,  
Kalyanagar Post,  
Bangalore 560043.

##### Pune

Gat No.1313, Near Sriram warehousing,  
Pune-Saswad Road,  
At.Post.Wadki, Tal. Haweli,  
Dist. Pune-412308  
Maharashtra (India)

##### Panchkula

DSS-25 Sector-12 Panchkula  
Near Yadav Bhawan.  
Panchkula -134109  
(Haryana)



## Date, Time, Venue of Annual General Meeting

The 26th Annual General Meeting of the members of the company is scheduled to be held on Wednesday, 14th August, 2013 at 11.30 a.m. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009. All the members are invited to attend the meeting.

The Members / Proxies who intend to attend the meeting are requested to bring the Attendance slip sent herewith duly filed in to the meeting.

## Financial Calendar:

- Financial year 2012-13 ( April 1, 2012 to March 31, 2013)  
Results were announced on
  - 14th August, 2012 - First Quarter
  - 9th November, 2012 - half year
  - 29th January, 2013 - third quarter
  - 30th May, 2013 - fourth quarter and annual for F.Y. 2012-13(audited)
- Financial year 2013-14 ( April 1, 2013 to March 31, 2014)  
Results will be announced on
  - First week of August 2013 - first quarter
  - First week of November, 2013 - half year
  - First week of February 2014 - third quarter
  - Last week of May 2014 - fourth quarter and annual for F.Y. 2013-14(audited)
- Book Closure Date: Saturday, 10th August, 2013 to Wednesday, 14th August, 2013 (both days inclusive).
- Annual General Meeting: Wednesday, 14th August, 2013 at 11.30 a.m.

### Details of Shares

Types of shares	: Equity Shares
No. of paid up shares	: 8,506,800
Market lot of shares	: 1 share

### Stock Code

Name of Stock Exchange	Code no.
Mumbai Stock Exchange	524669

### Listing

The Company's shares are listed and traded on Bombay Stock Exchange of India (BSE) at Mumbai. The Company has paid listing fees to Mumbai Stock Exchange for financial year 2013-2014.

Stock Data : Monthly share price data on BSE for the financial year 2012-13 is as under :

Month	High ₹	Low ₹	Average ₹	Volume (No. of shares)
April '12	139.90	115.50	127.70	25,517
May '12	134.75	120.10	127.43	42,644
June '12	133.00	114.00	123.50	22,146
July '12	122.85	111.00	116.93	11,211
August 12	158.65	114.55	136.60	110,421
September '12	137.00	87.00	112.00	64,510
October '12	97.85	80.00	88.93	32,124
November '12	108.25	81.25	94.75	45,815
December '12	105.00	96.00	100.50	44,480
January '13	147.00	96.25	121.63	71,235
February '13	129.00	114.00	121.50	42,848
March '13	145.00	111.00	128.00	60,460

**SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM**

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March 2013, 93.84% shares were held in dematerialized form and balance 6.16% shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialized the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is INE782E01017

**DISTRIBUTION OF SHAREHOLDING (AS ON MARCH 31, 2013)**

a. On the basis of Shares held

No. of Equity Shares held (Range)	No. of share-holders	Percentage to total share-holders	No. of Shares held	Percentage to total shares held
Up to 500	2926	85.38	450,876	5.30
501 - 1000	184	5.37	133,047	1.56
1001 - 2000	105	3.07	151,882	1.79
2001 - 3000	48	1.40	120,356	1.41
3001 - 4000	26	0.76	94,134	1.11
4001 - 5000	10	0.29	44,247	0.52
5001 - 10000	47	1.37	332,330	3.91
10001 - 20000	26	0.76	400,830	4.71
Above 20000	55	1.60	6,779,098	79.69
<b>TOTAL</b>	<b>3,427</b>	<b>100.00</b>	<b>8,506,800</b>	<b>100.00</b>

b. On the basis of Category

Sr. No.	Description	No. of members		No. of shares	
		Nos.	%	Nos.	%
A.	<b>Promoters Holding</b>				
	Directors & Relatives	19	0.55	4,158,248	48.88
	Promoters' Companies	4	0.12	362,838	4.27
B.	<b>Non Promoter Holding</b>				
	Resident Individual (incl. HUF)	3,281	95.74	3,118,387	36.66
	Non Resident Individual	43	1.25	476,792	5.60
	Mutual Fund, Nationalized Bank etc.	3	0.09	11,500	0.13
	Foreign Institutional Investor	1	0.03	31,222	0.37
	Domestic Companies	75	2.19	347,810	4.09
	Clearing Members and House/others	1	0.03	5	0.00
	<b>Total</b>	<b>3,427</b>	<b>100.00</b>	<b>8,506,800</b>	<b>100.00</b>

**SHARE TRANSFER SYSTEM**

Applications for transfer of shares in physical form are processed by the Company's Registrar & Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters. The Committee considers and approves the share transfer once in fortnight subject to transfer instrument being valid and complete in all respects.

The Company has obtained half yearly certificates from Company Secretary in Practice for compliance of share transfer

formalities as per the requirement of Clause 47(c) of the Listing Agreement with Stock Exchange. The Company has also carried out quarterly Secretarial Audit for the reconciliation of Share Capital as required under SEBI circular no. 16 dated 31st December 2002.

**PAN REQUIREMENT FOR TRANSFER OF SHARES IN PHYSICAL FORM**

The Securities & Exchange Board of India (SEBI) has mandated the submission Permanent Account Number (PAN) for securities market transactions & off market/private transactions involving

Transfer of Shares in Physical Form of Listed Companies. Therefore it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/Registrar & Share Transfer Agents for Registration of such transfers. Members/Investors are therefore requested to make note of the same & submit their PAN Card copy to the Company/Registrar & Share Transfer Agents.

## DETAILS OF DIVIDEND

i) The Board of Directors has recommended Dividend @ ₹ 2/- per share (20%) for financial year 2012-2013, as compared to @ ₹ 1.00 per share (10%) for last year. The payment of

Dividend as recommended by the Directors if approved at the Meeting, will be made:

- ii) to those members whose names are on the Register of Members on 9th August, 2013 or to their mandates.
- iii) 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) Ltd.(CDSL) at the end of business hours on 9th August, 2013.

### Details of Unclaimed Dividend

Accounting year	Date of declaration of dividend	Dividend payment %	Amount (in ₹)	Expected date of transfer of unclaimed dividend of IEPF
2005-06	14th July, 2006	15	285,537.18	19th August, 2013
2006-07	11th September, 2007	20	214,208.00	17th October, 2014
2007-08	28th August, 2008	25	257,415.00	3rd October, 2015
2008-09	18th August, 2009	25	626,395.00	23rd September, 2016
2009-10	28th July, 2010	30	377,025.00	2nd September, 2017
2010-11	3rd September, 2011	35	396,245.50	9th October, 2018
2011-12	14th September, 2012	10	136,897.00	19th November, 2019

## OUTSTANDING GDRS/ADRS/WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

The Company does not have any outstanding instruments of the captioned type.

## NOMINATION FACILITY

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

## 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 Demat 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 R&T agent of the company M/s. Sharepro Services (India) Pvt. Ltd., as per address mentioned below.

## INVESTORS COMMUNICATION

Share Transfers / Dematerialisation or other queries relating to Shares of the Company should be addressed to :

**M/s. Sharepro Services (India) Pvt. Ltd.**

Unit : Hester Biosciences Limited  
 416-420 4th Floor, Devnandan Mall  
 Opp.Sanyash Ashram, Ashram Road, Ellisbridge  
 Ahmedabad-380009  
 Ph. 079 – 26582381 to 84  
 Fax : 079 – 26582385  
 e-mail: sharepro@shareproservices.com  
 investor@hesterbiosciences.co.in

## DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(I)(D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct of the Company. The Company has obtained confirmation for the compliance of Code of Conduct from the Board Members and Senior Management Personnel on an annual basis

Ahmedabad  
 30.05.2013

**Rajiv Gandhi**  
 CEO & Managing Director

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Mr. Rajiv Gandhi, Chief Executive Officer & Managing Director and Mr. Jigar Shah, Chief Financial Officer of Hester Biosciences Limited, to the best of our knowledge and belief, 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 31st March, 2013 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 might be misleading;
  - b. these statement together present a true and fair view of the Company's 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 company's 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 company's internal control system over financial reporting.

Ahmedabad  
30.05.2013

**Rajiv Gandhi**  
*Chief Executive officer &  
Managing Director*

**Jigar Shah**  
*Chief Financial Officer*

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. : L99999GJ1987PLC022333

Nominal Capital : `105,000,000/-

To,  
The Members of  
HESTER BIOSCIENCES LIMITED

In accordance with Clause 49 of the Listing Agreement entered into by Hester Biosciences Limited (formerly known as Hester Pharmaceuticals Limited) with the Stock Exchange, I have examined all the relevant records of the Company relating to its compliance of conditions of Corporate Governance as stipulated in revised Clause 49, for the financial year ended on March 31, 2013.

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 of Corporate Governance as stipulated in abovementioned Listing Agreement, except that :

- the formal Risk Management Policy should be adopted by the Board, covering detail area of risk involved in the organisation.
- the Chairman of the Audit Committee had not attended the last Annual General Meeting held on 14.09.2012.

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.

Place : Ahmedabad  
Date : 30.05.2013

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

## FINANCIAL SECTION

## Independent Auditor's Report

To  
The Members of HESTER BIOSCIENCES LIMITED.

### Report on the Financial Statements

We have audited the accompanying financial statements of HESTER BIOSCIENCES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SHAH NARIELWALA & CO  
Chartered Accountants  
[FRN: 109708W]

(Naishadh H. Shah)

Partner

Place : Ahmedabad  
Date : May 30, 2013

Member ship No: 042323

## Annexure to Independent Auditor's Report

Annexure referred to in our report to the members of Hester Biosciences Limited ("the Company") for the year ended March 31, 2013.

We report that -

- (1) In respect of its fixed assets:
  - (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (ii) The Company has a regular programme of Physical verification of its fixed assets in phase manner over a period of three years. In our opinion, this periodicity of Physical verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
  - (iii) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (2) In respect of its inventories:
  - (i) The inventories except stocks lying with the third parties have been physically verified during the year as also at the end of the year by management. In our opinion, the frequency of verification is reasonable.
  - (ii) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (iii) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) In respect of loans granted or taken to / from companies, firms or other parties in the Register maintained under Section 301 of the Companies Act, 1956:
  - (i) The Company has granted interest free loans to three Companies listed in the register maintained under Section 301 of the Companies Act, 1956. Outstanding balance of loans granted at the year end was Rs.2,947,277/-(Rs.2,036,444/-). Maximum outstanding at any time during the year of loans granted was Rs. 4,957,277/- (Rs.2,042,799/-).
  - (ii) In our opinion and according to the information and explanations given to us, terms and conditions on which interest free loans have been granted to companies / other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
  - (iii) The interest free loans granted by the Company are repayable on demand.
  - (iv) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs (iii) (e) to (g) of the Order are not applicable to the company.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls system.
- (5) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956; to the best of our knowledge and belief and according to the information and explanation given to us:
  - (i) We are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (ii) There are no transactions, which are made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and are exceeding the value of rupees five lakhs in respect of any party during the year.
- (6) The Company has not accepted any deposits from the public.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of account, relating to materials and other items of cost maintained by the company in respect of product where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under section 209(1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. The same have been examined and audited by an independent cost accountant.



- (9) In respect of statutory and other dues :
- (i) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and Protection Fund, Employees' state insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and other statutory dues applicable to it, during the year.
  - (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, customs duty, excise duty were outstanding, as at 31st March, 2013 for a period of more than six months from the date they became payable.
  - (iii) According to the information and explanations given to us, there are no dues in respect of income tax, sales tax, wealth tax, excise duty, service tax that have not been deposited with appropriate authority on account of dispute.
- (10) The company does not have accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (11) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any debentures or any outstanding loans from financial institutions during the year.
- (12) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003(as amended) is not applicable to the Company.
- (14) The company is not dealing or trading in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (16) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (18) Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) During the period covered by our audit report, the company has not issued any debentures.
- (20) The company has not raised money through a public issue during the year. Accordingly clause 4(xx) of the order is not applicable.
- (21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SHAH NARIELWALA & CO  
*Chartered Accountants*  
[FRN: 109708W]

(Naishadh H. Shah)  
*Partner*

Place : Ahmedabad  
Date : May 30, 2013

Member ship No: 042323

**Balance Sheet** as at 31st March, 2013

Particulars	Note No	(Figures in ₹)	
		As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	85,068,000	56,712,000
(b) Reserves and Surplus	4	593,681,078	543,783,551
		678,749,078	600,495,551
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	78,292,701	12,886,452
(b) Deferred tax liabilities (Net)	6	25,989,976	24,479,981
		104,282,677	37,366,433
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	136,519,986	127,315,810
(b) Trade payables	8	56,730,849	40,035,400
(c) Other current liabilities	9	87,997,934	42,137,611
(d) Short-term provisions	10	82,652,527	72,109,548
		363,901,296	281,598,369
<b>Total</b>		<b>1,146,933,051</b>	<b>919,460,353</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		346,192,317	364,424,305
(ii) Intangible assets		804,119	902,026
(iii) Capital work-in-progress		240,526,386	63,039,076
(b) Non-current investments	12	27,849,000	25,000,000
(c) Long term loans and advances	13	49,076,944	30,002,305
		664,448,766	483,367,712
<b>(2) Current assets</b>			
(a) Inventories	14	311,021,333	275,627,570
(b) Trade receivables	15	150,414,500	143,636,306
(c) Cash and cash equivalents	16	10,828,866	11,934,130
(d) Short-term loans and advances	17	10,219,586	4,894,635
		482,484,285	436,092,641
<b>Total</b>		<b>1,146,933,051</b>	<b>919,460,353</b>
Significant Accounting Policies	2		

Accompanying notes form part of financial statements  
As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**

Partner

Membership No.: 042323

**Rajiv Gandhi**

CEO & Managing Director

**Sanjiv Gandhi**

Director

**Jigar Shah**

CFO

PLACE : Ahmedabad

DATE : May 30, 2013

**Amala Parikh**

Company Secretary

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

(Figures in ₹)

Particulars	Note No	Year ended 31st March, 2013	Year ended 31st March, 2012
I. Revenue from operations	18	651,042,636	482,634,161
II. Other Income	19	2,338,407	2,439,389
<b>III. Total Revenue (I +II)</b>		<b>653,381,043</b>	<b>485,073,550</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	20	147,150,010	119,212,727
Purchase of Stock-in-Trade	21	31,761,520	6,719,552
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(24,635,188)	(51,448,792)
Employee benefit expense	23	90,616,801	68,680,848
Finance cost	24	32,183,054	28,269,427
Depreciation and amortization expense	25	43,949,111	41,234,108
Other expenses	26	182,090,125	150,387,537
<b>IV. Total Expenses</b>		<b>503,115,434</b>	<b>363,055,406</b>
V. Profit before tax (III - IV)		150,265,609	122,018,144
VI. Tax expense:			
(1) Current tax		51,857,006	45,000,000
(2) Income Tax of Earlier Years		-	84,447
(3) Deferred tax		1,509,995	(978,145)
VII. Profit for the year (V-VI)		96,898,608	77,911,842
VIII. Earning per equity share:			
(1) Basic & Diluted	40	13.44	13.74
Significant Accounting Policies	2		

Accompanying notes form part of financial statements

As per our report of even date attached.

For **Shah Narielwala & Co.**

*Chartered Accountants*

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**

*Partner*

Membership No.: 042323

**Rajiv Gandhi**

*CEO & Managing Director*

**Sanjiv Gandhi**

*Director*

**Jigar Shah**

*CFO*

PLACE : Ahmedabad

DATE : May 30, 2013

**Amala Parikh**

*Company Secretary*

PLACE : Ahmedabad

DATE : May 30, 2013

**Cash Flow Statement** for the year ended 31st March, 2013

(Figures in ₹)

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per Statement of Profit and Loss		150,265,609		122,018,143
Adjustments for:				
Depreciation	43,949,111		41,234,108	
Interest & Other Income	(1,611,121)		(1,332,790)	
Depreciation of earlier years			-	
Profit on sale of Fixed Asset	-		(430,000)	
Interest & Finance Charges	32,183,054	74,521,044	28,269,427	67,740,745
Operating Profit before Working Capital Change		224,786,654		189,758,888
Adjustments for:				
Trade and Other Receivables	(14,407,226)		(11,463,374)	
Inventories	(38,484,165)		(48,830,566)	
Trade Payables & Other Laibilities	41,905,010		7,337,689	
Loans & Advances	(24,570,253)	(35,556,635)	(2,848,281)	(55,804,532)
Cash generated from Operating Activity		189,230,019		133,954,356
Payment of Taxes		(55,023,813)		(7,274,973)
<b>Net Cash from Operating Activity</b>		<b>134,206,206</b>		<b>126,679,383</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of fixed assets		(25,469,253)		(15,924,828)
Proceeds from sale of fixed assets		-		1,550,000
Capital W.I.P. & Live Stock Addition		(177,637,275)		(62,635,530)
Change in Creditors for Capital Expense		30,307,847		2,147,518
Investment in bank deposits (having original maturity of more than three months)		(1,136,882)		(210,871)
Redemption of Bank Deposits		654,840		91,509
Investment in shares of Subsidiary Company		(70,000)		-
Investment in Shares		(2,779,000)		-
Business transfer consideration		(700,000)		-
Interest & Other Income		1,611,121		1,332,790
<b>Net Cash used in Investing Activities</b>		<b>(175,218,601)</b>		<b>(73,649,412)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue of Share Warrants		-		49,320,000
Proceeds/ (Repayment) of Long Term Borrowings		69,048,586		(29,625,793)
Short Term Bank Borrowings (Net)		9,204,176		(20,536,982)
Dividend Paid		(5,724,608)		(18,172,654)
Dividend Distribution Tax Paid		(920,011)		(3,017,677)
Interest paid		(32,183,054)		(28,269,427)
<b>Net Cash Flow from Financing Activity</b>		<b>39,425,089</b>		<b>(50,302,533)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(1,587,306)</b>		<b>2,727,438</b>
Cash & Cash Equivalent as at (Op Balance)		9,048,170		6,320,732
Cash & Cash Equivalent as at (Cl Balance)		7,460,864		9,048,170
Major Components of cash and Cash Equivalents as at		31.03.2013		31.03.2012
Cash on Hand		1,171,506		2,957,737
Balance with Banks - On Current Accounts		6,242,127		6,090,433
Fixed Deposit having maturity period with in 3 months		47,231		-
<b>Total</b>		<b>7,460,864</b>		<b>9,048,170</b>

The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.

Accompanying notes form part of financial statements

As per our report of even date attached.

For **Shah Narielwala & Co.**

*Chartered Accountants*

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**  
Partner  
Membership No.: 042323

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
Director

**Jigar Shah**  
CFO

**Amala Parikh**  
Company Secretary

PLACE : Ahmedabad  
DATE : May 30, 2013

PLACE : Ahmedabad  
DATE : May 30, 2013

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

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### Note 1 CORPORATE INFORMATION

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Hester Biosciences Limited is a public limited company domiciled in India and listed on Bombay Stock Exchange (BSE). The company is engaged in manufacturing of Poultry vaccines having its manufacturing set up at Village MerdaAdraj, Taluka Kadi, District Mehsana, Gujarat. Company is also engaged in trading of Poultry Vaccines and Large Animal health products.

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### Note 2 SIGNIFICANT ACCOUNTING POLICIES

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#### a) ACCOUNTING CONVENTION:

The financial statement of the company have been prepared in accordance with the Generally Accepted Principles in India (Indian GAAP) to comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (As Amended) and with the relevant provisions of Companies Act-1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### 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 recognized in the periods in which the results are known/ materialized.

#### c) REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue from sale of products is recognized on dispatch or appropriation of goods in accordance with the terms of sale and rewards of ownership have passed to the buyer. Sale of goods is recorded net of returns, trade discounts, rebates, VAT/Sales Tax but including excise duty.

Interest income is recognized on accrual basis.

#### d) FIXED ASSETS & DEPRECIATION/AMORTISATION:

Fixed assets are stated at cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for their intended use before the balance sheet date is disclosed as capital work-in-progress and is carried at cost, comprising direct cost, related incidental expenses and directly attributable interest. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

Depreciation on assets acquired and used in old project is provided on Straight Line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets acquired for the new project (commissioned during March, 2007) and after March, 2007 is provided on Written down Value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Cost of intangible Assets are amortised over a period of its estimated useful life.

#### e) IMPAIRMENT OF ASSET:

The carrying values of assets are reviewed at each balance sheet for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated cash flows.

#### f) INVENTORIES:

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence/ expiry, if any.

Work in progress and finished goods include appropriate proportion of overheads and excise duty, where applicable.

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### g) INVESTMENTS:

Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of investment, if any.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

#### h) BORROWING COSTS:

Cost of borrowed funds directly attributable to the acquisition or construction of qualifying assets has been capitalized and included in the cost of fixed assets till such assets are ready to be put to use. Other borrowing costs are recognized as expenses in the period in which they are incurred.

#### i) FOREIGN CURRENCY TRANSACTIONS:

- i) Foreign currency transactions are recorded at the exchange rates prevailing at the time of the 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) Any income or expenses on account of exchange difference either on settlement or on transaction other than that arising in long term foreign currency items is recognized in the Statement of Profit and Loss, for the period in which the difference takes place.

#### j) 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.

#### k) PROVISION FOR RETIREMENT BENEFITS:

##### (i) Short-Term Employee Benefits:-

Short term employee benefits such as salaries, wages, leave encashment, bonus etc. are recognized as an expense and are charged to the statement of Profit and Loss for the year in which the related services is rendered.

##### (ii) Post- employment benefit plans:-

###### i) Defined Contribution Plan:

Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.

###### ii) Defined Benefit Plan:

The liabilities in respect of gratuity and leave encashment are determined Using Projected Unit Credit Method with actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit & loss for the period in which they occur.

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognized past service cost and as reduced by the fair value of respective fund.

#### l) SEGMENT REPORTING:

The company identifies primary segments based on the nature of products and market catered by each segments for which separate financial information is available and for which operating profit/loss amounts are evaluated by the company.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole. Segment-wise revenue, expenses, assets and liabilities have been identified to segment on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to specific segment on reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities.'

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### m) EARNING 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.

#### n) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents for the purpose of cash flow statement 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.

#### o) TAXATION:

##### i. Current Tax:

Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

##### ii. Deferred Tax Provision:

Deferred Tax charge or credit is recognized on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realize the assets. At each Balance-sheet date, recognized and unrecognized Deferred Tax Assets are reviewed.

#### p) Provision and Contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### Note 3 SHARE CAPITAL

Particulars	(Figures in ₹)	
	As at 31st March, 2013	As at 31st March, 2012
<b>AUTHORIZED CAPITAL</b>		
10,500,000(P.Y. 6,500,000) Equity Shares of Rs. 10/- each.	10,500,000	65,000,000
	10,500,000	65,000,000
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>		
8,506,800 (P.Y. 5,671,200) Equity Shares of Rs.10/-each fully paid up	85,068,000	56,712,000
<b>Total</b>	<b>85,068,000</b>	<b>56,712,000</b>

Note 3.1 The Reconciliation of the number of shares outstanding is set out below:

	(Figures in ₹)	
Equity Shares at the beginning of the year	5,671,200	5,191,200
Add: Conversion of warrants into shares	-	480,000
Add: Issue of Bonus shares ( Refer Note 31 )	2,835,600	-
<b>Outstanding at the end of the year</b>	<b>8,506,800</b>	<b>5,671,200</b>

#### Note 3.2 Rights, Preferences and Restriction attached to Shares:-

Share capital of the company consists of one class of equity shares having a Par value of Rs.10/- Per Share. Each holder of equity share is eligible for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend.

In the event of liquidation the equity Shareholders are eligible to receive the remaining Asset of the company after distribution of all preferential amounts, in proportion to their Shareholding.

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

## Note 3 SHARE CAPITAL (contd.)

Note 3.3 The details of shareholders holding more than 5% shares:

Name of the share holders	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
RAJIV D GANDHI	837,909	9.85	558,606	9.85
BHUPENDRA V GANDHI	710,577	8.35	465,098	8.20
NINA R GHANDHI	690,840	8.12	460,560	8.12
SANJIV D GANDHI	669,720	7.87	446,480	7.87

## Note 3.4 Aggregate number of bonus shares issued:-

During the year 28,35,600(P.Y Nil) fully paid-up Equity shares were allotted by way of bonus shares by capitalisation of reserves .

## Note 4 RESERVE &amp; SURPLUS

(Figures in ₹)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
<b>Capital Reserve</b>				
As per last Balance sheet	-		-	
Add: On acquisition of Large Animal Health Products (LAH) Bussiness	1,259,979		-	
		1,259,979		-
<b>Securities Premium</b>				
As per Last Balance Sheet	175,067,105		114,107,105	
Add: On issue of shares	-		60,960,000	
		175,067,105		175,067,105
<b>General Reserve</b>				
As per Last Balance Sheet	220,000,000		180,000,000	
Add: Transferred from Surplus in Statement of Profit and Loss	25,000,000		40,000,000	
Less: Issuing Bonus Shares	(28,356,000)		-	
		216,644,000		220,000,000
<b>Surplus- Statement of Profit &amp; Loss</b>				
As per Last Balance Sheet	148,716,447		117,395,816	
Add: Profit for the year	96,898,608		77,911,842	
	245,615,055		195,307,658	
Less: Appropriations				
- Proposed Dividend	17,013,600		5,671,200	
- Dividend Tax	2,891,461		920,011	
- Transferred to General Reserve	25,000,000		40,000,000	
		200,709,994		148,716,447
<b>Total</b>		<b>593,681,078</b>		<b>543,783,551</b>



## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note	5	LONG TERM BORROWINGS (Secured)	(Figures in ₹)	
Particulars	As at 31st March, 2013		As at 31st March, 2012	
<b>Term Loans</b>				
- From Bank	75,551,636		9,873,434	
<b>Hire Purchase Loans</b>				
- From Bank	2,741,065		2,864,958	
- From Other Parties	-		148,060	
<b>Total</b>	<b>78,292,701</b>		<b>12,886,452</b>	

Note 5.1 Repayment terms and security offered for the loans are set out as below:

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each installment of Rs.
BOI Loan No. 0006 is secured against mortgage of Office building and furniture/fixtures	14.50% ^	Quarterly	16	1,150,000
BOI -Term Loan VI Secured by First and Exclusive equitable mortgage charge on immovable properties being land , building sheds,structures , super structures and construction thereon and fixed plant and machinery.	14.25% ^	Quarterly	19	4,675,000
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.03%	Monthly	48	53,140*
Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car	11.15%	Monthly	36	19,750*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	48	16,200*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.18%	Monthly	36	57,000*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.81%	Monthly	48	12,300*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	11.47%	Monthly	24	13,614*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	14.50%	Monthly	48	12,550*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	36	10,778*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	36	27,216*

^ Interest rate on loan is varying, which is linked to base rate of Bank, from time to time.

\* Installment includes interest.

Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note	6	DEFERRED TAX LIABILITIES (NET)	(Figures in ₹)
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Deferred Tax Liabilities</b>			
- Gratuity (Advance)	473,822	444,942	
- Excess of Net Block over Written Down Value as per provision of I.T. Act	26,094,961	24,480,356	
<b>Total Deferred Tax Liabilities(A)</b>	<b>26,568,783</b>	<b>24,925,298</b>	
<b>Deferred Tax Assets</b>			
- Claim U/s 43B of I.T. Act, 1961	578,807	445,317	
<b>Total Deferred Tax Assets(B)</b>	<b>578,807</b>	<b>445,317</b>	
<b>Net Deferred Tax Liabilities(A-B)</b>	<b>25,989,976</b>	<b>24,479,981</b>	

Note	7	SHORT TERM BORROWINGS (Secured)	(Figures in ₹)
Particulars			
<b>Loan Repayable on Demand</b>			
- From Bank- Cash Credit	136,519,986	127,315,810	
<b>Total</b>	<b>136,519,986</b>	<b>127,315,810</b>	

7.1 Cash credit accounts are secured by first and exclusive Hypothecation charge on all tangible movable properties being plant and machinery ,stocks of materials , bookdebts and all other movable assets.

7.2 Interest rates on Loans are varying, which are linked to base rate of Bank, from time to time.

Note	8	TRADE PAYABLES	(Figures in ₹)
Particulars			
Trade Payables(Refer Note 30 for details of due to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006)	56,730,849	40,035,400	
<b>Total</b>	<b>56,730,849</b>	<b>40,035,400</b>	

Note	9	OTHER CURRENT LIABILITIES	(Figures in ₹)
Particulars			
<b>Current Maturities of Long Term Borrowings</b>			
- Term Loans	24,798,297	20,300,818	
- Hire Purchase Loans	1,726,472	2,581,615	
Unclaimed Dividends	2,293,723	2,347,131	
Advance from Debtors	4,454,384	668,785	
Creditors for Capital expense	36,177,553	5,869,706	
Duties and Taxes	4,870,887	6,903,054	
Other Liabilities	13,676,618	3,466,502	
<b>Total</b>	<b>87,997,934</b>	<b>42,137,611</b>	

Note	10	SHORT TERM PROVISIONS	(Figures in ₹)
Particulars			
<b>Provision For Employees Benefit</b>			
Leave Encashment	1,783,963	1,388,027	
Others			
Proposed Dividend	17,013,600	5,671,200	
Tax on Dividend	2,891,461	920,011	
Provision for Tax(Net of Advance Tax)	60,963,503	64,130,310	
<b>Total</b>	<b>82,652,527</b>	<b>72,109,548</b>	

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 11 FIXED ASSETS

(Figures in ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As on 1st April, 2012	Addition during the year	Disposals during the year	As on 31st March, 2013	Up to 1st April, 2012	For the Year	Adjustment during the year	Upto March 31, 2013	Net Carrying value as on 31.03.2013	Net Carrying value as on 31.03.2012
<b>A1 Tangible Assets (Refer Note 2(d))</b>										
Land & Site Development	1,660,844	-	-	1,660,844	-	-	-	-	1,660,844	1,660,844
Factory Building	12,094,768	-	-	12,094,768	6,191,561	403,965	-	6,595,526	5,499,241	5,903,206
Plant & Machineries										
- Imported	4,552,524	-	-	4,552,524	2,959,615	216,245	-	3,175,860	1,376,664	1,592,909
- Indigenious	33,490,107	-	-	33,490,107	20,520,136	1,590,780	-	22,110,916	11,379,191	12,969,971
Electrical Installations	3,088,718	-	-	3,088,718	2,170,160	146,714	-	2,316,874	771,843	918,557
Storage Equipment	431,276	-	-	431,276	175,670	20,486	-	196,156	235,120	255,606
Furniture & Fixtures	1,245,262	-	-	1,245,262	927,991	78,825	-	1,006,816	238,446	317,271
Vehicles	8,783,728	-	-	8,783,728	6,664,775	777,036	-	7,441,811	1,341,917	2,118,953
Scooters	25,083	-	-	25,083	24,258	-	-	24,258	825	825
Office Equipments	1,048,165	-	-	1,048,165	584,721	49,788	-	634,509	413,656	463,444
Computers	1,564,121	-	-	1,564,121	1,485,915	-	-	1,485,915	78,206	78,206
Utilities	3,365,753	-	-	3,365,753	2,450,643	159,873	-	2,610,516	755,237	915,110
Dead Stock	169,064	-	-	169,064	134,770	10,702	-	145,472	23,592	34,294
Dead Stock Canteen	32,598	-	-	32,598	32,030	-	-	32,030	568	568
<b>TOTAL (A1)</b>	<b>71,552,013</b>	<b>-</b>	<b>-</b>	<b>71,552,013</b>	<b>44,322,247</b>	<b>3,454,414</b>	<b>-</b>	<b>47,776,661</b>	<b>23,775,351</b>	<b>27,229,765</b>
Previous Year Figures	71,552,013	-	-	71,552,013	40,867,834	3,454,413	-	44,322,247	27,229,765	30,684,178
<b>A2 Tangible Assets - New Project</b>										
Land & Site Development	11,216,400	4,372,600	-	15,589,000	-	-	-	-	15,589,000	11,216,400
Factory Building	114,744,807	1,025,323	-	115,770,130	45,123,552	6,991,999	-	52,115,551	63,654,579	69,621,255
Office Building	117,782,263	1,271,924	-	119,054,187	15,346,357	5,185,291	-	20,531,648	98,522,539	102,435,906
Guest House-Building	4,191,825	-	-	4,191,825	417,513	188,716	-	606,229	3,585,596	3,774,312
Plant & Machineries										
- Imported	15,418,246	32,862	-	15,451,108	7,450,451	1,111,439	-	8,561,890	6,889,218	7,967,795
- Indigenious	133,311,901	10,062,791	-	143,374,692	60,935,507	10,719,614	-	71,655,121	71,719,571	72,376,394
- Indegenious	685,000	-	-	685,000	23,240	-	-	23,240	661,760	661,760
Electrical Installations	35,261,526	607,808	-	35,869,334	17,059,132	2,573,883	-	19,633,015	16,236,318	18,202,394
Storage Equipment	4,011,242	365,655	-	4,376,897	1,472,915	391,409	-	1,864,324	2,512,573	2,538,327
Furniture and Fixtures	21,830,395	2,638,398	-	24,468,793	9,321,568	2,579,783	-	11,901,351	12,567,442	12,508,827
Vehicles	19,186,089	2,215,279	-	21,401,368	5,893,305	6,456,513	-	12,349,818	9,051,550	13,292,784
Factory Equipments	616,000	465,615	-	1,081,615	43,591	101,594	-	145,185	936,430	572,409
Office Equipments	6,457,896	755,732	-	7,213,628	2,334,722	613,693	-	2,948,415	4,265,213	4,123,174
Computer	4,861,231	1,361,939	-	6,223,170	2,871,728	1,028,083	-	3,899,811	2,323,359	1,989,503
Utilities	31,577,633	-	-	31,577,633	16,038,843	2,161,446	-	18,200,289	13,377,344	15,538,790
Live Stock	374,511	149,965	-	524,476	-	-	-	-	524,476	374,511
<b>TOTAL (A2)</b>	<b>521,526,964</b>	<b>25,325,891</b>	<b>-</b>	<b>546,852,855</b>	<b>184,332,424</b>	<b>40,103,465</b>	<b>-</b>	<b>224,435,889</b>	<b>322,416,966</b>	<b>337,194,540</b>
Previous Year Figures	506,695,509	16,235,819	1,404,364	521,526,964	147,148,037	37,184,387	-	184,332,424	337,194,540	359,547,472
<b>TOTAL (A1 + A2)</b>	<b>593,078,976</b>	<b>25,325,891</b>	<b>-</b>	<b>618,404,867</b>	<b>228,654,671</b>	<b>43,557,879</b>	<b>-</b>	<b>272,212,550</b>	<b>346,192,317</b>	<b>364,424,304</b>
Previous Year Figures(A1 + A2)	578,247,521	16,235,819	1,404,364	593,078,976	188,015,871	40,638,800	-	228,654,671	364,424,305	390,231,649
<b>B Intangible Assets</b>										
Software	3,158,824	224,327	-	3,383,151	2,256,798	384,920	-	2,641,718	741,433	902,026
Product & Trademark Registration	-	69,000	-	69,000	-	6,314	-	6,314	62,686	-
<b>TOTAL (B)</b>	<b>3,158,824</b>	<b>293,327</b>	<b>-</b>	<b>3,452,151</b>	<b>2,256,798</b>	<b>391,234</b>	<b>-</b>	<b>2,648,032</b>	<b>804,119</b>	<b>902,026</b>
Previous Year Figures	3,144,460	14,364	-	3,158,824	1,661,491	595,307	-	2,256,798	902,026	1,482,969
<b>C Capital Work-in-progress</b>	<b>63,039,076</b>	<b>177,487,310</b>	<b>-</b>	<b>240,526,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240,526,386</b>	<b>63,039,076</b>
Previous Year Figures	444,537	62,594,539	-	63,039,076	-	-	-	-	63,039,076	444,537
<b>Current Year Total</b>	<b>659,276,876</b>	<b>203,106,528</b>	<b>-</b>	<b>862,383,404</b>	<b>230,911,469</b>	<b>43,949,113</b>	<b>-</b>	<b>274,860,582</b>	<b>587,522,822</b>	<b>428,365,406</b>
Previous Year Total	581,836,518	78,844,722	1,404,364	659,276,876	189,677,362	41,234,107	-	230,911,469	428,365,407	392,159,155

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 12 NON CURRENT INVESTMENTS		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
Trade Investments			
Unquoted Investment in Equity Instrument			
- Investment in subsidiaries:-			
(a) 550,975(P.Y. 550,975) Equity Shares of US\$ 1/- each fully paid-up in Hester Bio-sciences Mauritius Ltd.	25,000,000	25,000,000	
(b) 7000(P.Y Nil) Equity Shares each of Rs.10 in Diavetra Lifesciences Pvt. Ltd.	70,000	-	
-Others:-			
11,82,500(P.Y Nil) Equity shares of Rs.10/- each fully paid-up in Innoves Animal Health Pvt. Ltd.	2,779,000	-	
<b>Total</b>	<b>27,849,000</b>	<b>25,000,000</b>	

Note 13 LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)		(Figures in ₹)	
Capital Advances	13,671,012	7,332,580	
Security Deposit	6,343,116	6,485,567	
Loans & Advances to related parties (Refer Note 38)			
Advance to Subsidiaries:-			
(a)Hester Bio-sciences Mauritius Ltd.	2,027,525	1,166,012	
(b) Diavetra Lifescinces Pvt. Ltd.	49,320	-	
Others:-			
Advance to group companies	870,432	870,432	
Other Loans & Advances			
Advance to others	13,651,679	2,913,446	
Advance to staff*	12,463,860	11,234,268	
<b>Total</b>	<b>49,076,944</b>	<b>30,002,305</b>	

\*Out of the advance to staff Rs.5,218,615/- (P.Y. Rs. 4,832,051/-) are due from officer of the company.

Note 14 INVENTORIES (At lower of cost and net realisable value)		(Figures in ₹)	
Raw Material	17,502,029	10,559,970	
Work-in-Progress	217,690,101	205,982,036	
Finished Goods	45,615,913	45,014,416	
Stock-in-Trade	15,341,594	3,015,968	
Stores & Spares	5,656,952	3,795,207	
Packing Material	9,214,744	7,259,973	
<b>Total</b>	<b>311,021,333</b>	<b>275,627,570</b>	

Note 15 TRADE RECEIVABLES (Unsecured, Considered Good)		(Figures in ₹)	
Outstanding for a period exceeding six months from the date they are due for Payment	39,911,268	53,527,532	
Others	110,503,232	90,108,774	
<b>Total</b>	<b>150,414,500</b>	<b>143,636,306</b>	

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 16 CASH & CASH EQUIVALENT		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
(A) Cash and Cash Equivalents			
1. Cash on Hand	1,171,506	2,957,737	
2. Balances with Banks			
-In Current Accounts	6,242,127	6,090,433	
-In Fixed Deposits having original maturity of less than twelve months	524,961	654,840	
Total-(A)	7,938,594	9,703,010	
(B) Other Bank Balances			
-Fixed Deposits having original maturity period of more than twelve months	2,890,272	2,231,120	
Total-(B)	2,890,272	2,231,120	
<b>Total-(A) + (B)</b>	<b>10,828,866</b>	<b>11,934,130</b>	

16.1 Balances with banks in current account include Unclaimed Dividend Amount of Rs. 2,293,723/- (P.Y. Rs.2,347,131/-).

16.2 Balances with banks in current account includes balances held as margin money or security against borrowing, guarantees and other commitments Rs.3,215,233/- (P.Y. 2,885,960/-).

Note 17 SHORT TERM LOANS AND ADVANCES (Unsecured, considered Good)		(Figures in ₹)	
- Creditors Advance for Goods	2,984,523	252,344	
- Creditors Advance for Expense	1,371,981	534,767	
- Advance to Staff	2,488,515	1,510,955	
- Advance recoverable in cash or kind or for value to be received	3,350,567	2,596,569	
- Rent Advances	24,000	-	
<b>Total</b>	<b>10,219,586</b>	<b>4,894,635</b>	

Note 18 REVENUE FROM OPERATIONS		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Local Sales	589,083,029	455,965,722	
Trading Sales	32,958,481	3,417,180	
Export Sales	43,815,657	29,208,328	
	665,857,167	488,591,230	
Less: Excise Duty	14,814,531	5,957,069	
<b>Total</b>	<b>651,042,636</b>	<b>482,634,161</b>	

### Note 18.1 Particulars of Sales

		(Figures in ₹)	
-Poultry Vaccines	637,287,961	488,591,230	
-Large Animal Health Products	28,569,206	-	
<b>Total</b>	<b>665,857,167</b>	<b>488,591,230</b>	

Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 19 OTHER INCOME		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Interest Income			
- From Bank Deposits	246,540		1,040,133
- From Others	1,181,581		244,657
Miscellaneous Income	423,164		319,533
Rent Income	183,000		48,000
Exchange profit & Loss(Net)	304,122		357,065
Profit on Sale of Fixed Asset	-		430,000
<b>Total</b>	<b>2,338,407</b>		<b>2,439,389</b>

Note 20 COST OF MATERIAL CONSUMED		(Figures in ₹)	
Opening Stock	10,559,970		17,445,973
Add: Purchases	154,092,069		112,326,725
	164,652,039		129,772,698
Less: Closing Stock	17,502,029		10,559,970
<b>Total</b>	<b>147,150,010</b>		<b>119,212,727</b>

Note 20.1 Particulars of Raw material Consumed

		(Figures in ₹)	
Growth Media	58,770,502		50,135,074
Other Chemicals	27,312,889		15,764,385
Concentrate	61,066,619		53,313,268
<b>Total</b>	<b>147,150,010</b>		<b>119,212,727</b>

Note 20.2 Value of indigeneous and imported Raw material Consumed during the year

Class of Goods	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Percentage	Value (₹)	Percentage	Value (₹)
Imported	44.30	65,183,814	45.76	54,552,509
Indigeneous	55.70	81,966,196	54.24	64,660,218
<b>Total</b>		<b>147,150,010</b>		<b>119,212,727</b>

Note 21 PURCHASE OF STOCK-IN-TRADE		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Purchase of stock in trade:-			
- Poultry Vaccines	11,038,917		6,719,552
- Large Animal Health Products	20,722,603		-
<b>Total</b>	<b>31,761,520</b>		<b>6,719,552</b>

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 22 CHANGE IN INVENTORIES		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
<b>Closing Stock</b>			
-Finished Goods	60,957,507	48,030,384	
-Semi-finished Goods	217,690,101	205,982,036	
	278,647,608		254,012,420
<b>Opening Stock</b>			
-Finished Goods	48,030,384	35,321,549	
-Semi-finished Goods	205,982,036	167,242,079	
	254,012,420		202,563,628
<b>Total</b>	<b>(24,635,188)</b>		<b>(51,448,792)</b>

Note 23 EMPLOYEE BENEFIT EXPENSES		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Salaries, Wages & Bonus	83,697,445	63,026,814	
Contribution to P.F./Gratuity Fund	3,295,352	2,480,205	
Staff Welfare	3,624,004	3,173,829	
<b>Total</b>	<b>90,616,801</b>	<b>68,680,848</b>	

Note 24 FINANCE COST		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Interest Expense	30,329,581	27,166,287	
Other Borrowing Cost	1,853,473	1,103,140	
<b>Total</b>	<b>32,183,054</b>	<b>28,269,427</b>	

Note 25 DEPRECIATION & AMORTIZATION EXPENSE		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Depreciation - SLM	3,454,414	3,454,413	
Depreciation - WDV	36,387,136	37,184,388	
Depreciation of Earlier Years - WDV	3,716,327	-	
Amortisation of Intangible Asset	391,234	595,307	
<b>Total</b>	<b>43,949,111</b>	<b>41,234,108</b>	

Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 26 OTHER EXPENSES	(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Manufacturing Expense</b>		
Power and Fuel	32,046,388	28,858,591
Consumption of stores	5,766,366	4,332,472
Excise Duty*	(16,703)	3,077,886
Repairs & Maintenance		
- Machinery	6,689,109	6,459,315
- Building	1,965,104	1,248,093
- Electrical	1,088,253	753,187
Packing Expense	19,950,112	14,538,018
Quality Control and Testing Expense	2,015,924	1,791,092
R & D Expense	5,948,614	11,291,874
Other Production Expense	9,125,285	8,273,935
Feed Exp.	7,933,119	5,462,333
Growth Media Centre Expense	963,492	1,318,381
	<b>93,475,062</b>	<b>87,405,177</b>
<b>Selling And Distribution Expense</b>		
Selling Expense	6,102,330	3,672,776
Sales Promotion	5,912,386	3,999,256
Sales Tax Expense	1,773,242	1,023,775
Carriage Outward Expense	21,762,482	12,413,797
Travelling Expense	6,364,417	2,979,173
Commission on Sales	1,919,876	1,016,013
	<b>43,834,733</b>	<b>25,104,790</b>
<b>Establishment Expense:</b>		
Postage/Courier, Telephone Expense	4,547,515	3,583,964
Insurance Expense	2,381,013	1,708,948
Legal , Professional and Consultancy	8,870,059	6,239,461
Printing and Stationery	1,807,416	1,467,816
Travelling and Conveyance	3,859,536	3,554,239
Director's Travelling	3,270,703	3,035,053
Rent, Rates and Taxes	4,364,190	4,849,451
Repairs and Maintenance - Others	2,339,842	2,115,914
Vehicle & Petrol Expense	5,929,395	4,720,099
Electricity Charges	975,555	707,950
Conference and Seminar Expense	1,452,336	1,063,786
Membership Fees	489,855	785,748
AGM Board Meeting	217,499	157,905
Donation	317,301	201,401
Bad Debts written off	277,212	7,449
Miscellaneous Expense	2,577,796	2,725,094
Priliminary Expense written off		
Prior Period Expense	132,753	206,516
Payment to Auditor	-	
- As Auditor	393,260	353,745
- For Taxation Matters	351,119	143,744
- For Other Services	213,484	240,842
- For Reimbursement of Expense	12,491	8,445
	<b>44,780,329</b>	<b>37,877,570</b>
<b>Total</b>	<b>182,090,125</b>	<b>150,387,537</b>

\* Excise Duty shown under expenditure represents the aggregate of Excise Duty borne by the Company and difference between excise duty on opening & closing stock of finished goods.



## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 27 CONTINGENT LIABILITIES& COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances): Rs.119.82Million(P.Y. Rs.28.81 Million).

### Note 28

Figures are rounded off to nearest rupee.

### Note 29

Certain balances of receivables, payables, loans and advances and deposits are subject to confirmations. Any adjustments, if required would be made at the time of reconciliation or settlement of accounts.

### Note 30

The Management has initiated the process of identifying enterprise which have provided goods & services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises outstanding as on 31st March, 2013 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2013 from Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

### Note 31

As per terms & conditions approved at the Annual General Meeting of the Company held on 14th September, 2012, Company had issued 2,835,600 fully paid equity shares as bonus with face value of Rs. 10 each to the existing shareholders of the company whose names appear in the Register of Members by capitalizing Reserves.

### Note 32 BUSINESS TRANSFER AGREEMENT

During the year, company entered into a business transfer agreement with Innoves Animal Health Pvt. Ltd. By virtue of which, company has acquired its large animal Health Products business, computing of all its business assets and liabilities on slump sale basis.

### Note 33 EXPENDITURE IN FOREIGN CURRENCY:

Particulars	(Figures in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	65,508,141	44,521,478
Travelling	239,016	1,139,195
Capital Expenditure(Furniture & Machinery)	4,529,457	2,311,752
Membership Fee	629,933	1,455,010
Consultancy & Professional Fess	3,398,165	3,337,315
R & D Expenditure	490,148	3,936,151

### Note 34 EARNINGS IN FOREIGN CURRENCY:

	(Figures in ₹)	
F.O.B. value of Exports	43,815,657	29,208,328

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 35

In the opinion of the Board of directors, loans and advances are of the value stated in the Balance Sheet, to be realized in the normal course of business and provision for all known liabilities have been made in the books of accounts which are adequate and not in excess of the amount reasonably required.

### Note 36 DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENTS WITH THE STOCK EXCHANGES:

A) Loans and Advances in the nature of loans given to subsidiaries, associates, firms or companies in which directors are interested

		(Figures in ₹)	
Name of party	Relationship	Amount outstanding As at 31st March, 2013	Maximum Balance Outstanding During the year
Hester Biosciences (Mauritius) Limited	Wholly owned subsidiary	2,027,525/- (1,166,012/-)	2,027,525/- (1,166,012/-)
Diavetra Lifesciences Private Limited	Partly owned subsidiary	49,320/- (Nil)	49,320/- (Nil)
Sinsui (India) Private Limited	Associates	870,432/- (870,432/-)	880,732/- (870,432/-)

Note: Figures in Brackets relate to Previous Year

### Note 37

The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with the Accounting Standard (AS) 28, issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the directors, no provision for impairment of the asset is considered necessary in respect of any of the assets of the company.

### Note 38 RELATED PARTY DISCLOSURES:

(i) List of Related Parties :

(a) Subsidiary Companies:-

1. Hester Biosciences (Mauritius) Limited
2. Diavetra Lifesciences Private Limited.

(b) Group Companies/ Associates:-

1. Hester Coatings Private Limited
2. Sinsui (India) Private Limited
3. Biolink Healthcare Private Limited
4. Hester Diagnostics Private Limited

(c) Key Management Personnel:

1. Rajiv Gandhi - CEO & Managing Director
2. Jigar Shah - CFO

(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)

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 38 RELATED PARTY DISCLOSURES: (contd.)

(ii) During the year following transactions were carried out with related parties in the ordinary course of business and at arm's length:

(Figures in ₹)

Sr. No.	Nature of Transactions	Subsidiary Company	Group Companies/ Associates/ Individual Relatives	Key Management Personnel
1	Advance Given	910,833 (897,970)	10,000 (75,000)	Nil (Nil)
2	Advance Repaid	Nil (Nil)	10,000 (6,355)	Nil (800,000)
3	Outstanding Balance Included in Long term Loans & Advances	2,076,845 (1,166,012)	870,432 (870,432)	5,218,615 (4,832,051)
4	Director's Remuneration	Nil (Nil)	Nil (Nil)	3,989,000 (3,449,487)
5	Rent- MD's Residence	Nil (Nil)	600,000 (600,000)	Nil (Nil)
6	Interest Received/Receivable	Nil (Nil)	Nil (Nil)	386,564 (365,658)
7	Salary Paid	Nil (Nil)	Nil (Nil)	4,029,408 (3,531,279)
8	Investment in Equity Shares	70,000 (Nil)	Nil (Nil)	Nil (Nil)

Note: Figures in Brackets relate to Previous Year

### Note 39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2013

#### 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 recognized Rs.1.95 Million (P.Y. 1.64 Million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

#### b) Defined benefit Plan

The company made annual contribution to the employee's 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 recognized by the company's financial statement as at 31st March 2013.

Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

i) Change in benefit obligations: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Projected benefit obligations at beginning of the year	5,448,977	4,204,082
Service Cost	777,867	663,113
Interest Cost	463,163	346,837
Actuarial (Gain) / Loss	608,519	234,945
Benefits Paid	--	--
Projected benefit obligations at the end of year	7,298,526	5,448,977

ii) Change in plan Asset: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Fair value of plan assets at the beginning of the period	6,820,139	4,238,074
Expected return on plan assets	579,712	349,641
Contribution	1,311,217	2,181,757
Benefit paid	--	--
Actuarial Gain/(Loss) on plan asset	47,618	50,667
Fair value of plan assets at the end of the period	8,758,686	6,820,139
Total actuarial gain/(loss) to be recognized	(560,901)	(184,278)

iii) Expenses recognized in income statement: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Current service cost	777,867	663,113
Interest Cost	463,163	346,837
Expected return on plan asset	(579,712)	(349,641)
Net Actuarial (Gain)/Loss to be recognized	560,901	184,278
Expense recognized in P/L	1,222,219	844,587

iv) Assumptions used in accounting for the Gratuity plan: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Discount rate previous period	8.50%	8.25%
Discount rate current period	8.00%	8.50%
Rate of return on plan asset previous period	8.50%	8.25%
Rate of return on plan asset current period	8.50%	8.50%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
Attrition rate previous period	2.00%	2.00%
Attrition rate current period	2.00%	2.00%

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

### Note 39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

v) Amount recognized in the Balance sheet: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Liability at the end of the period	7,298,526	5,448,977
Fair value of the plan assets at the end of the period	8,758,686	6,820,139
Difference	1,460,160	1,371,162
Amount recognized in the balance sheet	1,460,160	1,371,162

vi) Actual Return on Plan Assets : (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Expected Return on Plan Assets	579,712	349,641
Actuarial Gain/loss on Plan Assets	560,901	184,278
Actual Return on Plan Assets	1,140,613	533,919

vii) Balance sheet Reconciliation: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Opening Net Liability	(1,371,162)	(33,992)
Expenses As Above	1,222,219	844,587
Employers Contribution Paid	(1,311,217)	(2,181,757)
Closing Net Liability	(1,460,160)	(1,371,162)

### Note 40 EARNINGS PER SHARE

Calculation of Net Profit available for Equity Shareholders: (Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
A. Net Profit After Tax	96,898,608	77,911,841
Profit available to Equity shareholders	96,898,608	77,911,841
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	7,207,150	5,671,200
C. Basic and diluted Earning per share	13.44	13.73

The Equity warrants being dilutive potential shares issued at a fair price during the previous year have not been considered as having diluting effect on earning per share in the previous year.

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

Note 41 SEGMENT INFORMATION		(Figures in ₹)		
Particulars		Year ended 31st March, 2013		
		Poultry Vaccines	Large Animal Health Products	Total
<b>a.</b>	<b>SEGMENT REVENUE</b>			
	Sales and Operating Earnings (Net)	622,473,430 (482,364,161)	28,569,206 (NIL)	651,042,636 (482,364,161)
	Other Income	2,338,407 (2,439,389)	NIL (NIL)	2,338,407 (2,439,389)
	Total Segment Revenue	624,811,837 (484,803,550)	28,569,206 (NIL)	653,381,043 (485,073,550)
<b>b.</b>	<b>SEGMENT RESULT</b>			
	Segment Result (PBIT)	183,610,947 (150,287,570)	(1,162,284) (NIL)	182,448,663 (150,287,570)
	Less : Finance Cost			32,183,054 (28,269,427)
	Net Profit/(Loss) Before Tax			150,265,609 (122,018,143)
	Less : Tax Expense			53,367,001 (44,106,302)
	Net Profit/(Loss) after Tax			96,898,608 (77,911,842)
	Net Profit/(Loss) Attributable to Share Holders			96,898,608 (77,911,842)
<b>c.</b>	<b>OTHER INFORMATION</b>			
	Segment Assets	1,077,634,368 (892,390,909)	38,469,406 (NIL)	1,116,103,774 (892,390,909)
	Unallocated Assets			30,829,277 (27,069,444)
	Segment Liabilities	346,662,002 (223,763,300)	14,663,431 (NIL)	361,325,433 (223,763,300)
	Unallocated Liabilities			106,858,540 (95,201,502)
	Depreciation/Amortisation	43,781,606 (41,234,107)	167,505 (NIL)	43,949,111 (41,234,107)
	Capital Expenditure	201,456,976 (78,844,722)	1,649,552 (NIL)	203,106,528 (78,844,722)

Note: Figures in Brackets relate to Previous Year

## Notes Forming Part of Financial Statements for the year ended 31st March, 2013

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### Note 42

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The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

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### Note 43

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Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current year's classification/disclosure.

For Shah Narielwala & Co.  
*Chartered Accountants*  
FRN: 109708W

Naishadh H. Shah  
*Partner*  
Membership No.: 042323

PLACE : Ahmedabad  
DATE : May 30, 2013

For & on behalf of Board

Rajiv Gandhi  
*CEO & Managing Director*

Jigar Shah  
*CFO*

PLACE : Ahmedabad  
DATE : May 30, 2013

Sanjiv Gandhi  
*Director*

Amala Parikh  
*Company Secretary*

# Consolidated Statements



## Independent Auditor's Report

To  
The Board of Directors of HESTER BIOSCIENCES LIMITED.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of HESTER BIOSCIENCES LIMITED ("the Company") and its subsidiaries; herein after referred to as the "Group", which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on our audit and on consideration of the reports of the other auditors on the consolidated financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

### Other Matter

We did not audit the Consolidated financial statements of the subsidiary company, Hester Biosciences (Mauritius) Limited included in the consolidated financial statements, which constitute total assets of Rs. 1,17,109,424/- as at 31st March, 2013, Total Revenue of Rs. Nil, Net Loss of Rs. 42,52,170/- and net cash outflows amounting to Rs.97,06,870/- for the year then ended. These financial statements and other financial information have been audited by other auditors in the respective countries whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.

For SHAH NARIELWALA & CO  
Chartered Accountants  
[FRN: 109708W]

(Naishadh H. Shah)

Partner

Place : Ahmedabad  
Date : May 30, 2013

Member ship No: 042323

## Consolidated Balance Sheet as at 31st March, 2013

Particulars	Note No	(Figures in ₹)	
		As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	85,068,000	56,712,000
(b) Reserves and Surplus	4	587,924,649	540,885,255
		672,992,649	597,597,255
<b>(2) Minority Interest</b>			
		11,955,977	13,004,494
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	137,114,269	12,886,452
(b) Other Long term liabilities	6	-	24,095,735
(c) Deferred tax liabilities (Net)	7	25,989,976	24,479,981
		163,104,245	61,462,168
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	8	160,960,440	127,315,810
(b) Trade payables	9	57,077,362	40,631,169
(c) Other current liabilities	10	88,252,431	42,137,611
(d) Short-term provisions	11	82,652,527	72,109,548
		388,942,760	282,194,138
<b>Total</b>		<b>1,236,995,630</b>	<b>954,258,054</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		376,509,925	393,039,461
(ii) Intangible assets		804,119	902,026
(iii) Capital work-in-progress		288,899,545	63,039,076
(b) Non-current investments	13	2,779,000	-
(c) Long term loans and advances	14	69,983,351	36,035,905
		738,975,940	493,016,468
<b>(2) Current assets</b>			
(a) Inventories	15	311,021,333	275,627,570
(b) Trade receivables	16	150,414,500	143,636,306
(c) Cash and cash equivalents	17	26,287,196	36,999,331
(d) Short-term loans and advances	18	10,296,661	4,978,379
		498,019,690	461,241,586
<b>Total</b>		<b>1,236,995,630</b>	<b>954,258,054</b>
Significant Accounting Policies	2		

Accompanying notes form part of financial statements  
As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**

Partner

Membership No.: 042323

**Rajiv Gandhi**

CEO & Managing Director

**Sanjiv Gandhi**

Director

**Jigar Shah**

CFO

PLACE : Ahmedabad

DATE : May 30, 2013

**Amala Parikh**

Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(Figures in ₹)

Particulars	Note No	Year ended 31st March, 2013	Year ended 31st March, 2012
I. Revenue from operations	19	651,042,636	482,634,161
II. Other Income	20	2,338,407	2,439,389
<b>III. Total Revenue (I +II)</b>		<b>653,381,043</b>	<b>485,073,550</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	21	147,150,010	119,212,727
Purchase of Stock-in-Trade	22	31,761,520	6,719,552
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(24,635,188)	(51,448,792)
Employee benefit expense	24	90,616,801	68,680,848
Finance cost	25	32,641,034	28,280,492
Depreciation and amortization expense	26	44,271,092	41,234,108
Other expenses	27	187,510,598	153,425,122
<b>IV. Total Expenses</b>		<b>509,315,868</b>	<b>366,104,057</b>
V. Profit before tax (III - IV)		144,065,175	118,969,493
VI. Tax expense:			
(1) Current tax		51,857,006	45,000,000
(2) Income Tax of Earlier Years		-	84,447
(3) Deferred tax		1,509,995	(978,145)
VII. Profit for the year (V-VI)		90,698,174	74,863,191
VIII. Share of loss of subsidiary transfer to Minority Interest		1,894,699	1,222,078
IX. Profit for the year(after adjustment for minority interest) (VII+VIII)		92,592,873	76,085,269
VIII. Earning per equity share:			
(1) Basic & Diluted	40	12.85	13.42
Significant Accounting Policies	2		

Accompanying notes form part of financial statements

As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**

Partner

Membership No.: 042323

**Rajiv Gandhi**

CEO & Managing Director

**Sanjiv Gandhi**

Director

**Jigar Shah**

CFO

PLACE : Ahmedabad

DATE : May 30, 2013

**Amala Parikh**

Company Secretary

PLACE : Ahmedabad

DATE : May 30, 2013

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(Figures in ₹)

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as per Statement of Profit and Loss		144,065,175		118,969,493
Adjustments for:				
Foreign Fluctuation Reserve	1,447,603		(242,534)	
Depreciation	44,271,092		41,234,108	
Interest & Other Income	(1,611,121)		(1,332,790)	
Profit on sale of Fixed Aset	-		(430,000)	
Interest & Finance Charges	32,641,034	76,748,608	28,280,492	67,509,276
Operating Profit before Working Capital Change		220,813,783		186,478,769
Adjustments for:				
Trade and Other Receivables	(14,407,226)		(11,463,374)	
Inventories	(38,484,165)		(48,830,566)	
Trade Payables & Other Laibilities	41,910,252		7,780,377	
Loans & Advances	(39,436,391)	(50,417,530)	14,920,273	(37,593,290)
Cash generated from Operating Activity		170,396,253		148,885,478
Payment of Taxes		(55,023,813)		(7,274,973)
<b>Net Cash from Operating Activity</b>		<b>115,372,440</b>		<b>141,610,505</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Fixed Assets		(27,493,685)		(44,539,984)
Sale of Fixed Assets		-		1,550,000
Capital W.I.P. & Live Stock Addition		(226,010,434)		(62,635,530)
Change in Creditors for Capital Expense		30,307,847		2,147,518
Investment in bank deposits (having original maturity of more than three months)		(1,136,882)		(210,871)
Redemption of Bank Deposits		654,840		91,509
Investment in Subsidiary Company		(3,479,000)		-
Interest & Other Income		1,611,121		1,332,790
<b>Net Cash used in Investing Activities</b>		<b>(225,546,193)</b>		<b>(102,264,567)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Minority Interest		846,181		7,824,293
Issue of Share Warrants		-		49,320,000
Proceeds/ (Repayment) of Long Term Borrowings		127,870,153		(29,625,794)
Government Grant		(24,095,735)		24,095,735
Short Term Bank Borrowings (Net)		33,644,630		(20,536,982)
Dividend Paid		(5,724,608)		(18,172,654)
Dividend Distribution Tax Paid		(920,011)		(3,017,677)
Interest paid		(32,641,034)		(28,280,492)
<b>Net Cash Flow from Financing Activity</b>		<b>98,979,576</b>		<b>(18,393,571)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(11,194,177)</b>		<b>20,952,367</b>
Cash & Cash Equivalent as at (Op Balance)		34,113,372		13,161,005
Cash & Cash Equivalent as at (Cl Balance)		22,919,195		34,113,372
Major Components of cash and Cash Equivalents as at		31.03.2013		31.03.2012
Cash on Hand		1,271,506		2,957,737
Balance with Banks - On Current Accounts		21,600,458		31,155,634
Fixed Deposit having maturity period with in 3 months		47,231		-
<b>Total</b>		<b>22,919,195</b>		<b>34,113,371</b>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.

Accompanying notes form part of financial statements

As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

For & on behalf of Board

**Naishadh H. Shah**  
Partner  
Membership No.: 042323

**Rajiv Gandhi**  
CEO & Managing Director

**Sanjiv Gandhi**  
Director

**Jigar Shah**  
CFO

**Amala Parikh**  
Company Secretary

PLACE : Ahmedabad  
DATE : May 30, 2013

PLACE : Ahmedabad  
DATE : May 30, 2013

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

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### Note 1 CORPORATE INFORMATION

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Hester Biosciences Limited (the 'Company') is a public limited company domiciled in India and listed on Bombay Stock Exchange (BSE). The company is engaged in manufacturing of Poultry vaccines having its manufacturing set up at Village Merda Adraj, Taluka Kadi, District Mehsana, Gujarat. Company is also engaged in trading of Poultry Vaccines and Large Animal health products.

The Company has its subsidiaries namely Hester Biosciences (Mauritius) Limited, Mauritius and Diavetra Lifesciences Private Limited which are considered in these Consolidated Financial Statements.

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### Note 2 SIGNIFICANT ACCOUNTING POLICIES

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#### a) ACCOUNTING CONVENTION:

The financial statement of the company have been prepared in accordance with the Generally Accepted Principles in India (Indian GAAP) to comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (As Amended) and with the relevant provisions of Companies Act-1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### b) USE OF ESTIMATES:

The preparation of consolidated 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 recognized in the periods in which the results are known/ materialized.

#### c) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to Hester Biosciences Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis.

- i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standards (AS) 21 – "Consolidated Financial Statements".
- ii) The operations of foreign subsidiary are considered as non-integral part of the operations of parent company. All revenue items are considered at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "foreign exchange fluctuation reserve".
- iii) Minority Interest's share of net profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- iv) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the Company's shareholders.
- v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

#### d) REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue from sale of products is recognized on dispatch or appropriation of goods in accordance with the terms of sale and rewards of ownership have passed to the buyer. Sale of goods is recorded net of trade discounts, rebates, VAT/Sales Tax and excise duty.

Interest income is recognized on accrual basis.

#### e) FIXED ASSETS & DEPRECIATION / AMORTISATION:

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

### Note 2 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for their intended use before the balance sheet date is disclosed as capital work-in-progress and is carried at cost, comprising direct cost, related incidental expenses and directly attributable interest. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

Depreciation on assets acquired and used in old project is provided on Straight Line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets acquired for the new project (commissioned during March, 2007) and after March, 2007 is provided on Written down Value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Cost of intangible Assets are amortised over a period of its estimated useful life.

#### f) IMPAIRMENT OF ASSET:

The carrying values of assets are reviewed at each balance sheet for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated cash flows.

#### g) INVENTORIES:

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence / expiry, if any.

Work in progress and finished goods include appropriate proportion of overheads and excise duty, where applicable.

#### h) INVESTMENTS:

Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of investment, if any.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

#### i) FOREIGN GOVERNMENT GRANTS:

Foreign Government grants are recognized when there is reasonable assurance that the company will comply with the conditions attached to them and grants will be received. Grant payment received before creation of capital assets is treated as Short term borrowings.

Foreign Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of assets. The grants recognized as income over the life of a depreciable asset by way of a reduced depreciation charge.

#### j) BORROWING COSTS:

Cost of borrowed funds directly attributable to the acquisition or construction of qualifying assets has been capitalized and included in the cost of fixed assets till such assets are ready to be put to use. Other borrowing costs are recognized as expenses in the period in which they are incurred.

#### k) FOREIGN CURRENCY TRANSACTIONS:

i) Foreign currency transactions are recorded at the exchange rates prevailing at the time of the 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) Any income or expenses on account of exchange difference either on settlement or on transaction other than that arising in long term foreign currency items is recognized in the Statement of Profit and Loss, for the period in which the difference takes place.

#### 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.

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

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**Note 2** SIGNIFICANT ACCOUNTING POLICIES (*contd.*)

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**m) PROVISION FOR RETIREMENT BENEFITS:****(i) Short-Term Employee Benefits:-**

Short term employee benefits such as salaries, wages, leave encashment, bonus etc. are recognized as an expense and are charged to the statement of Profit and Loss for the year in which the related services is rendered.

**(ii) Post- employment benefit plans:-****i) Defined Contribution Plan:**

Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.

**ii) Defined Benefit Plan:**

The liabilities in respect of gratuity and leave encashment are determined Using Projected Unit Credit Method with actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit & loss for the period in which they occur.

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognized past service cost and as reduced by the fair value of respective fund.

**n) SEGMENT INFORMATION:**

The company identifies primary segments based on the nature of products and market catered by each segments for which separate financial information is available and for which operating profit/loss amounts are evaluated by the company. The company identifies secondary segment based on geographical locations.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole. Segment-wise revenue, expenses, assets and liabilities have been identified to segment on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to specific segment on reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

**o) EARNING 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.

**p) CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents for the purpose of cash flow statement 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.

**q) TAXATION:****i. Current Tax:**

Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

**ii. Deferred Tax Provision:**

Deferred Tax charge or credit is recognized on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realize the assets. At each Balance-sheet date, recognized and unrecognized Deferred Tax Assets are reviewed.

**r) PROVISIONS & CONTINGENCIES**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 3 SHARE CAPITAL		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>AUTHORIZED CAPITAL</b>			
10,500,000(P.Y. 6,500,000) Equity Shares of Rs. 10/- each.	65,000,000	65,000,000	
	65,000,000	65,000,000	
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>			
8,506,800 (P.Y. 5,671,200) Equity Shares of Rs.10/-each fully paid up	85,068,000	56,712,000	
<b>Total</b>	<b>85,068,000</b>	<b>56,712,000</b>	

Note 3.1 The Reconciliation of the number of shares outstanding is set out below:

	(Figures in ₹)	
Equity Shares at the beginning of the year	5,671,200	5,191,200
Add: Conversion of warrants into shares	-	480,000
Add: Issue of bonus Shares (Refer Note 32)	2,835,600	-
<b>Outstanding at the end of the year</b>	<b>8,506,800</b>	<b>5,671,200</b>

Note 3.2 Rights, Preferences and Restriction attached to Shares:-

Share capital of the company consists of one class of equity shares having a Par value of Rs.10/- Per Share. Each holder of equity share is eligible for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the Shareholders in the ensuing Annual General Meeting except Interim Dividend.

In the event of liquidation the equity Shareholders are eligible to receive the remaining Asset of the company after distribution of all preferential amounts, in proportion to their Shareholding.

Note 3.3 The details of shareholders holding more than 5% shares:

Name of the share holders	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
RAJIV D GANDHI	837,909	9.85	558,606	9.85
BHUPENDRA V GANDHI	710,577	8.35	465,098	8.20
NINA R GHANDHI	690,840	8.12	460,560	8.12
SANJIV D GANDHI	669,720	7.87	446,480	7.87

Note 3.4 Aggregate number of bonus shares issued:-

During the year 28,35,600(P.Y Nil) fully paid-up Equity shares were allotted by way of bonus shares by capitalisation of reserves .



## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 4 RESERVE & SURPLUS		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Capital Reserve</b>			
As per last Balance sheet	-	-	
Add:-On acquisition of Large Animal Health Care(LAH) Bussiness	1,259,979	-	
	1,259,979		-
<b>Securities Premium</b>			
As per Last Balance Sheet	175,067,105	114,107,105	
Add: On issue of shares	-	60,960,000	
	175,067,105		175,067,105
<b>General Reserve</b>			
As per Last Balance Sheet	220,000,000	180,000,000	
Add:Transferred from Surplus in Statement of Profit and Loss	25,000,000	40,000,000	
Less: Issuing Bonus Shares	(28,356,000)	-	
	216,644,000		220,000,000
<b>Surplus- Statement of Profit &amp; Loss</b>			
As per Last Balance Sheet	146,556,516	117,062,459	
Add: Profit for the year	92,592,873	76,085,268	
Less: Transferred to Translation Reserve			
	239,149,389	193,147,727	
Less: Appropriations			
- Proposed Dividend	17,013,600	5,671,200	
- Dividend Tax	2,891,461	920,011	
- Transferred to General Reserve	25,000,000	40,000,000	
	194,244,328		146,556,516
<b>Foreign Fluctuation Reserve</b>			
As per Last Balance Sheet	(738,366)	(495,832)	
Add: Income for the period	1,447,603	(242,534)	
	709,237		(738,366)
<b>Total</b>	<b>587,924,649</b>		<b>540,885,255</b>

Note 5 LONG TERM BORROWINGS (Secured)		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Term Loans</b>			
- From Bank	134,373,204		9,873,434
<b>Hire Purchase Loans</b>			
- From Bank	2,741,065		2,864,958
- From Other Parties	-		148,060
<b>Total</b>	<b>137,114,269</b>		<b>12,886,452</b>

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

## Note 5 LONG TERM BORROWINGS (Secured)

Note 5.1 Repayment terms and security offered for the loans are set out as below:

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each installment of Rs.
BOI Loan No. 0006 is secured against mortgage of Office building and furniture/fixtures	14.50% ^	Quarterly	20	1,150,000
BOI -Term Loan VI Secured by First and Exclusive equitable mortgage charge on immovable properties being land , building sheds,structures , super structures and construction thereon and fixed plant and machinery.	14.25% ^	Quarterly	19	4,675,000
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.03%	Monthly	60	53,140*
Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car	11.15%	Monthly	48	19,750*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	60	16,200*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.18%	Monthly	48	57,000*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.81%	Monthly	60	12,300*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	11.47%	Monthly	36	13,614*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	14.50%	Monthly	60	12,550*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	48	10,778*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	48	27,216*
Everest Bank Limited loan (Nepal) is secured by Fixed Charge over a motor vehicles of Nepal Unit	11.50%	Quarterly	24	3,200,000*

^ Interest rate on loan is varying, which is linked to base rate of Bank, from time to time.

\* Installment includes interest.

## Note 6 OTHER LONG TERM LIABILITIES

Particulars	(Figures in ₹)	
	As at 31st March, 2013	As at 31st March, 2012
Government Grant	-	24,095,735
<b>Total</b>	<b>-</b>	<b>24,095,735</b>

6.1 Government Grant received in advance during previous year represents receipt of Euro 376,928/- as advance payment towards grant sanctioned for setting up project of " Production of Animal Vaccines" in Nepal.

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note	7	DEFERRED TAX LIABILITIES (NET)	(Figures in ₹)
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Deferred Tax Liabilities</b>			
- Gratuity (Advance)	473,822	444,942	
- Excess of Net Block over Written Down Value as per provision of I.T. Act	26,094,961	24,480,356	
<b>Total Deferred Tax Liabilities(A)</b>	<b>26,568,783</b>	<b>24,925,298</b>	
<b>Deferred Tax Assets</b>			
- Claim U/s 43B of I.T. Act, 1961	578,807	445,317	
<b>Total Deferred Tax Assets(B)</b>	<b>578,807</b>	<b>445,317</b>	
<b>Net Deferred Tax Liabilities(A-B)</b>	<b>25,989,976</b>	<b>24,479,981</b>	

Note	8	SHORT TERM BORROWINGS	(Figures in ₹)
Loan Repayable on Demand			
- From Bank- Cash Credit (Secured)	136,638,262	127,315,810	
- Government Grant (Unsecured)	24,322,177	-	
<b>Total</b>	<b>160,960,440</b>	<b>127,315,810</b>	

8.1 Cash credit accounts are secured by first and exclusive Hypothecation charge on all tangible movable properties being plant and machinery ,stocks of materials , bookdebts and all other movable assets.

8.2 Interest rates on Loans are varying, which are linked to base rate of Bank, from time to time.

8.3 The Grant from Government of Netherlands is unsecured, interest free and with no fixed repayment term

Note	9	TRADE PAYABLES	(Figures in ₹)
Trade Payables(Refer Note 31 for details of due to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006)	57,077,362	40,631,169	
<b>Total</b>	<b>57,077,362</b>	<b>40,631,169</b>	

Note	10	OTHER CURRENT LIABILITIES	(Figures in ₹)
<b>Current Maturities of Long Term Borrowings</b>			
- Term Loans	24,798,297	20,300,818	
- Hire Purchase Loans	1,726,472	2,581,615	
Unclaimed Dividends	2,293,723	2,347,131	
Advance from Debtors	4,454,384	668,785	
Creditors for Capital expense	36,177,553	5,869,706	
Duties and Taxes	4,870,887	6,903,054	
Other Liabilities	13,931,115	3,466,502	
<b>Total</b>	<b>88,252,431</b>	<b>42,137,611</b>	

Note	11	SHORT TERM PROVISIONS	(Figures in ₹)
Provision For Employees Benefit			
Leave Encashment	1,783,963	1,388,027	
Others			
Proposed Dividend	17,013,600	5,671,200	
Tax on Dividend	2,891,461	920,011	
Provision for Tax (Net of Advance Tax)	60,963,503	64,130,310	
<b>Total</b>	<b>82,652,527</b>	<b>72,109,548</b>	

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 12 FIXED ASSETS										(Figures in ₹)	
Particulars	Gross Block				Depreciation				Net Block		
	As on 1st April, 2012	Addition during the year	Disposals during the year	As on 31st March, 2013	Up to 1st April, 2012	For the Year	Adjustment during the year	Upto March 31, 2013	Net Carrying value as on 31.03.2013	Net Carrying value as on 31.03.2012	
<b>A1 Tangible Assets (Refer Note 2(e))</b>											
Land & Site Development	1,660,844	-	-	1,660,844	-	-	-	-	1,660,844	1,660,844	
Factory Building	12,094,768	-	-	12,094,768	6,191,561	403,965	-	6,595,526	5,499,241	5,903,206	
Plant & Machineries											
- Imported	4,552,524	-	-	4,552,524	2,959,615	216,245	-	3,175,860	1,376,664	1,592,909	
- Indigenous	33,490,107	-	-	33,490,107	20,520,136	1,590,780	-	22,110,916	11,379,191	12,969,971	
Electrical Installations	3,088,718	-	-	3,088,718	2,170,160	146,714	-	2,316,874	771,843	918,557	
Storage Equipment	431,276	-	-	431,276	175,670	20,486	-	196,156	235,120	255,606	
Furniture & Fixtures	1,245,262	-	-	1,245,262	927,991	78,825	-	1,006,816	238,446	317,271	
Vehicles	8,783,728	-	-	8,783,728	6,664,775	777,036	-	7,441,811	1,341,917	2,118,953	
Scooters	25,083	-	-	25,083	24,258	-	-	24,258	825	825	
Office Equipments	1,048,165	-	-	1,048,165	584,721	49,788	-	634,509	413,656	463,444	
Computers	1,564,121	-	-	1,564,121	1,485,915	-	-	1,485,915	78,206	78,206	
Utilities	3,365,753	-	-	3,365,753	2,450,643	159,873	-	2,610,516	755,237	915,110	
Dead Stock	169,064	-	-	169,064	134,770	10,702	-	145,472	23,592	34,294	
Dead Stock Canteen	32,598	-	-	32,598	32,030	-	-	32,030	568	568	
<b>TOTAL (A1)</b>	<b>71,552,013</b>	<b>-</b>	<b>-</b>	<b>71,552,013</b>	<b>44,322,247</b>	<b>3,454,414</b>	<b>-</b>	<b>47,776,661</b>	<b>23,775,351</b>	<b>27,229,765</b>	
Previous Year Figures	71,552,013	-	-	71,552,013	40,867,834	3,454,413	-	44,322,247	27,229,765	30,684,178	
<b>A2 Tangible Assets - New Project</b>											
Land & Site Development	39,831,555	4,875,418	-	44,706,973	-	-	-	-	44,706,973	39,831,555	
Factory Building	114,744,807	1,025,323	-	115,770,130	45,123,552	6,991,999	-	52,115,551	63,654,579	69,621,255	
Office Building	117,782,263	1,271,924	-	119,054,187	15,346,357	5,185,291	-	20,531,648	98,522,539	102,435,906	
Guest House-Building	4,191,825	-	-	4,191,825	417,513	188,716	-	606,229	3,585,596	3,774,312	
Plant & Machineries											
- Imported	15,418,246	32,862	-	15,451,108	7,450,451	1,111,439	-	8,561,890	6,889,218	7,967,795	
- Indigenous	133,311,901	10,062,791	-	143,374,692	60,935,507	10,719,614	-	71,655,121	71,719,571	72,376,394	
- Indegenious	685,000	-	-	685,000	23,240	-	-	23,240	661,760	661,760	
Electrical Installations	35,261,526	607,808	-	35,869,334	17,059,132	2,573,883	-	19,633,015	16,236,318	18,202,394	
Storage Equipment	4,011,242	365,655	-	4,376,897	1,472,915	391,409	-	1,864,324	2,512,573	2,538,327	
Furniture and Fixtures	21,830,395	2,638,398	-	24,468,793	9,321,568	2,579,783	-	11,901,351	12,567,442	12,508,827	
Vehicles	19,186,089	2,557,933	-	21,744,022	5,893,305	6,692,690	-	12,585,995	9,158,027	13,292,784	
Factory Equipments	616,000	465,615	-	1,081,615	43,591	101,594	-	145,185	936,430	572,409	
Office Equipments	6,457,896	1,934,692	-	8,392,588	2,334,722	699,496	-	3,034,218	5,358,370	4,123,174	
Computer	4,861,231	1,361,939	-	6,223,170	2,871,728	1,028,083	-	3,899,811	2,323,359	1,989,503	
Utilities	31,577,633	-	-	31,577,633	16,038,843	2,161,446	-	18,200,289	13,377,344	15,538,790	
Live Stock	374,511	149,965	-	524,476	-	-	-	-	524,476	374,511	
<b>TOTAL (A2)</b>	<b>550,142,119</b>	<b>27,350,323</b>	<b>-</b>	<b>577,492,442</b>	<b>184,332,424</b>	<b>40,425,444</b>	<b>-</b>	<b>224,757,868</b>	<b>352,734,574</b>	<b>365,809,695</b>	
Previous Year Figures	506,695,509	44,850,975	1,404,364	550,142,119	147,148,037	37,184,387	-	184,332,424	365,809,695	359,547,472	
<b>TOTAL (A1+A2)</b>	<b>621,694,132</b>	<b>27,350,323</b>	<b>-</b>	<b>649,044,455</b>	<b>228,654,671</b>	<b>43,879,858</b>	<b>-</b>	<b>272,534,529</b>	<b>376,509,925</b>	<b>393,039,461</b>	
Previous Year Figures (A1+A2)	578,247,521	44,850,975	1,404,364	621,694,132	188,015,871	40,638,800	-	228,654,671	393,039,461	390,231,650	
<b>B Intangible Assets</b>											
Software	3,158,824	224,327	-	3,383,151	2,256,798	384,920	-	2,641,718	741,433	902,026	
Product & Trademark Registration	-	69,000	-	69,000	-	6,314	-	6,314	62,686	-	
<b>TOTAL (B)</b>	<b>3,158,824</b>	<b>293,327</b>	<b>-</b>	<b>3,452,151</b>	<b>2,256,798</b>	<b>391,234</b>	<b>-</b>	<b>2,648,032</b>	<b>804,119</b>	<b>902,026</b>	
Previous Year Figures	3,144,460	14,364	-	3,158,824	1,661,491	595,307	-	2,256,798	902,026	1,482,969	
<b>C Capital Work-in-progress</b>	<b>63,039,076</b>	<b>225,860,469</b>	<b>-</b>	<b>288,899,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288,899,545</b>	<b>63,039,076</b>	
<b>TOTAL (C)</b>	<b>63,039,076</b>	<b>225,860,469</b>	<b>-</b>	<b>288,899,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288,899,545</b>	<b>63,039,076</b>	
Previous Year Figures	444,537	62,594,539	-	63,039,076	-	-	-	-	63,039,076	444,537	
<b>Current Year Total</b>	<b>687,892,032</b>	<b>253,504,119</b>	<b>-</b>	<b>941,396,150</b>	<b>230,911,469</b>	<b>44,271,092</b>	<b>-</b>	<b>275,182,561</b>	<b>666,213,589</b>	<b>506,199,183</b>	
<b>Previous Year Total</b>	<b>581,836,518</b>	<b>107,459,878</b>	<b>1,404,364</b>	<b>687,892,032</b>	<b>189,677,362</b>	<b>41,234,107</b>	<b>-</b>	<b>230,911,469</b>	<b>506,199,183</b>	<b>392,159,156</b>	

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 13 NON CURRENT INVESTMENTS		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Trade Investments</b>			
Unquoted Investment in Equity Instrument			
11,82,500(P.Y Nil) Equity shares of Rs.10/- each fully paid-up in Innoves Health Pvt. Ltd.	2,779,000	-	
<b>Total</b>	<b>2,779,000</b>	<b>-</b>	

Note 14 LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
<b>Capital Advances</b>			
Security Deposit	21,150,260	14,532,192	
<b>Loans &amp; Advances to related parties (Refer Note 38)</b>			
Advance to group companies	6,343,117	6,485,567	
<b>Other Loans &amp; Advances</b>			
Advance to others	870,432	870,432	
Advance to staff	29,155,682	2,913,446	
Advance to staff	12,463,860	11,234,268	
<b>Total</b>	<b>69,983,351</b>	<b>36,035,905</b>	

Out of the advance to staff Rs.5,218,615/- (P.Y. Rs. 4,832,051/-) are due from officer of the company.

Note 15 INVENTORIES (At lower of cost and net realisable value)		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
Raw Material	17,502,029	10,559,970	
Work-in-Progress	217,690,101	205,982,036	
Finished Goods	45,615,913	45,014,416	
Stock-in-Trade	15,341,594	3,015,968	
Stores & Spares	5,656,952	3,795,207	
Packing Material	9,214,744	7,259,973	
<b>Total</b>	<b>311,021,333</b>	<b>275,627,570</b>	

Note 16 TRADE RECEIVABLES (Unsecured, Considered Good)		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
Outstanding for a period exceeding six months from the date they are due for Payment	39,911,268	53,527,532	
Others	110,503,232	90,108,774	
<b>Total</b>	<b>150,414,500</b>	<b>143,636,306</b>	

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 17 CASH & CASH EQUIVALENT		(Figures in ₹)	
Particulars	As at 31st March, 2013	As at 31st March, 2012	
(A) Cash and Cash Equivalents			
1. Cash on Hand	1,271,506	2,957,737	
2. Balances with Banks			
-In Current Accounts	21,600,458	31,155,634	
-In Fixed Deposits having original maturity of less than twelve months	524,961	654,840	
Total-(A)	23,396,924	34,768,211	
(B) Other Bank Balances			
-Fixed Deposits having original maturity period of more than twelve months	2,890,272	2,231,120	
Total-(B)	2,890,272	2,231,120	
<b>Total-(A) + (B)</b>	<b>26,287,196</b>	<b>36,999,331</b>	

17.1 Balances with banks include Unclaimed Dividend Amount of Rs.2,293,723/- (P.Y. Rs.2,347,131/-)

17.2 Balances with bank held as margin money or security against borrowing, guarantees and other commitments Rs. 3,215,233/- (P.Y. 2,885,960/-)

Note 18 SHORT TERM LOANS AND ADVANCES (Unsecured, considered Good)		(Figures in ₹)	
- Creditors Advance for Goods	2,984,523	252,344	
- Creditors Advance for Expense	1,371,981	534,767	
- Advance to Staff	2,488,515	1,510,955	
- Advance recoverable in cash or kind or for value to be received	3,427,642	2,680,313	
- Rent Advances	24,000	-	
<b>Total</b>	<b>10,296,661</b>	<b>4,978,379</b>	

Note 19 REVENUE FROM OPERATIONS		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Local Sales	589,083,029	455,965,722	
Trading Sales	32,958,481	3,417,180	
Export Sales	43,815,657	29,208,328	
	665,857,167	488,591,230	
Less: Excise Duty	14,814,531	5,957,069	
<b>Total</b>	<b>651,042,636</b>	<b>482,634,161</b>	

Note 19.1 Particulars of Sales

		(Figures in ₹)	
-Poultry Vaccines	637,287,961	488,591,230	
-Large Animal Health Products	28,569,206	-	
<b>Total</b>	<b>665,857,167</b>	<b>488,591,230</b>	

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 20 OTHER INCOME		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Interest Income			
- From Bank Deposits	246,540		1,040,133
- From Others	1,181,581		244,657
Miscellaneous Income	423,164		319,533
Rent Income	183,000		48,000
Exchange profit & Loss(Net)	304,122		357,065
Profit on Sale of Fixed Asset	-		430,000
<b>Total</b>	<b>2,338,407</b>		<b>2,439,389</b>

Note 21 COST OF MATERIAL CONSUMED		(Figures in ₹)	
Opening Stock	10,559,970		17,445,973
Add: Purchases	154,092,069		112,326,725
	164,652,039		129,772,698
Less: Closing Stock	17,502,029		10,559,970
<b>Total</b>	<b>147,150,010</b>		<b>119,212,727</b>

### Note 21.1 Particulars of Raw material Consumed

		(Figures in ₹)	
Growth Media	58,770,502		50,135,074
Other Chemicals	27,312,889		15,764,385
Concentrate	61,066,619		53,313,268
<b>Total</b>	<b>147,150,010</b>		<b>119,212,727</b>

### Note 21.2 Value of indigeneous and imported Raw material Consumed during the year

Class of Goods	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Percentage	Value (₹)	Percentage	Value (₹)
Imported	44.30	65,183,814	45.76	54,552,509
Indigeneous	55.70	81,966,196	54.24	64,660,218
<b>Total</b>		<b>147,150,010</b>		<b>119,212,727</b>

Note 22 PURCHASE OF STOCK-IN-TRADE		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Purchase of stock in trade:-			
- Poultry Vaccines	11,038,917		6,719,552
- Large Animal Health Products	20,722,603		-
<b>Total</b>	<b>31,761,520</b>		<b>6,719,552</b>

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 23 CHANGE IN INVENTORIES		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Closing Stock			
-Finished Goods	60,957,507	48,030,384	
-Semi-finished Goods	217,690,101	205,982,036	
	278,647,608		254,012,420
Opening Stock			
-Finished Goods	48,030,384	35,321,549	
-Semi-finished Goods	205,982,036	167,242,079	
	254,012,420		202,563,628
<b>Total</b>	<b>(24,635,188)</b>		<b>(51,448,792)</b>

Note 24 EMPLOYEE BENEFIT EXPENSES		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Salaries, Wages & Bonus	83,697,445	63,026,814	
Contribution to P.F./Gratuity Fund	3,295,352	2,480,205	
Staff Welfare	3,624,004	3,173,829	
<b>Total</b>	<b>90,616,801</b>	<b>68,680,848</b>	

Note 25 FINANCE COST		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Interest Expense	30,329,581	27,166,287	
Other Borrowing Cost	2,311,453	1,114,205	
<b>Total</b>	<b>32,641,034</b>	<b>28,280,492</b>	

Note 26 DEPRECIATION & AMORTIZATION EXPENSE		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
Depreciation - SLM	3,454,414	3,454,413	
Depreciation - WDV	36,709,117	37,184,388	
Depreciation of Earlier Years - WDV	3,716,327	-	
Amortisation of Intangible Asset	391,234	595,307	
<b>Total</b>	<b>44,271,092</b>	<b>41,234,108</b>	



## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 27 OTHER EXPENSES	(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Manufacturing Expense</b>		
Power and Fuel	32,046,388	28,858,591
Consumption of stores	5,766,366	4,332,472
Excise Duty <sup>1</sup>	(16,703)	3,077,886
Repairs & Maintenance		
- Machinery	6,689,109	6,459,315
- Building	1,965,104	1,248,093
- Electrical	1,088,253	753,187
Packing Expense	19,950,112	14,538,018
Quality Control and Testing Expense	2,015,924	1,791,092
R & D Expense	5,948,614	11,291,874
Other Production Expense	9,125,285	8,273,935
Feed Expense	7,933,119	5,462,333
Growth Media Centre Expense	963,492	1,318,381
	<b>93,475,062</b>	<b>87,405,177</b>
<b>Selling And Distribution Expense</b>		
Selling Expense	6,102,330	3,672,776
Sales Promotion	5,912,386	3,999,256
Sales Tax Expense	1,773,242	1,023,775
Carriage Outward Expense	21,762,482	12,413,797
Travelling Expense	6,364,417	2,979,173
Commission on Sales	1,919,876	1,016,013
	<b>43,834,733</b>	<b>25,104,790</b>
<b>Establishment Expense:</b>		
Postage/Courier, Telephone Expense	4,547,515	3,601,043
Insurance Expense	2,381,013	1,708,948
Legal , Professional and Consultancy	8,870,059	6,734,412
Printing and Stationery	1,807,416	1,467,816
Travelling and Conveyance	3,859,536	3,554,239
Director's Travelling	3,270,703	3,035,053
Rent, Rates and Taxes	4,364,190	4,849,451
Repairs and Maintenance - Others	2,339,842	2,115,914
Vehicle & Petrol Expense	5,929,395	4,720,099
Electricity Charges	975,555	707,950
Conference and Seminar Expense	1,452,336	1,063,786
Membership Fees	489,855	785,748
AGM Board Meeting	217,499	157,905
Donation	317,301	201,401
Bad Debts written off	277,212	7,449
Preliminary Expense written off	51,320	-
Miscellaneous Expense	6,001,221	4,193,204
Prior Period Expense	132,753	206,516
Foreign Exchange Difference	1,943,480	816,899
Payment to Auditor		
- As Auditor	395,507	594,292
- For Taxation Matters	351,119	143,744
- For Other Services	213,484	240,842
- For Reimbursement of Expense	12,491	8,445
	<b>50,200,802</b>	<b>40,915,155</b>
<b>Total</b>	<b>187,510,598</b>	<b>153,425,122</b>

\*Excise Duty shown under expenditure represents the aggregate of Excise Duty borne by the Company and difference between excise duty on opening & closing stock of finished goods.

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

### Note 28 CONTINGENT LIABILITIES & COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances) Rs. 119.82 Million (P.Y. Rs.28.82 Million).

### Note 29

Figures are rounded off to nearest rupee.

### Note 30

Certain balances of receivables, payables, loans and advances and deposits are subject to confirmations. Any adjustments, if required would be made at the time of reconciliation or settlement of accounts

### Note 31

The Management has initiated the process of identifying enterprise which have provided goods & services to the Company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises outstanding as on 31st March, 2013 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2013 from Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

### Note 32

As per terms & conditions approved at the Annual General Meeting of the Company held on 14th September, 2012, Company had issued 2,835,600 fully paid equity shares as bonus with face value of Rs. 10 each to the existing shareholders of the company whose names appear in the Register of Members by capitalizing Reserves.

### Note 33 BUSINESS TRANSFER AGREEMENT

During the year, company entered into a business transfer agreement with Innoves Animal Health Pvt. Ltd. By virtue of which, company has acquired its large animal Health Products business, comprising of all its business assets and liabilities on slump sale basis.

### Note 34 EXPENDITURE IN FOREIGN CURRENCY:

Particulars	(Figures in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	65,508,141	44,521,478
Travelling	239,016	1,139,195
Capital Expenditure(Furniture & Machinery)	4,529,457	2,311,752
Membership Fee	629,933	1,455,010
Consultancy & Professional Fess	3,398,165	3,337,315
R & D Expenditure	490,148	3,936,151

### Note 35 EARNINGS IN FOREIGN CURRENCY:

	(Figures in ₹)	
F.O.B. value of Exports	43,815,657	29,208,328

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

### Note 36

In the opinion of the Board of directors, loans and advances are of the value stated in the Balance Sheet, to be realized in the normal course of business and provision for all known liabilities have been made in the books of accounts which are adequate and not in excess of the amount reasonably required.

### Note 37

The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with the Accounting Standard (AS) 28, issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the directors, no provision for impairment of the asset is considered necessary in respect of any of the assets of the company.

### Note 38 RELATED PARTY DISCLOSURES:

#### (i) List of Related Parties :

##### (a) Group Companies/ Associates:-

1. Hester Coatings Private Limited
2. Sinsui (India) Private Limited
3. Biolink Healthcare Private Limited
4. Hester Diagnostics Private Limited

##### (b) Key Management Personnel:

1. Rajiv Gandhi - CEO & Managing Director
2. Jigar Shah - CFO

##### (c) Promoters and their relatives having control:

1. Dr. Bhupendra V. Gandhi (Non-executive chairman)
2. Mr. Sanjiv Gandhi (Non-Executive Director)
3. Mr. Ravin Gandhi (Non-Executive Director)

#### (ii) During the year following transactions were carried out with related parties in the ordinary course of business and at arm's length:

(Figures in ₹)

Sr. No.	Nature of Transactions	Group Companies/ Associates/ Individual Relatives	Key Management Personnel
1	Advance Given	10,000 (75,000)	Nil (Nil)
2	Advance Repaid	10,000 (6,355)	Nil (800,000)
3	Outstanding Balance Included in Long term Loans & Advances	870,432 (870,432)	5,218,615 (4,832,051)
4	Director's Remuneration	Nil (Nil)	3,989,000 (3,449,487)
5	Rent- MD's Residence	600,000 (600,000)	Nil (Nil)
6	Interest Received/Receivable	Nil (Nil)	386,564 (365,658)
7	Salary Paid	Nil (Nil)	4,029,408 (3,531,279)

Note: Figures in Brackets relate to Previous Year

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

**Note 39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2013****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 recognized Rs. 1.95 Million (P.Y. 1.64 Million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

**b) Defined benefit Plan**

The company made annual contribution to the employee's 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 recognized by the company's financial statement as at 31st March 2013.

**i) Change in benefit obligations:**

Particulars	(Figures in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Projected benefit obligations at beginning of the year	5,448,977	4,204,082
Service Cost	777,867	663,113
Interest Cost	463,163	346,837
Actuarial (Gain) / Loss	608,519	234,945
Benefits Paid	--	--
Projected benefit obligations at the end of year	7,298,526	5,448,977

**ii) Change in plan Asset:**

Particulars	(Figures in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Fair value of plan assets at the beginning of the period	6,820,139	4,238,074
Expected return on plan assets	579,712	349,641
Contribution	1,311,217	2,181,757
Benefit paid	--	--
Actuarial Gain/(Loss) on plan asset	47,618	50,667
Fair value of plan assets at the end of the period	8,758,686	6,820,139
Total actuarial gain/(loss) to be recognized	(560,901)	(184,278)

**iii) Expenses recognized in income statement:**

Particulars	(Figures in ₹)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
Current service cost	777,867	663,113
Interest Cost	463,163	346,837
Expected return on plan asset	(579,712)	(349,641)
Net Actuarial (Gain)/Loss to be recognized	560,901	184,278
Expense recognized in P/L	1,222,219	844,587

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

iv) Assumptions used in accounting for the Gratuity plan:

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Discount rate previous period	8.50%	8.25%
Discount rate current period	8.00%	8.50%
Rate of return on plan asset previous period	8.50%	8.25%
Rate of return on plan asset current period	8.50%	8.50%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
Attrition rate previous period	2.00%	2.00%
Attrition rate current period	2.00%	2.00%

v) Amount recognized in the Balance sheet:

(Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Liability at the end of the period	7,298,526	5,448,977
Fair value of the plan assets at the end of the period	8,758,686	6,820,139
Difference	1,460,160	1,371,162
Amount recognized in the balance sheet	1,460,160	1,371,162

vi) Actual Return on Plan Assets :

(Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Expected Return on Plan Assets	579,712	349,641
Actuarial Gain/loss on Plan Assets	560,901	184,278
Actual Return on Plan Assets	1,140,613	533,919

vii) Balance sheet Reconciliation:

(Figures in ₹)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Opening Net Liability	(1,371,162)	(33,992)
Expenses As Above	1,222,219	844,587
Employers Contribution Paid	(1,311,217)	(2,181,757)
Closing Net Liability	(1,460,160)	(1,371,162)

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

## Note 40 EARNINGS PER SHARE

Calculation of Net Profit available for Equity Shareholders:		(Figures in ₹)	
Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012	
A. Net Profit After Tax	92,592,873	76,085,268	
Profit available to Equity shareholders	92,592,873	76,085,268	
B. Weighted Average No. of Eq. Shares of Rs. 10/- each	7,207,150	5,671,200	
C. Basic and diluted Earning per share	12.85	13.42	

The Equity warrants being dilutive potential shares issued at a fair price during the previous year have not been considered as having diluting effect on earning per share in the previous year.

## Note 41 SEGMENT INFORMATION

(Figures in ₹)

## (a) Primary Segment Information :-

Nature of Transactions	Year ended 31st March, 2013		
	Poultry Vaccines	Large Animal Health Products	Total
<b>a. SEGMENT REVENUE</b>			
Sales and Operating Earnings (Net)	622,473,430 (482,364,161)	28,569,206 (Nil)	651,042,636 (482,364,161)
Other Income	2,338,407 (2,439,389)	Nil (Nil)	2,338,407 (2,439,389)
<b>Total Segment Revenue</b>	<b>624,811,837</b> <b>(484,803,550)</b>	<b>28,569,206</b> <b>(Nil)</b>	<b>653,381,043</b> <b>(485,073,550)</b>
<b>b. SEGMENT RESULT</b>			
Segment Result (PBIT)	183,610,947 (150,287,570)	(1,162,284) (Nil)	182,448,663 (150,287,570)
Less: Unallocated Expenses			5,742,454 (3,037,585)
Operating Profit			176,706,209 (147,249,985)
Less : Finance Cost			32,641,034 (28,280,492)
Net Profit/(Loss) Before Tax			144,065,175 (118,969,493)
Less : Tax Expense			53,367,001 (44,106,302)
Net Profit/(Loss) after Tax			90,698,174 (74,863,191)

## Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

Note 41 SEGMENT INFORMATION (contd.)		(Figures in ₹)		
Nature of Transactions		Year ended 31st March, 2013		
		Poultry Vaccines	Large Animal Health Products	Total
	Add : Share of loss of subsidiary transfer to Minority Interest			1,894,699
				(1,222,078)
	Net Profit/(Loss) Attributable to Share Holders			92,592,873
				(76,085,268)
c.	<b>OTHER INFORMATION</b>			
	Segment Assets	1,077,634,368	38,469,406	1,116,103,774
		(892,390,909)	(Nil)	(892,390,909)
	Unallocated Assets			120,891,856
				(61,867,145)
	Segment Liabilities	346,662,002	14,663,431	361,325,433
		(223,763,300)	(Nil)	(223,763,300)
	Unallocated Liabilities			190,721,572
				(119,893,006)
	Depreciation/Amortisation	43,781,606	167,505	43,949,111
		(41,234,107)	(Nil)	(41,234,107)
	Unallocated Depreciation			321,981
				(Nil)
	Capital Expenditure	201,456,976	1,649,552	203,106,528
		(78,844,722)	(Nil)	(78,844,722)
	Unallocated Capital Expenditure			50,397,591
				(28,615,156)

### (b) Secondary Segment Information – Geographical Segment

Nature of Transactions		Year ended 31st March, 2013		
		Poultry Vaccines	Large Animal Health Products	Total
A	Segment Revenue	6,533,814,043	Nil	6,533,814,043
		(485,073,550)	(Nil)	(485,073,550)
B	Carrying Cost of Segment Assets	1,119,886,206	117,109,424	1,236,995,630
		(893,294,341)	(60,963,713)	(954,258,054)
C	Addition to Fixed and Intangible Assets	203,106,528	50,397,591	253,504,119
		(78,844,722)	(Nil)	(107,459,878)

Note: Figures in Brackets relate to Previous Year

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2013

**Note 42**

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

**Note 43**

Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current year's classification/disclosure.

For Shah Narielwala & Co.  
Chartered Accountants  
FRN: 109708W

For & on behalf of Board

Naishadh H. Shah  
Partner  
Membership No.: 042323

Rajiv Gandhi  
CEO & Managing Director

Sanjiv Gandhi  
Director

PLACE : Ahmedabad  
DATE : May 30, 2013

Jigar Shah  
CFO  
PLACE : Ahmedabad  
DATE : May 30, 2013

Amala Parikh  
Company Secretary



## Financial Information of Subsidiary Companies

Particulars regarding subsidiary company, pursuant to general exemption granted by Ministry of Corporate Affairs vide its General Circular No.: 2/2011 dated February 8,2011

Particulars	Hester Biosciences (Mauritius) Limited		Hester Biosciences Nepal Private Limited		Diavetra Lifesciences Private Limited
	(In USD)	(In INR)	(In NPR)	(In INR)	(In INR)
Reporting Currency					
Financial Year of the subsidiary companies ends on	31 March, 2013	31 March, 2013	31 March, 2013	31 March, 2013	31 March, 2013
Exchange Rate	1.00	54.36	0.62	1.00	-
Share Capital	550,975	29,951,001	61,340,000	38,030,800	100,000
Reserves	(45,208)	(2,457,507)	(7,284,428)	(4,516,345)	(53,567)
Total Assets	551,872	29,999,762	188,829,510	117,074,296	100,000
Total Liabilities	551,872	29,999,762	188,829,510	117,074,296	100,000
Investments (Excluding Investments in Subsidiaries}	-	-	-	-	-
Turnover	-	-	-	-	-
Profit Before Taxation	(15,164)	(824,315)	(5,442,267)	(3,374,206)	(53,567)
Provision for Taxation	-	-	-	-	-
Profit After Taxation	(15,164)	(824,315)	(5,442,267)	(3,374,206)	(53,567)
Proposed Dividend	-	-	-	-	-

## Ten Year Financial Statistics

YEAR ENDED ON 31ST MARCH	(Rs. In Million)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Manufacturing Sales	73.18	157.94	196.55	216.01	322.41	297.84	367.83	416.73	479.21	618.08
Trading Sales	3.63	4.45	4.83	2.27	3.93	3.76	7.49	2.98	3.42	32.96
<b>NET SALES</b>	<b>76.81</b>	<b>162.39</b>	<b>201.37</b>	<b>218.28</b>	<b>326.34</b>	<b>301.60</b>	<b>375.32</b>	<b>419.71</b>	<b>482.63</b>	<b>651.04</b>
Other Income	0.04	0.40	0.30	2.63	2.75	0.92	0.81	1.31	2.44	2.34
<b>TOTAL INCOME</b>	<b>76.85</b>	<b>162.79</b>	<b>201.67</b>	<b>220.91</b>	<b>329.09</b>	<b>302.52</b>	<b>376.13</b>	<b>421.02</b>	<b>485.07</b>	<b>653.38</b>
Total Expenses	52.03	93.69	112.05	130.16	156.60	153.68	214.18	239.13	293.55	426.98
(a) (Increase)/decrease in Stock in trade	3.82	(9.29)	(7.02)	(22.54)	(19.90)	(41.36)	(40.21)	(54.59)	(51.45)	(24.64)
(b) Trading Purchase	1.71	5.20	2.61	3.05	4.23	3.28	7.25	1.89	6.72	31.76
(c) Consumption of Raw material	13.22	43.30	45.26	70.94	62.82	71.31	91.43	113.76	119.21	147.15
(d) Manufacturing Expenses	8.47	18.28	26.88	22.21	34.50	36.51	57.08	60.98	87.41	93.48
(e) Staff Cost	9.04	13.86	15.16	19.64	29.94	36.66	49.97	58.19	68.68	90.62
(f) Selling, General & Admn. Expenses	15.77	22.35	29.16	36.87	45.01	47.28	48.65	58.89	62.98	88.61
Interest	2.63	2.44	2.57	6.98	26.55	28.88	23.63	25.28	28.27	32.18
Depreciation	2.70	3.20	3.54	4.41	36.85	38.44	42.33	44.78	41.23	43.95
Amortisation of Preliminary Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>PROFIT BEFORE EXTRA ORDINARY ITEM</b>	<b>19.49</b>	<b>63.46</b>	<b>83.52</b>	<b>79.36</b>	<b>109.09</b>	<b>81.52</b>	<b>96.00</b>	<b>111.83</b>	<b>122.02</b>	<b>150.27</b>
Extra Ordinary item	0.09	0.00	14.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>PROFIT BEFORE TAX</b>	<b>19.41</b>	<b>63.46</b>	<b>68.64</b>	<b>79.36</b>	<b>109.09</b>	<b>81.52</b>	<b>96.00</b>	<b>111.83</b>	<b>122.02</b>	<b>150.27</b>
Provision for taxation	8.72	24.03	24.20	27.85	38.69	34.16	35.67	35.88	44.11	53.37
<b>NET PROFIT</b>	<b>10.68</b>	<b>39.43</b>	<b>44.45</b>	<b>51.51</b>	<b>70.41</b>	<b>47.36</b>	<b>60.33</b>	<b>75.96</b>	<b>77.91</b>	<b>96.90</b>
<b>BALANCE SHEET AS AT</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>SOURCES OF FUNDS :</b>										
Paid-up Equity share capital	35.27	35.27	37.08	51.91	51.91	51.91	51.91	51.91	56.71	85.07
Preference Share Capital	14.05	14.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity Warrants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.44	0.00	0.00
General Reserve & Surplus	8.53	36.09	99.40	227.56	282.78	314.56	356.73	411.50	543.78	593.68
Loan Funds	17.02	16.11	16.91	223.58	201.43	187.66	201.49	213.25	140.20	214.81
<b>TOTAL</b>	<b>74.87</b>	<b>101.53</b>	<b>153.39</b>	<b>503.05</b>	<b>536.12</b>	<b>554.13</b>	<b>610.13</b>	<b>693.10</b>	<b>740.69</b>	<b>893.56</b>
<b>APPLICATION OF FUNDS :</b>										
Net Fixed Assets	40.61	45.59	46.47	348.79	409.04	405.31	398.36	392.16	365.32	346.99
Capital Work - in - Progress	0.00	0.00	24.01	5.55	0.00	0.00	0.00	0.00	63.04	240.53
Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	27.85
Net Current Assets	39.25	64.91	91.65	165.52	146.05	174.71	238.32	301.40	311.81	304.18
Profit & Loss A/c	(0.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Exp.	0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets / Liabilities	(5.03)	(8.97)	(8.74)	(16.81)	(18.97)	(25.89)	(26.55)	(25.46)	(24.48)	(25.99)
<b>TOTAL</b>	<b>74.87</b>	<b>101.53</b>	<b>153.39</b>	<b>503.05</b>	<b>536.12</b>	<b>554.13</b>	<b>610.13</b>	<b>693.10</b>	<b>740.69</b>	<b>893.56</b>
<b>EQUITY DIVIDEND</b>	—	12%	15%	20%	25%	25%	30%	35%	10%	20%





Corporate Office

'Pushpak' 1st Floor, Panchvati Circle, Motilal Hirabhai Road

Ahmedabad 380006

[www.hester.in](http://www.hester.in)

# NOTICE

NOTICE is hereby given that 26th Annual General Meeting of the Members of Hester Biosciences Limited, will be held on **Wednesday** the **14 August, 2013** at **11.30 a.m.** at **Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009** to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March 2013** and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of **Mr. Ravin Gandhi**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of **Dr. Bhupendra V. Gandhi**, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

Date: 30.5.2013  
Registered Office :  
'Pushpak' 1st Floor,  
Panchvati Circle  
Motilal Hirabhai Road  
Ahmedabad 380 006 Gujarat

For Hester Biosciences Limited

**Rajiv Gandhi**  
*CEO & Managing Director*

# Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000/-.
- The Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- The Book Closure Date for Members of the Company will be on Saturday, 10th August, 2013 to Wednesday, 14th August, 2013 (both days inclusive) for the purpose of Dividend.
- The payment of 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 the 9th August, 2013 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) Ltd. (CDSL) at the end of business hours on Friday the 9th August, 2013.
- At the ensuing Annual General Meeting, **Mr. Ravin Gandhi** and **Dr. Bhupendra V. Gandhi**, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to them to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
- Members are requested to contact our Registrar and Transfer Agent for any query related to shares, dividend and other inquiry at following address.

**M/s. Sharepro Services (India) Pvt Ltd.**

**Unit : Hester Biosciences Ltd.**

(Ahmedabad Branch)

416-420, 4th.Floor, Devnandan Mall,

Opp. Sanyas Ashram, Ellisbridge,

Ahmedabad-380006.

Tel Nos. 079 26582381 to 84

Fax No 079 26582385

Email [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

Contact person: Ms. Bharti Parikh

- Please Quote folio no. / DP ID & CL. ID for any Communication for their shareholding.
- Bring the copy of Annual Report at the Meeting.
- Members wishing to claim their unclaimed dividend for the FY. 2006-07, 2007-08, 2008-09, 2009-10, & 2011-12 are requested to correspond with the Secretarial Department or the Registrar of the Company.
- The Company's shares are listed at Bombay Stock Exchange. The Company has paid listing fees to Bombay Stock Exchange for financial year 2013-14.
- **Green Initiative Matter**

The Ministry of Company Affairs (MCA) has taken the "Green Initiative in Corporate Governance" ( Circular No. 17/2011 and Circular No. 18/2011 dated April 20,2011) alongwith paperless compliance by companies through electronic mode.

Keeping in view underlying theme and circular issued by MCA, we propose to send all documents to be sent to shareholders like General Meeting Notice including the AGM, Annual Report including Audited Financial Statements, Directors' Report, Auditors' Report etc. to our shareholders in electronic form, to the email address provided by them and made available to us by the Depositories.

Please also note that you will be entitled to be furnished free of cost, with a copy of the Annual Report of the Company and all other documents required by law to be attached thereto, **upon receipt of a requisition from you, any time**, as a member of the Company such a requisition may be sent to the Registered Office of the Company at the address given below.

Date: 30.5.2013  
Registered Office :  
'Pushpak' 1st Floor,  
Panchvati Circle  
Motilal Hirabhai Road  
Ahmedabad 380 006 Gujarat

For Hester Biosciences Limited

**Rajiv Gandhi**  
CEO & Managing Director





# Hester Biosciences Limited

Registered Office : Pushpak, 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380006 Gujarat

## ATTENDANCE SLIP

Members or their proxies are requested to present this for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary.

Name & Address of the Shareholder	Ledger Folio No./ DP ID – CL ID	No. of Shares held

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company held on Wednesday the 14th August, 2013 at 11.30 a.m.

SIGNATURE OF THE SHAREHOLDER OR PROXY

TEAR HERE



# Hester Biosciences Limited

Registered Office : Pushpak, 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380006 Gujarat

## PROXY FORM

L. F. No. \_\_\_\_\_

I, We \_\_\_\_\_ of

\_\_\_\_\_ being a member/members of Hester Biosciences Limited as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held at 11.30a.m. on Wednesday the 14th August, 2013.

As witness my / our hands(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix a  
Re 1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature(s) of the Shareholder(s)

NOTE : The proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.