

HESTER

02 August 2016

**To,
The Secretary
BSE Limited
P. J. Towers,
Dalal Street,
Mumbai - 400 001**

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

Respected Sir/Madam,

Subject: Submission of 29th Annual Report 2015-16

Reference: BSE Scrip Code: 524669; NSE Symbol: HESTERBIO

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company required to submit the Annual Report within Twenty One working days of it being approved and adopted in annual general meeting as per the provisions of the Companies Act, 2013. Please note that all resolutions as mentioned in the Notice, placed before the AGM, were approved by the members with requisite majority.

We hereby submitting 29th Annual Report 2015-16 approved and adopted in our 29th Annual General Meeting held on 29th July, 2016 at Ahmedabad Textile Mills Associations' Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad – 380 009 11.00 am. Kindly find the 29th Annual Reports as enclosure.

We request you to take note of the above.

**Sincerely,
For Hester Biosciences Limited**


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

HESTER BIOSCIENCES LIMITED

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CIN L99999GJ1987PLC022333

29th | ANNUAL
REPORT
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*aim
perform
achieve*

Hester Biosciences Limited

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.

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The year 2015-16 proved to be challenging for India's livestock sector, particularly its poultry segment.

Hester reported a resilient performance, its profitability strengthening by 37 per cent and revenues increasing by 12 per cent.

Hester strengthened its earnings, validating progressive investments in its business model.

Hester Biosciences Limited

Increasing global presence and relevance.

**Research-led business.
Expanding manufacturing presence.**

**Widening market footprint.
Healthy Balance Sheet.**

The Company's foundation lies in its ability for sustainable growth.

CORPORATE SNAPSHOT

Hester Biosciences Limited has been a dedicated animal health Company since 1997. The Company is present in four product segments:

- Poultry vaccines
- Poultry health products
- Large animal vaccines
- Large animal health products

MANUFACTURING UNITS

The Company has two manufacturing plants, one located in Mehsana district near Ahmedabad, and another plant upcoming in Kathmandu, Nepal. The Nepal plant will complement the Indian plant in manufacturing vaccines disallowed in India, thereby widening the product range for addressing international markets. The cumulative production capacity of Hester would be 6 bn doses per annum once the Nepal plant is commissioned. The Nepal plant commenced trial production in June 2016 and is expected to be fully commissioned by September 2016.

CERTIFICATIONS

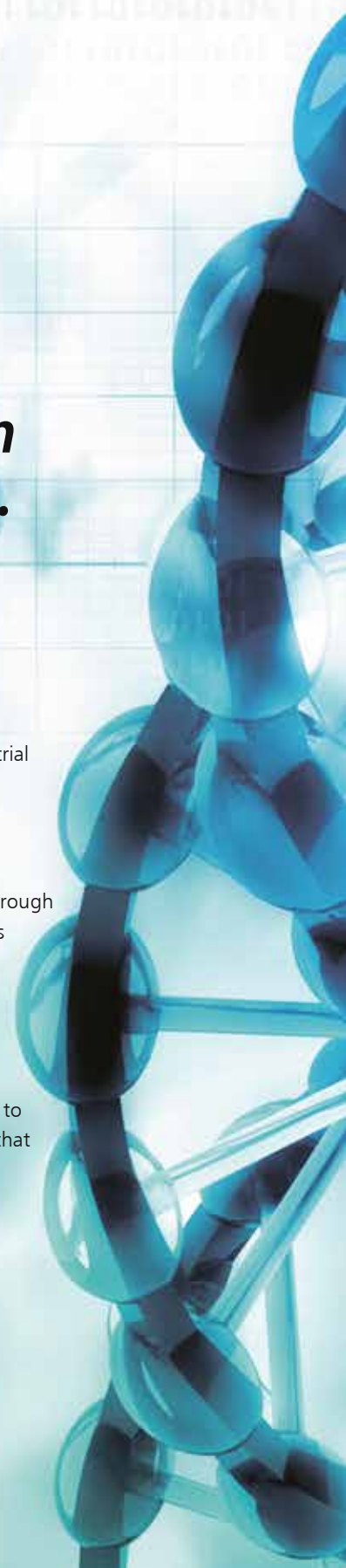
- WHO – GMP
- Good Laboratory Practices (GLP)
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007
- DSIR (Department of Scientific & Industrial Research) approval for in-house R&D department

FOOTPRINT

The Company's products are distributed through a pan-India network. The Company exports products to 18 countries.

PRODUCTS

The Company's product range comprises vaccines, drugs, feed supplements and disinfectants. The Company's endeavour is to continuously develop innovative products that address the healthcare needs of animals in achieving higher productivity.



Business Segments

POULTRY

Vaccines

Health Products

LARGE ANIMAL

Vaccines

Health Products

Poultry Division

Vaccines

Live and Inactivated:

Newcastle • Infectious Bronchitis • Infectious Bursal • Reo • Fowl Pox • Marek's • Coryza • Fowl Cholera • EDS • MG • IBH • Fowl Typhoid (Salmonella)

Health Products

A wide range of:

Drugs • Feed supplements
• Disinfectants

Large Animal Division

Vaccines

Live and Inactivated:

PPR • Goat pox • Brucella Abortus • Classical swine fever • Haemorrhagic Septicaemia • Black Quarter

Health Products

A wide range of:

Drugs • Feed supplements
• Disinfectants

LISTING

The Company's shares are listed and actively traded on the Bombay Stock Exchange and the National Stock Exchange. As on 31 March 2016, the Company's market capitalisation was ₹4.25 bn.

Our Journey

1983

Rajiv Gandhi started the distribution of poultry medicines and feed additives in the name of Rajiv & Associates (proprietary concern) in Mumbai, covering the districts of Thane and Raigadh.

1986

Started distribution activities throughout India. • Rajiv & Associates became the number one distributor in Western India for poultry health products.

1987

Rajiv Gandhi formed Hester Pharmaceuticals Private Limited, with the objective to acquire the exclusive marketing rights of overseas brands for the Indian market.

1990

Hester Pharmaceuticals signed an exclusive marketing agreement with Ghen Corporation, Japan, for its range of poultry feed additives and with Maine Biological Laboratories (MBL), USA, for its range of poultry vaccine.

1993

The Company signed a technical and financial collaboration agreement with MBL, to manufacture poultry vaccines in India.

1994

Hester Pharmaceuticals was converted from private to public limited followed by an IPO, in which it allotted shares to MBL in lieu of technical and financial collaboration agreements.

1997

The Company commenced the marketing of locally produced poultry vaccines.

2000

For the first time, the Company reported a nominal net profit.





2003

The Company terminated the financial and technical collaboration with MBL.

2005

The Company declared a dividend for the first time.

2007

The Company expanded its manufacturing capacity four fold.

2008

The Company changed its name to Hester Biosciences Limited.

2010

The Company was awarded 'The Best Animal Vaccine Company' by The New Economy, UK.

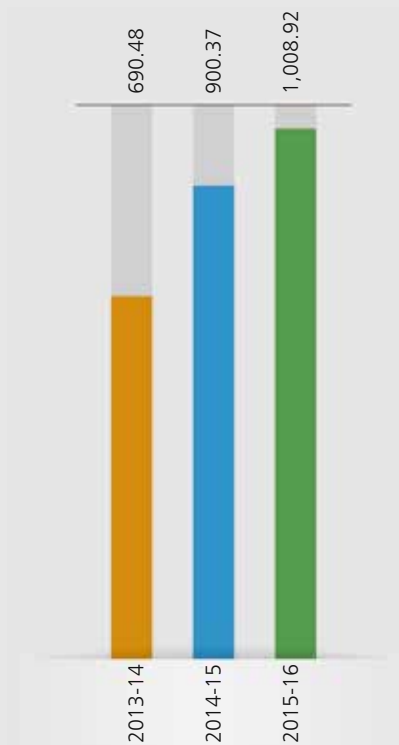
2012

The Company launched poultry and large Animal Health Products divisions.

2013 *and onwards*

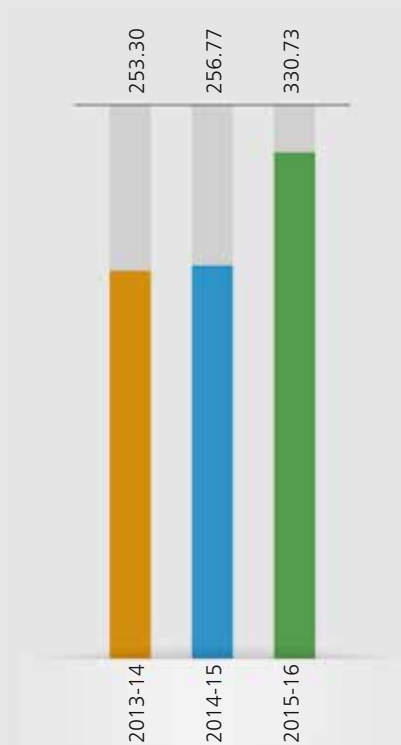
The Company received WHO-GMP certification and DSIR registration for in-house R&D unit. • Hester embarked to set up an animal vaccine manufacturing unit in Nepal. • Hester has four divisions: Poultry Vaccines | Poultry Health Products | Large Animal Vaccines | Large Animal Health Products • Hester plans to launch its diagnostics division in 2016.

Our growth in numbers



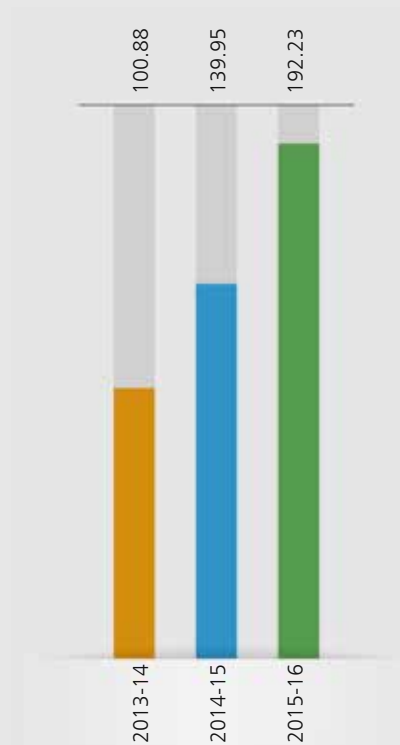
TURNOVER (₹ mn)

Turnover increased as a result of prudent changes in product mix, increased market penetration and widening footprint



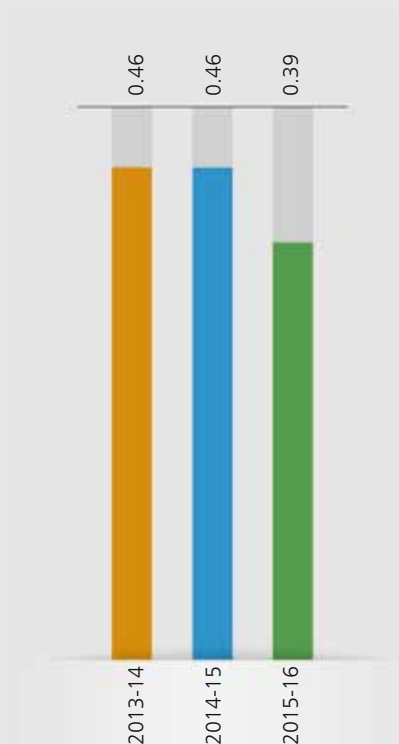
EBITDA (₹ mn)

...a result of the introduction of new products and cost optimisation measures



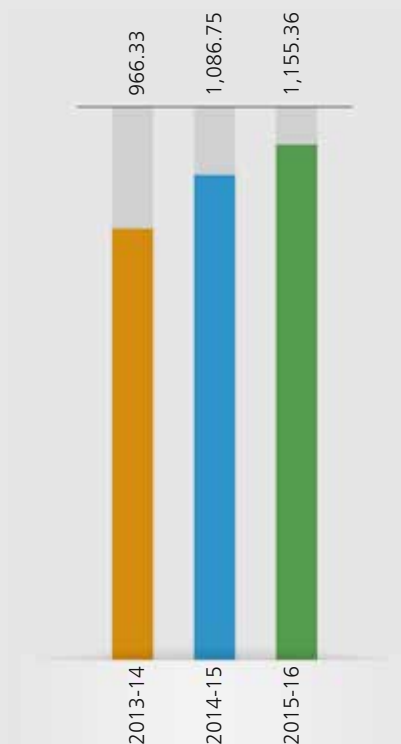
NET PROFIT (₹ mn)

... generated a higher profit for five successive years



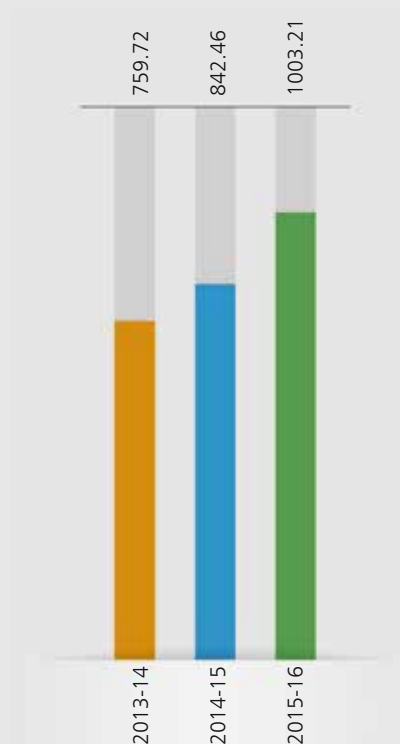
DEBT-EQUITY RATIO (x)

... reflected in attractive gearing and room for fresh borrowings without compromising corporate stability



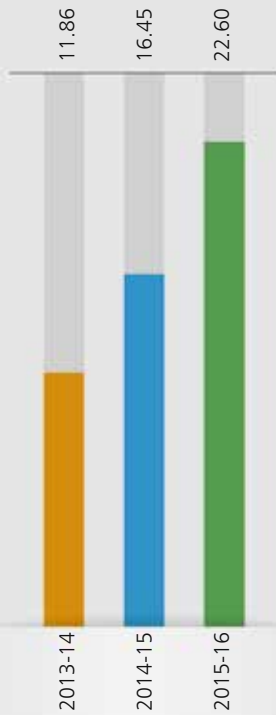
GROSS BLOCK (₹ mn)

... which translated into selective investments in manufacturing facilities



NET WORTH (₹ mn)

... and a prudent ploughback of surpluses

**EARNINGS PER SHARE (₹)**

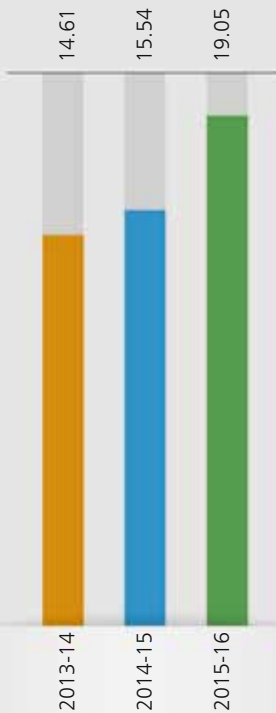
...leading the Company's growing profitability

**BOOK VALUE PER SHARE (₹)**

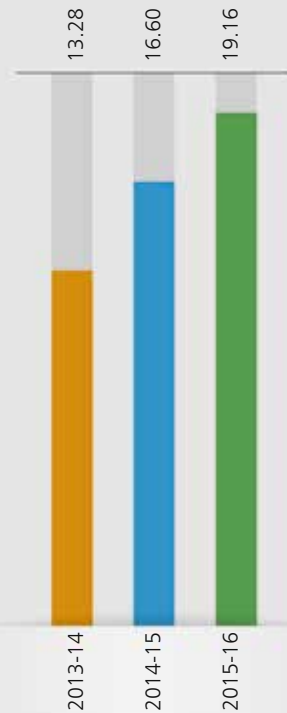
...and steady enhancement of shareholder value

**EBITDA MARGIN (per cent)**

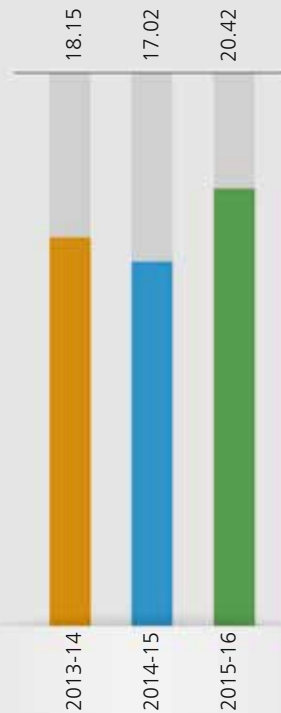
The cost optimisation and focus on superior product mix enhanced margins

**NET PROFIT MARGIN (per cent)**

...strengthening earnings for shareholders

**ROE (per cent)**

... translating into a superior return on employed capital

**ROCE (per cent)**

... strengthening capital efficiency

Hester Biosciences is one of the most exciting companies in its sector

MARKET PRESENCE

Hester is India's second largest poultry vaccine manufacturer attractively positioned to capitalise on upcoming opportunities, strengthening its competence in treating veterinary diseases.

WIDE PORTFOLIO

Hester possesses a diverse mix of 45 products across poultry vaccines (live and inactivated), products across large animal vaccines (live and inactivated), health products and diagnostics. The Company also offers services like seromonitoring for poultry farms and mastitis prevention programmes for cattle farms.

ENVIRONMENTALLY CONSCIOUS

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

INTELLECTUAL CAPITAL

The Company is committed to provide a work environment free from discrimination for all its employees. The Company is an equal opportunity employer making employment decisions based on merit and business needs.

WORLD-CLASS INFRASTRUCTURE

Hester owns and operates Asia's largest single-location animal biological manufacturing facility benchmarked with international quality compliance standards. Hester is a research-intensive Company – its R&D unit at Kadi (approved by DSIR) 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 value-addition and higher margins.

STRINGENT COMPLIANCE

During the year under review, the Company's regulatory affairs department submitted 92 product dossiers in 13 different semi-regulated countries. Among these, the Company received approvals for five poultry vaccines and one large animal vaccine. During the year, the Company underwent two inspections by Ugandan and Nigerian drug authorities. In FY 2016-17, the Company expects similar inspections from Ethiopian, Kenyan, Saudi Arabian and Sudanese drug authorities.

CUTTING-EDGE RESEARCH

During the year under review, the regulatory affairs department successfully obtained market authorisations for four new vaccines: a Fowl Typhoid vaccine, Live (*Salmonella gallinarum* 9R strain), an Inclusion Body Hepatitis vaccine, Inactivated I.P. (*Adenovirus* Type-IV strain), Avian Bronchitis vaccine, Inactivated I.P. (Massachusetts Type H52 strain), another Avian Bronchitis vaccine, and a Live I.P. (Massachusetts Type H-120 strain). In the near future, the Company expects three newly-developed poultry vaccines, a large animal vaccine and an imported vaccine registered.

GLOBAL FOOTPRINT

During the year, international business sales increased from 6.49 per cent in 2014-15 to 10.20 per cent of revenues in 2015-16. This growth was mainly due to an increase in geographical presence as well as increase in product range across territories. The Company's current international presence spans over 18 countries, an increase from 14 countries in the previous year. To bolster its distribution capabilities in Africa, Hester registered a Company named 'Leruarua Vetcare (Proprietary) Limited' under the trade name of Vetsol in Botswana. The Company also enhanced its presence in Africa by establishing dedicated distribution chains in Botswana, Uganda and Zambia. In Botswana, the Company created its own distribution point by partnering local players. Following the launch of the large animal vaccine portfolio, Hester exported its first tranche of PPR vaccines to the FAO.

PHASE I

1997-2005

Dedicated animal health Company offering vaccines and veterinary health products.

PHASE II

2006-2015

Entered the poultry healthcare segment in 2013 and large animal vaccines segment in March 2015.

PHASE III

2016 ONWARDS

- Fastest-growing veterinary healthcare Company in India.
- One-stop provider of animal health products in India and abroad.
- Large portfolio comprising poultry vaccines, poultry health products, large animal vaccines and large animal health products.

MANAGING DIRECTOR'S REVIEW



Dear Shareholders,

FY2015-16 proved to be a mixed year at Hester Biosciences Limited.

The 'mixed' perception is based on the reality that the Company could have performed better. On the bright side, the Company reported profitable growth despite challenging sectoral realities.

On the overall, your Company reported a better performance than in the previous year which is creditable considering the unexpected poultry industry slowdown. Your Company ended the year on an optimistic note, bolstered by possibly its best quarterly performance ever during Q4, 2015-16. We believe strategic and accelerated product development and delivery should further translate into sustainable growth across the foreseeable future.

2015-16 IN RETROSPECT

The Company reported net sales of ₹1008.92 mn in 2016 compared to ₹900.37 mn in the previous year, a growth of 12.05 per cent. Domestic sales grew 6.10 per cent whereas exports strengthened 73.66 per cent.

The Company recorded a net profit of ₹192.23 mn as against ₹139.95 mn in the previous year, a growth of 37.35 per cent on account of superior inventory management, tighter credit control and timely product mix changes.

The result was that the Company's profits growth was higher than revenue growth of 19.05 per cent, a hallmark for companies with strong business models.

I am pleased to report that this growth was in line with our priorities. Case in point: EBIDTA margins increased by 426 bps from 28.52 per cent in 2014-15 to 32.78 per cent in 2015-16 and ROCE strengthened from 17.02 per cent to 20.42 per cent.

INDUSTRY SCENARIO AND HESTER'S OUTPERFORMANCE

Your Company's superior performance was achieved despite a six-month trough in the India's poultry sector that affected the sector's performance for three quarters. The trough was the result of a high feed cost and low realisation of poultry output of meat and eggs. This resulted in a lower replacement of chicks, affecting sales of vaccine and animal health care products. Besides, Punjab and Haryana poultry demand was affected following a change in longstanding practices that affected product offtake.

In this challenging environment, your Company continued to focus on quality sales marked by timely receivables. Your Company continued to strengthen its business through operational discipline, portfolio rightsizing and sales responsiveness. The result was not just a growth in business by quantity but an enhanced quality of business through the course of the year. Your Company's large animal business revenue grew by 73.23 per cent. Your Company grew export earnings 73.66 per cent, which reduced its dependence on the domestic market. Your Company also commissioned a 100-kilowatt solar plant to generate electricity for its Research and Development facility.

Your Company commenced trial production for two batches in its

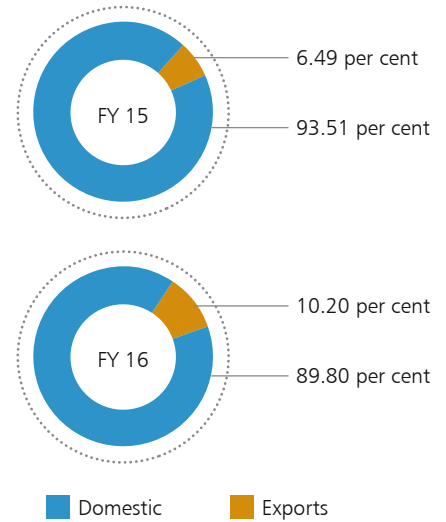
Nepal plant and submitted these batches to regulatory authorities in two African countries whose certifications will help widen our continental footprint deeper. The Company bagged an FAO tender to commence PPR production. Your Company is optimistic that with political unrest subsiding, the Nepal operations should be back on track from the current financial year.

During the fiscal under review, your Company spent ₹51.02 mn crores in its research, which is less than half of what had been earlier committed, the rationalisation being largely on account of the economic slowdown that affected the domestic poultry business. Your Company will enhance R&D spending during the current financial year, with the bulk of the investment allocated for recombinant vaccines likely to be introduced in FY 2017-18.

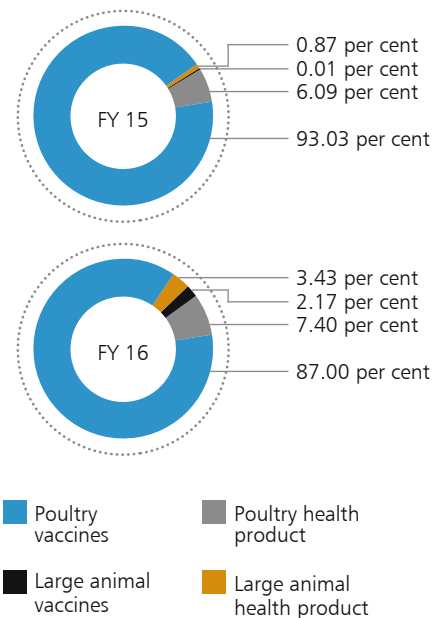
STRATEGIC SHIFT

Over the last year, your Company selected to make a decisive shift in favour of health products over the Company's longstanding dependence on poultry products. This shift was the result of a number of emerging realities: your Company invested in animal health care product research, manufacturing and marketing. In view of this, we expect that this division will grow 50 per cent y-o-y basis.

The other strategic shift was the conscious decision to enhance



SALES BY GEOGRAPHY (per cent)



SEGMENT-WISE CONTRIBUTION TO TOTAL SALES (DOMESTIC) (per cent)

our international profile. Your Company possesses a rich exposure and understanding of its space through a multi-year exposure to the large Indian market. Your Company intends to leverage this rich experience through an extension to countries in Africa that enjoy similar demographics as India. The 73.66 per cent increase in exports that was reported during the last financial year increased the proportion of exports from 6.5 per cent of revenues to 10.20 per cent, indicating a vast upside waiting to be explored. Your Company believes this focus on the export market will progressively de-risk the Company from exclusively depending on the Indian market. This will also moderate the Company's reliance on large customers who previously accounted for revenue than quarter of our revenues, but today contribute just 6 per cent of revenues, which is also an indication of healthy revenue growth.

SEGMENT REVIEW

Poultry Vaccines: The Company possesses the capacity to manufacture 4800 mn doses live and inactivated vaccines, at its manufacturing unit in Mehsana. The poultry industry weakness during the year under review affected the offtake of vaccines as poultry meat and egg producers were unable to recover production costs. The scenario

improved considerably after mid-December 2015. The Company addressed this rebound with the launch of a Fowl Typhoid vaccine, Live (*Salmonella gallinarum* 9R strain) and Inclusion Body Hepatitis vaccine, Inactivated I.P. (Adenovirus Type-IV strain), enriching its portfolio offering. Sales from poultry vaccines were ₹854.71 mn during the year under review, accounting for 87 per cent of the Company's revenues.

Poultry Health Products: Your Company marketed feed additives and poultry medicinal products, which were outsourced from stable contractual agreements. The sales of poultry health products was ₹33.71 mn during the year under review, accounting for 3.43 per cent of the Company's revenue.

Large Animal Vaccines: The sales of large animal vaccine was ₹21.29 mn during the year under review. The Company commenced the manufacturing and marketing of large animal vaccines in March 2015 with the objective of participating in the government tender business. Currently, Hester manufactures two live vaccines for large animal, namely PPR (Peste des Petits Ruminants) Live vaccines and Goat Pox Vaccine. PPR vaccine addresses the Indian sungri strain, manufactured at the Mehsana plant; the Nigerian strains addressing the global

demand will be manufactured in the Nepal plant from the current financial year. Hester was the first commercial manufacturer of Goat Pox vaccine in India. Hester participated in few government tenders which were awarded by some state governments. Hester will continue to participate in government tenders in this financial year as well. Brucella abortus S19 vaccine will be commercialised during this financial year.

Large Animal Health Products: The large animal health products segment comprised medicinal products (pharmaceuticals), feed additives and disinfectants. The Company does not directly manufacture large animal health products but engages in selective outsourcing through a loan license manufacturing model. During the year, the large animal health product sales stood at ₹72.65 mn, accounting for 7.40 per cent of the Company's revenues. The outlook for this business is robust and growth in this segment could outperform the other divisions across in the foreseeable future.

OUTLOOK

Even as the Company is largely sub-continental in its presence, the reality is that the Company's business is increasingly globally relevant. Over the years, the Company has acquired a deep insight into the diverse terrains

of India across different product segments; the time has come to extend the Company into a globally respected veterinary vaccines personality through joint ventures in emerging markets and manufacturing projects in the African continent.

The Company expects to grow its large animal health business 50 per cent y-o-y, its poultry business 15 per cent and exports around 100 per cent y-o-y across the foreseeable future, the cumulative impact being around 20 per cent revenue growth in the current financial year.

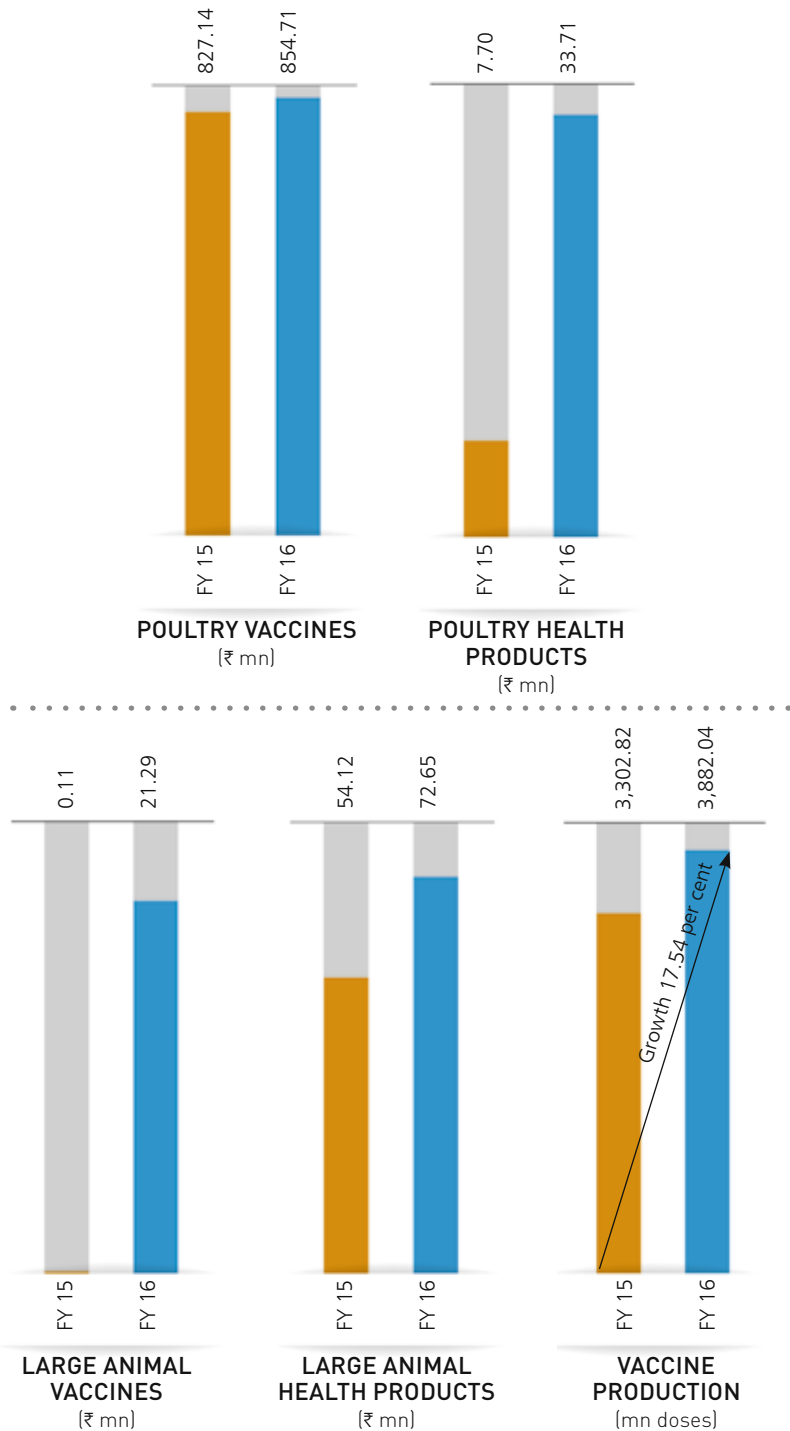
Your Company intends to invest around ₹25 crores to enhance production capacities for some vaccines and construct a facility to manufacture health products, drugs, feed additives, premixes and disinfectants), moderating its dependence on external vendors.

In a forward-looking initiative, your Company intends to enter into the area of animal diagnostics. The Company manufactured five diagnostic kit types and is in the process of adding a few more to its portfolio, which are likely to be commercialised during this financial year. This development is likely to graduate Hester to be at par with global majors in its ability to grow the business.

In view of these realities, your Company expects to perform even better during the current financial year, enhancing value in the hands of all those who are invested with us.

Rajiv Gandhi, CEO and Managing Director

PRODUCT-WISE REVENUE GROWTH



Our Blueprint for Growth

OUR VALUE PROPOSITION

- Grow revenues in line or faster than the market
- Grow net income faster than the revenues
- Enhance returns in the hands of our shareholders

OUR GROWTH STRATEGIES

Leverage our capabilities

- Widen our local presence and foster strong customer relationships
- Invest in R&D to extend and improve our product portfolio
- Provide quality products; improve margins

Extend our reach

- Penetrate deeper into emerging markets
- Remain a partner-of-choice for global clients

Optimise operations

- Increase margins by optimising throughput and supply chain efficiency

2015-16, MILESTONES

- Introduced a fowl typhoid vaccine (live salmonella gallinarum 9R strain), and a Inclusion body hepatitis vaccine (inactivated IP adenovirus Type-IV strain)
- Commissioned a 100-kilowatt solar plant to generate electricity at our R&D facility.
- Utilised barcoding to enhance product traceability and comply with FDA regulation.
- Established a facility in Botswana to strengthen distribution.

OUTLOOK FOR 2016-17

- Develop new generation vaccines through in-house R&D expertise
 - Increase product range and widen geographical presence
 - Forge joint ventures in emerging markets
 - Create an international marketing and distribution network with a focus on Africa
 - Commission the Nepal vaccine manufacturing facility
-

Strengthening Our Business Model

VISION

In a sector marked by scale, the Company resolved to be a contrarian: not the largest with the biggest Balance Sheet, but the best integrated veterinary products Company with the smallest Balance Sheet. This perspective influenced the Company's capital allocation, product mix and realisations strategy, virtually defining the Company's personality.

BRAND

The Company has gradually evolved its personality from a conventional veterinary products personality (commodity) into a niche global veterinary organisation (value-added). The 'global' highlights our world-class aspiration and the 'veterinary' signifies the broad sweep of products we expect to make.

PORTFOLIO MIX

The Company increasingly focuses on the value-added animal health products segment, which has grown as a proportion of revenues from 6.59 per cent in 2013-14 to 7.40 per cent in 2015-16.

GEOGRAPHIC COVERAGE

The Company derived a majority of its revenues from within India. However, this is beginning to change, which is a reflection of the Company's ability to service global markets that enjoy demographics similar to India as a proportion of exports increased from 5.17 per cent in 2013-14 to 10.20 per cent in 2015-16.

GLOBAL COMPANY

The Company is not only global in that it derives 10.20 per cent of its revenues from international markets. The Company has carved out an operating base in Nepal, which will address the growing appetite of its products across the world.

FISCAL CONSERVATISM

The Company has selected to pursue an incremental model, preferring to plough accruals into asset-building as against the conventional mobilisation of large debt in building manufacturing scale. Over time, this preference for accrual-based investing has translated into a relatively small Balance Sheet and high interest cover in a traditionally capital-intensive sector.

Our Research Strength

STRONG R&D

Hester is a research-driven Company with its principal investment in an R&D centre in Kadi, Gujarat. The centre is accredited by the Department of Scientific and Industrial Research and the Ministry of Science and Technology. The Company leveraged molecular engineering technology to develop a new generation of recombinant vaccines that can be applied in ovo or subcutaneously, the only contemporary Indian company working in this niche.

Taking into consideration the advantages offered by recombinant vaccines such as safety, efficacy and ease of administration, it would be safe to assume that they represent the ideal replacement for live or inactivated ILT vaccines and could command a premium and higher margins over conventional vaccines.

The Company's ongoing projects include the following: monitoring of animal diseases, geographical surveillance, creation of new-generation recombinant vaccines and ELISA as well as a lateral flow of diagnostic kits. The proportion of revenues derived from the products launched in the last three years was 6.26 per cent in 2015-16.

PRODUCT OFFERING

Hester is the leading poultry products manufacturing and marketing Company with a share of 30 per cent of the Indian poultry vaccine market. Hester also caters to poultry health products, large animal vaccines and large animal healthcare products. Hester was the first manufacturer to produce and commercialise the Goat Pox vaccine Live-Uttarkashi strain in India. The vaccine, produced via Vero cells, complies with all relevant norms set down by the Indian pharmacopeia. India has approximately 135.17 mn goats; this vaccine could play a major role in controlling the disease and economic losses.

By launching the PPR (Peste des Petits Ruminants) Live vaccines, the Company entered the animal vaccine business at an opportune moment as the Indian Government started its National Control Programme of PPR. Similar initiatives have been undertaken by the OIE and FAO on a global basis. PPR is a fatal disease affecting sheeps and goats. The vaccine, produced via Vero cells, complies with relevant norms set down by the Indian pharmacopeia.

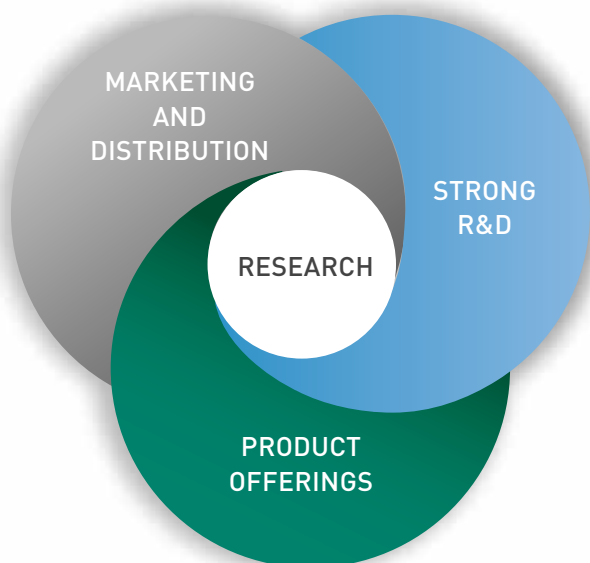
The Company's product basket comprises 45 live and inactivated vaccines in the poultry segment, 2 live and inactivated vaccines in the large animal vaccines segment along with numerous other healthcare products and diagnostic services like seromonitoring for poultry and mastitis prevention programmes for cattle.

The poultry vaccines segment contributed 87 per cent to total revenues, registering a growth of 6.41 per cent over the previous fiscal. Inactivated vaccines for poultry contributed 58.38 per cent of the Company's total revenues while live vaccines and health products contributed 28.62 per cent and 3.43 per cent, respectively. Large animal health product sales stood at ₹72.65 mn, amounting to 7.40 per cent of the total revenues, growing 34.20 per cent.

MARKETING AND DISTRIBUTION

Hester emphasised the promotion of live vaccines for poultry (Newcastle Gumboro, IB and Marek's disease HVT+SB1, Fowl Typhoid). The Company extended into the large animal health segment and undertook strategic marketing activities to boost volumes. Your Company introduced a range of poultry health products during the year.

The efficiency of Hester's distribution network is of critical importance as the vaccines manufactured need to be stored between 4-8°C and in some instances at -196°C (using liquid nitrogen). The Company established depots across India, leveraged a proprietary cold chain network and mobile equipped vans to control logistical aspects. The result: the Company accounted for a 30 per cent share of the poultry vaccines market in the country. Going ahead, the Company plans to create an international marketing and distribution network with a focus on Africa.



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
Ms. Grishma Nanavaty
Mr. Naman Patel
Mr. Amit Shukla

CHIEF FINANCIAL OFFICER

Mr. Jigar Shah

COMPANY SECRETARY

Ms. Amala Parikh

REGISTERED OFFICE & CORPORATE OFFICE

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

MANUFACTURING UNIT

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

AUDITORS

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

BANKERS

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

STOCK EXCHANGES

Bombay Stock Exchange
National Stock Exchange

ISIN: INE782E01017

CIN: L99999GJ1987PLC022333

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

Link Intime India Private Limited
Unit No. 303, 3rd Floor,
Shopper's Plaza-V,
Opp. Municipal Market,
Off. C.G. Road,
Ahmedabad, Gujarat - 380 009

Directors' Report

Your Directors are pleased to present the 29th Annual Report with the Audited Accounts of the Company for the year ended 31 March 2016.

FINANCIAL RESULTS

(₹ in million)

Particulars	Standalone	
	2015-16	2014-15
Total income	1020.86	903.94
Profit before depreciation and tax	305.81	243.05
Less: Depreciation	57.32	54.94
Profit before tax	248.49	188.11
Less: Provision for tax	29.86	40.62
Deferred tax	27.00	4.02
Income tax of earlier year	(0.60)	3.52
Net Profit after tax	192.23	139.95
Balance of profit and loss account	285.99	202.81
Interest Capitalisation	10.50	-
Profit available for appropriation	488.72	342.76
Less: Dividend on equity shares	34.88	26.37
Less: Dividend tax	7.10	5.40
Less: Transfer to General reserve	25.00	25.00
Balance carried to Balance sheet	421.74	285.99
Earnings per share (basic / diluted)	22.60	16.45

FINANCIAL HIGHLIGHTS

Sales

Your Company posted a turnover of ₹ 1008.92 million in the financial year ended on 31 March 2016, as compared to ₹900.37 million in the previous year.

Profitability

Your Company's PBT for the year ended 31 March 2016 was recorded at ₹ 248.49 million, as compared to ₹ 188.11 million in the previous year.

Earnings Per Share

EPS was at ₹ 22.60 as on 31 March 2016 as against ₹ 16.45

as on 31 March 2015.

Transfer to Reserves

₹ 25 million is proposed to be transferred to the General Reserve and retained amount ₹ 421.74 million is proposed to be retained in the surplus.

Net Worth

The Company's net worth as on 31 March 2016 was at ₹ 1003.21 million as compared to ₹ 842.46 million as on 31 March 2015.

Dividend

During the year, your Directors declared and paid interim

dividend of ₹ 3.00 per equity share for the financial year 2015-16. The resolution to pay interim dividend was passed in the meeting held on 10 March 2016. Further, your Directors have recommended a final dividend payment of ₹ 1.10 per equity share for the financial year 2015-16, making a total of ₹ 4.10 per equity share for the financial year as compared to ₹ 3.10 per equity share for the last year. This final dividend is subject to approval by the shareholders at the ensuing AGM.

The total dividend appropriation (excluding dividend tax) for the current year is ₹ 34,878,147 as against ₹ 26,371,080 in the earlier year, resulting in a pay-out of 18.14% 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 12% and an increase in net profit after tax by 37%.

We started off the year with a clear objective to improve our bottom line and add new products.

The business verticals are now defined as:

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

The poultry vaccine division boasts a range of 44 vaccines with 126 stock keeping units, the largest range by any Indian company. The division saw a growth of 3.32%, an increase in sales to ₹ 854.70 million from ₹ 827.20 million in the previous year. The nominal growth in this division came at a time when the industry was going through a recessionary condition. Our focus was to keep the receivables in check as well as towards modifying the product mix to improve profitability.

The poultry health products division, being two years old, has a range of 13 products. The division having just taken off, generated a sales of ₹ 33.70 million as compared to negligible sales of ₹ 7.70 million in the previous year. The recessionary condition in the poultry industry impacted the growth of this division. We hope to substantially increase the sales as well as the range of products in this financial year.

The large animal vaccine division, being its first year, achieved a sales of ₹ 21.30 million. The division has two registered vaccines and is in the process of registering four more

vaccines in this financial year.

The large animal health products division saw a growth of 34.20%, an increase in sales to ₹ 72.60 million from ₹ 54.20 million. The product range of this division includes 31 products. It is our endeavour to grow at 50% in the current financial year.

Overall, poultry divisions jointly grew at 6.41% while the large animal divisions jointly grew at 73.21%.

Exports grew by 73.66%; an increase in sales to ₹ 100.20 million from ₹ 57.70 million in the previous year. The exports comprised mainly of poultry vaccines. We hope to grow this division at 100% on a year on year basis for the next few years.

The Company earned a non-recurring operational income for ₹ 26.56 million.

Our Nepal plant would be commissioned in August 2016.

During the year, CARE gave the following credit ratings:

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

Certifications currently 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 ₹ 1008.92 million and net profit after minority interest is ₹ 188.83 million for the financial year 2015-16 as compared to the Group's consolidated total income from operations of ₹ 900.37 million and net profit after minority interest of ₹ 135.96 million for the previous financial year 2014-15.

Consolidated financial results include the financial results of Hester Biosciences Nepal Private Limited, the Subsidiary of Hester Biosciences Limited and Associate Company Leruarua Vetcare (Proprietary) Limited.

LISTING OF SECURITIES

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

India Limited (NSE). During the year, the Company has allotted and listed its 65 Equity Shares pursuant to Scheme of Arrangement vide order passed by Hon'ble High Court of Gujarat dated 8 December 2015.

The Company has already paid the listing fees to both the Stock Exchanges for the Financial Year 2016-17.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board Meeting

The Board consists of eight members as on 31 March 2016, four of whom are Promoters and Non Independent Directors and, the remaining four are Independent Directors.

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

During the year under review, the Board of Directors of the Company met seven times: 28 May 2015, 22 July 2015, 11 August 2015, 26 October 2015, 25 January 2016, 17 February 2016 and 10 March 2016.

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, Mr. Naman Patel resigned as an alternate Director of the Dr. Siba Samal as on 30 June 2015. Further, Mr. Amit Shukla was appointed as an Alternate Director of the Dr. Siba Samal from 30 June 2015. Further, Dr. Siba

Samal Resigned from Board as an Independent Director with effect from 11 August 2015. The Board places on record their appreciation for the services rendered by them during their tenure with the Company.

During the year, Mr. Naman Patel was appointed as an Independent Director of the Company with effect from 30 June 2015 and Mr. Amit Shukla was appointed as an Independent Director of the Company with effect from 11 August 2015.

The Company has received requisite notice in writing from a member proposing candidature of Mr. Vishwesh Patel, Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla for appointment as an Independent Directors of the Company. The said appointments were approved by the Members at the last Annual General Meeting for further period up to 31 March 2020.

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act 2013, Dr. Bhupendra V. Gandhi, Chairman of the Company, retiring 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. The terms and conditions of the Independent Directors are incorporated on the website of the Company as per Regulation 46 (2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 at: <http://www.hester.in/information-shareholders.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 Familiarization Program for Independent Directors as per Regulation 46 (2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same been placed on the website of the Company at: <http://www.>

hester.in/information-shareholders.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 the competitive market, and to harmonious the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and under the SEBI (LODR) Regulations, 2015 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 independent 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 allowances. The remuneration and sitting fees paid by the Company are within the salary scale approved by the Board and Shareholders`

Board Evaluation

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of all the Independent Directors. Further all the Independent Directors have reviewed the performance of all non-Independent Directors and the Board of Directors as a whole at their meeting held on 25 January 2016. The criteria applied in the evaluation process are explained in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE ("CSR")

The CSR committee comprises three members of which Chairman of the Committee is Promoter Executive Director. The Committee met once during the reporting period. Details of the Committee are given in the Corporate Governance Report.

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 ASSOCIATE COMPANIES

As on 31 March 2016, your Company has one subsidiary Company namely Hester Biosciences Nepal Private Limited.

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

During the year, three wholly owned subsidiary Companies namely Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited were merged with your Company pursuant to Scheme of Arrangement as approved by the Hon'ble High Court of Gujarat as on 8 December 2015.

During the year, Leruarua Vetcare (Proprietary) Limited, incorporated in Botswana became an Associate Company with 49% stake of the Company and Innoves Animal Health Private Limited ceases to be an Associate Company due to transfer of shareholding of the Company.

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

The performances of the Subsidiary Companies are as under:

Hester Biosciences Nepal Private Limited (HBNPL)

HBNPL is a subsidiary of Hester Biosciences Limited. Hester India holds 69.26% stake in HBNPL, hence becoming a subsidiary of Hester Biosciences Limited. HBNPL will be in the business of manufacturing veterinary vaccines in Nepal. The project is expected to start full functioning at the end of the August 2016.

Leruarua Vetcare (Proprietary) Limited

Leruarua Vetcare (Proprietary) Limited, incorporated in Botswana became as an Associate Company with 49% stake of the Company. Leruarua Vetcare (Proprietary) Limited is in the business of trading for the Poultry Vaccines and Large Animal Vaccines & Health Products.

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 2016.

SHARE CAPITAL

The paid up equity share capital as at 31 March 2016 stood at ₹ 85.07 million. During the year under review, the Company has allotted and issued 65 equity shares of ₹ 10 each pursuant to Scheme of Arrangement passed by the Hon'ble High Court of Gujarat vide order dated 8 December 2015. The said shares were listed at NSE Limited and BSE Limited in the month of March 2016.

FINANCE

The working capital requirement and all capital expenditures were funded through internal accruals. There were no enhanced financial limits from the existing bankers during the year.

SCHEME OF ARRANGEMENT

During the year under review, The Hon'ble High Court of Gujarat has sanctioned the Scheme of Arrangement in the nature of merger and demerger of trading undertaking vide order dated 08 December 2015. By the virtue of this arrangement came into the effect, three wholly owned subsidiaries namely Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited were merged with your Company and trading undertaking of Innoves Animal Health Private Limited were de-merged with your Company. Subsequently certified copy of the High Court Order was filed with ROC as on 29 January 2016, which is the effective date of the Scheme of Arrangement.

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 also provide for adequate safeguards against victimisation of the whistle blower who avails of such mechanism and offers 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 Regulations 17 to 27 and 46 of the SEBI (LODR) Regulations, 2015 with the Stock Exchanges, 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 the management for your company for the current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report, as required under Regulations 34 of the SEBI (LODR) Regulations, 2015 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 Statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at 31 March 2016 in Form MGT-9 forms part of this Annual 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 at 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: <http://www.hester.in/corporate-governance.php>. 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 director report as Annexure-5.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

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

INSURANCE

Assets of your Company are adequately insured against various perils.

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 Annual 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 CEO & Managing Director and CFO) in the Company employed throughout the financial year with salary above ₹ 60 Lakh p.a. or employed in part of the financial year with an average salary above ₹ 5 Lakh per month.

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

RISK MANAGEMENT POLICY

The Company is aware of the risks associated with the business. It regularly analysis and takes corrective actions for managing and mitigating the same.

The Company has framed a Risk Management Framework for risk assessment and risk minimisation which is periodically reviewed to ensure smooth operation and effective management control. The Audit Committee also reviews the adequacy of the risk management framework of the Company, the key risks associated with the business and measure steps in place to minimise the same.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 134 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956, to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

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.

The policies to ensure uniform accounting treatment are prescribed to the subsidiary and associated Company of your Company. The accounts of the subsidiary and associate Company are audited and certified by their respective Statutory Auditors for consolidation.

Your Company operates in an ERP system, and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

CHANGE OF REGISTRAR AND SHARE TRANSFER AGENT

Your Company has Sharepro Services (India) Private Limited as its Registrar & Share Transfer Agent since last 5 years. SEBI has passed order against the promoters and some of the staff members of the said Registrars after finding some irregularities in the operation. Considering this, SEBI has given direction to all the Companies who are associated with

Sharepro to switchover to another Registrar.

The Board of Directors have finalised Link Intime (India) Private Limited as a new Registrar & Share Transfer Agent to carry out all the work relating to Shares and securities of the Company.

AUDITORS

Statutory Auditors

Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 100513W/W100062), were appointed as the Statutory Auditors of the Company, to hold the office from the conclusion of the 28th Annual General Meeting to the conclusion of the 29th Annual General Meeting as per the provisions of the Companies Act, 2013 and the rules made thereunder.

Accordingly the Board of Directors, based on recommendation made by the Audit Committee, has recommended the re-appointment of Apaji Amin & Co. LLP, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to hold office from the ensuing Annual General Meeting to the conclusion of the 32nd Annual General Meeting on such remuneration, as may be determined by the Board of Directors, in consultation with the auditors`.

Internal Auditors and their report

Naresh J. Patel & Co., Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY 2015-16. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

The Board has appointed Naresh J. Patel & Co., Chartered Accountants, Ahmedabad for the FY 2016-17 as an Internal Auditor of the Company in the Board meeting held on 7 May 2016, after obtaining its 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 re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the financial year 2015-16, on the remuneration terms as approved by the members at the last Annual General Meeting held on 15 September 2015.

The Cost Audit report for the financial year 2014-15 was filed

within the due date. The due date for submission of the Cost Audit Report for the year 2015-16 is within 180 days from 31 March 2016.

The Board has appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2016-17 as a Cost Auditor of the Company in the Board meeting held on 7 May 2016, after obtaining its willingness and eligibility letter for appointment as Cost Auditor of the Company.

SECRETARIAL AUDITOR AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2015-16. The Secretarial Audit Report for the FY 2015-16 is annexed to this Directors' Report as Annexure-7.

Secretarial Audit Report do not call for further explanations or comments that may be treated as adequate compliance of Section 134 of the Companies Act, 2013.

Accordingly the Board of Directors has appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2016-17 in the Board Meeting held on 7 May 2016.

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 2016, 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 2016 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 2016 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. The Auditors have considered the provisions of Companies Auditor's Report Order (CARO), 2016, while preparing their report.

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: 07 May 2016
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 programs undertaken or proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

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

The main projects or programs proposed to be undertaken by the Company are as provided under the Schedule VII of the Companies Act, 2013. Further, the Company focuses its philanthropy primarily in geographic regions of India,

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

The CSR Committee approved the amount spent by the Company on promotion of education during the FY 2015-16.

The Composition of CSR Committee

We have CSR Committee to oversee the execution of the CSR policy 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	158.20
2.	Prescribed CSR expenditure (2% of the amount as in item 1 above)	3.16
3.	Details of CSR spent during the financial year	
	a) Total amount spent for the financial year	0.97
	b) Amount unspent, if any:	2.19
	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	Empowering Woman in Rural Area	Rural Development Project	A Company has given an amount through an NGO, which is utilised in District. Rangareddy is situated in the state of Telangana.	₹ 0.15 million	Direct Expenses of ₹ 0.15 million	₹ 0.15 million	Through NGO (Pipal Tree Foundation)

(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
2	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.	₹ 0.15 million	Direct Expenses of ₹ 0.15 million	₹ 0.30 million	Through NGO (Akshay Patra Foundation)
3	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.	₹ 0.50 million	Direct Expenses of ₹ 0.50 million	₹ 0.80 million	Through NGO (Samvedana Trust)
4	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.	₹ 0.12 million	Direct Expenses of ₹ 0.12 million	₹ 0.92 million	Through NGO (Tavaasmi Foundation)
5	Education	Promoting education	A Company has given an amount to Student Directly for Participation in Leadership Programme on Global Level to learn issues of climate change, sustainability, and energy use and how they affect people worldwide.	₹ 0.05 million	Direct Expenses of ₹ 0.05 million	₹ 0.97 million	Direct

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 ₹ 970,000 towards a project of promoting education and empowering women through NGOs and directly to beneficiary also. The project undertaken by the Company is an on-going one where the Company will have a continuing engagement over the years to come. Further, the Company assessing and reviewing various requests from different NGOs and 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.

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 the CSR objectives and policy of the Company.

Rajiv Gandhi
CEO & 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" – SUBSIDIARY

(₹ in million)

Name of Subsidiary	Hester Biosciences Nepal Private Limited	
	As on 31 March 2016	As on 31 March 2015
Particulars		
Share capital	112.06	97.69
Reserve and surplus	18.57	23.75
Total assets	345.20	286.39
Total liabilities	345.20	286.39
Investments	-	-
Turnover	-	-
Profit before taxation	(5.18)	(6.14)
Provision for taxation	-	-
Profit after taxation	(5.18)	(6.14)
Proposed dividend	-	-
% of Shareholding	69.26%	79.20%

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

- Names of subsidiaries which are yet to commence operations:
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.
- Names of subsidiaries which have been liquidated or sold during the year:
During the year, three wholly owned subsidiary Companies namely Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited were merged with your Company pursuant to Scheme of Arrangement as approved by the Hon'ble High Court of Gujarat as on 8 December 2015. The Appointed date for Scheme of Arrangement was 01 April 2014.

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	Leruarua Vetcare (Proprietary) Limited
Latest audited Balance Sheet Date	31 March 2016
Shares of associates held by the Company at the year-end	107,000 shares of BWP 1 each
Amount of investment in associates	₹ 682,948 (BWP 107,000)
Extent of holding %	49%
Description of how there is significant influence	As per Section 2 (6), the Company holds more than 20% of paid-up capital of Leruarua Vetcare (Proprietary) Limited
Reason why the associate/joint venture is not consolidated	N.A.
Net worth attributable to shareholding as per latest audited balance sheet	(3,304,889)
Profit/Loss for the year	
(i) Considered in consolidation	(4,371,095)
(ii) Not considered in consolidation	-

Note: As on 31 March 2016 Innoves Animal Health Private Limited has ceased to be as an Associate Company by virtue of transfer of shares of Hester Biosciences Limited.

- Names of associates or joint ventures which are yet to commence operations- N.A.
- Names of associates or joint ventures which have been liquidated or sold during the year-

Innoves Animal Health Private Limited

By order of the Board

Date: 07 May 2016

Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Annexure-3

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON 31 March 2016

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	: Link Intime India Private Limited, Unit No. 303, 3rd Floor, Shopper Plaza – V, Opp. Municipal Market, Behind Shopper Plaza – II, C.G. Road, Ahmedabad, Gujarat – 380 009

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	210.05	87.00 %

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 Nepal Private Limited	80050	Subsidiary Company	69.26	2(87)(ii)
2.	Leruarua Vetcare (Proprietary) Limited	3944	Associate Company	49.00	2 (6)

IV. SHAREHOLDING PATTERN:

i. Category – wise shareholding:

Category of shareholders as per Clause 31 (b)	Shareholding at the beginning of the year (01 April 2015)				Shareholding at the end of the year (31 March 2016)				% Change during year
	Dematerial- ised	Physical	Total	% of total shares	Dematerial- ised	Physical	Total	% of total shares	
Shareholding of Promoter and Promoter Group									
Indian									
Individuals/ Hindu undivided family	3,411,079	0	3,411,079	40.10	3,432,579	0	3,432,579	40.35	0.25
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
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)	3,773,917	0	3,773,917	44.37	3,795,417	0	3,795,417	44.62	0.25
Foreign									
Individuals (Non-Residents Individuals/Foreign Individuals)	803,955	0	803,955	9.45	803,955	0	803,955	9.45	0
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)	4,577,872	0	4,577,872	53.82	4,599,372	0	4,599,372	54.07	0.25
Public Shareholding									
Institutions									
Mutual Funds/ UTI	126,529	11,500	138,029	1.62	110,029	11,500	121,529	1.43	(0.19)
Financial Institutions / Banks	0	0	0	0	2,487	0	2,487	0.03	0.03
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
Foreign Institutional Investors	15,127	0	15,127	0.18	43,404	0	43,404	0.51	0.33
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)	141,656	11,500	153,156	1.80	155,920	11,500	167,420	1.97	0.17
Non - Institutions									
Bodies Corporate	476,778	5,401	482,179	5.67	422,489	5,401	427,890	5.03	(0.64)
Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 Lakh	1,300,583	261,400	1,561,983	18.36	1,561,378	244,324	1,805,702	21.23	2.87
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	1,053,100	0	1,053,100	12.38	1,032,617	0	1,032,617	12.14	(0.24)
Others									
i) Employees	0	0	0	0	0	0	0	0	
ii) Non-resident repatriates	352,278	200,550	552,828	6.50	169,499	200,550	370,049	4.35	(2.15)
iii) Non-resident Non repatriates	112,252	0	112,252	1.32	87,556	36	87,592	1.03	(0.29)

Category of shareholders as per Clause 31 (b)	Shareholding at the beginning of the year (01 April 2015)				Shareholding at the end of the year (31 March 2016)				% Change during year
	Dematerialised	Physical	Total	% of total shares	Dematerialised	Physical	Total	% of total shares	
iv)Non domestic Companies	0	0	0	0	0	0	0	0	0
v)Trusts	0	0	0	0	0	0	0	0	0
vi)Others	5,930	0	5,930	0.07	8,723	0	8,723	0.10	0.03
vii)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
SUB TOTAL (B)(2)	3,308,421	467,351	3,775,772	44.39	3,289,762	450,311	3,740,073	43.97	(0.42)
TOTAL Public Shareholding(B) = (1) + (2)	3,450,077	478,851	3,928,928	46.18	3,445,682	461,811	3,907,493	45.93	(0.25)
TOTAL (A)+(B)	8,027,949	478,851	8,506,800	100.00	8,045,054	461,811	8,506,865	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)	8,027,949	478,851	8,506,800	100.00	8,045,054	461,811	8,506,865	100.00	0

ii. Shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01 April 2015)			Shareholding at the end of the year (as on 31 March 2016)			% Change during year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total Shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total Shares	
1	Mr. RAJIV GANDHI	837,897	9.85	0	859,397	10.10	0	0.25
2	Dr. BHUPENDRA V. GANDHI	710,677	8.35	0	710,677	8.35	0	0
3	Ms. NINA GANDHI	696,340	8.19	0	696,340	8.19	0	0
4	Mr. SANJIV GANDHI	692,820	8.14	0	692,820	8.14	0	0
5	Mr. RAVIN GANDHI	403,320	4.74	0	403,320	4.74	0	0
6	Ms. BELA GANDHI	400,635	4.71	0	400,635	4.71	0	0
7	BIOLINK HEALTHCARE LIMITED	248,838	2.92	0	248,838	2.92	0	0
8	Ms. MADHURI KAPADIA	236,100	2.78	0	236,100	2.78	0	0
9	Ms. SHAILA GANDHI	189,555	2.23	0	189,555	2.23	0	0
10	HESTER COATING PRIVATE LIMITED	90,000	1.06	0	90,000	1.06	0	0
11	HESTER DIAGNOSTICS PRIVATE LIMITED	24,000	0.28	0	24,000	0.28	0	0
12	Ms. HETAL GANDHI	19,590	0.23	0	19,590	0.23	0	0
13	Mr. ANUP KAPADIA	27,000	0.32	0	27,000	0.32	0	0
14	Mr. YASH GANDHI	1,100	0.01	0	1,100	0.01	0	0

iii. Change in promoters' shareholding

Sr. No.	Name	Shareholding at the beginning of the year (01 April 2015)		Date wise increase / decrease in shareholding			Cumulative shareholding during the year		Shareholding at the ending of the year (31 March 2016)	
		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	837,897	9.85	15 May 2015	5,000	Purchase	842,897	9.91		
				19 May 2015	6,500	Purchase	849,397	9.98		
				01 June 2015	10,000	Purchase	859,397	10.10	859,397	10.10
2	Dr. BHUPENDRA V. GANDHI	710,677	8.35	Nil movement during the year			710,677	8.35	710,677	8.35
3	Ms. NINA GANDHI	696,340	8.19	Nil movement during the year			696,340	8.19	696,340	8.19
4	Mr. SANJIV GANDHI	692,820	8.14	Nil movement during the year			692,820	8.14	692,820	8.14
5	Mr. RAVIN GANDHI	403,320	4.74	Nil movement during the year			403,320	4.74	403,320	4.74
6	Ms. BELA GANDHI	400,635	4.71	Nil movement during the year			400,635	4.71	400,635	4.71
7	BIOLINK HEALTHCARE LIMITED	248,838	2.92	Nil movement during the year			248,838	2.92	248,838	2.92
8	Ms. MADHURI KAPADIA	236,100	2.78	Nil movement during the year			236,100	2.78	236,100	2.78
9	Ms. SHAILA GANDHI	189,555	2.23	Nil movement during the year			189,555	2.23	189,555	2.23
10	HESTER COATING PRIVATE LIMITED	90,000	1.06	Nil movement during the year			90,000	1.06	90,000	1.06
11	Mr. ANUP KAPADIA	27,000	0.32	Nil movement during the year			27,000	0.32	27,000	0.32
12	HESTER DIAGNOSTICS PRIVATE LIMITED	24,000	0.28	Nil movement during the year			24,000	0.28	24,000	0.28
13	Ms. HETAL GANDHI	19,590	0.23	Nil movement during the year			19,590	0.23	19,590	0.23
14	Mr. YASH GANDHI	1,100	0.01	Nil movement during the year			1,100	0.01	1,100	0.01

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

Sr. No.	Name	Shareholding at the beginning of the year (01 April 2015)		Date wise increase / decrease in shareholding			Cumulative shareholding during the year		Shareholding at the end of the year (31 March 2016)	
		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	160,983	1.89	-	-	N.A.	160,983	1.89	160,983	1.89
2	Ms. DARSHNA D KAPADIA	138,300	1.63	-	-	N.A.	138,300	1.63	138,300	1.63
3	Mr. VIVEK BHIMSARIA #	137,900	1.62	10 April 2015	(12,900)	Sale	125,000	1.47		
				15 May 2015	(1,078)	Sale	123,922	1.46		
				22 May 2015	(1,741)	Sale	122,181	1.44		
				29 May 2015	(2,181)	Sale	120,000	1.41		
				12 June 2015	(2,906)	Sale	117,094	1.38		
				19 June 2015	(1,594)	Sale	115,500	1.36		
				08 January 2016	(1,977)	Sale	113,523	1.33		
				15 January 2016	(21,830)	Sale	91,693	1.08		
				22 January 2016	(10,071)	Sale	81,622	0.96		
				29 January 2016	(23,823)	Sale	57,799	0.68		
				05 February 2016	(13,030)	Sale	44,769	0.53		
				12 February 2016	(19,769)	Sale	25,000	0.29		
				04 March 2016	(4,799)	Sale	20,201	0.24		
				11 March 2016	(3,101)	Sale	17,100	0.20	17,100	0.20
4	LADDERUP FINANCE LIMITED	113,500	1.33	10 July 2015	(3,500)	Sale	110,000	1.29		

Sr. No.	Name	Shareholding at the beginning of the year (01 April 2015)		Date wise increase / decrease in shareholding			Cumulative shareholding during the year		Shareholding at the end of the year (31 March 2016)	
		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
				17 July 2015	(3,603)	Sale	106,397	1.25		
				24 July 2015	(1,000)	Sale	105,397	1.24		
				31 July 2015	(669)	Sale	104,728	1.23		
				07 August 2015	(1,670)	Sale	103,058	1.21		
				14 August 2015	(2,350)	Sale	100,708	1.18		
				21 August 2015	(708)	Sale	100,000	1.18	100,000	1.18
5	Mr. VINAY N SHAH	108,900	1.28	-	-	N.A.	108,900	1.28	108,900	1.28
6	SBI EQUITY OPPORTUNITIES FUND SERIES II	94,029	1.11	-	-	N.A.	94,029	1.11	94,029	1.11
7	Mr. MAHAVEER PRASAD JAIN	90,326	1.06	10 April 2015	(9,500)	Sale	80,826	0.95		
				17 April 2015	(3,000)	Sale	77,826	0.91	77,826	0.91
8	OAKLANE CAPITAL MANAGEMENT LLP#	85,481	1.00	19 February 2016	(25,000)	Sale	60,481	0.71		
				26 February 2016	(20,390)	Sale	40,091	0.47		
				04 March 2016	(11,600)	Sale	28,491	0.33	28,491	0.33
9	Mr. MANISH JAIN	77,170	0.91	17 April 2015	(3,000)	Sale	74,170	0.87		
				18 September 2015	(3,628)	Sale	70,542	0.83		
				25 September 2015	(2,085)	Sale	68,457	0.80		
				09 October 2015	(1,572)	Sale	66,885	0.79	66,885	0.79
10	Mr. MANISH JAIN	71,005	0.83	-	-	N.A.	71,005	0.83	71,005	0.83
11	Mr. KUNTAL HASMUKHLAL SHAH*	0	0.00	17 April 2015	5,000	Purchase	5,000	0.06		
				17 July 2015	14,002	Purchase	19,002	0.22		
				07 August 2015	12,000	Purchase	31,002	0.36		
				28 August 2015	960	Purchase	31,962	0.38		
				04 September 2015	24,864	Purchase	56,826	0.67		
				30 October 2015	364	Purchase	57,190	0.67		
				13 November 2015	9,975	Purchase	67,165	0.79		
				20 November 2015	317	Purchase	67,482	0.79		
				22 January 2016	50	Purchase	67,532	0.79		
				19 February 2016	16,000	Purchase	83,532	0.98	83,532	0.98
12	Ms. ANUPRIYA JAIN*	66,921	0.79	-	-	N.A.	66,921	0.79	66,921	0.79

* Not in list of top 10 shareholders as on 01 April 2015. The same has been reflected above since the shareholders were one of the top 10 shareholders as on 31 March 2016.

Ceased to be in the list of top 10 shareholders as on 31 March 2016. The same is reflected since the shareholders was one of the top 10 shareholders as on 01 April 2015

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding at the beginning of the year (01 April 2015)		Date wise increase / decrease in shareholding			Cumulative shareholding during the year		Shareholding at the end of the year, on (31 March 2016)	
		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	837,897	9.85	15 May 2015	5,000	Purchase	842,897	9.91	859,397	10.10
				19 May 2015	6,500	Purchase	849,397	9.98		
				01 June 2015	10,000	Purchase	859,397	10.10		
2	Mr. SANJIV GANDHI	692,820	8.14		0	N.A.	692,820	8.14	692,820	8.14
3	Mr. RAVIN GANDHI	403,320	4.74		0	N.A.	403,320	4.74	403,320	4.74
4	Dr. BHUPENDRA V. GANDHI	710,677	8.35		0	N.A.	710,677	8.35	710,677	8.35
5	Mr. VISHWESH PATEL	54,150	0.64		0	N.A.	54,150	0.64	54,150	0.64
6	Mr. AMIT SHUKLA	5,250	0.06		0	N.A.	5,250	0.06	5,250	0.06
7	Mr. NAMAN PATEL	1,500	0.02		0	N.A.	1,500	0.02	1,500	0.02
8	Mr. JIGAR SHAH	1,052	0.01		0	N.A.	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	378.18	-	-	378.18
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	1.21	-	-	-
Total (i+ii+iii)	379.39	-	-	379.39
Change on indebtedness during the financial year				
i. Addition	34.23	-	-	34.23
ii. Reduction	(27.70)	-	-	(27.70)
Net Change	6.53	-	-	6.53
Indebtedness at the end of the financial year				
i. Principal Amount	384.71	-	-	384.71
ii. Interest due but not paid	1.86	-	-	1.86
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	386.57	-	-	386.57

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i. Remuneration to Managing Director, wholetime 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	676,592	676,592
	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 0.99% of Profit	1,914,131	1,914,131
	b) Others, Specify...	-	-
	Total (A)	8,890,723	8,890,723
	Ceiling as per the Act	The Company has paid remuneration as per Schedule V of the Companies Act, 2013 (maximum ₹ 9.61 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. Vishwesh Patel	Ms. Grishma Nanavaty	Mr. Naman Patel	Mr. Amit Shukla	
	a) Fee for attending Board/ Committee Meeting	115,000	135,000	135,000	60,000	445,000
	b) Commission	-	-	-	-	-
	c) Other, Specify	-	-	-	-	-
	Total (1)	115,000	135,000	135,000	60,000	445,000
2	Other Non-Executive Directors	Dr. Bhupendra V. Gandhi	Mr. Sanjiv Gandhi	Ms. Priya Gandhi		
	d) Fee for attending Board/ Committee Meeting	20,000	40,000	20,000	-	80,000
	e) Commission	-	-	-	-	-
	f) Other, Specify.....	-	-	-	-	-
	Total (2)	20,000	40,000	20,000	-	80,000
	Total (B) = (1+2)*	135,000	175,000	155,000	60,000	525,000
	Total Managerial Remuneration	-	-	-	-	8,890,723#
	Overall Ceiling as per the Act	-	-	-	-	9,611,476#

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

Excludes the sitting fees

ii. 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			
	a) Salary as per provisions contained in Section 27 (1) of the Income Tax Act, 1961	180,000	5,168,696	5,348,696
	b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961	-	21,000	21,000
	c) 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	-	-	-
	Others, Specify: N.A.	-	-	-
	Total	180,000	5,189,696	5,369,696

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 or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended on 31 March 2016, which were not at arm's length basis.

B. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Particulars	Details	Details
1.	Name(s) of the related party and nature of relationship	BIOLINK HEALTHCARE LIMITED (Group Company)	LERUARUA VETCARE (PROPRIETARY) LIMITED (Associate Company)
2.	Nature of contracts / arrangements / transactions	Rent payment for CEO & Managing Directors' residence	Sale of poultry vaccines and large animal vaccines & health products
3.	Duration of the contracts / arrangements / transactions	01 April 2015 to 31 March 2016	01 June 2015 to 31 March 2016
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	Rent Payment on behalf of the CEO & Managing Director as per the terms and conditions of agreement executed with the Company to the extent of ₹ 50,000 per month	Sale of poultry vaccines and large animal vaccines & health products at mutually decided price up to the ₹ 20 million
5.	Date(s) of approval by the Board/ Committee*	01 April 2015	28 May 2015
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.

By order of the Board

Date: 07 May 2016

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 stream 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) Saving 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

- 6) Solar power project commissioned of 100 KWP capacities on R & D Laboratory.

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: ₹ 6,086,023

B. Technology absorption

i. The effort made towards technology absorption;

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

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

Process improvement is an on-going activity in the Company. It has been well reflected in the financials by

way of improved operating margins. The endeavour is to keep the efforts on to further reduce the operating margins.

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

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

iv. The expenditure incurred on Research and Development

(₹ in million)		
Particulars	FY 2015-16	FY 2014-15
Capital	9.90	12.36
Recurring	41.13	32.04
Total	51.03	44.40
Total R&D expenditure as a percentage of turnover	5.06%	4.93%

presence in export market. The total foreign exchange earnings and expenditure are given below:

a. Expenditure in Foreign Currency (on accrual basis):

(₹ in million)		
Particulars	FY 2015-16	FY 2014-15
Purchase of Materials/Trading goods/ Packing	23.81	8.50
Travelling	6.72	6.96
Capital Expenditure	1.58	8.05
Membership / Registration Fees	0.19	2.28
Consultancy & Professional Fees	1.21	1.62
Books & Periodicals	0.20	-
Others	0.48	1.19

b. Earnings in Foreign Currency (on accrual basis):

(₹ in million)		
Particulars	FY 2015-16	FY 2014-15
F.O.B. value of exports	92.71	50.89
Other Operating Income	27.16	-

C. Foreign Exchange Earnings and Expenditure:

The Company is continuously focusing on supplying its products to various countries and working to gain a larger

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	40.72 : 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	21.61
2.	Mr. Jigar Shah	Chief Financial Officer	13.52
3.	Ms. Amala Parikh	Company Secretary	87.50

c) The percentage increase in the median remuneration of employees in the Financial year: 15.63 %

d) The number of permanent employees on the rolls of the Company: 332 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 2015-16 stood at 15.63%. The overall profitability of the Company in the FY 2015-16 increased by 37.36% 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	8.89	21.61	192.23	37.36
Mr. Jigar Shah	Chief Financial Officer	5.19	13.52	192.23	37.36
Ms. Amala Parikh	Company Secretary	0.18	87.50	192.23	37.36

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

Sr. No.	Particulars	As on 31 March 2016	As on 31 March 2015	Variation
1.	Market Capitalisation#	₹ 4248.33 million	₹ 3982.88 million	Increase by ₹ 265.45 million
2.	P/E ratio	22.10	27.44	Decrease by 5.34
3.	Market price of equity shares at;			Increase by
	i. BSE	₹ 499.40	₹ 468.20	6.66%
	ii. NSE	₹ 502.50	₹ 470.30	6.85%
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.	499.40:70 Representing an increase of 713.43%	468.20:70 Representing an increase of 668.86%	Increase by 44.57%

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	16.22%
2.	Managerial Personnel	25.41%

The average increase in the remuneration of all employees was 16.22% in FY 2015-16 while the average increase in the remuneration of managerial personnel was 25.41%.

The average increase in the remuneration of managerial personnel was determined on the basis of performance of the Company. Mr. Rajiv Gandhi has contributed considerably to the success of the Company since its incorporation. Moreover, he has 26 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	76,592
	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 0.99% of Profit	1,914,131
	b) Others, Specify	-
5.	Others, Specify - H.R.A.	600,000
	Total	8,890,723

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 Lakh p.a. or employed in part of the financial year with an average salary above ₹ 5 Lakh per month.

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

Annexure-7

SECRETARIAL AUDIT REPORT

For the financial year ended 31 March 2016

[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 Hirabhai Road,
Ahmedabad – 380 006

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016 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 2016 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, as amended from time to time;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015, as amended from time to time;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (vi) Secretarial Standards issued by the Institute of Company Secretaries of India (applicable with effect from 01 July 2015)

I have also examined compliance with the applicable clauses and Regulations of the Listing Agreements and Listing Regulations 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, for which

examination of the relevant documents and records, on test check basis, has been carried out under:

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. However, 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, etc. were not applicable to the Company:

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

I further report that –

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

I further report that –

Based on the information provided by the Company, its

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

I further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with 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 seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

- (i) The Hon'ble High of Gujarat has approved the Composite Scheme of Arrangement in the nature of merger of Diavetra Lifesciences Private Limited, Gujarat Agrofarm Limited and Hester Biosciences (Mauritius) Limited with the Company and de-merger and transfer of Trading undertaking of Innoves Animal Health Private Limited with the Company through their order dated 08 December 2015.
- (ii) The Company has allotted 65 shares to the members of Innoves Animal health Private Limited pursuant to the scheme. Subsequently the said shares were listed and traded at BSE and NSE.
- (iii) The Company has formed Leruaura Vetcare (Proprietary) Limited at Bostwana as an Associate Company.

Place: Ahmedabad
Date: 07 May 2016

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

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

Annexure-A

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

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

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

Place: Ahmedabad
Date: 07 May 2016

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

Management Discussion and Analysis

GLOBAL ECONOMY REVIEW

The global economy experienced a slowdown from 2015, with growth standing at 2.4 per cent as compared to 2.6 per cent in 2014. Most of the developing economies experienced a slowdown due to spiralling commodity prices, falling oil prices, China's slowing growth and poor global trade. Russia and Brazil faced various challenges, hindering growth. Latin America also faced one of the worst economic crises in years, as commodity exporters in the region faced a decline in demand. Recovery in major economies gained impetus owing to stronger domestic demand, increase in credit growth and stronger labour markets. The United States remained stable through the upheaval, backed by internal demand, and investments in the private sector (besides the oil sector). The Euro area had an increase in growth due to higher domestic demand and an increase in exports as the Euro depreciated. Lower oil prices and favourable financing supported consumer spending and investment. Overall, the global economy is expected to make a modest recovery of 2.9 per cent in 2016 and 3.1 per cent in 2017-18. *(Source: IMF, World Bank)*

INDIAN ECONOMIC OVERVIEW

The Indian economy grew by 7.6 per cent in 2015-16, strengthened by robust performances of its manufacturing sector which grew by 9.5 per cent and industry growing at 7.3 per cent. Monsoons were poor; the agriculture sector grew by 1.1 per cent mainly due to a strong growth in livestock. Private consumption is estimated to have grown by 7.6 per cent helped by increased urban consumption. The government boosted capital expenditure and cut current expenditure to help investment growth improve to 5.3 per cent in 2015 from 4.9 per cent in 2014. Inflation remained largely at an average of 5 per cent, with food inflation being kept in check despite two consecutive weak monsoons. The government also achieved its target of reducing the budget deficit to the equivalent of 3.9 per cent of GDP from 4.1 per cent in 2014. *(Source: ADB, IMF)*

OUTLOOK

The Economic Survey predicts India's growth to be 7-7.5 per cent in 2016-17 though the economy has the potential of growing 8-8.5 per cent, should the forecasts for the normal monsoons come true. The government's strengthening of the public sector banks' capital and operations, private investment undergoing a corporate deleveraging and the

financing of stalled projects will assist the economy to lead a path of sustained growth. Analysts predict the potential can be raised for the country's economy if the tax regime can be unified, and the market can be further opened up for foreign investment and trade. *(Source: ADB, Livemint)*

GLOBAL VETERINARY MARKET

The global animal healthcare market was valued at USD 32,081.5 mn in 2014 and is expected to rise to USD 43,032.1 mn by 2020 at a CAGR of 5.1 per cent during the forecast period. Increasing adoption of pets in emerging economies such as India and China are driving pet vaccinations in emerging economies and increasing the global demand for meat, milk and eggs, steadily pushing feed additives, pharmaceuticals and vaccine sales around the world. Production animals and livestock accounts for 65.1 per cent of the market share for veterinary healthcare; companion animals accounted for 34.9 per cent.

Industry growth is being driven by technological advances in the development of new active ingredients or bionics, increasing zoonotic diseases and the growing instances of factory farming. Demand is expected to increase in the emerging markets of India, Indonesia, Thailand, Vietnam, Brazil Argentina, Chile, Israel, CIS countries Ukraine, Russia, South Africa and China. *(Sources: Globe Newswire, Future Market Insights)*

5.1%

Expected five-year CAGR of the global animal healthcare market – from USD 32,081.5 mn in 2014 to USD 43,032.1 mn by 2020.

15.2%

Expected five-year CAGR of the Indian veterinary healthcare market – from USD 1,040 mn in 2014 to USD 2,440 mn by 2020.

INDIAN VETERINARY MARKET

The Indian veterinary healthcare market was estimated at USD 1040 mn in 2014 and expected to reach USD 2440 mn by 2020, reporting a CAGR of 15.2 per cent. The population boom as well as influence of western lifestyles are driving pet adoption, as well as increasing the demand for livestock as more people consume meat and dairy products. Besides, drug approval for animals is not as stringent in India. The market is being increasingly driven forward, by population growth and focus is applied on animal health and food safety as the occurrence of zoonotic diseases escalate. Farm animal products are also expected to rise sharply.

SECTORAL OPTIMISM

India has the largest cattle population in the world. It accounts for 31.05 per cent of the world cattle population with an estimated 301,600,000 units of in May 2016. This presents a massive opportunity for the animal healthcare market.

India is the second largest egg producer in the world after China, producing approximately 78.48 bn tonnes in 2015. The country ranks fourth in broiler production with an annual output of 3.8 mn tonnes of broiler meat. The scope of this sector is reflected in the fact that the annual per capita consumption of poultry in India (in 2015) was merely 3.1 kg compared with 17 kg in developed countries.

India's chicken consumption is growing by 12 per cent in 2015, with the total chicken fast food market being valued at USD 306.9 mn. The 'eating out' market and the increasing acceptance of western foods such as burgers, chicken wings, nuggets and variety meat pizzas are driving this trend.

CORPORATE OPTIMISM

India's broiler production is expected to increase by 8 per cent and rise to 4.2 mn tonnes in the calendar year 2016. Hester is the second largest producer of poultry vaccines in India with a market share of 28-30 per cent. Nearly 87 per cent of the Company's revenues are derived from the poultry vaccines segment. This segment grew at a CAGR of 20 per cent over FY 2011 to FY 2015 and the Company expects the segment to grow at a CAGR of 16 per cent over FY 2015-18.

Hester acquired Innoves Animal Health Private Limited in October 2012 through a business transfer agreement. Through the BTA, Hester acquired the products, brands, marketing network and employees of Innoves. This acquisition helped Hester leverage Innoves' marketing infrastructure to launch its proprietary product range.

Hester accelerated product launch. The Company's revenues from vaccines for Goat Pox and PPR are expected to grow attractively as the Indian government embarked on a disease eradication programme for PPR and awareness enhancing campaigns for Brucella and Goat Pox vaccines. The Company holds two registered products in the Goat Pox and PPR vaccines segment with a few more ready for registration.

The Company anticipates growth in the large animal vaccines segment in India, Africa and South East Asia, addressing this with the production of large animal vaccines in 2015-16. It also established a manufacturing plant in Nepal to address a growing exports market. The Company generated ₹21.29 mn in revenues from the large animal vaccines vertical in FY 2016, and expects this segment to grow at a CAGR of 50 per cent over FY 2017-18.

GOAT POX VACCINE

Goat Pox is a contagious viral disease caused by a pox virus that affects goats. It is an acute systemic process characterised by fever and generalised lesions in the skin and mucous membranes of the mouth, conjunctiva and nasal cavities as well as lesions in internal organs.

The total global population of goats that need to be inoculated is 970 mn, with 50 per cent from Asia. In India, the goat population is estimated at 157 mn. The global goat pox vaccine market is estimated at USD 80 mn; the Indian market is estimated at USD 11 mn. Hester emerged as the first Company in India to manufacture Goat Pox vaccine in March 2015, enjoying a first mover's advantage.

PPR VACCINE

PPR disease infects sheep and goats. While the PPR vaccine in India is statutorily required to be of Sungri strain, internationally the Nigerian 75/1 strain is used. The estimated global sheep and goat population for PPR vaccine is 1.70 bn; the Indian population is estimated at 200 mn. The OIE and FAO embarked on a global PPR disease eradication programme; FAO allocated USD 7.23 bn for PPR eradication over a 15-year period. Hester's Nepal plant will manufacture and export PPR vaccines. The plant is expected to commence commercial production by the second quarter of 2016-17 complemented by cold storage and distribution networks across Africa.

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 and Regulation 17 to 27 and 46 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 with the Stock Exchanges.

Corporate Governance is corporate discipline, extended transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance 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, Listing Agreements and SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, 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 One Alternate Director) with a mix of Executive / Non-Executive and Promoter / Independent Directors of the total Board members, the Chairman is a Non-Executive Promoter Director, the Managing Director is an Executive Promoter Director, two of them are Non-Executive Promoter Directors and the remaining four are Non-Executive Independent Directors. The composition of the Board complies with the requirements of the Corporate Governance Regulations with 50% of the Directors being Non-Executive Independent Directors.

Information on the Board of Directors

During the year, Mr. Amit Shukla was appointed as an Alternate Director for Dr. Siba Samal in place of Mr. Naman Patel with effect from 30 June 2015. Subsequently, Dr. Siba Samal has resigned as an Independent Director of the Company with effect from 11 August 2015.

Mr. Naman Patel was appointed as an Independent Director of the Company with effect from 30 June 2015 and Mr. Amit Shukla was appointed as an Independent Director of the Company with effect from 11 August 2015 and subsequently regularised by the members at the 28th Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013 and rules made thereunder, all the Independent Directors of the Company namely, Mr. Vishwesh Patel, Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla were appointed as Independent Directors to hold office for a period up to 31 March 2020.

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 one hundred and twenty days. The agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information as required under Regulation 17 of SEBI (LODR) Regulations, 2015. The Board meetings are generally held at the registered office of the Company.

During the year under review, Board of Directors of Company met seven times, viz 28 May 2015, 22 July 2015, 11 August 2015, 26 October 2015, 25 January 2016, 17 February 2016

and 10 March 2016 and the 28th Annual General Meeting was held on Tuesday, 15 September 2015.

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 Committee make decisions 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 25 January 2016 to review the performance of Non-Independent Directors and the Board as a whole. The terms and conditions of Independent Directors are available on the website of the Company: <http://www.hester.in/information-shareholders.php>.

The Company has devised the policy on its familiarization programme for Independent Directors and on regular basis the Company imparted training to Independent Directors. The details of the same are available on the website of the Company: <http://www.hester.in/information-shareholders.php>.

The table below provides the composition of the Board, their attendance at board meetings & Annual General Meeting 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 74 Years	Non - Executive Non Independent Director	03 December 1992	2	0	2	Yes	710,677 8.35%
Mr. Rajiv Gandhi CEO & Managing Director 54 Years	Executive Non Independent Director	29 April 1987	6	0	7	Yes	859,397 10.10%
Mr. Sanjiv Gandhi Director 51 Years	Non - Executive Non Independent Director	29 April 1987	4	0	4	Yes	692,820 8.14%

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. Ravin Gandhi Director 43 Years	Non - Executive Non Independent Director	22 April 1999	1	0	--	No	403,320 4.74%
Mr. Vishwesh Patel Director 39 Years	Non - Executive Independent Director	28 October 2010	10	2	5	Yes	54,150 0.64%
Dr. Siba Samal @ Director 61 Years	Non - Executive Independent Director	28 October 2013	1	2	–	N.A	–
Ms. Grishma Nanavaty Director 39 Years	Non - Executive Independent Director	24 July 2014	1	2	6	No	–
Mr. Naman Patel # Director 28 Years	Non - Executive Independent Director	30 June 2015	6	3	6	Yes	1,500 0.02%
Mr. Amit Shukla## Director 50 Years	Non - Executive Independent Director	11 August 2015	2	2	4	Yes	5,250 0.06%
Ms. Priya Gandhi ** Director 23 Years	Alternate Director	18 October 2014	1	0	2	Yes	–

@ Resigned with effect from 11 August 2015

Appointed with effect from 30 June 2015

Appointed with effect from 11 August 2015

** Alternate Director for Mr. Ravin Gandhi

Notes:

1. This number excludes the Directorships / Committee Memberships held in private companies. Committee includes Audit Committee and Stakeholders' Grievance Committee as per Regulations 18 and 20 of SEBI (LODR) Regulations, 2015.
2. As required by the Companies Act, 2013, none of the Directors hold Directorship in more than 20 public companies, membership of board committees (audit / remuneration / stakeholders 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 ten 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 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 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 Regulation 36 (3) of SEBI (LODR) Regulations, 2015 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 Part-D under Schedule V of SEBI (LODR) Regulations, 2015; 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 2016. 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 & Managing Director 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. Vishwesh Patel as the Chairman of the Committee and Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla as the Members. The Committee was reconstituted by inducting Mr. Naman Patel as a member of the Committee with effect from 30 June 2015. Further, the Committee was reconstituted as on 11 August 2015 in which, Mr. Amit Shukla was appointed as member in place of Dr. Siba Samal, who has resigned from the Board. All members of the committee are Non-Executive Independent Directors.

The above composition meets all the requirements of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

Meeting

During the year under review, five meetings were held on 01 April 2015, 28 May 2015, 22 July 2015, 26 October 2015 and 25 January 2016.

The Audit Committee, at its meeting held on 01 April 2015, granted omnibus limit for related party transactions for the Financial Year 2015-16. The Audit Committee at its Meeting held on 28 May 2015, reviewed the audited financial results for the year and quarter, ended on 31 March 2015 and recommended the accounts for approvals by the Board of Directors. The Audit Committee, at its meetings held on 22 July 2015, 26 October 2015 and 25 January 2016, reviewed the unaudited financial results for the quarters ended on 30 June 2015, 30 September 2015 and 31 December 2015.

The Statutory 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 15 September 2015.

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

Name	Designation	Attendance
Mr. Vishwesh Patel	Chairman	2 Times
Ms. Grishma Nanavaty	Member	4 Times
Dr. Siba Samal @	Member	Nil
Mr. Naman Patel #	Member	4 Times
Mr. Amit Shukla##	Member	1 Time

@ Resigned with effect from 11 August 2015

Appointed with effect from 30 June 2015

##Appointed with effect from 11 August 2015

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 auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters requiring inclusion in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors about any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;

19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Management discussion and analysis of financial condition and results of operations;
22. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
23. Management letters / letters of internal control weaknesses issued by the statutory auditors;
24. Internal audit reports relating to internal control weaknesses; and
25. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
26. Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilised for purposes other

than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

STAKEHOLDERS' GRIEVANCE & RELATIONSHIP COMMITTEE

The Stakeholder's 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 / dematerialisation 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 Nanvaty as the Chairperson of the Committee and Mr. Vishwesh Patel, Mr. Naman Patel and Mr. Amit Shukla as the Members. All members are Non-Executive Independent Directors.

During the year, the Committee was reconstituted by inducting Mr. Naman Patel as a member of the Committee with effect from 22 July 2015. Further, the Committee was reconstituted by inducting Mr. Amit Shukla in place of Dr. Siba Samal as a member of the Committee with effect from 11 August 2015

Meeting and attendance

During the year, four meetings were held on 28 May 2015, 22 July 2015, 26 October 2015 and 25 January 2016.

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

Sr. No.	Name	Designation	Attendance
1.	Ms. Grishma Nanvaty	Chairperson	4 Times
2.	Mr. Vishwesh Patel	Member	2 Times
3.	Dr. Siba Samal @	Member	Nil
4.	Mr. Naman Patel #	Member	4 Times
5.	Mr. Amit Shukla ##	Member	1 Time

@ Resigned with effect from 11 August 2015

Appointed with effect from 30 June 2015

Resigned with effect from 11 August 2015

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 2016.

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 2015	Received	Resolved	Pending as on 31 March 2016
1.	Non-receipt of dividend warrant	-	3	3	-
2.	Non-receipt of Annual Reports / Sticker	-	-	-	-
3.	Non-receipt of shares after transfer / bonus / rights / shares	-	-	-	-
4.	Letters received from SEBI / ROC / Stock Exchanges	-	-	-	-
5.	Others – Complaint Received on SEBI Scores	-	1	1	-
	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 shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

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 21 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 Ms. Grishma Nanavaty, Mr. Naman Patel and Mr. Amit Shukla as the members. The Committee was reconstituted by inducting Mr. Naman Patel as a member of the Committee with effect from 30 June 2015. Further, the Committee was

reconstituted on 11 August 2015 in which Mr. Amit Shukla was appointed as member in place of Dr. Siba Samal, who resigned from the Board. All members of the committee are Non-Executive Independent Directors.

Meeting and Attendance

During the year, two meetings were held on 28 May 2015 and 11 August 2015. Further, the Committee has also passed certain resolutions through a circular dated 30 June 2015. The meetings were held for the purpose of recommending various policies and take note of Resignation of Dr. Siba Samal and take note of Appointment of Mr. Naman Patel and Mr. Amit Shukla.

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

Sr. No.	Name	Designation	Attendance
1.	Mr. Vishwesh Patel	Chairman	1 Time
2.	Ms. Grishma Nanavaty	Member	2 Times
3.	Dr. Siba Samal@	Member	Nil
4.	Mr. Naman Patel #	Member	2 Times
5.	Mr. Amit Shukla ##	Member	Nil

@ Resigned with effect from 11 August 2015

Appointed with effect from 30 June 2015

Resigned with effect from 11 August 2015

Terms of Reference

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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 and Management Committee) The Company does not pay any severance fees. The details of remuneration paid to Directors are provided below:

Remuneration to Directors

The Company pays remuneration to its CEO & Managing

(in ₹)

Name of Director	Designation	Remuneration (including perquisites) paid	Sitting fees paid	Commission paid	Total
Dr. Bhupendra V. Gandhi	Chairman	NIL	20,000	NIL	20,000
Mr. Rajiv Gandhi	CEO & Managing Director	6,976,592	NIL	1,914,131	8,890,723
Mr. Sanjiv Gandhi	Director	NIL	40,000	NIL	40,000
Mr. Ravin Gandhi	Director	NIL	NIL	NIL	NIL
Mr. Vishwesh Patel	Director	NIL	115,000	NIL	115,000
Ms. Grishma Nanavaty	Director	NIL	135,000	NIL	135,000
Mr. Naman Patel	Director	NIL	135,000	NIL	135,000
Mr. Amit Shukla	Director	NIL	60,000	NIL	60,000
Ms. Priya Gandhi	Alternate Director	NIL	20,000	NIL	20,000
Total		6,976,592	525,000	1,914,131	9,415,723

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As required under the Act, a formal Committee of the Board was constituted to oversee and give direction to the Company's CSR activities. A CSR policy indicates activities, projects or programs, to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to recommend the amount of expenditure to be incurred on the CSR activity.

Composition

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

Meeting and attendance

During the year, one meeting of the Committee was held on 25 January 2016, inter alia, to 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:

- 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.
- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR policy.
- 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: <http://www.hester.in/corporate-governance.php>.

SUBSIDIARY COMPANY

Company has One Subsidiary Company namely Hester Biosciences Nepal Private Limited as on 31 March 2016.

During the year, three wholly owned subsidiaries merged with the Holding Company pursuant to Scheme of Arrangement vide order passed by Hon'ble High Court of Gujarat dated 08 December 2015 and at present Company is having one non

material subsidiary Company. The Audit Committee reviews the financial statements, particularly, the investments made in subsidiary Company. 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: <http://www.hester.in/corporate-governance.php>.

General Body Meetings

Details of the last three Annual General Meetings are as under

AGM	Date	Time	Venue	No. of special resolutions passed
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
28th AGM	15 September 2015	11.00 a.m.	Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009	3

Special Resolutions

At the AGM held on 15 September 2015, three special resolutions were passed; first and second was for re-appointment of Mr. Vishwesh Patel and Ms. Grishma Nanavaty as an Independent Director of the Company as per section 149, 152 and other applicable provisions of the Companies Act, 2013; third was for the adoption of new set of articles of association pursuant to Section 14 and all other applicable provisions, if any, of the Companies Act, 2013.

The special resolutions indicated above were passed with requisite majority.

Postal Ballot

No special resolution has been passed in the previous year through postal ballot. No special resolution is proposed to be passed through postal ballot for the year ending review.

Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the period under reference.

Court Convened Meeting (CCM)

During the year under review, Court Convened Meeting of Equity Shareholders of the Company was held on 15 September 2015 for approving composite Scheme

of Arrangement in nature of amalgamation of Diavetra Lifesciences Private Limited, Gujarat Agrofarm Limited and Hester Biosciences (Mauritius) Limited with Hester Biosciences Limited and de-merger and transfer of trading undertaking of Innoves Animal Health Private Limited into Hester Biosciences Limited.

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 through insight into the business model of the Company and updates through detailed presentations of various business unit heads. The Board members have 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 and so on.

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 familiarization programme for Independent Directors which have been uploaded on the website of the Company: <http://www.hester.in/information-shareholders.php>.

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 Regulation 17(8) of SEBI (LODR) Regulations, 2015. The aforesaid certificate, duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31 March 2016, 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 Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015, have been given elsewhere in this Annual Report.

DISCLOSURES

Related Party Transaction

All the transactions entered into with related parties as defined under Companies Act, 2013 and Regulations 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on arms' length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Prior approval of the Audit Committee is obtained for all Related Party Transactions. There were no materially significant transactions made 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.46 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: <http://www.hester.in/corporate-governance.php>.

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.

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 such as written complaints. No personnel have been denied access to the Audit Committee. The Whistle Blower Policy, as approved by the Board, is placed on the website of the Company: <http://www.hester.in/corporate-governance.php>.

Non-Mandatory Requirements

- Shareholder's 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: <http://www.hester.in/information-shareholders.php>.
- Audit Qualification: There is no qualification in the Auditor's Report on the Financial Statements to the shareholders of the Company.
- Separate post of Chairman and CEO: Mr. Bhupendra V. Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi is 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: <http://www.hester.in/financial-reports.php>.

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.

BSE Listing Centre

The Listing Centre is a web-based application designed by BSE for Corporate. The shareholding pattern, corporate governance report, reconciliation of share capital audit and various other corporate announcements are filed electronically in XBRL Formats on Listing Center.

SEBI Complaints Redressal System (SCORES)

Securities Exchange Board of India introduced Investors' Grievances SEBI Complaints Redress System (SCORES) for quick resolution. The investor complaints are processed in a centralised web-based complaints redressal 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
Dist: 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, Tamil Nadu

Hyderabad

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

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
Karnataka

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 29th Annual General Meeting of the members of the Company is scheduled to be held on Friday, 29 July 2016 at 11.00 a.m. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad, Gujarat - 380 009, India. 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 2015-16 (01 April 2015 to 31 March 2016) Results were announced on

22 July 2015	First quarter ended on 30 June 2015
26 October 2015	Second quarter and half-year ended on 30 September 2015
25 January 2016	Third quarter ended on 31 December 2015
07 May 2016	Fourth quarter and year ended on 31 March 2016 (Audited)

- Financial year 2016-17 (01 April 2016 to 31 March 2017)
Results will be announced on

30 June 2016	45 days from end of quarter, 30 June 2016
30 September 2016	45 days from end of quarter, 30 September 2016
31 December 2016	45 days from end of quarter, 31 December 2016
Audited Results for the year ended on 31 March 2017	60 days from end of Financial Year (i.e. on or before 30 May 2017) (As per Regulations 33 of SEBI (LODR) Regulations, 2015)

- Book closure date: Saturday, 23 July 2016 to Friday, 29 July 2016 (both days inclusive)
- Annual General Meeting: Friday, 29 July 2016 at 11.00 a.m.

Details of Shares

Types of shares	: Equity shares
No. of paid up shares	: 8,506,865
Market lot of shares	: 1 share
Security Code (ISIN)	: INE782E01017

Stock Code

Name of Stock Exchange	Code no.
Bombay Stock Exchange Limited	524669
National Stock Exchange Limited	HESTERBIO

Listing

The Company's shares are listed and traded on Bombay Stock Exchange Limited (BSE) at Mumbai and National Stock Exchange of India Limited (NSE) at Mumbai. During the year, the Company has obtained final approval letter from BSE and NSE for listing of its equity shares issued vide order passed by the Hon'ble High Court of Gujarat for Scheme of Arrangement, and the trading for the equity shares of the Company at the BSE and NSE was started with effect from 18 March 2016 and 21 March 2016 respectively. The Company has paid listing fees to both the Stock Exchanges for financial year 2016-17.

Stock Data

Monthly share price data on BSE for the financial year 2015-16 is as under:

Month	High ₹	Low ₹	BSE Sensex Closing ₹ *
April, 2015	740.00	470.00	27,011.31
May, 2015	623.50	500.75	27,828.44
June, 2015	680.00	535.00	27,780.83
July, 2015	849.00	611.50	28,114.56
August, 2015	808.75	515.00	26,283.09
September, 2015	675.00	547.00	26,154.83
October, 2015	695.00	578.00	26,656.83
November, 2015	600.00	544.00	26,145.67
December, 2015	621.00	505.75	26,117.54
January, 2016	610.00	471.00	24,870.69
February, 2016	490.00	337.00	23,002.00
March, 2016	509.00	384.00	25,341.86

* Closing prices on the last working day of month.

Monthly share price data on NSE for the financial year 2015-16 is as under:

Month	High ₹	Low ₹	NSE Nifty Closing ₹ *
April, 2015	731.00	475.80	8,181.50
May, 2015	635.80	501.00	8,433.65
June, 2015	676.00	524.10	8,368.50
July, 2015	848.90	615.00	8,532.85
August, 2015	749.00	528.70	7,971.30
September, 2015	677.00	546.05	7,948.90
October, 2015	697.90	578.00	8,065.80
November, 2015	605.00	542.00	7,935.25
December, 2015	624.90	501.55	7,946.35
January, 2016	610.00	468.05	7,563.55
February, 2016	486.00	363.00	6,987.05
March, 2016	510.00	381.60	7,738.40

* Closing prices on the last working day of month.

Shares Held in Physical and Dematerialised Form

The Company's shares are compulsorily traded in the dematerialised mode. As on 31 March 2016, 94.57% shares were held in the dematerialised form and the balance 5.43% shares were held in physical form. The shareholders whose shares are held in physical form are requested to dematerialise the same at the earliest in their own interest. The dematerialised security code (ISIN) for the equity shares is INE782E01017. As on that date, total promoter's holding is 54.07 % of the capital. Shareholding pattern of the Company as on 31 March 2016 is given below:

Distribution of Shareholding (as on 31 March 2016)

a. On the basis of shares held

No. of Equity Shares held (Range)	No. of Shareholders	Percentage to total Shareholders	No. of Shares held	Percentage to total shares held
Upto 500	5,903	88.81	649,615	7.63
501 - 1000	279	4.24	210,971	2.48
1001 - 2000	161	2.45	235,709	2.77
2001 - 3000	53	0.81	135,413	1.59
3001 - 4000	28	0.43	102,532	1.24
4001 - 5000	21	0.32	93,387	1.10
5001 - 10000	62	0.94	422,638	5.13
10001 - 20000	22	0.33	326,521	4.28
Above 20000	44	0.67	6,330,079	73.78
T O T A L	6,573	100.00	8,506,865	100.00

b. On the basis of category

Sr. No.	Description	No. of members		No. of shares	
		Nos.	%	Nos.	%
A	Promoters' holding				
	Directors and relatives	11	0.17	4,236,534	49.80
	Promoters' Companies	4	0.05	362,838	4.27
B	Non-promoter holding				
	Resident individual (incl. HUF)	6,144	93.47	2,838,319	33.37
	Non-resident individual	166	2.53	457,641	5.38
	Mutual fund, nationalised bank, etc.	8	0.12	124,016	1.46
	Foreign institutional investor	2	0.03	43,404	0.51
	Domestic companies	192	2.92	427,890	5.03
	Clearing members and house / others	47	0.72	16,223	0.19
	Total:	6,573	100.00	8,506,865	100.00

Share Transfer System

Applications for transfer of shares in the physical form are processed by the Company's Registrar & Transfer Agent Link Intime India Private Limited. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters considers and approves the share transfer 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 and Regulation 40(9) of the SEBI (LODR) Regulations, 2015 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 declared and paid Interim Dividend @ ₹ 3.00 per share (30%) for the financial year 2015-16 and Board of Directors also recommended final dividend @ ₹ 1.10 per share (11%) for the financial year 2015-16. The payment of final dividend as recommended by the Directors, if approved at the Meeting, will be made:

- (i) To those members whose names are on the Register of Members on Friday, 22 July 2016 or to their mandates.
- (ii) In respect of shares held in electronic form, to those "deemed members" whose names appears of the statement of beneficiary ownership, furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on Friday, 22 July 2016.

Details of Unclaimed Dividend

Accounting year	Date of declaration of dividend	Dividend payment %	Amount (in ₹)	Expected date of transfer of unclaimed dividend to IEPF
2008-09	18 August 2009	25	624,645.00	23 September 2016
2009-10	28 July 2010	30	370,725.00	02 September 2017
2010-11	03 September 2011	35	386,445.50	09 October 2018
2011-12	14 September 2012	10	134,197.00	19 November 2019
2012-13	14 August 2013	20	297,178.00	19 October 2020
2013-14	23 September 2014	20	246,922.00	28 November 2021
2014-15	15 September 2015	31	462,206.90	19 November 2022

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 dematerialised account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our R & T agent

of the Company, Link Intime India Private Limited, as per the address mentioned below.

Change of Registrar and Share Transfer Agent

The Company has received services of Sharepro Services (India) Private Limited as its Registrar & Share Transfer Agent since last 5 years. SEBI has passed order against the promoters and some of the staff members of the said Registrars after finding some irregularities in the operation. Considering this, SEBI has given direction to all the Companies who are associated with Sharepro Services (India) Private Limited to switchover to other registrars.

The Board of Directors have finalised Link Intime India Private Limited as a new Registrar & Share Transfer Agent to carry out all the work relating to shares and securities of the Company.

Investors Communication

Share transfers / Dematerialisation or other queries relating to

shares of the Company should be addressed to:

Link Intime India Private Limited
Unit No. 303, 3rd Floor,
Shopper Plaza-V,
Opp. Municipal Market,
Behind Shopper Plaza – II,
C.G. Road, Ahmedabad, Gujarat – 380 009

DECLARATION UNDER CODE OF CONDUCT

As required under Schedule V of SEBI (LODR) Regulations, 2015, 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: <http://www.hester.in/corporate-governance.php>.

Place: Ahmedabad
Date: 07 May 2016

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 2016 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.

Place: Ahmedabad
Date: 07 May 2016

Rajiv Gandhi
CEO & Managing Director

Jigar Shah
CFO

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No.: L99999GJ1987PLC022333

Nominal Capital: ₹ 112,000,000

To,
The Members of
HESTER BIOSCIENCES LIMITED
Ahmedabad

I have examined the compliance of conditions of corporate governance by HESTER BIOSCIENCES LIMITED, for the year ended on 31 March 2016 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the Listing Agreement.

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 Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the 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: 07 May 2016

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

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

To
The Members of
HESTER BIOSCIENCES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HESTER BIOSCIENCES LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flow 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us :
 - i) The Company doesn't have any pending litigations which would impact its financial position in its financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Tehmul B. Sethna
Partner
Membership No: 035476

Place: Ahmedabad
Date: 07 May 2016

Annexure A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that

- i) In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in phased manner by the management during the year, which in our opinion is reasonable, having regards to the size of the Company and nature of the assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect of grant of loans, making investment and providing guarantees and securities as applicable.
- v) According to information and explanation given to us, the Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and rules framed there under.
- vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) In respect of Statuary due:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. According to information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March 2016 for a period of more than six months from the date they become payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.
- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according the information and explanation given by the management, we are of the opinion that Company has not defaulted in repayment of dues to bank. The Company does not have any borrowing from financial institution, government or by way of debenture.

- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according the information and explanation given by the management and overall examination of the balance sheet, we report that monies raised by way of term loan were applied for the purposes for which the loan was obtained. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).
- x) According to information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi) According to the information and explanations given to us, the provisions of Section 45-IA of Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Tehmul B. Sethna
Partner

Place: Ahmedabad
Date: 07 May 2016

Membership No: 035476

Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Hester Biosciences Limited ('the Company') as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform

the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with

authorisations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Tehmul B. Sethna
Partner

Place: Ahmedabad
Date: 07 May 2016

Membership No: 035476

Balance Sheet as at 31 March 2016

(Figures in ₹)

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	85,068,650	85,068,000
(b) Reserves and Surplus	4	918,135,974	757,390,241
		1,003,204,624	842,458,241
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	130,181,540	154,244,853
(b) Deferred Tax Liabilities (Net)	6	80,325,641	53,326,928
(c) Other Long-Term Liabilities	7	-	5,375,660
		210,507,181	212,947,441
(3) Current Liabilities			
(a) Short-Term Borrowings	8	210,430,193	200,822,008
(b) Trade Payables	9	58,434,324	46,267,458
(c) Other Current Liabilities	10	74,776,463	62,203,557
(d) Short-Term Provisions	11	30,863,240	39,450,714
		374,504,220	348,743,737
Total		1,588,216,025	1,404,149,419
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		608,991,401	562,386,060
(ii) Intangible Assets		6,691,955	2,913,360
(iii) Capital Work-In-Progress		104,700,647	142,741,883
(b) Non-Current Investments	13	86,699,078	88,795,130
(c) Long Term Loans and Advances	14	109,286,046	79,654,448
		916,369,127	876,490,881
(2) Current Assets			
(a) Inventories	15	336,205,238	291,084,664
(b) Trade Receivables	16	262,389,400	177,610,646
(c) Cash and Cash Equivalents	17	52,593,746	43,822,968
(d) Short-Term Loans and Advances	18	20,658,515	15,140,260
		671,846,899	527,658,538
Total		1,588,216,025	1,404,149,419
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For & on behalf of the Board of Directors

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

Tehmul B. Sethna
Partner
Membership No.: 035476

Jigar Shah
CFO

Amala Parikh
Company Secretary

Place : Ahmedabad
Date : 07 May 2016

Place : Ahmedabad
Date : 07 May 2016

Statement of Profit and Loss for the year ended 31 March 2016

(Figures in ₹)

Particulars	Note No.	For the Year ended 31 March 2016	For the Year ended 31 March 2015
I. Revenue from Operations	19	1,008,921,789	900,371,234
II. Other Income	20	11,942,903	3,570,140
III. Total Revenue (I + II)		1,020,864,691	903,941,374
IV. Expenses:			
Cost of Materials Consumed	21	157,675,078	150,011,204
Purchase of Stock-In-Trade	22	67,592,739	37,227,638
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	23	(29,746,277)	59,578,092
Employee benefit Expense	24	154,398,247	123,167,999
Finance Cost	25	36,856,318	44,490,404
Depreciation and Amortisation Expense	26	57,318,796	54,940,252
Other Expenses	27	328,277,013	273,618,432
V. Total Expenses		772,371,914	743,034,021
VI. Profit Before Exceptional items and Tax (III- V)		248,492,777	160,907,353
VII. Exceptional Items	28	-	27,205,567
VIII. Profit Before Tax		248,492,777	188,112,920
IX. Tax Expense:			
(1) Current Tax		62,756,577	44,139,331
(2) Minimum Alternate Tax		(33,492,027)	-
(3) Deferred Tax		26,998,713	4,024,767
X. Profit For The Year (VIII-IX)		192,229,514	139,948,822
XI. Earning per Equity Share:			
Basic & Diluted	48	22.60	16.45
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

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

Tehmul B. Sethna
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 07 May 2016

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Jigar Shah
CFO

Place : Ahmedabad
Date : 07 May 2016

Sanjiv Gandhi
Director
DIN: 00024548

Amala Parikh
Company Secretary

Cash Flow Statement for the year ended 31 March 2016

(Figures in ₹)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
A. Cash flow from operating activities		
Net Profit Before Tax as Per Profit & Loss statement	248,492,777	188,112,920
Adjustments for:		
Depreciation and amortisation expense	57,318,796	54,940,252
Bad debts written off	1,558,104	1,568,297
(Profit) / loss on sale of assets	12,501	(7,552,622)
Finance Cost	36,856,318	44,490,404
Diminution in value of Investment	2,660,750	-
Gain on change Depreciation Method	-	(19,705,567)
Balance Written off	(3,470,550)	(72,968)
Interest Income	(1,260,932)	(1,318,181)
Unrealised Foreign exchange gain	(552,886)	-
Operating profit / (loss) before working capital changes	341,614,879	260,462,535
Adjusted For		
Trade receivables	(82,313,422)	(41,513,220)
Inventories	(45,120,574)	65,063,476
Trade payables & Other Liabilities	12,166,866	96,013
Other current liabilities	12,572,907	(25,892,449)
Short-term provisions	8,909,055	(33,460)
Cash generated from operations	247,829,711	258,182,895
Net income tax (paid) / refunds	(59,745,163)	(54,527,874)
Net cash flow from operating activities (A)	188,084,548	203,655,021
B. Cash flow from investing activities		
Proceeds from sale of assets	3,769,430	7,953,134
Proceeds from sale of Investments	118,250	-
Investment in subsidiary & Associates	(682,948)	(50,065,656)
Capital Expenditure On Fixed Assets	(62,948,093)	(85,520,564)
Interest income	1,260,932	1,318,181
Loans and Advances	(1,657,826)	6,955,945
Investment in Bank Deposits	-	(2,158,446)
Redemption of Bank Deposits	1,645,802	1,278,503
Net cash used in investing activities (B)	(58,494,453)	(120,238,903)

Cash Flow Statement for the year ended 31 March 2016

(Figures in ₹)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
C. Cash flow from financing activities		
Short-term Borrowings	9,608,185	(61,915,859)
Interest paid	(36,856,318)	(44,490,404)
Interim Dividened Paid	(25,520,595)	-
Final Dividened paid	(26,371,080)	(17,013,600)
Dividend Distribution Tax Paid	(10,594,745)	(2,891,461)
Proceeds/(Repayment) of long term borrowing	(24,063,313)	76,773,589
Other Long term Current liability	(5,375,650)	(2,584,035)
Net cash used in financing activities (C)	(119,173,517)	(52,121,770)
Net increase in Cash and cash equivalents (A+B+C)	10,416,579	31,294,347
Cash and cash equivalents at the beginning of the year	39,204,054	6,864,908
Add: Transferred Pursuant to the scheme of Amalgamation	-	1,044,799
Cash and cash equivalents at the end of the year	49,620,634	39,204,054
Major Components of Cash & Cash Equivalents		
Cash On Hand	1,745,048	549,204
Balance with Banks - on Current Accounts	47,875,585	38,654,850
Fixed Deposits having maturity of less than 3 months	-	-
Total Cash & Cash equivalents	49,620,634	39,204,054

The above cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow statements. In previous year cashflows have been adjusted for the balances transferred from the amalgamated companies.

As per our report of even date attached.

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Tehmul B. Sethna
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 07 May 2016

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Jigar Shah
CFO

Place : Ahmedabad
Date : 07 May 2016

Sanjiv Gandhi
Director
DIN: 00024548

Amala Parikh
Company Secretary

Notes Forming Part of Financial Statement for the year ended 31 March 2016

1 Corporate Information

Hester Biosciences Limited is a public limited Company domiciled in India 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 poultry health products and large animal health products having its manufacturing set up at Village Merda Adraj, Taluka Kadi, District Mehsana, 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 assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

c REVENUE RECOGNITION:

Revenue is recognised to the extent it is possible that economic benefits will flow to the Company and can be reliably measured. Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale and reward of ownership have passed to the buyer. 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 of excise duty.

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

d FIXED ASSETS :

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.

e DEPRECIATION / AMORTISATION :

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

Notes Forming Part of Financial Statement for the year ended 31 March 2016

as under:-

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

f IMPAIRMENT OF ASSET:

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exist, the carrying value of such asset is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, then such loss is reversed and the asset is restated to that effect.

g INVESTMENTS:

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

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

h INVENTORIES:

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

"Finished products:

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and excise duty has been charged on finished goods."

"Work in Progress:

Work in Progress is valued at cost of direct materials, labour and other manufacturing overheads up to stage of process."

"Raw materials and stores and spares:

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

i BORROWING COSTS:

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

j FOREIGN CURRENCY TRANSACTIONS:

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

Notes Forming Part of Financial Statement for the year ended 31 March 2016

- 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:-
 - a) Defined Contribution Plan:
Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.
 - b) Defined Benefit Plan:
The 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.
- m SEGMENT REPORTING:**
- The Company identifies primary segments based on the nature of products and market catered by each segment 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 earning 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.

Notes Forming Part of Financial Statement for the year ended 31 March 2016

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 is 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 Liabilities / 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 **Provisions and Contingent Liabilities:**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Notes Forming Part of Financial Statement for the year ended 31 March 2016**3. Share Capital**

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
AUTHORIZED CAPITAL		
11,200,000 (P.Y. 10,500,000) Equity Shares of ₹ 10 each	112,000,000	105,000,000
	112,000,000	105,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
8,506,865 (P.Y. 8,506,800) Equity Shares of ₹10 each fully paid up	85,068,650	85,068,000
Total	85,068,650	85,068,000

The Authorised Equity Share Capital was increased to 11,200,000 equity shares of ₹10 each pursuant to the amalgamation of its subsidiaries, Diavetra Lifescience Private Limited and Gujarat Agrofarm Limited vide the Order dated 08 December 2015 of the Hon'ble High Court of Gujarat.

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

Particulars	As at 31 March 2016	As at 31 March 2015
Equity Shares at the beginning of the year	8,506,800	8,506,800
Add: Issue of shares during the year	65	-
Outstanding at the end of the year	8,506,865	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 Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except Interim Dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining asset of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the share holders	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% Held	No. of Shares	% Held
RAJIV GANDHI	859,397	10.10	837,909	9.85
DR. BHUPENDRA V GANDHI	710,677	8.35	710,677	8.35
NINA GANDHI	696,340	8.19	696,340	8.19
SANJIV D GANDHI	692,820	8.14	692,820	8.14

3.4 Aggregate number of shares issued by way of bonus shares and for consideration other than cash for the period of 5 years immediately preceding the balance sheet date

Particulars	Financial Year	No. of Shares
Issued fully paid Equity Shares along with voting rights as Bonus Shares	2011-12	2,835,600
Equity shares allotted as fully paidup pursuant to the demerger of Trading Undertaking of Innoves Animal Health Private limited into the Company	2014-15	65

Notes Forming Part of Financial Statement for the year ended 31 March 2016

4. Reserve & Surplus

(Figures in ₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Capital Reserve				
As per last Balance sheet	9,424,089		1,259,979	
Add: Pursuant to the Scheme of Amalgamation (Refer Note no. 37)	-		8,164,110	
		9,424,089		9,424,089
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	287,262,961		241,644,000	
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. 39)	-		(13,506,930)	
Less: Shares issued pursuant to the Scheme of Amalgamation (Refer Note no. 37)	650		-	
Add: pursuant to the Scheme of Amalgamation (Refer Note no. 37)	-		34,125,891	
		312,262,311		287,262,961
Surplus-Statement of Profit & Loss				
As per Last Balance Sheet	285,636,085		256,683,214	
Add/(less): Pursuant to the Scheme of Amalgamation (Refer Note no. 37)			(54,225,479)	
Add: Profit for the year	192,229,514		139,948,822	
Add: Adjustment (Refer Note no. 40)	10,495,346		-	
	488,360,946		342,406,557	
Less: Appropriations				
- Proposed Dividend	34,878,147		26,371,080	
- Dividend Tax	7,100,330		5,399,392	
- Transferred to General Reserve	25,000,000		25,000,000	
		421,382,469		285,636,085
Total		918,135,974		757,390,241

5. Long Term Borrowings

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Term Loans (Secured)		
- From Banks	124,418,107	139,261,327
Hire Purchase Loans (Secured)		
- From Banks	4,263,433	5,983,526
Long Term Deposits (Unsecured)		
- Others	1,500,000	9,000,000
Total	130,181,540	154,244,853

Notes Forming Part of Financial Statement for the year ended 31 March 2016

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	60	53,140*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	60	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.	12.4% ^	Monthly	4	2,338,000
			45	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.	12.5% ^	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
			12	6,000,000
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.	12.40% ^	Quarterly	2	1,200,000
			4	1,200,000
			4	1,200,000
			4	1,200,000
			4	2,050,000
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*

Notes Forming Part of Financial Statement for the year ended 31 March 2016

5.1 Repayment terms and security offered for the loans are set out as below: (contd.)

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of Installments	Each Installment of ₹
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*
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.25%	Monthly	48	30,725*
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.27%	Monthly	60	13,398*

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

* Installment includes interest.

6. Deferred Tax Liabilities (Net)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred Tax Liabilities		
- Benefit available Under Income Tax Act	57,645,284	26,991,718
- Excess of Net Block over Written Down Value as per provision of I.T. Act	22,985,684	26,938,867
Total Deferred Tax Liabilities (A)	80,630,968	53,930,585
Deferred Tax Assets		
- Provision for employee benefits	305,327	603,657
Total Deferred Tax Assets (B)	305,327	603,657
Net Deferred Tax Liabilities (A-B)	80,325,641	53,326,928

7. Other Long Term Liabilities

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
- Deposits		5,375,660
Total	-	5,375,660

Notes Forming Part of Financial Statement for the year ended 31 March 2016**8. Short Term Borrowings**

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Loan Repayable on Demand (Secured)		
- From Bank- Cash Credit	210,430,193	200,822,008
Total	210,430,193	200,822,008

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 floating, which are linked to base rate of Bank, from time to time.

9. Trade Payables

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Payables (Refer Note No. 36)	58,434,324	46,267,458
Total	58,434,324	46,267,458

10. Other Current Liabilities

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Current Maturities of Long Term Borrowings		
- Term Loans	45,096,000	28,700,000
- Hire Purchase Loans	2,354,428	3,410,070
Unclaimed Dividends*	2,522,319	2,530,834
Interest accrued & due on borrowings	-	1,207,958
Advance from Debtors	995,784	3,603,286
Creditors for capital expense	6,687,684	8,298,046
Statutory dues including Provident Fund & Tax Deducted at Source	10,346,155	7,125,118
Other Liabilities	6,774,093	7,328,245
Total	74,776,463	62,203,557

* Includes Amount of ₹ Nil (P.Y. ₹ 214,208) due for transfer to the Investor Education and Protection Fund.

11. Short Term Provisions

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision For Employees Benefit		
Provision For Employees Benefit	10,938,060	2,029,005
Others		
Proposed Dividend	9,357,552	26,371,080
Tax on Dividend	1,904,977	5,399,392
Provision for Tax (Net of Advance Tax)	8,662,651	5,651,237
Total	30,863,240	39,450,714

Notes Forming Part of Financial Statement for the year ended 31 March 2016

12. Fixed Assets

(Figures in ₹)

Sr. No.	Particulars	Gross Block				Depreciation					Net Block	
		As at 01 April 2015	Addition during the year	Disposals during the year	As at 31 March 2016	Upto 01 April 2015	Transfer to General Reserve	Adjustment/ deduction during the year	For the Year	Upto 31 March 2016	Net Carrying value as at 31 March 2016	Net Carrying value as at 31 March 2015
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	7,373,703	-	-	374,211	7,747,914	4,346,854	4,721,065
	Plant & Machineries											
	- Imported	4,552,524	-	-	4,552,524	4,552,524	-	-	-	4,552,524	-	-
	- Indigenous	33,490,107	-	-	33,490,107	33,490,107	-	-	-	33,490,107	-	-
	Electrical Installations	3,088,718	-	-	3,088,718	3,088,718	-	-	-	3,088,718	-	-
	Storage Equipment	431,276	-	-	431,276	431,276	-	-	-	431,276	-	-
	Furniture & Fixtures	1,245,262	-	-	1,245,262	1,245,262	-	-	-	1,245,262	-	-
	Vehicles	7,947,609	-	-	7,947,609	7,947,609	-	-	-	7,947,609	-	-
	Scooters	25,083	-	-	25,083	25,083	-	-	-	25,083	-	-
	Office Equipments	1,048,165	-	-	1,048,165	1,048,165	-	-	-	1,048,165	-	-
	Computers	1,564,121	-	-	1,564,121	1,564,121	-	-	-	1,564,121	-	-
	Utilities	3,365,753	-	-	3,365,753	3,365,753	-	-	-	3,365,753	-	-
	Dead Stock	169,064	-	-	169,064	169,064	-	-	-	169,064	-	-
	Dead Stock Canteen	32,598	-	-	32,598	32,598	-	-	-	32,598	-	-
	TOTAL (A1)	70,715,894	-	-	70,715,894	64,333,984	-	-	374,211	64,708,195	6,007,698	6,381,909
	Previous Year Figures	70,715,894	-	-	70,715,894	50,452,840	13,506,932	-	374,212	64,333,984	6,381,909	20,263,053
A-2.	Tangible Assets - New Project											
	Land & Site Development	15,589,000	-	-	15,589,000	-	-	-	-	-	15,589,000	15,589,000
	Factory Building	271,989,059	46,346,884	899,759	317,436,184	36,751,859	-	185,538	9,054,528	45,620,849	271,815,335	235,237,200
	Office Building	119,146,417	-	-	119,146,417	28,936,048	-	-	3,720,472	32,656,520	86,489,897	90,210,369
	Guest House-Building	4,191,825	-	-	4,191,825	696,527	-	-	131,674	828,201	3,363,624	3,495,298
	Plant & Machineries											
	- Imported	29,200,968	1,785,544	-	30,986,512	13,638,275	-	-	2,333,379	15,971,654	15,014,858	15,562,698
	- Indigenous	221,009,592	44,714,751	3,487,460	262,236,883	117,838,781	-	721,487	22,757,215	139,874,509	122,362,374	103,170,811
	Electrical Installations	54,697,700	4,331,376	221,542	58,807,534	32,025,866	-	130,300	5,232,691	37,128,257	21,679,277	22,671,834
	Storage Equipment	7,619,366	1,280,496	-	8,899,862	3,336,796	-	-	812,830	4,149,625	4,750,237	4,282,570
	Furniture and Fixtures	39,864,220	1,665,325	-	41,529,545	18,258,881	-	-	4,031,091	22,289,972	19,239,573	21,605,339
	Vehicles	35,917,221	1,486,114	-	37,403,335	15,398,561	-	-	3,943,024	19,341,585	18,061,750	20,518,660
	Factory Equipments	6,140,712	1,030,072	-	7,170,784	1,169,403	-	-	701,501	1,870,904	5,299,880	4,971,309
	Office Equipments	8,252,743	324,634	-	8,577,377	5,815,808	-	-	347,879	6,163,687	2,413,690	2,436,935
	Computer	8,475,134	1,187,711	-	9,662,845	6,543,133	-	-	824,446	7,367,579	2,295,266	1,932,001
	Utilities	43,587,277	2,422,977	35,663	45,974,591	30,201,223	-	16,468	2,556,010	32,740,765	13,233,826	13,386,054
	Live Stock	934,072	632,343	191,300	1,375,115	-	-	-	-	-	1,375,115	934,072
	TOTAL (A2)	866,615,306	107,208,227	4,835,724	968,987,809	310,611,160	-	1,053,793	56,446,739	366,004,106	602,983,703	556,004,151
	Previous Year Figures	795,424,038	71,591,780	400,512	866,615,306	275,842,262	-	(18,963,331)	53,732,227	310,611,158	556,004,147	478,441,468
	TOTAL (A1 + A2)	937,331,200	107,208,227	4,835,724	1,039,703,703	374,945,144	-	1,053,793	56,820,950	430,712,301	608,991,401	562,386,060
	Previous Year Figures(A1+A2)	866,139,932	71,591,780	400,512	937,331,200	326,295,102	13,506,932	(18,963,331)	54,106,439	374,945,142	562,386,056	498,704,521
B.	Intangible Assets											
	Software	4,233,487	1,167,934	-	5,401,421	3,703,969	-	-	111,283.56	3,815,252	1,586,169	529,520
	Product & Trademark Registration	2,447,821	308,509	-	2,756,330	63,981	-	-	246,563.00	310,544	2,445,786	2,383,840
	Other Intangible Assets	-	2,800,000	-	2,800,000	-	-	-	140,000.00	140,000	2,660,000	-
	TOTAL (B)	6,681,308	4,276,443	-	10,957,751	3,767,950	-	-	497,847	4,265,796	6,691,955	2,913,360
	Previous Year Figures	3,987,515	2,693,793	-	6,681,308	3,000,045	-	(65,910)	833,813	3,767,948	2,913,360	987,470
C.	Capital Work-in-progress											
	Capital Work-in-progress	142,741,877	41,375,930	79,417,160	104,700,647	-	-	-	-	-	104,700,647	142,741,883
	Previous Year Figures	131,506,891	45,046,885	33,811,899	142,741,877	-	-	-	-	-	142,741,883	131,506,891
	Current Year Total	1,086,754,385	152,860,600	84,252,884	1,155,362,100	378,713,093	-	1,053,793	57,318,796	434,978,097	720,384,002	708,041,303
	Previous Year Total	1,001,634,338	119,332,458	34,212,411	1,086,754,385	329,295,147	13,506,932	(19,029,241)	54,940,252	378,713,090	708,041,303	631,198,882

Note- Capital Expenditure on Research and development facility is ₹ 9,899,804 (P.Y ₹12,357,608)

Notes Forming Part of Financial Statement for the year ended 31 March 2016**13. Non Current Investments**

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Investment in Equity Instrument		
- Investment in subsidiaries:-		
1,280,000 (P.Y. 1,280,000) Equity shares each of NPR 100 in Hester Biosciences Nepal Private Limited	86,016,130	86,016,130
-Others:-		
Nil (P.Y. 1,182,500) Equity shares of ₹10 each fully paid-up in Innovet Animal Health Private Limited	-	2,779,000
107,000 (P.Y. Nil) Equity shares of BWP 1 each fully paid-up in Leruarua Vetcare (Proprietary) Limited	682,948	-
Total	86,699,078	88,795,130

14. Long Term Loans and Advances (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Advances	32,706,153	28,131,292
Security Deposits	7,948,811	8,958,822
Loans & Advances to related parties (Refer Note no 46)	6,445,799	951,869
Other Loans & Advances		
Advance to others	111,306	33,000
Loans & Advances to Employees	3,411,102	3,268,332
EPCG Advance	512,665	3,198,111
MAT Credit Entitlement	58,150,210	35,113,022
Total	109,286,046	79,654,448

15. Inventories (At lower of cost or net realisable value)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Raw Materials	32,603,545	16,043,817
Work-in-Progress	205,146,944	207,676,052
Finished Goods	40,683,409	23,343,335
Stock-in-Trade	33,303,287	18,367,975
Stores & Spares	10,770,296	11,041,173
Packing Materials	13,697,758	14,612,312
Total	336,205,238	291,084,664

Notes Forming Part of Financial Statement for the year ended 31 March 2016

16. Trade Receivables (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
A) Outstanding for a period exceeding six months from the date they are due for Payment		
1) Considered Good		
- Dues from related parties (Refer Note no. 46)	3,243,199	-
- From Others	28,262,154	37,946,372
2) Doubtful	-	-
B) Others		
1) Considered Good		
- Dues from related parties (Refer Note no. 46)	13,875,236	-
- From Others	217,008,811	139,664,274
2) Doubtful	-	-
Total	262,389,400	177,610,646

17. Cash & Cash Equivalent

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
(A) Cash and Cash Equivalent		
1. Cash on Hand	1,745,048	549,204
2. Balances with Banks		
-In Current Accounts	47,875,585	38,654,850
-In Fixed Deposits having original maturity of less than twelve months	850,688	2,425,475
Total-(A)	50,471,322	41,692,529
(B) Other Bank Balances		
-Fixed Deposits having original maturity period of more than twelve months	2,122,424	2,193,439
Total-(B)	2,122,424	2,193,439
Total-(A+B)	52,593,746	43,822,968

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,522,319 (P.Y. ₹2,530,834)

17.2 Balances with banks in fixed deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹2,973,112 (P.Y. ₹4,618,914)

Notes Forming Part of Financial Statement for the year ended 31 March 2016

18. Short Term Loans and Advances (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
- Advance to Sundry Creditors	14,601,773	10,460,855
- Advance to Staff	2,400,646	2,422,433
- Advance recoverable in cash or kind or for value to be received	2,722,304	2,043,169
Others	933,792	213,803
Total	20,658,515	15,140,260

19. Revenue from Operations

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
(A) Sale of Goods				
Manufacturing Sales				
Domestic Sales	817,285,240		790,702,435	
Export Sales	81,089,872	898,375,112	57,767,113	848,469,548
Trading Sales				
Domestic Sales	85,897,062		62,928,086	
Export Sales	19,187,212	105,084,274	-	62,928,086
(B) Other Operating Income		26,561,049		11,305,000
Total		1,030,020,435		922,702,634
Less: Excise Duty		21,098,646		22,331,400
Total		1,008,921,789		900,371,234

19.1 Particulars of Sales

(Figures in ₹)

Particulars of Sales	Year ended 31 March 2016	Year ended 31 March 2015
-Poultry	909,050,669	857,167,196
-Large Animal	94,408,716	54,230,438
Total	1,003,459,385	911,397,634

Notes Forming Part of Financial Statement for the year ended 31 March 2016

20. Other Income

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Interest Income		
- From Bank Deposits	220,656	233,564
- From Others	1,013,876	1,084,617
Miscellaneous Income	3,433,809	1,405,273
Rent Income	26,400	48,753
Foreign Exchange gain	3,777,611	672,343
Excess balances/provisions Written back (Net)	3,470,550	72,968
Profit on Sale of Live Stock	-	52,622
Total	11,942,903	3,570,140

21. Cost of Material Consumed

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Opening Stock	16,043,817	28,752,927
Add: Purchases	174,234,805	137,302,094
	190,278,622	166,055,021
Less: Closing Stock	32,603,545	16,043,817
Total	157,675,078	150,011,204

21.1 Particulars of Raw material Consumed

Particulars of Sales	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Growth Media	101,959,150	100,006,966
Other Chemicals	55,715,928	50,004,238
Total	157,675,078	150,011,204

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

Class of Goods	(Figures in ₹)			
	Year ended 31 March 2016		Year ended 31 March 2015	
	Percentage	Value	Percentage	Value
Imported	7.36%	11,612,148	6.33%	9,496,329
Indigenous	92.64%	146,062,930	93.67%	140,514,875
Total		157,675,078		150,011,204

Notes Forming Part of Financial Statement for the year ended 31 March 2016

22. Purchase of Stock-in-Trade

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Purchase of stock in trade:-		
- Poultry	22,946,907	6,744,298
- Large Animal	44,645,832	30,483,340
Total	67,592,739	37,227,638

23. Change in Inventories

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
Closing Stock				
- Finished Goods	73,986,696		41,711,310	
- Semi-finished Goods	205,146,944		207,676,052	
		279,133,639		249,387,362
Opening Stock				
- Finished Goods	41,711,310		53,873,420	
- Semi-finished Goods	207,676,052		255,092,034	
		249,387,362		308,965,454
Total		(29,746,277)		59,578,092

24. Employee Benefit Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, Wages & Bonus	144,686,627	116,161,540
Contribution to P.F. and Gratuity Fund	6,466,290	4,083,025
Staff Welfare	3,245,330	2,923,434
Total	154,398,247	123,167,999

25. Finance Cost

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest Expense	34,252,701	42,663,685
Other Borrowing Cost	2,603,617	1,826,719
Total	36,856,318	44,490,404

Notes Forming Part of Financial Statement for the year ended 31 March 2016

26. Depreciation & Amortisation Expense

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Depreciation	56,820,950	54,134,455
Amortisation of Intangible Assets	497,847	805,797
Total	57,318,796	54,940,252

27. Other Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
Manufacturing Expense				
Power and Fuel	56,719,628		46,564,437	
Consumption of stores and spares	12,334,982		5,633,980	
Excise Duty*	1,989,579		363,181	
Repairs & Maintenance				
- Machinery	11,546,139		7,630,316	
- Building	5,195,879		2,349,838	
- Electrical	1,700,008		1,556,742	
Packing Expense	39,229,696		29,599,087	
Quality Control and Testing Expense	3,398,677		2,715,681	
Other Production Expense	36,290,381		32,499,421	
		168,404,970		128,912,683
Selling And Distribution Expense				
Selling Expense	33,275,379		31,753,691	
Sales Tax Expense	3,757,881		3,914,218	
Transportation Expense	30,659,909		27,972,298	
Travelling Expense	13,362,840		9,651,093	
		81,056,009		73,291,300
Establishment Expense				
Communication Expenses	5,073,756		4,046,282	
Insurance Expense	2,354,890		2,726,956	
Legal , Professional and Consultancy	15,759,034		10,981,822	
Printing and Stationery	1,936,773		1,870,305	
Travelling and Conveyance	13,362,389		15,585,818	
Rent,Rates and Taxes	6,846,515		10,208,250	
Repairs and Maintenance - Others	3,255,257		3,635,223	
Vehicle & Petrol Expense	8,012,093		7,783,096	
Electricity Charges	1,396,866		1,180,846	
Diminution in value of investment	2,660,750		-	
Charity & Donations	1,272,500		3,346,802	
Bad Debts written off	1,558,104		1,568,297	
Loss on sale of Fixed Asset	12,501		-	

Notes Forming Part of Financial Statement for the year ended 31 March 2016**27. Other Expenses** (contd.)

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
Miscellaneous Expense	14,169,856		7,352,793	
Payment to Auditor				
- As Auditor	686,750		722,959	
- For Taxation Matters	229,000		150,000	
- For Other Services	229,000		225,000	
- For Reimbursement of Expense	-		30,000	
		78,816,034		71,414,449
Total		328,277,013		273,618,432

* 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 2016	Year ended 31 March 2015
Profit on Sale of Fixed Assets	-	7,500,000
Gain on Change in Depreciation method (Refer Note No. 38)	-	19,705,567
Total	-	27,205,567

29. Commitments

(Figures in ₹)

Particulars	31 March 2016	31 March 2015
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	9,519,453	8,539,200

30. Contingent Liabilities not Provided for

(Figures in ₹)

Particulars	31 March 2016	31 March 2015
Claims against the Company not acknowledged as debts:		
Income Tax:		
- In respect of matters decided against the Company, for which the Company is in appeal/may opt for appeal with higher authorities.	6,236,165	5,618,605

Notes Forming Part of Financial Statement for the year ended 31 March 2016

31. Dues to Micro, Small and Medium Enterprises as per Msmed Act, 2006

(Figures in ₹)

Particulars	31 March 2016	31 March 2015
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

The above information has been determined to the extent such parties have been identified by the Company on the basis of information collected by the Management, which has been relied upon by the auditors.

32. 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 2016	Year ended 31 March 2015
Revenue Expenditure		
Raw Material	-	1,200
Salary and Wages	13,919,363	8,533,171
Provident Fund Contribution	178,668	32,400
Packing-Forwarding-Freight expenses	26,314	24,982
Power and fuel Cost	10,999,080	7,750,651
Chemical	3,620,265	991,678
Carriage Inward Expenses	34,651	10,015
Consumable (Local)	1,122,538	1,349,538
Consultancy Expenses	-	750,000
Other Allow./Reimbursement	380,344	2,137,948
R & D Expense	9,979,651	8,988,063

Notes Forming Part of Financial Statement for the year ended 31 March 2016**32. Eligible Research and Development Expenditure included in Notes 21 to 27 (Except Note no. 25 & 26) are as under:- (Contd.)**

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

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Repair and Maintenance expenses	519,478	563,157
Traveling Expense	342,258	778,604
Telephone/Internet Expenses	-	10,749
Seminar/Regist./Legal	-	111,938
Other Admin Expense	2,603	8,191
Total	41,125,213	32,042,285

33. Expenditure in Foreign Currency (on accrual basis):

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Purchase of Materials/Trading goods/ Packing (on C.I.F. basis)	23,813,943	8,504,273
Travelling	6,715,344	6,963,553
Capital Expenditure	1,575,662	8,050,023
Membership/Registration Fees	186,228	2,278,821
Consultancy & Professional Fees	1,212,214	1,618,563
Books & Periodicals	204,941	-
Others	483,724	1,190,684

34. Earnings in Foreign Currency (on accrual basis):

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
F.O.B. value of Exports	92,711,355	50,892,921
Other Operating Income	26,561,049	-
Other Income	603,934	-

35. Dividend Remittances in foreign currency:

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Final Dividend for 2013-14		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holder		401,100
Final Dividend for 2014-15		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holder	621,705	
Interim Dividend for 2015-16		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holder	601,650	

Notes Forming Part of Financial Statement for the year ended 31 March 2016

36. Balances of receivables, payables, loans & advances and deposits are subject to confirmations. Any adjustments, if required would be made at the time of reconciliation of settlement of accounts.
37. Pursuant to the Scheme of Amalgamation and Arrangement u/s 391 to 394 of the Companies Act 1956 for amalgamation of erstwhile Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited (Wholly owned subsidiaries of the Company) and demerger of trading undertaking of Innoves Animal Health Private Limited with the Company as sanctioned by the Hon'ble High Court of Gujarat on 08 December, 2015 all the assets and liabilities of the erstwhile Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited and Trading under taking of Innoves Animal Health Private Limited were transferred to and vested in the Company with effect from the Appointed Date, 01 April, 2014. The Scheme has, accordingly, been given effect to in these Accounts.
- The amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14 "Accounting for Amalgamations" (AS 14) issued by the Institute of Chartered Accountants of India and as notified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies Accountant Rules 2014.
- In accordance to the Scheme Company has issued 1 Equity share of ₹10 each fully paid-up in respect of every 33,537 equity share of ₹10 each of Innove Animal Health Private Limited, aggregating 65 equity shares of the Company.
38. In order to give effect of Composite Scheme of Amalgamation and Arrangement as approved by Hon'ble High Court of Gujarat, the carrying value of Capital Assets of merged company Gujarat Agrofarm Limited (GAFL) has been taken over in books of Hester Biosciences Limited (HBL) w.e.f. 1 April 2014 being the appointed date in the order. GAFL was providing depreciation as per Written Down Value Method (WDV) and to align with the policy of providing depreciation of capital assets of Gujarat Agrofarm Limited with the Company, the method of depreciation is changed from WDV method to SLM and so the difference of carrying value of fixed assets as per SLM over WDV method as on 31 March 2014, being gain of ₹ 0.68 million is shown as exceptional item on the face of Statement of Profit & Loss for the year ended on 31 March 2015. The difference of carrying value of fixed assets as per SLM over WDV method as on 31 March 2015, being gain of ₹3.92 million is reduced from total cost of depreciation for the year ended on 31 March 2015.
- During the year ended on 31 March 2015, the Company has retrospectively changed the 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 as systematic basis of depreciation charge, more representative of the time pattern in which the economic benefits will be derived from the use 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 to 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.
39. Pursuant to the enactment of the Companies Act, 2013 (the Act) and its applicability for the accounting period commencing after 01 April 2014, the Company has applied the estimated useful lives of the assets as specified in Schedule - II except in respect of certain assets 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 in the financial year 2014-15.
40. Adjustment represents borrowing costs that are attributable to the acquisitions or constructions of qualifying assets for expansion / new project were needed to be capitalised to the respective fixed assets in the previous years and in the current year the amount is capitalised to fixed assets thereby increasing the reserves by ₹10.50 Million.
41. The Company has started implementing component accounting as required under Schedule II to the Companies Act, 2013 in phased manner. Impact of this reassessment is not material for the phases which are completed and for the

Notes Forming Part of Financial Statement for the year ended 31 March 2016

remaining phases, which are under process effect will be given on completion of verification process.

42. 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.
43. Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹ 4.87 million (P.Y. ₹6.74 million) 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.
44. Disclosure as per Clause 32 of listing agreements with the Stock Exchanges:

A Loans and Advances given to subsidiaries, associates, firms or companies in which Directors are interested

(Figures in ₹)

Name of party	Relationship	Amount outstanding as at 31 March 2016	Maximum Balance outstanding during the year
Hester Biosciences Nepal Private Limited	Subsidiary	4,596,172 (Nil)	4,596,172 (Nil)
Leruarua Vetcare (Proprietary) Limited	Associates	1,849,627 (Nil)	1,849,627 (Nil)
Sinsui (India) Private Limited	Associates	(Nil) (870,432)	870,432 (870,432)

Note: Figures in Brackets relate to Previous Year

45. 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.

46.

(i) List of Related Parties :

- | | |
|--|---|
| <p>(a) Subsidiary Company:
Hester Biosciences Nepal Private Limited</p> <p>(b) Associates:
Leruarua Vetcare (Proprietary) Limited</p> <p>(c) Key Management Personnel:
Mr. Rajiv Gandhi - CEO & Managing Director
Mr. Jigar Shah - CFO
Ms. Amala Parikh - CS</p> | <p>(d) Promoters and their relatives having control:
Dr. Bhupendra V. Gandhi (Non-Executive Chairman)
Mr. Sanjiv Gandhi (Non-Executive Director)
Mr. Ravin Gandhi (Non Executive Director)
Ms. Priya Gandhi (Alternate Director)</p> <p>(e) Enterprise having significant influence:
Hester Coatings Private Limited
Sinsui (India) Private Limited
Biolink Healthcare Limited
Hester Diagnostics Private Limited</p> |
|--|---|

Notes Forming Part of Financial Statement for the year ended 31 March 2016

(ii) Related Party Transactions

Following are the transactions and amount outstanding with related parties as defined under Accounting Standard-18 on "Related Parties Disclosure" as defined under the Companies (Accounting Standards Rules), 2006 :

(Figures in ₹)

Particulars	Key Management Personnel / Relative of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(a) Sale of Goods			17,661,737	-			17,661,737	-
Leruarua Vetcare (Proprietary) Limited			17,661,737	-			17,661,737	-
(b) Sitting Fees for Board Meetings	80,000	35,000					80,000	35,000
Ms. Priya Gandhi	20,000	20,000					20,000	20,000
Mr. Sanjiv Gandhi	40,000	15,000					40,000	15,000
Dr. Bhupendra V. Gandhi	20,000	-					20,000	-
(c) Interest Income			96,480	-			96,480	-
Hester Biosciences Nepal Private Limited			96,480	-			96,480	-
(d) Remuneration Paid	13,660,419	11,274,889					13,660,419	11,274,889
Mr. Rajiv Gandhi	8,290,723	6,713,014					8,290,723	6,713,014
Mr. Jigar Shah	5,189,696	4,561,875					5,189,696	4,561,875
Ms. Amala Parikh	180,000	-					180,000	-
(e) Rent Paid - MD's Residence					600,000	600,000	600,000	600,000
Biolink Healthcare Limited					600,000	600,000	600,000	600,000
(f) Advance Given			6,349,319	-			6,349,319	-
Hester Biosciences Nepal Private Limited			4,499,692	-			4,499,692	-
Leruarua Vetcare (Proprietary) Limited			1,849,627	-			1,849,627	-
(g) Advance Received Back	-	5,011,684			870,432	-	870,432	5,011,684
Mr. Jigar Shah	-	5,011,684					-	5,011,684
Sinsui (India) Private Limited					870,432	-	870,432	-
(h) Investment in Subsidiary/Associates			682,948	47,841,824			682,948	47,841,824
Hester Biosciences Nepal Private Limited			-	47,841,824			-	47,841,824
Leruarua Vetcare (Proprietary) Limited			682,948	-			682,948	-

(iii) Balances at the end of the Year

(Figures in ₹)

Particulars	Key Management Personnel / Relative of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(a) Trade Receivables			17,118,435	-			17,118,435	-
Leruarua Vetcare (Proprietary) Limited			17,118,435	-			17,118,435	-
(b) Loans & Advances			6,445,799	-	-	870,432	6,445,799	870,432
Hester Biosciences Nepal Private Limited			4,596,172	-	-	-	4,596,172	-
Leruarua Vetcare (Proprietary) Limited			1,849,627	-	-	-	1,849,627	-
Sinsui (India) Private Limited						870,432	-	870,432
(c) Investment			86,699,078	86,016,130			86,699,078	86,016,130
Hester Biosciences Nepal Private Limited*			86,016,130	86,016,130			86,016,130	86,016,130
Leruarua Vetcare (Proprietary) Limited			682,948				682,948	-
(d) Remuneration Payable	800,000	-					800,000	-
Mr. Rajiv Gandhi	800,000	-					800,000	-

* Investment in Hester Biosciences Nepal Private Limited of ₹ 86,016,130 was earlier made by Hester Biosciences (Mauritius) Limited (Former Holding Company of Hester Biosciences Nepal Private Limited)

Notes Forming Part of Financial Statement for the year ended 31 March 2016**47. Disclosure as per As-15 (Revised) on "Employee Benefit" for the year ended 31 March 2016****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 ₹3.95 million (P.Y. ₹2.62 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 lumpsum 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 statements as at 31 March 2016.

i) Change in Benefit Obligations:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Projected benefit obligations at beginning of the year	10,698,609	7,126,694
Service Cost	1,376,166	979,147
Interest Cost	859,098	663,495
Actuarial (Gain) / Loss	1,338,274	(2,702,206)
Benefits Paid	(266,139)	(772,933)
Projected benefit obligations at the end of year	14,006,008	10,698,609

ii) Change in Plan Asset:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Fair value of plan assets at the beginning of the period	11,574,267	9,431,024
Expected return on plan assets	929,414	820,499
Contribution	2,429,191	2,029,759
Benefit paid	(266,139)	(772,933)
Actuarial Gain/(Loss) on plan asset	(55,976)	65,918
Fair value of plan assets at the end of the period	14,610,757	11,574,267
Total actuarial gain/(loss) to be recognised	(1,394,250)	(2,768,124)

Notes Forming Part of Financial Statement for the year ended 31 March 2016

iii) Expenses recognised in income statement:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Current service cost	1,376,166	9,79,147
Interest Cost	(70,316)	(157,004)
Expected return on plan asset	(929,414)	-
Net Actuarial (Gain)/Loss to be recognised	1,394,250	2,636,288
Expense recognised in P/L	2,700,100	3,458,431

iv) Assumptions used in accounting for the Gratuity Plan:

Particulars	(Figures in %)	
	Year ended 31 March 2016	Year ended 31 March 2015
Discount rate previous period	8.03%	9.31%
Discount rate current period	8.25%	8.03%
Rate of return on plan asset previous period	8.03%	8.70%
Rate of return on plan asset current period	8.25%	8.03%
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:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Liability at the end of the period	14,006,008	10,698,609
Fair value of the plan assets at the end of the period	14,610,757	11,574,267
Difference	604,749	875,658
Amount recognised in the Balance Sheet	604,749	875,658

vi) Actual Return on Plan Assets :

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Expected Return on Plan Assets	929,414	820,499
Actuarial Gain/loss on Plan Assets	(55,976)	65,918
Actual Return on Plan Assets	873,438	886,417

vii) Balance Sheet Reconciliation:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Opening Net Liability	(875,658)	(2,304,330)
Expenses As Above	2,700,100	3,458,431
Employers Contribution Paid	(2,429,191)	(2,029,759)
Closing Net Liability/(Asset) in the Balance Sheet	(604,749)	(875,658)

Notes Forming Part of Financial Statement for the year ended 31 March 2016

48. Earnings Per Share

Calculation of Net Profit available for Equity Shareholders:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
A Net Profit After Tax	192,229,514	139,948,822
Profit Available to Equity Shareholders	192,229,514	139,948,822
B Weighted Average No. of Equity Shares of ₹10 each	8,506,808	8,506,800
C Basic and Diluted Earning Per Share	22.60	16.45

49. Segment Information

Particulars	Year ended 31 March 2016			Year ended 31 March 2015		
	Poultry Division	Large Animal Division	Total	Poultry Division	Large Animal Division	Total
A. Segment Revenue						
Sales and Operating Earnings (Net)	914,984,030	93,937,759	1,008,921,789	846,144,163.00	54,227,071.00	900,371,234.00
Other Income	11,562,427	38,0475	11,942,902	3,415,997.00	154,143.00	3,570,140.00
Total Segment Revenue	926,546,457	94,318,234	1,020,864,691	849,560,160	54,381,214	903,941,374
Identifiable Segment Expenses	656,731,920	78,783,675	735,515,595	606,733,385	64,604,665	671,338,050
Segment Operating Income	269,814,537	15,534,559	285,349,096	242,826,775	(10,223,451)	232,603,324
Less : Unallocable Finance Cost			36,856,318			44,490,404
Net Profit Before Tax			248,492,778			188,112,920
Less : Tax Expense			56,263,263			48,164,098
Net Profit after Tax			192,229,515			139,948,822
B. Other Information						
Segment Assets	1,358,325,963	63,932,154	1,422,258,117	1,222,164,113	38,855,722	1,261,019,835
Unallocated Assets			93,144,877			89,665,562
Segment Liabilities	421,878,191	9,994,538	431,872,729	444,868,571	10,031,057	454,899,628
Unallocated Liabilities			165,394,291			138,395,528
Depreciation/Amortisation	57,128,596	189,840	57,318,436	54,731,214	209,038	54,940,252
Capital Expenditure	73,443,739	-	73,443,739	85,315,424	205,135	85,520,559

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

As per our report of even date attached.

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Tehmul B. Sethna
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 07 May 2016

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Jigar Shah
CFO

Place : Ahmedabad
Date : 07 May 2016

Sanjiv Gandhi
Director
DIN: 00024548

Amala Parikh
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To
The Members of
HESTER BIOSCIENCES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HESTER BIOSCIENCES LIMITED ("the Holding Company"), its subsidiary and associate (collectively referred to as "the Company" or "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (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 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While

conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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. An audit also includes evaluating the appropriateness of the 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 the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of one subsidiary and one associate company included in the consolidated financial results, whose financial statements reflect total assets of ₹ 359.18 million as at 31 March 2016 total revenue of ₹ 6.30 million of the year ended 31 March 2016 and total loss of ₹ 9.55 million as considered in consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Statement, in so far relates to the amounts and disclosures included in respect of one subsidiary and one associate company, is solely based on the report of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that :
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other 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 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 the written representations received from the Directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the Directors of the Company, is disqualified as on 31 March 2016 from being appointed for being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and
- g. With respect to the other matters to be included In the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us :
 - i) The Company doesn't have any pending litigations which would impact its financial position in its financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Tehmul B. Sethna
Partner

Place: Ahmedabad
Date: 07 May 2016

Membership No: 035476

Annexure A to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Hester Biosciences Limited ('the Company') as of 31 March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls

and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately

and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial

control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting is based solely on our report on the standalone financial statement of the Holding Company for the year ended 31 March 2016 since it did not have any subsidiary, associate or jointly controlled companies which are incorporated in India as on that date.

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

Place: Ahmedabad
Date: 07 May 2016

Tehmul B. Sethna
Partner
Membership No: 035476

Consolidated Balance Sheet as at 31 March 2016

(Figures in ₹)

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	85,068,650	85,068,000
(b) Reserves and Surplus	4	922,066,698	764,141,100
		1,007,135,348	849,209,100
(2) Minority Interest			
		41,003,560	28,672,050
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	5	329,073,562	317,884,271
(b) Deferred Tax Liabilities (Net)	6	80,325,641	53,326,928
(c) Other Long-Term Liabilities	7	-	5,375,660
		409,399,203	376,586,859
(4) Current Liabilities			
(a) Short-Term Borrowings	8	210,430,193	200,822,008
(b) Trade Payables	9	58,434,324	46,267,458
(c) Other Current Liabilities	10	85,527,378	63,456,862
(d) Short-Term Provisions	11	30,871,193	39,508,882
		385,263,088	350,055,210
Total		1,842,801,200	1,604,523,220
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		639,631,632	593,092,371
(ii) Intangible Assets		6,691,955	2,913,360
(iii) Capital Work-In-Progress		364,579,665	326,034,417
(b) Non-Current Investments	13	682,948	2,779,000
(c) Long Term Loans and Advances	14	104,689,874	79,654,448
		1,116,276,074	1,004,473,596
(2) Current Assets			
(a) Inventories	15	336,205,238	291,084,664
(b) Trade Receivables	16	262,389,400	177,610,646
(c) Cash and Cash Equivalents	17	52,835,148	65,844,077
(d) Short-Term Loans and Advances	18	75,095,340	65,510,237
		726,525,126	600,049,624
Total		1,842,801,200	1,604,523,220
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For & on behalf of the Board of Directors

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

Tehmul B. Sethna
Partner
Membership No.: 035476

Jigar Shah
CFO

Amala Parikh
Company Secretary

Place : Ahmedabad
Date : 07 May 2016

Place : Ahmedabad
Date : 07 May 2016

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

(Figures in ₹)

Particulars	Note No.	Year ended 31 March 2016	Year ended 31 March 2015
I. Revenue from Operations	19	1,008,921,789	900,371,234
II. Other Income	20	12,057,416	3,570,140
III. Total Revenue (I + II)		1,020,979,205	903,941,374
IV. Expenses:			
Cost of Materials Consumed	21	157,675,078	150,011,204
Purchase of Stock-In-Trade	22	67,592,739	37,227,638
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	23	(29,746,277)	59,578,092
Employee benefit Expense	24	158,104,454	125,896,170
Finance Cost	25	37,190,176	45,268,132
Depreciation and Amortization Expense	26	57,512,540	55,252,652
Other Expenses	27	329,337,162	275,937,792
V. Total Expenses		777,665,871	749,171,680
VI. Profit Before Exceptional items, Tax, Minority Interest and share in profit/(loss) of Associates (III- V)		243,313,334	154,769,693
VII. Exceptional Items	28	-	27,205,567
VIII. Profit Before Tax, Minority Interest and share in profit/(loss) of Associates (VI-VII)		243,313,334	181,975,260
IX. Tax Expense:			
(1) Current Tax		62,756,577	44,139,331
(2) Minimum Alternate Tax		(33,492,027)	-
(3) Deferred Tax		26,998,713	4,024,767
X. Profit Before Minority Interest and share in profit/(loss) of Associates (VII-IX)		187,050,071	133,811,162
XI. Profit/(Loss) attributable to Minority Interest		(1,779,037)	(2,148,181)
XII. Profit For The Year (X-XI)		188,829,108	135,959,343
XIII. Earning per Equity Share:			
Basic & Diluted	47	22.20	15.98
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Tehmul B. Sethna
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 07 May 2016

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Jigar Shah
CFO

Place : Ahmedabad
Date : 07 May 2016

Sanjiv Gandhi
Director
DIN: 00024548

Amala Parikh
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2016

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as Per Profit & Loss statement	243,313,334	181,975,260
Adjustments for:		
Depreciation and amortization expense	57,512,540	55,252,652
Bad debts written off	1,558,104	1,568,297
(Profit) / loss on sale of assets	12,501	(7,552,622)
Finance Cost	37,190,176	45,268,132
Diminution in value of Investments	2,660,750	-
Gain on change in Depreciation Method	-	(19,705,567)
Excess balances/provisions written back (Net)	(3,470,550)	(72,968)
Interest Income	(1,260,932)	(1,318,181)
Unrealized Foreign exchange gain	(552,886)	-
Operating profit / (loss) before working capital changes	336,963,037	255,415,005
Adjustments for :		
Trade receivables	(82,313,422)	(41,513,220)
Inventories	(45,120,574)	65,063,476
Trade payables & Other Liabilities	12,166,866	96,013
Other current liabilities	23,575,655	(26,927,198)
Short-term provisions	8,909,055	(33,460)
Cash generated from operations	254,180,618	252,100,615
Payment of Taxes	(59,745,163)	(54,527,874)
Net cash flow from operating activities (A)	194,435,455	197,572,741
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	3,769,430	7,953,134
Proceeds from sale of Investments	118,250	-
Investment in Associate	(682,948)	(50,065,656)
Capital Expenditure On Fixed Assets	(138,974,800)	(193,868,460)
Interest income	1,260,932	1,318,181
Loans and Advances	(5,562,210)	23,410,720
Investment in Bank Deposits	-	(2,158,446)
Redemption of Bank Deposits	1,645,802	1,278,503
Net cash used in investing activities	(138,425,544)	(212,132,024)

Consolidated Cash Flow Statement for the year ended 31 March 2016

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short-term Borrowings	9,608,185	(61,915,859)
Interest paid	(37,190,176)	(45,268,132)
Interim Dividened Paid	(25,520,595)	-
Final Dividened paid	(26,371,080)	(17,013,600)
Dividend Distribution Tax Paid	(10,594,745)	(2,891,461)
Proceeds from issue of Share Capital	14,052,469	48,887,121
Proceeds of long term borrowing	14,018,019	148,430,609
Other Long term liability	(5,375,650)	(2,584,035)
Net cash used in financing activities	(67,373,573)	67,644,643
Net increase in Cash and cash equivalents	(11,363,662)	53,085,360
Cash and cash equivalents as at (Op. Balance)	61,225,163	8,208,645
Exchange Difference on translation of foreign currency cash and cash equivalents	534	(68,842)
Cash and cash equivalents (CL. Balance)	49,862,035	61,225,163
Major Components of Cash & Cash Equivalents		
Cash On Hand	1,874,091	590,761
Balance with Banks - on Current Accounts	47,987,945	60,634,402
Fixed Deposits having maturiy of less than 3 months	-	-
Total	49,862,035	61,225,163

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

In Previous year Cash flows have been adjusted for the balances transferred from the amalgamated companies.

As per our report of even date attached.

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

Tehmul B. Sethna
Partner
Membership No.: 035476

Place : Ahmedabad
Date : 07 May 2016

For & on behalf of the Board of Directors

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Jigar Shah
CFO

Place : Ahmedabad
Date : 07 May 2016

Sanjiv Gandhi
Director
DIN: 00024548

Amala Parikh
Company Secretary

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

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 poultry health products and large animal health products having its manufacturing set up at Village: Merda Adraj, Taluka: Kadi, District: Mehsana, Gujarat.

Company has one subsidiary company namely Hester Biosciences Nepal Private Limited and one associate namely Leruarua Vetcare (Proprietary) 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.

b USE OF ESTIMATES:

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

The financial statements of Company and its subsidiary have been consolidated on a line by line basis by adding together like items of assets, liabilities, income, expenses, after eliminating intra group transactions and any unrealized gains or losses in accordance with the Accounting Standard - 21 on "Consolidated Financial Statements" (AS 21). The financial statements of the Company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. The excess of cost of investments in the subsidiary company over the share of the equity of the subsidiary company at the date on which the investment in the subsidiary company is made is recognised as 'Goodwill on Consolidation' and is disclosed on the face of the Balance Sheet in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of the investment, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.

Investment in an Associate, is reported according to the equity method i.e. the investment is initially recorded at cost in accordance with Accounting Standard 23 "Accounting for Investments in associates in Consolidated Financial Statements". The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associate. The excess of cost of investment in associate, over the net assets at the date of acquisition of the investment in the associate is separately disclosed under non current investments as Goodwill.

c REVENUE RECOGNITION:

Revenue is recognised to the extent it is possible that economic benefits will flow to the Company and can be reliably measured. Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale and reward of ownership have passed to the buyer. 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 of excise duty.

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

d FIXED ASSETS :

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 capitalized as part of the cost. Subsequent expenditures related to

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

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 amortization 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.

e DEPRECIATION / AMORTISATION :

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

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

f IMPAIRMENT OF ASSET:

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exist, the carrying value of such asset is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, then such loss is reversed and the asset is restated to that effect.

g INVESTMENTS:

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

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

h INVENTORIES:

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

Finished products:

Finished products produced by the Company are valued at lower of cost and net realizable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and excise duty has been charged on finished goods.

Work in Progress:

Work in Progress is valued at cost of direct materials, labour and other manufacturing overheads up to the stage of process.

Raw materials, stores and spares:

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

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

i BORROWING COSTS:

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

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 recognized 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 recognized as an expense and are charged to the statement of Profit and Loss for the year in which the related services is rendered.

(ii) Post- employment benefit plans:-

a) Defined Contribution Plan:

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

b) Defined Benefit Plan:

The liabilities in respect of gratuity and leave encashment are determined using projected unit credit method with actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit & loss for the period in which they occur.

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

m SEGMENT REPORTING:

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

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

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

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

n EARNING PER SHARE:

Basic earning 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 recognized on timing differences; being the difference between the taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. It is calculated using the applicable tax rates and tax laws that have been enacted by the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is virtual certainty that there will be sufficient future taxable income available to realize the assets. At each Balance Sheet date, recognized and unrecognized Deferred Tax / Liabilities 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 recognized 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 recognized 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 recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

r Provisions and Contingent Liabilities:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

3. Share Capital

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
AUTHORIZED CAPITAL		
11,200,000 (P.Y. 10,500,000) Equity Shares of ₹ 10 each	112,000,000	105,000,000
	112,000,000	105,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
8,506,865 (P.Y. 8,506,800) Equity Shares of ₹10 each fully paid up	85,068,650	85,068,000
Total	85,068,650	85,068,000

"The Authorised Equity Share Capital was increased to 11,200,000 equity shares of ₹10 each pursuant to the amalgamation of its subsidiaries, Diavetra Lifescience Private Limited and Gujarat Agrofarm Limited vide the Order dated 08 December 2015 of the Hon'ble High Court of Gujarat."

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

Particulars	As at 31 March 2016	As at 31 March 2015
Equity Shares at the beginning of the year	8,506,800	8,506,800
Add: Issue of shares during the year	65	-
Outstanding at the end of the year	8,506,865	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 2016		As at 31 March 2015	
	No. of Shares	% Held	No. of Shares	% Held
RAJIV GANDHI	859,397	10.10	837,909	9.85
DR. BHUPENDRA V GANDHI	710,677	8.35	710,677	8.35
NINA GANDHI	696,340	8.19	696,340	8.19
SANJIV D GANDHI	692,820	8.14	692,820	8.14

3.4 Aggregate number of shares issued by way of bonus shares and for consideration other than cash for the period of 5 years immediately preceding the balance sheet date.

Particulars	Financial Year	No. of Shares
Issued fully paid Equity shares along with voting rights as Bonus Shares	2011-12	2,835,600
Equity shares allotted as fully paidup pursuant to the demerger of Trading Unit of Innoves Animal Healthcare Private limited into the Company	2014-15	65

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

4. Reserve & Surplus

(Figures in ₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Capital Reserve				
As per last Balance sheet	20,246,766		1,259,979	
Add: Pursuant to the Scheme of Amalgamation (Refer Note no. 37)	-		8,164,110	
Add: On Acquisition of Hester Biosciences Nepal Private Limited	-		10,822,677	
		20,246,766		20,246,766
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	287,262,961		241,644,000	
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. 39)	-		(13,506,930)	
Less: Shares issued pursuant to the scheme of Amalgamation (Refer Note no. 37)	650		-	
Add: pursuant to the Scheme of Amalgamation (Refer Note no. 37)	-		34,125,891	
		312,262,311		287,262,961
Foreign Currency Translation Reserve				
As per Last Balance Sheet	(441,013)		3,195,679	
Add: Pursuant to the Scheme of Amalgamation (Refer Note no. 37)	-		(3,554,353)	
Add: Changes during the year	580,271		(82,339)	
		139,258		(441,013)
Surplus- Statement of Profit & Loss				
As per Last Balance Sheet	282,005,281		243,876,283	
Add: Pursuant to the Scheme of Amalgamation (Refer Note No. 37)			(41,059,874)	
Add: Profit for the year	188,829,108		135,959,343	
Add: Adjustment (Refer Note no. 40)	10,495,346		-	
	481,329,735		338,775,753	
Less: Appropriations				
- Proposed Dividend	34,878,147		26,371,080	
- Dividend Tax	7,100,330		5,399,392	
- Transferred to General Reserve	25,000,000		25,000,000	
		414,351,258		282,005,281
Total		922,066,698		764,141,100

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

5. Long Term Borrowings

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Term Loans (Secured)		
- From Banks	324,501,393	302,404,498
Hire Purchase Loans (Secured)		
- From Banks	4,572,169	6,479,772
Long Term Deposits (Unsecured)		
- Others	-	9,000,000
Total	329,073,562	317,884,271

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	60	53,140*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	60	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.	12.4% ^	Monthly	4	2,338,000
			45	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.	12.5% ^	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
			12	6,000,000

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

5.1 Repayment terms and security offered for the loans are set out as below: (contd.)

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each Installment of ₹
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.	12.40% ^	Quarterly	2	1,200,000
			4	1,200,000
			4	1,200,000
			4	1,200,000
			4	2,050,000
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*
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.25%	Monthly	48	30,725*
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.27%	Monthly	60	13,398*

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

* Installment includes interest.

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

6. Deferred Tax Liabilities (Net)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred Tax Liabilities		
- Benefit available Under Income Tax Act	57,645,284	26,991,718
- Excess of Net Block over Written Down Value as per provision of I.T. Act	22,985,684	26,938,867
Total Deferred Tax Liabilities (A)	80,630,968	53,930,585
Deferred Tax Assets		
- Provision for employee benefits	305,327	603,657
Total Deferred Tax Assets (B)	305,327	603,657
Net Deferred Tax Liabilities (A-B)	80,325,641	53,326,928

7. Other Long Term Liabilities

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
-Interest accrued but not due	-	-
-Trade Deposits	-	5,375,660
Total	-	5,375,660

8. Short Term Borrowings

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Loan Repayable on Demand (Secured)		
- From Bank- Cash Credit	210,430,193	200,822,008
Total	210,430,193	200,822,008

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

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

9. Trade Payables

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Payables (Refer Note no. 36)	58,434,324	46,267,458
Total	58,434,324	46,267,458

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

10. Other Current Liabilities

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Current Maturities of Long Term Borrowings		
- Term Loans	45,096,000	28,700,000
- Hire Purchase Loans	2,610,668	3,665,486
Unclaimed Dividends*	2,522,319	2,530,834
Interest accrued & due on borrowings	1,856,532	1,207,958
Advance from Debtors	995,784	3,603,286
Creditors for Capital Expense	6,687,684	8,298,046
Duties and Taxes	10,592,787	7,126,087
Grant Received in advance	-	1,746,393
Other Liabilities	15,165,604	6,578,771
Total	85,527,378	63,456,862

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

11. Short Term Provisions

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision For Employees Benefit		
Provision For Employees Benefit	10,946,013	2,087,173
Others		
Proposed Dividend	9,357,552	26,371,080
Tax on Dividend	1,904,977	5,399,392
Provision for Tax (Net of Advance Tax)	8,662,651	5,651,237
Total	30,871,193	39,508,882

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

12. Fixed Assets

(Figures in ₹)

Sr. No.	Particulars	Gross Block				Depreciation					Net Block	
		As at 01 April 2015	Addition during the year	Translation Reserve	Disposals during the year	As at 31 March 2016	Upto 01 April 2015	Transfer to General Reserve	Adjustment /deduction during the year	For the Year	Upto 31 March 2016	Net Carrying value as at 31 March 2016
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	7,373,703	-	-	374,211	7,747,914	4,346,854
	Plant & Machineries											
	- Imported	4,552,524	-	-	-	4,552,524	4,552,524	-	-	-	4,552,524	-
	- Indigenous	33,490,107	-	-	-	33,490,107	33,490,107	-	-	-	33,490,107	-
	Electrical Installations	3,088,718	-	-	-	3,088,718	3,088,718	-	-	-	3,088,718	-
	Storage Equipment	431,276	-	-	-	431,276	431,276	-	-	-	431,276	-
	Furniture & Fixtures	1,245,262	-	-	-	1,245,262	1,245,262	-	-	-	1,245,262	-
	Vehicles	7,947,609	-	-	-	7,947,609	7,947,609	-	-	-	7,947,609	-
	Scooters	25,083	-	-	-	25,083	25,083	-	-	-	25,083	-
	Office Equipments	1,048,165	-	-	-	1,048,165	1,048,165	-	-	-	1,048,165	-
	Computers	1,564,121	-	-	-	1,564,121	1,564,121	-	-	-	1,564,121	-
	Utilities	3,365,753	-	-	-	3,365,753	3,365,753	-	-	-	3,365,753	-
	Dead Stock	169,064	-	-	-	169,064	169,064	-	-	-	169,064	-
	Dead Stock Canteen	32,598	-	-	-	32,598	32,598	-	-	-	32,598	-
	TOTAL (A1)	70,715,894	-	-	-	70,715,894	64,333,984	-	-	374,211	64,708,195	6,007,698
	Previous Year Figures	70,715,894	-	-	-	70,715,894	50,452,840	13,506,932	-	374,212	64,333,984	6,381,909
A-2.	Tangible Assets - New Project											
	Land & Site Development	45,315,791	0	95,881	0	45,411,672	0	0	0	0	45,411,672	45,315,791
	Factory Building	271,989,059	46,346,884		899,759	317,436,184	36,751,859	0	185,538	9,054,528	45,620,849	271,815,335
	Office Building	119,146,417	0		0	119,146,417	28,936,048	0	0	3,720,472	32,656,520	86,489,897
	Guest House-Building	4,191,825	0		0	4,191,825	696,527	0	0	131,674	828,201	3,363,624
	Plant & Machineries											
	- Imported	29,200,968	1,785,544		0	30,986,512	13,638,275	0	0	2,333,379	15,971,654	15,014,858
	- Indigenous	221,009,592	44,714,751		3,487,460	262,236,883	117,838,781	0	721,487	22,757,215	139,874,509	122,362,374
	Electrical Installations	54,697,700	4,331,376		221,542	58,807,534	32,025,866	0	130,300	5,232,691	37,128,257	21,679,277
	Storage Equipment	7,619,366	1,280,496		0	8,899,862	3,336,796	0	0	812,830	4,149,625	4,750,237
	Furniture and Fixtures	40,577,179	1,696,740	146	0	42,274,065	18,581,618	0	0	4,108,274	22,689,892	19,584,173
	Vehicles	37,194,102	1,486,114	221	0	38,680,436	16,086,144	0	0	4,059,584	20,145,728	18,534,709
	Factory Equipments	6,140,712	1,030,072		0	7,170,784	1,169,403	0	0	701,501	1,870,904	5,299,880
	Office Equipments	8,252,743	324,634		0	8,577,377	5,815,808	0	0	347,879	6,163,687	2,413,690
	Computer	8,475,134	1,187,711		0	9,662,845	6,543,133	0	0	824,446	7,367,579	2,295,266
	Utilities	43,587,277	2,422,977		35,663	45,974,591	30,201,223	0	16,468	2,556,010	32,740,765	13,233,826
	Live Stock	934,072	632,343		191,300	1,375,115	0	0	0	0	1,375,115	934,072
	TOTAL (A2)	898,331,936	107,239,642	96,248	4,835,724	1,000,832,102	311,621,480	0	1,053,793	56,640,482	367,208,170	633,623,933
	Previous Year Figures	827,140,668	71,591,780	0	400,512	898,331,936	275,842,262	0	(18,963,331)	54,044,627	311,621,480	586,710,461
	TOTAL (A1+A2)	969,047,830	107,239,642	96,248	4,835,724	1,071,547,996	375,955,464	0	1,053,793	57,014,693	431,916,365	639,631,632
	Previous Year Figures(A1+A2)	897,856,562	71,591,780	0	400,512	969,047,830	326,295,102	13,506,932	(18,963,331)	54,418,839	375,955,464	593,092,370
B.	Intangible Assets											
	Software	4,233,487	1,167,934		0	5,401,421	3,703,969	0	0	111,284	3,815,252	1,586,169
	Product & Trademark Registration	2,447,821	308,509		0	2,756,330	63,981	0	0	246,563	310,544	2,445,786
	Other Intangible Assets	0	2,800,000		0	2,800,000	0	0	0	140,000	140,000	2,660,000
	TOTAL (B)	6,681,308	4,276,443	0	0	10,957,751	3,767,950	0	0	497,847	4,265,796	6,691,955
	Previous Year Figures	3,987,515	2,693,793	0	0	6,681,308	3,000,045	0	(65,910)	833,813	3,767,948	2,913,360
C.	Capital Work-in-progress											
	Capital Work-in-progress	326,034,417	117,371,221	591,187	79,417,160	364,579,665	0	0	0	0	364,579,665	326,034,417
	Previous Year Figures	131,506,891	228,339,425	0	33,811,899	326,034,417	0	0	0	0	326,034,417	131,506,891
	Current Year Total	1,301,763,555	228,887,306	687,435	84,252,884	1,447,085,411	379,723,413	0	1,053,793	57,512,540	436,182,161	1,010,903,251
	Previous Year Total	1,033,350,968	302,624,998	0	34,212,411	1,301,763,555	329,295,147	13,506,932	(19,029,241)	55,252,652	379,723,412	922,040,147

Note- Capital Expenditure on Research and development facility is ₹ 9,899,804 (P.Y ₹ 12,357,608)

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

13. Non Current Investments

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Investment in Equity Instrument		
Investment in Associates		
Nil (P.Y. 1,182,500) Equity shares of ₹10 each fully paid-up in Innoves Animal Health Pvt. Ltd.	-	2,779,000
107,000 (P.Y. Nil) Equity shares of BWP 1 each fully paid-up in Leruarua Vetcare (Proprietary) Limited#	682,948	-
Total	682,948	2,779,000

Includes Goodwill of ₹ 682,948 and share of post acquisition profit ₹ NIL

14. Long Term Loans and Advances (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Advances	32,706,153	28,131,292
Security Deposits	7,948,811	8,958,822
Loans & Advances to related parties (Refer Note no 45)	1,849,627	951,869
Other Loans & Advances		
Advance to others	111,306	33,000
Loans & Advances to Employees	3,411,102	3,268,332
EPCG Advance	512,665	3,198,111
MAT Credit Entitlement	58,150,210	35,113,022
Total	104,689,874	79,654,448

15. Inventories (At lower of cost and net realisable value)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Raw Materials	32,603,545	16,043,817
Work-in-Progress	205,146,944	207,676,052
Finished Goods	40,683,409	23,343,335
Stock-in-Trade	33,303,287	18,367,975
Stores & Spares	10,770,296	11,041,173
Packing Materials	13,697,758	14,612,312
Total	336,205,238	291,084,664

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

16. Trade Receivables (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
A) Outstanding for a period exceeding six months from the date they are due for Payment		
1) Considered Good		
- Dues from related parties (Refer Note no. 45)	3,243,199	-
- From Others	28,262,154	37,946,372
2) Doubtful	-	-
B) Others		
1) Considered Good		
- Dues from related parties (Refer Note no. 45)	13,875,236	-
- From Others	217,008,811	139,664,274
2) Doubtful	-	-
Total	262,389,400	177,610,646

17. Cash & Cash Equivalent

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
(A) Cash and Cash Equivalents		
1. Cash on Hand	1,874,091	590,761
2. Balances with Banks		
- In Current Accounts	47,987,945	60,634,402
- In Fixed Deposits having original maturity of less than twelve months	850,688	2,425,475
Total-(A)	50,712,724	63,650,638
(B) Other Bank Balances		
- Fixed Deposits having original maturity period of more than twelve months	2,122,424	2,193,439
Total-(B)	2,122,424	2,193,439
Total-(A+B)	52,835,148	65,844,077

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,522,319 (P.Y. ₹2,530,834)

17.2 Balances with banks in fixed deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹ 2,973,112 (P.Y. ₹ 4,618,914)

18. Short Term Loans and Advances (Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
- Advance to Sundry Creditors	14,774,774	10,483,889
- Advance to Staff	2,400,646	2,422,433
- Advance recoverable in cash or kind or for value to be received	2,722,304	2,043,169
Others	55,197,615	50,560,745
Total	75,095,340	65,510,237

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

19. Revenue from Operations

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
(A) Sale of Goods				
Manufacturing Sales				
Domestic Sales	817,285,240		790,702,435	
Export Sales	81,089,872	898,375,112	57,767,113	848,469,548
Trading Sales				
Domestic Sales	85,897,062		62,928,086	
Export Sales	19,187,212	105,084,274	-	62,928,086
(B) Other Operating Revenues		26,561,049		11,305,000
Total		1,030,020,435		922,702,634
Less: Excise Duty		21,098,646		22,331,400
Total		1,008,921,789		900,371,234

19.1 Particulars of Sales

(Figures in ₹)

Particulars of Sales	Year ended 31 March 2016	Year ended 31 March 2015
-Poultry	909,050,669	857,167,196
-Large Animal	94,408,716	54,230,438
Total	1,003,459,385	911,397,634

20. Other Income

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest Income		
- From Bank Deposits	220,656	233,564
- From Others	917,396	1,084,617
Miscellaneous Income	3,644,803	1,405,273
Rent Income	26,400	48,753
Foreign Exchange gain	3,777,611	672,343
Excess balances/provisions Written back (Net)	3,470,550	72,968
Profit on Sale of Live Stock	-	52,622
Total	12,057,416	3,570,140

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

21. Cost of Material Consumed

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening Stock	16,043,817	28,752,927
Add: Purchases	174,234,805	137,302,094
	190,278,622	166,055,021
Less: Closing Stock	32,603,545	16,043,817
Total	157,675,078	150,011,204

21.1 Particulars of Raw material Consumed

(Figures in ₹)

Particulars of Sales	Year ended 31 March 2016	Year ended 31 March 2015
Growth Media	101,959,150	100,006,966
Other Chemicals	55,715,928	50,004,238
Total	157,675,078	150,011,204

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

(Figures in ₹)

Class of Goods	Year ended 31 March 2016		Year ended 31 March 2015	
	Percentage	Value	Percentage	Value
Imported	7.36%	11,612,148	6.33%	9,496,329
Indigenous	92.64%	146,062,930	93.67%	140,514,875
Total		157,675,078		150,011,204

22. Purchase of Stock-in-Trade

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Purchase of stock in trade:-		
- Poultry	22,946,907	6,744,298
- Large Animal	44,645,832	30,483,340
Total	67,592,739	37,227,638

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

23. Change in Inventories

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
Closing Stock				
-Finished Goods	73,986,696		41,711,310	
-Semi-finished Goods	205,146,944		207,676,052	
		279,133,639		249,387,362
Opening Stock				
-Finished Goods	41,711,310		53,873,420	
-Semi-finished Goods	207,676,052		255,092,034	
		249,387,362		308,965,454
Total		(29,746,277)		59,578,092

24. Employee Benefit Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, Wages & Bonus	148,251,849	118,748,914
Contribution to P.F. and Gratuity Fund	6,466,290	4,083,025
Staff Welfare	3,386,315	3,064,231
Total	158,104,454	125,896,170

25. Finance Cost

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest Expense	34,318,877	42,760,831
Other Borrowing Cost	2,871,300	2,507,302
Total	37,190,176	45,268,132

26. Depreciation & Amortization Expense

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Depreciation - SLM	57,014,693	54,418,839
Amortisation of Intangible Assets	497,847	833,813
Total	57,512,540	55,252,652

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

27. Other Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
Manufacturing Expense				
Power and Fuel	56,719,628		46,564,437	
Consumption of stores and spares	12,334,982		5,558,562	
Excise Duty*	1,989,579		363,181	
Repairs & Maintenance				
- Machinery	11,546,139		7,630,316	
- Building	5,195,879		2,349,838	
- Electrical	1,700,008		1,556,742	
Packing Expense	39,229,696		29,599,087	
Quality Control and Testing Expense	3,398,677		2,715,681	
Other Production Expense	36,290,381		32,574,839	
		168,404,970		128,912,683
Selling And Distribution Expense				
Selling Expense	51,633,468		52,409,313	
Sales Promotion	12,306,130		7,493,337	
Sales Tax Expense	3,757,881		3,914,218	
Travelling Expense	13,362,840		9,651,093	
		81,060,319		73,467,961
Establishment Expense				
Communication Expense	5,175,477		4,120,923	
Insurance Expense	2,354,890		3,293,468	
Legal , Professional and Consultancy	15,829,837		11,089,484	
Printing and Stationery	1,973,123		1,920,873	
Travelling and Conveyance	13,538,916		15,752,401	
Rent,Rates and Taxes	6,902,542		10,282,562	
Repairs and Maintenance - Others	3,267,078		3,642,251	
Vehicle & Petrol Expense	8,232,474		7,965,191	
Electricity Charges	1,406,990		1,511,238	
Diminution in value of Investments	2,660,750		-	
Charity & Donations	1,272,562		3,366,562	
Bad Debts written off	1,558,104		1,568,297	
Loss on sale of Fixed Asset	12,501		-	
Miscellaneous Expense	14,480,310		7,854,417	
Payment to Auditor				
- As Auditor	748,318		784,480	
- For Taxation Matters	229,000		150,000	
- For Other Services	229,000		225,000	
- For Reimbursement of Expense	-		30,000	
		79,871,873		73,557,148
Total		329,337,162		275,937,792

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

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

28. Exceptional Items

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Profit on Sale of Fixed Assets	-	7,500,000
Gain on Change in Depreciation method (Refer note no. 38)	-	19,705,567
Total	-	27,205,567

29. Commitments

Particulars	(Figures in ₹)	
	31 March 2016	31 March 2015
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	9,519,453	8,539,200

30. Contingent Liabilities not Provided for

Particulars	(Figures in ₹)	
	31 March 2016	31 March 2015
Claims against the Company not acknowledged as debts:		
Income Tax:		
- In respect of matters decided against the Company, for which the Company is in appeal / may opt for appeal with higher authorities.	6,236,165	5,618,605

31. Dues to Micro, Small and Medium Enterprises as per Msmed Act, 2006

Particulars	(Figures in ₹)	
	31 March 2016	31 March 2015
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
(ii) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006;	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

The above information has been determined to the extent such parties have been identified by the Company on the basis of information collected by the Management, which has been relied upon by the auditors.

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

32. 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:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Revenue Expenditure		
Raw Material	-	1,200
Salary and Wages	13,919,363	8,533,171
Provident Fund Contribution	178,668	32,400
Packing-Forwarding-Freight expenses	26,314	24,982
Power and fuel Cost	10,999,080	7,750,651
Chemical	3,620,265	991,678
Carriage Inward Expenses	34,651	10,015
Consumable (Local)	1,122,538	1,349,538
Consultancy Expenses	-	750,000
Other Allow./Reimbursement	380,344	2,137,948
R & D Expense	9,979,651	8,988,063
Repair and Maintenance expenses	519,478	563,157
Traveling Expense	342,258	778,604
Telephone/Internet Expenses	-	10,749
Seminar/Regist./Legal	-	111,938
Other Admin Expense	2,603	8,191
Total	41,125,213	32,042,285

33. Expenditure in Foreign Currency (on accrual basis):

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Purchase of Materials/Trading goods/ Packing (on C.I.F. basis)	23,813,943	8,504,273
Travelling	6,715,344	6,963,553
Capital Expenditure	1,575,662	8,050,023
Membership/Registration Fees	186,228	2,278,821
Consultancy & Professional Fees	1,212,214	1,618,563
Books & Periodicals	204,941	-
Others	483,724	1,190,684

34. Earnings in Foreign Currency (on accrual basis):

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
F.O.B. value of Exports	92,711,355	50,892,921
Other Operating Income	26,561,049	-
Other Income	603,934	-

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

35. Dividend Remittances in foreign currency:

(Figures in ₹)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Final Dividend for 2013-14		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holders	-	401,100
Final Dividend for 2014-15		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holders	621,705	-
Interim Dividend for 2015-16		
On 200,550 Equity shares of ₹ 10 each to 3 Non Resident Share Holders	601,650	-

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

37. Pursuant to the Scheme of Amalgamation and Arrangement u/s 391 to 394 of the Companies Act 1956 for amalgamation of erstwhile Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited (Wholly owned subsidiaries of the Company) and demerger of trading undertaking of Innoves Animal Health Private Limited with the Company as sanctioned by the Hon'ble High Court of Gujarat on 08 December 2015 all the assets and liabilities of the erstwhile Gujarat Agrofarm Limited, Diavetra Lifesciences Private Limited and Hester Biosciences (Mauritius) Limited and Trading undertaking of Innoves Animal Health Private Limited were transferred to and vested in the Company with effect from the Appointed Date, 01 April 2014. The Scheme has, accordingly, been given effect to in these Accounts.

The amalgamation has been accounted for under the " Pooling Of Interest Method" as prescribed under Accounting Standard 14- "Accounting for Amalgamations" (AS 14) issued by the Institute of Chartered Accountants of India and as notified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies Accountant Rules 2014.

In accordance to the Scheme Company has issued 1 Equity share of ₹ 10 each fully paid-up in respect of every 33,537 equity share of ₹ 10 each of Innove Animal Health Private Limited, aggregating 65 equity shares of the Company.

38. In order to give effect of Composite Scheme of Amalgamation and Arrangement as approved by Hon'ble High Court of Gujarat, the carrying value of Capital Assets of merged company Gujarat Agrofarm Limited (GAFL) has been taken over in books of Hester Biosciences Limited (HBL) w.e.f. 1 April 2014 being the appointed date in the order. GAFL was providing depreciation as per Written Down Value Method (WDV) and to align with the policy of providing depreciation of capital assets of Gujarat Agrofarm Limited with the Company, the method of depreciation is changed from WDV method to SLM and so the difference of carrying value of fixed assets as per SLM over WDV method as on 31 March 2014, being gain of ₹ 0.68 million is shown as exceptional item on the face of Statement of Profit & Loss for the year ended on 31 March 2015. The difference of carrying value of fixed assets as per SLM over WDV method as on 31 March 2015, being gain of ₹ 3.92 million is reduced from total cost of depreciation for the year ended on 31 March 2015.

During the year ended on 31 March 2015, the Company has retrospectively changed the 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 as systematic basis of depreciation charge, more representative of the time pattern in which the economic benefits will be derived from the use 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 to 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 Statement for the year ended 31 March 2016

39. Pursuant to the enactment of the Companies Act, 2013 (the Act) and its applicability for the accounting period commencing after 01 April 2014, the Company has applied the estimated useful lives of the assets as specified in Schedule - II except in respect of certain assets as disclosed in accounting policy on Fixed assets and Depreciation / Amortization. Accordingly the unamortized carrying value of tangible and non tangible assets is being depreciated / amortized 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 in the financial year 2014-15.
40. Adjustment represents borrowing costs that are attributable to the acquisitions or constructions of qualifying assets for expansion / new project were needed to be capitalized to the respective fixed assets in the previous years and in the current year the amount is capitalized to fixed assets thereby increasing the reserves by ₹ 10.50 million.
41. The Company has started implementing component accounting as required under Schedule II to the Companies Act, 2013 in phased manner. Impact of this reassessment is not material for the phases which are completed and for the remaining phases, which are under process effect will be given on completion of verification process.
42. In the opinion of the Board of Directors, loans and advances are of the value stated in the Balance Sheet, to be realized in the normal course of business and provision for all known liabilities have been made in the books of accounts which are adequate and not in excess of the amount reasonably required.
43. Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹ 4.87 million (P.Y. ₹ 6.74 million) 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 realization in full and consequently no provision has been made for such trade receivables.
44. 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

45.

(i) List of Related Parties :

- | | |
|--|--|
| <p>(a) Associates:
Leruarua Vetcare (Proprietary) Limited</p> | <p>(c) Promoters and their relatives having control:
Dr. Bhupendra V. Gandhi (Non-Executive Chairman)
Mr. Sanjiv Gandhi (Non-Executive Director)
Mr. Ravin Gandhi (Non Executive Director)
Ms. Priya Gandhi (Alternate Director)</p> |
| <p>(b) Key Management Personnel:
Mr. Rajiv Gandhi - CEO & Managing Director
Mr. Jigar Shah - CFO
Ms. Amala Parikh - CS</p> | <p>(d) Enterprise having significant influence:
Hester Coatings Private Limited
Sinsui (India) Private Limited
Biolink Healthcare Limited
Hester Diagnostics Private Limited</p> |

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

(ii) Related Party Transactions

Following are the transactions and amount outstanding with related parties as defined under Accounting Standard-18 on "Related Parties Disclosure" as defined under the Companies (Accounting Standards Rules), 2006 :

Particulars	Key Management Personnel / Relative of Key Managerial Personnel		Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(a) Sale of Goods			17,661,737	-			17,661,737	-
Leruarua Vetcare (Proprietary) Limited			17,661,737	-			17,661,737	-
(b) Sitting Fees for Board Meetings	80,000	35,000					80,000	35,000
Ms. Priya Gandhi	20,000	20,000					20,000	20,000
Mr. Sanjiv Gandhi	40,000	15,000					40,000	15,000
Dr. Bhupendra V. Gandhi	20,000	-					20,000	-
(c) Remuneration Paid	13,660,419	11,274,889					13,660,419	11,274,889
Mr. Rajiv Gandhi	8,290,723	6,713,014					8,290,723	6,713,014
Mr. Jigar Shah	5,189,696	4,561,875					5,189,696	4,561,875
Ms. Amala Parikh	180,000	-					180,000	-
(e) Rent Paid - MD's Residence					600,000	600,000	600,000	600,000
Biolink Healthcare Limited					600,000	600,000	600,000	600,000
(f) Loans and Advances			1,849,627	-			1,849,627	-
Leruarua Vetcare (Proprietary) Limited			1,849,627	-			1,849,627	-
(g) Advance Received Back	-	5,011,684			870,432	-	870,432	5,011,684
Mr. Jigar Shah	-	5,011,684					-	5,011,684
Sinsui (India) Private Limited					870,432	-	870,432	-
(h) Investment in Associates			682,948	-			682,948	-
Leruarua Vetcare (Proprietary) Limited			682,948	-			682,948	-

(iii) Balances at the end of the Year

Particulars	Key Management Personnel / Relative of Key Managerial Personnel		Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(a) Trade Receivables			17,118,435	-			17,118,435	-
Leruarua Vetcare (Proprietary) Limited			17,118,435	-			17,118,435	-
(b) Loans & Advances			1,849,627	-	-	870,432	1,849,627	870,432
Leruarua Vetcare (Proprietary) Limited			1,849,627	-	-	-	1,849,627	-
Sinsui (India) Private Limited						870,432	-	870,432
(c) Investment			682,948	-			682,948	-
Leruarua Vetcare (Proprietary) Limited			682,948	-			682,948	-
(d) Remuneration Payable	800,000	-					800,000	-
Mr. Rajiv Gandhi	800,000	-					800,000	-

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016**46. Disclosure as per As-15 (Revised) on "Employee Benefit" for the year ended 31 March, 2016****a Defined Contribution Plans**

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

The Company recognized ₹ 3.95 million (P.Y. ₹ 2.62 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 lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of define benefit obligation and the related current service cost were measured using the projected unit credit method as per actuarial valuation carried out at balance sheet date.

The following table sets out the funded status of the gratuity plan and the amount recognized by the Company's financial statements as at 31 March 2016.

i) Change in Benefit Obligations:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Projected benefit obligations at beginning of the year	10,698,609	7,126,694
Service Cost	1,376,166	979,147
Interest Cost	859,098	663,495
Actuarial (Gain) / Loss	1,338,274	(2,702,206)
Benefits Paid	(266,139)	(772,933)
Projected benefit obligations at the end of year	14,006,008	10,698,609

ii) Change in Plan Asset:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Fair value of plan assets at the beginning of the period	11,574,267	9,431,024
Expected return on plan assets	929,414	820,499
Contribution	2,429,191	2,029,759
Benefit paid	(266,139)	(772,933)
Actuarial Gain / (Loss) on plan asset	(55,976)	65,918
Fair value of plan assets at the end of the period	14,610,757	11,574,267
Total actuarial gain / (loss) to be recognized	(1,394,250)	(2,768,124)

iii) Expenses recognized in income statement:

Particulars	(Figures in ₹)	
	Year ended 31 March 2016	Year ended 31 March 2015
Current service cost	1,376,166	979,147
Interest Cost	(70,316)	(157,004)
Expected return on plan asset	(929,414)	-
Net Actuarial (Gain)/Loss to be recognized	1,394,250	2,636,288
Expense recognized in P/L	2,700,100	3,458,431

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

iv) Assumptions Used in Accounting for the Gratuity Plan:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Discount rate previous period	8.03%	9.31%
Discount rate current period	8.25%	8.03%
Rate of return on plan asset previous period	8.03%	8.70%
Rate of return on plan asset current period	8.25%	8.03%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
Attrition rate previous period	2.00%	2.00%
Attrition rate current period	2.00%	2.00%

v) Amount Recognized in the Balance Sheet:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Liability at the end of the period	14,006,008	10,698,609
Fair value of the plan assets at the end of the period	14,610,787	11,574,267
Difference	604,749	875,658
Amount recognized in the Balance Sheet	604,749	875,658

(Figures in ₹)

vi) Actual Return on Plan Assets :

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Expected Return on Plan Assets	929,414	820,499
Actuarial Gain / Loss on Plan Assets	(55,976)	65,918
Actual Return on Plan Assets	873,438	886,417

(Figures in ₹)

vii) Balance Sheet Reconciliation:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening Net Liability	(875,658)	(2,304,330)
Expenses As Above	2,700,100	3,458,431
Employers Contribution Paid	(2,429,191)	(2,029,759)
Closing Net Liability/(Asset) in the Balance Sheet	(604,749)	(875,658)

(Figures in ₹)

47. Earnings Per Share

Calculation of Net Profit available for Equity Shareholders:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
A Net Profit After Tax	187,050,071	133,811,162
Profit available to Equity Shareholders	188,829,108	135,959,343
B Weighted Average No. of Equity Shares of ₹ 10 each	8,506,808	8,506,800
C Basic and Diluted Earning Per Share	22.20	15.98

(Figures in ₹)

Notes Forming Part of Consolidated Financial Statement for the year ended 31 March 2016

48. Segment Information

(Figures in ₹)

Particulars	Year ended 31 March 2016			Year ended 31 March 2015		
	Poultry Division	Large Animal Division	Total	Poultry Division	Large Animal Division	Total
A. Segment Revenue						
Sales and Operating Earnings (Net)	914,984,030	93,937,759	1,008,921,789	846,144,163.00	54,227,071.00	900,371,234.00
Other Income	11,562,427	38,0475	11,942,902	3,415,997.00	154,143.00	3,570,140.00
Unallocated Income			114,514			-
Total Revenue	926,546,457	94,318,234	1,020,979,205	849,560,160	54,381,214	903,941,374
Identifiable Segment Expenses	656,732,279	78,783,675	735,515,954	606,733,385	64,604,665	671,338,050
Unallocated Expenses			4,959,741			5,359,931
Result	269,814,178	15,534,559	280,503,510	242,826,775	(10,223,451)	227,243,393
Less : Unallocable Finance Cost			37,190,176			45,268,132
Net Profit Before Tax			243,313,334			181,975,261
Less : Tax Expense			56,263,263			48,164,098
Profit After Tax but Before Minority Interest			187,050,071			133,811,163
Add: Share of loss of subsidiary transfer to Minority Interest			1,779,037			2,148,181
Net Profit after Tax			188,829,108			135,959,344
B. Other Information						
Segment Assets	1,358,325,963	63,932,154	1,422,258,117	1,222,164,113	38,855,722	1,261,019,835
Unallocated Assets			425,963,003			343,503,385
Segment Liabilities	421,878,191	9,994,538	431,872,729	444,868,571	10,031,057	454,899,628
Unallocated Liabilities			419,979,465			338,769,329
Depreciation/Amortisation	57,128,596	189,840	57,318,436	54,731,214	209,038	54,940,252
Unallocated Depreciation			193,743			312,400
Capital Expenditure	73,443,739	-	73,443,739	85,315,424	205,135	85,520,559
Unallocated Capital Expenditure			76,026,707			108,347,896

49. Disclosure of Additional Information Pertaining to the Parent, Subsidiary and Associate Company

(Figures in ₹)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)				Share in Profit or Loss			
	2015-16		2014-15		2015-16		2014-15	
	As % of consolidated Net Assets	Net Assets	As % of consolidated Net Assets	Net Assets	As % of consolidated Net Assets	Profit/(loss)	2015-16	Profit/(loss)
Holding Company								
Hester Biosciences Limited	87.07	912,592,322	86.17	756,442,111	102.72	192,133,034	104.59	139,948,822
Subsidiary Company (foreign)								
Hester Biosciences Nepal Private Limited	11.76	123,215,077	12.88	113,098,889	(1.77)	(3,303,926)	(2.98)	(3,989,479)
Associate Company (foreign)								
Leruarua Vetcare (Proprietary) Limited	-	-	-	-	-	-	-	-
Minority interest in Subsidiary Company	1.18	12,331,510	0.95	8,340,151	(0.95)	(1,779,037)	(1.61)	(2,148,181)
Total	100.00	1,048,138,908	100.00	877,881,151	100.00	187,050,071	100.00	133,811,162

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

As per our report of even date attached.

For & on behalf of the Board of Directors

For Apaji Amin & Co. LLP
Chartered Accountants
Firm registration no : 100513W/W100062

Rajiv Gandhi
CEO & Managing Director
DIN: 00438037

Sanjiv Gandhi
Director
DIN: 00024548

Tehmul B. Sethna
Partner
Membership No.: 035476

Jigar Shah
CFO

Amala Parikh
Company Secretary

Place : Ahmedabad
Date : 07 May 2016

Place : Ahmedabad
Date : 07 May 2016

TEN YEAR FINANCIAL STATISTICS

(₹ In Million)

YEAR ENDED ON 31 MARCH	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Manufacturing Sales	216.01	322.41	297.84	367.83	416.73	479.21	618.08	638.34	826.17	877.28
Trading Sales	2.27	3.93	3.76	7.49	2.98	3.42	32.96	52.14	62.89	105.08
Other Operational Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.31	26.56
NET SALES	218.28	326.34	301.60	375.32	419.71	482.63	651.04	690.48	900.37	1008.92
Other Income	2.63	2.75	0.92	0.81	1.31	2.44	2.34	7.73	3.57	11.94
TOTAL INCOME	220.91	329.09	302.52	376.13	421.02	485.07	653.38	698.21	903.94	1020.86
Total Expenses	130.16	156.60	153.68	214.18	239.13	293.55	426.98	437.18	643.60	678.19
(a) (Increase)/decrease in Stock in trade	(22.54)	(19.90)	(41.36)	(40.21)	(54.59)	(51.45)	(24.64)	(30.32)	59.58	(29.75)
(b) Trading Purchase	3.05	4.23	3.28	7.25	1.89	6.72	31.76	39.28	37.23	67.59
(c) Consumption of Raw Materials	70.94	62.82	71.31	91.43	113.76	119.21	147.15	104.56	150.01	157.67
(d) Manufacturing Expenses	22.21	34.50	36.51	57.08	60.98	87.41	93.48	116.49	128.91	168.41
(e) Staff Cost	19.64	29.94	36.66	49.97	58.19	68.68	90.62	98.37	123.17	154.40
(f) Selling, General & Admn. Expenses	36.87	45.01	47.28	48.65	58.89	62.98	88.61	108.80	144.71	159.87
Interest	6.98	26.55	28.88	23.63	25.28	28.27	32.18	64.34	44.49	36.86
Depreciation	4.41	36.85	38.44	42.33	44.78	41.23	43.95	53.78	54.94	57.32
Amortisation of Preliminary Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROFIT BEFORE EXCEPTIONAL ITEMS	79.36	109.09	81.52	96.00	111.83	122.02	150.27	142.91	160.91	248.49
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.21	0.00
PROFIT BEFORE TAX	79.36	109.09	81.52	96.00	111.83	122.02	150.27	142.91	188.11	248.49
Provision for taxation	27.85	38.69	34.16	35.67	35.88	44.11	53.37	42.03	48.16	56.26
NET PROFIT	51.51	70.41	47.36	60.33	75.96	77.91	96.90	100.88	139.95	192.23
BALANCE SHEET AS AT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SOURCES OF FUNDS :										
Paid-up Equity share capital	51.91	51.91	51.91	51.91	51.91	56.71	85.07	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	16.44	0.00	0.00	0.00	0.00	0.00
General Reserve & Surplus	227.56	282.78	314.56	356.73	411.50	543.78	593.68	674.65	757.39	918.14
Loan Funds	223.58	201.43	187.66	201.49	213.25	140.20	214.81	324.49	387.17	388.06
TOTAL	503.05	536.12	554.13	610.13	693.10	740.69	893.56	1084.21	1229.63	1391.27
APPLICATION OF FUNDS :										
Net Fixed Assets	348.79	409.04	405.31	398.36	392.16	365.32	346.99	506.77	565.30	615.68
Capital Work - in - Progress	5.55	0.00	0.00	0.00	0.00	63.04	240.53	131.50	142.74	104.70
Investment	0.00	0.00	0.00	0.00	25.00	25.00	27.85	36.33	88.80	86.70
Net Current Assets	165.52	146.05	174.71	238.32	301.40	311.81	304.18	458.87	486.12	664.51
Profit & Loss A/c	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets / (Liabilities)	(16.81)	(18.97)	(25.89)	(26.55)	(25.46)	(24.48)	(25.99)	(49.26)	(53.33)	(80.33)
TOTAL	503.05	536.12	554.13	610.13	693.10	740.69	893.56	1084.21	1229.63	1391.27
EQUITY DIVIDEND	20%	25%	25%	30%	35%	10%	20%	20%	31%	41%

ABBREVIATIONS

AGM	Annual General Meeting
ADRs	American Depository Receipts
AS	Accounting Standards
ATRs	Action Taken Reports
bps	Basis points
BSE	Bombay Stock Exchange
BWP	Botswana Pula
Capital W.I.P.	Capital Work in Progress
CARE	Credit Analysis and Research Limited
CAGR	Compound Annual Growth Rate
CCM	Court Convened Meeting
C.I.F.	Cost Insurance and Freight
CDSL	Central Depository Services Limited
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIN	Corporate Identity Number
CLID	Client Identity
CS	Company Secretary
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DPID	Depositroy Participant Identity
EBIDTA	Earnings Before Interest, Depreciation, Taxes, and Amortization
EGM	Extraordinary General Meeting
EPCG	Export Promotion Capital Goods
EPS	Earning Per Share
ESOS	Employees Stock Option Scheme
FAO	Food and Agriculture Organization
FD	Fixed Deposit
FOB	Free On Board
F.Y.	Financial Year
GAAP	Generally Accepted Accounting Principles
GALVmed	Global Alliance for Livestock Veterinary Medicines
GDRs	Global Depository Receipts
GLN	Global Location Number
HUF	Hindu Undivided Family
IPO	Initial Public Offer
ICAI	Institute of Chartered Accountants of India
ISIN	International Securities Identification Number
KMP	Key Managerial Personnel
LLP	Limited Liability Parternership
LODR	Listing Obligations and Disclosures Requirements
MAT	Minimum Alternate Tax
MBL	Maine Biological Laboratories
MCA	Ministry of Corporate Affairs
NEAPS	NSE Electronic Application Processing System
NGO	Non-Governmental Organization
NIC	National Industrial Classification
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
OIE	World Organisation for Animal Health
PAT	Profit After Tax
PBT	Profit Before Tax
PBIT	Profit Before Interest and Tax
P/E	Price-Earnings
PPR	Peste des Petits Ruminants
PAN	Permanent Account Number
P.Y.	Previous Year
R & D	Research & Development
ROC	Registrar of Companies
SCORES	SEBI Complaints Redressal System
SEBI	Security Exchange Board of India
SLM	Straight Line Method
the Company	Hester Biosciences Limited
WDV	Written Down Value



HESTER BIOSCIENCES LIMITED
www.hester.in

HESTER BIOSCIENCES LIMITED

CIN: L99999GJ1987PLC022333

Registered 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 29th Annual General Meeting of the Members of Hester Biosciences Limited, will be held on Friday, 29 July 2016 at 11.00 A.M. at Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009, Gujarat to transact the following business:

ORDINARY BUSINESS

1. a. To receive, consider and adopt the audited financial statements of the Company for the financial Year ended on 31 March 2016 and the reports of the Board of Directors' and Auditors' thereon; and
b. The audited consolidated financial statements of the Company for the financial year ended 31 March 2016.
2. To declare a final dividend on equity shares and to take note of the interim dividend, already paid during the year, for the financial year ended 31 March 2016.
3. To appoint a Director in place of Dr. Bhupendra V. Gandhi (DIN: 00437907), who retires by rotation and being eligible, has offer 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 pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the rules made there under, Apaji Amin & Co. LLP, Chartered Accountants (Firm Registration No. 100513W/W100062), Ahmedabad be and are hereby re-appointed as a Statutory Auditors of the Company to hold office from the conclusion of the 29th Annual General Meeting of the Company to the Conclusion of the 32nd Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

5. **To approve Remuneration of Cost Auditor**

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

"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), 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 2017, 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 and expedient to give effect to this resolution."

6. **To Change place of keeping and inspection of Register and Index of members, returns, etc.**

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 88, 94 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and corresponding sections of the erstwhile Companies Act, 1956) and in supersession of all earlier resolutions passed in this regard, consent of the Members of the Company be and is hereby accorded for the maintenance of the Registers and Index of Members of the Company under Section 88 of the Companies Act, 2013 and copies of the returns prepared under Section 94 of the Companies Act, 2013 shall be kept at the Registered Office of the Company.

RESOLVED FURTHER THAT the records of the Company including the Registers and Indexes of Members of the Company under Section 88 of the Act, as applicable and copies of the returns prepared under Section 92 of the Act, as applicable, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Articles of Association of the Company, be shifted and maintained at Link Intime India Private Limited, C-13, Pannalal Silk

Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078, Maharashtra or at such other place within Mumbai or at its Ahmedabad office, where the Registrar and Transfer Agent may shift its office from time to time.

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof, if any, constituted by the Board) and/or the Company Secretary be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this Resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution and to delegate all or any of the powers or authorities herein conferred by this resolution, to any Director(s) or to any other official of the Company or any other Officer(s)/ Authorised Representative(s) of the Company or to engage any advisor, consultant, agent or intermediary”.

7. To Issue of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment

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 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any amendments thereto or re-enactment thereof for the time being in force), the Companies (Prospectus and Allotment of Securities) Rules, 2014, all other applicable rules under the Companies Act, 2013, Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time (the “SEBI Regulations”), Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations 2004, as amended from time to time, and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where equity shares of face value INR 10 each of the Company are listed, read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Obligations Regulations”), and subject to other applicable laws, rules, regulations, guidelines, notifications and circulars issued by various competent authorities / bodies, whether in India or abroad and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (“SEBI”), Government of India (“GOI”), Reserve Bank of India (“RBI”), Foreign Investment Promotion Board (“FIPB”), Department of Industrial Policy & Promotion (“DIPP”) and all other appropriate and / or competent authorities or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred as “Board” which term shall include any Committee thereof which the Board may have constituted to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to offer, create, issue and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Qualified Institutional Buyers (“QIB”), Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, trusts, stabilizing agents or otherwise or any combination thereof, whether or not such investors are shareholders, promoters, directors or associates of the Company, through issue of Equity Shares and / or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment (referred to as “Securities”), for up to an aggregate amount of INR 75 Crore (Rupees Seventy Five Crore only) and/or an equivalent thereof in one or more foreign currency, inclusive of discount or premium that may be fixed on such Securities under Chapter VIII of the SEBI Regulations at such price, being not less than the price determined in accordance with the pricing formula specified under the SEBI Regulations (or such other formula as may be prescribed by SEBI) or such prices as may be permissible under the SEBI Regulations or notifications, considering the prevailing market conditions and other relevant factors and where necessary in consultation with the Lead Managers, Merchant Bankers, Underwriters, Guarantors, Financial and / or Legal Advisors, Depositories, Registrars and other agencies and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the merchant banker(s) to be appointed, so as to enable to list on any stock exchanges in India and / or on any of the overseas stock exchanges, wherever required and as may be permissible.”

“RESOLVED FURTHER THAT such Securities shall be fully paid up and the allotment of such Securities shall be completed within 12 months from the date of the shareholders resolution approving the proposed qualified institutional placement of Securities or such other time as may be allowed by the SEBI Regulations from time to time.”

“RESOLVED FURTHER THAT the Equity Shares so issued shall in all respects rank paripassu with the existing Equity Shares of the Company and shall be listed with the stock exchanges where the Company’s existing equity shares are listed.”

“RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.”

"RESOLVED FURTHER THAT the Securities to be created, issued allotted and offered in terms of this Resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company."

"RESOLVED FURTHER THAT in the event the Equity Shares are issued in the course of QIP under Chapter VIII of SEBI Regulations, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board decides to open the issue or as mentioned in the SEBI Regulations, as applicable"

"RESOLVED FURTHER THAT in the event the Equity Shares are issued in the course of QIP under Chapter VIII of SEBI Regulations, the pricing shall be determined in compliance with principles and provisions set out in the regulation 85 of Chapter VIII of the SEBI Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said SEBI Regulations."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalisation and approval of the offer documents(s), private placement offer letter, determining the form, proportion and manner of the issue, including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, premium/discount amount on issue /conversion / exercise / redemption, rate of interest, redemption period, fixing record date, listings on one or more stock exchanges in India or abroad, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognised stock exchange(s), to affix common seal of the Company on any arrangements, contracts / agreements, memorandum, documents, etc. as may be required."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised in consultation with the merchant banker(s), advisors and / or other intermediaries as may be appointed in relation to the issue of Securities, is authorised to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue and allotment of Securities and listing thereof with the stock exchanges or otherwise as may be required in relation to the issue and to resolve and settle all questions and difficulties that may arise in the issue, offer and allotment of Securities, including finalisation of the number of Securities to be issued in each tranche thereof, form, terms and timing of the issue of Securities including for each tranche of such issue of Securities, identification of the investors to whom Securities are to be offered, utilisation of the proceeds and other related, incidental or ancillary matters as the Board may deem fit at its absolute discretion, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to the any of the aforesaid or otherwise in relation to the issue of Securities."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any officer of the Company."

For Hester Biosciences Limited

Place : Ahmedabad
Date : 29 June 2016
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, 23 July 2016 to Friday, 29 July 2016 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
10. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid within a period of 30 days from the date of declaration, to those members whose name appear on the Register of Members as on Friday, 22 July 2016.
11. Members holding shares in electronic form are requested to intimate immediately for any change in their address or bank mandates to their Depository Participants with whom they are maintaining their dematerialised accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or contact our Registrar and Transfer Agent i.e. Link Intime India Private Limited.
12. Pursuant to the provisions of Section 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 year 2007-08, 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 2007-08 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:

Link Intime India Private Limited

(Ahmedabad Branch)
Unit No. 303, 3rd Floor,
Shopper Plaza-V,
Opp. Municipal Market, Off. C.G. Road,
Ahmedabad, Gujarat - 380 009

- Please Quote folio no. / DP ID & CL ID for any communication for your shareholding.
 - Bring the copy of Annual Report at the meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN to the Company or contact our Registrar and Transfer Agent i.e. Link Intime India Private Limited.
16. The Company's equity shares are presently listed and traded at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to BSE & NSE for the financial year 2016-17.
17. Pursuant to Regulation 36 (3) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on Friday, 29 July 2016 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	Dr. Bhupendra V. Gandhi
Date of Birth	16 October 1942
Date of appointment	21 April 2005
Qualifications	Nephrology, MBBS etc.
Expertise in specific functional areas	Doctor in Nephrology having rich experience in the field of Medicines.
List of Public Ltd. Co. in which Directorship held	Nil
*Chairman/ Member of the Committees of the Board of Directors of the Co.	Nil
*Chairman/ Member of the committees of Directors of other Co.	Nil
No. of Shares held	710,677 Equity Shares of ₹ 10 each
Relationship with other Directors	1. Uncle of Mr. Rajiv Gandhi 2. Uncle of Mr. Sanjiv Gandhi 3. Uncle of Mr. Ravin Gandhi

* Chairmanship / membership of the Audit Committee and Stakeholders' Grievance 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 2015-16 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 2015-16 are being sent by the permitted mode.

Pursuant to Regulations 36 of SEBI (LODR) Regulations, 2015 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 2016 would be dispatched.

20. Members may also note that the Notice of the 29th AGM and the Annual Report 2015-16 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 investor@hesterbiosciences.co.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 Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide to its members, facility to exercise their rights to vote on resolutions proposed to be passed at the 29th 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 : 29 June 2016
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. 5

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 2017 on a remuneration of ₹ 175,000/- 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. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2017.

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. 5 of the Notice.

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

Item No. 6

The Company had appointed Sharepro Services (India) Private Limited as its Registrar and Transfer Agent (hereinafter referred to as "R&TA") with effect from 01 April 2010.

The operations of Sharepro Services (India) Private Limited are currently being investigated by Statutory Authorities over alleged misappropriation of dividends and securities of its client companies. With increasing rigor being placed on corporate compliances, advent of new regulations, intensified surveillance by the market regulator, and in order to protect the interest of shareholders, the Board of Directors of the Company are of the opinion that the Company should appoint another entity as its R&TA which could be reliable. Further SEBI has also directed the company to shift its share transfer work to another Share Transfer Agents.

Accordingly, the Board of Directors of the Company at its meeting held on 07 May 2016, on the recommendations of the Stakeholders Relationship Committee, have approved the appointment of Link Intime India Private Limited, having its office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078, Maharashtra or at such other place within Mumbai or at its Ahmedabad office as the R&TA of the Company.

In accordance with Section 94 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, the Register and Index of Members under Section 88 of the Act and copies of Annual Returns under Section 92 of the Act are required to be kept and maintained at the Registered Office of the Company, unless a Special Resolution is passed in a general meeting authorising keeping of the register at any other place within the city, town or village in which the Registered Office is situated.

Accordingly, the Company would maintain the Registers and Index of Members and copies of Annual Returns. The Board of Directors of the Company recommends the Special Resolution as set out in the Annual General Meeting Notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Special Resolution as set out in the Annual General Meeting Notice, except to the extent of their shareholding, if any, in the Company.

Item No. 7

The Company has good opportunities for its growth and business expansion. This requires sufficient resources including funds available and to be allocated, from time to time. The generation of internal funds may not always be adequate to meet all the requirements of the Company's growth plans. It would be therefore, prudent for the Company to have the requisite enabling approvals in place for meeting the fund requirements of its growth and business expansion, capital expenditure, long term working capital, refinancing the existing borrowings and also such other corporate purposes as may be permitted under the applicable laws and as may be specified in the appropriate approvals. This would also help the Company to take quick and effective action to capitalise on the opportunities, primarily those relating to growth and business expansion, as and when available.

The consent of the shareholders is sought for issuing Securities as stated in the resolution which shall result in issuance of further shares of the Company in accordance with the terms and nature of Securities to be issued by the Company. The members of the Company to authorise the Board of Directors or any Committee of the Board to raise funds through to investors whether Indian or Foreign, including Foreign Institutions, Qualified Institutional Buyers ("QIB"), Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, trusts, stabilizing agents or otherwise or any combination thereof, whether or not such investors are shareholders, promoters, directors or associates of the Company, through issue of Equity Shares and / or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment at a price to be determined as per the SEBI(Issue of Capital and Disclosure Requirement)Regulations or as per other applicable rules and regulations, to the

extent of INR 75 crore (Rupees Seventy Five Crore only) in Indian Rupees and / or an equivalent amount in any foreign currency under section 62 read with section 179 of the Act and other applicable laws. While no specific instruments of Securities have been identified at this stage, the Board may opt for one or more appropriate instrument(s) in the best interest of the Company. Such issue shall be subject to the provisions of the Act and Rules made thereunder, Articles of Association of the Company, SEBI Regulations and other applicable laws.

To meet the requirements for the above purposes and for other general corporate purpose, as may be decided by the board of directors (hereinafter called the "Board" which expression shall include any committee of directors constituted / to be constituted by the Board) from time to time, it is proposed to seek authorisation of the members of the Company in favour of the Board, without the need for any further approval from the members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIBs") in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI Regulations") and Section 42 of the Act, as amended, as set out in the Special Resolution of the accompanying Notice.

The requirement of funds is proposed to be met both from equity issuance of appropriate securities as defined in the resolutions and from both domestic and/or international markets. Prudence would require the funding to be structured with equity to meet with the objective of optimisation of the cost.

Section 62(1)(c) of the Act provides that, inter-alia, such further Equity Shares may be offered to any persons, whether or not such persons are existing holders of equity shares of the company as on the date of offer, by way of a Special Resolution passed to that effect by the members of the Company. Accordingly, consent of the members is being sought, pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Act and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 to issue and allot Securities as stated in the Special Resolution.

Pursuant to the provisions of section 42 and 62 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company offering or making an invitation to subscribe aforesaid Securities is required to obtain prior approval of the shareholders by way of a Special Resolution. If approved by the shareholders, QIP shall be completed within Twelve Month from the date of passing of Special Resolution.

In view of the above, it is proposed to seek approval from the shareholders of the Company by way of Special Resolution to offer, create, issue and allot Equity Shares, in one or more tranches, to investors inter alia through QIP by way of private placement and to authorise the Board of Directors including any Committee thereof authorised for the purpose to do all such acts, deeds and things in the matter.

It will be ensured that:

- a) The relevant date for the purpose of pricing of the equity shares would, pursuant to Chapter VIII of the SEBI (ICDR) Regulations, be the date of the meeting in which the Board or duly authorised committee thereof decides to open the proposed issue of equity shares or as mentioned in the SEBI Regulations, as applicable;
- b) The pricing for this purpose shall be in accordance with regulation 85 of Chapter VIII of the SEBI (ICDR) Regulations. The Company may offer a discount of not more than 5% (Five percent) on the price calculated for the QIP or such other discount as may be permitted under SEBI (ICDR) Regulations, as amended from time to time;
- c) The issue and allotment of equity shares shall be made only to Qualified Institutional Buyers (QIBs) within the meaning of SEBI (ICDR) Regulations and such equity shares shall be fully paid up on its allotment;
- d) The total amount raised in such manner and all previous QIPs made by the Company in a financial year would not exceed 5 times of the Company's net worth as per the audited balance sheet for the previous financial year;

The resolutions contained in Item No. 7 of the accompanying Notice, accordingly, seek shareholders' approval through Special Resolution for raising funds as above through issue of Securities in one or more tranches and authorising Board of Directors (including any Committee thereof authorised for the purpose) of the Company to complete all the formalities in connection with the issuance of Securities.

None of the directors, key managerial personnel of the Company or their relatives are, in any way, concerned or interested in the said Special Resolution, except to the extent of their equity holdings in the Company / Institution in which they are directors or members.

For Hester Biosciences Limited

Place : Ahmedabad
Date : 29 June 2016
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 Regulations 44 of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the 29th 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 22 July 2016 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	Tuesday, 26 July 2016 at 9.00 AM
End of remote e-Voting	Thursday, 28 July 2016 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 22 July 2016.

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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both dematerialised shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number is printed on Attendance Slip indicated in PAN field.
DOB	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.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your dematerialised account or in the company records for the said dematerialised account or folio. <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. 160621007 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	: Link Intime India Private Limited (Ahmedabad Branch) Unit No. 303, 3rd Floor, Shopper Plaza-V, Opp. Municipal Market, Off. C.G. Road, Ahmedabad, Gujarat – 380 009
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

Registered 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 29th Annual General Meeting of the Company, to be held on Friday, 29 July 2016 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 Statements, Reports of the Board of Directors and Auditors for the year ended 31 March 2016
 - b) Audited Consolidated Financial Statements for the year ended 31 March 2016
- 2) Declaration of final dividend and consideration of interim dividend, already paid during the year, for the financial year 2015-16
- 3) Re-appointment of Dr. Bhupendra V. Gandhi as a Director, who retires by rotation
- 4) Appointment of Auditors and fixing their remuneration
- 5) Approval of the remuneration of the Cost Auditor
- 6) Change of place of keeping and inspection of Register and Index of members, returns, etc.
- 7) Issue of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment



Signed this _____ day of _____ 2016

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.

Map of the AGM Venue

