

HESTER

Date :- 28 May 2015

FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

| | | |
|---|--|----------------------------|
| 1 | Name of the Company | Hester Biosciences Limited |
| 2 | Annual financial statements for the year ended | 31 March 2015 |
| 3 | Type of Audit observation | Un-qualified |
| 4 | Frequency of observation | Not Applicable |

For Hester Biosciences Limited



Rajiv Gandhi
CEO & Managing Director
(DIN: 00438037)

For Hester Biosciences Limited



Jigar Shah
CFO

For Hester Biosciences Limited



Vishwesh Patel
Chairman of Audit Committee
(DIN: 00503666)

**Refer our Audit Report dated 28 May 2015
on standalone Financial Statement of the
Company**

For Shah Narielwala & Co.
Chartered Accountants
(Firm Registration No. 109708W)



(Naishadh H. Shah)
Partner
Membership No. 042323
Ahmedabad , 28 May 2015

HESTER BIOSCIENCES LIMITED

Pushpak, Level One, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006, India
Phone +91 79 2644 5107 Fax +91 79 2644 5105
Email mail@hester.in Web www.hester.in
CIN L99999GJ1987PLC022333

HESTER BIOSCIENCES LIMITED

CIN: L99999GJ1987PLC022333

Regd. Office: 'Pushpak' 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006 , India
Tel: +91 79 26445107 Fax No: +91 79 26445107 Email: mail@hester.in Website: www.hester.in

NOTICE

NOTICE is hereby given that 28th Annual General Meeting of the Members of Hester Biosciences Limited, will be held on Tuesday, the 15 September 2015 at 11.00 A.M. at Ahmedabad Textile Mills' Association (ATMA Hall) Ashram Road, Navrangpura, Ahmedabad 380 009 to transact the following business:

ORDINARY BUSINESS

1. a. To receive, consider and adopt the Audited Financial Statement of the Company for the financial Year ended on 31 March 2015 and the reports of the Board of Directors' and Auditors' thereon; and
b. the audited consolidated financial statement of the Company for the financial year ended 31 March 2015.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. Ravin Gandhi (DIN: 00438361), who retires by rotation and being eligible, has offered himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the M/s. Apaji Amin & Co. LLP, Chartered Accountants (Firm Registration No. 100513W/W100062), Ahmedabad be and are hereby appointed as a Statutory Auditors of the Company to hold office till conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

5. Appointment of Mr. Naman Patel as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Mr. Naman Patel (DIN: 05143261), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2020, not liable to retire by rotation."

6. Appointment of Mr. Amit Shukla as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Mr. Amit Shukla (DIN: 00709322), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2020, not liable to retire by rotation."

7. Appointment of Mr. Vishwesh Patel as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Mr.

Vishwesh Patel (DIN: 00503666), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2020, not liable to retire by rotation."

8. Appointment of Ms. Grishma Nanavaty as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Ms. Grishma Nanavaty (DIN: 06931130), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2020, not liable to retire by rotation."

9. To adopt New Set of Articles of Association

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations as contained in the Articles of Association pursuant to the Companies Act, 2013 primarily based on the Form of Table F under the Act as submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution."

10. To approve Remuneration of Cost Auditor

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Kiran J. Mehta & Co. (Firm Registration No. 000025), Cost Accountants, Ahmedabad, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting."

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

For Hester Biosciences Limited

Place : Ahmedabad
Date : 11 August 2015
Registered Office:
'Pushpak' 1st Floor,
Panchvati Circle,
Motilal Hirabhai Road,
Ahmedabad 380 006 Gujarat
CIN: L99999GJ1987PLC022333

Rajiv Gandhi
CEO & Managing Director

NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A member entitled to attend and vote at the Annual General Meeting of the company may appoint a proxy to attend and vote on a poll on his behalf and proxy need not to be member of the Company. The instrument appointing a proxy must be deposited with the company at its registered office not less than 48 hours before the time for holding the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

3. Corporate members intending to send their authorised representative to attend meeting are requested to send the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the annual general meeting.
4. Members/proxies/authorised representatives are requested to bring their attendance slip along with their copy of annual report to the meeting.
5. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of Names will be entitled to vote.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members and Share Transfer Book of the company will be closed from Saturday, the 12 day of September 2015 to Tuesday, the 15 day of September 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
10. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as on 11 September 2015.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their dematerialised accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or contact our Registrar and Transfer Agent i.e. Sharepro Services (India) Pvt Ltd.
12. Pursuant to the provisions of Section 205C of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), the Company has transferred the unpaid or unclaimed dividends declared up to financial years 2006-07, from time to time, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company www.hester.in, as also on the website of the Ministry of Corporate Affairs.
13. Members wishing to claim their unclaimed dividend declared after the year 2006-07 are requested to correspond with said Registrar and Transfer Agent (RTA) or Secretarial Department at the registered office of the Company.
14. Members are requested to contact our Registrar and Transfer Agent for any query related to shares, dividend and other inquiry at following address:

Unit: Hester Biosciences Limited
 Sharepro Services (India) Private Limited
 (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
 Contact Person: Ms. Bharti Parikh

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

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN to the Company or contact our Registrar and Transfer Agent i.e. Sharepro Services (India) Pvt Ltd.
16. The Company's equity shares are presently listed and traded at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid the listing fees to BSE & NSE for the financial year 2015-16.
17. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on 15 September 2015 are provided hereunder. The Directors have furnished consent/declaration for appointment/reappointment as required under the Companies Act, 2013 and the Rules made thereunder.

| Name of Director | Mr. Vishwesh Patel | Ms. Grishma Nanavaty | Mr. Naman Patel | Mr. Amit Shukla | Mr. Ravin Gandhi |
|--|---|---|--|--------------------------------------|--|
| Date of Birth | 15 January 1977 | 11 May 1977 | 15 October 1988 | 21 July 1965 | 06 July 1973 |
| Date of appointment | 23 May 2010 | 24 July 2014 | 30 June 2015 | 11 August 2015 | 22 April 1999 |
| Qualifications | B. E. Mech., MBA | B.Sc. Economics M.B.A | B. S. in Business Administration, International Baccalaureate (IB) Program | Diploma in Computer Technology | B.S. in Accountancy, CPA,M.B.A. |
| Expertise in specific functional areas | General Management & Activist in Field of Education Visiting Faculty at Chimanbhai Patel Institute of Management & Research | General Management, Financial Management, restructuring of organisation, etc. | General Management, Financial Management, restructuring of organisation, etc. | General Management, etc. | General Management, etc. |
| List of Public Ltd. Co. in which Directorship held | 1. Pearl Broking Services Limited 2. Shugun Realtors Limited | Nil | Nil | Nil | Nil |
| *Chairman/ Member of the Committees of the Board of Directors of the Co. | 1-Chairman 1-Member | 1-Chairman 1-Member | 2 Member | 2 Member | Nil |
| *Chairman/ Member of the committees of Directors of other Co. | Nil | Nil | Nil | Nil | Nil |
| No. of Shares held | 54,150 Equity Shares | Nil | 1,500 Equity Shares | 5,250 Equity Shares | 403,320 Equity Shares |
| Relationship with other Directors | Nil | Nil | Nil | Nil | 1. Cousin Brother of Rajiv Gandhi 2. Cousin Brother of Sanjiv Gandhi 3. Nephew of Dr. Bhupendra V.Gandhi |

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

18. Any member desiring any clarification/explanation in respect of the information given in this annual report is requested to submit query to the company at least seven days in advance before the meeting so as to enable the management to keep information ready.
19. The Annual Report 2014 15 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2014 15 are being sent by the permitted mode.

Pursuant to Clause 32 of the Listing Agreement executed with the stock exchanges permits sending of soft copies of annual reports to all those Members who have registered their email addresses for the purpose.

The Companies Act, 2013 has also recognised serving of documents to any Member through electronic mode. Your email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/ documents including those covered under Sections 101 and 136 of the Companies Act, 2013 read with Section 20 of the Companies Act, 2013 and the underlying rules relating to transmission of documents in electronic mode. In light of the requirements prescribed by the aforesaid circulars, for those Members whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended 31 March 2015 would be dispatched.

20. Members may also note that the Notice of the 28th AGM and the Annual Report 2014-15 will be available on the Company's website www.hester.in. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at mail@hester.in.
21. With a view to using natural resources responsibly and to support the "Green Initiative", we request Shareholders to update their email address, with their Depository Participants to enable the Company to send the Annual Report and other communications electronically.
22. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules 2015, and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members, facility to exercise their rights to vote on resolutions proposed to be passed at the 28th Annual General Meeting (AGM) by electronic means. The members may cast their votes using electronic system from a place other than the venue of the meeting ("remote e-voting") through the remote electronic voting service facility arranged by Central Depository Services (India) Limited.

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

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

For Hester Biosciences Limited

Place : Ahmedabad
Date : 11 August 2015

Registered Office:

'Pushpak' 1st Floor,
Panchvati Circle,
Motilal Hirabhai Road,
Ahmedabad 380 006 Gujarat
CIN: L99999GJ1987PLC022333

Rajiv Gandhi
CEO & Managing Director

EXPLANATORY STATEMENT
Pursuant to Section 102 of the Companies Act, 2013

Item No. 4

In last Annual General Meeting held on 23 September 2014, the Members of the Company had re-appointed M/s Shah Narielwala & Co. as a Statutory Auditors of the Company till next Annual General Meeting. After completion of Audit for the FY 2014-15, signing of Annual Accounts and Audit Report, M/s. Shah Narielwala & Co. has given their resignation through letter dated 27 June 2015, showing their unwillingness to act as Statutory Auditors, due to their pre-occupation with other professional assignments.

This resignation of M/s. Shah Narielwala & Co. is considered as Casual Vacancy, as provided under Section 139 (8) of the Companies Act, 2013. Further, Section provides that where such casual vacancy arises due to resignation of the existing Auditor of the Company, the said Vacancy shall be filled by the Board. On the recommendation of the Board, such appointment shall be approved by the members within three months of time.

The Company has approached M/s. Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad for acting as Statutory Auditor of the Company. Accordingly, M/s. Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad have shown their willingness to act as a Statutory Auditor of the Company for the F.Y. 2015-16 and gave their eligibility certificate under Section 141 of the Companies Act, 2013.

The Board vide its Circular Resolution dated 30 June 2015, on the basis of recommendation of the Audit Committee, has appointed M/s. Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad as Statutory Auditor of the Company for the F.Y. 2015-16 subject to approval of the Members at the 28th Annual General meeting of the Company. Accordingly, the Board has proposed their appointment for the member's approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Your Directors recommend the Ordinary Resolution set out at Item Nos. 4 of the Notice for approval by the shareholders.

Item No. 5 & 6

Pursuant to Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company, Based on the Recommendation of Nomination and Remuneration Committee, appointed Mr. Naman Patel and Mr. Amit Shukla as Additional Directors of the Company with effect from 30 June 2015 and 11 August 2015, respectively.

In terms of provisions of Section 161(1) of the Act, Mr. Naman Patel and Mr. Amit Shukla would hold office up to the date of the ensuing Annual General meeting.

Mr. Naman Patel and Mr. Amit Shukla are proposed to be appointed as Independent Directors to hold office for a term up to 31 March 2020, not liable to retire by rotation.

The Company has received notice from the members along with the deposit of requisite amount under section 160 of the Act, proposing Mr. Naman Patel and Mr. Amit Shukla as candidates for the office of Directors of the Company.

Mr. Naman Patel and Mr. Amit Shukla are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

Section 149 of the Act inter alia stipulates the criteria of independence before appointing any Independent Director in its Board. As per the said section 149 of the Act, an independent director can hold office for a term up to five consecutive years on the Board of the company and he shall not be included in the total number of directors for retirement by rotation.

The Company has also received declaration from Mr. Naman Patel and Mr. Amit Shukla that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and rules made there under.

In the opinion of the Board, Mr. Naman Patel and Mr. Amit Shukla fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Naman Patel and Mr. Amit Shukla are independent of the management.

Brief resume of Mr. Naman Patel and Mr. Amit Shukla, nature of their expertise in specific functional areas and names of companies in which they holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Notes No.17 of the Notice of 28th Annual General Meeting.

Keeping in view their vast expertise and knowledge, it will be in the interests of the Company that Mr. Naman Patel and Mr. Amit Shukla are appointed as Independent Directors.

Except Mr. Naman Patel and Mr. Amit Shukla, being an appointee for their resolution, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 & 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Your Directors find that their continued association on the Board of the Company would immensely benefit the Company and hence recommend the Ordinary Resolutions set out at Item Nos. 5 & 6 of the Notice for approval by the shareholders.

Item No. 7 & 8

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for reappointment on passing of a special resolution by the Company for a further period of up to five years.

In the 27th Annual General Meeting of the Company, Mr. Vishwesh Patel and Ms. Grishma Nanavaty were appointed as Independent Directors of the Company to hold the office for a term up to 31 March 2015.

Further, Nomination and Remuneration Committee of the Company, vide its Circular Resolution dated 27 March 2015, has recommended their appointment as Independent Directors for next term of five consecutive years i.e. up to 31 March 2020 to the Board of Directors, not liable to retire by rotation.

In terms of provision of Section 149 and 150 read with Schedule IV of the Companies Act, 2013, appointment of Independent Director shall be made in the General Meeting. Therefore, Board of Directors, in its meeting held on 28 March 2015, based on recommendation of Nomination and Remuneration Committee has appointed Mr. Vishwesh Patel and Ms. Grishma Nanavaty as Additional Directors of the Company with effect from 1 April 2015 and recommended their appointment for further period up to 31 March 2020.

A notice has been received from the members along with the deposit of requisite amount under section 160 of the Act, proposing Mr. Vishwesh Patel and Ms. Grishma Nanavaty as a candidates for the office of Directors of the Company.

Mr. Vishwesh Patel and Ms. Grishma Nanavaty are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr. Vishwesh Patel and Ms. Grishma Nanavaty that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and rules made thereunder.

In the opinion of the Board, Mr. Vishwesh Patel and Ms. Grishma Nanavaty fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Vishwesh Patel and Ms. Grishma Nanavaty are independent of the management.

Brief resume of Mr. Vishwesh Patel and Ms. Grishma Nanavaty, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in Notes No.17 of the Notice of 28th Annual General Meeting.

Except Mr. Vishwesh Patel and Ms. Grishma Nanavaty, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 and 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Your Directors find that their continued association on the Board of the Company would immensely benefit the Company and hence recommend the Special Resolutions set out at Item Nos. 7 and 8 of the Notice for approval by the shareholders.

Item No. 9

The existing Articles of Association (AOA) is based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Companies Act, 2013.

The Companies Act, 2013 is now largely in force. On 12 September 2013 the Ministry of Corporate Affairs ("MCA") had notified 98 sections for implementation and subsequently, on 26 March 2014 MCA notified most of the remaining sections (barring those provisions which require sanction/ confirmation of the National Company Law Tribunal). However, substantive sections of the Companies Act, 2013 which deals with the general working of Companies stand notified. In order to make the Articles of Association of the Company in line with the relevant sections/ provisions under the Companies Act, 2013 and rules made thereof, it is proposed to replace the existing Articles of Association of the Company by a new set of Articles. Accordingly, in lieu of amendments to various articles in the existing Articles of Association, it is considered prudent and desirable to adopt a new set of Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association of the Company. Pursuant to Section 14 of the Companies Act, 2013, the consent of the members of the Company by way of a Special Resolution is required for adoption of a new set of Articles of Association of the Company. Accordingly, this matter has been placed before the Members for approval.

The new AOA to be substituted in place of existing AOA are primarily based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by shares. A copy of the new set of Articles of Association of the Company proposed to be adopted together with the propose alterations would be available for inspection by the members at the Registered office of the Company during business normal hours on any working day, excluding Sunday, up to and including the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel of the Company / their relatives is in any way concerned or interested, financially or otherwise in the Special Resolution except to the extent of their shareholding in the Company.

The Board of Directors of the Company, therefore, recommends passing of the Special Resolution at Item No. 9 of the Notice.

Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost accounts/ cost records of the Company for the financial year ending on 31 March 2016 on a remuneration of ₹ 125,000/- plus taxes and reimbursement of out of pocket expenses.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

For Hester Biosciences Limited

Place : Ahmedabad
Date : 11 August 2015

Registered Office:

'Pushpak' 1st Floor,
Panchvati Circle,
Motilal Hirabhai Road,
Ahmedabad 380 006 Gujarat
CIN: L99999GJ1987PLC022333

Rajiv Gandhi
CEO & Managing Director

VOTING THROUGH ELECTRONIC MEANS

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, and Clause 35B of the Listing Agreement with the Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business as detailed in the Notice may be transacted through remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Company had fixed Tuesday, 8 September 2015 as the record date (cut-off Date) for determining voting rights of shareholders entitled to participating in the e-voting process.

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

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

| | |
|---------------------------------|--|
| Commencement of remote e-Voting | Saturday, 12 September 2015 at 9.00 AM |
| End of remote e-Voting | Monday, 14 September 2015 at 5.00 PM |

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

The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Tuesday, 08 September 2015.

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

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

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in dematerialised form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

| | For Members holding shares in Dematerialised Form and Physical Form |
|-----------------------|---|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both dematerialised shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on Attendance Slip. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | <p>Enter the Date of Birth as recorded in your dematerialised account or in the company records for the said dematerialised account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your dematerialised account or in the company records for the said dematerialised account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the dematerialised account holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of the Company, i.e.150731012 to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Dematerialised account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- (xviii) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details

| | |
|-------------------------------------|---|
| Company | : 'Pushpak' 1 st Floor Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380 006 Phone: +91 79 26445107 Fax: +91 79 26445105 Email: mail@hester.in Website: www.hester.in |
| Registrar and Transfer Agent | : M/s. Sharepro Services (India) Private Limited 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad -380 006 Phone – 079-26582381 to 84 Fax no. 079-26582385 E-mail: sharepro@shareproservices.com |
| e-Voting Agency | : Central Depository Services (India) Limited E-mail ID: helpdesk.evoting@cdslindia.com |
| Scrutiniser | : Mr. Tapan Shah, Practicing Company Secretary E-mail ID: scrutinizer@tapanshah.in |

HESTER BIOSCIENCES LIMITED

CIN: L99999GJ1987PLC022333

Regd. Office: 'Pushpak' 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380 006 , India
Tel: +91 79 26445107 Fax No: +91 79 26445107 Email: mail@hester.in Website: www.hester.in

PROXY FORM**Form MGT – 11**

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

Name of Member(s): _____

Registered Address : _____

E-mail Id : _____

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

I/we, being the member(s) of _____ Shares of Hester Biosciences Limited, hereby appoint:

1) _____ of _____ having email Id _____ or failing him

2) _____ of _____ having email Id _____ or failing him

3) _____ of _____ having email Id _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Tuesday, 15 September 2015 at 11.00 a.m. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 and at any adjournment thereof such resolution as are indicated below:

Resolutions

1) Consider and Adopt

- a) Audited Financial Statement, Reports of the Board of Directors and Auditors for the year ended 31 March 2015
- b) Audited Consolidated Financial Statement for the year ended 31 March 2015

(2) Declaration of Dividend on Equity Shares Financial Year 2014-15

(3) Re-appointment of Mr. Ravin Gandhi as a Director, who retires by rotation

(4) Appointment of Auditors and fixing their remuneration

(5) Appointment of Mr. Naman Patel as an Independent Director

(6) Appointment of Mr. Amit Shukla as an Independent Director

(7) Appointment of Mr. Vishwesh Patel as an Independent Director

(8) Appointment of Ms. Grishma Nanavaty as an Independent Director

(9) Adoption of New Set of Articles of Association

(10) Approval of the remuneration of the Cost Auditor

| |
|----------------------------------|
| Affix ₹ 1 Revenue Stamp |
|----------------------------------|

Signed this _____ day of _____ 2015

Signature of Shareholder_____
Signature of First Proxy holder_____
Signature of Second Proxy holder_____
Signature of Third Proxy holder**Notes:**

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

*Applicable for investors holding shares in electronic form.

Sustaining and growing

Hester Biosciences Limited

HESTER



28th | ANNUAL
REPORT
2 0 1 4 - 1 5

DISCLAIMER

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

CONTENTS

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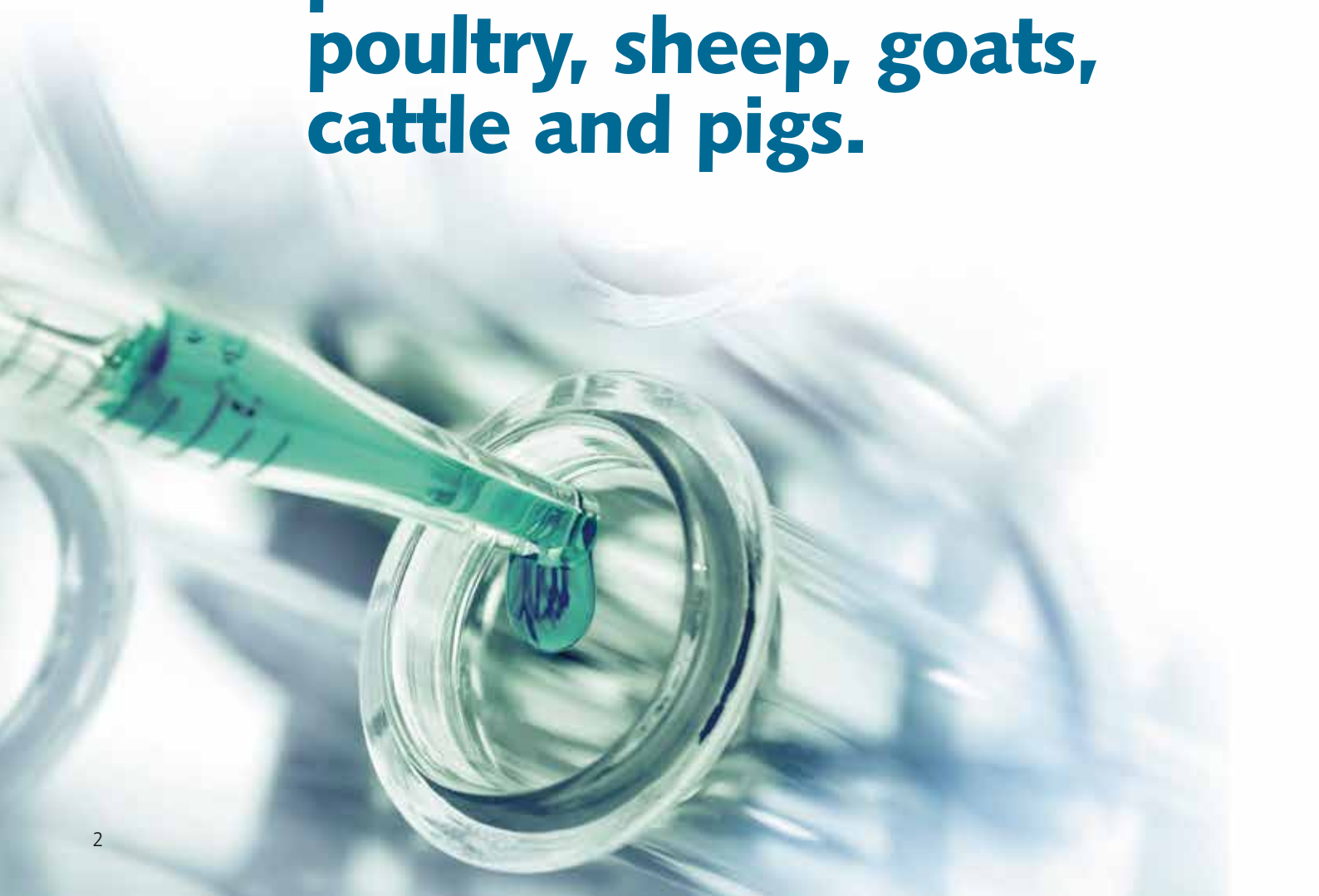
In 2014-15, India's pharmaceutical sector grew between 12 and 14% in revenues.

Hester Biosciences outperformed the country's pharmaceutical sector with a revenue growth of 30%.

To sustain this growth momentum, Hester Biosciences invested in additional capacity as well as added a new business vertical in 2014-15 thereby strengthening its business and preparing it for the next growth phase.

**Sustaining
and growing**

Hester Biosciences Limited is among India's leading animal health companies, addressing the vaccine as well as the medicinal and health product needs of poultry, sheep, goats, cattle and pigs.



BACKGROUND

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

The Company manufactures and markets veterinary vaccines and health products.

ACCREDITATIONS

- WHO – GMP
- Good Laboratory Practices (GLP)
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007
- DSIR (Department of Scientific & Industrial Research) approval for in-house R&D department

PRESENCE

In addition to a manufacturing plant in Mehsana district, near Ahmedabad, the Company has set up a second plant in Kathmandu, Nepal which is slated to start functioning by October 2015.

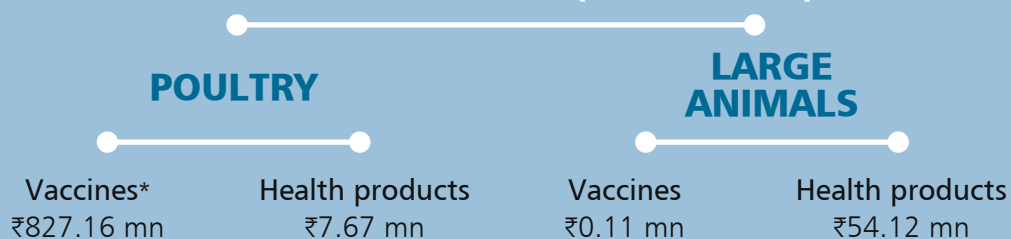
The Company's products are distributed through a pan-India network. Hester currently exports products to 17 countries.

The Company's shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company's market capitalisation stood at ₹4 billion as on 31 March 2015.

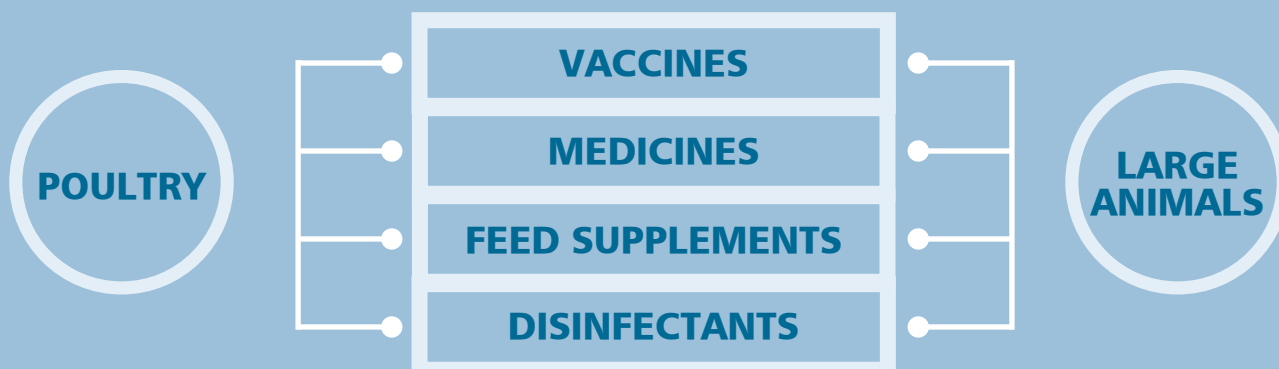
PRODUCTS

The Company's portfolio includes vaccines, medicines, feed supplements and disinfectants. We strive to continuously develop newer products to address the healthcare needs of animals.

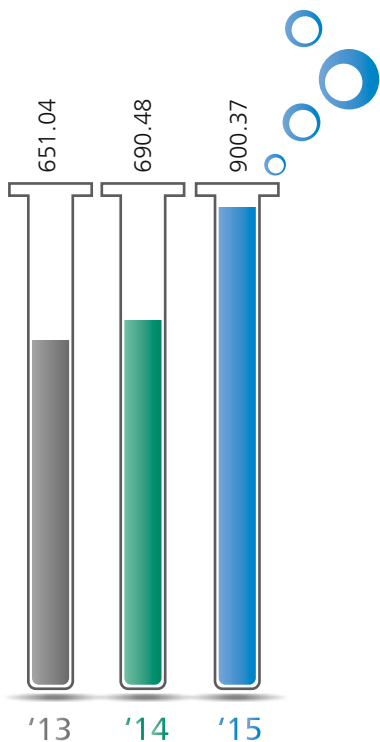
BUSINESS DIVISIONS (SALES FY15)



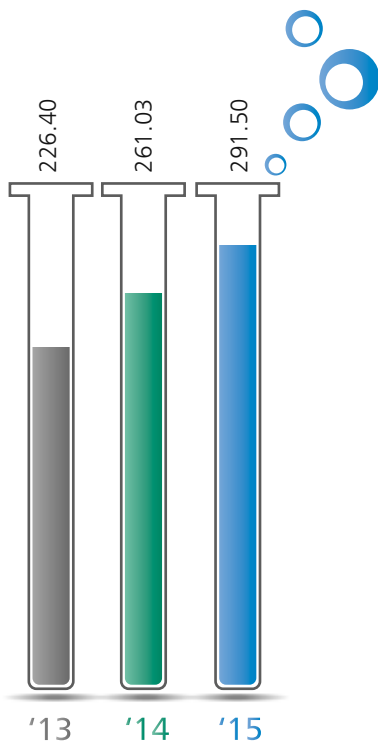
*Poultry vaccines account for almost 93% of total sales



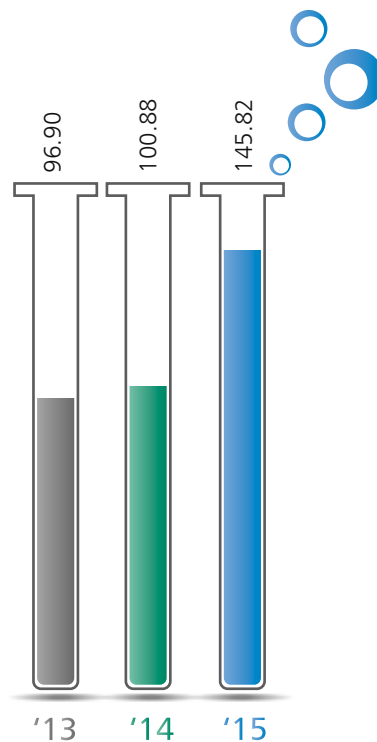
Our numbers indicate our outperformance



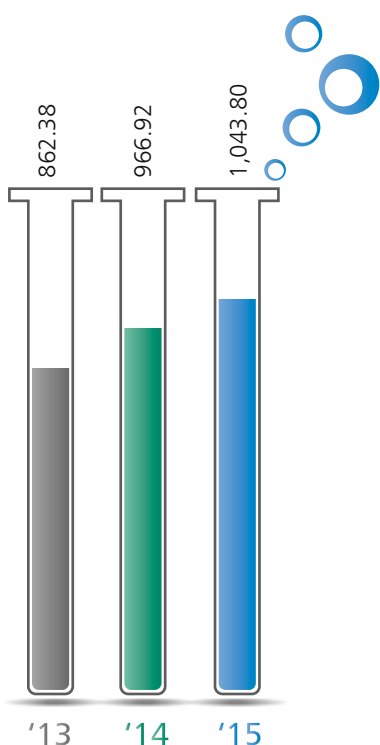
Sales
(₹ million)



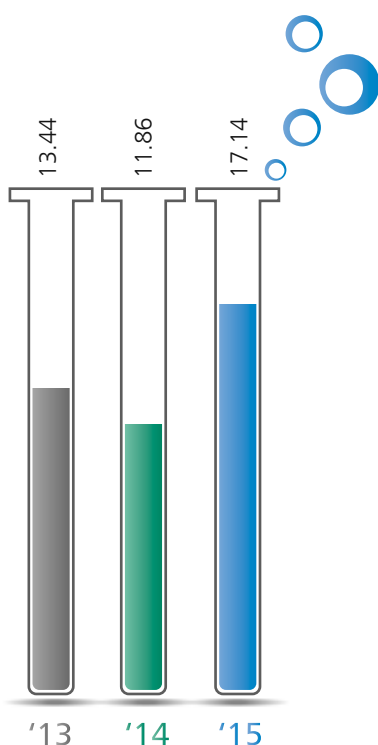
EBIDTA
(₹ million)



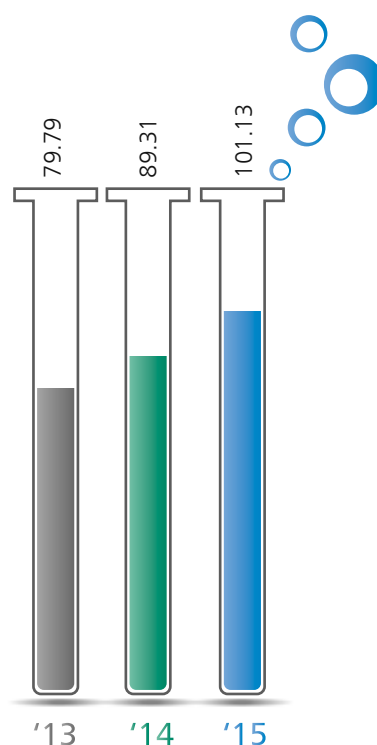
Net profit
(₹ million)



Gross block
(₹ million)



Earnings per share
(₹)



Book value per share
(₹)

Highlights, 2014-15

- The Company launched a large animal vaccines division thereby further expanding its product portfolio.

- The Company launched a vaccine for the immunisation of sheep and goats against Peste des Petits Ruminants disease.

- The Company emerged as the first in India to manufacture the Goat Pox vaccine

- The Company's poultry and large animal vaccines manufacturing plant in Nepal is expected to commence operations by October 2015. The operationalisation of this plant will further widen the product range, and fuel Hester's international business.

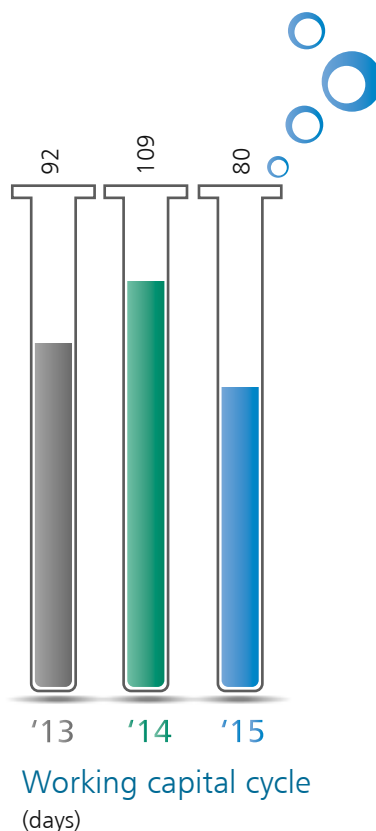
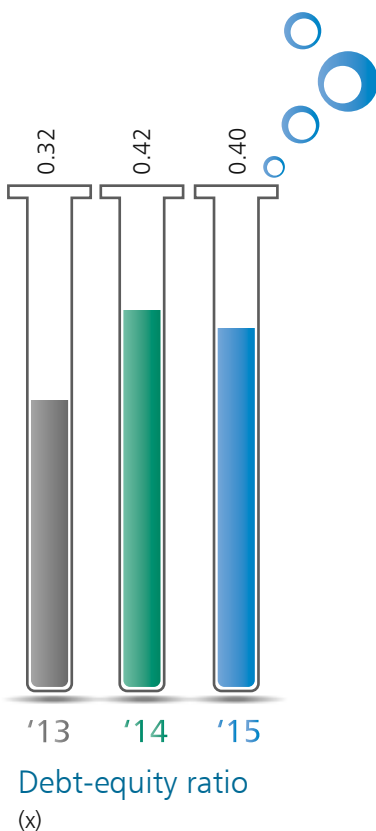
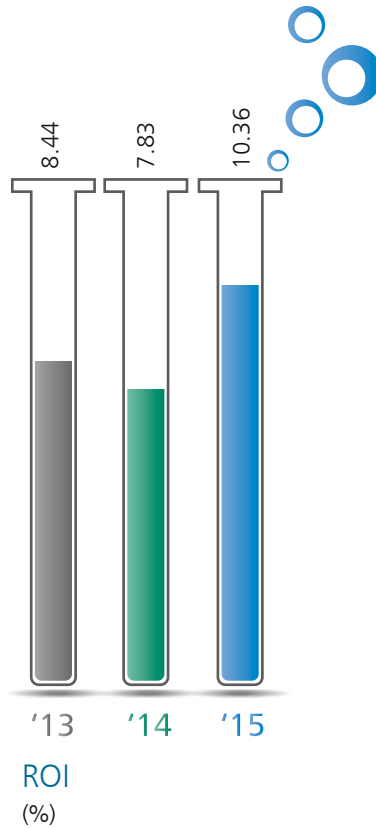
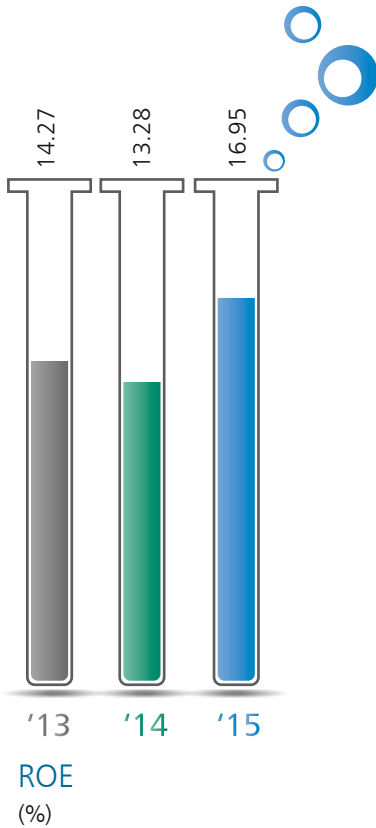
- The Company received registration approvals for 14 poultry vaccines in four countries.

- The Company got listed on the National Stock Exchange in March 2015

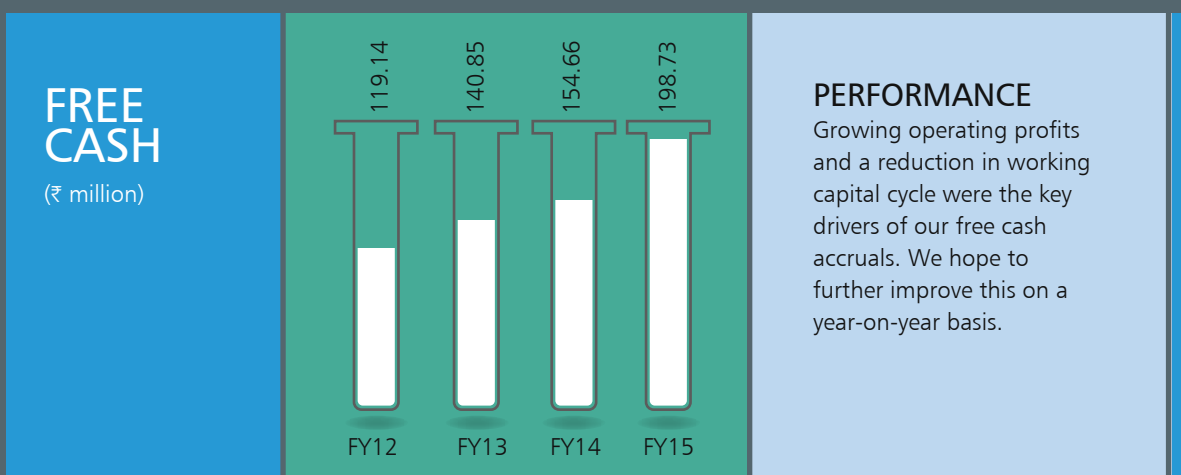
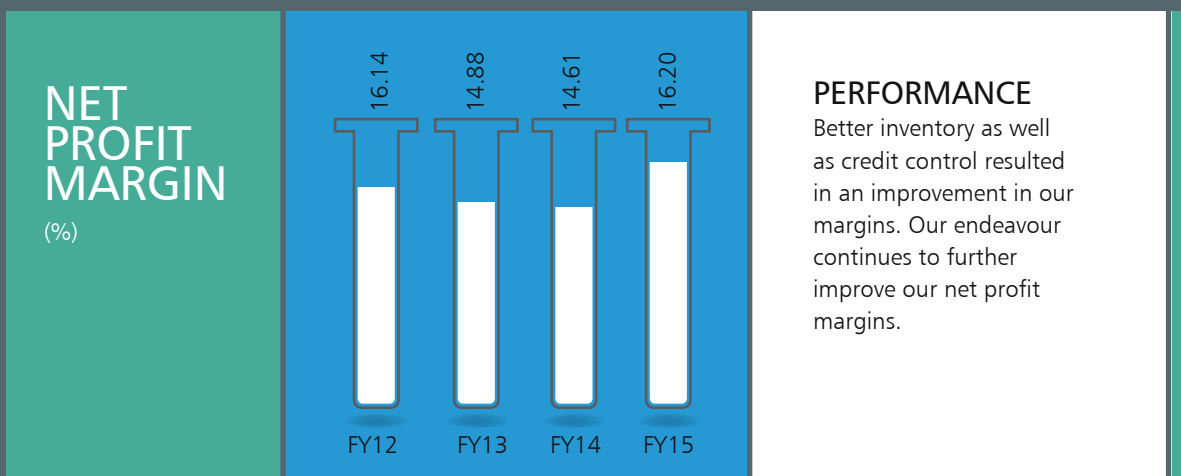
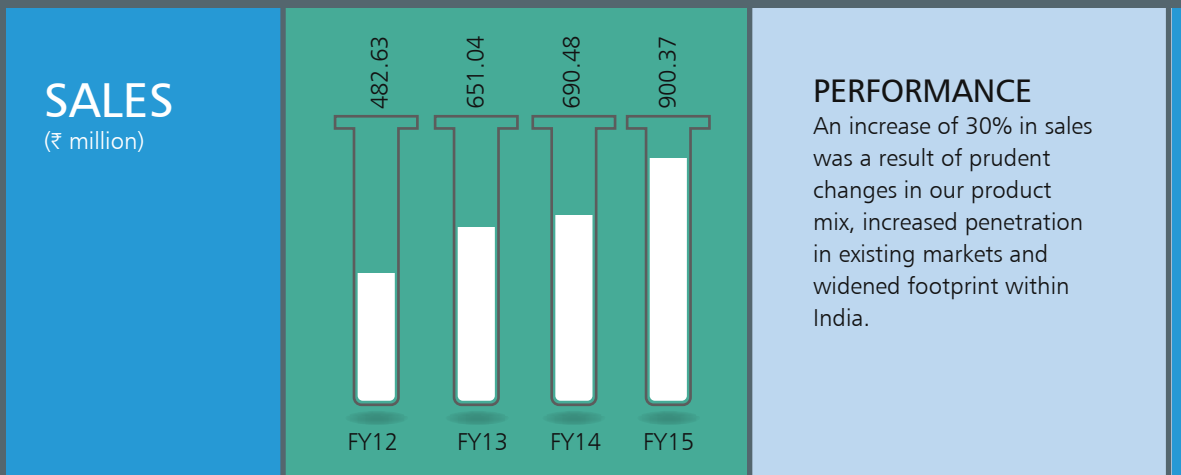
- The Nepal manufacturing facility will complement the Indian range of animal vaccines.

- The objective is to make Nepal self-sufficient in terms of animal vaccines

- The Company expects to work hand in hand with the Nepali Government in a bid to control a host of animal diseases

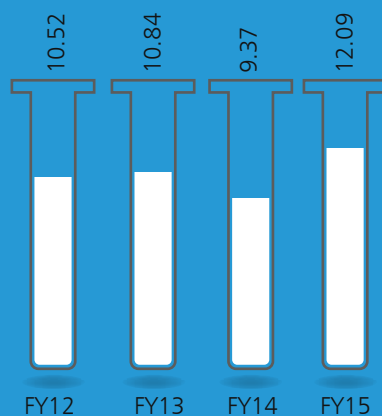


Key performance indicators



RETURN ON CAPITAL EMPLOYED

(%)

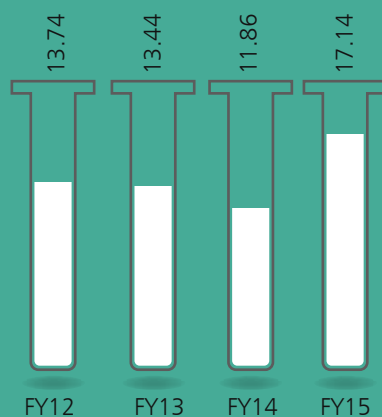


PERFORMANCE

An improved product mix and higher utilisation of assets helped improve return on capital employed by 272 bps from 9.37% in 2013-14 to 12.09% in 2014-15.

EARNINGS PER SHARE

(₹)

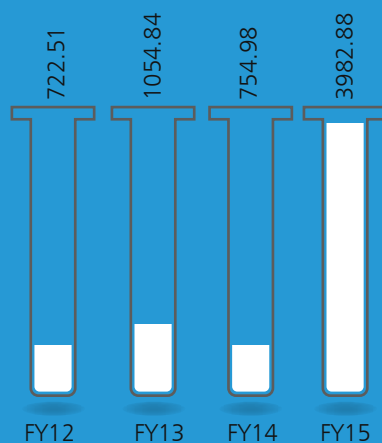


PERFORMANCE

Growing profitability helped improve the Company's EPS by 44.52%.

MARKET CAPITALISATION

(₹ million)



PERFORMANCE

There was a 427.55% increase in the Company's market capitalisation. The Company's listing on the National Stock Exchange was another highlight.

The competencies that make us market leaders

MARKET PRESENCE

Hester Biosciences has emerged as India's second largest poultry vaccine manufacturer, leveraging a strong brand identity of being a reliable manufacturer of quality animal health products.

WIDE PORTFOLIO

Hester Biosciences is the only Indian company with four manufacturing divisions – poultry vaccines, large animal vaccines, poultry health products and large animal health products. The Company also offers seromonitoring services to poultry and dairy farmers to help them monitor the health status of their animals.

SCALE AND SOPHISTICATION

Hester Biosciences operates Asia's largest single-location animal biological manufacturing facility benchmarked with international quality compliance standards.

INTELLECTUAL CAPITAL

Hester Biosciences represents one of the most knowledge-intensive companies in India's animal vaccines sector. The Company had 291 highly-motivated employees on its payrolls as on 31 March 2015. Average revenue earned per employee increased from ₹2.34 million in 2013-14 to ₹3.09 million in 2014-15.

ENVIRONMENTALLY-CONSCIOUS APPROACH

The Company has invested in eco-friendly practices related to the responsible disposal of effluents and waste as well as for meeting the environment guidelines laid down by the State Pollution Control Board.

CERTIFICATIONS

DOMESTIC MARKET

In 2014-15, the Company's newly-started large animal vaccines manufacturing and testing division got approved by the Indian drug authority. The WHO-GMP certification was extended to the large animal vaccines segment as well. The Company expects market authorisations for four newly-developed poultry vaccines and two newly-developed large animal vaccines in FY2015-16.

INTERNATIONAL MARKET

During the year, the regulatory department submitted 72 product dossiers in 10 semi-regulated countries.

The Company also received registration approvals for 14 poultry vaccines in four different countries. The Company cleared two international contract manufacturing inspections from private companies and ensured compliance with European and Japanese drug regulatory standards.

ROBUST R&D

Hester Biosciences is a research-intensive company – its R&D unit at Kadi (approved by the DSIR) has embarked on a project for developing recombinant poultry and large animal vaccines, besides looking into process improvements. The true impact of this initiative will be manifested in the coming years through greater value-addition and higher margins.

GLOBAL PRESENCE

The Company's international business contributed 5.65% to the total sales, thereby showing a growth 55.18% over the last year. The Company extended its global footprint from 12 countries to 18 in 2014-15. The international business is expected to grow by approximately 100% on a year-on-year basis.

Going ahead, the Company plans to expand its product portfolio and its geographical presence. Africa will continue to remain the major contributor to international business sales with the Company establishing its own distribution points in at least seven countries in Africa.

Phase-I (1997 to 2005):
Dedicated animal health company offering vaccines and veterinary health products.

Phase-II (2006 to March 2015):
Entered the poultry health products segment in 2013 and large animal vaccines segment in March 2015.

Phase-III (March 2015 onwards):
Fastest-growing animal health company in India. One-stop provider of animal health products in India and abroad.

(Poultry vaccines, poultry health products, large animal vaccines and large animal health products).

MANAGING DIRECTOR'S REVIEW

30%
REVENUE GROWTH
IN 2014-15 OVER
2013-14



Dear Shareholders

I am pleased to report that the financial year 2014-15 proved to be another outstanding year at Hester Biosciences. We reported a sizeable increase in revenues and strengthened the foundation to graduate the Company into the next growth phase.

During a year when the Indian pharmaceutical sector grew by 12-14%, I am pleased to report that Hester Biosciences grew its revenues by 30% by widening and deepening its market coverage. The Company achieved a growth of 30.40% in revenues – from ₹690.48 million in 2013-14 to ₹900.37 million in 2014-15. The Company's EBIDTA grew by 3.3% from ₹253.30 million to ₹261.68 million in 2014-15. The Company grew its profit after tax by 44.56% from ₹100.88 million in 2013-14 to ₹145.83 million in 2014-15.

The contextual landscape against which the Company's performance was delivered also started getting increasingly encouraging. India was estimated to have grown by 7.4% during FY2014-15 (6.9% in 2013-14) and 7.5% in the January-March quarter of FY15, exceeding China's

7.3% growth during the 2014 calendar year. This made India the fastest-growing major economy, having surpassed the USD 2.1-trillion mark on the back of an improved performance from the manufacturing sector and rising public expenditure.

BUSINESS-STRENGTHENING INITIATIVES

Hester Biosciences embarked on various business-strengthening initiatives during the year under review.

The Company operationalised its large animal vaccines division in March 2015, a business that can generate annual revenues of over ₹700 million at its peak potential.

From a regulatory standpoint, the big advance made by the Company was the creation of international dossiers for poultry vaccines. This will

accelerate the international product registration process to help Hester emerge as a globally-renowned animal health company. The Company's Nepal plant is set to commence production in October 2015. The sales potential of which, at full capacity, could cross ₹500 million. The Company launched the PPR (Peste Des Petits Ruminants) vaccine (Sungri strain) in India; it is set to launch the PPR vaccine (Nigerian strain) from its Nepal plant before the end of this calendar year, making it the only company in the world to have the ability to manufacture both the Sungri and the Nigerian strains of the PPR vaccine. PPR is a disease which primarily infects sheep and goats. While the PPR vaccine in India is statutorily required to be of Sungri strain, internationally, the Nigerian strain is used. The vaccine is to be administered annually to a target population. The targeted global sheep and goat population for PPR vaccine is 1.70 billion; the targeted Indian population is 200 million.

The OIE and the FAO have embarked on a worldwide PPR disease eradication program. What makes this development important is that the FAO has allocated USD 7.23 billion for PPR eradication over a 15-year period, thus representing the biggest opportunity on the horizon for the Company. The PPR vaccine will also address the disease eradication programs of the Government of India.

Hester Biosciences also launched a vaccine for Goat Pox in March 2015 – a disease with a high mortality rate in goats. Hester, thus, became the first Indian company to produce the Goat Pox vaccine.

The Company embarked on a project for immunising backyard poultry in

India, against Ranikhet (Newcastle) disease, in collaboration with Galvmed (www.galvmed.org), a Scottish NGO. The true impact of this immunisation program would only be manifested in the years to come. The impact on poor rural families would be immense in terms of improved incomes as well as protein intake. Besides, it will also help empower rural women who are primarily engaged in backyard farming.

The Company invested ₹120 million in capacity expansion during 2014-15 and plans to invest ₹160 million in the current financial year to complete the capacity expansion. These capacities will address products spaces which enjoy high margins. The Company expects to mobilise relevant resources through internal accruals and/or debt, which can be progressively liquidated as the Company starts generating surplus revenues from the project.

The Company got listed on the National Stock Exchange on 4 February 2015. The Company's market capitalisation strengthened from ₹780 million on 1 April 2014 to ₹3.98 billion on 31 March 2015.

OPTIMISM

Hester Biosciences possesses an exhaustive range of poultry as well as a range of key large animal vaccines. Following the commissioning of the Nepal plant and the expansion plan in Ahmedabad for vaccines, the Company is now the only Indian company with a manufacturing presence in four verticals (poultry vaccines, large animal vaccines, poultry health products and large animal health products) across the animal healthcare value chain.

Hester Biosciences is well placed to

address the FAO and country-specific tenders, especially for PPR vaccine. The thermostable (Ranikhet) Newcastle disease vaccine for backyard poultry too is expected to see a huge demand surge in Africa.

Going ahead, the Company is focusing on augmenting its existing marketing and distribution chain in Africa and establishing one in the Middle East. Besides appointing distributors, the Company hopes to create its own distribution points. Hester has a distinct advantage in this regard as it has a complete range of vaccines and health products.

OUTLOOK

Although an increase in raw material costs moderated Hester's profits during the year under review, a recovery was visible in the fourth quarter when EBIDTA margins rebounded from the previous quarter's 28.93% to 30.18%, a feature that is likely to be extended into 2015-16.

The Company plans to make a mark in the global animal health business through the research-led development of next-generation vaccines. The Company plans to widen its global footprint through distribution-focused joint ventures in emerging markets.

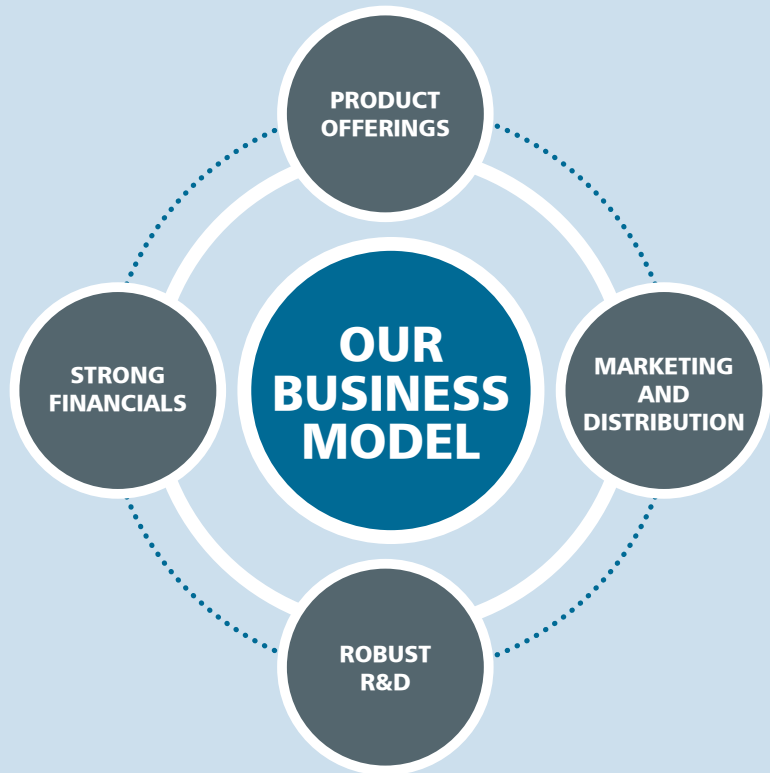
Going ahead, the Company plans to grow its revenues by 25% over the next two years and continue pursuing its vision of emerging as a globally-respected vaccine and animal health products manufacturer.

With optimism,

Rajiv Gandhi

CEO and Managing Director
Hester Biosciences Limited

Business model



PRODUCT OFFERINGS

Hester Biosciences is the largest independent poultry vaccine manufacturer and the second largest overall producer with a market share of 25-30%.

Hester Biosciences has been a dedicated animal health company since 1997 with a product range that includes vaccines and veterinary health products. The Company has four business divisions – poultry vaccine (oldest division), poultry health products, large animal vaccines and large animal health products.

Hester became the first commercial manufacturer of the Goat Pox vaccine, (Live Uttarkashi strain) in India. Goat Pox

has a 100%-mortality rate. India has approximately 140 million goats and this vaccine will have a major role to play in controlling the disease and prevent economic losses. Though the market size seems to be large, a dedicated product awareness program would be needed to educate the farmers regarding the need for Goat Pox vaccine.

With the launch of the PPR vaccine, Hester has entered in the large animal vaccines business at a very appropriate time as the Government of India has embarked on the National Control Program for PPR. Besides, the OIE and the FAO have initiated a global PPR control and eradication program.

MARKETING AND DISTRIBUTION

Marketing and distribution are key determinants of success in the vaccine business. India is one of the only countries where imported vaccines have a 10 to 15% market share and Indian companies account for the rest (85 to 90%).

The distribution network is an important aspect as vaccines

generally need to be stored between 4 to 8 degrees Celsius, and some required to be stored at minus 196 degrees Celsius. The Company has established a strong, multi-locational cold chain for the distribution and storage of vaccines. The network is used for distributing poultry and large animal health products as well.

ROBUST R&D

The Company's growth has mainly been on the basis of its R&D-derived products and steady product improvements. Most of the vaccines are now

manufactured from local strains, thereby ensuring higher protection levels in animals against specific diseases.

Corporate information

BOARD OF DIRECTORS

Dr. Bhupendra V. Gandhi, Chairman
 Mr. Rajiv Gandhi, CEO & Managing Director
 Mr. Sanjiv Gandhi
 Mr. Ravin Gandhi
 Mr. Vishwesh Patel
 Dr. Siba Samal (upto 10 August 2015)
 Ms. Grishma Nanavaty
 Mr. Naman Patel (w.e.f. 30 June 2015)
 Mr. Amit Shukla (w.e.f. 11 August 2015)

CHIEF FINANCIAL OFFICER

Mr. Jigar Shah

COMPANY SECRETARY

Ms. Amala Parikh

REGISTERED OFFICE & CORPORATE OFFICE

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

MANUFACTURING UNIT

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

AUDITORS

M/s. Shah Narielwala & Co.
 Chartered Accountants
 608, 'Shitiratna', Nr. Panchvati Circle,
 Ellis Bridge, Ahmedabad - 380 006

BANKERS

State Bank of India
 SME Branch, S G Highway, Bodakdev
 Ahmedabad 380 054

STOCK EXCHANGES

Bombay Stock Exchange
 National Stock Exchange

AUDIT COMMITTEE

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

STAKEHOLDERS' GRIEVANCE & RELATIONSHIP COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

SHARE TRANSFER COMMITTEE

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

MANAGEMENT COMMITTEE

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

REGISTRAR & TRANSFER AGENTS

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

ISIN: INE782E01017

CIN: L99999QJ1987PLC022333

DIRECTORS' REPORT

Your Directors are pleased to present the 28th Annual Report with the Audited Accounts of the Company for the year ended 31 March 2015.

FINANCIAL RESULTS:

(₹ In Million)

| Particulars | Standalone | |
|---|------------|---------|
| | 2014-15 | 2013-14 |
| Total income | 903.66 | 698.22 |
| Profit before depreciation and tax | 247.43 | 196.69 |
| Less: Depreciation | 52.91 | 53.78 |
| Profit before tax | 194.52 | 142.91 |
| Less: Provision for tax | 40.62 | – |
| Deferred tax | 4.55 | 23.27 |
| Income tax of earlier year | 3.53 | 18.76 |
| Fringe benefit tax | -- | -- |
| Net Profit after tax | 145.82 | 100.88 |
| Balance of profit and loss account | 256.69 | 200.71 |
| Profit available for appropriation | 402.51 | 301.59 |
| Less: Dividend on equity shares | 26.37 | 17.01 |
| Less: Dividend tax | 5.40 | 2.89 |
| Less: Transfer to General reserve | 25.00 | 25.00 |
| Balance carried to Balance sheet | 345.74 | 256.69 |
| Earnings per share (basic/diluted) (in ₹) | 17.14 | 11.86 |

FINANCIAL HIGHLIGHTS

Sales

Your Company posted a turnover of ₹900.37 million in the financial year ended on 31 March 2015, as compared to ₹690.48 million in the previous year.

Profitability

Your Company's PBT for the year ended 31 March 2015 was recorded at ₹194.52 million, as compared to ₹142.91 million in the previous year.

Earnings per share

EPS was at ₹17.14 as on 31 March 2015 as against ₹11.86 as on 31 March 2014.

Transfer to Reserves

₹25 million is proposed to be transferred to the General Reserve and ₹345.74 million is proposed to be retained in the surplus.

Net Worth

The Company's net worth as on 31 March 2015 was at ₹860.28 million as compared to ₹759.72 million as on 31 March 2014.

Dividend

Your Directors have recommended a dividend payment of ₹3.10 per equity share of ₹10 each for the financial year 2014-15, as compared to ₹2 per equity share in the earlier year. This dividend is subject to approval by the shareholders at the ensuing AGM.

The total dividend appropriation (excluding dividend tax) for the current year is ₹26,371,080 as against ₹17,013,600 in the earlier year, resulting in a payout of 18.08% of the stand-alone profit, and is in line with the dividend policy adopted by the Company.

REVIEW OF OPERATIONS

The financial year saw an increase in sales by 30%.

We started off the year with a clear objective to increase our market share as well as add new products.

The business got clearly divided into four divisions:

1. Poultry vaccines
2. Poultry health products
3. Large animal vaccine
4. Large animal health products

The poultry vaccine division saw a growth of 29%, an increase in sales to ₹827.20 million from ₹641.10 million in the previous year. The growth in this division came from increasing our market share as well as from the growth of the poultry industry. Another hallmark achieved is that the sales

have been fully derived from our own produced vaccines, without any dependency on any intermediate, as what we were otherwise dependent on till 2012-13. We have 40 licensed poultry vaccines and hope to add eight more in the current financial year.

The poultry health products division, being one year old, has just taken off, generating sales of ₹7.70 million as compared to negligible sales of ₹3.90 million from the previous year. The range includes one medicine, seven feed supplements and one disinfectant. We hope to substantially increase the range in all the three subdivision.

The large animal vaccine division, having started on 25 March 2015, had negligible contribution in the sales in the financial year. We have two licensed large animal vaccines, PPR and Goat Pox, and hope to add five more in the current financial year.

The large animal health products division saw a growth of 19%, an increase in sales to ₹54.20 million from ₹45.50 million. In the current financial year, we hope to grow by over 40%. The current range includes 14 medicines, six feed supplements and three disinfectants and we hope to add more products in this financial year.

Exports grew by 55%; an increase in sales to ₹50.89 million from ₹32.83 million in the previous year. The exports comprised mainly of poultry vaccines. Having registered at least one product in 13 countries and with on-going registrations in 23 countries, the exports are poised to grow at over 100% on a year-to-year basis for the next few years.

The Company earned a non-recurring operational income for ₹11.30 million.

The Nepal plant would be commissioned in October 2015.

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

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

Current certifications held by us are:

1. WHO-GMP
2. GLP (Good Laboratory Practices)
3. ISO 9001:2008
4. ISO 14001:2004
5. OHSAS 18001:2007
6. DSIR approved R&D centre

CONSOLIDATED FINANCIALS

The Group's consolidated total income from operations is ₹909.36 million and net profit after minority interest is ₹123.88 million for the financial year 2014-15 as compared to the Group's consolidated total income from operations of ₹696.54 million and net profit after minority interest of ₹94.54 million for the previous financial year 2013-14.

Consolidated financial results include the financial results of Hester Biosciences (Mauritius) Limited, Gujarat Agrofarm Limited and Diavetra Lifesciences Private Limited, the wholly owned subsidiaries of Hester Biosciences Limited and Hester Biosciences Nepal Private Limited, the step down subsidiary of Hester Biosciences Limited.

LISTING OF SECURITIES

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange India Limited (NSE).

During the year, the Company has obtained the final approval letter of the listing of its equity shares on NSE and the trading for the equity shares of the Company at the NSE was started with effect from 13 March 2015.

The Company has already paid the listing fees to the both the Stock Exchanges for the Financial Year 2015-16.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board Meeting

The Board consist of Eight members as on 31 March 2015, four of whom are Promoters and Non Independent Directors and remaining four are Independent Directors.

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

During the year under review, Board of Directors of the Company met Seven times, viz 7 April 2014, 30 May 2014, 24 July 2014, 18 October 2014, 24 December 2014, 21 January 2015 and 28 March 2015.

Committee of Board

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

provisions of applicable laws and statutes.

The Company has following Committees of the Board:

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

A detailed note on the committees with respect to composition, meeting, powers, and terms of reference is provided under the corporate governance report section in this Annual Report.

Appointment, Re-appointment and Resignation of Directors

During the year, Ms. Nina Gandhi was appointed as an Alternate Director for Mr. Ravin Gandhi in place of Mr. Parimal Tripathi with effect from 30 May 2014. Subsequently, Ms. Priya Gandhi was appointed as an Alternate Director for Mr. Ravin Gandhi in place of Ms. Nina Gandhi with effect from 18 October 2014.

Mr. Darayus Lakdawalla has resigned as an Independent Director of the Company with effect from 24 July 2014. The terms of appointment of Mr. Vimal Ambani, as an Independent Director of the Company, has expired with effect from 1 April 2015. Further, Dr. Siba Samal has resigned from the Board with effect from 10 August 2015. The Board places on record their appreciation for the services rendered by them during their tenure with the Company.

Ms. Grishma Nanavaty was appointed as an Independent Director of the Company with effect from 24 July 2014. The said appointment was approved by the Members at the last Annual General Meeting.

During the year, Mr. Rajiv Gandhi, CEO and Managing Director of the Company was re-appointed, for a further period of three years, with effect from 1 April 2014. Members have approved the said re-appointment through Postal Ballot.

After the completion of the term of appointment for Mr. Vishwesh Patel, Ms. Grishma Nanavaty and Dr. Siba Samal as an Independent Directors of the Company, the Board of Directors have appointed all of them as an Additional Directors of the Company, with effect from 01 April 2015.

Considering their valuable contribution to the organisation, the Nomination and Remuneration Committee has recommended appointment of all the three Independent Directors for the next term of five consecutive years i.e. up to 31 March 2020. The Company has received requisite notice in writing from a member proposing Mr. Vishwesh Patel, Ms. Grishma Nanavaty and Dr. Siba Samal for appointment as an Independent Directors of the Company. Members in their ensuing General Meeting shall consider their appointment for further period up to 31 March 2020.

Mr. Naman Patel was appointed as an Alternate Director for Dr. Siba Samal with effect from 18 October 2014 and subsequently resigned as on 30 June 2015. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company, Mr. Naman Patel was appointed as an Additional Director designated as an Independent Director with effect from 30 June 2015. Further, Mr. Amit Shukla was appointed as an Additional Director of the Company with effect from 11 August 2015. They both shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing them for appointment as an Independent Directors of the Company. Further, Nomination and Remuneration Committee of the Company has recommended their appointment for a period up to 31 March 2020.

In terms of the provision of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a Company shall have at least one Woman Director on the Board of the Company. Your Company has Ms. Grishma Nanavaty as an Independent Director on the Board of the Company.

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act 2013, Mr. Ravin Gandhi, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and

Clause 49 of the Listing Agreement. The terms and conditions of the Independent Directors are incorporated on the website of the Company at: <http://www.hester.in/polices.php>

Training of Independent Directors

To familiarise the new inductees with the strategy, operations and functions of our Company, the executive directors / senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, organisation structure, finance, human resources, technology, quality and facilities. Further, the Company has devised a Familiarisation Programme for Independent Directors and the same been placed on the website of the Company at: <http://www.hester.in/polices.php>

Details of Key Managerial Personnel

Mr. Rajiv Gandhi, CEO & Managing Director, Mr. Jigar Shah, Chief Financial Officer and Ms. Amala Parikh, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and were already in the office before the commencement of the Companies Act, 2013.

None of the Key Managerial Personnel has resigned or appointed during the year under review.

Nomination and Remuneration Policy

The Company has, in order to attract motivated and retained manpower in competitive market, and to harmonise the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time, devised a policy on the nomination and remuneration of Directors, key managerial personnel and senior management. Key points of the policy are:

- A. Policy on appointment of Directors, key managerial personnel and senior management personnel
- The policy is formulated to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and senior management personnel and recommend to the Board for his/her appointment.
 - A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.
 - In case of appointment of Independent Director, the Committee shall satisfy itself with regard to the inde-

pendent nature of the Director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

- B. Policy on remuneration of Director, key managerial personnel and senior management personnel

The Company's remuneration policy is driven by the success and performance of the Director, KMP and Senior Management Personnel vis-à-vis the Company. The Company's philosophy is to align them and provide adequate compensation with the Objective of the Company so that the compensation is used as a strategic tool that helps us attract, retain and motivate highly talented individuals who are committed to the core value of the Company. The Company follows a combination of fixed pay, benefits and performance-based variable pay. The Company pays remuneration by way of salary, benefits, perquisites and allowance. The remuneration and sitting fees paid by the Company are within the salary scale approved by the Board and Shareholders.

Board Evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and individual Director. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors excluding the director being evaluated.

A structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and Committees, culture, execution and performance of specific duties, obligation and governance.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as suggested by the Nomination and Remuneration Committee.

The performance evaluation of the Independent Directors was completed. During the year under review, the Independent Directors met on 28 March 2015 inter alia, to discuss:

- Performance evaluation of Non Independent Directors and Board of Directors as a whole;
- Performance evaluation of the Chairman of the Company;
- Evaluation of the quality of the flow of information

between the Management and Board for effective performance by the Board.

The Board of Directors expressed their satisfaction with the evaluation process.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the CSR activities to be undertaken by the Company, which has been approved by the Board.

The CSR policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large. The CSR Policy may be accessed on the company's website at: <http://www.hester.in/polices.php>

The Company is contributing to sustainable development by its economic activities combined with the fulfillment of its social responsibilities relating to the education, health, safety and environment aspects.

Aligning with the guidelines, your Company has constituted a Corporate Social Responsibility Committee. The CSR Committee is responsible for indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the Corporate Social Responsibility Policy and recommending the amount to be spent on CSR activities.

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

SUBSIDIARY, JOINT-VENTURE AND ASSOCIATES COMPANIES

As on 31 March 2015, your Company has four subsidiary companies namely Hester Biosciences (Mauritius) Limited, Gujarat Agrofarm Limited and Diavetra Lifesciences Private Limited (wholly owned subsidiaries) and Hester Biosciences Nepal Private Limited (step-down subsidiary).

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

The Board of Directors of the Company has formulated a policy for determining "Material Subsidiaries" to comply with

the requirement of Clause 49 of the Listing Agreement for such material subsidiaries. However, the Company has no material subsidiary Company as defined under Clause 49 of the Listing Agreement. The policy for determining "Material Subsidiaries" may be accessed on the Company's website at the link: <http://www.hester.in/polices.php>.

During the year, Gujarat Agrofarm Limited became a wholly owned subsidiary of the Company.

The Company does not have any joint ventures as on 31 March 2015. There is one Associate Company, namely Innoves Animal Health Pvt. Ltd.

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

The performances of the Subsidiary Companies are as under:

Hester Biosciences (Mauritius) Limited (HBML)

This Company was incorporated in 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

This Company, though established with an objective to develop and market veterinary diagnostics kits, it has not yet started its activities and hence, only administrative expensed are incurred.

Hester Biosciences Nepal Private Limited (HBNPL)

HBNPL is a subsidiary of HBML. HBML holds 79.20% 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. The project is expected to complete before the end of the current financial year.

Gujarat Agrofarm Limited (GAFL)

In November, 2014, the Company has formed a new subsidiary namely Gujarat Agrofarm Limited with an objective of manufacturing, selling and distributing growth media used for animal vaccines industries.

PUBLIC DEPOSITS

During the period under review, the Company has not accepted deposits from shareholders and public falling within the ambit of Section 73 of the Companies Act, 2013 and rules made thereunder. Further, as per Section 74 of the Companies Act, 2013, the Company has repaid all the existing deposit accepted under the Companies Act, 1956. There were no deposits, which were claimed and remained unpaid by the Company as on 31 March 2015.

SHARE CAPITAL

The paid up equity share capital as at 31 March 2015 stood at ₹85.07 million. During the year under review, the Company has not issued any share capital.

FINANCE

The working capital requirement was funded through enhanced bank limits. The capital expenditures were funded through the additional working capital and term loans from the bank as well as through internal accruals.

SCHEME OF ARRANGEMENT

The Board of Directors has approved the draft Scheme of Arrangement involving the amalgamation of Hester Biosciences (Mauritius) Limited, Gujarat Agrofarm Limited and Diavetra Lifesciences Private Limited to Hester Biosciences Limited and demerger of the trading unit of Innoves Animal Health Private Limited into Hester Biosciences Limited, between the Companies and its Equity Shareholders and Creditors, in its meeting held on 24 December 2014, pursuant to the provisions of Sections 391 to 394 and Section 261 to 264 of the Mauritius Companies Act, 2001 and other applicable provisions of the 1956 Act, the Companies Act, 2013 ("the 2013 Act") and the Mauritius Companies Act, 2001. The same scheme was filed with the stock exchanges as on 9 March 2015 at BSE and 20 March 2015 at NSE. The Company has received final observations letters from both the Stock Exchanges for the Scheme. The above Scheme is yet to be filed with the Hon'ble High Court of Gujarat.

VIGIL MECHANISM

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report instances of unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct to the management. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate

safeguards against victimisation of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. No whistle blower has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your attention is drawn to the perception and business outlook of your management for your company for current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report, as required under Clause 49 of the Listing Agreement with the Stock Exchange is attached and forms part of this Directors' Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There was a fire in one of the secondary production buildings at Hester's Mehsana plant at 5 pm on Monday 29 June 2015. The fire was completely brought under control by 7

pm. There had been no loss or damage to any life. Having a full insurance cover, the company has claimed INR 13.20 million from the insurance company. The fire had caused a temporary loss in production which has not much impacted our sales.

EXTRACT OF ANNUAL RETURN

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at 31 March 2015 in Form MGT-9 forms part of this Directors' Report as Annexure-3.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions that were entered during the financial year were in the ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company.

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

The policy on Related Party Transactions, as approved by the Board of Directors, is uploaded on the website of the Company www.hester.in. All the related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis as provided in Annexure 4.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to conservation of energy, technology and foreign earning and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 forms part of this Directors' Report as Annexure 5.

PARTICULAR OF EMPLOYEES

The ratio of remuneration of each Director to the median

employee's remuneration and other details in terms of Sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Directors' Report as Annexure 6.

The details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 is not applicable as there is no employee (except Managing Director and CFO) in the Company employed throughout the financial year with salary above ₹60 lac p.a. or employed in part of the financial year with average salary above ₹5 lac per month.

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has laid down the set of standards, processes and structure which enables it to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively. To maintain the objectivity and independence of internal audit, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with the operating systems, accounting procedures and policies of the Company. Based on the report of Internal Auditor, the process owners undertake the corrective action in their respective areas and thereby strengthen the control. Significant audit observation and corrective actions thereon are presented to the Audit Committee of the Board.

AUDITORS

Statutory Auditors

M/s. Shah Narielwala & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 109708W), was appointed as the Statutory Auditors of the Company, to hold the office

from the conclusion of the 27th Annual General Meeting to the conclusion of the 28th Annual General Meeting.

Further, M/s. Shah Narielwala & Co., Chartered Accountants, Ahmedabad, has shown unwillingness to act as Statutory Auditor of the Company after completion of audit for the FY2014-15. He has resigned as an Auditor due to his preoccupation with other professional assignment, with effect from 27 June 2015. Due to this casual vacancy, the Company has recommended M/s. Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company in the terms of the provisions of the companies Act, 2013 and the rules made thereunder, subject to approval by the members in the ensuing Annual General Meeting. The Company has received the consent from M/s Apaji Amin & Co. LLP, Chartered Accountants confirming that they are not disqualified to be appointed as the Auditors of the Company.

Accordingly the Board of Directors, based on recommendation made by the Audit Committee, has recommended the appointment of M/s. Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to hold the office from the ensuing AGM till the conclusion of the next AGM on such remuneration, as may be determined by the Audit Committee, in consultation with the auditors.

Internal Auditors and their report

M/s Apaji Amin & Co., Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY2014-15. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

The Company has appointed M/s Naresh J. Patel & Co., Chartered Accountants, Ahmedabad for the FY2015-16 in the Board meeting held on 28 May 2015, after obtaining his willingness and eligibility letter for appointment as Internal Auditor of the Company.

Cost Auditors and their report

As per Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors of your Company

has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the financial year 2015-16 on the recommendations made by the Audit Committee subject to the approval of the Central Government. The remuneration proposed to be paid to the Cost Auditors, subject to the ratification by the members at the ensuing Annual General Meeting, will be ₹125,000 (Rupees hundred and twenty five thousand only) excluding out of pocket expenses, if any.

The Cost Audit report for the financial year 2013-14 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2014-15 is within 180 days from 31 March, 2015.

Secretarial Auditor and their report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2014-15. The Secretarial Audit Report for the FY 2014-15 is annexed to this Directors' Report as Annexure-7.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In preparation of annual accounts for the year ended 31 March 2015, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the year ended 31 March 2015 on going concern basis.

- e) The Directors had laid down the internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS' REPORT

The Auditors' Report on the accounts of the Company for the accounting year ended 31 March 2015 is self-explanatory and does not call for further explanations or comments that may be treated as adequate compliance of Section 134 of the Companies Act, 2013.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS.
3. The Managing Director of the Company has not received any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

Your Directors express their appreciation for the assistance and cooperation received from the State 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

Date: 11 August 2015
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Annexure-1

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

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

The CSR Policy, as recommended by the CSR Committee, was approved by the Board of Directors at its meeting held on 21 January 2015 and has been uploaded on website of the Company www.hester.in.

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

The main projects or programmes proposed to be undertaken by the Company are as provided under the Schedule VII of the Companies Act, 2013. Further, The Company focuses

its philanthropy primarily in geographic regions of India where the Company has a business presence. However, The Company may contribute to causes in other parts of India, if the CSR Committee is of the opinion that such contribution is appropriate.

The CSR Committee approved the amount spent by the Company on promotion of education during the FY 2014-15.

The Composition of CSR Committee

We have CSR Committee that provides oversight of CSR Policy execution to ensure that the CSR objectives of the Company are met. Our CSR Committee consists of the following members:

| | |
|-------------------------|----------|
| 1. Mr. Rajiv Gandhi | Chairman |
| 2. Mr. Vishwesh Patel | Member |
| 3. Ms. Grishma Nanavaty | Member |

(₹ In Million)

| Sr. No. | Particulars | Amount |
|---------|---|---------------------|
| 1. | Average net profits of the Company for the last three financial years | 142.19 |
| 2. | Prescribed CSR expenditure (2% of the amount as in item 1 above) | 2.84 |
| 3. | Details of CSR spent during the financial year | |
| | a) Total amount to be spent for the financial year | 1.48 |
| | b) Amount unspent, if any: | 1.36 |
| | c) Manner in which amount was spent during the financial year | Details given below |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|------------------------------------|--|--|--|--|--|---|
| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programmes (1) Local areas or other (2) Specify the state or district where projects or programmes was undertaken | Amount outlay (budget) project or programme-wise | Amount spent on the projects or programmes sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads | Cumulative expenditure upto the reporting date | Amount spent: Direct or through implementing agency |
| 1. | Education | Promoting education | A company has given an amount through an NGO, which is utilised in local area where the Company is situated in the state of Gujarat. | ₹1.48 million | Direct Expenses of ₹1.48 million | ₹1.48 million | Through NGO (YUVA Unstoppable) |

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

During the year, the Company spent ₹1,480,000 towards a project of promoting education through NGO. The project undertaken by the Company is an ongoing one where the Company will have a continuing engagement over the years to come; under these circumstances, the Company could not spend a minimum of 2% of its average profit for CSR, as defined in the Act, during the year. Part of the unspent amount will be spent out in the next year.

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

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

Rajiv Gandhi
CEO and Managing Director
CSR Committee Chairman

Annexure-2

Statement containing the salient features of the Financial Statements of Subsidiaries/Associates/Joint Ventures

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

PART "A" – SUBSIDIARIES

(₹ In Million)

| Name of Subsidiary | Hester Biosciences (Mauritius) Limited # | | Diavetra Lifesciences Private Limited | | Gujarat Agrofarm Limited | | Hester Biosciences Nepal Private Limited* | |
|------------------------|--|---------------------|---------------------------------------|---------------------|--------------------------|---------------------|---|---------------------|
| | As on 31 March 2015 | As on 31 March 2014 | As on 31 March 2015 | As on 31 March 2014 | As on 31 March 2015 | As on 31 March 2014 | As on 31 March 2015 | As on 31 March 2014 |
| Share capital | 89.21 | 41.99 | 0.10 | 0.10 | 5.50 | 5.50 | 96.05 | 49.48 |
| Reserve and surplus | (6.12) | (3.93) | (0.12) | (0.05) | (14.08) | (6.85) | (19.44) | (9.45) |
| Total assets | 89.13 | 42.01 | 0.04 | 0.15 | 40.05 | 39.75 | 272.57 | 170.49 |
| Total liabilities | 89.13 | 42.01 | 0.04 | 0.15 | 40.05 | 39.75 | 272.57 | 170.49 |
| Investments | 89.04 | 41.83 | - | - | - | - | - | - |
| Turnover | - | - | - | - | 5.98 | 4.99 | - | - |
| Profit before taxation | (2.08) | (1.18) | 0.07 | 0.00 | (7.75) | (6.68) | (10.27) | (4.86) |
| Provision for taxation | - | - | - | - | (0.52) | (0.04) | - | - |
| Profit after taxation | (2.08) | (1.18) | 0.07 | 0.00 | (7.23) | (6.72) | (10.27) | (4.86) |
| Proposed dividend | - | - | - | - | - | - | - | - |
| % of Shareholding | 100% | 100% | 100% | 100% | 100% | - | 79.20% | 67.40% |

Standalone Basis

* Hester Biosciences Nepal Private Limited is subsidiary of Hester Biosciences (Mauritius) Limited

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

1. Names of subsidiaries which are yet to commence operations.

(a) Diavetra Lifesciences Private Limited has not commenced business operation since its incorporation. The Company was incorporated with the main object to develop and market veterinary diagnostics kits.

(b) Hester Biosciences Nepal Private Limited has not commenced business operation since its incorporation. The Company was incorporated with the main object of manufacturing large animal vaccines in Nepal.

2. Names of subsidiaries which have been liquidated or sold during the year. N.A.

PART “B”: ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of associates | Innoves Animal Health Private Limited |
|--|--|
| Latest audited Balance Sheet Date | 31 March 2015 |
| Shares of associates held by the Company at the year-end | 1,182,500 equity shares of ₹10 each |
| Amount of investment in associates | 11,825,000 |
| Extent of holding % | 35.17 % |
| Description of how there is significant influence | As per Section 2 (6), the Company holds more than 20 % of paid-up capital of Innoves Animal Health Private Limited |
| Reason why the associate/joint venture is not consolidated | Not required as per the Auditor’s views |
| Net worth attributable to shareholding as per latest audited balance sheet | (3,404,528) |
| Profit/Loss for the year | |
| i. Considered in consolidation | - |
| ii. Not considered in consolidation | (356,691) |

1. Names of associates or joint ventures which are yet to commence operations. N.A.

2. Names of associates or joint ventures which have been liquidated or sold during the year. N.A.

By order of the Board

Date: 11 August 2015

Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Annexure-3

**EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED
ON 31 MARCH 2015
Form No MGT – 9**

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

I. REGISTRATION AND OTHER DETAILS

| Sr. No. | Particulars | Details |
|---------|---|--|
| 1. | CIN | : L99999GJ1987PLC022333 |
| 2. | Registration date | : 29 April 1987 |
| 3. | Name of the Company | : Hester Biosciences Limited |
| 4. | Category/Sub-category of the Company | : Public Company/Limited by Share Capital |
| 5. | Address of registered office and contact details | : 'Pushpak', 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad – 380006, Gujarat |
| 6. | Whether listed Company | : BSE and NSE listed |
| 7. | Name, address and contact details of registrar and transfer agent | : Ms. Bharti Parikh Sharepro Services (India) Pvt. Ltd. 416-420 Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380006 Tel No. +91 79 26582381/84 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products/services | NIC code of the product/service | % of total turnover of the Company |
|---------|---|---------------------------------|------------------------------------|
| 1. | Manufacturing and marketing of poultry vaccines | 304.9 | 91.88 % |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN/Registration No. | Holding/Subsidiary/Associate Company | % of Shares held | Applicable Section |
|---------|--|--------------------------|--------------------------------------|------------------|--------------------|
| 1. | Hester Biosciences (Mauritius) Limited | C100755 | Wholly owned subsidiary Company | 100 | 2(87)(ii) |
| 2. | Gujarat Agrofarm Limited | U01549GJ2007PLC050315 | Wholly owned subsidiary Company | 100 | 2(87)(ii) |
| 3. | Diavetra Lifesciences Private Limited | U24232GJ2012PTC073132 | Wholly owned subsidiary Company | 100 | 2(87)(ii) |
| 4. | Hester Biosciences Nepal Private Limited | 80050 | Step-down subsidiary Company | 79.20 # | 2(87)(ii) |
| 5. | Innoves Animal Health Private Limited | U33111GJ2010PTC079712 | Associate Company | 35.17% | 2(6) |

Percentage of holding of Hester Biosciences (Mauritius) Limited

IV. SHAREHOLDING PATTERN

i. Category – wise shareholding

| Category of shareholders as per Clause 35 | Shareholding at the beginning of the year (01 April 2014) | | | | Shareholding at the end of the year (31 March 2015) | | | | % Change during year |
|---|---|----------|------------------|-------------------|---|----------|------------------|-------------------|----------------------|
| | Dematerialised | Physical | Total | % of total shares | Dematerialised | Physical | Total | % of total shares | |
| Shareholding of Promoter and Promoter Group | | | | | | | | | |
| Indian | | | | | | | | | |
| Individuals/ Hindu undivided family | 3,377,891 | 0 | 3,377,891 | 39.71 | 3,411,079 | 0 | 3,411,079 | 40.09 | 0.38 |
| Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bodies Corporate | 362,838 | 0 | 362,838 | 4.27 | 362,838 | 0 | 362,838 | 4.27 | 0.00 |
| Financial institutions/ Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i)Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii)Directors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| iii)Employee Welfare Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (A)(1) | 3,740,729 | 0 | 3,740,729 | 43.98 | 3,773,917 | 0 | 3,773,917 | 44.36 | 0.38 |
| Foreign | | | | | | | | | |
| Individuals (Non-Residents Individuals/ Foreign Individuals) | 803,955 | 0 | 803,955 | 9.45 | 803,955 | 0 | 803,955 | 9.45 | 0.00 |
| Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) not Specified | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (A)(2) | 803,955 | 0 | 803,955 | 9.45 | 803,955 | 0 | 803,955 | 9.45 | 0 |
| Total Shareholding of Promoter and Promoter Group(A) = (1) + (2) | 4,544,684 | 0 | 4,544,684 | 53.43 | 4,577,872 | 0 | 4,577,872 | 53.81 | 0.38 |
| Public Shareholding | | | | | | | | | |
| Institutions | | | | | | | | | |
| Mutual Funds/ UTI | 0 | 11,500 | 11,500 | 0.14 | 126,529 | 11,500 | 138,029 | 1.62 | 1.49 |
| Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Category of shareholders as per Clause 35 | Shareholding at the beginning of the year (01 April 2014) | | | | Shareholding at the end of the year (31 March 2015) | | | | % Change during year |
|--|---|----------------|------------------|-------------------|---|----------------|------------------|-------------------|----------------------|
| | Dematerialised | Physical | Total | % of total shares | Dematerialised | Physical | Total | % of total shares | |
| Foreign Institutional Investors | 21,655 | 0 | 21,655 | 0.25 | 15,127 | 0 | 15,127 | 0.18 | (0.07) |
| Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i)Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii)Not Specified | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (B)(1) | 21,655 | 11,500 | 33,155 | 0.39 | 141,656 | 11,500 | 153,156 | 1.80 | 1.42 |
| Non - Institutions | | | | | | | | | |
| Bodies Corporate | 419,655 | 5,401 | 425,056 | 5.00 | 476,778 | 5,401 | 482,179 | 5.67 | 0.67 |
| Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to ₹1 lac | 913,395 | 273,450 | 1,186,845 | 13.95 | 1,106,844 | 261,400 | 1,368,244 | 16.08 | 2.13 |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lac | 1,831,010 | 0 | 1,831,010 | 21.52 | 1,246,839 | 0 | 1,246,839 | 14.66 | (6.86) |
| Others | | | | | | | | | |
| i)Employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii)Non-resident repatriates | 220,967 | 200,550 | 421,517 | 4.96 | 352,278 | 200,550 | 552,828 | 6.50 | 1.54 |
| iii)Non-resident Non repatriates | 51,587 | 0 | 51,587 | 0.61 | 112,252 | 0 | 112,252 | 1.32 | 0.71 |
| iv)Non domestic Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| v)Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| vii) Others | 5,446 | 0 | 5,446 | 0.06 | 5,930 | 0 | 5,930 | 0.07 | 0.01 |
| vi)Directors and their relatives and friends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| viii)Foreign nations | 7,500 | 0 | 7,500 | 0.09 | 7,500 | 0 | 7,500 | 0.09 | 0.00 |
| SUB TOTAL (B)(2) | 3,449,560 | 479,401 | 3,928,961 | 46.19 | 3,308,421 | 467,351 | 3,775,772 | 44.39 | (1.80) |
| Total Public Shareholding(B) = (1) + (2) | 3,471,215 | 490,901 | 3,962,116 | 46.57 | 3,450,077 | 478,851 | 3,928,928 | 46.18 | (0.38) |
| TOTAL (A)+(B) | 8,015,899 | 490,901 | 8,506,800 | 100.00 | 38,027,949 | 478,851 | 8,506,800 | 100.00 | 0 |
| Shares held by custodians and against which depository receipts have been issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL (A) + (B) + (C) | 8,015,899 | 490,901 | 8,506,800 | 100.00 | 8,027,949 | 478,851 | 8506,800 | 100.00 | 0 |

ii. Shareholding of promoters

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year (as on 01 April 2014) | | | Shareholding at the end of the year (as on 31 March 2015) | | | % Change during year |
|---------|--|---|----------------------------------|--|---|----------------------------------|--|----------------------|
| | | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total Shares | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total Shares | |
| 1. | Ms. Nina Gandhi | 691,340 | 8.13 | 0 | 696,340 | 8.19 | 0 | 0.06 |
| 2. | Mr. Rajiv Gandhi | 837,909 | 9.85 | 0 | 837,897 | 9.85 | 0 | 0 |
| 3. | Mr. Sanjiv Gandhi | 692,820 | 8.14 | 0 | 692,820 | 8.14 | 0 | 0 |
| 4. | Mr. Ravin Gandhi | 403,320 | 4.74 | 0 | 403,320 | 4.74 | 0 | 0 |
| 5. | Ms. Bela Gandhi | 400,635 | 4.71 | 0 | 400,635 | 4.71 | 0 | 0 |
| 6. | Dr. Bhupendra V. Gandhi | 710,577 | 8.35 | 0 | 710,677 | 8.35 | 0 | 0 |
| 7. | Ms. Madhuri Kapadia | 236,100 | 2.78 | 0 | 236,100 | 2.78 | 0 | 0 |
| 8. | M/S Biolink Healthcare Limited | 218,838 | 2.57 | 0 | 218,838 | 2.57 | 0 | 0 |
| 9. | Ms. Shaila Gandhi | 189,555 | 2.23 | 0 | 189,555 | 2.23 | 0 | 0 |
| 10. | M/S Hester Coating Private Limited | 90,000 | 1.06 | 0 | 90,000 | 1.06 | 0 | 0 |
| 11. | M/S Biolink Healthcare limited | 30,000 | 0.35 | 0 | 30,000 | 0.35 | 0 | 0 |
| 12. | M/S Hester Diagnostics Private Limited | 24,000 | 0.28 | 0 | 24,000 | 0.28 | 0 | 0 |
| 13. | Ms. Hetal Gandhi | 19,590 | 0.23 | 0 | 19,590 | 0.23 | 0 | 0 |
| 14. | Mr. Anup Kapadia | 27,000 | 0.32 | 0 | 27,000 | 0.32 | 0 | 0 |
| 15. | Mr. Yash Gandhi | - | - | - | 1,100 | 0.01 | 0 | 0.01 |

iii. Change in Promoters' shareholding

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the ending of the year (31 March 2015) | |
|---------|-------------------------|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Ms. Nina Gandhi | 691,340 | 8.13 | 16 May 2014 | 5,000 | Purchase | 696,340 | 8.19 | 696,340 | 8.19 |
| 2 | Mr. Rajiv Gandhi | 837,909 | 9.85 | 11 April 2014 | -12 | Debit | 837,897 | 9.85 | 837,897 | 9.85 |
| 3 | Mr. Sanjiv Gandhi | 692,820 | 8.14 | Nil movement during the year | | | 692,820 | 8.14 | 692,820 | 8.14 |
| 4 | Mr. Ravin Gandhi | 403,320 | 4.74 | Nil movement during the year | | | 403,320 | 4.74 | 403,320 | 4.74 |
| 5 | Ms. Bela Gandhi | 400,635 | 4.71 | Nil movement during the year | | | 400,635 | 4.71 | 400,635 | 4.71 |
| 6. | Dr. Bhupendra V. Gandhi | 710,577 | 8.35 | 27 March 2015 | 100 | Purchase | 710,677 | 8.35 | 710,677 | 8.35 |

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the ending of the year (31 March 2015) | |
|---------|--|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 7. | Ms. Madhuri Kapadia | 236,100 | 2.78 | Nil movement during the year | | | 236,100 | 2.78 | 236,100 | 2.78 |
| 8. | M/S Biolink Healthcare Limited | 218,838 | 2.57 | Nil movement during the year | | | 218,838 | 2.57 | 218,838 | 2.57 |
| 9. | Ms. Shaila Gandhi | 189,555 | 2.23 | Nil movement during the year | | | 189,555 | 2.23 | 189,555 | 2.23 |
| 10. | M/S Hester Coating Private Limited | 90,000 | 1.06 | Nil movement during the year | | | 90,000 | 1.06 | 90,000 | 1.06 |
| 11. | M/S Biolink Healthcare Limited | 30,000 | 0.35 | Nil movement during the year | | | 30,000 | 0.35 | 30,000 | 0.35 |
| 12. | Mr. Anup Kapadia | 27,000 | 0.32 | Nil movement during the year | | | 27,000 | 0.32 | 27,000 | 0.32 |
| 13. | M/S Hester Diagnostics Private Limited | 24,000 | 0.28 | Nil movement during the year | | | 24,000 | 0.28 | 24,000 | 0.28 |
| 14. | Ms. Hetal Gandhi | 19,590 | 0.23 | Nil movement during the year | | | 19,590 | 0.23 | 19,590 | 0.23 |
| 15. | Mr. Yash Gandhi | 0 | 0 | 17 April 2014 | 100 | Purchase | 100 | 0.001 | 1,100 | 0.01 |
| | | | | 16 May 2014 | 1,000 | Purchase | 1,100 | 0.01 | | |

iv. Shareholding pattern of top 10 shareholder (other than Directors, Promoters and Holders of ADRs and GDRs)

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the end of the year (31 March 2015) | |
|---------|----------------------------|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. Mukesh Raojibhai Patel | 263,101 | 3.09 | 16 January 2015 | (1,947) | Transfer | 261,154 | 3.07 | | |
| | | | | 23 January 2015 | (34,837) | Transfer | 226,317 | 2.66 | | |
| | | | | 30 January 2015 | (16,475) | Transfer | 209,842 | 2.47 | | |
| | | | | 06 February 2015 | (13,631) | Transfer | 196,211 | 2.31 | | |
| | | | | 13 February 2015 | (8,416) | Transfer | 187,795 | 2.21 | | |
| | | | | 20 February 2015 | (4,258) | Transfer | 183,537 | 2.16 | | |

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the end of the year (31 March 2015) | |
|---------|-------------------------------|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | | | | 27 February 2015 | (22,554) | Transfer | 160,983 | 1.89 | 160,983 | 1.89 |
| 2 | Ms. Shirin Dhunjishaw Gandhi# | 241,753 | 2.84 | 20 June 2014 | (31,753) | Transfer | 210,000 | 2.47 | | |
| | | | | 30 June 2014 | (47,000) | Transfer | 163,000 | 1.92 | | |
| | | | | 04 July 2014 | (100,000) | Transfer | 63,000 | 0.74 | | |
| | | | | 11 July 2014 | (10,713) | Transfer | 52,287 | 0.61 | | |
| | | | | 18 July 2014 | (3,447) | Transfer | 48,840 | 0.57 | | |
| | | | | 25 July 2014 | (30,000) | Transfer | 18,840 | 0.22 | | |
| | | | | 29 August 2014 | (5,000) | Transfer | 13,840 | 0.16 | | |
| | | | | 05 September 2014 | (8,000) | Transfer | 5,840 | 0.07 | | |
| | | | | 12 September 2014 | (3,840) | Transfer | 2,000 | 0.02 | 2,000 | 0.02 |
| 3 | Ms. Darshna D Kapadia | 138,300 | 1.63 | - | - | N.A. | 138,300 | 1.63 | 138,300 | 1.63 |
| 4 | Mr. Vivek Bhimsaria* | 0 | 0.00 | 29 August 2014 | 14,073 | Transfer | 14,073 | 0.17 | | |
| | | | | 05 September 2014 | 7,573 | Transfer | 21,646 | 0.25 | | |
| | | | | 12 September 2014 | 10,000 | Transfer | 31,646 | 0.37 | | |
| | | | | 19 September 2014 | 30,000 | Transfer | 61,646 | 0.72 | | |
| | | | | 30 September 2014 | 16,125 | Transfer | 77,771 | 0.91 | | |
| | | | | 03 October 2014 | 5,229 | Transfer | 83,000 | 0.98 | | |
| | | | | 28 November 2014 | 53,460 | Transfer | 136,460 | 1.60 | | |

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the end of the year (31 March 2015) | |
|---------|---|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | | | | 05 December 2014 | 40 | Transfer | 136,500 | 1.60 | | |
| | | | | 19 December 2014 | 8,500 | Transfer | 145,000 | 1.70 | | |
| | | | | 27 March 2015 | (1,000) | Transfer | 144,000 | 1.69 | | |
| | | | | 31 March 2015 | (6,100) | Transfer | 137,900 | 1.62 | 137,900 | 1.62 |
| 5 | M/S. Ladderup Finance Limited | 107,275 | 1.26 | 11 April 2014 | 7,229 | Transfer | 114,504 | 1.35 | | |
| | | | | 12 September 2014 | (2,504) | Transfer | 112,000 | 1.32 | | |
| | | | | 31 December 2014 | 1,500 | Transfer | 113,500 | 1.33 | 113,500 | 1.33 |
| 6 | Mr. Vinay N Shah | 108,900 | 1.28 | - | - | N.A. | 108,900 | 1.28 | 108,900 | 1.28 |
| 7 | M/S. Sbi Equity Opportunities Fund Series li* | 0 | 0.00 | 27 February 2015 | 25,020 | Transfer | 25,020 | 0.29 | | |
| | | | | 06 March 2015 | 20,214 | Transfer | 45,234 | 0.53 | | |
| | | | | 13 March 2015 | 5,328 | Transfer | 50,562 | 0.59 | | |
| | | | | 20 March 2015 | 43,467 | Transfer | 94,029 | 1.11 | 94,029 | 1.11 |
| 8 | Mr. Mahaveer Prasad Jain | 92,326 | 1.09 | 13 March 2015 | (2,000) | Transfer | 90,326 | 1.06 | 90,326 | 1.06 |
| 9 | Mr. Dhunjishaw K Ghandhi# | 87,981 | 1.03 | 20 June 2014 | (12,891) | Transfer | 75,090 | 0.88 | | |
| | | | | 30 June 2014 | (14,000) | Transfer | 61,090 | 0.72 | | |
| | | | | 04 July 2014 | (41,090) | Transfer | 20,000 | 0.24 | | |
| | | | | 25 July 2014 | (20,000) | Transfer | 0 | 0.00 | 0 | 0.00 |

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the end of the year (31 March 2015) | |
|---------|------------------------------------|---|----------------------------------|---|-----------------------------------|--------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 10 | M/S. Oaklane Capital Management Lp | 85,481 | 1.00 | - | - | N.A. | 85,481 | 1.00 | 85,481 | 1.00 |
| 11 | Mr. Manish Jain | 77,170 | 0.91 | - | - | N.A. | 77,170 | 0.91 | 77,170 | 0.91 |
| 12 | Mr. Manish Jain | 71,005 | 0.83 | - | - | N.A. | 71,005 | 0.83 | 71,005 | 0.83 |

* Not in the list of top 10 shareholders as on 1 April 2014. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31 March 2015.

ceased to be in the list of top 10 shareholders as on 31 March 2015. The same is reflected since the shareholder was one of the top 10 shareholders as on 1 April 2014.

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sr. No. | Name | Shareholding at the beginning of the year (01 April 2014) | | Date wise increase/decrease in shareholding | | | Cumulative shareholding during the year | | Shareholding at the end of the year (31 March 2015) | |
|---------|-------------------------|---|----------------------------------|---|-----------------------------------|----------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date | Increase/Decrease in shareholding | Reason | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. Rajiv Gandhi | 837,909 | 9.85 | 11 April 2014 | (12) | Debit | 837,897 | 9.85 | 837,897 | 9.85 |
| 2 | Mr. Sanjiv Gandhi | 692,820 | 8.14 | 0 | 0 | N.A. | 692,820 | 8.14 | 692,820 | 8.14 |
| 3 | Mr. Ravin Gandhi | 403,320 | 4.74 | 0 | 0 | N.A. | 403,320 | 4.74 | 403,320 | 4.74 |
| 4 | Dr. Bhupendra V. Gandhi | 710,577 | 8.35 | 27 March 2015 | 100 | Purchase | 710,677 | 8.35 | 710,677 | 8.35 |
| 5 | Mr. Vishwesh Patel | 54,150 | 0.64 | 0 | 0 | N.A. | 54,150 | 0.64 | 54,150 | 0.64 |
| 6 | Mr. Vimal Ambani | 14,850 | 0.17 | 0 | 0 | N.A. | 14,850 | 0.17 | 14,850 | 0.17 |
| 7 | Mr. Naman Patel | 1,500 | 0.02 | 0 | 0 | N.A. | 1,500 | 0.02 | 1,500 | 0.02 |
| 8 | Mr. Jigar Shah | 66,124 | 0.78 | 14 August 2014 | (7,174) | Sale | 58,950 | 0.69 | | |
| | | | | 22 August 2014 | (51,898) | Sale | 7,052 | 0.08 | | |
| | | | | 29 August 2014 | (6,000) | Sale | 1,052 | 0.01 | 1,052 | 0.01 |

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in million)

| | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|---|-------------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i Principal amount | 342.17 | - | 12.16 | 354.33 |
| ii Interest due but not paid | 0.87 | - | 0 | 0.87 |
| iii Interest accrued but not due | 0 | - | 0.17 | 0.17 |
| Total (i+ii+iii) | 343.03 | - | 12.33 | 355.36 |
| Change on indebtedness during the financial year | | | | |
| i Addition | 97.28 | - | 0 | 97.28 |
| ii Reduction | (61.91) | - | (12.16) | (74.07) |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i Principal amount | 377.54 | - | 0 | 377.54 |
| ii Interest due but not paid | 1.21 | - | 0 | 1.21 |
| iii Interest accrued but not due | 0 | - | 0 | 0 |
| Total (i+ii+iii) | 378.75 | - | 0 | 378.75 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In ₹)

| Sr. No. | Particulars of Remuneration | Name of CEO & Managing Director | Total Amount |
|---------|---|---------------------------------|--------------|
| | | Mr. Rajiv Gandhi | |
| 1. | Gross Salary | | |
| | a) Salary as per provisions contained in Section 27 (1) of the Income Tax Act, 1961 | 6,300,000 | 6,300,000 |
| | b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961 | 90,014 | 90,014 |

| | | | |
|----|--|---|-----------|
| | c) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961 | - | - |
| 2. | Stock option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | | |
| | a) As 0.22% of Profit | 323,000 | 323,000 |
| | b) Others, Specify... | - | - |
| 5. | Others, Specify - H.R.A. | 600,000 | 600,000 |
| | Total (A) | 7,313,014 | 7,313,014 |
| | Ceiling as per the Act | Due to inadequate profit, the Company has paid remuneration as per Schedule V of the Companies Act, 2013 (maximum ₹8.40 million), which is well within the limit approved by the members. | |

ii. Remuneration to other Directors

(In ₹)

| Sr. No. | Particulars of Remuneration | Name of Director | | | | | Total Amount |
|---------|---|-------------------|------------------------|------------------|----------------------|-----------------|--------------|
| 1. | Independent Directors | Mr. Vimal Ambani | Mr. Vishwesh Patel | DR. Siba Samal | Ms. Grishma Nanavaty | Mr. Naman Patel | |
| | a) Fee for attending Board/ Committee Meeting | 95,000 | 87,500 | 10,000 | 45,000 | 65,000 | 302,500 |
| | b) Commission | | | | | | |
| | c) Other, Specify | | | | | | |
| | Total (1) | 95,000 | 87,500 | 10,000 | 45,000 | 65,000 | 302,500 |
| 2. | Other Non-Executive Directors | Mr. Sanjiv Gandhi | Mr. Darayus Lakdawalla | Ms. Priya Gandhi | | | |
| | d) Fee for attending Board/ Committee Meeting | 15,000 | 22,500 | 20,000 | | | 57,500 |
| | e) Commission | | | | | | |
| | f) Other, Specify | | | | | | |
| | Total (2) | 15,000 | 22,500 | 20,000 | | | 57,500 |
| | Total (B) = (1+2)* | 110,000 | 110,000 | 30,000 | 45,000 | 65,000 | 360,000 |
| | Total Managerial Remuneration | - | - | - | - | - | 7,313,014# |
| | Overall Ceiling as per the Act | - | - | - | - | - | 8,400,000# |

* Overall ceiling limit as the act is ₹100,000/- per Board or Committee meeting

excluding the sitting fees

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

(In ₹)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|---|--------------------------|-----------------------|--------------|
| | | Ms. Amala Parikh CS | Mr. Jigar Shah CFO | |
| 1. | Gross Salary | | | |
| | d) Salary as per provisions contained in Section 27 (1) of the Income Tax Act, 1961 | - | 4,528,875 | 4,528,875 |
| | e) Value of perquisite u/s 17 (2) of Income Tax Act, 1961 | - | 33,000 | 33,000 |
| | f) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961 | - | - | - |
| 2. | Stock option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | c) As % of Profit | - | - | - |
| | d) Others, Specify | - | - | - |
| 5. | Others, Specify: Professional Fees | 96,000 | - | 96,000 |
| | Total | 96,000 | 4,561,875 | 4,612,875 |

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishments/ Compounding fees imposed | Authority (RD/ NCLT/Court) | Appeal made, if any (give details) |
|------|------------------------------|-------------------|---|----------------------------|------------------------------------|
|------|------------------------------|-------------------|---|----------------------------|------------------------------------|

A. Company

| | | | | | |
|-------------|--|--|--|--|--|
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

B. Director

| | | | | | |
|-------------|--|--|--|--|--|
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

C. Other Officer in Default

| | | | | | |
|-------------|--|--|--|--|--|
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

Annexure-4

Form No. AOC-2
Particulars of Contracts/arrangements made with related parties

(Pursuant to Clause (h) of Sub-section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Forms for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

A. Details of contracts or arrangements transactions not at arm's length basis

There were no contracts or arrangements or transactions entered in to during the year ended on 31 March 2015, which were not at arm's length basis.

B. Details of materials contracts or arrangements or transactions at arm's length basis

| Sr. No. | Particulars | Details | Details |
|---------|--|---|---|
| 1. | Name(s) of the related party and nature of relationship | GUJARAT AGROFARM LIMITED Wholly owned subsidiary Company | BIOLINK HEALTHCARE LIMITED Group Company |
| 2. | Nature of contracts/arrangements/ transactions | Purchase of Growth media | Rent payment for CEO and Managing Directors' residence |
| 3. | Duration of the contracts/ arrangements/transactions | 20 November 2014 to 31 March 2015 | 01 April 2014 to 31 March 2015# |
| 4. | Salient terms of the contracts or arrangements or transactions including the value, if any | Purchase of Growth media at mutually decided price up to the amount of ₹1 million | Rent Payment on behalf of the CEO and Managing Director as per the terms and conditions of agreement executed with the Company to the extent of ₹50,000 per month |
| 5. | Date(s) of approval by the Board/ Committee* | 24 December 2014 | 24 July 2014 |
| 6. | Amount paid as advances, if any: | NIL | NIL |

* Requirement of approval under Section 188 (1) of the Companies Act, 2013 is not applicable to the Company as all the transactions are carried out in the ordinary course of business and at arm's length basis. However, in terms of Clause 49 of the Listing Agreement, Audit Committee has given omnibus approval for the transactions.

Period considered for 6 months, as new Clause 49 of the Listing Agreement was effective from 01 October 2014.

By order of the Board

Date: 11 August 2015
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Annexure-5

Conservation of energy, research and development, technology absorption, foreign exchange and outgo

(Pursuant to the Companies (Accounts) Rules, 2014)

Particulars of energy conservation, technology absorption and foreign exchange earnings and outgo required under the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

i) The steps taken or impact on conservation of energy;

- 1) Reduction in steam wastage during distribution
Target: Reduce time between starting of boiler to steam being ready for supply to equipment from 2 hours to 1 hour.

Action: Additional 50 mm steam header added along with main steam distributing header of 150 mm for autoclaves, bung washer.

- 2) Saving in electricity consumption
Target: Reduction of 20% in electricity consumption of service floor lighting

Action: installation of changing tube light fixtures by T-5 model and mercury lamps

- 3) Saving in furnace oil consumption
Target: Consumption reduced from 48 litres/hr to 38 litres/hr

Action: Taking condensate water (70 ° C) to feed water day tank of boiler to reduce the consumption of FO to elevate temperature of feed water from 30 ° C to 70° C

- 4) Saving in water consumption of boiler
Target: 100,000 to 150,000 liters of RO-I water of temperature 50 ° C

Action: Condensate recovery system modified and made functional

- 5) Savings in chemicals used in boiler for treatment of feed water

Target: 12,000 litres of high speed diesel

Action: Existing plant boiler running on HSD stopped and plant steam given from new plant boiler

INITIATIVES IN THE PIPE LINE

- 1) Saving in electricity consumption:
Target- Reduction 45% in electricity consumption of street lighting

Action- Installation of LED light fixtures

- 2) Rain water harvesting:
Target- Collection of rain water to recharge the Borewells.

ii) The steps taken by the Company for utilising alternate sources of energy:

There were no steps taken by the Company for utilising alternate sources of energy.

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

B. TECHNOLOGY ABSORPTION

i. The effort made towards technology absorption;

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

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

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

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

We have not acquired any technology from interna-

tional sources during the year.

v. The expenditure incurred on Research and Development

| (₹ in million) | | |
|--|--------------|---------------|
| Particulars | Current year | Previous year |
| Capital | 12.36 | 171.29 |
| Recurring | 32.04 | 21.19 |
| Total | 44.40 | 192.48 |
| Total R&D expenditure as a % of turnover | 4.93% | 27.88% |

C. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

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

a. Expenditure in Foreign Currency

| (₹ in million) | | |
|--|------------|------------|
| Particulars | FY 2014-15 | FY 2013-14 |
| Purchase/Materials/Trading goods/ Packing (including payment to creditors) | 8.50 | 16.62 |
| Travelling Expenses | 6.96 | 5.48 |
| Capital Expenditure(Furniture and Machinery) | 8.05 | 10.54 |
| Membership/Registration fees | 2.28 | 1.42 |
| Consultancy and Professional fees | -- | 2.40 |
| Total | 25.79 | 36.46 |

a. Earning in Foreign Currency:

| (₹ in million) | | |
|-------------------------|------------|------------|
| Particulars | FY 2014-15 | FY 2013-14 |
| F.O.B. value of exports | 50.89 | 32.84 |
| Total | 50.89 | 32.84 |

Annexure-6

Particulars of Employees

A. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of section 197 of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014

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

| Sr. No. | Name | Designation | Ratio |
|---------|------------------|-------------------------|-----------|
| 1 | Mr. Rajiv Gandhi | CEO & Managing Director | 38.73 : 1 |

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

| Sr. No. | Name | Designation | Percentage |
|---------|------------------|-------------------------|------------|
| 1. | Mr. Rajiv Gandhi | CEO & Managing Director | 51.44% |
| 2. | Mr. Jigar Shah | Chief Financial Officer | 12.38% |
| 3. | Ms. Amala Parikh | Company Secretary | --- |

c) The percentage increase in the median remuneration of employees in the Financial year: 15%

d) The number of permanent employees on the rolls of the Company: 289 Employees (Excluding KMP)

e) The explanation of relationship between average increase in remuneration and Company performance:

The percentage increase in the median employee remuneration of the company in the FY 2014-15 stood at 15%. The overall

profitability of the company in the FY 2014-15 increased by 44.56% over the previous year. The average increase in median remuneration was in line with the performance of the Company.

f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

(₹ in million)

| Name | Designation | Remuneration | % Change in Remuneration | Profit After Tax | % Change in PAT |
|------------------|-------------------------|--------------|--------------------------|------------------|-----------------|
| Mr. Rajiv Gandhi | CEO & Managing Director | 7.31 | 51.44% | 145.83 | 44.56% |
| Mr. Jigar Shah | Chief Financial Officer | 4.56 | 12.38% | 145.83 | 44.56% |
| Ms. Amala Parikh | Company Secretary | 0.10 | --- | 145.83 | 44.56% |

g) Variation in the market capitalisation of the Company, P/E Ratio and price of the shares:

| Sr. No. | Particulars | As on 31 March 2015 | As on 31 March 2014 |
|---------|---|--|---|
| 1. | Market Capitalisation# | ₹3982.88 million | ₹754.98 million |
| 2. | P/E ratio | 27.44 | 7.48 |
| 3. | Market price of equity shares at; | | |
| | i. BSE | ₹468.20 | ₹88.75 |
| | ii. NSE | ₹470.30 | --- |
| 4. | #Change in market quotation of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: The Company has made right issue of equity shares of ₹10 each for cash at a premium of ₹60 per share to the shareholders in the ratio of 2:5 in the year 2006. | 468.20:70 Representing an increase of 668.86% | 88.75:70 Representing an increase of 126.79% |

Based on Market Price at BSE

h) Average percentile increase in the Salaries of the employees and managerial remuneration:

| Sr. No. | Particulars | Percentile Increase /Decrease |
|---------|--|-------------------------------|
| 1. | Employee other than Managerial Personnel | 25.06% |
| 2. | Managerial Personnel | 51.44% |

The average increase in the remuneration of all employees was 25.06% in F.Y. 2014-15 while the average increase in the remuneration of managerial personnel was 51.44%.

The average increase in the remuneration of managerial personnel was determined on the basis of performance of the Company. Mr. Rajiv Gandhi has contributed a lot to the success of the Company since its incorporation. Moreover, he has 25 years of rich experience and expertise in the poultry industry. However, remuneration of Mr. Rajiv Gandhi has not been revised for the last three years. Therefore, the Company has re-appointed Mr. Rajiv Gandhi, CEO & Managing Director, for a period of three years with effect from 1 April 2014.

Further, the criteria for remuneration of Managerial Personnel are based on the remuneration policy of the Company as recommended by the Nomination and Remuneration Committee. The Company reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

i) Component of Remuneration:

(In ₹)

| Sr. No. | Component of Remuneration | Name of CEO & Managing Director |
|---------|---|---------------------------------|
| | | Mr. Rajiv Gandhi |
| 1. | Gross Salary | |
| | a) Salary as per provisions contained in Section 27 (1) of the Income Tax Act, 1961 | 6,300,000 |
| | b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961 | 90,014 |
| | c) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961 | -- |
| 2. | Stock option | - |
| 3. | Sweat Equity | - |
| 4. | Commission | |
| | a) As 0.22 % of Profit | 323,000 |
| | b) Others, Specify | - |
| 5. | Others, Specify - H.R.A. | 600,000 |
| | Total | 7,313,014 |

j) The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.

There is no such employee in the Company who is being paid remuneration in excess to that being paid to the highest paid Director.

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

B. Particulars of employee in terms of sub-section 12 of section 197 of the companies act, 2013 read with rule 5(2) of the companies (appointment and remuneration of managerial personnel) rules, 2014.

There was no employee in the Company employed throughout the financial year with salary above ₹60 lac p.a. or employed in part of the financial year with an average salary above ₹5 lac per month.

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

Annexure-7

**SECRETARIAL AUDIT REPORT
for the financial year ended 31 March 2015**

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

To,
The Members,
HESTER BIOSCIENCES LIMITED
'Pushpak' 1st Floor,
Panchvati Circle,
Motilal Hiralal Road,
Ahmedbad – 380 006

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules

and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Further being a Pharmaceutical Company, following are some of the Acts applicable to the Company:

1. Pharmacy Act, 1948
2. Drugs And Cosmetics Act, 1940
3. Biological Diversity Act, 2002
4. The Indian Copyright Act, 1957
5. The Patents Act, 1970
6. The Trade Marks Act, 1999

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

mentioned above. As per the information provided by the Company and its management, under FEMA provision, the Company is in process of filing Returns of Overseas Direct Investment made by the Company during the year in its foreign Subsidiary Company, namely Hester Biosciences (Mauritius) Limited. Further, the Company has spent less than the prescribed threshold limit of 2% of its average net profits for the last three financial years (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility.

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

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014;
- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings; and
- vii. Secretarial Standards issued by the Institute of Company Secretaries of India.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with

Place: Ahmedabad

Date: 11 August 2015

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

the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that -

There are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period -

- (i) The Company has obtained final approval letter for Listing of its' Equity Shares on National Stock Exchange (NSE) and the trading for the Equity Shares of the Company at the NSE was started with effect from 13 March 2015.
- (ii) The Board of Directors have approved the draft Scheme of Arrangement involving amalgamation of Hester Biosciences (Mauritius) Limited, Gujarat Agrofarm Limited and Diavetra Lifesciences Private Limited to Hester Biosciences Limited and Demerger of Trading Unit of Innoves Animal Health Private Limited into Hester Biosciences Limited, between the Companies and its Equity Shareholders and Creditors, in their meeting held on 24 December 2014, pursuant to the provisions of Sections 391 to 394 and Section 261 to 264 of Mauritius Companies Act, 2001 and other applicable provisions of the 1956 Act and the Companies Act, 2013 ("the 2013 Act") and Mauritius Companies Act, 2001. Same Scheme was filed with the Stock Exchanges as on 9 March 2015 at BSE and 20 March 2015 at NSE. The Company has received final observations letter from both the Stock Exchanges for the Scheme. Above Scheme is yet to be filed with the Hon'ble High Court of Gujarat.

Signature:

Name of Company Secretary in practice: Tapan Shah

ACS/FCS No.: 4476

C P No.: 2839

Annexure-A

To,
The Members,
HESTER BIOSCIENCES LIMITED
'Pushpak' 1st Floor,
Panchvati Circle,
Motilal Hiralal Road,
Ahmedbad – 380 006

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 11 August 2015

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

Management Discussion and Analysis

GLOBAL ECONOMY

The global economy continued to expand in 2014 at a moderately uneven pace, as countries remained saddled with post-crisis adjustments. Global recovery was hampered by some new challenges, including a number of unexpected shocks, such as heightened geopolitical conflicts in various areas. WGP (World Gross Product) growth was estimated at 2.6% in 2014, marginally better than 2.5% in 2013, but lower than the projected 2.9%. (Source: United Nations)

High-income countries are likely to see a growth of 2.2% in 2015-17, up from 1.8% in 2014, on the back of gradually recovering labour markets, ebbing fiscal consolidation, and receding financing costs. As domestic headwinds that held back growth in the developing countries ease and recovery in high income countries strengthen, growth is projected to accelerate, rising from 4.4% in 2014 to 4.8% in 2015 and 5.4% by 2017. (Source: World Bank)

INDIAN ECONOMY

India reported a stable rupee, decline in inflation, increased domestic demand, growing investments and a declining oil bill. This reality was in contrast to the situation of the earlier years, marked by erstwhile inflation, high fiscal deficit, dwindling domestic demand, external account imbalance and an oscillating rupee.

The decline in inflation during the initial months of the year under review was faster than anticipated. A decline in the price of crude and tradable commodities helped moderate headline inflation. A tight monetary policy helped contain demand pressures, creating a buffer against external shocks and moderating rupee volatility vis-à-vis other currencies.

The latest estimates of national income indicate that growth revival, which had commenced in 2013-14, gained vigour in 2014-15. From a macroeconomic perspective, it is then

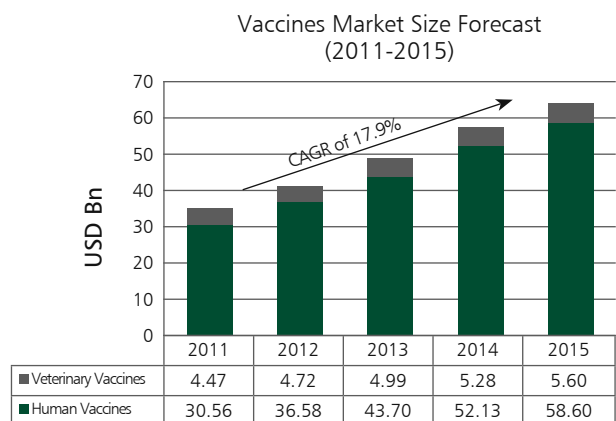
increasingly evident that the worst is over. (Source: Central Statistics Office)

India is estimated to grow 7.4% in 2014-15 (6.9% in 2013-14). India grew 7.5% during the October-December quarter, exceeding China's 7.3% during the same period, making India the fastest-growing major economy in the world. The prevailing economic optimism could catapult India towards double-digit growth across the medium-term. (Source: Economic Survey 2015)

ANIMAL VETERINARY VACCINES MARKET

The veterinary vaccines market accounts for around 20% of the total vaccines market. The global market of animal vaccines is estimated to be worth USD 5.8 billion by 2013 and is expected to grow at a healthy CAGR of 8.1% and to reach USD 8.6 billion by 2018.

The veterinary vaccines market is estimated to be worth USD 7,179 million by 2020 from USD 5,507.3 million in 2015 growing at a CAGR of 5.5%.



(Source: https://dolcera.com/wiki/index.php?title=Veterinary_Vaccines_Market_Report)

INDIAN VETERINARY VACCINES MARKET

Currently, veterinary biologicals constitute around 28-31% of the overall animal health market in India and this segment is expected to be growing at around 10% annually.

The opportunity in the large animal vaccines vertical in India is pegged at around ₹1,200 crore with a growth rate of 15-20% which is four times the size of the poultry health product market.

ANIMAL HEALTH MARKET SIZE IN INDIA

The global market size of animal health products is approximately USD 22 billion, while currently the Indian size is just USD 375 million but it is growing at a very fast pace. The animal health industry in India may not be large as compared to the global standards, but it offers a good scope for the future. With the overall economic recovery taking longer than expected, annual revenue growth in pet products and services is anticipated to clock in at some 4.4% through 2016.

| TOTAL LIVESTOCK POPULATION | | | |
|----------------------------|-----------------------------|-----------------------------|-----------------------------------|
| LIVESTOCK | WORLD (Million Heads) | INDIA (Million Heads) | % OF WORLD POPULATION INDIA |
| Poultry | 22,000 | 968 | 4 |
| Pets | 260 | 14 | 5 |
| Swine | 963 | 10 | 1 |
| cattle | 1,400 | 210 | 15 |
| buffalo | 195 | 113 | 58 |
| sheep | 1,043 | 75 | 7 |
| goat | 875 | 157 | 18 |
| Aquaculture (Fishes) | 148 mn tonnes | 4.6 mn tonnes | 3 |

Indian Poultry Sector

The total poultry vaccines market in India is around ₹300-350 crore, growing at 15-20% per annum.

- India's poultry sector is likely to see double-digit growth because of stable feed prices and encouraging rural demand, notwithstanding local and global challenges.
- India is the second largest egg and third largest broiler chicken producer in the world 65,000 million eggs and

3.8 million tonnes of poultry meat a year.

- The market is estimated to be worth about ₹90,000 crores.
- Per capita chicken consumption in India has been on the rise, with eating habits changing predominantly in the metro cities.
- At present, urban markets account for about 80% of demand but analysts and industry players project rural demand to pick up significantly, thanks to lower chicken prices, improving prosperity and changing lifestyles, helping the sector post at least 8-10% expansion.
- Profitability of Indian poultry sector saw significant improvement in the third quarter driven by good broiler prices and softer feed prices. The current price of ₹50-70 per kilogram for live birds should trigger better demand among rural population.
- The positive trends of rural demand pickup and stable input costs, we now expect the industry to see some 8-9% growth next year.
- The rural demand is picking up, which can also support the overall demand in the coming years. Lower prices would support demand expansion. (Source: Economic Times)

Taking wings

65,000 million – India's egg production per year

3.8 million tonnes – Broiler chicken production per year

₹90,000 crore – India's estimated poultry market

Poultry industry's consumption per year

12 million tonnes – Maize

4 million tonnes – Soyameal

80% of chicken consumption comes from urban India

THE NEED FOR PPR VACCINE

One of the major factors restricting efficient livestock production is the presence of infectious diseases with high mortality rates. This is particularly a serious problem in the developing world, where the capacity to cope with the cost and logistics of controlling such diseases is often limited. Diseases such as Peste des Petits Ruminants (PPR) are endemic to some of the world's high livestock population countries in

Africa and Asia. The disease impedes safe trade and deprives the poor.

The disease

PPR, also known as sheep and goat plague, is a contagious viral disease affecting small ruminants (sheep and goat). Once introduced, the virus can infect up to 90% of a flock. The disease can kill anywhere from 30 to 70% of the infected animals. In the last 15 years, PPR has spread to previously uninfected regions. Consequently, PPR is now endemic to large parts of the Middle East as well as Central, Southern and Eastern Asia and is expected to spread into Southern Africa and South Eastern Asia.

Socioeconomic impact of PPR

PPR is present in around 70 countries in Africa, the Middle East and Asia, threatening more than 1.7 billion of the total global population of 2.1 billion sheep and goats, as well as the livelihoods, food security and nutrition of more than 330 million people in these regions – mainly poor farming communities that rely solely on small ruminants for their survival. Another 50 countries are at risk from incursions of the disease into neighbouring areas, threatening an additional 167 million sheep and goats. PPR causes an estimated USD 1.45-2.1 billion in economic losses annually due to reduced production, increasing mortality rates and the high cost of caring for sick animals, including vaccination.

The global demand for meat and dairy products is expected to more than double by 2030. That means that the production of livestock and livestock products will have to increase substantially to keep up with market and nutritional requirements - something that will be difficult to achieve if livestock-producing countries continue to struggle with

diseases like PPR, which directly affect production efficiency and sustainability.

PPR eradication

The OIE and the FAO have together taken up the responsibility to wipe out PPR. Two earlier such initiatives have led to the eradication of small pox in humans and rinderpest in cattle. This PPR eradication project will induce a high demand for the PPR vaccine thereby growing the PPR vaccine market by leaps and bounds. It is estimated that during the eradication programme the vaccination costs will amount to USD 7.23 billion over a 15-year period.

Hester and the PPR vaccine

Globally, the Nigerian strain of the PPR vaccine is preferred while in India the Sungri strain gains precedence. Hester is geared to manufacture the PPR vaccine from the Sungri strain in India and from the Nigerian strain at its Nepali plant, which would go on stream in October 2015. This makes Hester the only company in the world, at the moment, to have the ability to manufacture PPR from Nigerian as well as Sungri strains, thereby having an ability to address the entirety of the demand for PPR vaccine. Hester will also play a pivotal role in the eradication of the disease in collaboration with the Government of India as well as with the OIE and the FAO. Globally, the total targeted population of sheep and goat for PPR vaccine is 1.7 billion. In India, the targeted population is 200 million.

Going ahead, Hester is in the process of developing a thermostable PPR vaccine to overcome the cold chain challenges in rural areas worldwide. Hester is also working on a low-cost intra-nasal delivery system. (Currently the vaccine is delivered subcutaneously.)

Flow chart for vaccine manufacturing

Procurement Of Growth Media & Other Raw Materials



Incubation of Growth Media



Infecting the growth media with specific microorganism



Re-Incubation of the growth media



Harvesting of the infected growth media



Live vaccine production

Inactivated vaccine production

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 achieve excellence to enhance stakeholder's 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 and 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 endeavour is to achieve good governance which ensures our performance rules with integrity, thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, consumers and the community at large. Apart from compliance with the statutory provisions of Company Law, allied acts and Listing Agreements, our disclosure seeks to attain best practices in corporate governance. We believe that sound corporate governance is critical to enhance and retain stakeholders' trust.

The Board of Directors represents the interest of the Company's stakeholders, for optimising long-term value by

way of providing necessary guidance and strategic vision to the Company. The Board also ensures that the Company's management and employees operate with the highest degree of ethical standards. Corporate governance is strongly driven by values such as quality, commitment, customer orientation and integrity.

BOARD OF DIRECTORS

Composition

The Company's Board comprises of eight Directors (excluding two Alternate Directors) with a mix of Executive/Non-Executive and Promoter/Independent Directors. Of the total Board members, the Chairman is a Non-Executive Promoter Director, the Managing Director is an Executive Promoter Director, two of them are Non-Executive Promoter Directors and the remaining four are Non-Executive Independent Directors. The composition of the Board complies with the requirements of the Corporate Governance code with 50% of the Directors being Non-executive Independent Directors.

The Company has appointed Ms. Grishma Nanavaty as an Independent Director of the Company and thus the Company complies with the requirements of appointment of a woman Director under the Companies Act, 2013 and the Listing Agreement.

Information on the Board of Directors

During the year, Ms. Nina Gandhi was appointed as an Alternate Director for Mr. Ravin Gandhi in place of Mr. Parimal Tripathi with effect from 30 May 2014. Subsequently, Ms. Priya Gandhi was appointed as an Alternate Director of Mr. Ravin Gandhi in place of Ms. Nina Gandhi with effect from

18 October 2014.

Mr. Darayus Lakdawalla has resigned as an Independent Director of the Company with effect from 24 July 2014 and Ms. Grishma Nanavaty was appointed as an Independent Director of the Company with effect from 24 July 2014 and subsequently regularised by the members at the 27th AGM.

Mr. Rajiv Gandhi, CEO & Managing Director of the Company, was re-appointed for a further period of three years, with effect from 01 April 2014. Members have approved the said re-appointment through postal ballot.

In terms of Section 149 of the Companies Act, 2013 and rules made thereunder, all the Independent Directors of the Company namely, Mr. Vimal Ambani, Mr. Vishwesh Patel, Dr. Siba Samal and Ms. Grishma Nanavaty were appointed as Independent Directors to hold office for a period up to 31 March 2015.

Further, Mr. Naman Patel was appointed as an Alternate Director for Dr. Siba Samal with effect from 18 October 2014.

Board Meeting and Attendance

The Board normally meets once in a quarter. Additional meetings are held as and when required.

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 Board meetings are generally held at the registered office of the Company.

During the year under review, Board of Directors of Hester met seven times, viz 7 April 2014, 30 May 2014, 24 July 2014, 18 October 2014, 24 December 2014, 21 January 2015 and 28 March 2015 and the 27th Annual General Meeting was held on Tuesday, 23 September 2014.

Management Committee oversees day to day operations of the Company, which consist of three Directors namely Mr. Rajiv Gandhi as a Chairman and Mr. Sanjiv Gandhi and Ms. Grishma Nanavaty as Members, subject to supervision and control of the Board of Directors. The Management Committees make decision within the authority delegated by the Board of Directors. All decisions/ recommendation of the Committees are placed before the Board for information and/ or its approval. A separate meeting of Independent Directors was held on 28 March 2015 to review the performance of Non-Independent Directors and the Board as whole. The terms and conditions of Independent Directors are available on the website of the Company: www.hester.in.

The Company has devised the policy on its Familiarisation Programme for Independent Directors and the same is available on the website of the Company: www.hester.in.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of directorship, chairmanship/membership in committee across companies in which he/she is Director.

| Name of the Director & Designation & Age | Category & Nature of employment | Date of Appointment | No. of Directorship Held in all the companies in India | No. of 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 73 Years | Non - Executive Non Independent Director | 03 December 1992 | 2 | 0 | 2 | Yes | 710,677 8.35% |
| Mr. Rajiv Gandhi CEO & Managing Director 53 Years | Executive Non Independent Director Committee Meeting | 29 April 1987 | 6 | 0 | 7 | Yes | 837,897 9.85% |

| Name of the Director & Designation & Age | Category & Nature of employment | Date of Appointment | No. of Directorship Held in all the companies in India | No. of committees of which Member(M)/ Chairman (C) | Board meeting attended | Attendance at the last AGM | No. of Shares held & % holding (of the Company) |
|---|--|---------------------|--|--|------------------------|----------------------------|---|
| Mr. Sanjiv Gandhi Director 50 Years | Non - Executive Non Independent Director | 29 April 1987 | 4 | 0 | 3 | Yes | 692,820 8.14% |
| Mr. Darayus Lakdawalla @ Director 54 Years | Non - Executive Independent Director | 01 March 1990 | 6 | 0 | 3 | No | 23,580 0.28% |
| Mr. Ravin Gandhi Director 42 Years | Non - Executive Non Independent Director | 22 April 1999 | 1 | 0 | -- | No | 403,320 4.74% |
| Mr. Vimal Ambani Director 54 Years | Non - Executive Independent Director | 01 February 2003 | 15 | 2 | 4 | Yes | 14,850 0.17% |
| Mr. Vishwesh Patel Director 38 Years | Non - Executive Independent Director | 28 October 2010 | 12 | 2 | 5 | Yes | 54,150 0.64% |
| Dr. Siba Samal Director 60 Years | Non - Executive Independent Director | 28 October 2013 | 1 | 2 | 1 | No | --- |
| Ms. Grishma Nanavaty Director 38 Years | Non - Executive Independent Director | 24 July 2014 | 1 | 2 | 3 | Yes | --- |
| Mr. Naman Patel # Director 27 Years | Alternate Director | 18 October 2014 | 5 | 2 | 4 | N.A | 1,500 0.02% |
| Ms. Priya Gandhi ** Director 22 Years | Alternate Director | 18 October 2014 | 1 | 0 | 2 | N.A | --- |

@ Resigned with effect from 24 July 2014

Alternate Director for Dr. Siba Samal

** Alternate Director for Mr. Ravin Gandhi

Notes: 1. This number excludes the Directorships/Committee memberships held in private companies and also of the Company. Committee includes Audit Committee and Stakeholders' Grievance Committee as per Clause 49 of the Listing Agreement.

2. 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 ten and chairmanship of board committees as aforesaid in excess of five.

None of the Directors of Board is a member of more than 10 Committees and no Director is Chairman of more than five committees across all the Public companies in which they are Directors. The necessary disclosures regarding Committee positions have been made by all the Directors.

None of the Independent Directors of the Company is holding a position of Independent Director in more than seven listed Companies. Further, none of the Director of the Company is serving as a Whole-Time Director in any listed Company and is holding a position of Independent Director in more than three listed Companies.

None of the Non-Executive Directors has any pecuniary relationship, except Dr. Bhupendra V. Gandhi, Mr. Sanjiv Gandhi, Mr. Ravin Gandhi, Ms. Nina Gandhi and Ms. Priya Gandhi, who are relatives of the Managing Director of the Company. Non-Executive Directors have no transactions with the Company, except receiving sitting fees for attending Board Meetings and Committee Meetings (except Share Transfer, CSR and Management Committee). The details of sitting fees, commission and remuneration paid to each Director appear later under the disclosure relating to Remuneration to Directors.

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

The information as required by Clause 49 (vi) of the Listing Agreement with the stock exchange in relation to appointment / reappointment of Directors of the Company is given in the notes to the Notice of the Annual General Meeting.

Code of Conduct

In Compliance with Clause 49(II) (E) of the Listing Agreement, the Company has adopted a code of ethics for principal Executives and senior management personnel. The said code has been communicated to the Directors and members of the senior management. All the Board members and senior management personnel have affirmed compliance with the code of conduct for the year ended on 31 March 2015. The Code of Conduct is available on the website of the Company at www.hester.in. A declaration to this effect, duly signed by the CEO of the Company, is attached herewith and forms part of the Corporate Governance Report.

AUDIT COMMITTEE

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

Composition

The Audit Committee comprises four members Mr. Vimal Ambani as the Chairman of the Committee and Mr. Vishwesh Patel, Ms. Grishma Nanavaty and Dr. Siba Samal as the Members. The Committee was reconstituted as on 24 July 2014 in which, Ms. Grishma Nanavaty was appointed as member in place of Mr. Darayus Lakdawalla, who has resigned from the Board. Further, the Committee was reconstituted by inducting Dr. Siba Samal as a member of the Committee with effect from 18 October 2014. All members of the committee are Non-Executive Independent Directors.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 177 of the Companies Act, 2013.

Meeting

During the year under review, six meetings were held on 07 April 2014, 30 May 2014, 24 July 2014, 18 October 2014, 24 December 2014 and 21 January 2015.

The Audit Committee at its Meeting held on 30 May 2014, reviewed the audited financial results for the year and quarter ended on 31 March 2014 and recommended the account for approvals by the Board of Directors. The Audit Committee, at its meetings held on 24 July 2014, 18 October 2014 and 21 January 2015, reviewed the unaudited financial results for the quarter ended on 30 June 2014, 30 September 2014 and

31 December 2014. The Audit Committee, at its meeting held on 24 December 2014, reviewed the composite scheme of arrangement, valuation report and omnibus limit for related party transactions for the period of 20 November 2014 to 31 March 2015.

The Statutory Auditors and Internal Auditors of the Company are invited to the meeting of the Committee wherever required. Mr. Jigar Shah, CFO is a regular invitee and also acts as Secretary to the Audit Committee.

The Chairman of the Audit Committee had attended the last Annual General Meeting of the Company held on 23 September 2014.

Details of attendance of each member of the Audit Committee are as under:

| Name | Designation | Attendance |
|--------------------------|-------------|------------|
| Mr. Vimal Ambani | Chairman | 4 Times |
| Mr. Darayus Lakdawalla @ | Member | 2 Times |
| Mr. Vishwesh Patel | Member | 4 Times |
| Ms. Grishma Nanavaty # | Member | 1 Time |
| Mr. Naman Patel * | Member | 2 Times |

@ Resigned with effect from 24 July 2014

Appointed with effect from 24 July 2014

* Appointed as Alternate Director of Dr. Siba Samal with effect from 18 October 2014

The Committee has been authorised by the Board in the manner envisaged under Clause 49 (III)(C) of the Listing Agreement. The Committee has been assigned tasks as listed under Clause 49(III) (D) of the Listing Agreement. The Committee reviews the information as listed under Clause 49(III) (E) of the Listing Agreement, matters specified under Section 177 of the Companies Act, 2013.

Broad Terms of Reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial

statements and Auditors' report thereon before submission to the Board for approval, with particular reference to:

- a) Matters requiring inclusion in the Directors' Responsibility Statement to be included in the Boards' report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the Auditors' independence and performance and effectiveness of the audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors about any significant findings and followup there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Reviewing the management letters/letters of internal control weaknesses issued by the Statutory Auditor.

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

STAKEHOLDERS' GRIEVANCE & RELATIONSHIP COMMITTEE

The Stakeholders' Grievance & Relationship Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders' and Investors' Grievances, if any, like transfer/transmission/demat of shares, loss of share certificates, non-receipt of Annual Report, Dividend Warrants and other grievances.

Composition

The Stakeholders' Grievance & Relationship Committee comprises four members, Ms. Grishma Nanavaty as the Chairperson of the Committee and Mr. Vishwesh Patel, Mr. Vimal Ambani and Dr. Siba Samal as the Members. All members are Non-Executive Independent Directors.

During the year, Ms. Grishma Nanavaty was appointed as the Chairperson of the Committee in place of Mr. Dararyus Lakdawalla who has resigned from the Board with effect from 24 July 2014. Further, the Committee was reconstituted by inducting Dr. Siba Samal as a member of the Committee with effect from 18 October 2014.

Meeting and attendance

During the year, four meetings were held on 30 May 2014, 24 July 2014, 18 October 2014 and 21 January 2015.

Details of the attendance of each member of the Committee are as under:

| Sr. No. | Name | Designation | Attendance |
|---------|---------------------------|-------------|------------|
| 1. | Ms. Grishma Nanavaty # | Chairperson | 1 Time |
| 2. | Mr. Dararyus Lakdawalla @ | Member | 2 Times |
| 3. | Mr. Vishwesh Patel | Member | 3 Times |
| 4. | Mr. Vimal Ambani | Member | 3 Times |
| 5. | Mr. Naman Patel * | Member | 1 Time |

Appointed with effect from 24 July 2014

@ Resigned with effect from 24 July 2014

*Acting as Alternate Director for Dr. Siba Samal with effect from 18 October 2014

Complaint

During the year, the Company had received four complaints from the shareholders. All of them have been resolved and no complaint was pending as on 31 March 2015.

The following table summarises 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 April 2014 | Received | Resolved | Pending as on 31 March 2015 |
|---------|---|-----------------------------|----------|----------|-----------------------------|
| 1. | Non-receipt of dividend warrant | - | 2 | 2 | - |
| 2. | Non-receipt of Annual Reports/Sticker | - | 2 | 2 | - |
| 3. | Non-receipt of shares after transfer/bonus/rights/ shares | - | - | - | - |
| 4. | Letters received from SEBI/ROC/Stock Exchanges | - | - | - | - |
| 5. | Others – Demat Credit | - | | | - |
| | Total | - | 4 | 4 | - |

Compliance Officer

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

Broad terms of reference

The Stakeholders' Grievance & Relationship 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 equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to the Share Transfer Committee. The Share Transfer Committee met 25 times during the year. The Company has no transfers pending at the close of the financial year.

NOMINATION AND REMUNERATION COMMITTEE

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

Composition

The Nomination and Remuneration Committee comprises four members - Mr. Vishwesh Patel as the Chairman and Mr.

Vimal Ambani, Ms. Grishma Nanavaty and Dr. Siba Samal as the members. The Committee was reconstituted on 24 July 2014 in which Ms. Grishma Nanavaty was appointed as member in place of Mr. Darayus Lakdawalla, who has resigned from the Board. Further, the Committee was reconstituted by inducting Dr. Siba Samal as a member of the Committee with effect from 18 October 2014. All members of the committee are Non-Executive Independent Directors.

Meeting and Attendance

During the year, three meetings were held on 30 May 2014, 24 July 2014 and 18 October 2014. Further, the Committee has also passed certain resolutions through a circular dated 27 March 2015. The meetings were held for the purpose of recommending the remuneration payable to Mr. Rajiv Gandhi, CEO & Managing Director of the Company, as well as recommending the appointees for the purpose of appointment as Directors of the Company and recommending various policies.

Details of attendance of each member of the Committee are as under:

| Sr. No. | Name | Designation | Attendance |
|---------|--------------------------|-------------|------------|
| 1. | Mr. Vishwesh Patel | Chairman | 2 times |
| 2. | Mr. Darayus Lakdawalla @ | Member | 2 times |
| 3. | Mr. Vimal Ambani | Member | 2 times |
| 4. | Ms. Grishma Nanavaty# | Member | -- |

@ Resigned with effect from 24 July 2014

Appointed with effect from 24 July 2014

Broad terms of Reference

The terms of reference of the Committee are, inter alia:

- 1) To recommend to the Board, the remuneration packages of Company's Managing/Wholetime/Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonus, perquisites, commission, performance incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees, etc).
- 2) The Company's policy on specific remuneration packages for Company's Managing/Joint Managing/Executive Directors, including pension rights and any compensation payment.
- 3) To implement, supervise and administer any share or stock option scheme of the Company.
- 4) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the

remuneration of the Directors, key managerial personnel and other employees.

- 5) Formulation of criteria for evaluation of Independent Directors and the Board.
- 6) Devising a policy on Board diversity.
- 7) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Remuneration to Directors

The Company pays remuneration to its CEO & 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 Committee Meetings (except Share Transfer, CSR and Management Committee) The Company does not pay any severance fees. The details of remuneration paid to Directors are provided below:

(In ₹)

| Name of Director | Designation | Remuneration (including perquisites) paid | Sitting fees paid | Commission paid | Total |
|-------------------------|-------------------------|---|-------------------|-----------------|-----------|
| Dr. Bhupendra V. Gandhi | Chairman | NIL | NIL | NIL | NIL |
| Mr. Rajiv Gandhi | CEO & Managing Director | 6,990,014 | NIL | 323,000 | 7,313,014 |
| Mr. Sanjiv Gandhi | Director | NIL | 15,000 | NIL | 15,000 |
| Mr. Darayus Lakdawalla | Director | NIL | 22,500 | NIL | 22,500 |
| Mr. Ravin Gandhi | Director | NIL | NIL | NIL | NIL |
| Mr. Vimal Ambani | Director | NIL | 95,000 | NIL | 95,000 |
| Mr. Vishwesh Patel | Director | NIL | 87,500 | NIL | 87,500 |
| Dr. Siba Samal | Director | NIL | 10,000 | NIL | 10,000 |
| Ms. Grishma Nanavaty | Director | NIL | 45,000 | NIL | 45,000 |
| Mr. Naman Patel | Alternate Director | NIL | 65,000 | NIL | 65,000 |
| Ms. Priya Gandhi | Alternate Director | NIL | 20,000 | NIL | 20,000 |
| Total | | 6,990,014 | 360,000 | 323,000 | 7,673,014 |

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board of Directors of the Company has constituted CSR Committee to devise/recommend to the Board, a CSR policy which shall indicate activities, projects or programs, to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to recommend the amount of expenditure to be incurred on the CSR activity.

Composition

The CSR committee comprises three Directors namely Mr. Rajiv Gandhi as a Chairman and Mr. Vishwesh Patel and Ms. Grishma Nanavaty as members of the Committee.

Meeting and attendance

During the year, one meeting of the Committee was held on 21 January 2015, inter alia, to recommend the CSR policy and approve the CSR expenditure made by the Company.

Details of attendance of each member of the Committee are as under:

| Sr. No. | Name | Designation | Attendance |
|---------|----------------------|-------------|------------|
| 1. | Mr. Rajiv Gandhi | Chairman | 1 time |
| 2. | Mr. Vishwesh Patel | Member | 1 time |
| 3. | Ms. Grishma Nanavaty | Member | 1 time |

Terms of reference

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

- 1) Formulate and recommend to the Board, a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- 2) Recommend the amount of expenditure to be incurred on the activities referred to in the CSR policy.
- 3) Monitor the Corporate Social Responsibility policy of the Company from time to time.

The Company has framed a Corporate Social Responsibility policy and placed it on the website of the Company i.e. www.hester.in.

SUBSIDIARY COMPANY:

Company has three wholly-owned Subsidiary Companies namely Hester Biosciences (Mauritius) Limited, Diavetra Lifesciences Limited and Gujarat Agrofarm Limited. Hester Biosciences Nepal Private Limited is subsidiary of Hester Biosciences (Mauritius) Limited i.e. step down subsidiary of the Company as on 31 March 2015.

All the four companies are non-material non-listed subsidiary Companies. The Audit Committee reviews the financial statements, particularly, the investments made in subsidiary Companies. The Board also reviews the accounts of the said Subsidiary Company on annual basis.

The Company has devised the policy for "Determining Material Subsidiaries" which is available on the website of the Company www.hester.in.

General Body Meetings:

Details of the last three Annual General Meetings are as under:

| AGM | Date | Time | Venue | No. of special resolutions passed |
|----------|-------------------|------------|--|-----------------------------------|
| 25th AGM | 14 September 2012 | 11.00 a.m. | Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 | 3 (three) |
| 26th AGM | 14 August 2013 | 11.00 a.m. | Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009 | 0 |
| 27th AGM | 23 September 2014 | 11.00 a.m. | Bhaikaka Bhavan, Law College Road, Ahmedabad 380 006 | 0 |

At the AGM held on 14 September 2012, three special resolutions were passed; the 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; the second was for increasing the authorised share capital of the Company and making consequential amendments in the Capital Clause of Memorandum and Articles of Association of the Company; the third was for the issue of 2,835,600 bonus shares

in proportion of one equity share for every two equity shares held.

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

Postal Ballot

During the year under reference, the Company had transacted the following businesses through postal ballot under the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

Resolution 1: Increase in borrowing power u/s. 180(1) (c) of the Companies Act, 2013.

Resolution 2: Mortgage, hypothecate and/or charge all or any of the movable and or immovable properties of the Company u/s. 180(1) (a) of the Companies Act, 2013.

Resolution 3: Reappointment of Mr. Rajiv Gandhi as a CEO & Managing Director for a period of 3 (three) years.

The Company had appointed Mr. Tapan Shah, Practicing Company Secretary, as the scrutiniser for conducting the postal ballot in a fair and transparent manner. All the special resolutions were passed with requisite majority through e-voting and postal ballot. The details of voting pattern are as under:

HESTER BIOSCIENCES LIMITED

ISIN: INE763I01018

Voting Result Date: 06 October 2014

Summary of Results through Electronic Votes/ Ballot Papers

| Sr. No. | Particulars | Resolution 1 SR | | Resolution 2 SR | | Resolution 3 SR | |
|---------|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | | No. of E-Voting/ BP | No. of Shares | No. of E-Voting/ BP | No. of Shares | No. of E-Voting/ BP | No. of Shares |
| A(i) | E-voting Received | 41 | 4,439,641 | 41 | 4,439,641 | 41 | 4,439,641 |
| (ii) | Less: Invalid Votes | 1 | 18,750 | 1 | 18,750 | 1 | 18,750 |
| (iii) | Less: Invalid E-voting due to related parties interested. | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total valid E-voting exercised (A) | 40 | 4,420,891 | 40 | 4,420,891 | 40 | 4,420,891 |
| B(i) | Total Ballot Papers (BP) received (Physical) | 3 | 78 | 3 | 78 | 3 | 78 |
| (ii) | Less: Invalid Ballot Papers | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) | Less: Invalid Ballot Papers due to related parties interested | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total valid Ballot Papers (B) | 3 | 78 | 3 | 78 | 3 | 78 |
| | Total Valid voting through E-voting/ Ballot Papers (A+B) | 43 | 4,420,969 | 43 | 4,420,969 | 43 | 4,420,969 |
| C. | Less : Ballot Papers – not voted for | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|------|---|-------|-----------|-------|-----------|-------|-----------|
| D. | Net Valid E-voting/ Ballot Papers exercised: | 43 | 4,420,969 | 43 | 4,420,969 | 43 | 4,420,969 |
| (i) | e-Voting/ Ballot Papers with assent for the Resolution | 41 | 4,420,964 | 41 | 4,420,964 | 41 | 4,420,964 |
| | % of Assent | 95.35 | 100.00 | 95.35 | 100.00 | 95.35 | 100.00 |
| (ii) | e-Voting/ Ballot Papers with dissent for the Resolution | 2 | 5 | 2 | 5 | 2 | 5 |
| | % of Dissent | 4.65 | 0.00 | 4.65 | 0.00 | 4.65 | 0.00 |
| | Total | 43 | 4,420,969 | 43 | 4,420,969 | 43 | 4,420,969 |

TRAINING OF BOARD MEMBERS AND INDUCTION

At the Board Meetings, apart from the regular agenda items, it is ensured that the Board members are provided a deep and thorough insight into the business model of the Company and updates through detailed presentations of various business unit heads. The Board members get an open forum for discussion and share their experience. The Board undertakes a periodic review of various matters including risk management, forex, internal audit reports, etc.

At the time of appointing an Independent Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company.

The company has framed a familiarisation programme for Independent Directors which have been uploaded on the website of the Company: www.hester.in.

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 31 March 2015, has been placed before the Board and given elsewhere in this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, as required under Clause 49 of the Listing Agreement, has been given elsewhere in this Annual Report.

DISCLOSURE

Related Party Transaction

All the transactions entered into with related parties as defined under Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Related Party Transactions during the year have been disclosed vide Note No. 43 of notes on financial statements as per the requirement of "Accounting Standards -18- Related Party Disclosure" issued by ICAI.

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

Disclosure of accounting treatment in the preparation of financial statements

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

Details of non-compliance by the Company

Your Company has complied with all the requirement of regulatory authorities. No penalty/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

Risk Management

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

Proceeds from Public Issue/Rights Issue/Preferential Issue/Warrant Conversion

During the year, the Company has not raised any fund through Public Issue/Rights Issue/Preferential Issue/Warrant Conversion.

Whistle Blower Policy

The Company has implemented a Whistle Blower Policy covering the employees. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Employees can lodge their Complaints through anonymous e-mails besides usual means of communications like written complaints. No personnel has been denied access to the Audit Committee. The Whistle Blower Policy, as approved by the Board, is placed on the website of the Company: www.hester.in.

Non-Mandatory Requirements

- **Shareholders' Right:** Half-yearly financial results, including summary of the significant events, are presently not being sent to shareholders of the Company. However, quarterly financial results are published in the leading newspapers and are also available on the website of the company: www.hester.in.
- **Audit Qualification:** There is no qualification in the Auditor's Report on the Financial Statements to the shareholders of the Company. However, Auditor's Report contains observation related to non-transfer of some amount lying in the unclaimed dividend account of the Company.

The delay was due to some reconciliation pending with the bank and technical issues. The Company has transferred the entire amount lying in the unclaimed dividend account prior to the approval of Directors' report and hence complied with the provision.

- **Separate post of Chairman and CEO:** Mr. Bhupendra V. Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi acting as CEO & Managing Director of the Company.
- **Reporting of Internal Auditors:** The Company's Internal

Auditor reports directly to the Audit Committee.

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 two newspapers namely, in Business Standard (English) and The Economic Times (English and Gujarati). These results are also put on the Company's website: www.hester.in.

The Company also informs, by way of intimation, 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.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for Corporate. The Shareholding Pattern, Corporate Governance Report, Reconciliation of Share Capital Audit and various other corporate announcements are filed electronically on NEAPS.

SEBI Complaints Redress System (SCORES)

Securities Exchange Board of India introduced for quick resolution of Investors' Grievances SEBI Complaints Redress System (SCORES). The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Shareholders' Information:

| | | |
|-------------------|---|---|
| Plant | : | Village: Merda Adraj Taluka: Kadi District: Mehsana Gujarat-382 721 |
| Registered Office | : | 'Pushpak', 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad-380 006 Phone: 079 – 26445107 Fax: 079 – 26445105 E-mail: mail@hester.in Website: 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

Panchkula

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

Date, Time, Venue of Annual General Meeting:

The 28th Annual General Meeting of the members of the company is scheduled to be held on Tuesday, the 15 September 2015 at 11.00 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 and 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 2014-15 (01 April 2014 to 31 March 2015)

Results were announced on

| | |
|-----------------|--|
| 24 July, 2014 | First quarter ended on 30 June 2014 |
| 18 October 2014 | Second quarter and half-year ended on 30 September 2014 |
| 21 January 2015 | Third quarter ended on 31 December 2014 |
| 28 May 2015 | Fourth quarter and year ended on 31 March 2015 (Audited) |

- Financial year 2015-16 (01 April 2015 to 31 March 2016)

Results will be announced on

| | |
|---|--|
| 30 June 2015 | 45 days from end of quarter, 30 June 2015 |
| 30 September 2015 | 45 days from end of quarter, 30 September 2015 |
| 31 December, 2015 | 45 days from end of quarter, 31 December 2015 |
| Audited Results for the year ended on 31 March 2016 | 60 days from end of Financial Year (i.e. on or before 30 May 2016) (As per Clause 41 of Listing Agreement) |

- Book closure date: Saturday, 12 September 2015 to Tuesday, 15 September 2015 (both days inclusive)
- Annual General Meeting: Tuesday, 15 September 2015 at 11.00 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. |
|-------------------------|-----------|
| Bombay Stock Exchange | 524669 |
| National Stock Exchange | HESTERBIO |

Listing

The Company's shares are listed and traded on Bombay Stock Exchange Limited (BSE) at Mumbai and National Stock Exchange India Limited (NSE) at Mumbai. During the year, the Company has obtained final approval letter of listing of its equity shares on NSE and the trading for the equity shares of the Company at the NSE was started with effect from 13 March 2015. The Company has paid listing fees to both the Stock Exchanges for financial year 2015-16.

Stock Data

Monthly share price data on BSE for the financial year 2014-15 is as under:

| Month | High ₹ | Low ₹ | Average ₹ | Volume (No. of shares) |
|-----------------|--------|--------|-----------|------------------------|
| April, 2014 | 102.00 | 88.00 | 95.00 | 85,365 |
| May, 2014 | 105.00 | 86.00 | 95.50 | 45,690 |
| June, 2014 | 176.50 | 97.00 | 136.75 | 476,638 |
| July, 2014 | 230.55 | 157.10 | 193.83 | 385,040 |
| August, 2014 | 340.90 | 220.10 | 280.50 | 732,028 |
| September, 2014 | 471.70 | 295.20 | 383.45 | 573,206 |
| October, 2014 | 421.90 | 325.00 | 373.45 | 133,361 |
| November, 2014 | 447.00 | 336.00 | 391.50 | 194,385 |
| December, 2014 | 420.50 | 310.00 | 365.25 | 141,357 |
| January, 2015 | 396.00 | 332.00 | 364.00 | 153,061 |
| February, 2015 | 359.00 | 302.00 | 330.50 | 161,222 |
| March, 2015 | 515.00 | 335.00 | 425.00 | 266,477 |

Monthly share price data on NSE for the financial year 2014-15 is as under:

| Month | High ₹ | Low ₹ | Average ₹ | Volume (No. of shares) |
|-------------|--------|--------|-----------|------------------------|
| March, 2015 | 523.95 | 405.00 | 464.48 | 53,145 |

Shares Held in Physical and Dematerialised Form

The Company's shares are compulsorily traded in the dematerialised mode. As on 31 March 2015, 94.37% shares were held in the dematerialised form and the balance 5.63% shares were held in physical form. The shareholders whose shares are held in physical form are requested to dematerialise the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is INE782E01017. As on that date, total promoter's holding is 53.81 % of the share capital. Shareholding pattern of the Company as on 31 March 2015 is given below:

Distribution of Shareholding (as on 31 March 2015)

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 | 3,554 | 85.68 | 501,127 | 5.89 |
| 501 – 1000 | 220 | 5.30 | 16,6371 | 1.95 |
| 1001 - 2000 | 142 | 3.42 | 210,671 | 2.48 |
| 2001 - 3000 | 50 | 1.21 | 128,318 | 1.51 |
| 3001 - 4000 | 31 | 0.75 | 111,907 | 1.31 |
| 4001 - 5000 | 16 | 0.38 | 74,587 | 0.88 |
| 5001 - 10000 | 58 | 1.40 | 396,985 | 4.67 |
| 10001 - 20000 | 22 | 0.53 | 337,203 | 3.96 |
| Above 20000 | 55 | 1.33 | 6,579,631 | 77.35 |
| TOTAL | 4,148 | 100.00 | 8,506,800 | 100.00 |

b. On the basis of category

| Sr. | Description | No. of members | | No. of shares | |
|-----|--------------------------------------|----------------|-------|---------------|-------|
| | | Nos. | % | Nos. | % |
| A | Promoters' holding | | | | |
| | Directors and relatives | 23 | 0.55 | 4,215,034 | 49.54 |
| | Promoters' Companies | 4 | 0.12 | 362,838 | 4.27 |
| B | Non-promoter holding | | | | |
| | Resident individual (incl. HUF) | 3,876 | 93.45 | 2,615,083 | 30.74 |
| | Non-resident individual | 72 | 1.74 | 672,580 | 7.91 |
| | Mutual fund, nationalised bank, etc. | 6 | 0.14 | 138,029 | 1.62 |
| | Foreign institutional investor | 1 | 0.02 | 15,127 | 0.18 |
| | Domestic companies | 135 | 3.26 | 482,179 | 5.67 |
| | Clearing members and house/ others | 31 | 0.75 | 5,930 | 0.07 |
| | Total: | 4,148 | 100 | 8,506,800 | 100 |

Share Transfer System

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

The Company has obtained half-yearly certificates from the Company Secretary in practice for compliance of share transfer formalities as per the requirement of 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 31 December 2002.

PAN requirement for transfer of shares in the physical form

The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off-market/private transactions involving transfer of shares in the physical form of listed companies. Therefore it shall be mandatory for

the transferee(s) to furnish a copy of the PAN Card to the Company/Registrar & Share Transfer Agents for Registration of such transfers. Members/Investors are therefore requested to make note of the same and submit their PAN Card copy to the Company Registrar and Share Transfer Agents. Members are also requested to use new Transfer Forms (Form No. SH-4) pursuant to Section 56 of the Company's Act, 2013 and its applicable rules.

Details of Dividend:

The Board of Directors has recommended a dividend @ ₹3.10 per share (31%) for the financial year 2014-2015, same as last year @ ₹2 per share (20%). 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 11 September 2015 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 11 September 2015.

Details of Unclaimed Dividend

| Accounting year | Date of declaration of dividend | Dividend payment % | Amount (in ₹) | Expected date of transfer of unclaimed dividend of IEPF |
|-----------------|---------------------------------|--------------------|---------------|---|
| 2007-08 | 28 August 2008 | 25 | 257,165.00 | 03 October 2015 |
| 2008-09 | 18 August 2009 | 25 | 626,395.00 | 23 September 2016 |
| 2009-10 | 28 July 2010 | 30 | 376,725.00 | 02 September 2017 |
| 2010-11 | 03 September 2011 | 35 | 395,895.50 | 09 October 2018 |
| 2011-12 | 14 September 2012 | 10 | 135,297.00 | 19 November 2019 |
| 2012-13 | 14 August 2013 | 20 | 300,478.00 | 19 October 2020 |
| 2013-14 | 23 September 2014 | 20 | 249,622.00 | 28 November 2021 |

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

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) Private Limited, as per the 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) Private Limited

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 the 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. The code is available on the website of the Company: www.hester.in.

Date: 11 August 2015

Place: Ahmedabad

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 31 March 2015 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - b. These statements together present a true and fair view of the 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.

Date: 11 August 2015
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Jigar Shah
CFO

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 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 31 March 2015.

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 above mentioned Listing Agreement, except that the formal Risk Management Policy should be adopted by the Board, covering detailed areas of risk involved in the organisation.

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

Place: Ahmedabad
Date: 11 August 2015

Name of Company Secretary in practice: Tapan Shah
Membership No. : FCS4476
C P No.: 2839

Independent Auditors' Report

To
The Members of
HESTER BIOSCIENCES LIMITED

Report on the Financial Statements

We have audited the accompanying Standalone financial statements of HESTER BIOSCIENCES LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2015, 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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manners so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the Company as at 31 March 2015; and its Profit and its 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 (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules,2014.
- e) On the basis of written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of section 164(2) of Act.
- f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :

- i. The Company did not have any pending litigations which would impact its financial position in its financial statements.
- ii. The company did not have any long term contracts including derivative contracts for which there were any material Foreseeable losses.
- iii. Company has yet to transfer a sum of ₹214,208 to Investor Education and Protection Fund on account of Unclaimed Dividend which was due for transfer on 17 October 2014.

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

Naishadh H. Shah
Partner

Place: Ahmedabad
Date: 28 May 2015

Membership No: 042323

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) In respect of Fixed Assets :
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner by the management during the year, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (ii) In respect of its inventories :
 - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- (iii) The company has granted unsecured interest free loans to companies covered in the register maintained under section 189 of the Companies Act, 2013.
 - (a) Loans granted by the company to companies covered in the register maintained under section 189 of the Companies Act, 2013 are interest free and are repayable on demand.
 - (b) There are no overdue amounts of more than rupees one lakh in respect of loans granted to the companies listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) 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 and fixed assets and with regard to 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.
- (v) According to the information and explanation given to us, the company has not accepted any deposit during the year and accordingly Section 73 and 76 of the Companies Act, 2013 is not required to be complied with. During the year, company has repaid deposits remaining outstanding as at the beginning of the year and has complied with the directives issued by the Reserve Bank of India and the provisions of sections 74 and 75 or any other relevant provisions of the Companies Act and the rules framed thereunder. We are informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) We have broadly reviewed the books of account, relating to materials and other items of cost maintained by the company in respect of products where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under sub-section (1) of section 148 of the Companies Act, 2013. 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.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no dues of income tax or sales tax or wealth tax or service tax or duty of custom or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- (c) A sum of ₹214,208 required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has not been transferred to such fund within time.
- (viii) The company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year;
- (ix) 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.
- (x) 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 institutions.
- (xi) 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 and obtained;
- (xii) To the best of our knowledge and according to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.

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

Naishadh H. Shah
Partner
Membership No: 042323

Place: Ahmedabad
Date: 28 May 2015

Balance Sheet as at 31 March 2015

(Figures in ₹)

| Particulars | Note No. | As at 31 March 2015 | As at 31 March 2014 |
|--|----------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 85,068,000 | 85,068,000 |
| (b) Reserves and Surplus | 4 | 775,208,907 | 674,654,298 |
| | | 860,276,907 | 759,722,298 |
| (2) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 5 | 144,912,537 | 61,948,942 |
| (b) Deferred Tax Liabilities (Net) | 6 | 53,807,900 | 49,261,710 |
| (c) Other Long-Term Liabilities | 7 | - | 138,304 |
| | | 198,720,437 | 111,348,956 |
| (3) Current Liabilities | | | |
| (a) Short-Term Borrowings | 8 | 200,639,852 | 262,545,131 |
| (b) Trade Payables | 9 | 45,716,043 | 44,645,518 |
| (c) Other Current Liabilities | 10 | 62,168,262 | 71,882,737 |
| (d) Short-Term Provisions | 11 | 39,230,593 | 38,027,316 |
| | | 347,754,750 | 417,100,702 |
| Total | | 1,406,752,094 | 1,288,171,956 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | 12 | | |
| (i) Tangible Assets | | 522,726,641 | 505,843,708 |
| (ii) Intangible Assets | | 2,880,132 | 926,226 |
| (iii) Capital Work-In-Progress | | 142,741,883 | 131,506,891 |
| (b) Non-Current Investments | 13 | 86,535,163 | 36,329,025 |
| (c) Long Term Loans and Advances | 14 | 88,542,703 | 80,578,640 |
| | | 843,426,521 | 755,184,490 |
| (2) Current Assets | | | |
| (a) Inventories | 15 | 291,084,664 | 355,892,080 |
| (b) Trade Receivables | 16 | 182,922,182 | 140,616,551 |
| (c) Cash and Cash Equivalents | 17 | 42,984,301 | 10,603,879 |
| (d) Short-Term Loans and Advances | 18 | 46,334,426 | 25,874,956 |
| | | 563,325,573 | 532,987,466 |
| Total | | 1,406,752,094 | 1,288,171,956 |
| 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

Naishadh H. Shah

Partner

Membership No.: 042323

Place: Ahmedabad

Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Place: Ahmedabad

Date: 28 May 2015

Statement of Profit and Loss for the year ended 31 March 2015

(Figures in ₹)

| Particulars | Note No. | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|----------|-----------------------------|-----------------------------|
| I. Revenue from Operations | 19 | 900,371,234 | 690,483,622 |
| II. Other Income | 20 | 3,289,342 | 7,733,239 |
| III. Total Revenue (I +II) | | 903,660,576 | 698,216,861 |
| IV. Expenses: | | | |
| Cost of Materials Consumed | 21 | 155,735,495 | 104,560,029 |
| Purchase of Stock-In-Trade | 22 | 37,227,638 | 39,281,924 |
| Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade | 23 | 59,578,092 | (30,317,846) |
| Employee Benefit Expenses | 24 | 122,400,157 | 98,371,860 |
| Finance Cost | 25 | 44,097,102 | 64,339,526 |
| Depreciation and Amortisation Expenses | 26 | 52,914,385 | 53,781,639 |
| Other Expenses | 27 | 263,709,641 | 225,288,584 |
| V. Total Expenses | | 735,662,510 | 555,305,716 |
| VI. Profit Before Exceptional items and Tax (III- V) | | 167,998,066 | 142,911,145 |
| VII. Exceptional Items | 28 | 26,529,241 | - |
| VIII. Profit Before Tax | | 194,527,307 | 142,911,145 |
| IX. Tax Expenses: | | | |
| (1) Minimum Alternative Tax | | 40,772,924 | 34,957,821 |
| Less: MAT Credit Entitlement | | 155,201 | 34,957,821 |
| Current Tax | | 40,617,723 | - |
| (2) Income Tax of Earlier Years(Net) | | 3,531,382 | 18,761,132 |
| (3) Deferred Tax | | 4,546,190 | 23,271,734 |
| X. Profit For The Year (VIII-IX) | | 145,832,012 | 100,878,281 |
| XI. Earning per Equity Share: | | | |
| (1) Basic & Diluted | 45 | 17.14 | 11.86 |
| 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

Naishadh H. Shah

Partner

Membership No.: 042323

Place: Ahmedabad

Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place: Ahmedabad

Date: 28 May 2015

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Cash Flow Statement for the year ended 31 March 2015

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | Year ended 31 March 2014 | |
|--|-----------------------------|----------------------|-----------------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax as per Profit and Loss Statement | | 194,527,307 | | 142,911,146 |
| Adjustments for: | | | | |
| Depreciation and Amortisation | 52,914,385 | | 53,781,639 | |
| Interest & Other Income | (1,263,763) | | (2,131,036) | |
| Bad debt Writtten off | 1,463,401 | | 2,223,908 | |
| Gain / (loss) on Change of Depreciation method | (19,029,241) | | - | |
| Exchange P&L on Closing Bank Balance | - | | (338,695) | |
| Sundry balances Writtten Back (Net) | - | | (1,893,482) | |
| Profit on sale of Fixed Assets | (7,500,000) | | 8,763 | |
| Interest & Finance Charges | 44,097,102 | 70,681,884 | 64,339,526 | 115,990,623 |
| Operating Profit before Working Capital Change | | 265,209,191 | | 258,901,769 |
| Adjustments for: | | | | |
| Trade and Other Receivables | (43,769,038) | | 9,797,949 | |
| Inventories | 64,807,416 | | (44,870,748) | |
| Trade Payables & Other Liabilities | 277,184 | | (11,268,817) | |
| | | 21,315,562 | | (46,341,617) |
| Cash generated from Operating Activities | | 286,524,753 | | 212,560,153 |
| Payment of Taxes | | (54,659,951) | | (98,630,353) |
| Net Cash from Operating Activities | | 231,864,802 | | 113,929,800 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of fixed assets | | (66,222,230) | | (70,093,764) |
| Proceeds from sale of fixed assets | | 7,500,000 | | 240,000 |
| Capital W.I.P. & Live Stock Addition | | (11,241,668) | | (34,694,796) |
| Change in Creditors for Capital Expenses | | (11,522,140) | | (16,494,794) |
| Investment in bank deposits (having original maturity of more than three months) | | (2,158,446) | | (710,807) |
| Redemption of Bank Deposits | | 1,805,200 | | 339,838 |
| Investment in shares of Subsidiary Company | | (50,206,138) | | (8,480,025) |
| Loans and Advances | | (28,268,332) | | (12,199,245) |
| Interest & Other Income | | 1,263,763 | | 2,131,036 |
| Net Cash used in Investing Activities | | (159,049,991) | | (139,962,556) |

Cash Flow Statement (contd.) for the year ended 31 March 2015

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds/ (Repayment) of Long Term Borrowings | 85,136,745 | (16,343,758) |
| Short Term Bank Borrowings (Net) | (61,905,279) | 126,025,145 |
| Dividend Paid | (16,859,380) | (17,013,600) |
| Dividend Distribution Tax Paid | (2,891,461) | (2,891,461) |
| Unclaimed Interest on Fixed Deposits | (171,157) | - |
| Interest paid | (44,097,102) | (64,339,526) |
| Net Cash Flow from Financing Activities | (40,787,634) | 25,436,800 |
| Net Increase in Cash & Cash Equivalents | 32,027,176 | (595,956) |
| Cash & Cash Equivalent as at (Op Balance) | 6,864,908 | 7,460,864 |
| Cash & Cash Equivalent as at (Cl Balance) | 38,892,084 | 6,864,908 |
| Major Components of cash and Cash Equivalents as at | 31 March 2015 | 31 March 2014 |
| Cash on Hand | 531,320 | 718,347 |
| Balance with Banks - On Current Accounts | 38,360,764 | 6,146,561 |
| Fixed Deposit having maturity period with in 3 months | - | - |
| Total | 38,892,084 | 6,864,908 |

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

Naishadh H. Shah

Partner

Membership No.: 042323

Place: Ahmedabad

Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place: Ahmedabad

Date: 28 May 2015

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Notes forming part of Financial Statements for the year ended 31 March 2015

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), accounting standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable under historical cost convention on accrual basis.

b) USE OF ESTIMATES:

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

c) CHANGE IN ACCOUNTING POLICY:

During the year ended 31 March 2015, the company has retrospectively changed its method of providing depreciation on fixed assets from the written down value (WDV) method to Straight Line Method (SLM) at the rates higher than the rates prescribed in schedule XIV to the Companies Act, 1956 as duly certified by chartered engineer. The management believes that this change will result in a more appropriate presentation of the financial statements of the Company and will give a systematic basis of depreciation charge, more representative of the time pattern in which the economic benefits will be derived from the use of these assets. Accordingly, company has charged depreciation of ₹52.91 million to statement of profit and loss for the year ended on 31 March 2015. The net credit of ₹19.03 million being the difference of written down value of assets as per WDV method and SLM method as on 31 March 2014 has been shown as an 'Exceptional Item' in the Statement of Profit & Loss for the year ended on 31 March 2015.

d) REVENUE RECOGNITION:

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

Revenue from sale of products is recognised on dispatch or appropriation of goods in accordance with the terms of sale and rewards of ownership have passed to the buyer and Revenue from services are recognised as the related services are performed. Sale of goods is recorded net of returns, trade discounts, rebates, VAT/Sales Tax, Service Tax but inclusive excise duty.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

e) FIXED ASSETS & DEPRECIATION / AMORTISATION:

Tangible Assets are stated at cost net of recoverable taxes / duties and rebates less accumulated depreciation and impairment loss, if any. Borrowing costs directly attributable to the construction or production of qualifying assets during the period of construction / acquisition are capitalised as part of the cost. Subsequent expenditures related to an item of tangible assets are added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance. Exchange differences arising out of fluctuation in exchange rate on settlement / period end in foreign currency monetary liabilities in respect of acquisition of fixed assets are adjusted to the cost of the fixed assets.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation and impairment loss, if any.

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 Fixed Assets is provided on Straight Line method (SLM) method based on useful life of the assets as prescribed under Part-C of Schedule II to the companies Act, 2013 except in respect of the following assets of 'New Project', where useful

Notes forming part of Financial Statements for the year ended 31 March 2015

life is different than those prescribed in Schedule II are used. The Management estimates the useful lives for such fixed assets as under:-

| Particulars | Estimated Useful Life |
|--|--------------------------|
| Furniture & fixtures | Over a period of 9 years |
| Vehicles | Over a period of 8 years |
| Plant & Machineries, Equipments, Electrical Installation & Utilities | Over a period of 9 years |

f) IMPAIRMENT OF ASSETS:

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 recognised, 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) INVESTMENTS:

Non-current investments are stated at cost. However, provision for diminution is made to recognise 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) INVENTORIES:

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

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

i) BORROWING COSTS:

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

j) FOREIGN CURRENCY TRANSACTIONS:

- i) Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.
- ii) Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date.
- iii) Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.
- iv) 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 recognised in the Statement of Profit and Loss, for the period in which the difference takes place.

k) 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.

l) PROVISION FOR RETIREMENT BENEFITS:

(i) Short-Term Employee Benefits:-

Short term employee benefits such as salaries, wages, leave encashment, bonus etc. are recognised 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

Notes forming part of Financial Statements for the year ended 31 March 2015

actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognised 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 recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognised past service cost and as reduced by the fair value of respective fund.

m) 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.

n) 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.

o) 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.

p) 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 recognised 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 recognised and carried forward only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realise the assets. At each Balance sheet date, recognised and unrecognised Deferred Tax Assets are reviewed.

iii. Minimum Alternative Tax (MAT):

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India which gives rise to future economic benefit in the form of MAT credit entitlement for adjustment of future income tax liability, is considered as an asset only when there is convincing evidence that the company will pay normal income tax within the specified period. Accordingly MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such assets are revised at each balance sheet date.

q) GRANTS

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

r) 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.

Notes forming part of Financial Statements for the year ended 31 March 2015

3. SHARE CAPITAL

(Figures in ₹)

| Particulars | As at | |
|--|--------------------|--------------------|
| | 31 March 2015 | 31 March 2014 |
| AUTHORISED CAPITAL | | |
| 10,500,000 (P.Y. 10,500,000) Equity Shares of ₹10 each | 105,000,000 | 105,000,000 |
| | 105,000,000 | 105,000,000 |
| ISSUED, SUBSCRIBED & PAID UP CAPITAL | | |
| 8,506,800 (P.Y. 8,506,800) Equity Shares of ₹10 each fully paid up | 85,068,000 | 85,068,000 |
| Total | 85,068,000 | 85,068,000 |

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

(Figures in ₹)

| Particulars | As at | |
|--|------------------|------------------|
| | 31 March 2015 | 31 March 2014 |
| Equity Shares at the beginning of the year | 8,506,800 | 8,506,800 |
| Outstanding at the end of the year | 8,506,800 | 8,506,800 |

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 ₹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.

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

| Name of the share holders | As at 31 March 2015 | | As at 31 March 2014 | |
|---------------------------|---------------------|--------|---------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Rajiv Gandhi | 837,897 | 9.85 | 837,909 | 9.85 |
| Dr. Bhupendra V Gandhi | 710,677 | 8.35 | 710,577 | 8.35 |
| Nina Gandhi | 696,340 | 8.19 | 690,840 | 8.12 |
| Sanjiv Gandhi | 692,820 | 8.14 | 669,720 | 7.87 |

3.4 Aggregate number and class of shares allotted as fully paid up by way of bonus shares for the period of 5 years immediately preceding the Balance sheet date:-

As per terms and conditions approved at the Annual General Meeting of the Company held on 14 September 2012, Company had issued 2,835,600 fully paid equity shares with voting rights as bonus with face value of ₹10 each by Capitalising Reserves.

Notes forming part of Financial Statements for the year ended 31 March 2015

4. RESERVE & SURPLUS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| Capital Reserve | | |
| As per last Balance sheet | 1,259,979 | 1,259,979 |
| | 1,259,979 | 1,259,979 |
| Securities Premium | | |
| As per Last Balance Sheet | 175,067,105 | 175,067,105 |
| | 175,067,105 | 175,067,105 |
| General Reserve | | |
| As per Last Balance Sheet | 241,644,000 | 216,644,000 |
| Add: Transferred from Surplus in Statement of Profit and Loss | 25,000,000 | 25,000,000 |
| Less: Adjustment related to fixed assets (Refer note no.33) | (13,506,930) | - |
| | 253,137,070 | 241,644,000 |
| Surplus- Statement of Profit & Loss | | |
| As per Last Balance Sheet | 256,683,214 | 200,709,994 |
| Add: Profit for the year | 145,832,012 | 100,878,281 |
| | 402,515,226 | 301,588,275 |
| Less: Appropriations | | |
| - Proposed Dividend | 26,371,080 | 17,013,600 |
| - Dividend Tax | 5,399,392 | 2,891,461 |
| - Transferred to General Reserve | 25,000,000 | 25,000,000 |
| | 345,744,753 | 256,683,214 |
| Total | 775,208,907 | 674,654,298 |

5. LONG TERM BORROWINGS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---------------------------------------|------------------------|------------------------|
| Term Loans (Secured) | | |
| - From Bank | 139,261,327 | 51,083,000 |
| Hire Purchase Loans (Secured) | | |
| - From Banks | 5,651,210 | 3,292,942 |
| Long Term Deposits (Unsecured) | | |
| - Fixed Deposits | - | 7,573,000 |
| Total | 144,912,537 | 61,948,942 |

Notes forming part of Financial Statements for the year ended 31 March 2015

5. LONG TERM BORROWINGS (contd.)

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 ₹ |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.03% | Monthly | 36 | 53,140* |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 11.15% | Monthly | 36 | 16,200* |
| State Bank of India- Term Loan 2 is Secured by Equitable mortgage of Land and and Building on Survey No. 1975/p2, 1976/p2 and 1977/p2 situated at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company. | 13.10% ^ | Monthly | 4 45 | 2,338,000 1,558,000 |
| State Bank of India- Term Loan 3 is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company. | 13.20% ^ | Monthly | 10 12 12 12 12 12 12 | 1,000,000 2,000,000 2,500,000 3,000,000 4,000,000 5,000,000 6,000,000 |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 11.00% | Monthly | 35 | 40,991* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 11.00% | Monthly | 35 | 40,991* |
| Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 59 | 32,950* |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 10.15% | Monthly | 60 | 15,961* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 60 | 84,300* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.25% | Monthly | 60 | 33,671* |
| Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car | 11.07% | Monthly | 47 | 25,147* |

^ 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 31 March 2015

6. DEFERRED TAX LIABILITIES (NET)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Deferred Tax Liabilities | | |
| - Gratuity (Advance) | 297,636 | 783,242 |
| - Excess of Net Block over Written Down Value as per provision of I.T. Act | 27,419,839 | 24,254,019 |
| - Benefit availed u/s 35 (2AB) on Capital Addition | 26,694,082 | 25,202,780 |
| Total Deferred Tax Liabilities(A) | 54,411,557 | 50,240,041 |
| Deferred Tax Assets | | |
| - Claim U/s 43B of I.T. Act, 1961 | 603,657 | 978,331 |
| Total Deferred Tax Assets(B) | 603,657 | 978,331 |
| Net Deferred Tax Liabilities(A-B) | 53,807,900 | 49,261,710 |

7. OTHER LONG TERM LIABILITIES

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--------------------------------|------------------------|------------------------|
| - Interest accrued but not due | - | 138,304 |
| Total | - | 138,304 |

8. SHORT TERM BORROWINGS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| Loan Repayable on Demand (Secured) | | |
| - From Bank- Cash Credit | 200,639,852 | 262,545,131 |
| Total | 200,639,852 | 262,545,131 |

8.1 Cash Credit accounts are secured by first and exclusive hypothecation charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Land and Building on Survey No. 1972 and 1973/p1 situated at Village Merda Adraj, Kadi Thol Road, Kadi, Mehsana, and hypothecation of unencumbered plant and machinery of the company and personal guarantee of some of the directors.

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

9. TRADE PAYABLES

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-----------------------------------|------------------------|------------------------|
| Trade Payables (Refer Note :- 32) | 45,716,043 | 44,645,518 |
| Total | 45,716,043 | 44,645,518 |

Notes forming part of Financial Statements for the year ended 31 March 2015

10. OTHER CURRENT LIABILITIES

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Current Maturities of Long Term Borrowings (Refer Note:- 5) | | |
| - Term Loans | 28,700,000 | 23,294,000 |
| - Hire Purchase Loans | 3,290,200 | 1,960,763 |
| Short Term Deposits | | |
| - Fixed Deposits (Refer Note:- 5) | - | 4,588,000 |
| Unclaimed Dividends* | 2,530,834 | 2,376,614 |
| Unclaimed Interest on Fixed Deposits | - | 171,157 |
| Interest accrued & due on borrowings | 1,207,958 | 874,986 |
| Interest accrued but not due on borrowings | - | 168,955 |
| Advance from Debtors | 3,603,286 | 1,678,951 |
| Advance from Subsidiary Company (Refer Note:- 43) | - | 145,516 |
| Creditors for Capital expenses | 8,160,619 | 19,682,759 |
| Duties and Taxes | 7,094,101 | 5,880,660 |
| Grant Received in advance | 1,746,393 | - |
| Other Liabilities | 5,834,871 | 10,977,650 |
| Bank Overdraft (As per Books) | - | 82,726 |
| Total | 62,168,262 | 71,882,737 |

* Includes Amount of ₹214,208 for F.Y 2006-07 (P.Y ₹Nil) due for payment to the Investor Education and Protection Fund.

11. SHORT TERM PROVISIONS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Provision For Employees Benefit | | |
| Leave Encashment | 1,775,986 | 2,082,475 |
| Others | | |
| Proposed Dividend | 26,371,080 | 17,013,600 |
| Tax on Dividend | 5,399,392 | 2,891,461 |
| Provision for Tax (Net of Advance Tax) | 5,684,135 | 16,039,780 |
| Total | 39,230,593 | 38,027,316 |

Notes forming part of Financial Statements for the year ended 31 March 2015**12. FIXED ASSTES [REFER NOTE:- 2(D)]**

(Figures in ₹)

| Sr. No. | Particulars | Gross Block | | | | Depreciation | | | | | Net Block | |
|------------|--------------------------------------|---------------------|--------------------------|---------------------------|----------------------|--------------------|-----------------------------|----------------------------|-------------------|--------------------|--|--|
| | | As at 01 April 2014 | Addition during the year | Disposals during the year | As at 31 March 2015 | Upto 01 April 2014 | Transfer to General Reserve | Adjustment during the year | For the Year | Upto 31 March 2015 | Net Carrying value as at 31 March 2015 | Net Carrying value as at 31 March 2014 |
| A-1 | Tangible Assets | | | | | | | | | | | |
| | Land & Site Development | 1,660,844 | - | - | 1,660,844 | - | - | - | - | - | 1,660,844 | 1,660,844 |
| | Factory Building | 12,094,768 | - | - | 12,094,768 | 6,999,491 | - | - | 374,212 | 7,373,703 | 4,721,064 | 5,095,276 |
| | Plant & Machineries | | | | | | | | | | | |
| | - Imported | 4,552,524 | - | - | 4,552,524 | 3,392,105 | 1,160,419 | - | - | 4,552,524 | - | 1,160,419 |
| | - Indigenous | 33,490,107 | - | - | 33,490,107 | 23,701,696 | 9,788,411 | - | - | 33,490,107 | - | 9,788,411 |
| | Electrical Installations | 3,088,718 | - | - | 3,088,718 | 2,463,588 | 625,130 | - | - | 3,088,718 | - | 625,129 |
| | Storage Equipment | 431,276 | - | - | 431,276 | 216,642 | 214,634 | - | - | 431,276 | - | 214,634 |
| | Furniture & Fixtures | 1,245,262 | - | - | 1,245,262 | 1,085,641 | 159,621 | - | - | 1,245,262 | - | 159,621 |
| | Vehicles | 7,947,609 | - | - | 7,947,609 | 7,440,613 | 506,996 | - | - | 7,947,609 | - | 506,996 |
| | Scooters | 25,083 | - | - | 25,083 | 24,258 | 825 | - | - | 25,083 | - | 825 |
| | Office Equipments | 1,048,165 | - | - | 1,048,165 | 684,297 | 363,868 | - | - | 1,048,165 | - | 363,868 |
| | Computers | 1,564,121 | - | - | 1,564,121 | 1,485,915 | 78,206 | - | - | 1,564,121 | - | 78,206 |
| | Utilities | 3,365,753 | - | - | 3,365,753 | 2,770,389 | 595,364 | - | - | 3,365,753 | - | 595,364 |
| | Dead Stock | 169,064 | - | - | 169,064 | 156,174 | 12,890 | - | - | 169,064 | - | 12,890 |
| | Dead Stock Canteen | 32,598 | - | - | 32,598 | 32,030 | 568 | - | - | 32,598 | - | 568 |
| | TOTAL (A1) | 70,715,894 | - | - | 70,715,894 | 50,452,840 | 13,506,932 | - | 374,212 | 64,333,984 | 6,381,909 | 20,263,053 |
| | Previous Year Figures | 71,552,013 | - | 836,119 | 70,715,894 | 47,776,661 | - | 587,356 | 3,263,536 | 50,452,840 | 20,263,053 | 23,775,351 |
| A-2 | Tangible Assets - New Project | | | | | | | | | | | |
| | Land & Site Development | 15,589,000 | - | - | 15,589,000 | - | - | - | - | - | 15,589,000 | 15,589,000 |
| | Factory Building | 221,739,389 | 19,309,677 | - | 241,049,066 | 65,151,278 | - | (37,147,579) | 7,395,503.93 | 35,399,202 | 205,649,863 | 156,588,111 |
| | Office Building | 119,054,187 | 92,230 | - | 119,146,417 | 25,470,219 | - | (254,450) | 3,720,279.54 | 28,936,048 | 90,210,369 | 93,583,968 |
| | Guest House-Building | 4,191,825 | - | - | 4,191,825 | 785,509 | - | (220,656) | 131,673.62 | 696,527 | 3,495,298.36 | 3,406,316 |
| | Plant & Machineries | | | | | | | | | | | |
| | - Imported | 21,071,747 | 8,129,221 | - | 29,200,968 | 10,078,228 | - | 1,555,124 | 2,004,923.44 | 13,638,275 | 15,562,693 | 10,993,519 |
| | - Indigenous | 197,537,740 | 20,091,980 | - | 217,629,720 | 86,859,289 | - | 11,253,085 | 19,185,355.06 | 117,297,729 | 100,331,991 | 69,538,143 |
| | Electrical Installations | 48,929,092 | 1,044,656 | - | 49,973,748 | 23,113,639 | - | 3,619,785 | 4,553,492.85 | 31,286,917 | 18,686,831 | 25,815,453 |
| | Storage Equipment | 4,594,477 | 320,321 | - | 4,914,798 | 2,231,567 | - | 226,423 | 453,998.02 | 2,911,988 | 2,002,810 | 2,362,910 |
| | Furniture and Fixtures | 36,825,550 | 3,038,670 | - | 39,864,220 | 15,202,526 | - | (711,790) | 3,768,144.85 | 18,258,881 | 21,605,339 | 21,623,024 |
| | Vehicles | 26,716,834 | 8,392,663 | - | 35,109,497 | 15,241,812 | - | (3,544,807) | 3,539,309.26 | 15,236,315 | 19,873,182 | 11,475,022 |
| | Factory Equipments | 5,330,574 | 810,138 | - | 6,140,712 | 682,618 | - | (117,406) | 604,190.65 | 1,169,403 | 4,971,309 | 4,647,956 |
| | Office Equipments | 7,442,282 | 810,461 | - | 8,252,743 | 3,559,159 | - | 283,450 | 1,973,198.37 | 5,815,808 | 2,436,935 | 3,883,123 |
| | Computer | 7,144,322 | 1,287,812 | - | 8,432,134 | 5,045,285 | - | 632,918 | 856,328.41 | 6,534,531 | 1,897,603 | 2,099,036.89 |
| | Utilities | 43,386,669 | 200,608 | - | 43,587,277 | 21,190,672 | - | 5,462,573 | 3,547,978.03 | 30,201,223 | 13,386,054 | 22,195,997 |
| | Live Stock | 638,769 | 198,453 | 191,771 | 645,451 | - | - | - | - | - | 645,451 | 638,769 |
| | TOTAL (A2) | 760,192,457 | 63,726,890 | 191,771 | 823,727,576 | 274,611,802 | - | (18,963,331) | 51,734,376 | 307,382,847 | 516,344,728 | 444,440,347 |
| | Previous Year Figures | 546,852,855 | 213,339,601 | - | 760,192,457 | 224,435,889 | - | - | 50,175,913 | 274,611,802 | 485,580,655 | 322,416,966 |
| | TOTAL (A1 + A2) | 830,908,350 | 63,726,890 | 191,771 | 894,443,469 | 325,064,642 | 13,506,932 | (18,963,331) | 52,108,588 | 371,716,831 | 522,726,641 | 464,703,398 |
| | Previous Year Figures(A1 + A2) | 618,404,868 | 213,339,601 | 836,119 | 830,908,350 | 272,212,550 | - | 587,356 | 53,439,449 | 325,064,642 | 505,843,708 | 346,192,317 |
| B | Intangible Assets | | | | | | | | | | | |
| | Software | 3,847,448 | 314,972 | - | 4,162,420 | 2,971,371 | - | (57,229) | 75,198,653 | 3,666,129 | 496,292 | 876,077 |
| | Product & Trademark Registration | 69,000 | 2,378,821 | - | 2,447,821 | 18,851 | - | (8,681) | 5,381,065 | 63,981 | 2,383,840 | 50,149 |
| | TOTAL (B) | 3,916,448 | 2,693,793 | - | 6,610,241 | 2,990,222 | - | (65,910) | 805,797 | 3,730,110 | 2,880,132 | 926,226 |
| | Previous Year Figures | 3,452,151 | 464,297 | - | 3,916,448 | 2,648,032 | - | - | 342,190 | 2,990,222 | 926,226 | 804,119 |
| C | Capital Work-in-progress | | | | | | | | | | | |
| | Capital Work-in-progress | 131,506,891 | 45,046,885 | 33,811,899 | 142,741,877 | - | - | - | - | - | 142,741,883 | 131,506,891 |
| | Previous Year Figures | 240,526,386 | 34,580,503 | 143,599,997 | 131,506,891 | - | - | - | - | - | 131,506,891 | 240,526,386 |
| | Current Year Total | 966,331,690 | 111,467,568 | 34,003,670 | 1,043,795,588 | 328,054,865 | 13,506,932 | (19,029,241) | 52,914,385 | 375,446,941 | 668,348,655 | 597,136,516 |
| | Previous Year Total | 862,383,405 | 248,384,401 | 144,436,116 | 966,331,690 | 274,860,582 | - | 587,356.00 | 53,781,639 | 328,054,864 | 638,276,825 | 587,522,822 |

Note-Capital Expenditure on Research and development facility (Including net decrease in Work in progress ₹1,067,963 (P.Y.143,599,997) is ₹12,357,608 (P.Y. ₹171,294,440).

Notes forming part of Financial Statements for the year ended 31 March 2015

13. NON CURRENT INVESTMENTS [REFER NOTE:- 2(g)]

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Trade Investments (Valued at cost unless stated otherwise) | | |
| Unquoted Investment in Equity Instrument | | |
| - Investment in subsidiaries:- | | |
| (a) 1,425,335(P.Y. 688,725) Equity Shares of USD 1 each fully paid-up in Hester Biosciences (Mauritius) Ltd. | 78,406,163 | 33,450,025 |
| (b) 10,000 (P.Y 10,000) Equity Shares each of ₹10 in Diavetra Lifesciences Private Limited | 100,000 | 100,000 |
| (c) 550,000 (P.Y. Nil) Equity shares each of ₹10 in Gujarat Agrofarm Limited | 5,250,000 | - |
| - Others:- | | |
| 1,182,500 (P.Y. 1,182,500) Equity shares of ₹10 each fully paid-up in Innoves Animal Health Private Limited | 2,779,000 | 2,779,000 |
| Total | 86,535,163 | 36,329,025 |

14. LONG TERM LOANS AND ADVANCES [REFER NOTE:-39] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Capital Advances | 26,405,161 | 8,585,167 |
| Security Deposit | | |
| - Deposit to UGVCL | 6,206,295 | 6,206,295 |
| - Others | 1,758,138 | 4,485,611 |
| Loans & Advances to related parties (Refer Note 43) | | |
| Advance to Subsidiaries:- | | |
| (a) Hester Biosciences (Mauritius) Limited | 4,892,347 | 3,080,977 |
| (b) Gujarat Agrofarm Limited | 1,525,000 | 1,525,000 |
| Others:- | | |
| Advance to group companies | 870,432 | 870,432 |
| Other Loans & Advances | | |
| Advance to Others | 5,305,865 | 5,310,548 |
| Advance to Staff | 3,268,332 | 12,358,678 |
| EPCG Advance | 3,198,111 | 3,198,111 |
| MAT Credit Entitlement [Refer Note: 2 (p)(iii)] | 35,113,022 | 34,957,821 |
| Total | 88,542,703 | 80,578,640 |

*Advance to staff includes ₹Nil (P.Y. ₹5,011,684) due from officer of the company. (Refer Note:- 43)

15. INVENTORIES [REFER NOTE:- 2(h)] (AT LOWER OF COST AND NET REALISABLE VALUE)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-------------------|------------------------|------------------------|
| Raw Materials | 16,043,817 | 28,752,927 |
| Work-in-Progress | 207,676,052 | 255,092,034 |
| Finished Goods | 23,343,335 | 36,822,965 |
| Stock-in-Trade | 18,367,975 | 17,050,455 |
| Stores & Spares | 11,041,173 | 6,150,932 |
| Packing Materials | 14,612,312 | 12,022,767 |
| Total | 291,084,664 | 355,892,080 |

Notes forming part of Financial Statements for the year ended 31 March 2015

16. TRADE RECEIVABLES [REFER NOTE:- 40] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Outstanding for a period exceeding six months from the date they are due for Payment | | |
| - Considered Good | 43,257,908 | 40,253,679 |
| - Doubtful | - | - |
| Others | | |
| - Considered Good | 139,664,274 | 100,362,872 |
| Total | 182,922,182 | 140,616,551 |

17. CASH & CASH EQUIVALENT [REFER NOTE:- 2 (o)]

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| (A) Cash and Cash Equivalents | | |
| 1. Cash on Hand | 531,320 | 718,347 |
| 2. Balances with Banks | | |
| -In Current Accounts | 38,360,764 | 6,146,561 |
| -In Fixed Deposits having original maturity of less than twelve months | 2,158,446 | - |
| Total-(A) | 41,050,530 | 6,864,908 |
| (B) Other Bank Balances | | |
| -Fixed Deposits having original maturity period of more than twelve months | 1,933,771 | 3,738,971 |
| Total-(B) | 1,933,771 | 3,738,971 |
| Total (A) + (B) | 42,984,301 | 10,603,879 |

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,530,834 (P.Y. ₹2,376,614)

17.2 Balances with banks in fixed deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹4,092,217 (P.Y. ₹3,738,971)

18. SHORT TERM LOANS AND ADVANCES [REFER NOTE:-39] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| - Creditors Advance for Goods | 37,999,748 | 18,147,691 |
| - Creditors Advance for Expenses | 3,869,076 | 1,747,261 |
| - Advance to Staff | 2,422,433 | 2,277,666 |
| - Advance recoverable in cash or kind or for value to be received | 2,043,169 | 3,702,338 |
| Total | 46,334,426 | 25,874,956 |

Notes forming part of Financial Statements for the year ended 31 March 2015

19. REVENUE FROM OPERATIONS [REFER NOTE:- 2(D)]

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-----------------------------|-----------------------------|-----------------------------|
| (A) Sale of Goods | | |
| Local Sales | 797,576,627 | 621,446,473 |
| Trading Sales | 62,928,086 | 52,137,381 |
| Export Sales | 50,892,921 | 32,837,840 |
| | 911,397,634 | 706,421,694 |
| Less: Excise Duty | 22,331,400 | 15,938,072 |
| | 889,066,234 | 690,483,622 |
| (B) Sale of Services | | |
| Other Operating Income | 11,305,000 | - |
| Total | 900,371,234 | 690,483,622 |

19.1 Particulars of Sales

(Figures in ₹)

| Particulars of Sales | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------------|-----------------------------|-----------------------------|
| -Poultry Vaccines | 857,167,196 | 660,873,516 |
| -Large Animal Health Products | 54,230,438 | 45,548,178 |
| Total | 911,397,634 | 706,421,694 |

20. OTHER INCOME

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Interest Income [Refer Note :- 2(d)] | | |
| - From Bank Deposits | 169,221 | 273,221 |
| - From Others | 1,045,789 | 1,629,815 |
| Miscellaneous Income | 1,353,236 | 3,709,664 |
| Rent Income | 48,753 | 228,000 |
| Exchange Profit & loss (Net) | 672,343 | (943) |
| Sundry balances / Excess provisions Written off / Written back (Net) | - | 1,893,482 |
| Total | 3,289,342 | 7,733,239 |

21. COST OF MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---------------------|-----------------------------|-----------------------------|
| Opening Stock | 28,752,927 | 17,502,029 |
| Add: Purchases | 143,026,385 | 115,810,927 |
| | 171,779,312 | 133,312,956 |
| Less: Closing Stock | 16,043,817 | 28,752,927 |
| Total | 155,735,495 | 104,560,029 |

Notes forming part of Financial Statements for the year ended 31 March 2015

21. COST OF MATERIAL CONSUMED (contd.)

21.1 Particulars of Raw material Consumed

(Figures in ₹)

| Class of Goods | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-----------------|-----------------------------|-----------------------------|
| Growth Media | 104,344,229 | 65,250,835 |
| Other Chemicals | 51,391,266 | 39,309,194 |
| Total | 155,735,495 | 104,560,029 |

21.2 Value of indigeneous and imported Raw material consumed during the year

| Class of Goods | Year ended 31 March 2015 | | Year ended 31 March 2014 | |
|----------------|--------------------------|--------------------|--------------------------|--------------------|
| | % | Value (₹) | % | Value (₹) |
| Imported | 6.10 | 9,496,329 | 8.63 | 8,940,307 |
| Indigeneous | 93.90 | 146,239,166 | 91.37 | 95,619,722 |
| Total | | 155,735,495 | | 104,560,029 |

22. PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--------------------------------|-----------------------------|-----------------------------|
| Purchase of stock in trade:- | | |
| - Poultry Vaccines | 6,744,298 | 7,173,504 |
| - Large animal Health products | 30,483,340 | 32,108,420 |
| Total | 37,227,638 | 39,281,924 |

23. CHANGE IN INVENTORIES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | Year ended 31 March 2014 | |
|----------------------|--------------------------|-------------------|--------------------------|---------------------|
| Closing Stock | | | | |
| -Finished Goods | 41,711,310 | | 53,873,420 | |
| -Semi-finished Goods | 207,676,052 | | 255,092,034 | |
| | | 249,387,362 | | 308,965,454 |
| Opening Stock | | | | |
| -Finished Goods | 53,873,420 | | 60,957,507 | |
| -Semi-finished Goods | 255,092,034 | | 217,690,101 | |
| | | 308,965,454 | | 278,647,608 |
| Total | | 59,578,092 | | (30,317,846) |

24. EMPLOYEE BENEFIT EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|------------------------------------|-----------------------------|-----------------------------|
| Salaries, Wages & Bonus | 115,431,427 | 92,298,336 |
| Contribution to P.F./Gratuity Fund | 4,083,025 | 2,256,336 |
| Staff Welfare | 2,885,705 | 3,817,188 |
| Total | 122,400,157 | 98,371,860 |

Notes forming part of Financial Statements for the year ended 31 March 2015

25. FINANCE COST [REFER NOTE:- 2(i)]

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|------------------------|-----------------------------|-----------------------------|
| Interest Expenses | 42,327,125 | 37,561,967 |
| Interest on Income-tax | 35,747 | 23,868,374 |
| Other Borrowing Cost | 1,734,230 | 2,909,185 |
| Total | 44,097,102 | 64,339,526 |

26. DEPRECIATION & AMORTISATION EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-----------------------------------|-----------------------------|-----------------------------|
| Depreciation - SLM | 52,108,588 | 3,263,536 |
| Depreciation - WDV | - | 50,175,913 |
| Amortisation of Intangible Assets | 805,797 | 342,190 |
| Total | 52,914,385 | 53,781,639 |

27. OTHER EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|--------------------------|--------------------------|
| Manufacturing Expenses | | |
| Power and Fuel | 45,828,058 | 42,723,331 |
| Consumption of stores | 5,558,562 | 5,146,130 |
| Excise Duty* | 363,181 | 419,908 |
| Repairs & Maintenance | | |
| - Machinery | 7,630,316 | 6,105,691 |
| - Building | 2,349,838 | 2,689,644 |
| - Electrical | 1,556,742 | 725,762 |
| Packing Expenses | 29,598,787 | 20,561,155 |
| Quality Control and Testing Expenses | 2,715,681 | 2,754,744 |
| R & D Expenses [Refer Note:- 2(k)] | 8,988,063 | 12,825,005 |
| Other Production Expenses | 12,002,471 | 15,930,268 |
| Feed Expenses | 7,527,874 | 5,660,223 |
| Growth Media Centre Expenses | 1,029,805 | 943,493 |
| | 125,149,378 | 116,485,355 |
| Selling And Distribution Expenses | | |
| Selling Expenses | 20,759,619 | 6,398,544 |
| Sales Promotion | 7,316,676 | 4,192,638 |
| Sales Tax Expenses | 3,914,218 | 3,570,021 |
| Carriage Outward Expenses | 27,972,298 | 23,951,606 |
| Travelling Expenses | 9,525,063 | 8,164,592 |
| Commission on Sales | 3,677,396 | 3,413,113 |
| | 73,165,270 | 49,690,514 |

Notes forming part of Financial Statements for the year ended 31 March 2015

27. OTHER EXPENSES (contd.)

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|--------------------------|--------------------------|
| Establishment Expenses: | | |
| Postage/Courier, Telephone, internet Expenses | 4,034,570 | 4,227,807 |
| Insurance Expenses | 2,717,413 | 3,024,112 |
| Legal, Professional and Consultancy | 9,457,445 | 8,978,121 |
| Printing and Stationery | 1,870,055 | 2,322,072 |
| Travelling and Conveyance | 12,160,450 | 9,237,936 |
| Director's Travelling | 3,282,093 | 3,754,548 |
| Rent, Rates and Taxes | 8,090,925 | 5,016,374 |
| Registration Fees | 158,619 | 2,068,650 |
| Repairs and Maintenance - Others | 3,332,420 | 2,352,054 |
| Vehicle & Petrol Expenses | 7,783,096 | 7,157,699 |
| Electricity Charges | 1,180,846 | 1,299,920 |
| Conference and Seminar Expenses | 671,104 | 923,369 |
| Membership Fees | 335,798 | 446,887 |
| AGM & Board Meeting Expenses | 448,868 | 121,761 |
| Donation | 1,866,802 | 144,454 |
| Contribution to CSR Activity | 1,480,000 | - |
| Bad Debts written off | 1,463,401 | 2,223,908 |
| Loss on sale of Fixed Assets | - | 8,763 |
| Miscellaneous Expenses | 4,199,138 | 2,771,160 |
| Prior Period Expenses | 31,950 | 1,992,667 |
| Payment to Auditor | | |
| - As Auditor | 425,000 | 477,530 |
| - For Taxation Matters | 150,000 | 310,113 |
| - For Other Services | 225,000 | 252,810 |
| - For Reimbursement of Expenses | 30,000 | - |
| | 65,394,993 | 59,112,716 |
| Total | 263,709,641 | 225,288,584 |

*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.

28. EXCEPTIONAL ITEMS

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|--------------------------|--------------------------|
| Profit on Sale of Fixed Assets | 7,500,000 | - |
| Gain on Change in Depreciation method (Refer note -2(c)) | 19,029,241 | - |
| Total | 26,529,241 | - |

Notes forming part of Financial Statements for the year ended 31 March 2015

29. a) Contingent Liabilities

Other money for which company is contingently liable
In respect of Income tax matters :- ₹5,618,605 (P. Y. Nil)

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances): ₹8.54 million (P.Y. 109.95 million)

30. Figures are rounded off to nearest rupee.

31. 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

32. Disclosure of amount payable to enterprises defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of registration of such enterprises under this Act. Accordingly, Disclosure in respect of the amounts payable to such enterprises outstanding as on 31 March 2015 has been made in the financial statements based on information received and such amount outstanding as on 31 March 2015 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.

33. Pursuant to the enactment of the Companies Act, 2013 (the Act) and its applicability for the accounting periods commencing after 01 April 2014, the company has applied the estimated lives of the assets as specified in Schedule – II except in respect of certain assets of "New Project" as disclosed in accounting policy on Fixed Assets and Depreciation/Amortisation. Accordingly the unamortised carrying value of tangible and non tangible assets is being depreciated / amortised over the remaining / revised useful life of each asset. Written down value of the fixed assets whose useful life has already exhausted on 01 April 2014 amounting to ₹13.51 million has been charged to General Reserve.

34. In order to simplify corporate structure, reduce multiplicity of legal and regulatory compliances, eliminate duplication in administrative costs and achieve operational efficiencies, during the year Board of Directors has approved a Composite Scheme of Amalgamation and Arrangement ('the Scheme') to merge Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited with the company in addition to demerger of Trading undertaking of Innoves Animal Health Private Limited into Hester Biosciences Limited pursuant to Sections 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956, the Companies Act, 2013 ('the Act') and Mauritius Companies Act, 2001.

The Appointed Date of the Scheme was 01 April 2014. The Scheme is subject to necessary approvals inter alia from Stock Exchanges, shareholders and creditors of the company and sanction from Hon'ble High Court of Gujarat, which is under process.

The Company, upon the scheme being effective, shall account for said amalgamation and arrangement in line with the provisions of the scheme as may be approved by the Gujarat High Court.

35. In-house Research and Development facility established by the company for "Manufacturing veterinary vaccines for Poultry" was approved by Ministry of Science and Technology, Government of India under section 35(2AB) of the Income Tax Act, 1961 in F.Y. 2013-14.

Notes forming part of Financial Statements for the year ended 31 March 2015

36. ELIGIBLE RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN NOTES 21 TO 27 (EXCEPT NOTE NO. 25 & 26) ARE AS UNDER:-

Research and Development Expenditure eligible for deduction in the current year.

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------------------|-----------------------------|-----------------------------|
| Revenue Expenditure | | |
| Raw Material | 1,200 | 21,299 |
| Salary and Wages | 85,33,171 | 25,57,221 |
| Provident Fund Contribution | 32,400 | 42,864 |
| Packing-Forwarding-Freight Expenses | 24,982 | Nil |
| Power and fuel Cost | 77,50,651 | 52,84,087 |
| Chemical(Local) | 9,91,678 | 4,02,868 |
| Carriage Inward Expenses | 10,015 | Nil |
| Consumable(Local) | 13,49,538 | 3,21,721 |
| Consultancy Expenses | 7,50,000 | Nil |
| Other Allow./Reimbursement | 21,37,948 | 30,62,667 |
| R & D Expenses | 89,88,063 | 91,95,615 |
| Repair and Maintenance Expenses | 5,63,157 | Nil |
| Travelling Expenses | 7,78,604 | 1,65,984 |
| Telephone/Internet Expenses | 10,749 | Nil |
| Seminar/Regist./Legal Expenses | 1,11,938 | 1,34,110 |
| Other Admin Expenses | 8,191 | 1,862 |
| Total | 32,042,285 | 2,11,90,298 |

37. EXPENDITURE IN FOREIGN CURRENCY:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Purchase/Materials/Trading goods/ Packing (including payment to creditors) | 8,504,273 | 16,617,259 |
| Travelling Expenses | 6,963,553 | 5,478,333 |
| Capital Expenditure (Furniture & Machinery) | 8,050,023 | 10,543,628 |
| Membership/Registration Fees | 2,278,821 | 1,418,085 |
| Consultancy & Professional Fees | Nil | 2,400,669 |

38. EARNINGS IN FOREIGN CURRENCY:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------|-----------------------------|-----------------------------|
| F.O.B. value of Exports | 50,892,921 | 32,837,840 |

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

Notes forming part of Financial Statements for the year ended 31 March 2015

40. Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹6,739,623 (P.Y. ₹8,834,135) for which management is pursuing for its recovery and is negotiating with each party. Based on the current negotiation with the respective parties, management is hopeful for its realisation in full and consequently no provision has been made for such trade receivables.

41. 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 31 March 2015 | Maximum Balance Outstanding During the year |
|--|-------------------------|--|---|
| Hester Biosciences (Mauritius) Limited | Wholly Owned Subsidiary | 4,892,347 | 4,892,347 |
| | | (3,080,977) | (3,342,998) |
| Diavetra Lifesciences Private Limited | Wholly Owned Subsidiary | Nil | Nil |
| | | (Nil) | (49,320) |
| Gujarat Agrofarm Limited | Wholly Owned Subsidiary | 1,525,000 | 1,525,000 |
| | | (Nil) | (Nil) |
| Sinsui (India) Private Limited | Associates | 870,432 | 870,432 |
| | | (870,432) | (8,70,432) |

Note: Figures in Brackets relate to Previous Year

42. 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.

43. RELATED PARTY DISCLOSURES:

(i) List of Related Parties:

(a) Subsidiary Companies:

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

(b) Group Companies / Associates:

1. Hester Coatings Private Limited
2. Sinsui (India) Private Limited
3. Biolink Healthcare Limited
4. Hester Diagnostic 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 31 March 2015

43. RELATED PARTY DISCLOSURES: (contd.)

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

(Figures in ₹)

| Sr. No. | Nature of Transactions | Subsidiary Companies | Group Companies/ Associates/ Individual Relatives | Key Management Personnel |
|---------|---|----------------------------|---|--------------------------|
| 1. | Advance Given | 1,811,370 (1,053,452) | Nil (Nil) | Nil (Nil) |
| 2. | Advance Recovered | Nil (49,320) | Nil (Nil) | 5,011,684 (206,931) |
| 3. | Advance Received for Expenses | Nil (145,516) | Nil (Nil) | Nil (Nil) |
| 4. | Advance Repaid | 145,516 (Nil) | Nil (Nil) | Nil (Nil) |
| 5. | Advance to suppliers | 17,686,899 (Nil) | Nil (Nil) | Nil (Nil) |
| 6. | Outstanding Balance Included in Short term Loans & Advances | 31,559,889 (Nil) | Nil (Nil) | Nil (Nil) |
| 7. | Outstanding Balance Included in Long term Loans & Advances | 6,417,347 (4,605,977) | 870,432 (870,432) | Nil (5,011,684) |
| 8. | Outstanding Balance included in Current Liabilities | Nil (145,516) | Nil (Nil) | Nil (Nil) |
| 9. | Outstanding Balance included in Trade Payables | 1,266,745 (Nil) | Nil (Nil) | Nil (Nil) |
| 10. | Purchase of Material | 457,275 (Nil) | Nil (Nil) | Nil (Nil) |
| 11. | Director's Remuneration | Nil (Nil) | Nil (Nil) | 6,713,014 (4,229,211) |
| 12. | Rent- MD's Residence | Nil (Nil) | 600,000 (600,000) | Nil (Nil) |
| 13. | Interest Received/Receivable | Nil (Nil) | Nil (Nil) | Nil (393,069) |
| 14. | Salary Paid | Nil (Nil) | Nil (Nil) | 4,561,875 (4,059,408) |
| 15. | Investment in Equity Shares | 50,206,138 (8,480,025) | Nil (Nil) | Nil (Nil) |
| 16. | Total outstanding Investment | 83,756,163 (33,550,025) | Nil (Nil) | Nil (Nil) |

Note: Figures in Brackets relate to Previous Year

Notes forming part of Financial Statements for the year ended 31 March 2015

44. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2015

a) Defined Contribution Plans

The company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.

The company recognised ₹2.62 million (P.Y. ₹2.15 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 recognised by the company's financial statement as at 31 March 2015.

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| i) Change in benefit obligations: | | |
| Projected benefit obligations at beginning of the year | 7,126,694 | 7,298,526 |
| Service Cost | 979,147 | 1,137,303 |
| Interest Cost | 663,495 | 583,882 |
| Actuarial (Gain) / Loss | (2,702,206) | (1,706,633) |
| Benefits Paid | (772,933) | (186,384) |
| Projected benefit obligations at the end of year | 10,698,609 | 7,126,694 |
| ii) Change in plan Assets: | | |
| Fair value of plan assets at the beginning of the period | 9,431,024 | 8,758,686 |
| Expected return on plan assets | 820,499 | 744,488 |
| Contribution | 2,029,759 | 63,247 |
| Benefit paid | (772,933) | (186,384) |
| Actuarial Gain/(Loss) on plan assets | 65,918 | 50,987 |
| Fair value of plan assets at the end of the period | 11,574,267 | 9,431,024 |
| Total actuarial gain/(loss) to be recognised | (2,768,124) | (1,757,620) |
| iii) Expenses recognised in income statement: | | |
| Current service Cost | 979,147 | 1,137,303 |
| Interest Cost | (157,004) | 583,882 |
| Expected return on plan assets | - | (744,488) |
| Net Actuarial (Gain)/Loss to be recognised | 2,636,288 | (1,757,620) |
| Expenses recognised in P/L | 3,458,431 | 780,923 |
| iv) Assumptions used in accounting for the Gratuity plan: | | |
| Discount rate previous period | 9.31% | 8.00% |
| Discount rate current period | 8.03% | 9.31% |
| Rate of return on plan asset previous period | 8.70% | 8.50% |
| Rate of return on plan asset current period | 8.03% | 8.70% |
| Salary escalation previous period | 6.00% | 6.00% |

Notes forming part of Financial Statements for the year ended 31 March 2015

44. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2015 (contd.)

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| 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 recognised in the Balance sheet: | | |
| Liability at the end of the period | 10,698,609 | 7,126,694 |
| Fair value of the plan assets at the end of the period | 11,574,267 | 9,431,024 |
| Difference | 875,658 | 2,304,330 |
| Amount recognised in the balance sheet | 875,658 | 2,304,330 |
| vi) Actual Return on Plan Assets : | | |
| Expected Return on Plan Assets | 820,499 | 744,488 |
| Actuarial Gain/loss on Plan Assets | 65,918 | 50,987 |
| Actual Return on Plan Assets | 886,417 | 795,475 |
| vii) Balance sheet Reconciliation: | | |
| Opening Net Liabilities | (2,304,330) | (1,460,160) |
| Expenses As Above | 3,458,431 | 780,923 |
| Employers Contribution Paid | (2,029,759) | (63,247) |
| Closing Net Liabilities | (875,658) | (2,304,330) |

45. EARNINGS PER SHARE

Calculation of Net Profit available for Equity Shareholders:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|-----------------------------|-----------------------------|
| A. Net Profit After Tax | 145,832,012 | 100,878,281 |
| Profit available to Equity shareholders | 145,832,012 | 100,878,281 |
| B. Weighted Average No. of Eq. Shares of ₹10 each | 8,506,800 | 8,506,800 |
| C. Basic and Diluted Earning per share | 17.14 | 11.86 |

46. SEGMENT INFORMATION

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | |
|------------------------------------|--|--|--|
| | Poultry Vaccines | Large Animal Health Products | Total |
| a. SEGMENT REVENUE | | | |
| Sales and Operating Earnings (Net) | 846,144,163 (644,935,444) | 54,227,071 (45,548,178) | 900,371,234 (690,483,622) |
| Other Income | 3,274,149 (7,733,111) | 15,193 (128) | 3,289,342 (7,733,239) |
| Total Segment Revenue | 849,418,312 (652,668,555) | 54,242,264 (45,548,306) | 903,660,576 (698,216,861) |
| b. SEGMENT RESULT | | | |
| Segment Result (PBIT) | 248,578,849 (221,470,987) | -9,954,439 (-14,220,314) | 238,624,409 (207,250,673) |

Notes forming part of Financial Statements for the year ended 31 March 2015

46. SEGMENT INFORMATION (contd.)

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | |
|---|----------------------------------|------------------------------|----------------------------------|
| | Poultry Vaccines | Large Animal Health Products | Total |
| Less : Finance Cost | | | 44,097,102 (64,339,526) |
| Net Profit/(Loss) Before Tax | | | 194,527,307 (142,911,147) |
| Less : Tax Expenses | | | 48,695,295 (42,032,866) |
| Net Profit/(Loss) after Tax | | | 145,832,012 (100,878,281) |
| Net Profit/(Loss) Attributable to Share Holders | | | 145,832,012 (100,878,281) |
| c. OTHER INFORMATION | | | |
| Segment Assets | 1,273,558,345 (1,208,408,299) | 39,370,807 (39,450,223) | 1,312,929,152 (1,247,858,522) |
| Unallocated Assets | | | 93,822,942 (40,313,434) |
| Segment Liabilities | 444,666,537 (428,672,504) | 10,546,143 (14,425,088) | 455,212,680 (443,097,592) |
| Unallocated Liabilities | | | 91,262,507 (85,352,067) |
| Depreciation/Amortisation | 52,705,347 (53,458,989) | 209,038 (322,650) | 52,914,385 (53,781,639) |
| Capital Expenditures | 111,262,433 (248,384,401) | 205,135 (Nil) | 111,467,568 (248,384,401) |

Note: Figures in Brackets relate to Previous Year

47. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8 February 2011 and 21 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.

48. 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: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director

Jigar Shah
CFO

Place: Ahmedabad
Date: 28 May 2015

Sanjiv Gandhi
Director

Amala Parikh
Company Secretary

Independent Auditors' 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 (the Holding and its subsidiaries together referred to as "the Group ") comprising of the consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements, that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2015; and consolidated Profit and their consolidated cash flows of the Company for the Year ended on that date.

Other Matters

We did not audit the Consolidated financial statements of the subsidiary company, Hester Biosciences (Mauritius) Limited whose financial statements reflect total assets of ₹272,678,135 as at 31 March 2015, total revenue of ₹184, and net cash outflow amounting to ₹244,928 for the year ended on that

date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor in the respective countries whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect of our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31 March 2015 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2015 from being appointed as a director in terms of section 164(2) of Act.
 - f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us:
 - i. There were no pending litigations which would impact the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. Holding Company has yet to transfer a sum of ₹214,208 to Investor Education and Protection Fund on account of Unclaimed Dividend which was due for transfer on 17 October 2014. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries companies incorporated in India.

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

Naishadh H. Shah

Partner

Membership No: 042323

Place: Ahmedabad
Date: 28 May 2015

Annexure to the Independent Auditors' Report on the Consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) In respect of Fixed Assets of the Holding Company and its subsidiary companies incorporated in India :
 - (a) The respective companies have maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The respective Companies have a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner by the management of respective company during the year, which in our opinion is reasonable having regard to the size of the respective company and nature of their assets. No material discrepancies were noticed on such verification.
- (ii) In respect of inventories of the Holding Company and its subsidiary companies incorporated in India:
 - (a) As explained to us, the inventories were physically verified during the year by the management of respective company at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management of the respective company were reasonable and adequate in relation to the size of the company and the nature of their business.
 - (c) In our opinion and according to the information and explanation given to us, the respective company have maintained proper records of their inventory and no material discrepancies were noticed on physical verification.
- (iii) The Holding company has granted unsecured interest free loans to companies covered in the register maintained under section 189 of the Companies Act, 2013. Subsidiary companies incorporated in India have not granted any loans, secure or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
 - (a) Loans granted by the Holding company to companies covered in the register maintained under section 189 of the Companies Act, 2013 are interest free and are repayable on demand.
 - (b) There are no overdue amounts of more than rupees one lakh in respect of loans granted by Holding Company to the companies listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company and its subsidiary companies incorporated in India commensurate with the size of the respective company and the nature of their business with regard to purchase of inventories and fixed assets and with regard to 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.
- (v) According to the information and explanation given to us, the Holding company and its subsidiary companies incorporated in India have not accepted any deposit during the year and accordingly Section 73 and 76 of the Companies Act, 2013 is not required to be complied with. During the year, Holding company had repaid deposits remaining outstanding as at the beginning of the year and has complied with the directives issued by the Reserve Bank of India and the provisions of sections 74 and 75 or any other relevant provisions of the Companies Act and the rules framed thereunder. We are informed that no Order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in respect of any of the respective companies.
- (vi) We have broadly reviewed the books of account, relating to materials and other items of cost maintained by the Holding company in respect of products where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under sub-section (1) of section 148 of the Companies Act, 2013. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up by the Holding company and same have been examined and audited by an independent cost accountant. In respect of subsidiary companies, Central government has not prescribed the maintenance of cost

records by the respective subsidiary company under sub-section (1) of Section 148 of companies Act, 2013 for any of its products.

(vii) According to the information and explanations given to us, in respect of statutory dues of the Holding company and its subsidiary companies incorporated in India:

(a) The respective companies have been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities.

(b) There were no dues of income tax or sales tax or wealth tax or service tax or duty of custom or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

(c) A sum of ₹214,208 required to be transferred by the Holding company to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has not been transferred to such fund within time.

(viii) The Group does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year;

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding company and its subsidiary companies incorporated in India have not defaulted in repayment of dues to a financial institution or bank.

(x) According to the information and explanations given to us, the Holding company and its subsidiary companies have not given any guarantee for loans taken by others from bank or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding company and its subsidiary companies for the purpose for which they were raised and obtained;

(xii) To the best of our knowledge and according to the information and explanations given to us, we report that no fraud on or by the Holding company and its subsidiaries incorporated in India have been noticed or reported during the year.

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

Naishadh H. Shah
Partner

Place: Ahmedabad
Date: 28 May 2015

Membership No: 042323

Consolidated Balance Sheet as at 31 March 2015

(Figures in ₹)

| Particulars | Note No. | As at 31 March 2015 | As at 31 March 2014 |
|--|----------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 85,068,000 | 85,068,000 |
| (b) Reserves and Surplus | 4 | 738,888,347 | 665,043,046 |
| | | 823,956,347 | 750,111,046 |
| (2) Minority Interest | | | |
| | | 14,628,221 | 12,767,920 |
| (3) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 5 | 315,148,461 | 155,198,697 |
| (b) Deferred Tax Liabilities (Net) | 6 | 53,326,928 | 49,261,710 |
| (c) Other Long-Term Liabilities | 7 | 5,375,660 | 138,304 |
| | | 373,851,049 | 204,598,711 |
| (4) Current Liabilities | | | |
| (a) Short-Term Borrowings | 8 | 234,421,484 | 297,374,659 |
| (b) Trade Payables | 9 | 47,481,167 | 45,211,242 |
| (c) Other Current Liabilities | 10 | 63,750,473 | 74,127,261 |
| (d) Short-Term Provisions | 11 | 39,230,593 | 38,027,317 |
| | | 384,883,717 | 454,740,479 |
| Total | | 1,597,319,334 | 1,422,218,156 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | 12 | | |
| (i) Tangible Assets | | 589,144,275 | 537,237,298 |
| (ii) Intangible Assets | | 2,913,360 | 926,226 |
| (iii) Capital Work-In-Progress | | 317,997,740 | 205,543,329 |
| (b) Non-Current Investments | 13 | 2,779,000 | 2,779,000 |
| (c) Long Term Loans and Advances | 14 | 113,160,928 | 104,733,637 |
| | | 1,025,995,303 | 851,219,490 |
| (2) Current Assets | | | |
| (a) Inventories | 15 | 291,084,664 | 355,892,080 |
| (b) Trade Receivables | 16 | 184,188,928 | 140,616,551 |
| (c) Cash and Cash Equivalents | 17 | 80,892,981 | 48,528,551 |
| (d) Short-Term Loans and Advances | 18 | 15,157,458 | 25,961,484 |
| | | 571,324,031 | 570,998,666 |
| Total | | 1,597,319,334 | 1,422,218,156 |
| 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

Naishadh H. Shah

Partner

Membership No.: 042323

Place: Ahmedabad

Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Place: Ahmedabad

Date: 28 May 2015

Consolidated Statement of Profit and Loss for the year ended 31 March 2015 (Figures in ₹)

| Particulars | Note No. | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|----------|-----------------------------|-----------------------------|
| I. Revenue from Operations | 19 | 906,351,585 | 690,483,622 |
| II. Other Income | 20 | 3,431,191 | 7,943,140 |
| III. Total Revenue (I +II) | | 909,782,776 | 698,426,762 |
| IV. Expenses: | | | |
| Cost of Materials Consumed | 21 | 155,735,495 | 104,560,029 |
| Purchase of Stock-In-Trade | 22 | 37,227,638 | 39,281,924 |
| Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade | 23 | 59,834,152 | (30,317,846) |
| Employee Benefit Expenses | 24 | 123,167,999 | 98,431,860 |
| Finance Cost | 25 | 48,279,766 | 64,596,696 |
| Depreciation and Amortisation Expenses | 26 | 59,172,197 | 54,148,305 |
| Other Expenses | 27 | 283,057,985 | 234,046,555 |
| V. Total Expenses | | 766,475,232 | 564,747,523 |
| VI. Profit Before Exceptional items and Tax (III- V) | | 143,307,544 | 133,679,239 |
| VII. Exceptional Items | 28 | 26,529,241 | - |
| VIII. Profit Before Tax | | 169,836,785 | 133,679,239 |
| IX. Tax Expenses: | | | |
| Minimum Alternative Tax | | 40,772,924 | 34,957,821 |
| Less: MAT Credit Entitlement | | 155,201 | 34,957,821 |
| (1) Current Tax | | 40,617,723 | - |
| (2) Income Tax of Earlier Years(Net) | | 3,531,382 | 18,761,132 |
| (3) Deferred Tax | | 4,024,767 | 23,271,734 |
| X. Profit for the Year (VII-IX) | | 121,662,914 | 91,646,373 |
| XI. Share of Loss of Subsidiary - Transfer to Minority Interest | | 2,994,975 | 2,890,643 |
| XII. Profit for the Year (After Adjustment for Minority Interest) (X+XI) | | 124,657,889 | 94,537,016 |
| XIII. Earning per Equity Share: | | | |
| (1) Basic & Diluted | 43 | 14.65 | 11.11 |
| 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

Naishadh H. Shah
Partner
Membership No.: 042323

Place: Ahmedabad
Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Jigar Shah
CFO

Amala Parikh
Company Secretary

Place: Ahmedabad
Date: 28 May 2015

Consolidated Cash Flow Statement for the year ended 31 March 2015

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | Year ended 31 March 2014 | |
|--|-----------------------------|----------------------|-----------------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax as per Profit and Loss Statement | | 169,836,785 | | 133,679,239 |
| Adjustments for: | | | | |
| Foreign Fluctuation Reserve | 1,061,549 | | 2,486,442 | |
| Depreciation and Amortisation | 59,172,196 | | 54,148,305 | |
| Interest & Other Income | (1,263,763) | | (2,131,036) | |
| Bad debt Written off | 1,463,401 | | 2,223,908 | |
| Exchange P&L on Closing Bank Balance | - | | (338,695) | |
| Sundry balances Written Back (Net) | - | | (1,893,482) | |
| Profit on sale of fixed assets | (7,552,622) | | - | |
| Gain on Change of Depreciation method | (19,029,241) | | - | |
| Loss on sale of Fixed Assets | - | | 8,763 | |
| Interest & Finance Charges | 48,279,766 | 82,131,286 | 64,596,696 | 119,100,901 |
| Operating Profit before Working Capital Change | | 251,968,072 | | 252,780,140 |
| Adjustments for: | | | | |
| Trade and Other Receivables | (42,360,428) | | 9,797,949 | |
| Inventories | 65,063,476 | | (44,870,747) | |
| Trade Deposits & Other Advances | (2,445,731) | | (15,979,634) | |
| Trade Payables & Other Liabilities | 20,643,541 | 40,900,858 | (9,181,611) | (60,234,043) |
| Cash generated from Operating Activities | | 292,868,930 | | 192,546,097 |
| Payment of Taxes | | (54,663,670) | | (98,630,353) |
| Net Cash from Operating Activities | | 238,205,260 | | 93,915,744 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | | (75,771,983) | | (71,536,414) |
| Sale of Fixed Assets | | 7,761,363 | | 240,000 |
| Capital W.I.P. & Live Stock Addition | | (112,733,983) | | (59,831,973) |
| Change in Creditors for Capital Expenses | | (11,522,140) | | (16,494,794) |
| Investment in bank deposits (having original maturity of more than three months) | | (2,158,446) | | (710,807) |
| Redemption of Bank Deposits | | 1,805,200 | | 339,838 |
| Investment in Subsidiary company | | (5,250,000) | | - |
| Movement in Loans and Advances | | (31,455,437) | | - |
| Interest & Other Income | | 1,263,763 | | 2,131,036 |
| Net Cash used in Investing Activities | | (228,061,663) | | (145,863,114) |

Consolidated Cash Flow Statement (contd.) for the year ended 31 March 2015 (Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Minority Interest | 4,855,276 | 3,702,586 |
| Proceeds/ (Repayment) of Long Term Borrowings | 147,036,792 | 18,084,429 |
| Short Term Bank Borrowings (Net) | (61,905,279) | 136,532,496 |
| Dividend Paid | (16,859,380) | (17,013,600) |
| Dividend Distribution Tax Paid | (2,891,461) | (2,891,461) |
| Unclaimed Interest on Fixed Deposits | (171,157) | - |
| Interest paid | (48,279,766) | (64,596,696) |
| Net Cash Flow from Financing Activities | 21,785,025 | 73,817,755 |
| Net Increase in Cash & Cash Equivalents | 31,928,621 | 21,870,385 |
| Cash & Cash Equivalent as at (Op Balance) | 44,872,143* | 22,919,195 |
| Cash & Cash Equivalent as at (Cl Balance) | 76,800,764 | 44,789,580 |
| * Includes ₹82,563 of Gujarat Agrofarm Limited | | |
| Major Components of cash and Cash Equivalents as at | 31 March 2015 | 31 March 2014 |
| Cash on Hand | 549,204 | 719,347 |
| Balance with Banks - On Current Accounts | 76,251,560 | 44,070,233 |
| Fixed Deposit having maturity period with in 3 months | - | - |
| Total | 76,800,764 | 44,789,580 |

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

Naishadh H. Shah

Partner

Membership No.: 042323

Place: Ahmedabad

Date: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place: Ahmedabad

Date: 28 May 2015

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

1. CORPORATE INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The consolidated financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), accounting standards notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable under historical cost convention on accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the change in accounting policy explained in note : 2(d).

b) USE OF ESTIMATES:

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

c) 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 recognised 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) CHANGE IN ACCOUNTING POLICY:

During the year ended 31 March 2015, the company has retrospectively changed its method of providing depreciation on fixed assets from the written down value (WDV) method to Straight Line Method (SLM) at the rates higher than the rates prescribed in schedule XIV to the Companies Act, 1956 as duly certified by chartered engineer. The management believes that this change will result in a more appropriate presentation of the financial statements of the Company and will give a systematic basis of depreciation charge, more representative of the time pattern in which the economic benefits will be derived from the use of these assets. Accordingly, company has charged depreciation of ₹52.91 million to statement of profit and loss for the year ended on 31 March 2015. The net credit of ₹19.03 million being the difference of written down value of assets as per WDV method and SLM method as on 31 March 2014 has been shown as an 'Exceptional Item' in the Statement of Profit & Loss for the year ended on 31 March 2015.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

e) REVENUE RECOGNITION:

Revenue is recognised 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 recognised on dispatch or appropriation of goods in accordance with the terms of sale and rewards of ownership have passed to the buyer and Revenue from services are recognised as the related services are performed. Sale of goods is recorded net of returns, trade discounts, rebates, VAT/Sales Tax, Service Tax but inclusive excise duty.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

f) FIXED ASSETS & DEPRECIATION / AMORTISATION:

Tangible Assets are stated at cost net of recoverable taxes / duties and rebates less accumulated depreciation and impairment loss, if any. Borrowing costs directly attributable to the construction or production of qualifying assets during the period of construction / acquisition are capitalised as part of the cost. Subsequent expenditures related to an item of tangible assets are added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance. Exchange differences arising out of fluctuation in exchange rate on settlement / period end in foreign currency monetary liabilities in respect of acquisition of fixed assets are adjusted to the cost of the fixed assets.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation and impairment loss, if any.

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 Fixed Assets is provided on Straight Line method (SLM) based on useful life of the assets as prescribed under Part-C of Schedule II to the companies Act, 2013 except In respect of following assets of 'New Project', where useful life is different than those prescribed in Schedule II Management estimates the useful lives for such fixed assets as under:-

| Particulars | Estimated Useful Life |
|--|--------------------------|
| Furniture & fixtures | Over a period of 9 years |
| Vehicles | Over a period of 8 years |
| Plant & Machineries, Equipments, Electrical Installation & Utilities | Over a period of 9 years |

Fixed assets of a subsidiary company namely Gujarat Agrofarm Limited is provided on WDV method based on useful lives of respective assets as given in Schedule II to the Companies Act, 2013.

g) IMPAIRMENT OF ASSETS:

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 recognised, 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.

h) INVESTMENTS:

Non-current investments are stated at cost. However, provision for diminution is made to recognise 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) INVENTORIES:

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

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

j) GRANTS:

Grants including grants from Foreign Government are recognised 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.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

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 recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

k) BORROWING COSTS:

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

l) 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 recognised in the Statement of Profit and Loss, for the period in which the difference takes place.

m) 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.

n) PROVISION FOR RETIREMENT BENEFITS:

(i) Short-Term Employee Benefits:-

Short term employee benefits such as salaries, wages, leave encashment, bonus etc. are recognised 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 recognised 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 recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognised past service cost and as reduced by the fair value of respective fund.

o) 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 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.'

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

p) **EARNINGS PER SHARE:**

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

q) **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.

r) **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 recognised 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 recognised and carried forward only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realise the assets. At each Balance sheet date, recognised and unrecognised Deferred Tax Assets are reviewed.

iii. **Minimum Alternative Tax (MAT):**

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India which gives rise to future economic benefit in the form of MAT credit entitlement for adjustment of future income tax liability, is considered as an asset only when there is convincing evidence that the company will pay normal income tax within the specified period. Accordingly MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such assets are revised at each balance sheet date.

s) **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.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015**3. SHARE CAPITAL**

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| AUTHORISED CAPITAL | | |
| 10,500,000 (P.Y. 10,500,000) Equity Shares of ₹10 each | 105,000,000 | 105,000,000 |
| | 105,000,000 | 105,000,000 |
| ISSUED, SUBSCRIBED & PAID UP CAPITAL | | |
| 8,506,800 (P.Y. 8,506,800) Equity Shares of ₹10 each fully paid up | 85,068,000 | 85,068,000 |
| Total | 85,068,000 | 85,068,000 |

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

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Equity Shares at the beginning of the year | 8,506,800 | 8,506,800 |
| Outstanding at the end of the year | 8,506,800 | 8,506,800 |

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 ₹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.

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

| Name of the share holders | As at 31 March 2015 | | As at 31 March 2014 | |
|---------------------------|---------------------|--------|---------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Rajiv Gandhi | 837,897 | 9.85 | 837,909 | 9.85 |
| Dr. Bhupendra V Gandhi | 710,677 | 8.35 | 710,577 | 8.35 |
| Nina Gandhi | 696,340 | 8.19 | 690,840 | 8.12 |
| Sanjiv Gandhi | 692,820 | 8.14 | 669,720 | 7.87 |

3.4 Aggregate number and class of shares allotted as fully paid up by way of bonus shares for the period of 5 years immediately preceding the Balance sheet date:-

As per terms and conditions approved at the Annual General Meeting of the Company held on 14 September 2012, Company had issued 2,835,600 fully paid equity shares with voting rights as bonus with face value of ₹10 each by Capitalising Reserves.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

4. RESERVE & SURPLUS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| Capital Reserve | | |
| As per Last Balance Sheet | 1,259,979 | 1,259,979 |
| Add: On purchase of share of Gujarat Agrofarm Limited | 250,000 | |
| | 1,509,979 | 1,259,979 |
| Securities Premium | | |
| As per Last Balance Sheet | 175,067,105 | 175,067,105 |
| | 175,067,105 | 175,067,105 |
| General Reserve | | |
| As per Last Balance Sheet | 241,644,000 | 216,644,000 |
| Add: Transferred from Surplus in Statement of Profit and Loss | 25,000,000 | 25,000,000 |
| Less: Adjustment related to fixed assets (Refer note no.33) | (13,506,930) | - |
| | 253,137,070 | 241,644,000 |
| Surplus- Statement of Profit & Loss | | |
| As per Last Balance Sheet | 243,876,283 | 194,244,328 |
| Add: On acquisition of Gujarat Agrofarm Limited | (6,846,735) | - |
| Add: Profit for the year | 124,657,889 | 94,537,016 |
| | 361,687,437 | 288,781,344 |
| Less: Appropriations | | |
| - Proposed Dividend | 26,371,080 | 17,013,600 |
| - Dividend Tax | 5,399,392 | 2,891,461 |
| - Transferred to General Reserve | 25,000,000 | 25,000,000 |
| | 304,916,965 | 243,876,283 |
| Foreign Fluctuation Reserve | | |
| As per Last Balance Sheet | 3,195,679 | 709,237 |
| Add: Addition during the year (Net) | 1,061,549 | 2,486,442 |
| | 4,257,228 | 3,195,679 |
| Total | 738,888,347 | 665,043,046 |

5. LONG TERM BORROWINGS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---------------------------------------|---------------------|---------------------|
| Term Loans (Secured) | | |
| - From Bank | 300,497,251 | 144,332,754 |
| Hire Purchase Loans (Secured) | | |
| - From Banks | 5,651,210 | 3,292,943 |
| Long Term Deposits (Unsecured) | | |
| - Fixed Deposits | 9,000,000 | 7,573,000 |
| Total | 315,148,461 | 155,198,697 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

5. LONG TERM BORROWINGS (contd.)

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 ₹ |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.03% | Monthly | 36 | 53,140* |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 11.15% | Monthly | 36 | 16,200* |
| State Bank of India- Term Loan 2 is Secured by Equitable mortgage of Land and Building on Survey No. 1975/p2, 1976/p2 and 1977/p2 situated at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company. | 13.10% ^ | Monthly | 4 45 | 2,338,000 1,558,000 |
| State Bank of India- Term Loan 3 is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company. | 13.20% ^ | Monthly | 10 12 12 12 12 12 12 | 1,000,000 2,000,000 2,500,000 3,000,000 4,000,000 5,000,000 6,000,000 |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 11.00% | Monthly | 35 | 40,991* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 11.00% | Monthly | 35 | 40,991* |
| Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 59 | 32,950* |
| HDFC Bank loan is secured by hypothecation of specific vehicle/car | 10.15% | Monthly | 60 | 15,961* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.00% | Monthly | 60 | 84,300* |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.25% | Monthly | 60 | 33,671* |
| Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car | 11.07% | Monthly | 47 | 25,147* |
| Vehicle loan from Nepal Investment Bank limited loan (Nepal) is secured by hypothecation of motor vehicles of Nepal Unit | 10.00% | Monthly | 42 | 20,930* |
| Term loan from Nepal Investment Bank (Nepal) is secured against hypothecation of entire Fixed Asset, Plant & Machinery and Vehicle of Nepal Unit | 10.00% | Quarterly | 4 4 4 4 8 | 2,884,700 5,769,400 8,654,100 11,538,800 28,847,000 |
| ICICI Bank Loan is secured by hypothecation of specific vehicle/car | 10.27% | Monthly | 59 | 13,398* |

^ 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 Consolidated Financial Statements for the year ended 31 March 2015

6. DEFERRED TAX LIABILITIES (NET) [REFER NOTE:- 2(r)(ii)]

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Deferred Tax Liabilities | | |
| - Gratuity (Advance) | 297,636 | 783,241 |
| - Excess of Net Block over Written Down Value as per provision of I.T. Act | 27,419,839 | 24,254,019 |
| - Benefit availed u/s 35 (2AB) on Capital Addition | 26,694,082 | 25,202,781 |
| Total Deferred Tax Liabilities (A) | 54,411,557 | 50,240,041 |
| Deferred Tax Assets | | |
| - Claim U/s 43B of I.T. Act, 1961 | 1,084,629 | 978,331 |
| Total Deferred Tax Assets (B) | 1,084,629 | 978,331 |
| Net Deferred Tax Liabilities (A-B) | 53,326,928 | 49,261,710 |

7. OTHER LONG TERM LIABILITIES

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--------------------------------|------------------------|------------------------|
| - Interest accrued but not due | - | 138,304 |
| - Trade Deposits | 5,375,660 | - |
| Total | 5,375,660 | 138,304 |

8. SHORT TERM BORROWINGS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|------------------------------------|------------------------|------------------------|
| Loan Repayable on Demand | | |
| - From Bank- Cash Credit (Secured) | 200,639,852 | 262,545,131 |
| - Government Grant (Unsecured) | 33,781,632 | 34,829,528 |
| Total | 234,421,484 | 297,374,659 |

8.1 Cash Credit accounts are secured by first and exclusive hypothecation charge on all the current assets of the company. It is also collaterally secured by Equitable Mortgage of Land and Building on Survey No. 1972 and 1973/p1 situated at Village Merda Adraj, Kadi Thol Road, Kadi, Mehsana, and hypothecation of unencumbered plant and machinery of the company and personal guarantee of some of the directors.

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.

9. TRADE PAYABLES

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-----------------------------------|------------------------|------------------------|
| Trade Payables (Refer Note :- 32) | 47,481,167 | 45,211,242 |
| Total | 47,481,167 | 45,211,242 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015**10. OTHER CURRENT LIABILITIES**

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Current Maturities of Long Term Borrowings (Refer Note:- 5) | | |
| - Term Loans | 29,071,047 | 23,564,438 |
| - Hire Purchase Loans | 3,290,200 | 1,960,763 |
| Short Term Deposits | | |
| - Fixed Deposits (Refer Note:- 5) | - | 4,588,000 |
| Unclaimed Dividends* | 2,530,834 | 2,376,614 |
| Unclaimed Interest on Fixed Deposits | - | 171,157 |
| Interest accrued & due on borrowings | 1,207,958 | 874,986 |
| Interest accrued but not paid on borrowings | - | 168,955 |
| Advance from Debtors | 3,603,286 | 1,678,951 |
| Creditors for Capital Expenses | 8,298,046 | 19,682,759 |
| Duties and Taxes | 7,129,519 | 5,880,660 |
| Grant Received in advance | 1,746,393 | - |
| Other Liabilities | 6,873,190 | 13,097,252 |
| Bank overdraft (As per Books) | - | 82,726 |
| Total | 63,750,473 | 74,127,261 |

* Includes Amount of ₹214,208 for F.Y 2006-07 (P.Y ₹ Nil) due for payment to the Investor Education and Protection Fund.

11. SHORT TERM PROVISIONS

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Provision For Employees Benefit | | |
| Leave Encashment | 1,775,986 | 2,082,476 |
| Others | | |
| Proposed Dividend | 26,371,080 | 17,013,600 |
| Tax on Dividend | 5,399,392 | 2,891,461 |
| Provision for Tax (Net of Advance Tax) | 5,684,135 | 16,039,780 |
| Total | 39,230,593 | 38,027,317 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

12. FIXED ASSETS [REFER NOTE:- 2(e)]

(Figures in ₹)

| Sr. No. | Particulars | Gross Block | | | | Depreciation | | | | | Net Block | |
|------------|--------------------------------------|----------------------|--------------------------|---------------------------|----------------------|--------------------|-----------------------------|----------------------------|-------------------|--------------------|--|--|
| | | As at 01 April 2014 | Addition during the year | Disposals during the year | As at 31 March 2015 | Upto 01 April 2014 | Transfer to General Reserve | Adjustment during the year | For the Year | Upto 31 March 2015 | Net Carrying value as at 31 March 2015 | Net Carrying value as at 31 March 2014 |
| A-1 | Tangible Assets | | | | | | | | | | | |
| | Land & Site Development | 1,660,844 | - | - | 1,660,844 | - | - | - | - | - | 1,660,844 | 1,660,844 |
| | Factory Building | 12,094,768 | - | - | 12,094,768 | 6,999,491 | - | - | 374,212 | 7,373,703 | 4,721,064 | 5,095,276 |
| | Plant & Machineries | | | | | | | | | | | |
| | - Imported | 4,552,524 | - | - | 4,552,524 | 3,392,105 | 1,160,419 | - | - | 4,552,524 | - | 1,160,419 |
| | - Indigenous | 33,490,107 | - | - | 33,490,107 | 23,701,696 | 9,788,411 | - | - | 33,490,107 | - | 9,788,411 |
| | Electrical Installations | 3,088,718 | - | - | 3,088,718 | 2,463,588 | 625,130 | - | - | 3,088,718 | - | 625,129 |
| | Storage Equipment | 431,276 | - | - | 431,276 | 216,642 | 214,634 | - | - | 431,276 | - | 214,634 |
| | Furniture & Fixtures | 1,245,262 | - | - | 1,245,262 | 1,085,641 | 159,621 | - | - | 1,245,262 | - | 159,621 |
| | Vehicles | 7,947,609 | - | - | 7,947,609 | 7,440,612 | 506,996 | - | - | 7,947,609 | - | 506,997 |
| | Scooters | 25,083 | - | - | 25,083 | 24,258 | 825 | - | - | 25,083 | - | 825 |
| | Office Equipments | 1,048,165 | - | - | 1,048,165 | 684,297 | 363,868 | - | - | 1,048,165 | - | 363,868 |
| | Computers | 1,564,121 | - | - | 1,564,121 | 1,485,915 | 78,206 | - | - | 1,564,121 | - | 78,206 |
| | Utilities | 3,365,753 | - | - | 3,365,753 | 2,770,389 | 595,364 | - | - | 3,365,753 | - | 595,364 |
| | Dead Stock | 169,064 | - | - | 169,064 | 156,174 | 12,890 | - | - | 169,064 | - | 12,890 |
| | Dead Stock Canteen | 32,598 | - | - | 32,598 | 32,030 | 568 | - | - | 32,598 | - | 568 |
| | TOTAL (A1) | 70,715,894 | - | - | 70,715,894 | 50,452,841 | 13,506,932 | - | 374,212 | 64,333,985 | 6,381,909 | 20,263,053 |
| | Previous Year Figures | 71,552,013 | - | 836,119 | 70,715,894 | 47,776,661 | - | 587,356 | 3,263,536 | 50,452,841 | 20,263,053 | 23,775,351 |
| A-2 | Tangible Assets - New Project | | | | | | | | | | | |
| | Land & Site Development | 45,921,996 | 29,856 | - | 45,951,852 | - | - | - | - | - | 45,951,852 | 45,921,996 |
| | Factory Building | 221,739,388 | 50,249,670 | - | 271,989,058 | 65,151,278 | - | (37,147,579) | 11,464,444 | 39,468,142 | 232,520,916 | 156,588,110 |
| | Office Building | 119,054,187 | 92,230 | - | 119,146,417 | 25,470,219 | - | (254,450) | 3,720,280 | 28,936,048 | 90,210,369 | 93,583,968 |
| | Guest House-Building | 4,191,825 | - | - | 4,191,825 | 785,509 | - | (220,656) | 131,674 | 696,527 | 3,495,298 | 3,406,316 |
| | Plant & Machineries | | | | | | | | | | | |
| | - Imported | 21,071,747 | 8,129,221 | - | 29,200,968 | 10,078,228 | - | 1,555,124 | 2,004,923 | 13,638,275 | 15,562,693 | 10,993,519 |
| | - Indigenous | 156,374,192 | 22,532,072 | - | 178,906,264 | 86,836,049 | - | 11,253,085 | 19,793,402 | 117,882,536 | 61,023,728 | 69,538,143 |
| | - Indigenous | 41,163,548 | - | - | 41,163,548 | 23,240 | - | - | - | 23,240 | 41,140,308 | 41,140,308 |
| | Electrical Installations | 48,929,092 | 5,768,608 | - | 54,697,700 | 23,113,639 | - | 3,619,785 | 6,095,218 | 32,828,643 | 21,869,057 | 25,815,452 |
| | Storage Equipment | 4,594,477 | 3,024,888 | - | 7,619,365 | 2,231,567 | - | 226,423 | 1,117,662 | 3,575,652 | 4,043,712 | 2,362,909 |
| | Furniture and Fixtures | 36,825,551 | 3,038,670 | - | 39,864,221 | 15,202,526 | - | (711,790) | 3,768,145 | 18,258,881 | 21,605,339 | 21,623,024 |
| | Vehicles | 28,000,652 | 9,200,387 | - | 37,201,039 | 15,730,230 | - | (3,544,807) | 4,096,562 | 16,281,985 | 20,919,054 | 12,270,422 |
| | Factory Equipments | 5,330,574 | 1,749,918 | - | 7,080,492 | 682,618 | - | (117,406) | 1,158,913 | 1,724,124 | 5,356,368 | 4,647,956 |
| | Office Equipments | 7,907,704 | 1,053,506 | - | 8,961,210 | 3,759,387 | - | 283,450 | 2,084,316 | 6,127,154 | 2,834,056 | 4,148,317 |
| | Computer | 7,144,322 | 1,330,812 | - | 8,475,134 | 5,045,285 | - | 632,918 | 887,441.41 | 6,565,644 | 1,909,490 | 2,099,037 |
| | Utilities | 43,386,669 | 200,608 | - | 43,587,277 | 21,190,672 | - | 5,462,573 | 3,547,978 | 30,201,223 | 13,386,054 | 22,195,997 |
| | Live Stock | 638,769 | 695,815 | 400,512 | 934,072 | - | - | - | - | - | 934,072 | 638,769 |
| | TOTAL (A2) | 792,274,692 | 107,096,261 | 400,512 | 898,970,441 | 275,300,448 | - | (18,963,331) | 59,870,959 | 316,208,075 | 582,762,366 | 516,974,245 |
| | Previous Year Figures | 577,492,442 | 215,588,414 | 806,164 | 792,274,692 | 224,757,868 | - | - | 50,542,579 | 275,300,448 | 516,974,245 | 352,734,574 |
| | TOTAL (A1+A2) | 862,990,586 | 107,096,261 | 400,512 | 969,686,335 | 325,753,288 | - | (18,963,331) | 60,245,171 | 380,542,060 | 589,144,275 | 537,237,298 |
| | Previous Year Figures(A1+A2) | 649,044,455 | 215,588,414 | 1,642,283 | 862,990,586 | 272,534,529 | - | 587,356 | 53,806,115 | 325,753,288 | 537,237,298 | 376,509,926 |
| B | Intangible Assets | | | | | | | | | | | |
| | Software | 3,847,448 | 386,039 | - | 4,233,487 | 2,971,371 | - | (57,229) | 789,826 | 3,703,968 | 529,519 | 876,077 |
| | Product & Trademark Registration | 69,000 | 2,378,822 | - | 2,447,822 | 18,851 | - | (8,681) | 53,811 | 63,981 | 2,383,841 | 50,149 |
| | TOTAL (B) | 3,916,448 | 2,764,861 | - | 6,681,309 | 2,990,222 | - | (65,910) | 843,636 | 3,767,949 | 2,913,360 | 926,226 |
| | Previous Year Figures | 3,452,151 | 464,297 | - | 3,916,448 | 2,648,032 | - | - | 342,190 | 2,990,222 | 926,226 | 804,119 |
| C | Capital Work-in-progress | | | | | | | | | | | |
| | 205,543,329 | 146,266,310 | 33,811,899 | 317,997,740 | - | - | - | - | - | - | 317,997,740 | 205,543,329 |
| | Previous Year Figures | 288,899,545 | 59,717,680 | 143,073,895 | 205,543,329 | - | - | - | - | - | 205,543,329 | 288,899,545 |
| | Current Year Total | 1,072,450,363 | 256,127,432 | 34,212,411 | 1,294,365,384 | 328,743,511 | 13,506,932 | (19,029,241) | 61,088,807 | 384,310,009 | 910,055,375 | 743,706,853 |
| | Previous Year Total | 941,396,150 | 275,770,391 | 144,716,178 | 1,072,450,363 | 275,182,561 | - | 587,356 | 54,148,305 | 328,743,511 | 743,706,853 | 666,213,590 |

Note:- Capital Expenditure on Research & Development Facility [including net decrease in capital work-in-progress ₹1,067,963 (P.Y. ₹143,599,997)] is ₹12,357,608 (P.Y. ₹171,294,440).

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015**13. NON CURRENT INVESTMENTS [REFER NOTE:- 2(h)]**

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| Trade Investments (Valued at cost unless stated otherwise) | | |
| Unquoted Investment in Equity Instrument | | |
| 1,182,500 (P.Y. 1,182,500) Equity shares of ₹10 each fully paid-up in Innoves Animal Health Private Limited | 2,779,000 | 2,779,000 |
| Total | 2,779,000 | 2,779,000 |

14. LONG TERM LOANS AND ADVANCES [REFER NOTE:-39] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Capital Advances | 28,131,292 | 10,110,167 |
| Security Deposit | | |
| - Deposit to UGVCL | 6,206,295 | 6,206,295 |
| - Others | 2,752,527 | 4,485,611 |
| Loans & Advances to related parties (Refer Note 42) | | |
| Advance to group companies | 870,432 | 870,432 |
| Other Loans & Advances | | |
| Advance to others | 33,614,119 | 32,546,522 |
| Advance to staff* | 3,268,332 | 12,358,678 |
| EPCG Advance | 3,198,111 | 3,198,111 |
| MAT Credit Entitlement [Refer Note: 2 (r)(iii)] | 35,113,022 | 34,957,821 |
| TDS Receivable (Net of Provision for Tax) | 6,798 | - |
| Total | 113,160,928 | 104,733,637 |

*Advance to staff includes ₹ Nil (P.Y. ₹5,011,684) due from officer of the company. (Refer Note:- 41)

15. INVENTORIES [REFER NOTE:- 2(i)] (AT LOWER OF COST AND NET REALISABLE VALUE)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-------------------|------------------------|------------------------|
| Raw Materials | 16,043,817 | 28,752,927 |
| Work-in-Progress | 207,676,052 | 255,092,034 |
| Finished Goods | 23,343,335 | 36,822,965 |
| Stock-in-Trade | 18,367,975 | 17,050,455 |
| Stores & Spares | 11,041,173 | 6,150,932 |
| Packing Materials | 14,612,312 | 12,022,767 |
| Total | 291,084,664 | 355,892,080 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

16. TRADE RECEIVABLES [REFER NOTE:- 40] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| Outstanding for a period exceeding six months from the date they are due for Payment | | |
| - Considered Good | 43,257,909 | 40,253,679 |
| - Doubtful | - | - |
| Others | | |
| - Considered Good | 140,931,019 | 100,362,872 |
| - Doubtful | - | - |
| Total | 184,188,928 | 140,616,551 |

17. CASH & CASH EQUIVALENT [REFER NOTE:- 2 (q)]

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| (A) Cash and Cash Equivalents | | |
| 1. Cash on Hand | 549,204 | 719,347 |
| 2. Balances with Banks | | |
| -In Current Accounts | 76,251,560 | 44,070,233 |
| -In Fixed Deposits having original maturity of less than twelve months | 2,158,446 | - |
| Total-(A) | 78,959,210 | 44,789,580 |
| (B) Other Bank Balances | | |
| -Fixed Deposits having original maturity period of more than twelve months | 1,933,771 | 3,738,971 |
| Total-(B) | 1,933,771 | 3,738,971 |
| Total (A) + (B) | 80,892,981 | 48,528,551 |

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,530,834 (P.Y. ₹2,376,614)

17.2 Balances with banks in fixed deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹4,092,217 (P.Y. ₹3,738,971)

18. SHORT TERM LOANS AND ADVANCES [REFER NOTE:-39] (UNSECURED, CONSIDERED GOOD)

(Figures in ₹)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|------------------------|------------------------|
| - Creditors Advance for Goods | 6,591,779 | 18,147,691 |
| - Creditors Advance for Expenses | 3,869,076 | 1,747,261 |
| - Advance to Staff | 2,422,433 | 2,277,666 |
| - Advance recoverable in cash or kind or for value to be received | 2,131,985 | 3,788,866 |
| - Others | 142,184 | - |
| Total | 15,157,458 | 25,961,484 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015**19. REVENUE FROM OPERATIONS [REFER NOTE:- 2(e)]**

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-----------------------------|-----------------------------|-----------------------------|
| (A) Sale of Goods | | |
| Local Sales | 797,576,627 | 621,446,473 |
| Trading Sales | 68,908,437 | 52,137,381 |
| Export Sales | 50,892,921 | 32,837,840 |
| | 917,377,985 | 706,421,694 |
| Less: Excise Duty | 22,331,400 | 15,938,072 |
| | 895,046,585 | 690,483,622 |
| (B) Sale of Services | | |
| Other Operating Income | 11,305,000 | - |
| Total | 906,351,585 | 690,483,622 |

19.1 Particulars of Sales

(Figures in ₹)

| Particulars of Sales | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--------------------------------|-----------------------------|-----------------------------|
| - Poultry Vaccines | 857,167,196 | 660,873,516 |
| - Large Animal Health products | 54,230,438 | 45,548,178 |
| - Growth Media | 5,980,351 | - |
| Total | 917,377,985 | 706,421,694 |

20. OTHER INCOME

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Interest Income [Refer Note :- 2(e)] | | |
| - From Bank Deposits | 169,221 | 273,221 |
| - From Others | 1,082,978 | 1,629,815 |
| Miscellaneous Income | 1,405,274 | 3,709,845 |
| Rent Income | 48,753 | 228,000 |
| Exchange Profit & loss (Net) | 672,343 | (943) |
| Profit on sale of Live Stock (Net) | 52,622 | - |
| Sundry balances Excess provisions Written off / Written back (Net) | - | 1,893,482 |
| Other non-operative receipts | - | 209,720 |
| Total | 3,431,191 | 7,943,140 |

21. COST OF MATERIAL CONSUMED

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---------------------|-----------------------------|-----------------------------|
| Opening Stock | 28,752,927 | 17,502,029 |
| Add: Purchases | 143,026,385 | 115,810,927 |
| | 171,779,312 | 133,312,956 |
| Less: Closing Stock | 16,043,817 | 28,752,927 |
| Total | 155,735,495 | 104,560,029 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

21. COST OF MATERIAL CONSUMED (contd.)

21.1 Particulars of Raw material Consumed

(Figures in ₹)

| Class of Goods | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-----------------|-----------------------------|-----------------------------|
| Growth Media | 104,344,229 | 65,250,835 |
| Other Chemicals | 51,391,266 | 39,309,194 |
| Total | 155,735,495 | 104,560,029 |

21.2 Value of indigeneous and imported Raw material consumed during the year

| Class of Goods | Year ended 31 March 2015 | | Year ended 31 March 2014 | |
|----------------|--------------------------|--------------------|--------------------------|--------------------|
| | % | Value (₹) | % | Value (₹) |
| Imported | 6.10 | 9,496,329 | 8.55 | 8,940,307 |
| Indigeneous | 93.90 | 146,239,166 | 91.45 | 95,619,722 |
| Total | | 155,735,495 | | 104,560,029 |

22. PURCHASE OF STOCK-IN-TRADE

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--------------------------------|-----------------------------|-----------------------------|
| Purchase of stock in trade:- | | |
| - Poultry Vaccines | 6,744,298 | 7,173,504 |
| - Large animal Health products | 30,483,340 | 32,108,420 |
| Total | 37,227,638 | 39,281,924 |

23. CHANGE IN INVENTORIES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|----------------------|--------------------------|--------------------------|
| Closing Stock | | |
| -Finished Goods | 41,711,310 | 53,873,420 |
| -Semi-finished Goods | 207,676,052 | 255,092,034 |
| | 249,387,362 | 308,965,454 |
| Opening Stock | | |
| -Finished Goods* | 54,129,480 | 60,957,507 |
| -Semi-finished Goods | 255,092,034 | 217,690,101 |
| | 309,221,514 | 278,647,608 |
| Total | 59,834,152 | (30,317,846) |

* Opening stock of finished goods as on 01 April 2014 includes opening stock of Gujarat Agrofarm limited amounting to ₹256,060

24. EMPLOYEE BENEFIT EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|------------------------------------|-----------------------------|-----------------------------|
| Salaries, Wages & Bonus | 116,161,540 | 92,358,336 |
| Contribution to P.F./Gratuity Fund | 4,083,025 | 2,256,336 |
| Staff Welfare | 2,923,434 | 3,817,188 |
| Total | 123,167,999 | 98,431,860 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015**25. FINANCE COST [REFER NOTE:- 2(k)]**

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|------------------------|-----------------------------|-----------------------------|
| Interest Expenses | 42,645,139 | 37,561,967 |
| Interest on Income-tax | 46,141 | 23,868,374 |
| Other Borrowing Cost | 5,588,486 | 3,166,355 |
| Total | 48,279,766 | 64,596,696 |

26. DEPRECIATION & AMORTISATION EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|----------------------------------|-----------------------------|-----------------------------|
| Depreciation - SLM | 52,108,588 | 3,263,536 |
| Depreciation - WDV | 6,229,795 | 50,542,579 |
| Amortisation of Intangible Asset | 833,813 | 342,190 |
| Total | 59,172,197 | 54,148,305 |

27. OTHER EXPENSES

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|--------------------------|--------------------------|
| Manufacturing Expenses | | |
| Power and Fuel | 45,828,058 | 42,723,331 |
| Consumption of stores | 5,558,562 | 5,146,130 |
| Excise Duty* | 363,181 | 419,908 |
| Repairs & Maintenance | | |
| - Machinery | 7,630,316 | 6,105,691 |
| - Building | 2,349,838 | 2,689,644 |
| - Electrical | 1,556,742 | 725,762 |
| Packing Expenses | 29,599,087 | 20,561,155 |
| Quality Control and Testing Expenses | 2,715,681 | 2,754,744 |
| R & D Expenses | 8,988,063 | 12,825,005 |
| Other Production Expenses | 12,002,471 | 15,930,268 |
| Farm Expenses | 72,288 | - |
| Feed Expenses | 10,406,794 | 5,660,223 |
| Growth Media Centre Expenses | 1,029,805 | 943,493 |
| Purchase - Others | 75,418 | - |
| Loading & Unloading Expenses | 2,110 | - |
| | 128,178,414 | 116,485,354 |
| Selling And Distribution Expenses | | |
| Selling Expenses | 20,759,619 | 6,398,544 |
| Sales Promotion | 7,316,676 | 4,192,638 |
| Sales Tax Expenses | 3,914,218 | 3,570,021 |
| Carriage Outward Expenses | 27,972,298 | 23,951,606 |
| Travelling Expenses | 9,525,063 | 8,195,588 |
| Commission on Sales | 3,677,396 | 3,413,113 |
| | 73,165,270 | 49,721,510 |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

27. OTHER EXPENSES (contd.)

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------------------|--------------------------|--------------------------|
| Establishment Expenses: | | |
| Postage/Courier, Telephone Expenses | 4,046,282 | 4,227,807 |
| Insurance Expenses | 2,726,956 | 3,024,112 |
| Legal, Professional and Consultancy | 9,625,714 | 9,007,576 |
| Penalty on Statutory Dues | 20,702 | - |
| Printing and Stationery Expenses | 1,870,305 | 2,327,059 |
| Travelling and Conveyance Expenses | 12,303,725 | 9,261,936 |
| Transportation Expenses | 126,030 | - |
| Director's Travelling Expenses | 3,282,093 | 3,754,548 |
| Rent, Rates and Taxes | 9,890,925 | 5,016,374 |
| Registration Fees | 158,619 | 2,068,650 |
| Repairs and Maintenance - Others | 3,635,223 | 2,352,054 |
| Vehicle & Petrol Expenses | 7,783,096 | 7,157,699 |
| Electricity Charges | 1,917,225 | 1,299,920 |
| Conference and Seminar Expenses | 671,104 | 923,369 |
| Membership Fees | 335,798 | 446,887 |
| AGM & Board Meeting Expenses | 448,868 | 121,761 |
| Donation | 1,866,802 | 144,454 |
| Contribution to CSR Activity | 1,480,000 | - |
| Bad Debts written off | 1,463,401 | 2,223,908 |
| Loss on sale of Fixed Assets | - | 8,763 |
| Miscellaneous Expenses | 12,698,519 | 8,085,858 |
| Prior Period Expenses | 31,950 | 1,992,667 |
| Foreign Exchange Difference (Net) | 4,447,593 | 3,334,173 |
| Payment to Auditor | | |
| - As Auditor | 478,371 | 488,766 |
| - For Taxation Matters | 150,000 | 310,113 |
| - For Other Services | 225,000 | 261,237 |
| - For Reimbursement of Expenses | 30,000 | - |
| | 81,714,301 | 67,839,691 |
| Total | 283,057,985 | 234,046,555 |

*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.

28. EXCEPTIONAL ITEMS

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|--------------------------|--------------------------|
| Profit on Sale of Fixed Assets | 7,500,000 | - |
| Gain on Change in Depreciation method (Refer note -2(d)) | 19,029,241 | - |
| Total | 26,529,241 | - |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

29. a) Contingent Liabilities

Other money for which company is contingently liable

In respect of Income tax matters: - ₹5,618,605 (P. Y. Nil)

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances): ₹8.54 million (P.Y. ₹109.95 million).

30. Figures are rounded off to nearest rupee.

31. 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.

32. Disclosure of amount payable to enterprises defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of registration of such enterprises under this Act. Accordingly, Disclosure in respect of the amounts payable to such enterprises outstanding as on 31 March 2015 has been made in the financial statements based on information received and such amount outstanding as on 31 March 2015 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.

33. Pursuant to the enactment of the Companies Act, 2013 (the Act) and its applicability for the accounting periods commencing after 01 April 2014, the company has applied the estimated lives of the assets as specified in Schedule – II except in respect of certain assets of "New Project" as disclosed in accounting policy on Fixed Assets and Depreciation/Amortisation. Accordingly the unamortised carrying value of tangible and non tangible assets is being depreciated / amortised over the remaining / revised useful life of each asset. Written down value of the fixed assets whose useful life has already exhausted on 01 April 2014 amounting to ₹13.51 million has been charged to General Reserve.

34. In order to simplify corporate structure, reduce multiplicity of legal and regulatory compliances, eliminate duplication in administrative costs and achieve operational efficiencies, during the year Board of Directors has approved a Composite Scheme of Amalgamation and Arrangement ('the Scheme') to merge Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited with the company in addition to demerger of Trading undertaking of Innoves Animal Health Private Limited into Hester Biosciences Limited pursuant to Sections 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956, the Companies Act, 2013 ('the Act') and Mauritius Companies Act, 2001.

The Appointed Date of the Scheme was 01 April 2014. The Scheme is subject to necessary approvals inter alia from Stock Exchanges, shareholders and creditors of the company and sanction from Hon'ble High Court of Gujarat, which is under process.

The Company, upon the scheme being effective, shall account for said amalgamation and arrangement in line with the provisions of the scheme as may be approved by the Gujarat High Court.

35. In-house Research and Development facility established by the company for "Manufacturing veterinary vaccines for Poultry" was approved by Ministry of Science and Technology, Government of India under section 35(2AB) of the Income Tax Act, 1961 in F.Y. 2013-14.

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

36. ELIGIBLE RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN NOTES 21 TO 27 (EXCEPT NOTE NO. 25 & 26) ARE AS UNDER:-

Research and Development Expenditure eligible for deduction in the current year.

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------------------|-----------------------------|-----------------------------|
| Revenue Expenditures | | |
| Raw Material | 1,200 | 21,299 |
| Salary and Wages | 8,533,171 | 2,557,221 |
| Provident Fund Contribution | 32,400 | 42,864 |
| Packing-Forwarding-Freight Expenses | 24,982 | Nil |
| Power and fuel Cost | 7,750,651 | 5,284,087 |
| Chemical (Local) | 991,678 | 402,868 |
| Carriage Inward Expenses | 10,015 | Nil |
| Consumable (Local) | 1,349,538 | 321,721 |
| Consultancy Expenses | 750,000 | Nil |
| Other Allow./Reimbursement | 2,137,948 | 3,062,667 |
| R & D Expenses | 8,988,063 | 9,195,615 |
| Repair and Maintenance Expenses | 563,157 | Nil |
| Travelling Expenses | 778,604 | 165,984 |
| Telephone/Internet Expenses | 10,749 | Nil |
| Seminar/Regist./Legal Expenses | 111,938 | 134,110 |
| Other Admin Expenses | 8,191 | 1,862 |
| Total | 32,042,285 | 21,190,298 |

37. EXPENDITURE IN FOREIGN CURRENCY:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| Purchase/Materials/Trading goods/ Packing (including payment to creditors) | 8,504,273 | 16,617,259 |
| Travelling Expenses | 6,963,553 | 5,478,333 |
| Capital Expenditure (Furniture & Machinery) | 8,050,023 | 10,543,628 |
| Membership/Registration Fees | 2,278,821 | 1,418,085 |
| Consultancy & Professional Fees | Nil | 2,400,669 |

38. EARNINGS IN FOREIGN CURRENCY:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|-------------------------|-----------------------------|-----------------------------|
| F.O.B. value of Exports | 50,892,921 | 32,837,840 |

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

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

40. Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹6,739,623 (P.Y. ₹8,834,135) for which management is pursuing for its recovery and is negotiating with each party. Based on the current negotiation with the respective parties, management is hopeful for its realisation in full and consequently no provision has been made for such trade receivables.

41. 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.

42. RELATED PARTY DISCLOSURES:

(i) List of Related Parties:

(a) Group Companies/Associates / Individual Relatives:

1. Hester Coatings Private Limited
2. Sinsui (India) Private Limited
3. Biolink Healthcare Limited
4. Hester Diagnostic 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 arms length:

(Figures in ₹)

| Sr. No. | Nature of Transactions | Group Companies/ Associates/ Individual Relatives | Key Management Personnel |
|---------|--|---|-----------------------------|
| 1. | Advance Recovered | Nil (Nil) | 5,011,684 (206,931) |
| 2. | Outstanding Balance Included in Long term Loans & Advances | 870,432 (870,432) | Nil (5,011,684) |
| 3. | Director's Remuneration | Nil (Nil) | 6,713,014 (4,229,211) |
| 4. | Rent- MD's Residence | 600,000 (600,000) | Nil (Nil) |
| 5. | Interest Received/Receivable | Nil (Nil) | Nil (393,069) |
| 6. | Salary Paid | Nil (Nil) | 4,561,875 (4,059,408) |

Note: Figures in Brackets relate to Previous Year

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

43. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2015

a) Defined Contribution Plans

The company made contribution towards provident fund to defined contribution retirement benefit plans for qualifying employees. The provident fund plan is operated by the regional provident fund commissioner, the company required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefit.

The company recognised ₹2.62 million (P.Y. ₹2.15 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 recognised by the company's financial statement as at 31 March 2015.

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| i) Change in benefit obligations: | | |
| Projected benefit obligations at beginning of the year | 7,126,694 | 7,298,526 |
| Service Cost | 979,147 | 1,137,303 |
| Interest Cost | 663,495 | 583,882 |
| Actuarial (Gain) / Loss | (2,702,206) | (1,706,633) |
| Benefits Paid | (772,933) | (186,384) |
| Projected benefit obligations at the end of year | 10,698,609 | 7,126,694 |
| ii) Change in plan Asset: | | |
| Fair value of plan assets at the beginning of the period | 9,431,024 | 8,758,686 |
| Expected return on plan assets | 820,499 | 744,488 |
| Contribution | 2,029,759 | 63,247 |
| Benefit paid | (772,933) | (186,384) |
| Actuarial Gain/(Loss) on plan assets | 65,918 | 50,987 |
| Fair value of plan assets at the end of the period | 11,574,267 | 9,431,024 |
| Total actuarial gain/(loss) to be recognised | (2,768,124) | (1,757,620) |
| iii) Expenses recognised in income statement: | | |
| Current service cost | 979,147 | 1,137,303 |
| Interest Cost | (157,004) | 583,882 |
| Expected return on plan assets | - | (744,488) |
| Net Actuarial (Gain)/Loss to be recognised | 2,636,288 | (1,757,620) |
| Expenses recognised in P/L | 3,458,431 | 780,923 |
| iv) Assumptions used in accounting for the Gratuity plan: | | |
| Discount rate previous period | 9.31% | 8.00% |
| Discount rate current period | 8.03% | 9.31% |
| Rate of return on plan asset previous period | 8.70% | 8.50% |
| Rate of return on plan asset current period | 8.03% | 8.70% |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

43. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31 MARCH 2015 (contd.)

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|--|-----------------------------|-----------------------------|
| 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 recognised in the Balance sheet: | | |
| Liability at the end of the period | 10,698,609 | 7,126,694 |
| Fair value of the plan assets at the end of the period | 11,574,267 | 9,431,024 |
| Difference | 875,658 | 2,304,330 |
| Amount recognised in the balance sheet | 875,658 | 2,304,330 |
| vi) Actual Return on Plan Assets : | | |
| Expected Return on Plan Assets | 820,499 | 744,488 |
| Actuarial Gain/loss on Plan Assets | 65,918 | 50,987 |
| Actual Return on Plan Assets | 886,417 | 795,475 |
| vii) Balance sheet Reconciliation: | | |
| Opening Net Liabilities | (2,304,330) | (1,460,160) |
| Expenses As Above | 3,458,431 | 780,923 |
| Employers Contribution Paid | (2,029,759) | (63,247) |
| Closing Net Liabilities | (875,658) | (2,304,330) |

44. EARNINGS PER SHARE

Calculation of Net Profit available for Equity Shareholders:

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|-----------------------------|-----------------------------|
| A. Net Profit After Tax | 124,657,889 | 94,537,016 |
| Profit available to Equity shareholders | 124,657,889 | 94,537,016 |
| B. Weighted Average No. of Eq. Shares of ₹10 each | 8,506,800 | 8,506,800 |
| C. Basic and Diluted Earning per share | 14.65 | 11.11 |

45. SEGMENT INFORMATION

(a) Primary Segment Information :-

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | |
|------------------------------------|------------------------------|------------------------------|------------------------------|
| | Poultry Vaccines | Large Animal Health Products | Total |
| a. SEGMENT REVENUE | | | |
| Sales and Operating Earnings (Net) | 846,144,163 (644,935,444) | 54,227,071 (45,548,178) | 900,371,234 (690,483,622) |
| Unallocated Sales | | | 5,980,351 (Nil) |
| Segment Other Income | 3,274,149 (7,733,111) | 15,193 (128) | 3,289,342 (7,733,239) |

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

45. SEGMENT INFORMATION (contd.)

(a) Primary Segment Information :-

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | |
|---|-------------------------------------|-----------------------------------|-------------------------------------|
| | Poultry Vaccines | Large Animal Health Products | Total |
| Unallocated Other Income | | | 141,849 (209,901) |
| Total Segment Revenue | 849,418,312 (652,668,555) | 54,242,264 (45,548,306) | 909,782,776 (698,426,762) |
| b. SEGMENT RESULT | | | |
| Segment Result (PBIT) | 248,578,849 (221,470,987) | -9,954,439 (-14,220,314) | 238,624,409 (207,250,673) |
| Less : Unallocated Expenses | | | 20,507,857 (8,974,738) |
| Operating Profit | | | 218,116,552 (198,275,935) |
| Less : Finance Cost | | | 48,279,766 (64,596,696) |
| Net Profit/(Loss) Before Tax | | | 169,836,786 (142,911,147) |
| Less : Tax Expenses | | | 48,173,872 (42,032,866) |
| Net Profit/(Loss) after Tax | | | 121,662,914 (91,646,373) |
| Add : Share of loss of subsidiary transfer to Minority Interest | | | 2,994,975 (2,890,643) |
| Net Profit/(Loss) Attributable to Share Holders | | | 124,657,889 (94,537,016) |
| c. OTHER INFORMATION | | | |
| Segment Assets | 1,273,558,345 (1,208,408,299) | 39,370,807 (39,450,223) | 1,312,929,152 (1,247,858,522) |
| Unallocated Assets | | | 284,390,181 (174,359,634) |
| Segment Liabilities | 444,666,537 (428,672,504) | 10,546,143 (14,425,088) | 455,212,680 (443,097,592) |
| Unallocated Liabilities | | | 1,142,106,653 (216,241,597) |
| Depreciation/Amortisation | 52,705,347 (53,458,989) | 209,038 (322,650) | 52,914,385 (53,781,639) |
| Unallocated Depreciation | | | 6,257,812 (366,666) |
| Capital Expenditure | 111,262,433 (248,384,401) | 205,135 (Nil) | 111,467,568 (248,384,401) |
| Unallocated Capital Expenditure | | | 116,144,095 (27,385,989) |

Note: Figures in Brackets relate to Previous Year

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2015

45. SEGMENT INFORMATION (contd.)

(b) Secondary Segment Information – Geographical Segment

(Figures in ₹)

| Particulars | Year ended 31 March 2015 | | |
|--|----------------------------------|------------------------------|----------------------------------|
| | Poultry Vaccines | Large Animal Health Products | Total |
| A. SEGMENT REVENUE | 909,782,592 (698,427,524) | 184 (181) | 909,782,776 (698,427,705) |
| B. Carrying Cost of Segment Assets | 1,356,201,087 (1,251,540,954) | 272,678,135 (170,677,202) | 1,628,879,222 (1,422,218,156) |
| C. Addition to Fixed and Intangible Assets | 119,332,458 (248,384,402) | 108,279,205 (27,385,989) | 225,060,303 (275,770,392) |

Note: Figures in Brackets relate to Previous Year

46. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8 February 2011 and 21 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 these Consolidated Financial Statements.

47. 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: 28 May 2015

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place: Ahmedabad

Date: 28 May 2015

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Ten Year Financial Statistics

(₹ In Million)

| YEAR ENDED ON 31 MARCH | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Manufacturing Sales | 196.55 | 216.01 | 322.41 | 297.84 | 367.83 | 416.73 | 479.21 | 618.08 | 638.34 | 826.17 |
| Trading Sales | 4.83 | 2.27 | 3.93 | 3.76 | 7.49 | 2.98 | 3.42 | 32.96 | 52.14 | 62.89 |
| Other Operational Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.31 |
| NET SALES | 201.37 | 218.28 | 326.34 | 301.60 | 375.32 | 419.71 | 482.63 | 651.04 | 690.48 | 900.37 |
| Other Income | 0.30 | 2.63 | 2.75 | 0.92 | 0.81 | 1.31 | 2.44 | 2.34 | 7.73 | 3.29 |
| TOTAL INCOME | 201.67 | 220.91 | 329.09 | 302.52 | 376.13 | 421.02 | 485.07 | 653.38 | 698.21 | 903.66 |
| Total Expenses | 112.05 | 130.16 | 156.60 | 153.68 | 214.18 | 239.13 | 293.55 | 426.98 | 437.18 | 638.69 |
| (a) (Increase)/decrease in Stock in trade | (7.02) | (22.54) | (19.90) | (41.36) | (40.21) | (54.59) | (51.45) | (24.64) | (30.32) | 59.58 |
| (b) Trading Purchases | 2.61 | 3.05 | 4.23 | 3.28 | 7.25 | 1.89 | 6.72 | 31.76 | 39.28 | 37.23 |
| (c) Consumption of Raw material | 45.26 | 70.94 | 62.82 | 71.31 | 91.43 | 113.76 | 119.21 | 147.15 | 104.56 | 155.74 |
| (d) Manufacturing Expenses | 26.88 | 22.21 | 34.50 | 36.51 | 57.08 | 60.98 | 87.41 | 93.48 | 116.49 | 126.82 |
| (e) Staff Cost | 15.16 | 19.64 | 29.94 | 36.66 | 49.97 | 58.19 | 68.68 | 90.62 | 98.37 | 122.40 |
| (f) Selling, General & Admn. Expenses | 29.16 | 36.87 | 45.01 | 47.28 | 48.65 | 58.89 | 62.98 | 88.61 | 108.80 | 136.92 |
| Interest | 2.57 | 6.98 | 26.55 | 28.88 | 23.63 | 25.28 | 28.27 | 32.18 | 64.34 | 44.07 |
| Depreciation | 3.54 | 4.41 | 36.85 | 38.44 | 42.33 | 44.78 | 41.23 | 43.95 | 53.78 | 52.91 |
| PROFIT BEFORE EXCEPTIONAL ITEMS | 83.52 | 79.36 | 109.09 | 81.52 | 96.00 | 111.83 | 122.02 | 150.27 | 142.91 | 167.99 |
| Exceptional Items | 14.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26.53 |
| PROFIT BEFORE TAX | 98.39 | 79.36 | 109.09 | 81.52 | 96.00 | 111.83 | 122.02 | 150.27 | 142.91 | 194.52 |
| Provision for taxation | 24.20 | 27.85 | 38.69 | 34.16 | 35.67 | 35.88 | 44.11 | 53.37 | 42.03 | 48.70 |
| NET PROFIT | 74.19 | 51.51 | 70.41 | 47.36 | 60.33 | 75.96 | 77.91 | 96.90 | 100.88 | 145.82 |
| BALANCE SHEET AS AT 31 MARCH | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| SOURCES OF FUNDS : | | | | | | | | | | |
| Paid-up Equity share capital | 37.08 | 51.91 | 51.91 | 51.91 | 51.91 | 51.91 | 56.71 | 85.07 | 85.07 | 85.07 |
| Preference Share Capital | 0.00 | 0.00 | 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 | 16.44 | 0.00 | 0.00 | 0.00 | 0.00 |
| General Reserve & Surplus | 99.40 | 227.56 | 282.78 | 314.56 | 356.73 | 411.50 | 543.78 | 593.68 | 674.65 | 775.21 |
| Loan Funds | 16.91 | 223.58 | 201.43 | 187.66 | 201.49 | 213.25 | 140.20 | 214.81 | 324.49 | 345.55 |
| TOTAL | 153.39 | 503.05 | 536.12 | 554.13 | 610.13 | 693.10 | 740.69 | 893.56 | 1084.21 | 1205.83 |
| APPLICATION OF FUNDS : | | | | | | | | | | |
| Net Fixed Assets | 46.47 | 348.79 | 409.04 | 405.31 | 398.36 | 392.16 | 365.32 | 346.99 | 506.77 | 525.64 |
| Capital Work - in - Progress | 24.01 | 5.55 | 0.00 | 0.00 | 0.00 | 0.00 | 63.04 | 240.53 | 131.50 | 142.74 |
| Investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 25.00 | 27.85 | 36.33 | 86.53 |
| Net Current Assets | 91.65 | 165.52 | 146.05 | 174.71 | 238.32 | 301.40 | 311.81 | 304.18 | 458.87 | 504.73 |
| Deferred Tax Assets / Liabilities | (8.74) | (16.81) | (18.97) | (25.89) | (26.55) | (25.46) | (24.48) | (25.99) | (49.26) | (53.81) |
| TOTAL | 153.39 | 503.05 | 536.12 | 554.13 | 610.13 | 693.10 | 740.69 | 893.56 | 1084.21 | 1205.83 |
| EQUITY DIVIDEND | 15% | 20% | 25% | 25% | 30% | 35% | 10% | 20% | 20% | 31% |

ABBREVIATIONS

| | | |
|----|----------------|--|
| 1 | AGM | Annual General Meeting |
| 2 | bps | Basis points |
| 3 | BSE | Bombay Stock Exchange |
| 4 | Capital W.I.P. | Capital Work in Progress |
| 5 | CARE | Credit Analysis and Research Limited |
| 6 | CDSL | Central Depository Services Limited |
| 7 | CEO | Chief Executive Officer |
| 8 | CFO | Chief Finance Officer |
| 9 | CIN | Corporate Identification Number |
| 10 | CLID | Client Identity |
| 11 | CSR | Corporate Social Responsibility |
| 12 | DIN | Director Identification Number |
| 13 | DPID | Depositroy Participant Identity |
| 14 | EPCG | Export Promotion Capital Goods |
| 15 | EPS | Earning Per Share |
| 16 | FAO | Food and Agriculture Organization |
| 17 | FD | Fixed Deposit |
| 18 | FOB | Freight On Board |
| 19 | F.Y. | Financial Year |
| 20 | GAAP | Generally Accepted Accounting Principles |
| 21 | GALVmed | Global Alliance for Livestock Veterinary Medicines |
| 22 | HUF | Hindu Undivided Family |
| 23 | ISIN | International Securities Identification Number |
| 24 | KMP | Key Managerial Personnel |
| 25 | MAT | Minimum Alternate Tax |
| 26 | MCA | Ministry of Corporate Affairs |
| 27 | NSDL | National Securities Depository Limited |
| 28 | NSE | National Stock Exchange |
| 29 | OIE | World Organisation for Animal Health |
| 30 | PAT | Profit After Tax |
| 31 | PBT | Profit Before Tax |
| 32 | PBIT | Profit Before Interest and Tax |
| 33 | PPR | Peste des Petits Ruminants |
| 34 | PAN | Permanent Account Number |
| 35 | P.Y. | Previous Year |
| 36 | R & D | Research & Development |
| 37 | ROC | Registrar of Companies |
| 38 | SEBI | Security Exchange Board of India |
| 39 | SLM | Straight Line Method |
| 40 | the Company | Hester Biosciences Limited |
| 41 | UGVCL | Uttar Gujarat Vij Company Limited |
| 42 | WDV | Written Down Value |

HESTER

Hester Biosciences Limited