

transforming a challenge into an opportunity



**Hester**

HESTER BIOSCIENCES LIMITED
27TH ANNUAL REPORT 2013-14


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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In 2013-14, Hester Biosciences Limited unexpectedly encountered one of its most challenging years in existence.

The year was marked by the disruption of the Company's largest intermediate supply, affecting revenues.

During the year, Hester strengthened its product portfolio, created an indigenous substitute for the intermediate and returned to profitable growth by the fourth quarter, a reality that otherwise looked like a distant possibility.

The message we wish to send out for the year gone by at Hester is: we transformed a challenge into an opportunity.

transforming a challenge into an
opportunity



Hester Biosciences Limited.

Animal vaccine manufacturer. Respected. Growing. Profitable.

Who we are

Hester Biosciences Limited was founded in 1987 by Mr. Rajiv Gandhi, a first generation entrepreneur. The Company manufactures and markets veterinary vaccines and health products.

Where we are

The Company has a manufacturing unit in Gujarat while another one is being commissioned in Kathmandu. The Company also possesses an extensive marketing network spread over these two countries. The Company's shares are listed and traded on the Bombay Stock Exchange, market capitalisation being ₹750 million as on 31st March, 2014.

Our offerings

The Company's product portfolio comprises of over 45 vaccines and over 35 health products, which are distributed through Hester's pan-India distribution network. Hester also exports products to eight countries.

Our accreditations

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

Numbers at a glance

15.30%

EBIDTA growth

2012-13
₹226.40 million

2013-14
₹261.03 million

9.80%

Cash profit growth

2012-13
₹140.85 million

2013-14
₹154.66 million

4.11%

Net profit growth

2012-13
₹96.90 million

2013-14
₹100.88 million

6.06%

Revenue growth

2012-13
₹651.04 million

2013-14
₹690.48 million

11.93%

RONW growth

2012-13
₹678.75 million

2013-14
₹759.72 million

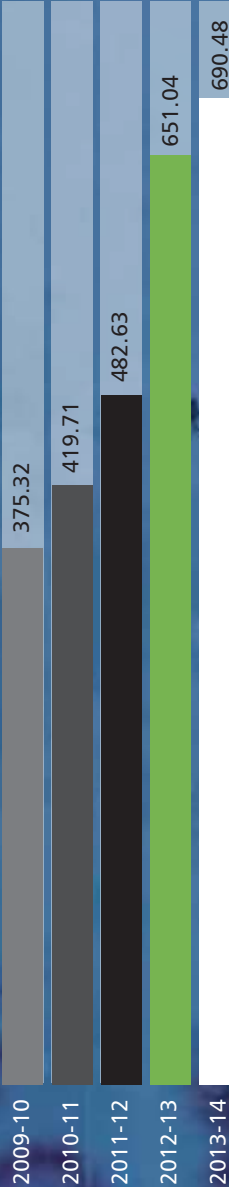
Highlights, 2013-14

- The Company's R&D centre was recognised by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.
- The Company developed its own Marek's vaccine from the basic, eliminating an earlier dependence on an imported intermediate for the vaccine.

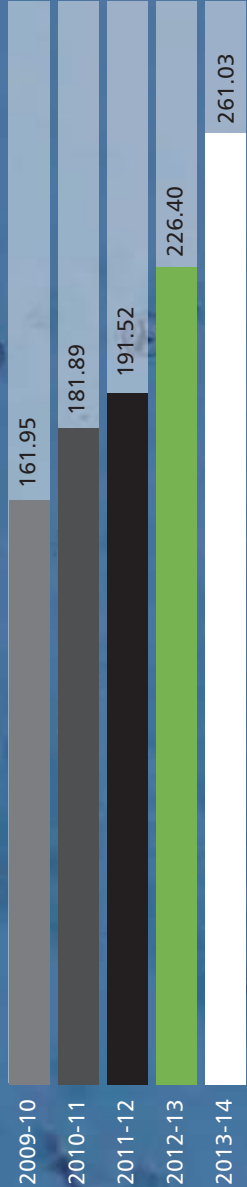
How we have grown over the years.



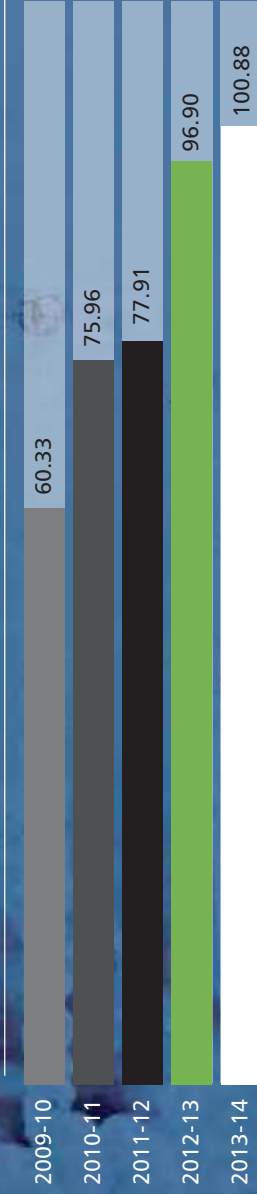
SALES (₹ million)



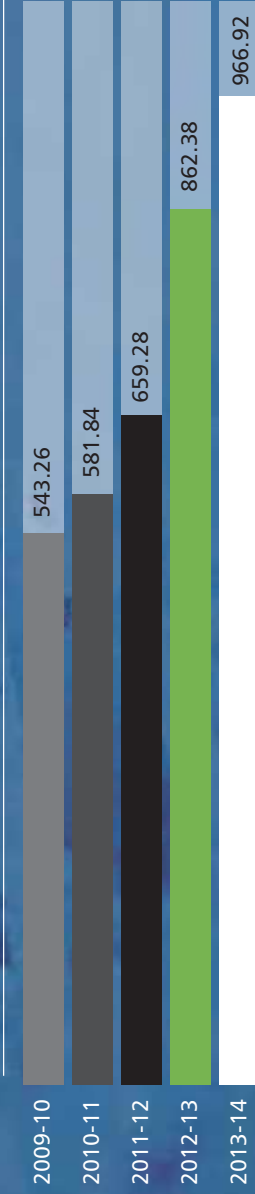
EBIDTA (₹ million)



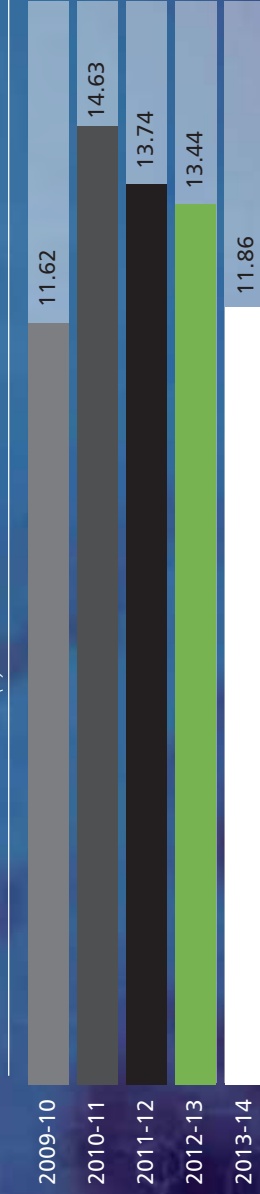
NET PROFIT (₹ million)



GROSS BLOCK (₹ million)



EARNINGS PER SHARE (₹)



Managing Director's message

Dear Shareholders,

One thing that emerged during 2013-14 was that difficult times brought out the best in us. Our product mix underwent a vast change. Marek's vaccine which accounted for 23% of erstwhile sales, dropped to 5% in 2013-14. This gap was filled in by the sales of other vaccines produced by us from the basic stage as against Marek's vaccine which was being produced using an imported intermediate. Though our sales grew only by 6%, the shift in the product mix helped us in improving our EBIDTA in the last fiscal by 15%.

During the year under review, the Marek's vaccine was also developed from the basic stage through our R&D department, thereby removing the dependency on the imported intermediate.

The year witnessed a small growth of 4% in net profit. It remained restricted due to unplanned resources being spent on aggressive marketing of various other vaccines to offset the loss in the sales of Marek's vaccine.

However, the fourth quarter gave indications on things to come. The Company reported a 37% increase in revenues, 102.69% increase in EBIDTA and 53.89% increase in PAT over the immediately preceding quarter. I am pleased to state that our fourth quarter performance has set the benchmark for an exciting future.

Strong business model

Until recently, Hester was engaged in manufacturing and marketing only poultry vaccines. Thereafter, it forayed into poultry health products, large animal vaccines and large animal health products. These four verticals put together will underpin Hester's identity as a strong animal health company, addressing all segments in the animal health sector. Our ability to add products commercially in all these divisions depends on how quickly we are able to acquire commercial manufacturing licences.

The expected launch of the PPR and Brucella vaccines by the third quarter of the current fiscal will strengthen our presence in the large animal health segment.

Our Nepal project, expected to go on-stream in

January 2015, will add another dimension to our international business, enhancing sales in Africa and in the Middle East.

To boost our distribution capabilities in Africa, we registered a company named 'Hester Biosciences Africa Limited' in Kenya. Following regulatory clearances and getting product registration, we hope to commence our own operations in Africa by April 2015.

Our R&D unit at Kadi, approved by the DSIR, has embarked on basic R&D towards the development of recombinant poultry and large animal vaccines. Besides, the DSIR approval will make it possible for the Company to moderate its corporate tax exposure to the MAT level, enhancing its ability to channelise finance towards prospective investments.

Looking ahead

The animal health business presents abundant opportunities.

Within India, we have a huge poultry and cattle population. Hester aspires towards increasing the productivity in animals by preventing diseases. This in itself is a huge opportunity. Disease prevention, indirectly, leads to higher productivity.

Internationally, Hester is focusing on emerging markets like Africa, West Asia, South East Asia and South America. With registration processes underway in over 20 countries, Hester is poised to achieve sizeable exports in two years.

While pursuing our vision to become a global company, our endeavour will as much be on improving our bottom-line and strengthening organisational values.

With best wishes,



Rajiv Gandhi
CEO and Managing Director,
Hester Biosciences Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Bhupendra V. Gandhi, *Chairman*

Mr. Rajiv Gandhi, *CEO & Managing Director*

Mr. Sanjiv Gandhi

Mr. Ravin Gandhi

Mr. Vimal Ambani

Mr. Vishwesh Patel

Dr. Siba Samal, (*w.e.f. 28/10/2013*)

Mr. Darayus Lakdawalla, (*Resigned w.e.f. 24/07/2014*)

Ms. Grishma Nanavaty, (*w.e.f. 24/07/2014*)

CHIEF FINANCIAL OFFICER

Mr. Jigar Shah

COMPANY SECRETARY

Mrs. Amala Parikh

REGISTERED & CORPORATE OFFICE

'Pushpak' 1st Floor,

Panchvati Circle,

Motilal Hirabhai Road,

Ahmedabad 380006

MANUFACTURING UNIT:

Village : Merda Adraj,

Taluka : Kadi,

District : Mehsana, Gujarat - 382 721.

BANKERS

State Bank of India

SME Branch

S G Highway, Bodakdev

Ahmedabad - 380 054

ISIN INE782E01017

CIN L99999GJ1987PLC022333

AUDIT COMMITTEE

Mr. Vimal Ambani, *Chairman*

Mr. Vishwesh Patel, *Member*

Ms. Grishma Nanavaty, *Member*

STAKEHOLDERS' GRIEVANCE & RELATIONSHIP COMMITTEE

Ms. Grishma Nanavaty, *Chairperson*

Mr. Vishwesh Patel, *Member*

Mr. Vimal Ambani, *Member*

NOMINATION AND REMUNERATION COMMITTEE

Mr. Vishwesh Patel, *Chairman*

Mr. Vimal Ambani, *Member*

Ms. Grishma Nanavaty, *Member*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Rajiv Gandhi, *Chairman*

Mr. Vishwesh Patel, *Member*

Ms. Grishma Nanavaty, *Member*

AUDITORS

M/s. Shah Narielwala & Co.

Chartered Accountant

608, 'Shitiratna', Panchvati, Ellisbridge,

Ahmedabad – 380 006.

REGISTRAR & TRANSFER AGENTS

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

(Ahmedabad Branch)

416-420, 4th Floor, Devnandan Mall,

Sanyas Ashram, Ashram Road,

Ellisbridge, AHMEDABD-380006

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 27th Annual Report with the Audited Accounts of the Company for the year ended 31.3.2014.

FINANCIAL RESULTS:

(₹ In Million)

Particulars	Current year	Previous Year
Total Income	698.22	653.08
Profit before Depreciation & Tax	196.69	194.22
Less : Depreciation	53.78	43.95
Profit Before Tax	142.91	150.27
Less : Provision for Tax	---	51.83
Deferred Tax	23.27	1.51
Income tax of earlier year	18.76	0.03
Net Profit After Tax	100.88	96.90
Balance of Profit & Loss Account	200.71	148.72
Profit available for appropriation	301.59	245.62
Dividend on equity shares	17.01	17.01
Dividend Tax	2.89	2.89
General Reserve	25.00	25.00
Balance carried to Balance sheet	256.69	200.72
Earnings per share (Basic/Diluted)	11.86	13.44

FINANCIAL HIGHLIGHTS

Sales

Your company posted a turnover of ₹690.48 million in the financial year ended on 31.3.2014, as compared to ₹651.04 million in the previous year.

Profitability

Your company's PBT for the year ended 31.3.2014 was recorded at ₹142.91 million, as compared to ₹150.27 million in the previous year.

Earnings Per Share

EPS was at ₹11.86 as on 31.3.2014 as against ₹13.44 as on 31.3.2013.

Net Worth

The company's net worth as on 31.3.2014 was at ₹759.72 million as compared to ₹678.75 million as on 31.3.2013.

Dividend

Your Directors have recommended a dividend payment of ₹2 per equity share of ₹10 each for the financial year 2013-14, which is equal to the dividend declared for 2012-13. This dividend is

subject to approval by the shareholders at the ensuing AGM. The company has now formulated a dividend policy that would be implemented from the current financial year. The proposed policy endeavors to maintain a minimum dividend payout @ of 18% of PAT.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

The last financial year saw a small growth in the sales. The year began on an anxious note, having lost the number one product which contributed 23% to the total sales in the earlier year. As the year progressed, we not only made up those lost sales with our other products as well as by adding large animal health products, but we ensured that a higher profitability is achieved in the year. We therefore achieved our 2 objectives as defined last year to gain a higher market share in India and to increase the product range.

Though we are yet struggling in the LAH division, we are confident of turning it around by reaching at a breakeven in the current financial year. The addition of Large Animal vaccines in the third quarter will accelerate the growth of this division.

We have successfully re-launched our bivalent Marek's Disease Live vaccine for the poultry, containing HVT & SB1 strains, which contributed 23% to sales in 2012-13, after removing the dependency on imported intermediate. We proudly say that we are no more dependent on any intermediate imports towards manufacturing any vaccines. In the current financial year, we hope to recover a sizable portion of the lost market besides providing a cost advantage to the Indian poultry farmers.

The important volume building large animal vaccines to be launched in the third quarter of this financial year are PPR vaccine for sheep & goat and Brucella vaccine for cattle. These 2 vaccines would contribute towards the disease eradication programs of the Government of India.

During the last year, Hester terminated its JV (in the name of

Diavetra Lifesciences Private Limited) with Ubio Biotechnology Systems Private Limited. The JV was set up with an objective to manufacture veterinary diagnostics. Hester still independently pursues the objective to manufacture veterinary diagnostics. This initiative shall gain momentum in 2015-2016.

During the year, Hester did not renew its agreement with CRISIL but entered into a contractual agreement with CARE towards credit rating. Our current CARE ratings are as follows:

- Long Term rating: CARE BBB+
- Short Term rating: CARE A3+

Company and product registration activities are ongoing in over 15 countries. The fruits of this would be seen mainly from 2015-2016, which would have an upward spiral in exports. It is estimated that in 4 years, international business would be equal or more than the domestic sales.

In March 2014, the company got the recognition by DSIR (department of Science and Industrial Research), Government of India. This recognition entails a tax benefit of 200% on capital and revenue expenditure incurred by Hester on in-house R&D activities. Besides working on applied R&D, the company has embarked on basic R&D activities towards the development of recombinant vaccines.

ENERGY CONSERVATION

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

The increase in energy cost has been mainly due to hike in prices of unit cost of electricity and of diesel. Nonetheless, the company has a continuous focus on energy conservation. Regular studies are conducted to analyse quantitative energy conservation patterns. In order to address the high rising costs of energy, the company has embarked on strict audit and conservation measures.

Total energy consumption and energy consumption per unit of production:

Particulars		31.03.2014	31.03.2013
A Power & Fuel Consumption:			
Electricity:			
(a) Purchased Units	Kwh	4,688,615.00	3,684,645.00
Total Amount	₹	34,025,757.00	25,755,994.00
Rate/Unit	₹	7.26	6.99
(b) Own Generation through Diesel Genset			
Units	Kwh	125,245.00	64,036.00
Units per Liter of Diesel Oil	Kwh	3.00	3.02
Cost/Unit	₹	19.34	16.13
B Consumption per Unit of production:			
Electricity consumed per vial (in units)		2.34	1.48

FOREIGN EXCHANGE EARNINGS & OUTFLOW

Foreign exchange earnings during the year towards sale of goods were ₹32.84 million as compared to ₹43.82 million during the previous year. Total outflow of foreign exchange during the year towards purchase of materials, trading goods, travelling expenses and purchase of capital items was ₹36.46 million as compared to ₹74.79 million during the previous year.

DIRECTORS

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

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

Impending notification of Section 149 and other applicable provisions of the Companies Act, 2013, your directors are

seeking appointment of Mr. Vimal Ambani, Mr. Vishwesh Patel, Dr. Siba Samal and Ms. Grishma Nanavaty, as Independent Directors for a term upto 31st March, 2015.

All the Directors of the Company are qualified for being appointed as Director as specified in Section 164 (2) of the Companies Act, 2013.

For the perusal of shareholders, a brief resume of the above said director, nature of his expertise, his shareholding in the company and other required details are given in the section of Corporate Governance Report elsewhere in the Annual Report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of the section 205A(5) and 205C of the Companies Act, 1956 and corresponding section 124 of the Companies Act, 2013 which mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the to the Investor Education and Protection Fund. The company has duly complied the above provisions by transferring the amount of unclaimed or unpaid dividend to the Investor Education and

Protection Fund within the due dates.

Pursuant to the provisions of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the Company as on 30th September, 2013 (date of last Annual General Meeting) on the website of the Company (www.hester.in) as also on the Ministry of Corporate Affairs website.

LISTING OF SECURITIES

8,506,800 equity shares of ₹10/- each fully paid, are listed on the following Stock Exchanges:

The Bombay Stock Exchange Ltd. (BSE)

The company has already paid listing fee to the Bombay Stock Exchange for the financial year 2014-2015.

PUBLIC DEPOSITS

Your Company has started accepting of Fixed Deposit w.e.f. 20th August 2013, Company has received total deposit of ₹12.16 million during financial year 2013-2014. Since 1st April, 2014 Company is not accepting Fixed Deposit under New Companies Act, 2013.

FINANCE

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

SUBSIDIARY COMPANY

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

Hester Biosciences (Mauritius) Limited (HBML)

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

hence only administrative expensed are incurred.

Diavetra Lifesciences Private Limited

The company though established with an objective to develop and market Veterinary Diagnostics Kits, it has not yet started its activities and hence only administrative expensed are incurred.

Hester Biosciences Nepal Private Limited (HBNPL)

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

CHANGE IN LEGISLATION GOVERNING COMPANIES IN INDIA

During the year under review, the provisions of the new Companies Act have been made effective replacing the Companies Act of 1956 vintage by the induction of the Companies Act, 2013. The Government has notified 287 sections out of total 470 sections, which covers all the material provisions of the new Companies Act, 2013.

However, as clarified by the Ministry of Corporate Affairs, the provisions of Companies Act, 1956 would remain applicable in respect of financial accounts, auditor's report and directors' report thereon for the financial year ended on 31st March, 2014.

CHANGE IN NOMENCLATURE OF COMMITTEES AND ENHANCED THEIR SCOPE

Pursuant to the introduction of the Companies Act, 2013 and the rules thereunder the Nomenclature of the Shareholders Grievance Committee has been changed to "Security holders' Grievances Committee" and the nomenclature of Remuneration Committee has been changed to "Nomination and Remuneration Committee".

The scope of terms of reference/scope for Audit Committee has been enhanced in line with the provisions of Section 177 of the Companies Act, 2013 with additional scope on vigil mechanism,

safeguards against victimization of persons who use such mechanism, direct access to chairman of audit committee in appropriate or exceptional cases etc.

VIGIL MECHANISM

The provisions of section 177 (9) and (10) of the Companies Act, 2013 mandates every listed company to establish vigil mechanism for directors and employees to report genuine concern in such manner as may be prescribed. The provisions of the said policy, provided for adequate safeguards against the victimization of persons who use such mechanism and make provisions for direct access to the chairman of the Audit Committee in appropriate or exceptional cases.

The Board of Directors of the Company have at their meeting held on 28th May, 2014, approved whistle blower policy to be in line with the provisions of Companies Act, 2013 read with the listing agreement.

Any director or employee of the company, who observes any Unethical Behavior or Improper Practices or Wrongful Conduct and/or financial or non financial malpractices or non-compliance with legal requirements concerning the company, is free to report to the specified officer in the mode as provided in the policy.

CORPORATE SOCIAL RESPONSIBILITY

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

As per the Companies Act, 2013 all the Companies having net worth of ₹500 Crores or more, or turnover of ₹1000 Crores or more or a net profit of ₹5 Crores or more during any financial year will be required to constitute a Corporate Social Responsibility Committee of the Board of Directors comprising three or more director, at least one of whom will be an independent director.

Aligning with the guidelines, your Company has constituted a Corporate Social Responsibility Committee comprising of Mr. Rajiv Gandhi, CEO and Managing Director as a Chairman,

Mr. Vishwesh Patel, Non – Executive & Independent Director as a Member and Ms. Grishma Nanavaty, Non – Executive & Independent Director as a Member. The CSR Committee is responsible for formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) 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.

COMPLIANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

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

CORPORATE GOVERNANCE:

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

board lays strong emphasis on transparency, accountability and integrity.

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

FORMATION OF VARIOUS COMMITTEES:

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

PARTICULARS OF EMPLOYEES:

The information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees is not applicable to the Company, as no employees drawing remuneration of ₹6,000,000 or more per annum employed throughout the year or ₹500,000 or more per month employed for a part of the year.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year ended on 31st March 2014.

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

The Directors have prepared the attached statements of accounts for the year ended 31st March, 2014 on a going concern basis.

AUDITORS & AUDITORS REPORT

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

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

ACKNOWLEDGEMENT

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

Place: Ahmedabad
Date: 30 May, 2014

Rajiv Gandhi
CEO & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

After a relatively weak first quarter 2013, the global economy gained momentum. The Eurozone gradually moved out of recession the US economy expanded despite fiscal adjustments. Global GDP growth was estimated at a modest 2.9% in 2013, and projected to strengthen to 3.5% in 2014.

INDIAN ECONOMY

The Indian economy experienced one of the most challenging slowdowns in a decade, a result of global contractionary headwinds, domestic macroeconomic imbalances and fiscal policy reversals. The result is that GDP growth in 2013-14 was estimated at 4.7 per cent compared to 4.5 per cent in 2012-13 (Source: CSO).

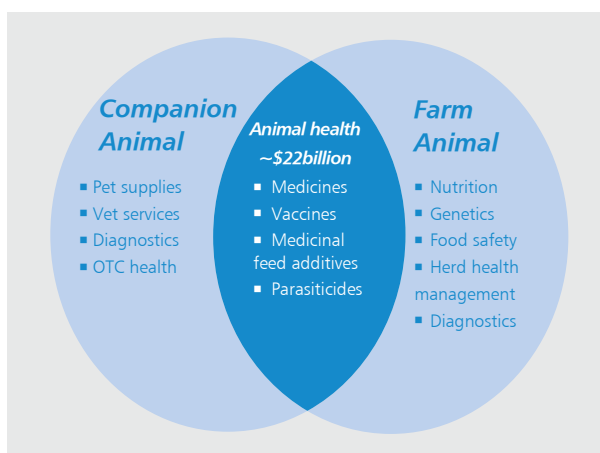
ANIMAL VETERINARY VACCINES MARKET

The global market for animal vaccines is estimated at \$5.8 billion by 2013 and expected to grow at a healthy CAGR of 8.1% to \$8.6 billion by 2018. The factors responsible for the growth of the market include an increasing incidence of zoonotic diseases in humans, growing prevalence of animal disease, increasing investments and continuous innovation. With growing awareness of animal health in emerging economies, players are introducing recombinant vaccines.

Europe accounts for the largest share of the animal vaccines market followed by North America. The market is dominated by Tier 1 players; the top 5 players contribute close to 70% of the global market. New entrants, though facing high barriers in entering these markets on account of capital-intensity and strict regulations, these markets are reaching maturity and could register mid-single digit growth rates for five years. Asia, parts of Africa and LATAM are poised to grow at double-digit rates owing to the increasing investment opportunities for companies in these immature markets and improving healthcare facilities for animals. Countries like China, India and Brazil are expected to be major growth drivers.

Animal health sits at the intersection of two large and growing industry sectors: pet care and livestock production. These two sectors are interrelated. As livestock production and

pet ownership increase in response to demand growth and increased standard of living, animal health medicines and vaccines will be required in greater volumes.

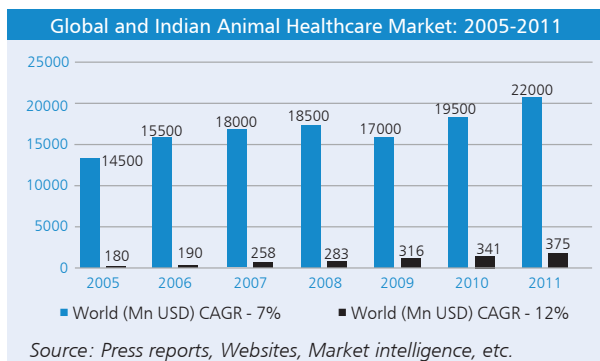


INDIAN VETERINARY INDUSTRY

The size of the Indian veterinary health industry in 2011 was ₹22.50 billion (USD 375 million) out of which biological/bio-security products held a 28% share, feed additives held 26% and therapeutics held 46%.

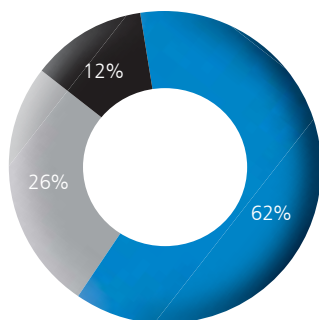
The growing awareness for health animals is driving growth in the animal healthcare market; besides, a limit on arable land, is making livestock an important source of food security. The Indian veterinary market is gaining importance. Manufacturers are focusing on specialized formulations and manufacturing processes.

Global and Indian Animal Healthcare Market



GLOBAL ANIMAL HEALTHCARE MARKET BY PRODUCT: 2011

- Pharmaceuticals
- Biologicals
- Medicinal Feed Additive

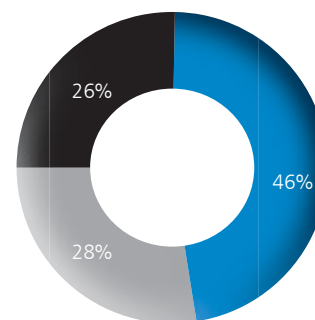


Total Market Size:
US\$ 22 Billion

Source: Press reports, Websites, Market intelligence, etc.

INDIAN ANIMAL HEALTHCARE MARKET BY PRODUCT: 2011

- Pharmaceuticals
- Biologicals
- Medicinal Feed Additive



Total Market Size:
US\$ 375 Million

Source: Press reports, Websites, Market intelligence, etc.

INDIAN LIVESTOCK SECTOR

India possesses the largest livestock population in the world and accounting for a fifth of the world's cattle population. The pet population though, still remains small. Consequently, the Indian animal health care industry is estimated at Rs22 billion, contributing a mere 2.2% to the global health care industry. Livestock plays an important role in the national economy as well as the socio-economic development, augmenting family incomes and generating gainful rural employment particularly for the landless marginal farmers and women.

Growing at a CAGR of about 4%, India's livestock population is likely to grow from 280 million to about 312 million by 2015 (Source: ASSOCHAM). Cattle constitute 60 percent of India's livestock population followed by buffaloes (32 percent), goats

(four percent) and sheep (two percent). Andhra Pradesh, Rajasthan and Uttar Pradesh account for about 35 percent of India's total livestock population followed by Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu and West Bengal.

India is the world's largest milk producer with an annual output of around 116 million tonnes. With an annual growth rate of 4%, India's milk production accounts for 16% of the total global output. The Union Agriculture Ministry's Department of Animal Husbandry, Dairying & Fisheries is focusing on increasing animal population and productivity. Besides, the Ministry of Food Processing Industries intends to implement programs to increase dairy processing and value-added product export, in line with the vision to make India the 'food factory of the world.'

Species	Livestock Population			Actual Animal Health Market (USD mn)	Theoretical Animal Health Market (USD mn)
	World Livestock (mn heads)	India Livestock (mn heads)	% of the World population in India	World	India
Poultry	22,000	968	4	2,860	135
Pets	260	14	5	8,360	418
Swine	963	10	1	3,960	40
Ruminant	Cattle	1,400	210	6,380	957
	Buffalo	195	113		
	Sheep	1,043	75		
	Goat	875	157		
Aquaculture (Fishes)	148 mn tonnes	4.6 mn tonnes	3	440	15
			Total	22,000	1,565

Source: FAO Stats, Press reports, Websites, Market intelligence

INDIAN POULTRY SECTOR

India is emerging as the world's fifth largest egg producer. It produces 3.6% of global egg production. India also ranks sixth in broiler production with an annual output of 2.39 million tonnes of broiler meat estimated at about ₹350 bn. The scope of this sector is reflected in the fact that the annual per capita consumption of poultry in India is a mere 3.1 kg compared with 70-80 kg in developed countries. India produces nearly 27 million chickens a week (95% traded alive). The outlook for poultry production appears bright, the annual growth of the layer business estimated at 6% and broilers at 12%. Efficient distribution, cold chain infrastructure investments and increasing preference for frozen chicken are likely to be key industry drivers.

REPORT ON CORPORATE GOVERNANCE

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

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

Company's Philosophy on Corporate Governance:

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

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

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

employees operate with highest degree of ethical standard. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation & integrity.

Board of Directors:

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

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, Board of Directors of Hester met 4 times, viz 30th May, 2013, 14th August, 2013, 28th October, 2013 & 28th January, 2014 and the 26th Annual General Meeting was held on 14th August, 2013. The gap between any two meetings did not exceed four months. The agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information as required under Clause 49 of the Listing Agreement.

Management Committee oversees day to day operations of the Company, which consist of Three (3) Directors subject to supervision and control of the Board of Directors. The Management Committees appointed by the Board make decision within the authority delegated. All decisions/ recommendation of the Committees are placed before the Board for information and/or it's its approval.

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

Name of the Director & Designation & Age	Category & Nature of employment	Date of Appointment	No. of other Directorship Held In public companies in India	No. of other Board committees of which Member(M)/ Chairman(C)	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Dr. Bhupendra V Gandhi Chairman 72 Years	Non Executive Non Independent Director	03/12/1992	0	0	1	Yes	710,577 8.35%

Name of the Director & Designation & Age	Category & Nature of employment	Date of Appointment	No. of other Directorship Held In public companies in India	No. of other Board committees of which Member(M)/ Chairman(C)	Board meeting attended	Attendance at the last AGM	No. of Shares held & % holding (of the Company)
Mr. Rajiv Gandhi CEO & Managing Director 52 Years	Executive Non Independent Director - Contractual Employment	29/04/1987	2	0	4	Yes	837,909 9.85%
Mr. Sanjiv Gandhi Director 49 Years	Non Executive Non Independent Director	29/04/1987	1	0	3	Yes	692,820 8.14%
Mr. Darayus Lakdawalla Director 53 Years	Non Executive Independent Director	01/03/1990	1	0	2	No	23,580 0.28%
Mr. Ravin Gandhi Director 41 Years	Non Executive Non Independent Director	22/04/1999	0	0	-	No	403,320 4.74%
Mr. Vimal Ambani Director 53 Years	Non Executive Independent Director	01/02/2003	2	0	4	Yes	18,325 0.21%
Mr. Abhinava Shukla @ Director 69 years	Non Executive Independent Director	01/02/2003	0	0	2	Yes	
Mr. Vishwesh Patel Director 37 Years	Non Executive Independent Director	23/05/2010	2	0	1	No	54,150 0.64%
Dr. Siba Samal # Director 59 Years	Non Executive Independent Director	28/10/2013	0	0	0	N A	
Dr. Parimal Tripathi* Alternate Director 54 Years	Non Executive Non Independent Director	27/06/2003	0	0	0	No	

@ Resigned w.e.f. 12.9.2013

Appointed w.e.f. 28th October,2013 as an Additional Director

*Alternate Director to Mr. Ravin Gandhi, resigned w.e.f. 30th May,2014

Notes:

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

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

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

The information as required by clause 49 (vi) of the Listing Agreement with the stock exchange in relation to appointment/reappointment of Directors of the Company are given in the Notes of the Notice of Annual general Meeting.

Code of Conduct:

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. All Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year ended on 31st March 2014. A declaration to this effect duly signed by CEO of the company is attached herewith and forms part of Corporate Governance Report.

Audit Committee :

The Audit Committee comprises of 3 members. Mr. Vimal Ambani as the Chairman of the Committee and Mr. Darayus Lakdawalla & Mr. Vishwesh Patel as the Members. The Committee was reconstituted as on 28th October, 2013 in which, Mr. Darayus Lakdawalla was appointed as member in place of Mr. Abhinava Shukla, who has resigned from the Board. With this reconstitution, Audit Committee comprises of Mr. Vimal Ambani as the Chairman of the Committee and Mr. Darayus Lakdawalla and Mr. Vishwesh Patel as the Members of the Committee. All members are Non-Executive Independent Directors.

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

During the year under review, 4 meetings were held on 30th May, 2013, 14th August, 2013, 28th October, 2013 and 28th January, 2014. The Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on 14th August, 2013. The Audit Committee at its Meeting held on 30th May, 2013, reviewed the audited financial results for the year and quarter ended on 31st March, 2013 and recommended the account for approvals by the Board of Directors. The Audit Committee at its meeting held on 14th August, 2013, 28th October, 2013 and 28th January, 2014,

reviewed the unaudited financial results for the quarter ended on 30th June, 2013 30th September, 2013 and 31st December, 2013.

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

Name	Designation	Attendance
Mr. Vimal Ambani	Chairman	4
Mr. Abhinava Shukla @	Member	2
Mr. Vishwesh Patel	Member	1
Mr. Darayus Lakdawalla #	Member	1

@ Resigned w.e.f. 12.9.2013

Appointed w.e.f. 28th October, 2013

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

Broad Terms of Reference

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

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

The Board of Directors of the Company at their meeting held on 30th May, 2014, expanded the scope of Audit Committee by additional scope in respect of vigil mechanism in line with section 177 of the Companies Act, 2013 read with the provisions of the listing agreement.

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations forming part of this Annual Report and other information as mentioned in Clause 49 (II)(E) of the Listing Agreement.

Stakeholder's 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' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc.

The Stakeholder's Grievance & Relationship Committee comprises of 3 members, Mr. Darayus Lakdawalla as the Chairman of the Committee & Mr. Vishwesh Patel and Mr. Vimal Ambani as the Members. All members are Non-Executive

Independent Directors. The Committee was reconstituted as on 28th October, 2013 in which, Mr. Abhinava Shukla has resigned as a Chairman and Mr. Darayus Lakdawalla was appointed as a Chairman. The Board of Directors of the Company at their meeting held on 30th May, 2014, changed of the name of the Committee from `Shareholders' Grievance Committee' to `Stakeholder's Grievance & Relationship Committee' in line with section 178 of the Companies Act, 2013 read with the provisions of the listing agreement.

During the year, 4 meetings were held on 30th May, 2013, 14th August, 2013, 28th October, 2013 and 28th January, 2014. During the year, the Company had received 4 complaints from the Shareholders. All of them have been resolved and no complaint was pending as on 31st March, 2014.

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

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to Share Transfer Committee. The Share Transfer Committee met 23 times during the year. The Company has no transfers pending at the close of the financial year.

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

Sr. No.	Nature of Complaints / Requests	Opening as on 01-04-13	Received	Resolved	Pending as on 31-03-14
1.	Non-receipt of Dividend warrant	-	3	3	-
2.	Non-receipt of Annual Reports / Sticker	-	1	1	-
3.	Non-receipt of shares after transfer / Bonus / Rights Shares/	-	-	-	-
4.	Letters received from SEBI / ROC / Stock Exchanges	-	-	-	-
5.	Others – Demat Credit	-	-	-	-
	Total	-	4	4	-

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. The Nomination and Remuneration Committee comprises of 3 members, Mr. Vishwesh Patel as the Chairman of the Committee and & Mr. Darayus Lakdawalla & Mr. Vimal Ambani, as the Members. The Committee was reconstituted as on 28th October, 2013 in which, Mr. Abhinava Shukla has resigned as a member and Mr. Darayus Lakdawalla was appointed as member. The Board of Directors of the Company at their meeting held on 30th May, 2014, changed of the name of the Committee from `Remuneration Committee' to `Nomination and Remuneration Committee' and expanded the scope of the Committee by additional scope in line with section 178 of the Companies Act, 2013 read with the provisions of the listing agreement. All members are Non-Executive Independent Directors.

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

Remuneration to Directors:

Name of Director	Designation	Remuneration (including perquisites) paid ₹	Sitting Fees paid ₹	Commission paid ₹	Total Remuneration ₹
Dr. Bhupendra V. Gandhi	Chairman	NIL	5000/-	NIL	5,000/-
Mr. Rajiv Gandhi	CEO & Managing Director	4,229,211	NIL	NIL	4,229,211
Mr. Sanjiv Gandhi	Director	NIL	10,000/-	NIL	10,000/-
Mr. Darayus Lakdawalla	Director	NIL	7,500/-	NIL	7,500/-
Mr. Ravin Gandhi	Director	NIL	NIL	NIL	NIL

Remuneration to Directors: (Contd.)

Name of Director	Designation	Remuneration (including perquisites) paid ₹	Sitting Fees paid ₹	Commission paid ₹	Total Remuneration ₹
Mr. Vimal Ambani	Director	NIL	22,500/-	NIL	22,500/-
Mr. Abhinava Shukla	Director	NIL	15,000/-	NIL	15,000/-
Dr Parimal Tripathi	Alternate Director	NIL	NIL-	NIL	NIL
Mr. Vishwesh Patel	Director	NIL	7,500/-	NIL	7,500/-
Total		4,229,211	67,500/-	NIL	4,296,711/-

Corporate Social Responsibility (CSR) Committee:

The Board of Directors of the Company in their meeting held on 30th May, 2014 have, as required by the provisions of section 135 of the Companies Act, 2013, constituted Corporate Social Responsibility Committee consisting of three directors viz.

Mr. Rajiv Gandhi– Chairman
Mr. Darayus Lakdawalla– Member
Mr. Vishwesh Patel – Member

The Committee will meet as and when required. The Committee will interalia devise/recommend to the Board, a CSR policy which shall indicate activities, projects or programs, to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

Subsidiary Company:

Company has three Subsidiary Companies. Hester Biosciences (Mauritius) Limited is the wholly owned subsidiary of the Company and Hester Biosciences Nepal Pvt. Ltd. is subsidiary of Hester Biosciences (Mauritius) Limited as on March 31, 2014. Company has one Indian wholly-owned Subsidiary namely Diavetra Lifesciences Pvt. Ltd., incorporated in the financial year 2012-13. All the three companies are non - material non-listed subsidiary Companies. The Audit Committee reviews the financial statements, particularly, the investments made in subsidiary Companies. Minutes of the Wholly Owned subsidiary Company is being placed before the Board for its review. The Board also reviews the accounts of the said Subsidiary Company on regular basis.

Other Compliances:

The Company has no materially significant related party

General Body Meetings:

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

AGM	Date	Time	Venue	No. of special Resolutions passed
24th AGM	3rd September, 2011	11.00 a.m.	Village : Merda Adraj, Taluka : Kadi, Dist : Mehsana, Gujarat 382 721	0
25th AGM	14th September, 2012	11.00 a.m.	Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009	3 (Three)
26th AGM	14th August, 2013	11.00 a.m.	Ahmedabad Textile Mills' Association Hall (ATMA Hall), Ashram Road, Navrangpura, Ahmedabad 380 009	0

transactions with its promoters, the directors or the management or relatives etc. that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No. 39 of Notes on Accounts of balance sheet of the Company.

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

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

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

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

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

The Company has already appointed Mr. Rajiv Gandhi, as CEO & Managing Director and Mr. Jigar Shah, as CFO of the Company. Certification from the both was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2013-14.

At the AGM held 14th September, 2012, 3 special resolutions were passed, First was for re-appointment of Mr. Rajiv Gandhi, as CEO & Managing Director of the Company as per section 198, 269 and other applicable provisions of the Act. Second was for increasing the authorised share capital of the Company and making consequential amendments in Capital Clause of Memorandum and Articles of Association of the Company and Third was for issue of 2,835,600 Bonus Share in proportion of 1 (One) equity share for every 2 (Two) equity shares held.

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

Postal Ballot:

The Company has not passed any resolution through postal ballot during the year under reference. However, Company has decided to pass 3 Resolutions through Postal Ballot mode at the ensuing Annual general Meeting namely 1) Increase in Borrowing Power u/s. 180(1)(c) of the Companies Act, 2013, 2) Mortgage, Hypothecate and/or charge all or any of the movable and or immovable properties of the Company u/s. 180(1)(a) of the Companies Act, 2013 and 3) To Reappointment of Mr. Rajiv Gandhi as a CEO & Managing Director for a period of 3 (Three) years with revised Remuneration. Company has already sent the Postal Ballot notice to the members.

CEO/CFO Certification:

The Company is duly placing a certificate to the Board from the CEO & Managing Director and Chief Financial Officer in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31st March, 2014 has been placed before the Board and given elsewhere in this Annual Report.

Means of Communication:

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

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

Shareholders' Information:

Plant	Branches		
Village: Merda Adraj Taluka : Kadi Dist : Mehsana Gujarat 382 721	Coimbatore	Hyderabad	Panchkula
	No.18, Ashok Layout, Civil Aerodrome Post, Sitra,Coimbatore - 641 014.	House No.7-4-10/3, Yesodara Nagar, Opp.Medicare Hospital, Sagar Ring Road, L.B.Nagar, Hyderabad - 74	DSS-25 Sector-12 Panchkula Near YadavBhawan. Panchkula -134109 (Haryana)
Registered Office	Pune	Bangalore	
'Pushpak',1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380 006. Phone : 079 – 26445107 Fax : 079 – 26445105 E-mail: mail@hester.in Website: http://www.hester.in	Gate no. 1313, near Sriram Warehousing, Pune-Saswad Road At. Post. Wadki, Tal. Haweli, Dist. Pune - 412308 Maharashtra (India)	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.	

Date, Time, Venue of Annual General Meeting:

The 27th Annual General Meeting of the members of the company is scheduled to be held on Tuesday, the 23rd September, 2014 at 11.00 a.m. at Bhaikaka Bhavan, Law College Road, Ahmedabad 380 006. All the members are invited to attend the meeting.

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

Financial Calendar:

- Financial year 2013-14 (April 1, 2013 to March 31, 2014)
Results were announced on
 - 14th August, 2013 - First Quarter
 - 28th October, 2013 - half year
 - 28th January, 2014 - third quarter
 - 30th May, 2014 - fourth quarter and annual for F.Y. 2013-14(audited)
- Financial year 2014-15 (April 1, 2014 to March 31, 2015)
Results will be announced on
 - Last week of July, 2014 - first quarter
 - First week of November, 2014 - half year
 - First week of February 2015 - third quarter
 - Last week of May 2015 - fourth quarter and annual for F.Y. 2014-15(audited)
- Book Closure Date : Saturday the 20th September, 2014 to Tuesday, the 23rd September, 2014 (both days inclusive)
- Annual General Meeting: Tuesday, the 23rd September, 2014 at 11.00 a.m.
Details of Shares
 - Types of shares : Equity Shares
 - No. of paid up shares : 8,506,800
 - Market lot of shares : 1 share

Stock Code

Name of Stock Exchange Code no.
Mumbai Stock Exchange 524669

Listing

The Company's shares are listed and traded on Bombay Stock Exchange of India (BSE) at Mumbai. The Company has paid listing fees to Mumbai Stock Exchange for financial year 2014-15.

Stock Data : Monthly share price data on BSE for the financial year 2013-14 is as under :

Month	High ₹	Low ₹	Average ₹	Volume (No. of shares)
April, 2013	132.95	96.25	114.60	45,352
May, 2013	115.00	98.50	106.75	8,155
June, 2013	114.00	101.25	107.63	153,330
JULY, 2013	117.90	107.50	112.70	12,146
August, 2013	115.25	106.00	110.63	8,120
September, 2013	115.00	107.00	111.00	11,733
October, 2013	109.00	102.00	105.50	29,897
November, 2013	118.95	103.10	111.03	25,440
December, 2013	108.90	99.00	99.45	30,998
January, 2014	106.00	88.60	97.30	79,182
February, 2014	94.95	78.10	86.53	46,045
March, 2014	101.00	85.05	93.03	76,889

Shares Held in Physical and Dematerialised Form:

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March 2014, 94.23% shares were held in dematerialized form and balance 5.77% shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialized the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is INE782E01017. As on that date, total promoter's holding is 53.43 % of the capital. Shareholding pattern of the Company as on 31.3.2014 is given below :

Distribution of Shareholding (as on March 31, 2014)

a. On the basis of Shares held

No. of Equity Shares held (Range)	No. of share-holders	Percentage to total share-holders	No. of Shares held	Percentage to total shares held
Up to 500	2,890	85.23	439,964	5.17
501 – 1000	188	5.54	135,466	1.60
1001 - 2000	112	3.30	164,213	1.93
2001 - 3000	44	1.30	110,155	1.30
3001 - 4000	20	0.59	73,412	0.86
4001 - 5000	11	0.32	49,766	0.59
5001 - 10000	48	1.42	341,018	4.01
10001 - 20000	23	0.68	339,684	3.99
Above 20000	55	1.62	6,853,122	80.55
TOTAL	3,391	100.00	8,506,800	100.00

b. On the basis of Category

Sr.	Description	No. of members		No. of shares	
		Nos.	%	Nos.	%
A	Promoters Holding				
	Directors & Relatives	20	0.59	4,181,846	49.16
	Promoters' Companies	4	0.12	362,838	4.27
B	Non Promoter Holding				
	Resident Individual (incl. HUF)	3231	95.28	3,017,855	35.47
	Non Resident Individual	49	1.44	480,604	5.65
	Mutual Fund, Nationalized Bank etc.	3	0.09	11,500	0.14
	Foreign Institutional Investor	1	0.03	21,655	0.25
	Domestic Companies	77	2.27	425,056	5.00
	Clearing Members and House/others	6	0.18	5,446	0.06
	TOTAL	3,391	100.00	8,506,800	100.00

Share Transfer System:

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

The Company has obtained half yearly certificates from Company Secretary in Practice for compliance of share transfer formalities as per the requirement of Clause 47(c) of the Listing Agreement with Stock Exchange. The Company has also carried out quarterly Secretarial Audit for the reconciliation of Share Capital as required under SEBI circular no. 16 dated 31st December 2002.

PAN requirement for Transfer of Shares in Physical Form

The Securities & Exchange Board of India (SEBI) has mandated the submission Permanent Account Number (PAN) for securities

market transactions & off market/private transactions involving Transfer of Shares in Physical Form of Listed Companies. Therefore it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/Registrar & Share Transfer Agents for Registration of such transfers. Members/ Investors are therefore requested to make note of the same & submit their PAN Card copy to the Company/Registrar & Share Transfer Agents. Members are also requested to use new Transfer Forms (Form No. SH-4) pursuant to Section 56 of the Company's Act, 2013 and its applicable Rules.

Details of Dividend

The Board of Directors has recommended Dividend @ ₹2/- per share (20%) for financial year 2013-2014, same as per the last year @ ₹2.00 per share (20%). The payment of Dividend as recommended by the Directors if approved at the Meeting, will be made:

- to those members whose names are on the Register of Members on 19th September, 2014 or to their mandates.
- in respect of shares held in electronic form, to those "deemed

members" whose names appears of the statement of beneficiary ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd.(CDSL) at the end of business hours on 19th September, 2014.

Details of Unclaimed Dividend

Accounting year	Date of declaration of dividend	Dividend payment %	Amount (in ₹)	Expected date of transfer of unclaimed dividend of IEPF
2006-07	11th September, 2007	20	214,208.00	17th October, 2014
2007-08	28th August, 2008	25	257,415.00	3rd October, 2015
2008-09	18th August, 2009	25	626,395.00	23rd September, 2016
2009-10	28th July, 2010	30	377,025.00	2nd September, 2017
2010-11	3rd September, 2011	35	396,245.50	9th October, 2018
2011-12	14th September, 2012	10	136,897.00	19th November, 2019
2012-13	14th August, 2013	20	368,428.00	19th October, 2020

Outstanding GDRs/ADRs/Warrants/Any other Convertible Instruments

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

Nomination Facility

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

Change in Shareholders details

In case you are holding your shares in dematerialised form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialisation of your share certificates or other inquiries should be addressed to your DP where you have opened your Demat Account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our R&T agent of the company M/s Sharepro Services (India) Pvt. Ltd., as per address mentioned below.

Investors Communication

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

M/s. Sharepro Services (India) Pvt. Ltd.
 Unit : Hester Biosciences Limited
 416-420, 4thFloor, Devnandan Mall
 Opp.Sanyas Ashram, Ashram Road, Ellisbridge
 Ahmedabad-380009
 Ph. 079 – 26582381 to 84
 Fax : 079 – 26582385
 e-mail: sharepro@shareproservices.com
 investor@hesterbiosciences.co.in

DECLARATION UNDER CODE OF CONDUCT

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

Place : Ahmedabad
 Date : 30 May, 2014

Rajiv Gandhi
 CEO & Managing Director

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

We, Mr. Rajiv Gandhi, Chief Executive Officer & Managing Director and Mr. Jigar Shah, Chief Financial Officer of Hester Biosciences Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the company's code of conduct.
3. We accept the responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee
 - a. significant change in internal control over financial reporting during the year.
 - b. significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Ahmedabad
Date : 30 May, 2014

Rajiv Gandhi
CEO &
Managing Director

Jigar Shah
CFO

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. : L99999GJ1987PLC022333

Nominal Capital : ₹105,000,000/-

To,
The Members of
HESTER BIOSCIENCES LIMITED

In accordance with Clause 49 of the Listing Agreement entered into by **Hester Biosciences Limited** with the Stock Exchange, I have examined all the relevant records of the Company relating to its compliance of conditions of Corporate Governance as stipulated in revised Clause 49, for the financial year ended on March 31, 2014.

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 re-presentations made by the Directors and the Management, I certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated in abovementioned Listing Agreement, except that the formal Risk Management Policy should be adopted by the Board, covering detail area of risk involved in the organisation.

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

Place : Ahmedabad
Date : 30 May, 2014

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

Independent Auditor's Report

To
The Members of HESTER BIOSCIENCES LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of HESTER BIOSCIENCES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manners so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of the Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SHAH NARIELWALA & CO
CHARTERED ACCOUNTANTS
[FRN: 109708W]

(Naishadh H. Shah)

Partner

Place : Ahmedabad

Date : 30 May, 2014

Member ship No: 042323

Annexure to the Independent Auditor's Report

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

We report that -

- (1) In respect of its fixed assets:
 - (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (ii) The Company has a regular programme of Physical verification of its fixed assets in periodic phase manner. In our opinion, this periodicity of Physical verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
 - (iii) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (2) In respect of its inventories:
 - (i) The inventories except stocks lying with the third parties have been physically verified during the year as also at the end of the year by management. In our opinion, the frequency of verification is reasonable.
 - (ii) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (iii) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) In respect of loans granted or taken to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (i) The Company has granted interest free loans to two Companies listed in the register maintained under Section 301 of the Companies Act, 1956. Outstanding balance of loans granted at the year end was ₹3,951,409/- (P.Y. ₹2,947,277/-). Maximum outstanding at any time during the year of loans granted was ₹4,259,881/- (P.Y. ₹4,957,277/-).
 - (ii) In our opinion and according to the information and explanations given to us, other terms and conditions on which interest free loans have been granted to companies / other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (iii) The interest free loans granted by the Company are repayable on demand.
- (iv) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Accordingly, paragraph (iii) (f) and (iii) (g) of the order are not applicable to the company.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal controls system.
- (5) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956; to the best of our knowledge and belief and according to the information and explanation given to us:
 - (i) We are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (ii) There are no transactions, which are made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and are exceeding the value of rupees five lakhs in respect of any party during the year.
- (6) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, where applicable with regards to the deposits accepted from public. We are informed that no order has been passed by the Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- (8) We have broadly reviewed the books of account, relating to materials and other items of cost maintained by the company in respect of product where pursuant to the rules made by the Central Government, the maintenance of Cost Records has been prescribed under section 209(1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. The same have been examined and audited by an independent cost accountant.
- (9) In respect of statutory and other dues :
- (i) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and Protection Fund, Employees' state insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues applicable to it, during the year.
 - (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (iii) According to the information and explanations given to us, there are no dues in respect of aforesaid statutory dues that have not been deposited with appropriate authority on account of dispute.
- (10) The company does not have accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (11) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any debentures or any outstanding loans from financial institutions during the year.
- (12) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003(as amended) is not applicable to the Company.
- (14) The company is not dealing or trading in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (16) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (18) Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) During the period covered by our audit report, the company has not issued any debentures.
- (20) The company has not raised money through a public issue during the year. Accordingly clause 4(xx) of the order is not applicable.
- (21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SHAH NARIELWALA & CO
 CHARTERED ACCOUNTANTS
 [FRN: 109708W]

(Naishadh H. Shah)

Partner

Place : Ahmedabad
 Date : 30 May, 2014

Member ship No: 042323

Balance Sheet as at 31st March, 2014

(Figures in ₹)

Particulars	Note No	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	85,068,000	85,068,000
(b) Reserves and Surplus	4	674,654,297	593,681,078
		759,722,297	678,749,078
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	61,948,943	78,292,701
(b) Deferred Tax Liabilities (Net)	6	49,261,710	25,989,976
(c) Other Long-Term Liabilities	7	138,304	-
		111,348,957	104,282,677
(3) Current Liabilities			
(a) Short-Term Borrowings	8	262,545,131	136,519,986
(b) Trade Payables	9	44,645,518	56,730,849
(c) Other Current Liabilities	10	71,882,737	87,997,934
(d) Short-Term Provisions	11	38,027,316	82,652,527
		417,100,702	363,901,296
Total		1,288,171,956	1,146,933,051
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		505,843,708	346,192,317
(ii) Intangible Assets		926,226	804,119
(iii) Capital Work-In-Progress		131,506,891	240,526,386
(b) Non-Current Investments	13	36,329,025	27,849,000
(c) Long Term Loans and Advances	14	80,578,640	49,076,944
		755,184,490	664,448,766
(2) Current Assets			
(a) Inventories	15	355,892,080	311,021,333
(b) Trade Receivables	16	140,616,551	150,414,500
(c) Cash and Cash Equivalents	17	10,603,879	10,828,866
(d) Short-Term Loans and Advances	18	25,874,956	10,219,586
		532,987,466	482,484,285
Total		1,288,171,956	1,146,933,051
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For & on behalf of Board

For Shah Narielwala & Co.

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh
Company Secretary

Place : Ahmedabad

Date : 30 May, 2014

Place : Ahmedabad

Date : 30 May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

(Figures in ₹)

Particulars	Note No	Year ended 31st March, 2014	Year ended 31st March, 2013
I. Revenue from Operations	19	690,483,622	651,042,636
II. Other Income	20	7,734,182	2,034,285
III. Total Revenue (I + II)		698,217,804	653,076,921
IV. Expenses:			
Cost of Materials Consumed	21	104,560,029	147,150,010
Purchase of Stock-In-Trade	22	39,281,924	31,761,520
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	23	(30,317,846)	(24,635,188)
Employee Benefit Expense	24	98,371,860	90,616,801
Finance Cost	25	64,339,526	32,183,054
Depreciation and Amortization Expense	26	53,781,639	43,949,111
Other Expenses	27	225,289,526	181,786,004
IV. Total Expenses		555,306,657	502,811,312
V. Profit Before Tax (III - IV)		142,911,147	150,265,608
VI. Tax Expense:			
Minimum Alternative Tax		34,957,821	-
Less: MAT Credit Entitlement		34,957,821	-
(1) Current Tax		-	51,857,006
(2) Income Tax of Earlier Years		18,761,132	-
(3) Deferred Tax		23,271,734	1,509,995
VII. Profit For The Year (V-VI)		100,878,281	96,898,607
VIII. Earning per Equity Share:			
(1) Basic & Diluted	41	11.86	13.44
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Place : Ahmedabad

Date : 30 May, 2014

For & on behalf of Board

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place : Ahmedabad

Date : 30 May, 2014

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Cash Flow Statement as at 31st March, 2014

(Figures in ₹)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per Statement of Profit and Loss		142,911,146		150,265,609
Adjustments for:				
Depreciation and Amortisation	53,781,639		43,949,111	
Interest & Other Income	(2,131,036)		(1,611,121)	
Bad debt Written off	2,223,908		-	
Exchange P&L on Closing Bank Balance	(338,695)		-	
Sundry balances Written Back (Net)	(1,893,482)		-	
Loss on sale of Fixed Asset	8,763		-	
Interest & Finance Charges	64,339,526	115,990,623	32,183,054	74,521,044
Operating Profit before Working Capital Change		258,901,769		224,786,653
Adjustments for:				
Trade and Other Receivables	9,797,949		(14,407,226)	
Inventories	(44,870,748)		(38,484,165)	
Trade Payables & Other Liabilities	(11,268,817)		41,905,010	
Loans & Advances	(12,199,245)	(58,540,862)	(24,570,253)	(35,556,635)
Cash generated from Operating Activity		200,360,908		189,230,019
Payment of Taxes		(98,630,353)		(55,023,813)
Net Cash from Operating Activity		101,730,555		134,206,206
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(70,093,764)		(25,469,253)
Proceeds from sale of fixed assets		240,000		-
Capital W.I.P. & Live Stock Addition		(34,694,796)		(177,637,275)
Change in Creditors for Capital Expense		(16,494,794)		30,307,847
Investment in bank deposits (having original maturity of more than three months)		(710,807)		(1,136,882)
Redemption of Bank Deposits		339,838		654,840
Investment in shares of Subsidiary Company		(8,480,025)		(70,000)
Investment in Shares		-		(2,779,000)
Business transfer consideration		-		(700,000)
Interest & Other Income		2,131,036		1,611,121
Net Cash used in Investing Activities		(127,763,311)		(175,218,601)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/ (Repayment) of Long Term Borrowings		(16,343,758)		69,048,586
Short Term Bank Borrowings (Net)		126,025,145		9,204,176
Dividend Paid		(17,013,600)		(5,724,608)
Dividend Distribution Tax Paid		(2,891,461)		(920,011)
Interest paid		(64,339,526)		(32,183,054)
Net Cash Flow from Financing Activity		25,436,800		39,425,089
Net Increase in Cash & Cash Equivalents		(595,956)		(1,587,306)
Cash & Cash Equivalent as at (Op Balance)		7,460,864		9,048,170
Cash & Cash Equivalent as at (Cl Balance)		6,864,908		7,460,864
		31st March, 2014		31st March, 2013
Major Components of cash and Cash Equivalents as at				
Cash on Hand		718,347		1,171,506
Balance with Banks - On Current Accounts		6,146,561		6,242,127
Fixed Deposit having maturity period with in 3 months		-		47,231
Total		6,864,908		7,460,864

The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement. Accompanying notes form part of financial statements.

As per our report of even date attached.

For Shah Narielwala & Co.

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place : Ahmedabad

Date : 30 May, 2014

For & on behalf of Board

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Place : Ahmedabad

Date : 30 May, 2014

Notes forming part of the Financial Statement for the year ended 31st March, 2014

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with accounting standards notified under Section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of Ministry of corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other relevant provisions of Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b) USE OF ESTIMATES:

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

c) REVENUE RECOGNITION:

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

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

Tangible Assets are stated at cost net of recoverable taxes / duties and rebates less accumulated depreciation and impairment loss, if any. Borrowing costs directly attributable to the construction or production of qualifying assets during the period of construction / acquisition are capitalized 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 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.

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

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

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

e) IMPAIRMENT OF ASSET:

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

f) INVESTMENTS:

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

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

g) INVENTORIES:

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

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

h) BORROWING COSTS:

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

i) FOREIGN CURRENCY TRANSACTIONS:

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

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

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

iv) Any income or expenses on account of exchange difference either on settlement or on transaction other than that arising in long term foreign currency items is recognized in the Statement of Profit and Loss, for the period in which the difference takes place.

j) RESEARCH AND DEVELOPMENT:

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

k) PROVISION FOR RETIREMENT BENEFITS:

(i) Short-Term Employee Benefits:-

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

(ii) Post- employment benefit plans:-

i) Defined Contribution Plan:

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

ii) Defined Benefit Plan:

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India.

Employee benefits recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for Unrecognized past service cost and as reduced by the fair value of respective fund.

l) SEGMENT REPORTING:

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

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

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

m) EARNING PER SHARE:

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

n) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents for the purpose of cash flow statement comprise cash on hand and balance at Bank including fixed deposits with an original maturity period of less than three months and short term investments with an original maturity of three months or less.

o) TAXATION:

i. Current Tax:

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

ii. Deferred Tax Provision:

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

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.

p) Provision and Contingencies:

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

3 SHARE CAPITAL (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
AUTHORIZED CAPITAL		
10,500,000 (P.Y. 10,500,000) Equity Shares of ₹10/- each	105,000,000	105,000,000
	105,000,000	105,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
8,506,800 (P.Y. 8,506,800) Equity Shares of ₹10/-each fully paid up	85,068,000	85,068,000
Total	85,068,000	85,068,000

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Equity Shares at the beginning of the year	8,506,800	5,671,200
Add: Issue of Bonus shares	-	2,835,600
Outstanding at the end of the year	8,506,800	8,506,800

3.2 Rights, Preferences and Restriction attached to Shares:-

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

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

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% held	No. of Shares	% held
Rajiv D Gandhi	837,909	9.85	837,909	9.85
Bhupendra V Gandhi	710,577	8.35	710,577	8.35
Nina R Ghandhi	690,840	8.12	690,840	8.12
Sanjiv D Gandhi	669,720	7.87	669,720	7.87

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

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

4 RESERVE & SURPLUS (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
As per last Balance sheet	1,259,979	-
Add:-On acquisition of Large Animal Health (LAH) Business	-	1,259,979
	1,259,979	1,259,979
Securities Premium		
As per Last Balance Sheet	175,067,105	175,067,105
	175,067,105	175,067,105
General Reserve		
As per Last Balance Sheet	216,644,000	220,000,000
Add: Transferred from Surplus in Statement of Profit and Loss	25,000,000	25,000,000
Less: Utilised for issue of Bonus Shares - (Refer Note:- 3.4)	-	(28,356,000)
	241,644,000	216,644,000
Surplus- Statement of Profit & Loss		
As per Last Balance Sheet	200,709,994	148,716,447
Add: Profit for the year	100,878,281	96,898,608
	301,588,275	245,615,055

Notes forming part of the Financial Statement for the year ended 31st March, 2014

4 RESERVE & SURPLUS (Contd.)				(Figures in ₹)	
Particulars	As at 31st March, 2014		As at 31st March, 2013		
Less: Appropriations					
- Proposed Dividend	17,013,600		17,013,600		
- Dividend Tax	2,891,461		2,891,461		
- Transferred to General Reserve	25,000,000		25,000,000		
		256,683,214		200,709,994	
Total		674,654,298		593,681,078	

5 LONG TERM BORROWINGS				(Figures in ₹)	
Particulars	As at 31st March, 2014		As at 31st March, 2013		
Term Loans (Secured)					
- From Bank		51,083,000		75,551,636	
Hire Purchase Loans (Secured)					
- From Bank		3,292,943		2,741,065	
Long Term Deposits (Unsecured)					
- Fixed Deposits		7,573,000		-	
Total		61,948,943		78,292,701	

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

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each Installment of ₹
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.03%	Monthly	36	53,140*
Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car	11.15%	Monthly	24	19,750*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	36	16,200*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.18%	Monthly	24	57,000*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.81%	Monthly	36	12,300*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	11.47%	Monthly	12	13,614*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	14.50%	Monthly	36	12,550*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	24	10,778*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	24	27,216*
State Bank of India - Term loan 1 is secured against Equitable Mortgage of Corporate office at FP No. 681/9, TPS no. 3/6, Pushpak complex, Opp. Radisson Blue Hotel, Panchvati, Ahmedabad 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 encumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	13.1% ^	Monthly	20	383,000
State Bank of India- Term Loan 2 is Secured by Equitable mortgage of Land and Building on Survey No. 1975/p2, 1976/p2 and 1977/p2 situated at village Merda-	13.1% ^	Monthly	49	1,558,000

Notes forming part of the Financial Statement for the year ended 31st March, 2014

5 LONG TERM BORROWINGS (Contd.)

(Figures in ₹)

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 ₹
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 encumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	13.1% ^	Monthly	49	1,558,000
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*

^ Interest rate on loan is varying, 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 31st March, 2014	As at 31st March, 2013
Deferred Tax Liabilities		
- Gratuity (Advance)	783,242	473,822
- Excess of Net Block over Written Down Value as per provision of I.T. Act	24,254,019	26,094,961
- Benefit availed u/s 35 (2AB) on Capital Addition	25,202,780	-
Total Deferred Tax Liabilities(A)	50,240,041	26,568,783
Deferred Tax Assets		
- Claim U/s 43B of I.T. Act, 1961	978,331	578,807
Total Deferred Tax Assets(B)	978,331	578,807
Net Deferred Tax Liabilities(A-B)	49,261,710	25,989,976

7 OTHER LONG TERM LIABILITIES

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest accrued but not due	138,304	-
Total	138,304	-

8 SHORT TERM BORROWINGS

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loan Repayable on Demand (Secured)		
- From Bank- Cash Credit	262,545,131	136,519,986
Total	262,545,131	136,519,986

Notes forming part of the Financial Statement for the year ended 31st March, 2014

8 SHORT TERM BORROWINGS (Contd.)

(Figures in ₹)

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

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

9 TRADE PAYABLES

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Payables (Refer Note :- 31)	44,645,518	56,730,849
Total	44,645,518	56,730,849

10 OTHER CURRENT LIABILITIES

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current Maturities of Long Term Borrowings (Refer Note:- 5)		
- Term Loans	23,294,000	24,798,297
- Hire Purchase Loans	1,960,763	1,726,472
Short Term Deposits		
- Fixed Deposits (Refer Note:- 5)	4,588,000	-
Unclaimed Dividends*	2,376,614	2,293,723
Unclaimed Interest on FD	171,157	-
Interest accrued & due on borrowings	874,986	-
Interest accrued but not due on borrowings	168,955	-
Advance from Debtors	1,678,951	4,454,384
Advance from Subsidiary Company (Refer Note:- 39)	145,516	-
Creditors for Capital expense	19,682,759	36,177,553
Duties and Taxes	5,880,660	4,870,887
Other Liabilities	10,977,650	13,676,618
Bank Overdraft (As per Books)	82,726	-
Total	71,882,737	87,997,934

* There are no amounts due for payment to the Investor Education and Protection Fund.

11 SHORT TERM PROVISIONS

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision For Employees Benefit		
Leave Encashment	2,082,475	1,783,963
Others		
Proposed Dividend	17,013,600	17,013,600
Tax on Dividend	2,891,461	2,891,461
Provision for Tax (Net of Advance Tax)	16,039,780	60,963,503
Total	38,027,316	82,652,527

Notes forming part of the Financial Statement for the year ended 31st March, 2014

12 FIXED ASSETS [Refer Note:- 2(d)] (Figures in ₹)										
	Gross Block				Depreciation				Net Block	
	As at 01st April, 2013	Addition during the year	Disposals during the year	As at 31st March, 2014	Upto 01st April, 2013	For the Year	Adjustment during the year	Upto 31st March, 2014	Net Carrying value as at 31st March, 2014	Net Carrying value as at 31st March, 2013
A-1 Tangible Assets										
Land & Site Development	1,660,844	-	-	1,660,844	-	-	-	-	1,660,844	1,660,844
Factory Building	12,094,768	-	-	12,094,768	6,595,526	403,965	-	6,999,491	5,095,276	5,499,241
Plant & Machineries										
- Imported	4,552,524	-	-	4,552,524	3,175,860	216,245	-	3,392,105	1,160,419	1,376,664
- Indigenous	33,490,107	-	-	33,490,107	22,110,916	1,590,780	-	23,701,696	9,788,411	11,379,191
Electrical Installations	3,088,718	-	-	3,088,718	2,316,874	146,714	-	2,463,588	625,129	771,843
Storage Equipment	431,276	-	-	431,276	196,156	20,486	-	216,642	214,634	235,120
Furniture & Fixtures	1,245,262	-	-	1,245,262	1,006,816	78,825	-	1,085,641	159,621	238,446
Vehicles	8,783,728	-	836,119	7,947,609	7,441,811	586,158	587,356	7,440,613	506,996	1,341,917
Scooters	25,083	-	-	25,083	24,258	-	-	24,258	825	825
Office Equipments	1,048,165	-	-	1,048,165	634,509	49,788	-	684,297	363,868	413,656
Computers	1,564,121	-	-	1,564,121	1,485,915	-	-	1,485,915	78,206	78,206
Utilities	3,365,753	-	-	3,365,753	2,610,516	159,873	-	2,770,389	595,364	755,237
Dead Stock	169,064	-	-	169,064	145,472	10,702	-	156,174	12,890	23,592
Dead Stock Canteen	32,598	-	-	32,598	32,030	-	-	32,030	568	568
TOTAL (A1)	71,552,013	-	836,119	70,715,894	47,776,661	3,263,536	587,356	50,452,840	20,263,053	23,775,351
Previous Year Figures	71,552,013	-	-	71,552,013	44,322,247	3,454,414	-	47,776,661	23,775,351	27,229,765
A-2. Tangible Assets - New Project										
Land & Site Development	15,589,000	-	-	15,589,000	-	-	-	-	15,589,000	15,589,000
Factory Building	115,770,130	105,969,259	-	221,739,389	52,115,551	13,035,727	-	65,151,278	156,588,111	63,654,579
Office Building	119,054,187	-	-	119,054,187	20,531,648	4,938,571	-	25,470,219	93,583,968	98,522,539
Guest House-Building	4,191,825	-	-	4,191,825	606,229	179,280	-	785,509	3,406,316.00	3,585,596
Plant & Machineries										
- Imported	15,451,108	5,620,639	-	21,071,747	8,561,890	1,516,338	-	10,078,228	10,993,519	6,889,218
- Indigenous	143,374,692	12,999,500	-	156,374,192	71,655,121	15,180,928	-	86,836,049	69,538,143	71,719,571
- Indigenous	685,000	40,478,548	-	41,163,548	23,240	-	-	23,240	41,140,308	661,760
Electrical Installations	35,869,334	13,059,758	-	48,929,092	19,633,015	3,480,624	-	23,113,639	25,815,453	16,236,318
Storage Equipment	4,376,897	217,580	-	4,594,477	1,864,324	367,243	-	2,231,567	2,362,910	2,512,573
Furniture and Fixtures	24,468,793	12,356,758	-	36,825,550	11,901,351	3,301,175	-	15,202,526	21,623,024	12,567,442
Vehicles	21,401,368	5,315,466	-	26,716,834	12,349,818	2,891,994	-	15,241,812	11,475,022	9,051,550
Factory Equipments	1,081,615	4,248,959	-	5,330,574	145,185	537,433	-	682,618	4,647,956	936,430
Office Equipments	7,213,628	228,654	-	7,442,282	2,948,415	610,744	-	35,59,159	3,883,123	4,265,213
Computer	6,223,170	921,152	-	7,144,322	3,899,811	1,145,474	-	5,045,285	2,099,037	2,323,358.70
Utilities	31,577,633	11,809,036	-	43,386,669	18,200,289	2,990,383	-	21,190,672	22,195,997	13,377,344
Live Stock	524,476	114,293	-	638,769	-	-	-	-	638,769	524,476
TOTAL (A2)	546,852,855	213,339,601	-	760,192,457	224,435,889	50,175,913	-	274,611,802	485,580,655	322,416,966
Previous Year Figures	521,526,964	25,325,891	-	546,852,855	184,332,426	40,103,463	-	224,435,889	322,416,966	337,194,540
TOTAL (A1 + A2)	618,404,868	213,339,601	836,119	830,908,350	272,212,550	53,439,449	587,356	325,064,642	505,843,708	346,192,317
Previous Year Figures(A1 + A2)	593,078,976	25,325,891	-	618,404,868	228,654,673	43,557,877	-	272,212,550	346,192,317	364,424,304
B. Intangible Assets										
Software	3,383,151	464,297	-	3,847,448	2,641,718	329,653	-	2,971,371	876,077	741,433
Product & Trademark Registration	69,000	-	-	69,000	6,314	12,537	-	18,851	50,149	62,686
TOTAL (B)	3,452,151	464,297	-	3,916,448	2,648,032	342,190	-	2,990,222	926,226	804,119
Previous Year Figures	3,158,824	293,327	-	3,452,151	2,256,798	391,234	-	2,648,032	804,119	902,026
C. Capital Work-in-progress	240,526,386	34,580,503	143,599,997	131,506,891	-	-	-	-	131,506,891	240,526,386
TOTAL (C)	240,526,386	34,580,503	143,599,997	131,506,891	-	-	-	-	131,506,891	240,526,386
Previous Year Figures	63,039,076	-	-	240,526,386	-	-	-	-	240,526,386	63,039,076
Current Year Total	862,383,405	248,384,401	144,436,116	966,331,690	274,860,582	53,781,639	587,356	328,054,864	638,276,825	587,522,822
Previous Year Total	659,276,876	203,106,528	-	862,383,405	230,911,471	43,949,111	-	274,860,582	587,522,822	428,365,406

Note:- Capital Expenditure on Research & Development Facility [including net decrease in capital work-in-progress ₹143,599,997/- (P.Y. ₹ Nil)] is ₹171,294,440/- (P.Y. ₹ Nil)

Notes forming part of the Financial Statement for the year ended 31st March, 2014

13 NON CURRENT INVESTMENTS [Refer Note:- 2(f)] (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Investment in Equity Instrument		
- Investment in subsidiaries:-		
(a) 688,725 (P.Y. 550,975) Equity Shares of US\$ 1/- each fully paid-up in Hester Biosciences (Mauritius) Ltd.	33,450,025	25,000,000
(b) 10,000(P.Y 7,000) Equity Shares each of ₹10 in Diavetra Lifesciences Pvt. Ltd.	100,000	70,000
-Others:-		
1,182,500(P.Y. 1,182,500) Equity shares of ₹10/- each fully paid-up in Innoves Animal Health Pvt. Ltd.	2,779,000	2,779,000
Total	36,329,025	27,849,000

14 LONG TERM LOANS AND ADVANCES [Refer Note:-35] (Unsecured, Considered Good) (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Advances	10,110,167	13,671,012
Security Deposit		
- Deposit to UGVCL	6,206,295	3,486,773
- Others	4,485,611	2,856,343
Loans & Advances to related parties (Refer Note 39)		
Advance to Subsidiaries:-		
(a) Hester Biosciences (Mauritius) Ltd.	3,080,977	2,027,525
(b) Diavetra Lifesciences Pvt. Ltd.	-	49,320
Others:-		
Advance to group companies	870,432	870,432
Other Loans & Advances		
Advance to others	5,310,548	13,651,679
Advance to staff*	12,358,678	12,463,860
EPCG Advance	3,198,111	-
MAT Credit Entitlement [Refer Note: 2 (o)(iii)]	34,957,821	-
Total	80,578,640	49,076,944

* Advance to staff includes ₹5,011,684/- (P.Y. ₹5,218,615/-) due from officer of the company. (Refer Note:- 39)

15 INVENTORIES [Refer Note:- 2(g)] (At lower of cost and net realisable value) (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw Material	28,752,927	17,502,029
Work-in-Progress	255,092,034	217,690,101
Finished Goods	36,822,965	45,615,913
Stock-in-Trade	17,050,455	15,341,594
Stores & Spares	6,150,932	5,656,952
Packing Material	12,022,767	9,214,744
Total	355,892,080	311,021,333

Notes forming part of the Financial Statement for the year ended 31st March, 2014

16 TRADE RECEIVABLES [Refer Note:- 36] (Unsecured, Considered Good) (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Outstanding for a period exceeding six months from the date they are due for Payment		
- Considered Good	40,253,679	39,911,268
- Doubtful	-	-
Others		
- Considered Good	100,362,872	110,503,232
Total	140,616,551	150,414,500

17 CASH & CASH EQUIVALENT [REFER NOTE:- 2 (N)] (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
(A) Cash and Cash Equivalents		
1. Cash on Hand	718,347	1,171,506
2. Balances with Banks		
-In Current Accounts	6,146,561	6,242,127
-In Fixed Deposits having original maturity of less than twelve months	-	524,961
Total-(A)	6,864,908	7,938,594
(B) Other Bank Balances		
-Fixed Deposits having original maturity period of more than twelve months	3,738,971	2,890,272
Total-(B)	3,738,971	2,890,272
Total-(A) + (B)	10,603,879	10,828,866

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,376,614 (P.Y. ₹2,293,723/-)

17.2 Balances with banks in fixed deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹3,738,971/(P.Y. ₹3,215,233/-)

18 SHORT TERM LOANS AND ADVANCES [Refer Note:-35] (Unsecured, considered Good) (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
- Creditors Advance for Goods	18,147,691	2,984,523
- Creditors Advance for Expense	1,747,261	1,371,981
- Advance to Staff	2,277,666	2,488,515
- Advance recoverable in cash or kind or for value to be received	3,702,338	3,350,567
- Rent Advances	-	24,000
Total	25,874,956	10,219,586

Notes forming part of the Financial Statement for the year ended 31st March, 2014

19 REVENUE FROM OPERATIONS [Refer Note:- 2(c)] (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Local Sales	621,446,473	589,083,029
Trading Sales	52,137,381	32,958,481
Export Sales	32,837,840	43,815,657
	706,421,694	665,857,167
Less: Excise Duty	15,938,072	14,814,531
Total	690,483,622	651,042,636

19.1 Particulars of Sales

Particulars of Sales	Year ended 31st March, 2014	Year ended 31st March, 2013
-Poultry Vaccines	660,873,516	637,287,961
-Large Animal Health Products	45,548,178	28,569,206
Total	706,421,694	665,857,167

20 OTHER INCOME (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income [Refer Note :- 2(c)]		
- From Bank Deposits	273,221	246,540
- From Others	1,629,815	1,181,581
Miscellaneous Income	3,709,664	423,164
Rent Income	228,000	183,000
Sundry balances / Excess provisions Written off / Written back (Net)	1,893,482	-
Total	7,734,182	2,034,285

21 COST OF MATERIAL CONSUMED (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Stock	17,502,029	10,559,970
Add: Purchases	115,810,927	154,092,069
	133,312,956	164,652,039
Less: Closing Stock	28,752,927	17,502,029
Total	104,560,029	147,150,010

21.1 Particulars of Raw material Consumed

Class of Goods	Year ended 31st March, 2014	Year ended 31st March, 2013
Growth Media	65,250,835	58,770,502
Other Chemicals	39,309,194	27,312,889
Concentrate	-	61,066,619
Total	104,560,029	147,150,010

Notes forming part of the Financial Statement for the year ended 31st March, 2014

21 COST OF MATERIAL CONSUMED (Contd.) (Figures in ₹)

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

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Percentage	Value (₹)	Percentage	Value (₹)
Imported	8.55	8,940,307	44.30	65,183,814
Indigenous	91.45	95,619,722	55.70	81,966,196
Total		104,560,029		147,150,010

22 PURCHASE OF STOCK-IN-TRADE (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchase of stock in trade:-		
- Poultry Vaccines	7,173,504	11,038,917
- Large animal Health products	32,108,420	20,722,603
Total	39,281,924	31,761,520

23 CHANGE IN INVENTORIES (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Closing Stock		
-Finished Goods	53,873,420	60,957,507
-Semi-finished Goods	255,092,034	217,690,101
	308,965,454	278,647,608
Opening Stock		
-Finished Goods	60,957,507	48,030,384
-Semi-finished Goods	217,690,101	205,982,036
	278,647,608	254,012,420
Total	(30,317,846)	(24,635,188)

24 EMPLOYEE BENEFIT EXPENSES (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries, Wages & Bonus	92,298,336	83,697,445
Contribution to P.F./Gratuity Fund	2,256,336	3,295,352
Staff Welfare	3,817,188	3,624,004
Total	98,371,860	90,616,801

25 FINANCE COST [Refer Note:- 2(h)] (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Expense	37,561,967	30,329,581
Interest on Income-tax	23,868,374	-
Other Borrowing Cost	2,909,185	1,853,473
Total	64,339,526	32,183,054

Notes forming part of the Financial Statement for the year ended 31st March, 2014

26 DEPRECIATION & AMORTIZATION EXPENSE (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Depreciation - SLM	3,263,536	3,454,414
Depreciation - WDV	50,175,913	36,387,136
Depreciation of Earlier Years - WDV	-	3,716,327
Amortisation of Intangible Asset	342,190	391,234
Total	53,781,639	43,949,111

27 OTHER EXPENSES (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Manufacturing Expense		
Power and Fuel	42,723,331	32,046,388
Consumption of stores	5,146,130	5,766,366
Excise Duty*	419,908	(16,703)
Repairs & Maintenance		
- Machinery	6,105,691	6,689,109
- Building	2,689,644	1,965,104
- Electrical	725,762	1,088,253
Packing Expense	20,561,155	19,950,112
Quality Control and Testing Expense	2,754,744	2,015,924
R & D Expense [Refer Note:- 2(j)]	12,825,005	5,948,614
Other Production Expense	15,930,268	9,125,285
Feed Exp.	5,660,223	7,933,119
Growth Media Centre Expense	943,493	963,492
	116,485,354	93,475,064
Selling And Distribution Expense		
Selling Expense	6,398,544	6,102,330
Sales Promotion	4,192,638	5,912,386
Sales Tax Expense	3,570,021	1,773,242
Carriage Outward Expense	23,951,606	21,762,482
Travelling Expense	8,164,592	6,364,417
Commission on Sales	3,413,113	1,919,876
	49,690,514	43,834,733
Establishment Expense:		
Postage/Courier, Telephone, internet Expense	4,227,807	4,547,515
Insurance Expense	3,024,112	2,381,013
Legal , Professional and Consultancy	8,978,121	8,870,059
Printing and Stationery	2,322,072	1,807,416
Travelling and Conveyance	9,237,936	3,859,536
Director's Travelling	3,754,548	3,270,703
Rent, Rates and Taxes	5,016,374	4,364,190
Registration Fees	2,068,650	-
Repairs and Maintenance - Others	2,352,054	2,339,842
Vehicle & Petrol Expense	7,157,699	5,929,395
Electricity Charges	1,299,920	975,555
Conference and Seminar Expense	923,369	1,452,336

Notes forming part of the Financial Statement for the year ended 31st March, 2014

27 OTHER EXPENSES (Contd.)		(Figures in ₹)	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	
Membership Fees	446,887	489,855	
AGM Board Meeting	121,761	217,499	
Donation	144,454	317,301	
Bad Debts written off	2,223,908	277,212	
Loss on sale of Fixed Asset	8,763	-	
Exchange Profit & loss (Net)	943	(304,122)	
Miscellaneous Expenses	2,771,160	2,577,796	
Prior Period Expense	1,992,667	132,753	
Payment to Auditor			
- As Auditor	477,530	393,260	
- For Taxation Matters	310,113	351,119	
- For Other Services	252,810	213,484	
- For Reimbursement of Expense	-	12,491	
	59,113,658	44,476,208	
Total	225,289,526	181,786,004	

* 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 CONTINGENT LIABILITIES & COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances): ₹109.95 million (P.Y. ₹119.82 million).

29

Figures are rounded off to nearest rupee.

30

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

31

Disclosure of amount payable to enterprises defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of registration of such enterprises under this Act. Accordingly, Disclosure in respect of the amounts payable to such enterprises outstanding as on 31st March, 2014 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2014 from Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

Notes forming part of the Financial Statement for the year ended 31st March, 2014

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During the year, In-house Research and Development facility established by the company for “Manufacturing veterinary vaccines for Poultry” was approved by Ministry of science and Technology, Government of India under section 35(2AB) of the Income Tax Act, 1961. Eligible Research and Development Expenditure included in Notes 21 to 27 (Except Note no. 25 & 26) are as under:-

Research & Development Expenditure eligible for deduction in the current year

Particulars	Amount (₹)
Revenue Expenditure	
Raw Material	21,299
Salary and Wages	2,557,221
Provident Fund Expense	42,864
Power Cost	5,284,087
Chemical(Local)	402,868
Consumable(Local)	321,721
Other Allow./Reimbursement	3,062,667
R & D Expense-Eggs	9,195,615
Travelling Expense	1,65,984
Seminar/Regist./Legal	134,110
Other Admin Expense	1,862
Total	21,190,298

33 EXPENDITURE IN FOREIGN CURRENCY

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	16,617,259	65,508,141
Travelling	5,478,333	239,016
Capital Expenditure(Furniture & Machinery)	10,543,628	4,529,457
Membership Fee	1,418,085	629,933
Consultancy & Professional Fees	2,400,669	3,398,165
R & D Expenditure	-	490,148

34 EARNINGS IN FOREIGN CURRENCY

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
F.O.B. value of Exports	32,837,840	43,815,657

35

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

36

Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹8,834,135/- (P.Y. Nil) 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.

37 DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENTS WITH THE STOCK EXCHANGES:

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

Name of party	Relationship	Amount outstanding as at 31st March, 2014 (₹)	Maximum Balance Outstanding During the year (₹)
Hester Biosciences (Mauritius) Ltd.	Wholly owned subsidiary	3,080,977/- (2,027,525/-)	33,42,998/- (20,27,525/-)
Diavetra Lifesciences Pvt. Ltd.	Wholly owned subsidiary	(Nil) (49,320/-)	49,320/- (49,320/-)
Sinsui (India) Pvt. Ltd.	Associates	870,432/- (870,432/-)	880,732/- (870,432/-)

Note: Figures in Brackets relate to Previous Year

38

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.

39 RELATED PARTY DISCLOSURES

(i) List of Related Parties:

(a) Subsidiary Companies:

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

(b) Group Companies / Associates:

1. Hester Coatings Pvt. Ltd.
2. Sinsui (India) Pvt. Ltd.
3. Biolink Healthcare Pvt. Ltd.
4. Hester Diagnostic Pvt. Ltd.

(c) Key Management Personnel:

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

(d) Promoters and their relatives having control:

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

39 RELATED PARTY DISCLOSURES (Contd.)

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

Sr. No.	Nature of Transactions	Subsidiary Companies (₹)	Group Companies/ Associates/ Individual Relatives (₹)	Key Management Personnel (₹)
1.	Advance Given	1,053,452 (910,833)	Nil (10,000)	Nil (Nil)
2.	Advance Recovered	49,320 (Nil)	Nil (10,000)	206,931 (Nil)
3.	Advance Received for Expenses	145,516 (Nil)	Nil (Nil)	Nil (Nil)
4.	Outstanding Balance Included in Long term Loans & Advances	3,080,977 (2,076,845)	870,432 (870,432)	5,011,684 (5,218,615)
5.	Outstanding Balance included in Current Liabilities	145,516 (Nil)	Nil (Nil)	Nil (Nil)
6.	Director's Remuneration	Nil (Nil)	Nil (Nil)	4,229,211 (3,989,000)
7.	Rent- MD's Residence	Nil (Nil)	600,000 (600,000)	Nil (Nil)
8.	Interest Received/Receivable	Nil (Nil)	Nil (Nil)	393,069 (386,564)
9.	Salary Paid	Nil (Nil)	Nil (Nil)	4,059,408 (4,029,408)
10.	Investment in Equity Shares	8,480,025 (70,000)	Nil (Nil)	Nil (Nil)

Note: Figures in Brackets relate to Previous Year

40 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2014

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 ₹2.15 million (P.Y. 1.95 million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

b) Defined benefit Plan

The company made annual contribution to the employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

Notes forming part of the Financial Statement for the year ended 31st March, 2014

40 DISCLOSURE AS PER AS-15 (REVISED) ON " EMPLOYEE BENEFIT " FOR THE YEAR ENDED 31ST MARCH,2014 (Contd.)

The following table sets out the funded status of the gratuity plan and the amount recognized by the company's financial statement as at 31st March 2014.

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Projected benefit obligations at beginning of the year	7,298,526	5,448,977
Service Cost	1,137,303	777,867
Interest Cost	583,882	463,163
Actuarial (Gain) / Loss	(1,706,633)	608,519
Benefits Paid	(186,384)	-
Projected benefit obligations at the end of year	7,126,694	7,298,526

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Fair value of plan assets at the beginning of the period	8,758,686	6,820,139
Expected return on plan assets	744,488	579,712
Contribution	63,247	1,311,217
Benefit paid	(186,384)	-
Actuarial Gain/(Loss) on plan asset	50,987	47,618
Fair value of plan assets at the end of the period	9,431,024	8,758,686
Total actuarial gain/(loss) to be recognized	(1,757,620)	(560,901)

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Current service cost	1,137,303	777,867
Interest Cost	583,882	463,163
Expected return on plan asset	(744,488)	(579,712)
Net Actuarial (Gain)/Loss to be recognized	(1,757,620)	560,901
Expense recognized in P/L	780,923	1,222,219

iv) **Assumptions used in accounting for the Gratuity plan:**

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Discount rate previous period	8.00%	8.50%
Discount rate current period	9.31%	8.00%
Rate of return on plan asset previous period	8.50%	8.50%
Rate of return on plan asset current period	8.70%	8.50%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
Attrition rate previous period	2.00%	2.00%
Attrition rate current period	2.00%	2.00%

Notes forming part of the Financial Statement for the year ended 31st March, 2014

40 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Liability at the end of the period	7,126,694	7,298,526
Fair value of the plan assets at the end of the period	9,431,024	8,758,686
Difference	2,304,330	1,460,160
Amount recognized in the balance sheet	2,304,330	1,460,160

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Expected Return on Plan Assets	744,488	579,712
Actuarial Gain/loss on Plan Assets	50,987	560,901
Actual Return on Plan Assets	795,475	1,140,613

vii) Balance sheet Reconciliation: (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Net Liability	(1,460,160)	(1,371,162)
Expenses As Above	780,923	1,222,219
Employers Contribution Paid	(63,247)	(1,311,217)
Closing Net Liability	(2,304,330)	(1,460,160)

41 EARNINGS PER SHARE

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A Net Profit After Tax	100,878,280	96,898,608
Profit available to Equity shareholders	100,878,280	96,898,608
B Weighted Average No. of Eq. Shares of ₹10/- each	8,506,800	7,207,150
C Basic and diluted Earning per share	11.86	13.44

42 SEGMENT INFORMATION

(Figures in ₹)

Particulars	For the year ended 31st March, 2014		
	Poultry Vaccine	Large Animal Health Products	Total
a. SEGMENT REVENUE			
Sales and Operating Earnings (Net)	644,935,444 (622,473,430)	45,548,178 (28,569,206)	690,483,622 (651,042,636)
Other Income	7,734,054 (2,034,285)	128 (Nil)	7,734,182 (2,034,285)
Total Segment Revenue	652,669,498 (624,811,837)	45,548,306 (28,569,206)	698,217,804 (653,076,921)
b. SEGMENT RESULT			
Segment Result (PBIT)	221,470,988 (183,610,947)	(14,220,314) (-1,162,284)	207,250,672 (182,448,663)

Notes forming part of the Financial Statement for the year ended 31st March, 2014

42 SEGMENT INFORMATION (Contd.) (Figures in ₹)			
Particulars	For the year ended 31st March, 2014		
	Poultry Vaccine	Large Animal Health Products	Total
Less : Finance Cost			64,339,526 (32,183,054)
Net Profit/(Loss) Before Tax			142,911,146 (150,265,609)
Less : Tax Expense			42,032,866 (53,367,001)
Net Profit/(Loss) after Tax			100,878,280 (96,898,608)
Net Profit/(Loss) Attributable to Share Holders			100,878,280 (96,898,608)
c. OTHER INFORMATION			
Segment Assets	1,208,408,299 (1,077,634,368)	39,450,223 (38,469,406)	1,247,858,522 (1,116,103,774)
Unallocated Assets			40,313,434 (30,829,277)
Segment Liabilities	428,672,504 (346,662,002)	14,425,088 (14,663,431)	443,097,592 (361,325,433)
Unallocated Liabilities			85,352,067 (106,858,540)
Depreciation/Amortisation	53,458,989 (43,781,606)	322,650 (167,505)	53,781,639 (43,949,111)
Capital Expenditure	248,384,402 (201,456,976)	Nil (1,649,552)	248,384,402 (203,106,528)

Note: Figures in Brackets relate to Previous Year

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

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

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

Naishadh H. Shah
Partner
Membership No.: 042323

Place : Ahmedabad
Date : 30 May, 2014

For & on behalf of Board

Rajiv Gandhi
CEO & Managing Director

Jigar Shah
CFO

Place : Ahmedabad
Date : 30 May, 2014

Sanjiv Gandhi
Director

Amala Parikh
Company Secretary

Independent Auditor's Report

To

The Board of Directors of HESTER BIOSCIENCES LIMITED.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of HESTER BIOSCIENCES LIMITED ("the Company") and its subsidiaries; herein after referred to as the "Group", which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the consolidated Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

We have audited the financial statements of subsidiary company, Diavetra Lifesciences Private Limited which constitutes total assets of ₹152,358/- as at 31st March, 2014, total revenue of ₹209,720/-, Net Loss of ₹1,243/- and net cash outflow amounting to ₹93,159/- for the year then ended.

We did not audit the Consolidated financial statements of the subsidiary company, Hester Biosciences (Mauritius) Limited included in the consolidated financial statements, which constitute total assets of ₹170,670,360/- at 31st March, 2014, Total Revenue of ₹181/-, Net loss of ₹6,339,962/- and net cash inflows amounting to ₹22,563,195/- for the year then ended. These financial statements and other financial information have been audited by other auditors in the respective countries whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.

For SHAH NARIELWALA & CO
CHARTERED ACCOUNTANTS
[FRN: 109708W]

(Naishadh H. Shah)

Place : Ahmedabad
Date : 30 May, 2014

Partner

Member ship No: 042323

Consolidated Balance Sheet

as at 31st March, 2014

(Figures in ₹)

Particulars	Note No	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	85,068,000	85,068,000
(b) Reserves and Surplus	4	665,043,046	587,924,649
		750,111,046	672,992,649
(2) Minority Interest		12,767,920	11,955,977
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	5	155,198,697	137,114,268
(b) Deferred Tax Liabilities (Net)	6	49,261,710	25,989,976
(c) Other Long-Term Liabilities	7	138,304	-
		204,598,711	163,104,244
(4) Current Liabilities			
(a) Short-Term Borrowings	8	297,374,659	160,842,163
(b) Trade Payables	9	45,211,242	57,077,362
(c) Other Current Liabilities	10	74,127,261	88,370,708
(d) Short-Term Provisions	11	38,027,317	82,652,527
		454,740,479	388,942,760
Total		1,422,218,156	1,236,995,630
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		537,237,298	376,509,925
(ii) Intangible Assets		926,226	804,119
(iii) Capital Work-In-Progress		205,543,329	288,899,545
(b) Non-Current Investments	13	2,779,000	2,779,000
(c) Long Term Loans and Advances	14	104,733,637	69,983,351
		851,219,490	738,975,940
(2) Current Assets			
(a) Inventories	15	355,892,080	311,021,333
(b) Trade Receivables	16	140,616,551	150,414,500
(c) Cash and Cash Equivalents	17	48,528,551	26,287,196
(d) Short-Term Loans and Advances	18	25,961,484	10,296,661
		570,998,666	498,019,690
Total		1,422,218,156	1,236,995,630
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For & on behalf of Board

For Shah Narielwala & Co.

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Place : Ahmedabad

Date : 30 May, 2014

Place : Ahmedabad

Date : 30 May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014 (Figures in ₹)

Particulars	Note No	Year ended 31st March, 2014	Year ended 31st March, 2013
I. Revenue from Operations	19	690,483,622	651,042,636
II. Other Income	20	7,944,083	2,034,285
III. Total Revenue (I +II)		698,427,705	653,076,921
IV. Expenses:			
Cost of Materials Consumed	21	104,560,029	147,150,010
Purchase of Stock-In-Trade	22	39,281,924	31,761,520
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	23	(30,317,846)	(24,635,188)
Employee Benefit Expense	24	98,431,860	90,616,801
Finance Cost	25	64,596,696	32,641,034
Depreciation and Amortization Expense	26	54,148,305	44,271,092
Other Expenses	27	234,047,498	187,206,476
		564,748,466	509,011,746
V. Profit Before Tax (III - IV)		133,679,239	144,065,175
VI. Tax Expense:			
Minimum Alternative Tax		34,957,821	-
Less: MAT Credit Entitlement		34,957,821	-
(1) Current Tax		-	51,857,006
(2) Income Tax of Earlier Years		18,761,132	-
(3) Deferred Tax		23,271,734	1,509,995
VII. Profit For The Year (V-VI)		91,646,373	90,698,174
VIII. Share of Loss of Subsidiary Transfer to Minority Interest		2,890,643	1,894,699
IX. Profit for the Year (After Adjustment for Minority Interest) (VII+VIII)		94,537,016	92,592,873
X. Earning per Equity Share:			
(1) Basic & Diluted	40	11.11	12.85
Significant Accounting Policies	2		
Accompanying notes form part of financial statements			

As per our report of even date attached.

For & on behalf of Board

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Rajiv Gandhi

CEO & Managing Director

Sanjiv Gandhi

Director

Jigar Shah

CFO

Amala Parikh

Company Secretary

Place : Ahmedabad

Date : 30 May, 2014

Place : Ahmedabad

Date : 30 May, 2014

Consolidated Cash Flow Statement as at 31st March, 2014

(Figures in ₹)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per Profit and Loss Statement		133,679,239		144,065,175
Adjustments for:				
Foreign Fluctuation Reserve	2,486,442		1,447,603	
Depreciation and Amortisation	54,148,305		44,271,092	
Interest & Other Income	(2,131,036)		(1,611,121)	
Bad debt Written off	2,223,908		-	
Exchange P&L on Closing Bank Balance	(338,695)		-	
Sundry balances Written Back (Net)	(1,893,482)		-	
Loss on sale of Fixed Asset	8,763		-	
Interest & Finance Charges	64,596,696	119,100,901	32,641,034	76,748,608
Operating Profit before Working Capital Change		252,780,140		220,813,783
Adjustments for:				
Trade and Other Receivables	9,797,949		(14,407,226)	
Inventories	(44,870,747)		(38,484,165)	
Trade Payables & Other Liabilities	(9,181,611)		41,910,252	
Loans & Advances	(15,457,287)	(59,711,696)	(39,436,391)	(50,417,530)
Cash generated from Operating Activity		193,068,444		170,396,253
Payment of Taxes		(98,630,353)		(55,023,813)
Net Cash from Operating Activity		94,438,091		115,372,440
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(71,536,414)		(27,493,685)
Sale of Fixed Assets		240,000		-
Capital W.I.P. & Live Stock Addition		(59,831,973)		(226,010,434)
Change in Creditors for Capital Expense		(16,494,794)		30,307,847
Investment in bank deposits (having original maturity of more than three months)		(710,807)		(1,136,882)
Redemption of Bank Deposits		339,838		654,840
Investment in Subsidiary company		-		(3,479,000)
Interest & Other Income		2,131,036		1,611,121
Net Cash used in Investing Activities		(145,863,114)		(225,546,193)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Minority Interest		3,702,586		846,181
Proceeds/ (Repayment) of Long Term Borrowings		18,084,429		127,870,153
Government Grant		-		(24,095,735)
Short Term Bank Borrowings (Net)		136,532,496		33,644,630
Dividend Paid		(17,013,600)		(5,724,608)
Dividend Distribution Tax Paid		(2,891,461)		(920,011)
Interest paid		(64,596,696)		(32,641,034)
Net Cash Flow from Financing Activity		73,817,755		98,979,576
Net Increase in Cash & Cash Equivalents		22,392,732		(11,194,177)
Cash & Cash Equivalent as at (Op Balance)		22,919,195		34,113,372
Cash & Cash Equivalent as at (Cl Balance)		45,311,927		22,919,195
		31st March, 2014		31st March, 2013
Major Components of cash and Cash Equivalents as at				
Cash on Hand		719,347		1,271,506
Balance with Banks - On Current Accounts		44,070,233		21,600,458
Fixed Deposit having maturity period with in 3 months		-		47,231
Total		44,789,580		22,919,195

The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement. Accompanying notes form part of financial statements.

As per our report of even date attached.

For **Shah Narielwala & Co.**

Chartered Accountants

FRN: 109708W

Naishadh H. Shah

Partner

Membership No.: 042323

Rajiv Gandhi

CEO & Managing Director

Jigar Shah

CFO

Place : Ahmedabad

Date : 30 May, 2014

For & on behalf of Board

Sanjiv Gandhi

Director

Amala Parikh

Company Secretary

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

1 CORPORATE INFORMATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with accounting standards notified under Section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of Ministry of corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other relevant provisions of Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b) USE OF ESTIMATES:

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

c) PRINCIPLES OF CONSOLIDATION:

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

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

d) REVENUE RECOGNITION:

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

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

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

e) FIXED ASSETS & DEPRECIATION / AMORTISATION:

Tangible Assets are stated at cost net of recoverable taxes, duties and rebates less accumulated depreciation and impairment loss, if any. Borrowing costs directly attributable to the construction or production of qualifying assets during the period of construction / acquisition are capitalized as part of the cost. Subsequent expenditures related to an item of tangible assets

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

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.

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

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

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

f) IMPAIRMENT OF ASSET:

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

g) INVESTMENTS:

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

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

h) INVENTORIES:

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

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

i) FOREIGN GOVERNMENT GRANTS:

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

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

j) BORROWING COSTS:

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

k) FOREIGN CURRENCY TRANSACTIONS:

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

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

iii) Any income or expenses on account of exchange difference either on settlement or on transaction other than that arising in long term foreign currency items is recognized in the Statement of Profit and Loss, for the period in which the difference takes place.

l) RESEARCH AND DEVELOPMENT:

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

m) PROVISION FOR RETIREMENT BENEFITS:

(i) Short-Term Employee Benefits:-

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

(ii) Post-employment benefit plans:-

i) Defined Contribution Plan:

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

ii) Defined Benefit Plan:

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

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

n) SEGMENT INFORMATION:

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

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

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

o) EARNING PER SHARE:

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

p) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents for the purpose of cash flow statement comprise cash on hand and balance at Bank including fixed deposits with an original maturity period of less than three months and short term investments with an original maturity of three months or less.

q) TAXATION:

i. Current Tax:

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

ii. Deferred Tax Provision:

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

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.

r) PROVISIONS & CONTINGENCIES

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

3 SHARE CAPITAL (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
AUTHORIZED CAPITAL		
10,500,000 (P.Y. 10,500,000) Equity Shares of ₹10/- each.	105,000,000	105,000,000
	105,000,000	105,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
8,506,800 (P.Y. 8,506,800) Equity Share of ₹10/-each fully paid up	85,068,000	85,068,000
Total	85,068,000	85,068,000

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Equity Shares at the beginning of the year	8,506,800	5,671,200
Add: Issue of Bonus shares	-	2,835,600
Outstanding at the end of the year	8,506,800	8,506,800

3.2 Rights, Preferences and Restriction attached to Shares:-

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

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

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% held	No. of Shares	% held
Rajiv D Gandhi	837,909	9.85	837,909	9.85
Bhupendra V Gandhi	710,577	8.35	710,577	8.35
Nina R Gandhi	690,840	8.12	690,840	8.12
Sanjiv D Gandhi	669,720	7.87	669,720	7.87

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

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

4 RESERVE & SURPLUS (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
As per Last Balance Sheet	1,259,979	-
Add: On acquisition of Large Animal Health Business		1,259,979
	1,259,979	1,259,979
Securities Premium		
As per Last Balance Sheet	175,067,105	175,067,105
	175,067,105	175,067,105
General reserve		
As per Last Balance Sheet	216,644,000	220,000,000
Add: Transferred From Surplus in Statement of Profit and Loss	25,000,000	25,000,000
Less: Utilised for issue of Bonus Shares	-	(28,356,000)
(Refer Note:- 3.4)	241,644,000	216,644,000

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

4 RESERVE & SURPLUS (Contd.)		(Figures in ₹)	
Particulars	As at 31st March, 2014	As at 31st March, 2013	
Surplus- Statement of Profit & Loss			
As per Last Balance Sheet	194,244,328	146,556,516	
Add: Profit for the year	94,537,016	92,592,873	
	288,781,344	239,149,389	
Less: Appropriations			
- Proposed Dividend	17,013,600	17,013,600	
- Dividend Tax	2,891,461	2,891,461	
- Transferred to General Reserve	25,000,000	25,000,000	
		243,876,283	194,244,328
Foreign Fluctuation Reserve			
As per Last Balance Sheet	709,237	(738,366)	
Add: Addition during the year (Net)	2,486,442	1,447,603	
		3,195,679	709,237
Total	665,043,046	587,924,649	

5 LONG TERM BORROWINGS		(Figures in ₹)	
Particulars	As at 31st March, 2014	As at 31st March, 2013	
Term Loans (Secured)			
- From Bank	144,332,754	134,373,203	
Hire Purchase Loans (Secured)			
- From Bank	3,292,943	2,741,065	
Long Term Deposits (Unsecured)			
- Fixed Deposits	7,573,000	-	
Total	155,198,697	137,114,268	

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

Particulars and security offered	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each Installment of ₹
ICICI Bank Loan is secured by hypothecation of specific vehicle/car	10.03%	Monthly	36	53,140*
Kotak Mahindra Bank Ltd. Is secured by hypothecation of specific vehicle/car	11.15%	Monthly	24	19,750*
HDFC Bank loan is secured by hypothecation of specific vehicle/car	11.15%	Monthly	36	16,200*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.18%	Monthly	24	57,000*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	9.81%	Monthly	36	12,300*
Fed. Bank Fin. Loan is secured by hypothecation of specific vehicle/car	11.47%	Monthly	12	13,614*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	14.50%	Monthly	36	12,550*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	24	10,778*
Reliance Consumer Finance loan is secured by hypothecation of specific vehicle/car	12.63%	Monthly	24	27,216*

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

5 LONG TERM BORROWINGS (Contd.)

(Figures in ₹)

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 1 is secured against Equitable Mortgage of Corporate office at FP No. 681/9, TPS no. 3/6, Pushpak complex, Opp. Radisson Blue Hotel, Panchvati, Ahmedabad 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 encumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	13.1% ^	Monthly	16	383,000
State Bank of India- Term Loan 2 is Secured by Equitable mortgage of Land and Building on Survey No. 1975/p2, 1976/p2 and 1977/p2 situated at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of encumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	13.1% ^	Monthly	49	1,558,000
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*
Everest Bank Limited loan (Nepal) is secured by Fixed Charge over a motor vehicles of Nepal Unit	11.50%	Monthly	54	22,320*
Everest Bank Limited loan (Nepal) is secured against hypothecation of entire fixed assets & Plant & Machineries of the Unit.	12.50%	Quarterly	24	3,562,500

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

* Installment includes interest.

6 DEFERRED TAX LIABILITIES (NET) [Refer Note:- 2(q)(ii)]

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred Tax Liabilities		
- Gratuity (Advance)	783,242	473,822
- Excess of Net Block over Written Down Value as per provision of I.T. Act	24,254,019	26,094,961
- Benefit availed u/s 35 (2AB) on Capital Addition	25,202,781	-
Total Deferred Tax Liabilities(A)	50,240,042	26,568,783
Deferred Tax Assets		
- Claim U/s 43B of I.T. Act, 1961	978,331	578,807
Total Deferred Tax Assets(B)	978,331	578,807
Net Deferred Tax Liabilities(A-B)	49,261,710	25,989,976

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

7 OTHER LONG TERM LIABILITIES (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest accrued but not due	138,304	-
Total	138,304	-

8 SHORT TERM BORROWINGS (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Loan Repayable on Demand		
- From Bank- Cash Credit (Secured)	262,545,131	136,519,986
- Government Grant (Unsecured)	34,829,528	24,322,177
Total	297,374,659	160,842,163

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

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

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

9 TRADE PAYABLES (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Payables (Refer Note :- 31)	45,211,242	57,077,362
Total	45,211,242	57,077,362

10 OTHER CURRENT LIABILITIES (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Current Maturities of Long Term Borrowings (Refer Note:- 5)		
- Term Loans	23,564,438	24,916,573
- Hire Purchase Loans	1,960,763	1,726,472
Short Tem Deposit		
- Fixed Deposits (Refer Note:- 5)	4,588,000	-
Unclaimed Dividends*	2,376,614	2,293,723
Unclaimed Interest on FD	171,157	-
Interest accrued & due on borrowings	874,986	
Interest accrued but not paid on borrowings	168,955	
Advance from Debtors	1,678,951	4,454,384
Creditors for Capital expense	19,682,759	36,177,553
Duties and Taxes	5,880,660	4,870,887
Other Liabilities	13,097,252	13,931,115
Bank overdraft (as per Books)	82,726	-
Total	74,127,261	88,370,708

* There are no amounts due for payment to the Investor Education and Protection Fund.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

11 SHORT TERM PROVISIONS

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision For Employees Benefit		
Leave Encashment	2,082,476	1,783,963
Others		
Proposed Dividend	17,013,600	17,013,600
Tax on Dividend	2,891,461	2,891,461
Provision for Tax (Net of Advance Tax)	16,039,780	60,963,503
Total	38,027,317	82,652,527

12 FIXED ASSETS [Refer Note:- 2(e)]

(Figures in ₹)

	Gross Block				Depreciation				Net Block	
	As at 01st April, 2013	Addition during the year	Disposals during the year	As at 31st March, 2014	Upto 01st April, 2013	For the Year	Adjustment during the year	Upto 31st March, 2014	Net Carrying value as at 31st March, 2014	Net Carrying value as at 31st March, 2013
A-1 Tangible Assets										
Land & Site Development	1,660,844	-	-	1,660,844	-	-	-	-	1,660,844	1,660,844
Factory Building	12,094,768	-	-	12,094,768	6,595,526	403,965	-	6,999,491	5,095,276	5,499,241
Plant & Machineries										
- Imported	4,552,524	-	-	4,552,524	3,175,860	216,245	-	3,392,105	1,160,419	1,376,664
- Indigenous	33,490,107	-	-	33,490,107	22,110,916	1,590,780	-	23,701,696	9,788,411	11,379,191
Electrical Installations	3,088,718	-	-	3,088,718	2,316,874	146,714	-	2,463,588	625,129	771,843
Storage Equipment	431,276	-	-	431,276	196,156	20,486	-	216,642	214,634	235,120
Furniture & Fixtures	1,245,262	-	-	1,245,262	1,006,816	78,825	-	1,085,641	159,621	238,446
Vehicles	8,783,728	-	836,119	7,947,609	7,441,811	586,158	587,356	7,440,612	506,997	1,341,917
Scooters	25,083	-	-	25,083	24,258	-	-	24,258	825	825
Office Equipments	1,048,165	-	-	1,048,165	634,509	49,788	-	684,297	363,868	413,656
Computers	1,564,121	-	-	1,564,121	1,485,915	-	-	1,485,915	78,206	78,206
Utilities	3,365,753	-	-	3,365,753	2,610,516	159,873	-	2,770,389	595,364	755,237
Dead Stock	169,064	-	-	169,064	145,472	10,702	-	156,174	12,890	23,592
Dead Stock Canteen	32,598	-	-	32,598	32,030	-	-	32,030	568	568
TOTAL (A1)	71,552,013	-	836,119	70,715,894	47,776,661	3,263,536	587,356	50,452,841	20,263,053	23,775,351
Previous Year Figures	71,552,013	-	-	71,552,013	44,322,247	3,454,414	-	47,776,661	23,775,351	27,229,765
A-2 Tangible Assets - New Project										
Land & Site Development	44,706,973	1,215,023	-	45,921,996	-	-	-	-	45,921,996	44,706,973
Factory Building	115,770,130	105,969,259	-	221,739,388	52,115,551	13,035,727	-	65,151,278	156,588,110	63,654,579
Office Building	119,054,187	-	-	119,054,187	20,531,648	4,938,571	-	25,470,219	93,583,968	98,522,539
Guest House-Building	4,191,825	-	-	4,191,825	606,229	179,280	-	785,509	3,406,316	3,585,596
Plant & Machineries										
- Imported	15,451,108	5,620,639	-	21,071,747	8,561,890	1,516,338	-	10,078,228	10,993,519	6,889,218
- Indigenous	143,374,692	12,999,500	-	156,374,192	71,655,121	15,180,928	-	86,836,049	69,538,143	71,719,571
- Indigenous	685,000	40,478,548	-	41,163,548	23,240	-	-	23,240	41,140,308	661,760
Electrical Installations	35,869,334	13,059,758	-	48,929,092	19,633,015	3,480,624	-	23,113,639	25,815,452	16,236,318
Storage Equipment	4,376,897	217,580	-	4,594,477	1,864,324	367,243	-	2,231,567	2,362,909	2,512,573
Furniture and Fixtures	24,468,793	12,356,758	-	36,825,551	11,901,351	3,301,175	-	15,202,526	21,623,024	12,567,442
Vehicles	21,744,022	6,256,630	-	28,000,652	12,585,995	3,144,235	-	15,730,230	12,270,422	9,158,027
Factory Equipments	1,081,615	4,248,959	-	5,330,574	145,185	537,433	-	682,618	4,647,956	936,430
Office Equipments	8,392,588	321,280	806,164	7,907,704	3,034,218	725,169	-	3,759,387	4,148,317	5,358,370
Computer	6,223,170	921,152	-	7,144,322	3,899,811	1,145,474	-	5,045,285	2,099,037	2,323,359
Utilities	31,577,633	11,809,036	-	43,386,669	18,200,289	2,990,383	-	21,190,672	22,195,997	13,377,344
Live Stock	524,476	114,293	-	638,769	-	-	-	-	638,769	524,476
TOTAL (A2)	577,492,442	215,588,414	806,164	792,274,692	224,757,868	50,542,579	-	275,300,448	516,974,245	352,734,574
Previous Year Figures	550,142,119	27,350,323	-	577,492,442	184,332,424	40,425,444	-	224,757,868	352,734,574	365,809,695
TOTAL (A1 + A2)	649,044,455	215,588,414	1,642,283	862,990,586	272,534,529	53,806,115	587,356	325,753,288	537,237,298	376,509,925
Previous Year Figures(A1 + A2)	621,694,132	27,350,323	-	649,044,455	228,654,671	43,879,858	-	272,534,529	376,509,925	393,039,461
B. Intangible Assets										
Software	3,383,151	464,297	-	3,847,448	2,641,718	329,653	-	2,971,371	876,077	741,433
Product & Trademark Registration	69,000	-	-	69,000	6,314	12,537	-	18,851	50,149	62,686
TOTAL (B)	3,452,151	464,297	-	3,916,448	2,648,032	342,190	-	2,990,222	926,226	804,119
Previous Year Figures	3,158,824	293,327	-	3,452,151	2,256,798	391,234	-	2,648,032	804,119	902,026
C. Capital Work-in-progress	288,899,545	59,717,680	143,073,895	205,543,329	-	-	-	-	205,543,329	288,899,545
TOTAL (C)										
Previous Year Figures	63,039,076	225,860,469	-	288,899,545	-	-	-	-	288,899,545	63,039,076
Current Year Total	941,396,150	275,770,391	144,716,178	1,072,450,363	275,182,561	54,148,305	587,356	328,743,511	743,706,853	666,213,589
Previous Year Total	687,892,032	253,504,119	-	941,396,150	230,911,469	44,271,092	-	275,182,561	666,213,589	506,199,183

Note:- Capital Expenditure on Research & Development Facility [including net decrease in capital work-in-progress ₹143,599,997/- (P.Y. ₹ Nil)] is ₹171,294,440/- (P.Y. ₹ Nil)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

13 NON CURRENT INVESTMENTS [Refer Note:- 2(g)] (Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Investment in Equity Instrument		
1,182,500 (P.Y 1,182,500) Equity shares of ₹10/- each fully paid-up in Innoves Animal Health Pvt. Ltd.	2,779,000	2,779,000
	-	
Total	2,779,000	2,779,000

14 LONG TERM LOANS AND ADVANCES [Refer Note:-35] (Unsecured, Considered Good) (Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Advances	10,110,167	21,150,260
Security Deposit		
- Deposit to UGVCL	6,206,295	3,486,773
- Others	4,485,611	2,856,344
Loans & Advances to related parties(Refer Note 38)		
Advance to group companies	870,432	870,432
Other Loans & Advances		
Advance to others	32,546,522	29,155,682
Advance to staff*	12,358,678	12,463,860
EPCG Advance	3,198,111	-
MAT Credit Entitlement [Refer Note: 2 (q)(iii)]	34,957,821	-
Total	104,733,637	69,983,351

* Advance to staff includes ₹5,011,684/- (P.Y. ₹5,218,615/-) due from officer of the company. (Refer Note:- 38)

15 INVENTORIES [Refer Note:- 2(h)] (At lower of cost and net realisable value) (Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw Material	28,752,927	17,502,029
Work-in-Progress	255,092,034	217,690,101
Finished Goods	36,822,965	45,615,913
Stock-in-Trade	17,050,455	15,341,594
Stores & Spares	6,150,932	5,656,952
Packing Material	12,022,767	9,214,744
Total	355,892,080	311,021,333

16 TRADE RECEIVABLES [Refer Note:- 36] (Unsecured, Considered Good) (Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Outstanding for a period exceeding six months from the date they are due for Payment		
- Considered Good	40,253,679	39,911,268
- Doubtful	-	-
Others		
- Considered Good	100,362,872	110,503,232
- Doubtful	-	-
Total	140,616,551	150,414,500

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

17 CASH & CASH EQUIVALENT [Refer Note:- 2 (p)] (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
(A) Cash and Cash Equivalents		
1. Cash on Hand	719,347	1,271,506
2. Balances with Banks		
-In Current Accounts	44,070,233	21,600,458
-In Fixed Deposits having original maturity of less than twelve months	-	524,961
Total-(A)	44,789,580	23,396,924
(B) Other Bank Balances		
-Fixed Deposits having original maturity period of more than twelve months	3,738,971	2,890,272
Total-(B)	3,738,971	2,890,272
Total-(A) + (B)	48,528,551	26,287,196

17.1 Balances with banks in current account include Unclaimed Dividend Amount of ₹2,376,614 (P.Y. ₹2,293,723/-)

17.2 Balances with banks in Fixed Deposit account includes balances held as margin money or security against borrowing, guarantees and other commitments ₹3,738,971/-(P.Y. ₹3,215,233/-)

18 SHORT TERM LOANS AND ADVANCES [Refer Note:-35] (Unsecured, considered Good) (Figures in ₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
- Creditors Advance for Goods	18,147,691	2,984,523
- Creditors Advance for Expense	1,747,261	1,371,981
- Advance to Staff	2,277,666	2,488,515
- Advance recoverable in cash or kind or for value to be received	3,788,866	3,427,642
- Rent Advances	-	24,000
Total	25,961,484	10,296,661

19 REVENUE FROM OPERATIONS [Refer Note:- 2(d)] (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Local Sales	621,446,473	589,083,029
Trading Sales	52,137,381	32,958,481
Export Sales	32,837,840	43,815,657
	706,421,694	665,857,167
Less: Excise Duty	15,938,072	14,814,531
Total	690,483,622	651,042,636

19.1 Particulars of Sales

Particulars of Sales	Year ended 31st March, 2014	Year ended 31st March, 2013
-Poultry Vaccines	660,873,516	637,287,961
-Large Animal Health Products	45,548,178	28,569,206
Total	706,421,694	665,857,167

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

20 OTHER INCOME (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income [Refer Note :- 2(d)]		
- From Bank Deposits	273,221	246,540
- From Others	1,629,815	1,181,581
Miscellaneous Income	3,709,845	423,164
Rent Income	228,000	183,000
Sundry balances Excess provisions Written off / Written back (Net)	1,893,482	-
Other non-operative receipts	209,720	-
Total	7,944,083	2,034,285

21 COST OF MATERIAL CONSUMED (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Stock	17,502,029	10,559,970
Add: Purchases	115,810,927	154,092,069
	133,312,956	164,652,039
Less: Closing Stock	28,752,927	17,502,029
Total	104,560,029	147,150,010

21.1 Particulars of Raw material Consumed

Class of Goods	Year ended 31st March, 2014	Year ended 31st March, 2013
Growth Media	65,250,835	58,770,502
Other Chemicals	39,309,194	27,312,889
Concentrate	-	61,066,619
Total	104,560,029	147,150,010

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

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Percentage	Value (₹)	Percentage	Value (₹)
Imported	8.55	8,940,307	44.30	65,183,814
Indigenous	91.45	95,619,722	55.70	81,966,196
Total		104,560,029		147,150,010

22 PURCHASE OF STOCK-IN-TRADE (Figures in ₹)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchase of stock in trade:-		
- Poultry Vaccines	7,173,504	11,038,917
- Large animal Health products	32,108,420	20,722,603
Total	39,281,924	31,761,520

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

23 CHANGE IN INVENTORIES		<i>(Figures in ₹)</i>	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	
Closing Stock			
-Finished Goods	53,873,420	60,957,507	
-Semi-finished Goods	255,092,034	217,690,101	
	308,965,454		278,647,608
Opening Stock			
-Finished Goods	60,957,507	48,030,384	
-Semi-finished Goods	217,690,101	205,982,036	
	278,647,608		254,012,420
Total	(30,317,846)		(24,635,188)

24 EMPLOYEE BENEFIT EXPENSES		<i>(Figures in ₹)</i>	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	
Salaries, Wages & Bonus	92,358,336	83,697,445	
Contribution to P.F./Gratuity Fund	2,256,336	3,295,352	
Staff Welfare	3,817,188	3,624,004	
Total	98,431,860	90,616,801	

25 FINANCE COST [Refer Note:- 2(j)]		<i>(Figures in ₹)</i>	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	
Interest Expense	37,561,967	30,329,581	
Interest on Income-tax	23,868,374	-	
Other Borrowing Cost	3,166,355	2,311,453	
Total	64,596,696	32,641,034	

26 DEPRECIATION & AMORTIZATION EXPENSE		<i>(Figures in ₹)</i>	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013	
Depreciation - SLM	3,263,536	3,454,414	
Depreciation - WDV	50,542,579	36,709,117	
Depreciation of Earlier Years - WDV	-	3,716,327	
Amortisation of Intangible Asset	342,190	391,234	
Total	54,148,305	44,271,092	

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

27 OTHER EXPENSES

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Manufacturing Expense		
Power and Fuel	42,723,331	32,046,388
Consumption of stores	5,146,130	5,766,366
Excise Duty*	419,908	(16,703)
Repairs & Maintenance		
- Machinery	6,105,691	6,689,109
- Building	2,689,644	1,965,104
- Electrical	725,762	1,088,253
Packing Expense	20,561,155	19,950,112
Quality Control and Testing Expense	2,754,744	2,015,924
R & D Expense	12,825,005	5,948,614
Other Production Expense	15,930,268	9,125,285
Feed Expense	5,660,223	7,933,119
Growth Media Centre Expense	943,493	963,492
	116,485,354	93,475,062
Selling And Distribution Expense		
Selling Expense	6,398,544	6,102,330
Sales Promotion	4,192,638	5,912,386
Sales Tax Expense	3,570,021	1,773,242
Carriage Outward Expense	23,951,606	21,762,482
Travelling Expense	8,195,588	6,364,417
Commission on Sales	3,413,113	1,919,876
	49,721,510	43,834,733
Establishment Expense:		
Postage/Courier, Telephone Expense	4,227,807	4,547,515
Insurance Expense	3,024,112	2,381,013
Legal , Professional and Consultancy	9,007,576	8,870,059
Printing and Stationery	2,327,059	1,807,416
Travelling and Conveyance	9,261,936	3,859,536
Director's Travelling	3,754,548	3,270,703
Rent, Rates and Taxes	5,016,374	4,364,190
Registration Fees	2,068,650	-
Repairs and Maintenance - Others	2,352,054	2,339,842
Vehicle & Petrol Expense	7,157,699	5,929,395
Electricity Charges	1,299,920	975,555
Conference and Seminar Expense	923,369	1,452,336
Membership Fees	446,887	489,855
AGM Board Meeting	121,761	217,499
Donation	144,454	317,301
Bad Debts written off	2,223,908	277,212
Loss on sale of Fixed Asset	8,763	-
Preliminary Expense written off	-	51,320
Miscellaneous Expense	8,085,858	6,001,221
Prior Period Expense	1,992,667	132,753
Foreign Exchange Difference (Net)	3,335,116	1,639,359
Payment to Auditor		
- As Auditor	488,766	395,507
- For Taxation Matters	310,113	351,119
- For Other Services	261,237	213,484
- For Reimbursement of Expense	-	12,491
	67,840,634	49,896,681
	234,047,498	187,206,476

* 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 the Consolidated Financial Statements for the year ended 31st March, 2014

28 CONTINGENT LIABILITIES & COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net-off advances) ₹109.95 Million (P.Y. ₹119.82 Million).

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Figures are rounded off to nearest rupee.

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

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Disclosure of amount payable to enterprises defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of registration of such enterprises under this Act. Accordingly, Disclosure in respect of the amounts payable to such enterprises outstanding as on 31st March, 2014 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2014 from Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

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During the year, In-house Research and Development facility established by the company for "Manufacturing veterinary vaccines for Poultry" was approved by Ministry of science and Technology, Government of India under section 35(2AB) of the income Tax Act, 1961. 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	Amount (₹)
Revenue Expenditure	
Raw Material	21,299
Salary and Wages	2,557,221
Provident Fund Expense	42,864
Power Cost	5,284,087
Chemical(Local)	402,868
Consumable(Local)	321,721
Other Allow./Reimbursement	3,062,667
R & D Expense-Eggs	9,195,615
Travelling Expense	1,65,984
Seminar/Regist./Legal	134,110
Other Admin Expense	1,862
Total	21,190,298

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

33 EXPENDITURE IN FOREIGN CURRENCY (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchase/Materials/Trading goods/ Packing (including payment to creditors)	16,617,259	65,508,141
Travelling	5,478,333	239,016
Capital Expenditure(Furniture & Machinery)	10,543,628	4,529,457
Membership Fee	1,418,085	629,933
Consultancy & Professional Fees	2,400,669	3,398,165
R & D Expenditure	-	490,148

34 EARNINGS IN FOREIGN CURRENCY (Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
F.O.B. value of Exports	32,837,840	43,815,657

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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.

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Trade Receivables outstanding for a period exceeding six months from the date they are due for payment includes trade receivable of ₹8,834,135/- (P.Y. Nil) 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.

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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.

38 RELATED PARTY DISCLOSURES

(i) Related Party Disclosures:

(i) List of Related Parties :

(a) Group Companies/Associates / Individual Relatives:

1. Hester Coatings Pvt. Ltd.
2. Sinsui (India) Pvt. Ltd.
3. Biolink Healthcare Pvt. Ltd.
4. Hester Diagnostic Pvt. Ltd.

(b) Key Management Personnel:

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

(c) Promoters and their relatives having control:

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

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

Sr. No.	Nature of Transactions	Group Companies/ Associates/ Individual Relatives (₹)	Key Management Personnel (₹)
1.	Advance Given	Nil (10,000)	Nil (Nil)
2.	Advance Recovered	Nil (10,000)	206,931 (Nil)
3.	Outstanding Balance Included in Long term Loans & Advances	870,432 (870,432)	5,011,684 (5,218,615)
4.	Director's Remuneration	Nil (Nil)	4,229,211 (3,989,000)
5.	Rent- MD's Residence	600,000 (600,000)	Nil (Nil)
6.	Interest Received/Receivable	Nil (Nil)	393,069 (386,564)
7.	Salary Paid	Nil (Nil)	4,059,408 (4,029,408)

Note: Figures in Brackets relate to Previous Year

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT "FOR THE YEAR ENDED 31ST MARCH, 2014

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 ₹2.15 Million (P.Y. 1.95 Million) for provident fund contribution in the profit and loss account. The contributions payable to this plan by the company are at rates specified in the rules of the scheme.

b) Defined benefit Plan

The company made annual contribution to the employee's Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India, a funded benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or a part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

The following table sets out the funded status of the gratuity plan and the amount recognized by the company's financial statement as at 31st March 2014.

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Projected benefit obligations at beginning of the year	7,298,526	5,448,977
Service Cost	1,137,303	777,867
Interest Cost	583,882	463,163
Actuarial (Gain) / Loss	(1,706,633)	608,519
Benefits Paid	(186,384)	-
Projected benefit obligations at the end of year	7,126,694	7,298,526

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Fair value of plan assets at the beginning of the period	8,758,686	6,820,139
Expected return on plan assets	744,488	579,712
Contribution	63,247	1,311,217
Benefit paid	(186,384)	--
Actuarial Gain/(Loss) on plan asset	50,987	47,618
Fair value of plan assets at the end of the period	9,431,024	8,758,686
Total actuarial gain/(loss) to be recognized	(1,757,620)	(560,901)

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Current service cost	1,137,303	777,867
Interest Cost	583,882	463,163
Expected return on plan asset	(744,488)	(579,712)
Net Actuarial (Gain)/Loss to be recognized	(1,757,620)	560,901
Expense recognized in P/L	780,923	1,222,219

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

39 DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFIT "FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

iv) Assumptions used in accounting for the Gratuity plan:

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Discount rate previous period	8.00%	8.50%
Discount rate current period	9.31%	8.00%
Rate of return on plan asset previous period	8.50%	8.50%
Rate of return on plan asset current period	8.70%	8.50%
Salary escalation previous period	6.00%	6.00%
Salary escalation current period	6.00%	6.00%
Attrition rate previous period	2.00%	2.00%
Attrition rate current period	2.00%	2.00%

v) Amount recognized in the Balance sheet:

(Figures in ₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Liability at the end of the period	7,126,694	7,298,526
Fair value of the plan assets at the end of the period	9,431,024	8,758,686
Difference	2,304,330	1,460,160
Amount recognized in the balance sheet	2,304,330	1,460,160

vi) Actual Return on Plan Assets :

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Expected Return on Plan Assets	744,488	579,712
Actuarial Gain/loss on Plan Assets	50,987	560,901
Actual Return on Plan Assets	795,475	1,140,613

vii) Balance sheet Reconciliation:

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Net Liability	(1,460,160)	(1,371,162)
Expenses As Above	780,923	1,222,219
Employers Contribution Paid	(63,247)	(1,311,217)
Closing Net Liability	(2,304,330)	(1,460,160)

40 EARNINGS PER SHARE

Calculation of Net Profit available for Equity Shareholders:

(Figures in ₹)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A Net Profit After Tax	94,537,016	92,592,873
Profit available to Equity shareholders	94,537,016	92,592,873
B Weighted Average No. of Eq. Shares of ₹10/- each	8,506,800	7,207,150
C Basic and diluted Earning per share	11.11	12.85

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

41 SEGMENT INFORMATION

(a) Primary Segment Information :-

(Figures in ₹)

Particulars	For the year ended 31st March, 2014		
	Poultry Vaccine	Large Animal Health Products	Total
A. SEGMENT REVENUE			
Sales and Operating Earnings (Net)	644,935,444 (622,473,430)	45,548,178 (28,569,206)	690,483,622 651,042,636
Segment Other Income	7,734,054 (2,034,285)	128 (Nil)	7,734,182 (2,034,285)
Unallocated Other Income			209,901 (Nil)
Total Segment Revenue	652,669,498 (624,811,837)	45,548,306 (28,569,206)	698,427,705 (653,076,921)
B. SEGMENT RESULT			
Segment Result	221,470,986 (183,610,947)	(14,220,314) (-1,162,284)	207,250,672 (182,448,663)
Less: Unallocated Expenses			8,974,737 (5,742,454)
Operating Profit			198,275,935 (176,706,209)
Less : Finance Cost			64,596,696 (32,641,034)
Net Profit/(Loss) Before Tax			133,679,239 (144,065,175)
Less : Tax Expense			42,032,866 (53,367,001)
Net Profit/(Loss) after Tax			91,646,373 (90,698,174)
Add : Share of loss of subsidiary transfer to Minority Interest			2,890,643 (1,894,699)
Net Profit/(Loss) Attributable to Share Holders			94,537,016 (92,592,873)
C. OTHER INFORMATION			
Segment Assets	1,208,408,299 (1,077,634,368)	39,450,223 (38,469,406)	1,247,858,522 (1,116,103,774)
Unallocated Assets			174,359,634 (120,891,856)
Segment Liabilities	428,672,505 (346,662,002)	14,425,088 (14,663,431)	443,097,593 (361,325,433)
Unallocated Liabilities			216,241,597 (190,721,572)
Depreciation/ Amortisation	53,458,989 (43,781,606)	322,650 (167,505)	53,781,639 (43,949,111)
Unallocated Depreciation			366,666 (321,981)
Capital Expenditure	248,384,402 (201,456,976)	Nil (1,649,552)	248,384,402 (203,106,528)
Unallocated Capital Expenditure			27,385,989 (50,397,591)

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2014

41 SEGMENT INFORMATION (Contd.)

(b) Secondary Segment Information – Geographical Segment

(Figures in ₹)

Particulars	For the year ended 31st March, 2014		
	Domestic Operations	International Operations	Total
A. Segment Revenue	698,427,524 (653,076,921)	181 (Nil)	698,427,705 (653,076,921)
B. Carrying Cost of Segment Assets	1,251,540,954 (1,119,886,206)	170,677,202 (117,109,424)	1,422,218,156 (1,236,995,630)
C. Addition to Fixed and Intangible Assets	248,384,402 (203,106,528)	27,385,990 (50,397,591)	275,770,392 (253,504,119)

Note: Figures in Brackets relate to Previous Year

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

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

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

Naishadh H. Shah
Partner
Membership No.: 042323

Place : Ahmedabad
Date : 30 May, 2014

For & on behalf of Board

Rajiv Gandhi
CEO & Managing Director

Jigar Shah
CFO

Place : Ahmedabad
Date : 30 May, 2014

Sanjiv Gandhi
Director

Amala Parikh
Company Secretary

Financial Information of Subsidiary Companies

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

	Hester Biosciences (Mauritius) Limited		Hester Biosciences Nepal Private Limited		Diavetra Lifesciences Private Limited
	(In USD)	(In INR)	(In NPR)	(In INR)	(In INR)
Financial Year of the subsidiary companies ends on	31 March, 2014	31 March, 2014	31 March, 2014	31 March, 2014	31 March, 2014
Exchange Rate	1.00	60.9782	0.6311	1.00	-
Share Capital	688,725	41,997,211	78,396,200	49,475,842	100,000
Reserves	(64,536)	(3,935,289)	(14,978,485)	(9,452,922)	(54,810)
Total Assets	688,894	42,007,516	270,143,094	170,487,307	152,358
Total Liabilities	688,894	42,007,516	270,143,094	170,487,307	152,358
Investments (Excluding Investments in Subsidiaries}	-	-	-	-	-
Turnover	-	-	-	-	-
Profit Before Taxation	(19,328)	(1,178,587)	(7,694,057)	(4,855,719)	(1,243)
Provision for Taxation	-	-	-	-	-
Profit After Taxation	(19,328)	(1,178,587)	(7,694,057)	(4,855,719)	(1,243)
Proposed Dividend	-	-	-	-	-

NOTICE

NOTICE is hereby given that 27th Annual General Meeting of the Members of Hester Biosciences Limited, will be held on Tuesday, the 23rd September, 2014 at 11.00 a.m. at Bhaikaka Bhavan, Law College Road, Ahmedabad 380 006 to transact the following business:

ORDINARY BUSINESS

1. a. To receive, consider and adopt the Audited Financial Statement of the Company for the financial Year ended on 31st March, 2014 and the reports of the Board of Directors' and Auditors' thereon; and
b. the audited consolidated financial statement of the Company for the financial year ended 31st March, 2014.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. Sanjiv Gandhi (DIN: 00024548), who retires by rotation and being eligible, has offered himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT the M/s. Shah Narielwala & Co., Chartered Accountants (Firm Registration No.: 109708W), Ahmedabad, the retiring Auditors of the Company be and are hereby reappointed as an Auditors of the Company to hold office till conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Mr. Vimal Ramniklal Ambani (DIN: 00351512), non-executive director of the Company who retires by rotation at the Annual General Meeting and in respect of whom Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 31st March, 2015, not liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary

Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Mr. Vishwesh Patel (DIN: 00503666), non-executive director of the Company who retires by rotation at the Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 31st March, 2015, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Dr. Siba Samal (DIN: 06715667), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 31st March, 2015, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and clause 49 of the listing agreement, Ms. Grishma Nanavaty (DIN: 06931130), who was appointed as an Additional Director pursuant to provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company and who

holds office up to the date of Annual General Meeting and in respect of whom Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 31st March, 2015, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors 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 March 31, 2015, be

paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.”

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

Place: Ahmedabad
Date: 24 July, 2014

For Hester Biosciences Limited

Registered Office:
‘Pushpak’ 1st Floor,
Panchvati Circle,
Motilal Hirabhai Road,
Ahmedabad 380 006 Gujarat
CIN: L99999GJ1987PLC022333

Rajiv Gandhi
CEO & Managing Director

NOTES :

1. 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.
2. Corporate members intending to send their authorized representative to attend meeting are requested to send the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the annual general meeting.
3. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
4. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
5. Members who hold shares in dematerialized 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. The Register of Members and Share Transfer Book of the company will be closed from Saturday, the 20th September, 2014 to Tuesday, the 23rd September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or contact our Registrar and Transfer Agent i.e. Sharepro Services (India) Pvt Ltd.
8. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 2005-06 on due dates, 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.
9. Members wishing to claim their unclaimed dividend declared after the year 2006-07 are requested to correspond with said Registrar and Transfer Agent (RTA) or Secretarial Department at the Registered office of the Company.
10. 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 electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or contact our Registrar and Transfer Agent i.e. Sharepro Services (India) Pvt Ltd.

11. Members are requested to contact our Registrar and Transfer Agent for any query related to shares, dividend and other inquiry at following address:

**Unit: Hester Biosciences Ltd.
Sharepro Services (India) Pvt Ltd.**

(Ahmedabad Branch)

416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, AHMEDABAD – 380 006.

Tel Nos.079 26582381 to 84, Fax No 079 26582385,
Email sharepro@shareproservices.com Contact Person:
Ms. Bharti Parikh

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

12. The Company's equity shares are presently listed and traded at Bombay Stock Exchanges Ltd. (BSE). The Company has paid the listing fees to BSE for the financial year 2014-15.

13. The details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on 23rd September, 2014 are part of this notice.

Name of Director	Mr. Vimal Ambani	Mr. Vishwesh Patel	Dr. Siba Samal	Ms. Grishma Nanavaty	Mr. Sanjiv Gandhi
Date of Birth	26.10.1961	15.01.1977	11.04.1955	11.05.1977	15.03.1965
Date of appointment	01.02.2003	23.05.2010	29.10.2013	24.07.2014	29.04.1987
Qualifications	B. E., MBA	B. E. Mech., MBA	B. V.Sc. & A.H., M.V.Sc., M.S., Ph.D., Postdoctoral,	B.Sc. Economics M.B.A	Graduate of Arts in inter Disciplinary Science (U.S.A.)
Expertise in specific functional areas	General Management	General Management & Activist in Field of Education Visiting Faculty at Chimanbhai Patel Institute of Management & Research	Veterinary Medicine, Veterinary Virology, Molecular Virology, etc.	General Management, Financial Management, restructuring of organization, etc.	General Management
List of Public Ltd. Co. in which Directorship held	1) Tower Overseas Ltd. 2) Sanrhea Technical Textile Ltd.	1) Shugun Realtors Ltd 2) Pearl Broking Services Limited	Nil	Nil	1) Biolink Healthcare Limited
*Chairman/ Member of the Committees of the Board of Directors of the Co.	1-Chairman 2-Member	1-Chairman 2-Member	Nil	1-Chairman 2-Member	Nil
*Chairman/ Member of the committees of Directors of other Co.	Nil	Nil	Nil	Nil	Nil

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

14. 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 7 days in advance before the meeting so as to enable the management to keep information ready.
15. 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.

16. 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.
17. Members may also note that the Notice of the 27th AGM and the Annual Report 2013-14 will be available on the Company's website, www.hester.in. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at mail@hester.in.
18. Members who have not registered their e-mail addresses so far are requested to register their email address so that they can receive the Annual Report and other communication from the Company electronically.
19. The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively in terms of which a company would have ensured compliance with the provisions of Section 53 of the Companies Act 1956, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices/documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly has e-mailed the soft copies of the Financial Statements for the year ended March 31, 2014, to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent.

Further, in terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give

notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the company or as provided by the depository, provided that the company shall provide an advance opportunity at least once in a financial year, to the member to register his e-mail address and changes therein and such request may be made by only those members who have not got their email id recorded or to update a fresh email id and not from the members whose e-mail ids are already registered.

In view of the above, the Company hereby request members who have not updated their email IDs to update the same with their respective Depository Participant(s) or the Sharepro Services (India) Pvt. Ltd, Registrar and Transfer Agent (R&T) of the Company. Further, members holding shares in electronic mode are also requested to ensure to keep their email addresses updated with the Depository Participants/R&T of the Company. Members holding shares in physical mode are also requested to update their email addresses by writing to the R & T of the Company quoting their folio number(s).

20. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services India Ltd (CDSL). The detailed process, instructions and manner for e-voting facility is enclosed herewith.

Place: Ahmedabad
Date: 24 July, 2014

For Hester Biosciences Limited

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 & 6

Mr. Vimal Ambani and Mr. Vishwesh Patel are Independent Directors of the Company and have held the positions as such for more than 3 (three) years in the Company.

Mr. Vimal Ambani has joined Board of Directors in the year 2003; Mr. Vishwesh Patel has joined Board of Directors in the year 2010.

Mr. Vimal Ambani and Mr. Vishwesh Patel are directors whose

period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Vimal Ambani and Mr. Vishwesh Patel, being eligible and offering themselves for appointment, are proposed to be appointed as an Independent Director for a term upto 31st March, 2015 and not liable to retire by rotation. A notice has been received from the members along with the deposit of requisite amount

under section 160 of the Act, proposing Mr. Vimal Ambani and Mr. Vishwesh Patel as a candidate for the office of Director of the Company.

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

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

In the opinion of the Board, Mr. Vimal Ambani and Mr. Vishwesh Patel fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Vimal Ambani and Mr. Vishwesh Patel are independent of the management.

Brief resume of Mr. Vimal Ambani and Mr. Vishwesh Patel, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

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

The Board commends the Ordinary Resolutions set out at Item Nos. 5 and 6 of the Notice for approval by the shareholders.

Item No. 7 & 8

The Board of Directors of the Company appointed, pursuant to Section 161(1) of the Act and the Articles of Association of the Company, Mr. Siba Samal and Ms. Grishma Nanavaty as an Additional Directors of the Company with effect from 28th October, 2013 and 24th July, 2014 respectively.

In terms of provisions of Section 161(1) of the Act, Dr. Siba Samal and Ms. Grishma Nanavaty would hold office up to the date of the ensuing Annual General meeting.

Dr. Siba Samal and Ms. Grishma Nanavaty are proposed to be appointed as an Independent Director for a term upto 31st March, 2015 and not liable to be retired by rotation.

The Company has received notices from the members along with the deposit of requisite amount under section 160 of the Act, proposing Dr. Siba Samal and Ms. Grishma Nanavaty as a candidate for the office of Director of the Company.

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

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an Independent Director in its Board. As per the said section 149, an independent director can hold office up for a term up to 5 (five) consecutive years on the Board of the company and he shall not be included in the total number of directors for retirement by rotation.

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

In the opinion of the Board, Dr. Siba Samal and Ms. Grishma Nanavaty fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Dr. Siba Samal and Ms. Grishma Nanavaty are independent of the management.

Brief resume of Dr. Siba Samal and Ms. Grishma Nanavaty, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view their vast expertise and knowledge, it will be in the interests of the Company that Dr. Siba Samal and Ms. Grishma Nanavaty are appointed as Independent Directors.

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

The Board commends the Ordinary Resolutions set out at Item Nos. 7 and 8 of the Notice for approval by the shareholders.

Item No. 9

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 March 31, 2015 on a remuneration of ₹1,25,000/- plus taxes and reimbursement.

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 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. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Place: Ahmedabad
Date: 24 July, 2014

For Hester Biosciences Limited

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

Rajiv Gandhi
CEO & Managing Director

HESTER BIOSCIENCES LIMITED

CIN : L99999GJ1987PLC022333

Regd. Office: 'Pushpak' 1st Floor, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380 006

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, and Clause 35B of the Listing Agreement with the Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business as detailed in the Notice may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Company had fixed Friday, the 15th August, 2014 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 Demat Account/Folio Number has been enrolled by the Company for your participation in e-Voting on all the resolutions placed by the Company on e-Voting system.

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

Commencement of e-Voting	From 9.00 a.m. (IST) on Monday, 16th September, 2014
End of e-Voting	Up to 6.00 p.m.(IST) on Wednesday, 18th September, 2014

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

The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on

Friday, 15th August, 2014.

Also note that you can opt for only one mode of voting i.e., either through e-Voting or physical ballot form. If you opt for e-Voting, then you should not vote through ballot form and vice versa. However, in case you cast your vote(s) through e-Voting and ballot form, then voting done through 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 demat holders) are as under:-

- (i) Open your web browser during the voting period and Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab to cast your vote(s).
- (iii) Now Enter your User ID
 - a. For account holders in CDSL: 16 digits beneficiary ID,
 - b. For account holders in 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 demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing login id and password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>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 number of shares held by you as on the cut off date (record date) i.e. 15th August, 2014 in the Dividend Bank details field.</p>

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

(viii) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat 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 demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for 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 e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of the Company i.e. "140813037" for the relevant "HESTER BIOSCIENCES LIMITED" 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 Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Other General Instructions :

(A) The voting period begins on 16th September, 2014 (9.00 a.m.) and ends on 18th September, 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(B) The voting rights of shareholders shall be in proportion to their shares of the Paid up Equity Share Capital of the Company.

(C) Mr. Tapan Shah, Practising Company Secretary (Membership No.: FCS 4476; CP No: 2839) (Address: 816 – 818, Anand Mangal – 3, Opp. Core House, Nr. Doctor House, Ellisbridge, Ahmedabad – 380 006, Gujarat, India)

has been appointed as the Scrutinizer to scrutinize the e-Voting process.

- (D) The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hester.in and on the website of CDSL <https://www.evotingindia.co.in> within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited, where the shares of the Company are listed.
- (E) The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
- (F) For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.
- (G) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate,

link their account which they wish to vote on and then cast their vote. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. They should also upload a scanned copy of the Board Resolution / Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.

- (H) You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- (I) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Contact Details

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

TEN YEAR FINANCIAL STATISTICS

(₹ in million)

YEAR ENDED ON 31ST MARCH	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Manufacturing Sales	157.94	196.55	216.01	322.41	297.84	367.83	416.73	479.21	618.08	638.34
Trading Sales	4.45	4.83	2.27	3.93	3.76	7.49	2.98	3.42	32.96	52.14
NET SALES	162.39	201.37	218.28	326.34	301.60	375.32	419.71	482.63	651.04	690.48
Other Income	0.40	0.30	2.63	2.75	0.92	0.81	1.31	2.44	2.34	7.73
TOTAL INCOME	162.79	201.67	220.91	329.09	302.52	376.13	421.02	485.07	653.38	698.21
Total Expenses	93.69	112.05	130.16	156.60	153.68	214.18	239.13	293.55	426.98	437.18
(a) (Increase)/decrease in Stock in trade	(9.29)	(7.02)	(22.54)	(19.90)	(41.36)	(40.21)	(54.59)	(51.45)	(24.64)	(30.32)
(b) Trading Purchase	5.20	2.61	3.05	4.23	3.28	7.25	1.89	6.72	31.76	39.28
(c) Consumption of Raw material	43.30	45.26	70.94	62.82	71.31	91.43	113.76	119.21	147.15	104.56
(d) Manufacturing Expenses	18.28	26.88	22.21	34.50	36.51	57.08	60.98	87.41	93.48	116.49
(e) Staff Cost	13.86	15.16	19.64	29.94	36.66	49.97	58.19	68.68	90.62	98.37
(f) Selling, General & Admn. Expenses	22.35	29.16	36.87	45.01	47.28	48.65	58.89	62.98	88.61	108.80
Interest	2.44	2.57	6.98	26.55	28.88	23.63	25.28	28.27	32.18	64.34
Depreciation	3.20	3.54	4.41	36.85	38.44	42.33	44.78	41.23	43.95	53.78
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 EXTRA ORDINARY ITEM	63.46	83.52	79.36	109.09	81.52	96.00	111.83	122.02	150.27	142.91
Extra Ordinary item	0.00	14.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PROFIT BEFORE TAX	63.46	68.64	79.36	109.09	81.52	96.00	111.83	122.02	150.27	142.91
Provision for taxation	24.03	24.20	27.85	38.69	34.16	35.67	35.88	44.11	53.37	42.03
NET PROFIT	39.43	44.45	51.51	70.41	47.36	60.33	75.96	77.91	96.90	100.88
BALANCE SHEET AS AT	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
SOURCES OF FUNDS :										
Paid-up Equity share capital	35.27	37.08	51.91	51.91	51.91	51.91	51.91	56.71	85.07	85.07
Preference Share Capital	14.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity Warrants	0.00	0.00	0.00	0.00	0.00	0.00	16.44	0.00	0.00	0.00
General Reserve & Surplus	36.09	99.40	227.56	282.78	314.56	356.73	411.50	543.78	593.68	674.65
Loan Funds	16.11	16.91	223.58	201.43	187.66	201.49	213.25	140.20	214.81	324.49
TOTAL	101.53	153.39	503.05	536.12	554.13	610.13	693.10	740.69	893.56	1084.21
APPLICATION OF FUNDS :										
Net Fixed Assets	45.59	46.47	348.79	409.04	405.31	398.36	392.16	365.32	346.99	506.77
Capital Work - in - Progress	0.00	24.01	5.55	0.00	0.00	0.00	0.00	63.04	240.53	131.50
Investment	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	27.85	36.33
Net Current Assets	64.91	91.65	165.52	146.05	174.71	238.32	301.40	311.81	304.18	458.87
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	(8.97)	(8.74)	(16.81)	(18.97)	(25.89)	(26.55)	(25.46)	(24.48)	(25.99)	(49.26)
TOTAL	101.53	153.39	503.05	536.12	554.13	610.13	693.10	740.69	893.56	1084.21
EQUITY DIVIDEND	12%	15%	20%	25%	25%	30%	35%	10%	20%	20%



Registered Office

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

Ahmedabad 380006

www.hester.in

ATTENDANCE SLIP & PROXY FORM



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

PROXY FORM

(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 _____ or failing him

and whose signature are appended below as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on Tuesday, September 23, 2014 at 11:00 P.M. at Bhaikaka Bhavan, Law College Road, Ahmedabad 380 006 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions

- 1) Consider and Adopt
 - (a) Audited Financial Statement, reports of the Directors and Auditors
 - (b) Audited Consolidated Financial Statement
- 2) Declaration of Dividend on Equity Shares
- 3) Re-appointment of Mr. Sanjiv Gandhi who retires by rotation.
- 4) Appointment of Auditors and fixing their Remuneration
- 5) Appointment of Mr. Vimal Ambani as an Independent Director
- 6) Appointment of Mr. Vishwesh Patel as an Independent Director
- 7) Appointment of Dr. Siba Samal as an Independent Director
- 8) Appointment of Ms. Grishma Nanavaty as an Independent Director
- 9) Approval of the remuneration of Cost Auditor

Affix ₹ 1 Revenue Stamp

Signed this _____ day of _____ 2014 _____
 Signature of Shareholder

 Signature of First Proxy holder Signature of Second Proxy holder Signature of Third Proxy holder

Note: 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.

----- Please Tear Here -----



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

ATTENDANCE SLIP

Regd. Folio No./ DP Client ID	No. of Shares held																					
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I certify that I am a member / proxy for a member of the Company.
 I hereby record my presence at the 27th annual General Meeting of the Company at Bhaikaka Bhavan, Law College Road, Ahmedabad 380 006 at 11:00 A.M. on Tuesday, 23rd September, 2014.

 Name of the Member / Proxy (in BLOCK letters) Signature of Member / Proxy
 (Please fill up this attendance slip and hand over at the entrance of the Meeting hall. Member are requested to bring their copy of the Annual Report to the meeting)



Hester Biosciences Limited

Registered Office: 'PUSHPAK', 1st Floor, Panchvati Circle,

Motilal Hirabhai Road, Ahmedabad-380006, Gujarat

Ph.: +91 (79) 26445107 Fax: +91 (79) 26445105 Email: mail@hester.in www.hester.in

CIN: L99999GJ1987PLC022333

POSTAL BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

Sr. No.

1. Name (s) of the member(s) (in block letters) (including joint holders, if any)	
2. Registered Address of the Sole/First named member/beneficial owner	
3. Registered Folio No/ DP ID*/ Client ID No.* (*Applicable to investors holding shares in demat form)	
4. Number of Equity shares held	

I/We hereby exercise my/our vote in respect of the Resolutions to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick mark (✓) at the appropriate box below :

Sr. No.	Description	No. of Shares Held	Please mark the tick	
			I/We assent to the Resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Special Resolution for Increase in borrowing power u/s 180(1)(c) of the Companies Act, 2013			
2.	Special Resolution to create Mortgage, Hypothecate and/ or charge all or any of the movable and or immovable properties of the Company u/s 180(1)(a) of the Companies Act, 2013			
3.	Special Resolution for re-appointment of Mr. Rajiv Gandhi as a CEO and Managing Director for the period of 3 (Three) Years with revised remuneration			

Signature of Shareholder

Place:

Date:

Last Date for Receipt of Postal Ballot Form by the Scrutinizer: 30th September, 2014, before 5.00 p.m.

Note: Please read carefully the instructions overleaf before exercising your vote.

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot should complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed postage pre-paid envelope. Postage will be borne and paid by Hester Biosciences Limited. (the "Company") Envelopes containing postal ballot forms, if sent by courier, at the expenses of the member will also be accepted.
2. The self-addressed postage pre-paid envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the member, as per the specimen signature registered with the Company or the Depository Participant, as the case may be. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named member and in his/her absence, by the next named member. In case Postal Ballot Form is signed through a delegate, a copy of the power of attorney attested by the Member shall be annexed to the Postal Ballot Form, There will be one Postal Ballot Form for every Folio/ client ID irrespective of the number of joint holders.
4. In case of equity shares held by Companies, trusts, societies etc., the duly completed postal ballot form should be accompanied by a certified true copy of board resolution/ authority letter.
5. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The scrutinizer's decision on the validity of the Postal Ballot Form will be final and binding.
6. Duly completed Postal Ballot Form should reach the Scrutinizer not later than Tuesday, September 30, 2014 before 5.00 P.M. Postal Ballot form received after this date will be strictly treated as if the reply from such member(s) has not been received.
7. The members whose name appears in the Register of members/ Record of Depositories as on Friday, August 15, 2014 will be considered for voting.
8. The exercise of vote by Postal Ballot is not permitted through proxy. The items of business covered by this Postal Ballot will not be transacted at any General Meeting even though members who have not exercised their franchise through Postal ballot might be present in person or through proxy at the meeting.
9. A member need not use all his votes nor does he need to cast all his votes in the same way.
10. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed postage prepaid envelope as such envelope will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
11. The Company is also offering e-voting facility as an alternate, for all the Members to enable them to cast their vote electronically instead of dispatching Postal Ballot Form. The detailed procedure is enumerated in the Notes to the Postal Ballot Notice.
12. No other form or photocopy of this postal ballot is permitted for exercising the vote.
13. The result of the Postal Ballot will be declared on Monday, October 6, 2014 under the instructions of the Chairman & Managing Director at the Registered Office of the Company.



Hester Biosciences Limited

Registered Office: 'PUSHPAK', 1st Floor, Panchvati Circle,
Motilal Hirabhai Road, Ahmedabad-380006, Gujarat

Ph.: +91 (79) 26445107 Fax: +91 (79) 26445105 Email: mail@hester.in www.hester.in
CIN: L99999GJ1987PLC022333

POSTAL BALLOT NOTICE

Dear Member(s),

Notice pursuant to Section 110 of the Companies Act, 2013

NOTICE IS HEREBY GIVEN to the members of **HESTER BIOSCIENCES LIMITED** that the resolution as set out below seeking the consent of the members by means of Postal Ballot as per provisions under Section 110 of the Companies Act 2013 (the "Act") read with Rule 22 of the Companies (Management and Administration) Rules 2014 and any other applicable sections, rules, regulations, guidelines, as amended from time to time. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, setting out all material facts pertaining to the resolutions are annexed along with the postal ballot Form for consideration of the Members. The Company has appointed Mr. Tapan Shah, Practicing Company Secretary, Ahmedabad, as scrutinizer in accordance with the Companies (Management and Administration) Rules 2014 for conducting the Postal Ballot process in a fair and transparent manner.

SPECIAL BUSINESS:

1. Increase in Borrowing Power u/s. 180(1)(c) of the Companies Act, 2013.

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

"RESOLVED THAT in supersession of the earlier resolution passed in this behalf by the members in their Annual General Meeting of the Company held on 11th September, 2007, and pursuant to the provisions of the Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors ("hereinafter referred to as "the Board" which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the power conferred on the Board by this resolution) of the Company, to borrow any sum or sums of money from time to time, with or without security and upon such terms & conditions as they may think fit, notwithstanding that the moneys, to be borrowed by the Company (apart from the temporary loans obtained from the Company's bankers and other financial institutions in the ordinary course of the business) may exceed the aggregate of paid up share capital and free reserves provided however, that the total amount so borrowed by the Company shall not exceed a sum of Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only) outstanding at one time excluding the interest thereon."

"RESOLVED FURTHER THAT the Board of the Directors of the company be and are hereby authorized to do all such acts, deeds and things, as may be necessary to give effect to the foregone resolution for and on behalf of the Company."

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

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed in this behalf by the members in their Annual General Meeting of the Company held on 11th September, 2007 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit in favour of Banks/Financial Institutions, other investing agencies and holders of other instruments to secure rupee / foreign currency loans (hereinafter collectively referred to as "Loans") provided that the total amount of loans and facilities together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to the said resolution and for the matter connected therewith or incident thereto"

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

To Consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to such consent(s), approval(s) and permission(s) as may be required in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), permission(s) and approval(s), as may be required in this regard from any authority and on recommendation of Nomination and Remuneration committee and as agreed by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context by the Board in this behalf), approval of the member be and is hereby

accorded for the re-appointment of Mr. Rajiv Gandhi (DIN: 00438037) as a CEO & Managing Director of the Company for a further period of 3 (three) years, with effect from 1st April,2014, on the remuneration and terms and conditions as contained in the explanatory statement annexed hereto.”

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

Date : 24 July,2014

Place: Ahmedabad

By Order of the Board
For Hester Biosciences Limited
Sd/-
Rajiv Gandhi

Notes:

1. The Company has entered into agreement with Central depository services (India) Limited (“CDSL”) to provide facility of e-voting facility to the shares of the company and to enable the share holders to cast their votes electronically and e-voting facility is an alternative to dispatch the Postal Ballot form.
2. In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an option to all the Members of the Company. E-voting is optional. If a shareholder has opted for e-voting, then he/she should not vote by postal ballot and vice-versa. **However, in case shareholder(s) cast their vote both via physical ballot and e-voting, then voting through e-voting shall prevail and voting done by physical ballot shall be treated as invalid, notwithstanding whichever option is exercised first.**
3. The Explanatory Statement and reasons for the proposed Special Resolutions pursuant to Section 102 of the Act setting out material facts are appended to the Notice.
4. Details of Directors seeking reappointment as per Clause 49 of the Listing Agreement.

Particulars	
Name of Director	Mr. Rajiv Gandhi
Date of Birth	11th July,1962
Age	52 Years
Date of Appointment	29.04.1987
Expertise In Specific Functional Area	Wide experience in areas of product planning, marketing, quality and public administration
Qualification	B.Com Diploma in Marketing Management & Poultry Management
No. of Equity Shares Held	837,909 Equity Shares
List of other Public Companies in which he is a Director (other than foreign and private companies)	1. Biolink Healthcare Limited 2. Gujarat Credo Mineral Industries Limited
Chairmanship/Membership of Audit Committee, Shareholder’s/Investors Grievance Committee of other Companies in which he is a Director	Nil

5. The Postal Ballot Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as on 15th August, 2014.
6. As per Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the Members through electronic transmission. Members who have registered their e-mail IDs with depositories or with the Company are being sent by email Notice of Postal Ballot by e-mail.
7. Members who have not registered their e-mail IDs will receive Notice of Postal Ballot along with Postal Ballot Form through post/courier. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Postal Ballot Form may download the Postal Ballot Form from the ‘Investors’ section on the Company’s website www.hester.in

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

- (i) Open your web browser during the voting period and Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab to cast your vote(s).
- (iii) Now Enter your User ID
 - a. For account holders in CDSL: 16 digits beneficiary ID,
 - b. For account holders in 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 demat form and had logged on to www.evotingindia.com and voted on an earlier voting of

any company, then your existing login id and password is to be used.

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

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat 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 first two letters of their name and the last 8 digits of the demat account folio number in the PAN field. ● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. 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 number of shares held by you as on the cut off date (record date) i.e. August 15, 2014 in the Dividend Bank details field .

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

(viii) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat 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 demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for 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 e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of the Company i.e. "140811013" for the relevant "**HESTER BIOSCIENCES LIMITED**" 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 Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS

- The e-Voting period commences on 1st September, 2014 (9.00 am) and ends on 30th September, 2014 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- Mr. Tapan Shah, Practicing Company Secretary (Membership No. FCS: 4476; CP No: 2839) (Address: 816 – 818, Anand Mangal - 3, Opp. Core House, Nr. Doctor House, Ellisbridge, Ahmedabad – 380 006) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
- If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.
- Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote
- You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- In case you have any queries or issues regarding 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	Hester Bioscience Limited 1st Floor, 'Pushpak' Panchvati Circle, Motilal Hirabhai Road, Ahmedabad-380006, Gujarat Email: mail.hester.in
Registrar & Transfer Agent	M/s. Sharepro Services (India) Pvt.Ltd.(Ahmedabad Branch) 416-420 4 th Floor, Devnandan Mall Opp. Sanyas Ashram , Ashram Road, Ellisbridge Ahmedabad 380006 Email: sharepro@shareproservices.com
e-Voting Agency	Central Depository Services (India) Limited Email: helpdesk.evoting@cdslindia.com
Scrutinizer -	Mr. Tapan Shah, Practicing Company Secretary Email: scrutinizer@tapanshah.in

8. Members have the option either to vote through the e-voting process or through the Postal Ballot Form. Members who have received the Postal Ballot Notice by email and who wish to vote through Postal Ballot Form can download Postal Ballot Form from the Company's website www.hester.in or seek duplicate Postal Ballot Form from Registered Office of the Company, fill in the requisite details and send the same to the Scrutinizer.
9. The results of the Postal Ballot will be announced on 6th October, 2014 and will also be informed to BSE Limited and also shall be posted on the Company's website www.hester.in.

Date: 24 July, 2014
Place: Ahmedabad

By Order of the Board
For Hester Biosciences Limited
Sd/-
Rajiv Gandhi

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 1 & 2

As per the provision of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the permission of the members, borrow monies in excess of the aggregate of the paid-up share capital of the Company and its free reserves.

As per the resolution passed by the Shareholders of the Company in the Annual General Meeting of the Company held on 11th September, 2007, the Board of Directors of the Company were authorised to borrow money and to create charge/ mortgage/ hypothecation upto a limit not exceeding Rs. 100 Crores (Rupees One Hundred Crores only).

The increasing business operations and future growth plans of the Company would necessitate enhancing of the borrowing limits. A resolution for enhancing the limits is proposed, by authorizing the Board of Directors to borrow further funds amounting, in aggregate to a sum of not more than Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only).

The borrowings of the Company are, in general, required to be secured by suitable mortgage/ charge/hypothecation on all or any other movable and/ or immovable properties of the Company in such form, manner and ranking as may be determined by Board of Directors of the Company, from time to time, in consultation with the lender(s), hence it is necessary to pass a resolution under Section 180(1)(a) of the Companies Act, 2013, for creation of charges/ mortgages/hypothecations on Company's assets for an amount not exceeding the limit of Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only).

Your Directors recommend the resolution no. 1 & 2 to be passed as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are interested in resolution no. 1 & 2 of the accompanying notice.

ITEM NO.3

Mr. Rajiv Gandhi was re-appointed as a CEO & Managing Director of the Company for a period of 3 years, w.e.f. 1st January, 2012. His tenure as Managing Director of the Company was upto 31st December, 2014. However with the applicability of the Various Sections and Schedules of the Companies Act, 2013 relating to appointment and remuneration payable to Managing Director, the Board of the Directors have decided to re-appoint & to revise terms of the Remuneration payable to Mr. Rajiv Gandhi, CEO & Managing Director of the Company. The Board of Directors at its meeting held on 30th May, 2014 have, on the recommendation of Nomination and Remuneration Committee, reappointed Mr. Rajiv Gandhi as a CEO & Managing Director of the Company, on the revised terms and conditions of remuneration which subsequently modified on 24th July, 2014, for a further period of 3 years w.e.f. 1st April, 2014, subject to the terms and conditions, as mentioned hereinafter.

Mr. Rajiv Gandhi is qualified as B. Com, Diploma in Marketing Management & Poultry Management has 25 years of rich experience and expertise knowledge for Poultry Industry. Considering the performance of Mr. Rajiv Gandhi, the Board of Directors has re-appointed him as CEO & Managing Director of the Company, subject to the approval of members at General Meeting, for a further period of 3 (Three) Years w.e.f. 1st April, 2014, on the terms and conditions, as mentioned hereunder.

He will be entitled to the following remuneration:

- a) Salary: Rs. 500,000/- p.m.
- b) Commission: 1 % of Company's Net Profit for each financial year subject to the overall permissible ceiling laid down in the section 197 of the Companies Act,2013.
- c) Perquisites: In addition to the salary & commission, the following perquisites shall be allowed to the CEO and Managing Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

CATEGORY-"A"

I. Housing:

The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance upto Rs. 100,000/- per month, subject to a limit of 20% of his salary.

The Company shall provide equipment's and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Managing Director at the entire cost of the Company. The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

II. Medical Reimbursement:

Medical Expenses actually incurred for self and family shall be reimbursed by the Company under Mediclaim Policy.

III. Leave Travel Concession:

The Company shall provide leave travel fare for the Managing Director and his family once in a year, anywhere in the world, as per the Rules of the Company.

IV. Personal Accident Insurance:

The Company shall pay Personal Accident Insurance upto Rs. 50,000/- per annum.

V. Club Fee:

The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

CATEGORY-"B"

- I. The Company shall contribute towards Provident Fund / Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- II. The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- III. Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

CATEGORY-"C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Managing Director at the entire cost of the Company.
3. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or Committees thereof.
4. The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company, subject to further overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) & (b) above and perquisites as above within the minimum remuneration specified in Part II of Schedule V to the Companies Act, 2013.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Managing Director.
8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

All expenditure actually and properly incurred on Company's business shall be reimbursed to the Managing Director.

Your Directors recommend the resolution no. 3 to be passed as a Special Resolution.

Except Mr. Rajiv Gandhi himself, Mr. Sanjiv Gandhi, Mr. Ravin Gandhi and Dr. Bhupendra Gandhi, relatives of Mr. Rajiv Gandhi, none

of the other Directors, Key Managerial Personnel and their relatives are interested in the proposed resolution.
Disclosure pursuant to Section II of Part II of Schedule V of the Companies Act, 2013

I. GENERAL INFORMATION:

- (i) Nature of Industry: The Company is manufacturing and marketing animal vaccines and health products.
- (ii) Date of commencement of commercial production: The Company has commenced its business in the year 1997.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (iv) **Financial performance:** Based on the Audited financial results (standalone) for the last 3 years:-

(Rs. In Million)

Particulars	2013-14	2012-2013	2011-2012
Total Revenue	698.22	653.08	485.07
Profit before Depreciation, Fin. Exp. & Tax	261.03	226.40	191.52
Depreciation, Fin. Expenses & Tax	160.15	129.50	113.61
Net Profit after Tax	100.88	96.90	77.91
Paid up Share Capital	85.07	85.07	56.71
Reserves & Surplus	674.65	593.68	543.78

- (v) **Foreign investments or collaborators, if any:** The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company.

ii. INFORMATION ABOUT THE APPOINTEE MR. RAJIV GANDHI:

(i) Background details:

Name of Director	Mr. Rajiv Gandhi
Designation	CEO & Managing Director
Education	B.Com, Diploma in Marketing Management & Poultry Management
Past Experience	Mr. Rajiv Gandhi is working as CEO & Managing Director in Hester Biosciences Limited and has over 30 years of managerial experience of manufacturing, marketing & distribution of animal vaccines and health products. He is also a director of Sinsui India Private Limited, Biolink Healthcare Limited, Hester Biosciences (Mauritius) Limited, Hester Diagnostics Private Limited, Caffil Private Limited & Gujarat Credo Mineral Industries Limited.

(ii) Past remuneration during the last three financial years:

Financial Years	Remuneration(Amount. in Million)
2011-12	3.45
2012-13	3.99
2013-14	4.23

(iii) Job Profile and their suitability:

Mr. Rajiv Gandhi, CEO & Managing Director is the founder of the Company. He plays the key role in managing the company.

(iv) Remuneration drawn/proposed:

Mr. Rajiv Gandhi, was reappointed as CEO & Managing Director for further period of 3 years, w.e.f. 1st January, 2012, with the remuneration terms and conditions, as approved by the members in AGM held on 14th September, 2012. The proposed revised remuneration is already mentioned in the explanatory statement in item No. 3 of the Resolution.

(v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Comparative data not available

(vi) Pecuniary relationship(s) directly or indirectly with the Company, Co-relationship with the managerial personnel, if any:

Besides the remuneration paid to Mr. Rajiv Gandhi, he does not have any pecuniary relationship with the Company other than what has been mentioned under Related party transactions in annual report 2013-2014. No other Promoter Director is drawing any remuneration except getting sitting fees for attending Board and Committee meetings. Further, Mr. Rajiv Gandhi along with his relatives are also holding equity shares in the Company.

III. OTHER INFORMATION:

(i) Reasons of lesser profits:

The company's performance is good on year to year basis. However, the year 2013-14 witnessed a small growth of 4% in net profit. This growth in Net Profit was restricted due to unbudgeted resources being spent towards aggressive marketing of vaccines other than Marek's vaccine.

(ii) Steps taken or proposed to be taken for improvement:

Company visualizes itself in being a big contributor towards improving animal health for better productivity. Company has adopted a philosophy towards prevention rather than cure of diseases; towards better growth and higher productivity. Internationally, Company has its focus on the emerging markets. With registration on-going in over 20 countries, Hester is poised achieve a sizable export turnover in 2 years.

Company is making all efforts to cope up with the challenges linked to rising input costs, through continuous cost review and rationalization of inputs.

The Company is also taking steps for process improvements, imparting training to the workforce on a continued basis, developing and improving customer services.

While pursuing our vision to become a Global Company, our endeavor, as always, remains to improve our bottom line.

(iii) Expected increase in productivity and profits in measurable terms:

The last quarter of F.Y. 2013-14 surely gave a preview of things to come in the future. The company reported a 37 per cent increase in revenues, 102.69% increase in EBIDTA & 53.89% increase in PAT over the immediately preceding quarter. In line with this and depending upon various factors affecting Poultry sector and in turn veterinary Lifesciences Industry, the Company's turnover is expected to grow at 20% to 30% per annum.

(iv) Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the explanatory statement as stated above. Further, the existing remuneration terms and conditions of Mr. Rajiv Gandhi were disclosed under Corporate Governance Report in Annual Report.

Date : 24 July,2014

Place: Ahmedabad

By Order of the Board
For Hester Biosciences Limited
Sd/-
Rajiv Gandhi