

Incisive Thinking. Decisive Actions.




HESTER

Hester Biosciences Limited
Annual Report 2019-20

Forward- looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions.





This Report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Corporate Overview



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A close-up photograph of a hand wearing a blue nitrile glove, holding a blue pipette. The pipette is dispensing a yellow liquid into one of the wells of a blue multi-well plate. The background is blurred, showing a white lab coat and other lab equipment. The entire image has a teal and blue color overlay.

**Sustainable
future with
incisive
thinking and
decisive
actions**

At Hester Biosciences, this simple philosophy has been the driver of our business strategy and led us to create one of the most profitable, self-sustaining and reputable animal healthcare companies globally.

Over the last decade when we were just a growing company, we leveraged our deep domain knowledge and understanding of the global business opportunities to take several aggressive and right actions.

Instead of just reserving profits, we made several strategic and proactive investments.

We invested in research and development (R&D) to fortify our portfolio for serving the evolving needs of our customers and expanding our ambit across all sectors of animal healthcare. We strengthened our distribution network domestically and internationally as well as created local presence in strategic regions. We built new capacities and entered into strategic collaborations.

We are now focussing on improving internal efficiencies and productivity to position ourselves for a sustainable future.

With the right capacities, capabilities and competencies to seize tomorrow which holds promise and potential.

Key Highlights

FY 2019-20

₹ **1,694.25**

million

↓ Net Sales
1%

₹ **312.23**

million

↓ Profit After Tax
29%

24

Sales force added for
deeper market penetration

8

Products registered – 7 (2 in Tanzania and 5 in
Uzbekistan) new products for Hester India and 1
international registration from Tanzania drug authority
by Hester Biosciences Nepal Private Limited (HBNPL)

GMP

(Good Manufacturing Practice)

Received from Tanzania drug authority
manufacturing facility for both Hester
India and Hester Nepal

Building a Stronger Hester with Incisive Thinking

Hester Biosciences is one of India's leading animal healthcare companies and the second-largest poultry-vaccine manufacturer having an installed manufacturing capacity of 4.8 billion doses in India and 1.24 billion doses in Nepal.

Profile

Headquartered in Ahmedabad, Gujarat, we operate through four business verticals of Poultry Vaccines, Animal Vaccines, Poultry Health Products and Animal Health Products. We operate with a singular focus on improving the health of animals, and monitoring and preventing animal diseases. Our diverse portfolio of 49 vaccines and 60 health products registered with various countries and international agencies, are widely accepted and marketed across the globe. With our deep market knowledge, incisive thinking and cutting-edge R&D capabilities, we have consistently launched new products that meet the varying needs of customers and changes in the disease pattern. We are well placed and prepared to unlock the untapped potential of the growing animal vaccine market across the globe.

Certifications

We are a WHO GMP, GLP, ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified Company. Our R&D department is recognised and approved by the Department of Scientific & Industrial Research (DSIR).

Key strengths

Extensive and diversified offerings

- 46 poultry vaccines in single and combination varieties, 3 animal vaccines, and a large range of medicines, feed supplements and disinfectants for poultry and animals
- Strategic mix of volume and value proportions
- Services offered like seroprofiling for poultry stocks and mastitis control programmes for cattle

State-of-the-art facilities

- Asia's largest single-location animal biological manufacturing facility in Gujarat and another in Kathmandu, Nepal
- International quality compliance standards

Regulatory compliance

- Compliance to demanding standards in regulated markets
- Investments in people, technologies and processes to strengthen compliance

Strong R&D capabilities

- Dedicated R&D team with biological know-how
- Leveraging global market knowledge to develop processes and products to create a diverse cost-effective vaccines

Experienced promoters and a dynamic team

- Visionary promoters with 37+ years of experience and knowledge of evolving regulatory scenario
- 397+ dedicated employees. Operational personnel with extensive knowledge and understanding of the global generic pharmaceutical business environment. They are also skilled to innovate and organically scale up the business

Hester Biosciences Limited

Hester Biosciences Nepal Private Limited (HBNPL)

65% stake

Engaged in manufacturing of animal vaccines in Nepal

Texas Lifesciences Private Limited (Texas Lifesciences)

54.80% stake

Engaged in manufacturing and supplying of pharma formulations, tablets, capsules, powder and oral liquid for human and veterinary markets

Hester Biosciences Africa Limited (HBAL)

100% stake

Manufacturing plant for animal vaccines is being set up in Tanzania

Hester Biosciences Kenya Limited (HBKL)

100% stake

Engaged in the trading of veterinary vaccines and animal health product in Kenya

Hester Biosciences Tanzania Limited (HBTL)

98.10% stake

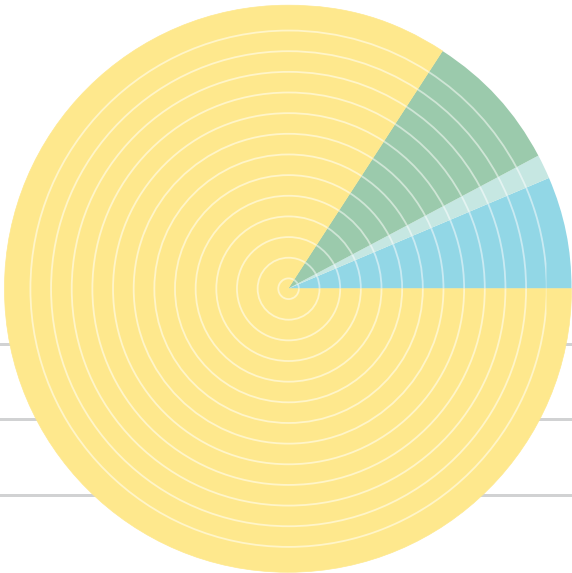
Engaged in the trading of veterinary vaccines and animal health product in Tanzania and other regions of Africa

Our diversified and de-risked operations

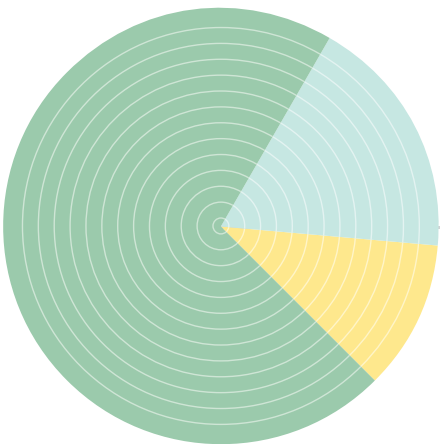
FY 2019-20

FY 2019-20 Territorial Revenue (%)

- India 84.24%
- Nepal 8%
- Africa 1.4%
- Others 6.36%

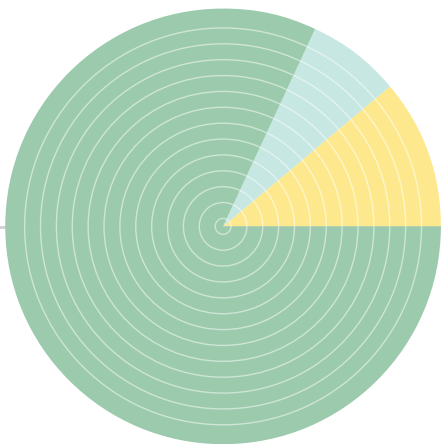


FY 2019-20 Revenue by Segment (%)



- Poultry healthcare 71%
- Animal healthcare 18%
- Others 11%

FY 2019-20 Revenue by Customer Type (%)



- Trade 82%
- Tenders 7%
- Others 11%

Making a Difference with Diversified Portfolio



We are safeguarding and facilitating better health for poultry and animals with our robust portfolio including quality pharmaceutical medicines and vaccines along with affordable food supplies . Alongside this, we carry out various programmes, provide technical services and work closely with customers to improve outcomes.



Poultry healthcare division

The division offers a wide range of cost-effective poultry vaccines and health products to manage disease, optimise flock performance and drive profitability. Our products and services help healthy birds reach their full production. We are constantly monitoring the disease scenario and innovating vaccines to combat emerging diseases among poultry. We offer vaccines for diseases such as Fowl Pox, Newcastle Disease, Infectious Bronchitis, and many more.

16

Live Vaccines

30

Inactivated Vaccines

Therapeutics

Anti-infective

Feed Supplement

Growth Tonic, Toxin Binder,
Herbal Supplement

Biosecurity

Disinfectants for farms
and equipment, Sanitiser

Key highlights FY 2019-20

2 products registered in Tanzania

- Infectious Bursal Disease (IBD) Vaccine, Living B.P. Vet. Intermediate strain
- Newcastle Disease (ND) Vaccine, Inactivated B.P. Vet. LaSota strain

1 product permission of Marek's Disease Vaccine, Living B.P. Vet. (Frozen) HVT FC 126 & Rispens CVI 988 for export purpose only in Iran & Vietnam

5 products registered in Uzbekistan

- ND Vaccine, Living B.P. Vet. (LaSota strain)
- IBD Vaccine, Living B.P. Vet. (Intermediate strain)
- ND & Avian Infectious Bronchitis (AIB) Vaccine, Living B.P. Vet. (B1 & Mild Mass. Type strains)
- ND Vaccine, Living B.P. Vet. (B1 strain)
- AB Vaccine, Living B.P. Vet. (Mild Mass. Type strain)

Way forward

In order to enrich our existing product portfolio, we have planned to introduce two new products in feed supplement category.



Animal healthcare division

The division provides vaccines for large animals against Goat Pox, Peste des Petits Ruminants (PPR) and Brucellosis disease. We have a strong presence in the animal health products, including several unique products available in the therapeutics and nutritional segments.

3

Live Vaccines

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

Key highlights FY 2019-20

- Executed state departments order tenders – Brucella (in Bihar, Maharashtra and Odisha), PPR (in Bihar, Uttar Pradesh, Odisha, Andhra Pradesh, Jammu & Kashmir, Gujarat, Uttarakhand) and Goat Pox (in Odisha)
- Participated in National Tender of Brucella (NAFED), awaiting further process
- Entered new geographies of Madhya Pradesh and Karnataka

Strengthened portfolio with new products:

- Nutrition: Catabuff, Catabuff Lite (Rumen Buffers), Hestmin TM, Hestmin TMV (Trace Minerals)
- Therapeutics: Forte VB and ProVTri (both are Injectable Vitamins)

Way forward

- Enter Kerala and penetrate into Maharashtra, Rajasthan and Karnataka markets

Extensive Global Presence



Q Manufacturing units
India (Ahmedabad), Nepal (Kathmandu),
Dar es Salaam* (Tanzania)

Q Diagnostic laboratory
Anand (Gujarat), Hyderabad (Telangana)

Q Sales depots
Ahmedabad, Bengaluru, Coimbatore,
Panchkula, Guwahati, Hyderabad, Jaipur,
Kolkata, Pune

Q Super distributors
Bhubaneswar, Indore, Lucknow, Patna, Raipur,
Ranchi, Vijayawada

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

3
Manufacturing
plant

25
Countries

474
Employees
globally

Note: Map not to scale

*Upcoming

Leading with Innovation

Research and development is our forte and it enables us to differentiate and lead in the market. We strive to find better ways to solve poultry and animal health challenges.



Innovating our way forward

We possess robust R&D expertise backed by our team of 9 R&D specialists, multiple years of biological know-how, infrastructure, market knowledge and multiple strategic partnerships for collaborative research. We continue to leverage these to sustainably develop safe, superior vaccines and healthcare products for poultry, cattle, sheep and goat. Over the years, we have launched multiple products with proven results, making us a supplier of choice.

Enhancing R&D outcomes

We have established a Manufacturing Science and Technology (MSAT) department to expedite new product development and commercialisation by bridging R&D-manufacturing gap. It will allow the R&D team to maintain singular focus on product development, whereas MSAT will support in transferring it to commercial scale. We also target to enter into new collaborations for new generation vaccines development domain.

Developing market relevant solutions

We are focussed on enhancing our portfolio with relevant market survey-based products to strengthen our market position. Based on this, we will focus on launching various combination vaccines for Indian market. These include IBD and ND combination live vaccine for poultry; PPR and GPV combination live vaccine for small ruminants; Fowl Cholera and Infectious Coryza combination inactivated vaccine for poultry; and Chicken anaemia live vaccine for poultry. We are also making sustained efforts to develop vaccines relevant to the African market to support our upcoming manufacturing plant in Tanzania.

Innovation highlights FY 2019-20

Cleared IVRI standardisation test for nano particle-based Newcastle Disease (ND) Vaccine Live I.P. LaSota strain developed in collaboration with TRPVB – TANUVAS; commercialisation license awaited

Developed and obtained export permission for Marek's Disease Live frozen HVT FC126 plus CVI988 vaccine

Developed and completed all testing of Avian Encephalomyelitis vaccine inactivated with Van Roekel strain; documentation for commercialisation underway

Developed technology and obtained test licence for:

- o Infectious Bronchitis Nephro pathogenic [NG] strain inactivated vaccine
- o Fowl Cholera and Infectious Coryza combination inactivated vaccine. Test and commercialisation application underway

Development underway for ND and Infectious Bursal Disease (IBD) combination vaccine live

The vaccine combination developed are as following:

- o Fowl Cholera and Infectious Coryza combination inactivated vaccine for poultry
- o HVT FC126 plus CIV988 live vaccine for poultry for export market
- o Infectious Bursal Disease plus Newcastle disease combination live vaccine for poultry.
- o PPR and GTP combination live vaccine, for small ruminants

4

Combination vaccines developed

9

R&D specialist

Message from the CEO and MD



Dear Shareholders,

As always, I am pleased to present the performance of your Company for FY 2019-20.

FY 2019-20 in retrospect

The year gone by was below expectations in terms of sales and profitability. Internal and external challenges were the hallmark for the full year. Macro adverse conditions prevailing throughout the whole year weighed heavily against the aggressive growth plans which were made by us at the beginning of the year.

Domestic business saw a disruption. On one side, high maize prices shrunk the poultry population. On the other side, we embarked on an aggressive growth plan by increasing the sales team as well as by adding newer geographies. Things seemed to improve in Jan 2020 but was again subjected to a setback from mid Feb 2020 due to COVID-19.

Your Company reported net sales of ₹ 1,694.25 million in FY 2019-20 compared to ₹ 1,711.87 million in the previous year, thereby registering a de-growth of 1%.

Domestic sales were registered at ₹ 1,316.04 million as compared to ₹ 1,443.45 million in FY 2018-19, thereby registering a de-growth of 9%.

On the other hand, exports were registered at ₹ 224.19 million as compared to ₹ 133.89 million in FY 2018-19, thereby registering a growth of 67%.

Overall, Poultry Health Division showed a de-growth by 5% while the Animal Health Division registered a growth of 6%.

Supplies through Indian Government tenders which were expected to be executed in Q4, mainly the Brucella vaccine tenders under the national immunisation scheme, have been delayed due to reasons beyond our control.

Your Company recorded a net profit after tax of ₹ 312.24 million in FY 2019-20 as against ₹ 438.52 million in the previous year, a de-growth of 29%. Nonetheless, we were able to maintain the Gross margins in the year.

In the year gone by, the progress in our subsidiaries was relatively better.

Texas Lifesciences

- As mentioned in the year before, through Texas Lifesciences, our Company aims at achieving complete self-reliance. 72% of our animal and poultry health products are now manufactured at Texas. This has helped in gaining control over the supply chain of the health products as well as getting a reassurance on the quality.
- Texas Lifesciences reported net sales of ₹ 128.03 million in FY 2019-20 as compared to ₹ 83.50 million in the previous year, thereby registering a growth of 53%.

Hester Nepal

- FAO tenders throughout the year as well as independent country tenders for PPR vaccine saw a major turnaround at Hester Nepal. This was supplemented by our additional push in the Nepalese domestic market.
- Our balance sheet showed profits for the first time. Hester Nepal has been able to achieve a profit of ₹ 39.39 million, with a turnover of ₹ 161.80 million in FY 2019-20 as against a turnover of ₹ 63.97 million in FY 2018-19.

Hester Africa

Our prestigious animal vaccine manufacturing project in Tanzania is progressing faster than the original timeline. We expect the completion of the construction followed by the inauguration of the plant by October 2020. We hope to release the first batches of the locally manufactured PPR vaccine and New Castle Disease vaccine at the inauguration ceremony.

Going further

We are mindful of the dip in sales and in profitability we have seen in FY 2019-20. Though being one of its kind, the lockdown from March 2020 end further made us realise that macro dynamics could change drastically without any warnings, thereby impacting companies.

Not losing our objectives of growing aggressively and at the same time ensuring that we, at the least, maintain our historical bottom line, we have taken quite a few incisive decisions.

To address the changing business realities as well as to pursue growth in terms of top line and bottom line, we have taken a few initiatives:

1. Efficiency improving measures in sales and in production divisions are being implemented, which will help us reinstate the business volumes along with the desired profitability.
2. We have rationalised our product mix and pricing, for optimising growth and profitability.

3. The Company has set up the Manufacturing Science & Technology Division to focus on implementing innovation and best practices and solutions for vaccine manufacturing. One of the objectives of this division is to work on the improvisation of production yields and performances of the vaccines in the field.
4. Both our divisions would continue to focus on the health products segment which will help towards improving the top line. The health products market is bigger than the vaccine market, worldwide.
5. We are in the process of establishing laboratory services for nutritional products. This will complement the efforts of the marketing team.
6. The National Animal Disease Control Program of the Government of India is expected to be implemented for Brucella vaccine (which was supposed to have been started from Feb 2020). We have ramped up our Brucella vaccine capacity to ensure that our country's Brucella vaccine requirement is fully met.
7. Necessary infrastructure is being created in Africa to ensure that exports grow by over 100% in this financial year as well as on a year-on-year basis.

Besides the above, Hester has initiated the development of a vaccine against COVID-19 disease. A recombinant vaccine is being developed in collaboration with IIT Guwahati. We hope to get into animal trials by the end of this calendar year.

Further, Hester has entered into a technical collaboration agreement with Novapharma, Egypt. Under this agreement, Hester would offer technology to Novapharma to manufacture veterinary vaccines. Hester would also have exclusive international marketing rights for the full range of vaccines manufactured at Novapharma, including the Avian Influenza disease vaccine for poultry, which is an emerging disease in the poultry sector. This vaccine is not produced by Hester in India or Nepal, nor does it have the plan to produce the same in Tanzania. Access to the Avian Influenza vaccine would open up a new market for Hester.

In conclusion, this year has had many external challenges, affecting the performance of the Company. However, the primary focus on planning, streamlining the systems and setting additional internal control, will enable us to perform better and see a remarkable positive change.

There has been a lot of insightful thinking and analysis that has made us take decisive actions to address the need of the present to better the coming future.

Last but not the least, while our Company was going through various disruptions, the country and the world got into a massive disruption due to COVID-19. Our Government took hard steps to combat this pandemic. Companies, citizens too started contributing in this fight. The fight currently continues and relentless efforts are being made to strike a balance between life and livelihood. As part of our Corporate Social Responsibility (CSR), your Company made a contribution to the PM CARES Fund of ₹ 8.50 million to support the work being done to relieve ourselves from the global pandemic.

COVID-19 needs to be treated as a wake-up call for the society, economy and businesses to take some bold and radical decisions and actions. It is only a matter of getting used to the 'new normal' and realigning our business objectives, not only to sustain and recover, but to improvise productivity, output and outlook.

Regards,

Rajiv Gandhi

CEO & MD

Board of Directors

Dr. Bhupendra Gandhi, Chairman

Educational qualification: M.B.B.S., M.D. (Medicine), Diplomat American Board of Internal Medicine, Diplomat Subspecialty of Nephrology (USA)

Experience: 15 years (Director since 2005)

Rajiv Gandhi, CEO & Managing Director

Educational qualification: B. Com and Diploma in Marketing Management & Poultry Management

Experience: 33 years

Sanjiv Gandhi, Director

Educational qualification: Graduate of Arts in Inter Disciplinary Science (U.S.A.)

Experience: 33 years

Ravin Gandhi, Director

Educational qualification: B.S. in Accountancy, C.P.A., M.B.A.

Experience: 21 years

Vishwesh Patel, Independent Director*

Educational qualification: B. E. Mechanical, M.B.A

Experience: 24 years

Grishma Nanavaty, Independent Director*

Educational qualification: B.Sc., M.B.A

Experience: 6 years

Naman Patel, Independent Director

Educational qualification: B. S. in Business Administration, International Baccalaureate (IB) Program

Experience: 8 years

Amit Shukla, Independent Director

Educational qualification: Diploma in Computer Technology

Experience: 14 years

Sandhya Patel, Independent Director[#]

Educational qualification: B.E. Electronics from USA, M.B.A.

Experience: 15 years

Ashok Bhadalkal, Independent Director[#]

Educational qualification: PG Diploma in Management (Specialisation Program in Agriculture) from IIM - Ahmedabad, B.Sc. (Agricultural) from University of Agricultural Science

Experience: 25 years

Nina Gandhi, Alternate Director

Educational qualification: B. Com.

Experience: 29 years

Board skills and expertise

Skill and expertise	No. of Board members
Managerial	9
Biosciences, distribution and marketing of poultry and animal health products	3
Finance and audit	7
Environment sustainability	7
Compliance and governance	8
Business strategy	7
Mergers and acquisition	5
Technology and innovation	7

19.25

years

Average experience of the Board

* Term as Independent Directors completed with effect from 1 April 2020

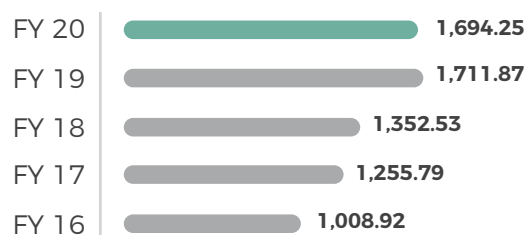
[#] Appointed as an Independent Director with effect from 1 April 2020

Progressing Sustainably with Incisive Thinking

Profit and loss metrics

Turnover (₹ in million)

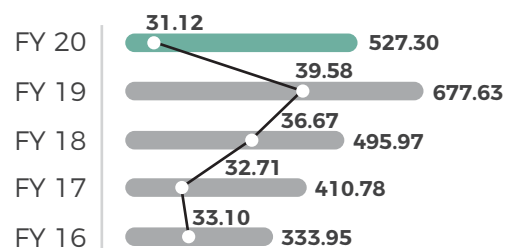
↓ 1%



Turnover increased primarily on account of stronger export business. Slower growth was on account of high maize prices and slow tendering from state which impacted the domestic poultry and animal business respectively.

EBITDA and EBITDA margin

↓ 22.19%, 846 basis points

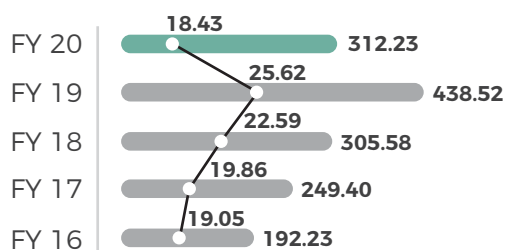


EBITDA (₹ in million) — EBITDA margin (%)

Our operating performance continues to be one of the best in the industry. However it was to some extent impacted on account of higher manpower hiring, change in product mix to lower margin products in response to market scenario and move to extend higher credit period to support key customers.

Net Profit and Net Profit margin

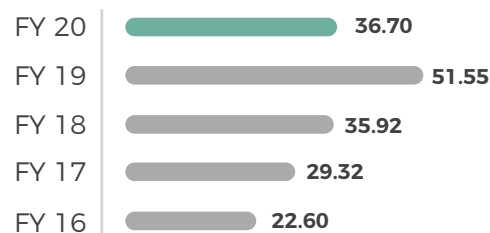
↓ 28.80%, 719 basis points



Net Profit (₹ in million) — Net Profit margin (%)

EPS (₹)

↓ 28.80%

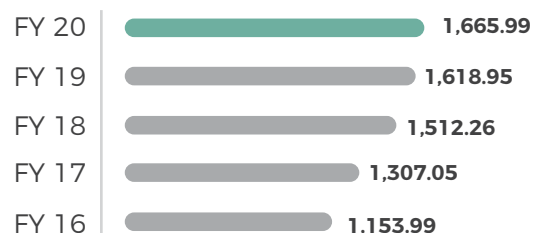


Our profitability was under pressure due to lower sales growth and higher expenses.

Balance Sheet metrics

Gross Block (₹ in million)

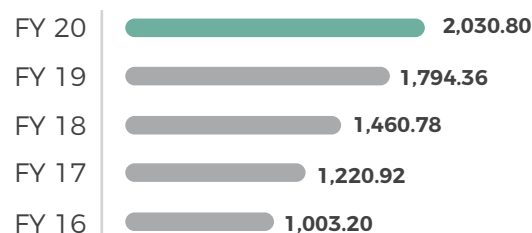
↑ 2.91%



Our gross block continues to increase as we add new capacities.

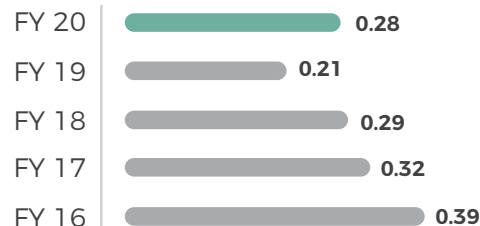
Net Worth (₹ in million)

↑ 13.18%



Our net worth increased with transfer of profit to reserves.

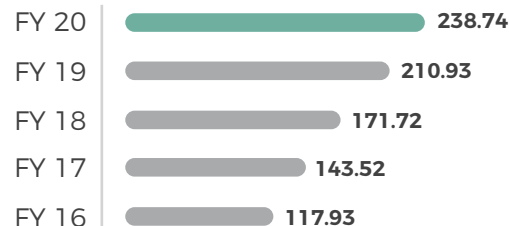
Debt/Equity Ratio (in times)



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

Book Value per Share (₹)

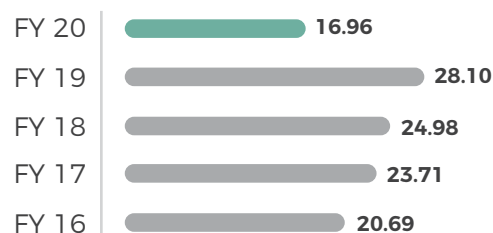
↑ 13.18%



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

Return on Capital Employed (%)

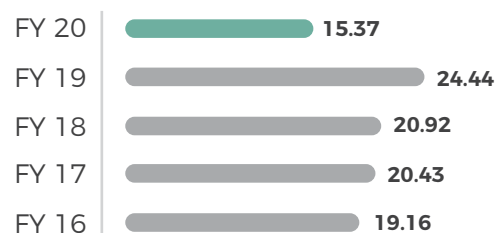
↓ 1,114 Basis Points



Our ROCE declined 1,114 basis points as bottom line was under pressure. Though, we continue to be one of the best ROCE in the industry on account of our superior product mix, prudent investment in higher return areas and lower leverage.

Return on Equity (%)

↓ 907 Basis Points



Our ROE declined 907 basis points due to impact on profitability.

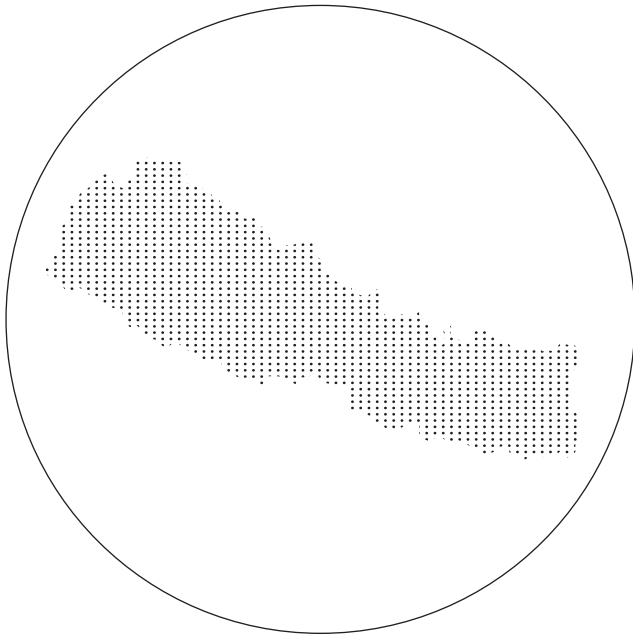
DECISIVE ACTION 1

Focussing on International Markets that Matter

Globally there is huge market potential for vaccines and health products to improve the health of animals and poultry given their importance to humans for a variety of reasons. This necessitates having a local presence to identify and address local needs and overcome regulatory hurdles.

At Hester, while India continues to be the most important market where we have solid presence, we are also deepening and exploring growth potential in key international markets. Our presence in these markets provide us opportunity to tap domestic demand as well as cater to the export opportunity.





Deepening presence in Nepal

Nepal has a large untapped domestic market with few vaccine manufacturers operating in the region. We are catering to the region's large unmet demand with our fully operational facility in Kathmandu, Nepal having an annual capacity of 1.24 billion doses of live and inactivated vaccines. We have also established an extensive distribution network in the region for deeper penetration.

1.2

billion

doses of live and inactivated vaccines are produced annually



What Nepal operations offer

+ Complements our Indian operations

+ Opportunity to become an important part of worldwide PPR eradication programme with licence to manufacture Nigeria 75/1 strain of PPR vaccine which is among the two most acceptable strains globally

+ Opportunity to become a hub for small ruminant vaccines and produce Foot and Mouth Disease (FMD) vaccine which is big global opportunity



Building African operations

African continent is a mega market for vaccines and health products given its vastness and the large animal population. Tanzania has the world's third largest herd of domestic livestock and is poised to become the biggest market for animal vaccines in Africa. With few animal vaccine manufacturers operating in the region, there is a huge qualitative and quantitative gap between demand and supply of animal vaccines and health products in the continent.

We are setting up a 1.5 billion doses animal vaccine plant in Tanzania, Africa to cater to the region's demand. The construction of plant is on schedule and is set to commercialise by December 2020. Ahead of this, we have set up extensive distribution across the African continent as well as initiated product registrations to ensure immediate commencement of operations.

1.5 billion

doses animal vaccine plant to be set up in Tanzania

What Africa operations offer

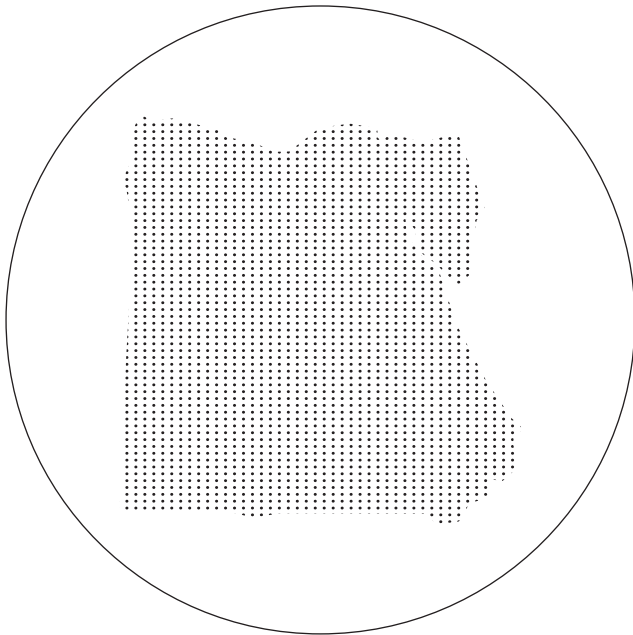
+ Large addressable market

+ Opportunity to manufacture local Africa specific strains of vaccine which would not be possible from other regions

+ 25 addressable major disease

Importance of livestock in Africa

- Huge undernourished population at 820 million
- USD 2 billion annual gap in animal protein requirements by 2030 as estimated by African Union
- 70% of population dependent on livestock for income and food security
- Livestock keepers among both the rural and urban poor
- High livestock mortality rate. Cattle, sheep & goat and poultry mortality rate at 22%, 28% and 70% respectively for younger ones and 6%, 11% and 30% respectively for adults
- Only 38% of rural farmers vaccinate their animals, 35% treat them against internal parasites and 36% use preventive measures against external parasites



Entering a strategic collaboration in Egypt

Egypt has a high demand for poultry vaccines with only one manufacturer operating in the region. This provides opportunity for players having the right technical capability to capture a large share of market. Focussed on capitalising the opportunity, we have collaborated with Egypt-based Novapharma in FY 2019-20 to have domestic presence in this market. This would enable us to gain exclusive international marketing rights for their vaccines, especially the Avian Influenza Vaccine which is not manufactured by us, thus giving a new dimension to our product portfolio. Additionally, Novapharma will get access to our technology for manufacturing and selling vaccines.

We have collaborated with Egypt-based Novapharma in FY 2019-20 to have domestic presence in this market.



How collaboration with Novapharma benefits Hester

Gain exclusive international marketing rights vaccines manufactured by Novapharma, especially Avian Influenza vaccines which Hester does not manufacture

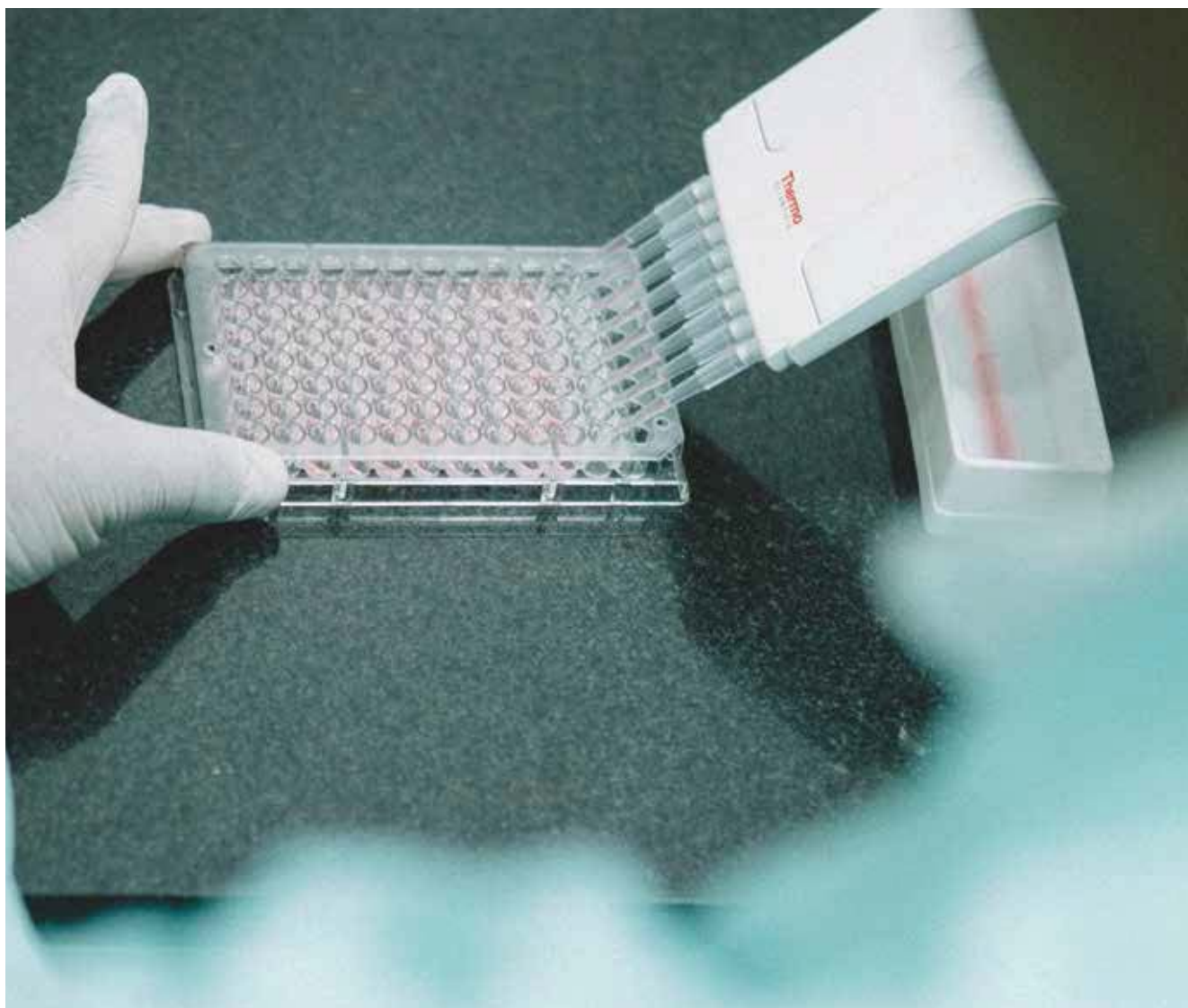
Additional income stream in the form of technology transfer fees for poultry and animal vaccines and royalty on net sales

DECISIVE ACTION 2

Driving Efficiencies and Productivity

Animal vaccine and animal healthcare industry is cost sensitive and highly scattered. It is important to ensure affordability and accessibility of products to grow business.

At Hester, we have undertaken multiple initiatives towards enhancing our internal efficiency and productivity. These are helping us enhance our technical qualification as well as become one of the lowest cost producers, thus maximising our chances of bagging Government tenders and being affordable to retail farmers. Alongside, we have also established a robust supply chain network in India and have strong distribution across more than 25 countries globally to ensure deep market penetration.



Robust supply chain network

We have branch offices at various locations across India with the required cold storage facility. Products are transferred through company-owned cold vans to ensure their efficacy. This also ensures timely delivery and cost-effective logistics. Our entire network is supported by our robust supply chain team of 23 people.

Additionally, we are running a backyard animals programme which operates on the 4A principle: 'aware smallholder farmers can achieve great heights if appropriate products and services are made available to them at affordable prices.' We are, therefore, working relentlessly to create awareness and further strengthen our supply chain to ensure mass access of veterinary vaccines and other health and nutritional products.



Our robust supply chain in India

Presence of branch office and cold storage facility in different locations

1,000+

distributors

5

company-owned cold vans
(bulk transfer to branch office)
and small vans (transfer from
branch office to end user)

Improving market penetration

We have added 24 people on the sales side during the year and provided them necessary training. This will be important in having a more scientific approach with the customers to ensure higher conversion and become more aggressive in the marketplace. Majority of this recruitment has been done in the animal healthcare division to focus on growing this business in newer regions.

Enhancing operational productivity

We continue to invest in better technologies to drive operational productivity. During the year, we have invested in lyophilizer, isolators and few other equipment. Installation of higher capacity lyophilizer increased average bath

size for live vaccine by 25-30%. Installation of isolators in testing facility reduced non-specific death of birds and feed consumption.

We are also strategically leveraging the robust manufacturing capabilities of Texas Lifesciences by steadily shifting our range of animal healthcare products, thereby supplementing our manufacturing. Having large manufacturing capacity, the plant has an average capacity utilisation of 50% and provides us headroom to meet demand without committing additional capex.

72%

of Hester India's animal health products are manufactured at Texas Lifesciences



How Texas Lifesciences benefits Hester

In-house control on the quality of animal health products marketed by Hester

Quality and timely delivery

Acts as production line for all of Hester's health products

Diagnostic Lab, Hyderabad

We have opened a diagnostic lab in Hyderabad to provide sero-monitoring service. It will help us to strengthen relations with existing customers and add new ones as well as assist technical team to comprehend changing disease pattern and develop solution accordingly. Besides, with majority of our business coming from southern region, this lab will facilitate in reducing logistics time and deliver faster solutions.



Prepared for the Brucella and PPR opportunity

PPR

The OIE and the FAO have together taken up the responsibility to eradicate PPR which will induce a high demand for the PPR vaccine. The vaccination cost during this eradication programme is estimated at USD 7.23 billion over a 15-year period.

Hester response

Nigerian and Sungri strains of PPR are the most widely preferred strains globally. While the Nigerian strain is preferred globally, the Sungri one finds precedence in India. Hester is amongst the few companies globally having the capability to manufacture both these strains, positioning it attractively to capitalise on the opportunity.

Brucella

In India, Brucellosis is a serious public health issue. Based on an analysis from epidemiological surveys conducted in India and official livestock populations, it is estimated that brucellosis in livestock is responsible for a median loss of USD 3.4 billion. These losses are additional to the economic and social consequences of the disease in humans. Thus, there is an urgent need to control this disease. The Government of India has earmarked ₹ 13,342 billion towards controlling Foot and Mouth Disease (FMD) and Brucella disease.

Hester response

Hester has the necessary capacity and capability to meet stringent supply orders from large Government tenders. In FY 2019-20, with the Government of India floated a tender for Brucella vaccine, Hester was among the two bidders.

Our Strategy for a Sustainable Growth

We have a clear strategy for growth which is centred around building the right portfolio, with geographical and portfolio diversification and integration. It is driving our business sustainability and ensuring value creation for stakeholders.

Key elements of our strategies

Customer-centric approach	Win-win partnerships	Operational improvement	Nurturing innovations
<ul style="list-style-type: none">• Quality products in domestic and international business• Address all farmers from large-scale commercial to smallholder ones	<ul style="list-style-type: none">• With private organisation (Novapharma in Egypt)• Government (animal husbandry department and research universities)• Development organisations like BMGF and GALVmed	<ul style="list-style-type: none">• Synergy between group companies• Production support from Texas Lifesciences	<ul style="list-style-type: none">• Establishment of MSAT division for products, services and technological development• Restructuring of sales marketing and technical teams

Our key strategies

1 Grow business

We focus on undertaking timely assessment of performance. It will help us to identify shortcomings and opportunities which can be worked on to improve top and bottomline. Efficient product portfolio management will be important to optimise resource allocation and build the right portfolio mix to achieve revenue and profitability targets and long-term sustainable growth. We will also continue to enter new geographies.

2 Diversification

We are working on innovative product development in existing poultry and animal healthcare divisions to widen presence across the value chain.

3 Integration

Efficient production of health products at Texas Lifesciences is core to our integration strategy. It facilitates in supplementing our own manufacturing capacity to meet the rising demand.

Corporate Information

AUDIT COMMITTEE

Mr. Naman Patel (Chairman)
Mr. Amit Shukla
Ms. Sandhya Patel
Mr. Ashok Bhadakal

STAKEHOLDERS' GRIEVANCES & RELATIONSHIP COMMITTEE

Mr. Amit Shukla (Chairman)
Mr. Naman Patel
Ms. Sandhya Patel

NOMINATION AND REMUNERATION COMMITTEE

Mr. Naman Patel (Chairman)
Mr. Amit Shukla
Mr. Ashok Bhadakal

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Rajiv Gandhi (Chairman)
Mr. Sanjiv Gandhi
Mr. Amit Shukla

SHARE TRANSFER COMMITTEE

Mr. Rajiv Gandhi (Chairman)
Mr. Sanjiv Gandhi
Mr. Amit Shukla

MANAGEMENT COMMITTEE

Mr. Rajiv Gandhi (Chairman)
Mr. Sanjiv Gandhi
Mr. Amit Shukla

REGISTERED & CORPORATE OFFICE

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

MANUFACTURING UNIT

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

ISIN: INE782E01017
CIN: L99999GJ1987PLC022333

CHIEF FINANCIAL OFFICER

Mr. Chetas Patel
(Appointed with effect from 29 April 2020)
Mr. Sahil Shah
(From 1 March 2020 till 29 April 2020)
Mr. Jigar Shah
(Resigned with effect from 1 September 2019)

COMPANY SECRETARY

Mr. Vinod Mali

STATUTORY AUDITOR

Shah Karia & Associates
Chartered Accountants,
Ahmedabad

INTERNAL AUDITOR

Naresh J. Patel & Co.
Chartered Accountants,
Ahmedabad

SECRETARIAL AUDITOR

CS Tapan Shah
Practicing Company Secretary
Ahmedabad

BANKER

State Bank of India
A-FF-1, First Floor, Iscon Elegance,
S G Highway, Prahladnagar Cross Road,
Ahmedabad - 380 015

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
(Unit: Hester Biosciences Limited)
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Near St. Xavier's College Corner,
Off C. G. Road, Ellisbridge,
Ahmedabad - 380 006

STOCK EXCHANGES

BSE Limited
National Stock Exchange of India Limited

Directors' Report

Your Directors are pleased to present the Thirty Third Annual Report and the Audited Financial Statements for the financial year ended on 31 March 2020.

FINANCIAL RESULTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The standalone and Consolidated financial performance of the Company, for the financial year ended on 31 March 2020 is summarized below:

Particulars			(₹ in million)	
	Standalone		Consolidated	
	For the year ended on 31 March 2020	For the year ended on 31 March 2019	For the year ended on 31 March 2020	For the year ended on 31 March 2019
Revenue from operations and other income	1,723.52	1,742.84	1,896.35	1,852.77
Profit before interest, depreciation, amortisation expenses and tax (PBIDT)	556.28	708.60	617.69	752.45
Less: Finance Cost	50.34	35.43	73.30	66.34
Less: Depreciation, Amortisation Expenses	93.85	75.66	130.72	117.55
Profit before tax (PBT)	412.29	597.51	413.26	568.56
Less: Tax Expenses	100.05	158.99	103.24	161.62
Profit after tax (PAT)	312.24	438.52	310.02	406.94
Profit for the year	312.24	438.52	310.02	406.94
Attributable to:				
Owners	312.24	438.52	291.71	415.67
Non-Controlling Interest	-	-	18.32	(8.74)
Other Comprehensive Income /(Loss)	(4.01)	(2.38)	20.48	(2.51)
Total Comprehensive Income	308.23	436.14	330.50	404.42
Attributable to:				
Owners	308.23	436.14	312.19	413.09
Non-Controlling Interest	-	-	18.32	(8.66)
Opening Balance in Retained Earnings	1,132.54	798.95	1,030.84	728.97
Amount available for appropriation	1,440.77	1,235.09	1,361.34	1,133.39
Less: Dividend (including Dividend Distribution Tax) on equity shares	71.79	102.55	71.79	102.55
Closing Balance in Retained Earnings	1,368.98	1,132.54	1,289.55	1,030.84
Earnings Per Share (Basic / Diluted) (Face Value of Share ₹ 10 each)	36.70	51.55	36.44	47.84

RESULTS OF OPERATIONS

Sales

During the year under review, the standalone revenue from operations was ₹ 1,694.25 million, as compared to ₹ 1,711.87 million in the previous year. The consolidated revenue from operation was ₹ 1,832.68 million in the financial year ended on 31 March 2020, as compared to ₹ 1,780.67 million in the previous year.

Profitability

The Company achieved a standalone profit before tax of ₹ 412.29 million, as compared to ₹ 597.51 million in the

previous year. The consolidated profit before tax was ₹ 413.26 million in the financial year ended on 31 March 2020, as compared to ₹ 568.56 million in the previous year.

Earnings per share

The EPS on the standalone financials was ₹ 36.70 for the year ended on 31 March 2020 as against ₹ 51.55 as on 31 March 2019. The EPS on consolidated financials was ₹ 36.44 for the year ended on 31 March 2020 as against ₹ 47.84 as on 31 March 2019.

Transfer to Reserve

During the year, no amount was transferred to the General Reserve. ₹ 1,368.98 million is proposed to be retained in the surplus.

Share Capital

The paid-up equity share capital as on 31 March 2020 stood at ₹ 85.07 million. The members of the Company approved the special resolution on 24 January 2020 for Issuance of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment up to an aggregate amount of ₹ 150 Crores, through the Postal Ballot process.

Net Worth

The Company's standalone net worth as on 31 March 2020 was at ₹ 2,030.80 million as compared to ₹ 1,794.36 million as on 31 March 2019. The Company's consolidated net worth as on 31 March 2020 was at ₹ 2,064.93 million as compared to ₹ 1,811.55 million as on 31 March 2019.

DIVIDEND

Your Directors have recommended a dividend of ₹ 6.60 (66%) per equity share on 8,506,865 Equity Shares of ₹ 10 each fully paid-up for the financial year 2019-20, amounting to ₹ 56.15 million. The dividend, if declared by the members at the ensuing Annual General Meeting ("AGM"), will be paid to those shareholders, whose names registered in the Register of Members on 28 August 2020. In respect of shares held in dematerialised form, it will be paid to the members whose names furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited, as beneficial owners. The Dividend Pay-out Ratio for the current year is 18% of standalone profits.

During the year, the unclaimed dividend pertaining to the dividend for the year ended 31 March 2012 was transferred to Investors Education and Protection Fund.

REVIEW OF OPERATIONS

Sales during the financial year remained flat as compared to the previous year.

For domestic sales reasons beyond our control forced the sales to be flat while the additional expenses towards expanding the sales and marketing team as well as expanding to the other geographies pulled down the bottom line. Exports showed a growth of 67%.

Our CARE credit rating was reaffirmed and assigned as follows:

- Long-term Bank Facilities rating 'A- : Stable ("A" Minus, Outlook: Stable)'
- Long-term/ Short-term Bank Facilities rating 'A- : Stable (A" Minus, Outlook: Stable)' / 'A2'
- Short-term rating 'A2'

We continue to hold the following certifications:

1. WHO - GMP
2. GLP (Good Laboratory Practices)
3. ISO 9001:2008
4. ISO 14001:2004
5. OHSAS 180001:2007
6. DSIR approved R&D Centre

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated total income from operations is ₹ 1,896.35 million and total comprehensive income attributable to owners' equity after non-controlling interest is ₹ 330.50 million for the financial year 2019-20 as compared to the consolidated total income from operations of ₹ 1,852.77 million and total comprehensive income attributable to owners' equity after non-controlling interest of ₹ 404.42 million for the previous financial year 2018-19. Consolidated financial results include the financial results of following entities:

- | | | |
|----|---|---|
| 1. | Hester Biosciences Nepal Private Limited: | Foreign Subsidiary |
| 2. | Texas Lifesciences Private Limited: | Subsidiary |
| 3. | Hester Biosciences Africa Limited: | Foreign Wholly-owned Subsidiary |
| 4. | Hester Bioscience Kenya Limited: | Foreign Wholly-owned Subsidiary |
| 5. | Hester Biosciences Tanzania Limited: | Foreign Step-down Subsidiary (Subsidiary of Hester Biosciences Kenya Limited) |

In accordance with the Indian Accounting Standard (Ind AS) - 110 Consolidation of Financial Statements and as provided under the provisions of the Companies Act, 2013 (hereinafter referred to as "Act") read with Schedule III to the Act and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, incomes, profits and other details of the Company, its subsidiary Companies after elimination of minority interest, as a single entity.

SUBSIDIARY COMPANIES

As on 31 March 2020, your Company has two wholly-owned subsidiary Company namely, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited; and two subsidiary Companies namely, Hester Biosciences Nepal Private Limited and Texas Lifesciences Private Limited. One Step-down subsidiary company namely, Hester Biosciences Tanzania Limited, which is subsidiary of Hester Biosciences Kenya Limited. There has been no material change in the nature of business of the subsidiaries.

The business details of the subsidiary companies are as under:

Hester Biosciences Nepal Private Limited (HBNPL)

HBNPL is a subsidiary of Hester Biosciences Limited and holds 65% stake in HBNPL. HBNPL is in the business of manufacturing veterinary vaccines in Nepal.

Texas Lifesciences Private Limited (Texas Lifesciences)

Teaxs Lifesciences is a subsidiary of Hester Biosciences Limited and holds 54.80% stake. Texas Lifesciences is in the business of manufacturing and supplying pharma formulations, tablets, capsules, powder and oral liquid for human and veterinary markets.

Hester Biosciences Africa Limited (HBAL)

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

Hester Biosciences Kenya Limited (HBKL)

HBAL is 100% wholly-owned subsidiary of Hester Biosciences Limited in Kenya. HBKL is in the business of Trading of veterinary vaccines and animal health product in Kenya.

Hester Biosciences Tanzania Limited (HBTL)

HBTL is subsidiary of HBKL and step-down subsidiary of Hester Biosciences Limited. HBTL is in the business of Trading of veterinary vaccines and animal health product in Tanzania and other Africa region.

As provided in section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company have uploaded on its website the Audited Financial Statements of the subsidiary companies and the related detailed information to any member of the Company who may be interested to receive the same. The Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies and the financial highlights of subsidiaries are part of this Annual Report as **Annexure-2** as prescribed in Form AOC-1.

As provided under section 129(3) of the Companies Act, 2013 and Rules made thereunder a statement containing the salient features of the financial statements of its subsidiaries in the format prescribed under the rules is attached to the financial statements. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: <https://www.hester.in/s/Policy-for-Determining-Material-Subsidiaries-9m3y.pdf>

RELATED PARTY TRANSACTIONS

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

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

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC - 2 is annexed as **Annexure -3**. The Related Party Transactions took place during the financial year 2019-20 have placed in Notes of Financial Statements of the Company.

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

COST ACCOUNTS AND RECORDS

The Company has made and maintained the cost accounts and records as specified by the Central Government under section 148 (1) of the Act and Rules made thereunder.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment, Cessation and Re-appointment of Directors

During the year, upon recommendation of Nomination and Remuneration Committee, Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadalkar (DIN: 00981201), were appointed as an Additional Independent Directors of the Company for the period of period of 3 years with effect from 1 April 2020 subject to approval of the members at the ensuing Annual General Meeting.

Mr. Naman Patel (DIN: 05143261) and Mr. Amit Shukla (DIN: 00709322), were appointed as an Independent Directors on 15 September 2015 for a period of 5 (five) consecutive years i.e. up to 31 March 2020. Based on the performance evaluation and upon the recommendation of Nomination and Remuneration Committee, the Board of Directors through circular resolution passed on 31 March 2020 approved

their re-appointment as an Independent Directors of the Company, subject to approval of the members by way of a special resolution, to hold office for a second term of 3 (three) consecutive years with effect from 1 April 2020 to 31 March 2023.

Mr. Vishwesh Patel and Ms. Grishma Nanavatya, Independent Directors of the Company, were ceased to hold office with effect from 1 April 2020, due to completion of two consecutive terms as independent directors.

Retirement by Rotations

In accordance with the provisions of section 152 (6) of the Act and in terms of the Articles of Association of the Company, Mr. Sanjiv Gandhi, Non-Executive Director (DIN: 00024548) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Profile of Directors seeking Appointment/ Re-appointment

As required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015, particulars of Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting are annexed to the notice convening Thirty Third Annual General Meeting.

Declaration by Independent Directors

The Company has received necessary declaration under Section 149(7) of the Companies Act, 2013 and 16(b) of the Listing Regulations from Independent Directors confirming that they are not disqualified for continuing as an Independent Director.

Training of Independent Directors

To familiarize the new inductees with the strategy, operations and functions of our Company, the executive directors /senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, organisation structure, finance, human resources, technology, quality and facilities. Further, the Company has devised a Familiarisation Program for Independent Directors as per Regulation 46 (2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same has been placed on the website of the Company at: <https://www.hester.in/s/Policy-on-Familiarization-Programme-for-the-Independent-Directors-bwm9.pdf>

Key Managerial Personnel

Mr. Rajiv Gandhi, CEO & Managing Director, Mr. Sahil Shah, Chief Financial Officer and Mr. Vinod Mali, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013, as on 31 March 2020. During the year, Mr. Jigar Shah, has resigned from the post of Chief Financial officer of the Company with effect from 1 September 2019 and Mr. Sahil Shah has been appointed as Chief Financial Officer with effect from 1 March 2020. Mr. Rajiv

Gandhi has been re-appointed as a CEO & Managing Director of the Company with effect from 1 April 2020 by members of the Company through postal ballot process on 24 January 2020. Thereafter, Mr. Sahil Shah has resigned from the post of Chief Financial Officer and Mr. Chetas Patel has been appointed as a Chief Financial Officer of the Company with effect from 29 April 2020.

Evaluation of Performance of the Board, its Committees and Individual Directors

During the year, the evaluation of the annual performance of individual directors including the Chairman of the Company and Independent Directors, Board and Committees of the Board was carried out under the provisions of the Act and relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and the circulars with respect to Guidance Note on Board Evaluation. The Nomination and Remuneration Committee had approved the indicative criteria for the evaluation based on the SEBI Guidance Note on Board Evaluation. The evaluation for the performance of the Board as a whole and of the Committees were conducted by questionnaires.

In a separate meeting of Independent Directors held on 7 February 2020, performance of Non-Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, experience of Directors, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board and other indicators. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgment among other components.

Nomination and Remuneration Policy

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy on selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report, which is a part of this Annual Report.

Board of Director Meetings

The information of meetings of the Board of Directors is given in Corporate Governance Report, forming a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134(3)(c) read with 134(5) of the Companies Act, 2013 and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- a) That in preparation of Financial Statements for the year ended 31 March 2020, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the Financial Statements for the year ended 31 March 2020 on going concern basis;
- e) The Directors had laid down the internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

COMMITTEES OF BOARD OF DIRECTORS

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

The Company has following Committees of the Board:

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

A detailed note on the committees with respect to composition, meetings, powers and terms of reference is provided under the Corporate Governance Report section in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Your Company has contributed for healthcare, education, research and improvisation of livelihood of poor's as a part of initiatives under "Corporate Social Responsibility" for the year under review. Pursuant to section 135 of the Act and the relevant rules, the Board has constituted a Corporate Social Responsibility ("CSR") Committee under the Chairmanship of Mr. Rajiv Gandhi. The details of membership of the Committee & the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the website of the Company: www.hester.in. The Disclosures with respect to CSR Activities form part of this Directors' Report as **Annexure-1**.

PUBLIC DEPOSITS

During the period under review, the Company has not accepted deposits from shareholders and public falling within the ambit of Section 73 of the Companies Act, 2013 and rules made thereunder.

FINANCE

During the year, State Bank of India has enhanced total credit facilities of the Company to ₹ 753 million from existing limits of ₹ 557 million for working capital requirement and capital expenditures.

INSURANCE

The Company's plant, properties, equipment and stocks are adequately insured against all major risks.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company has established a vigil mechanism and framed a Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. No whistle blower has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the Company's website.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under.

The Company always endeavors to create and provide an environment to its employees and external individuals

engaged with the Company that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment.

During the financial year 2019-20, no complaints were received with regards to sexual harassment.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013 and Regulations 17 to 27 and 46 of the SEBI (LODR) Regulations, 2015 and amendments therein. A separate section on detailed report on Corporate Governance practice followed by the Company under SEBI (LODR) Regulations, 2015 along with a certificate from Practicing Company Secretary, confirming the compliance forms a part of this report. The Board of Directors supports the basic principles of corporate governance and lays strong emphasis on transparency, accountability and integrity.

SECRETARIAL STANDARDS

Secretarial Standards for the Board of Directors and General Meetings (SS-1 & SS-2) are applicable to the Company. The Company has complied with the provisions of both Secretarial Standards.

BUSINESS RESPONSIBILITY REPORTING

As per regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Reporting forms a part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your attention is drawn to the perception and business outlook of the management for your company for the current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report, as required under Regulations 34 of the SEBI (LODR) Regulations, 2015 is attached and forms part of the Annual Report.

AUDITORS

Statutory Auditor and Audit Report

Shah Karia & Associates (Firm Registration No. 131546W), Chartered Accountants, Ahmedabad, was appointed as the Statutory Auditors of the Company till the conclusion of Thirty Third Annual General Meeting. Shah Karia & Associates, Chartered Accountants have furnished a declaration confirming their independence as well as their arm's length relationship with the Company and that they have not taken up any prohibited non-audit assignments for the Company.

The Board of Directors of the Company has appointed Chandulal M. Shah & Co. (Firm Registration No. 101698W),

Chartered Accountants, Ahmedabad, as statutory auditor of the Company in their Board meeting held on 26 June 2020, subject to approval of the members in the ensuing Annual General Meeting for a period of 3 years from the conclusion of Thirty Third Annual General Meeting till the Conclusion of 36th Annual General Meeting. The Audit Committee has considered the qualifications and experiences of the statutory auditor and has recommended their appointment. Written consent of the auditor together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Board has duly reviewed the Statutory Auditors' Report of Shah Karia & Associates for the year ended on 31 March 2020 and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation/ clarification by the Board of Directors as provided under section 134 of the Companies Act, 2013.

Internal Auditor and Audit Report

Naresh J. Patel & Co., Chartered Accountants, Ahmedabad, has been the internal auditor of the Company for the FY 2019-20. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

The Board has appointed Ernest & Young LLP, Chartered Accountants, Ahmedabad for the FY 2020-21 as an Internal Auditor of the Company in the Board meeting held on 26 June 2020, after obtaining its willingness and eligibility letter for appointment as Internal Auditor of the Company.

Cost Auditor

Pursuant to provisions of Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors had, on recommendation of the Audit Committee, re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, as the Cost Auditor of the Company for the financial year 2019-20, on the remuneration terms as approved by the members at the last Annual General Meeting held on 31 July 2019. The Cost Audit report for the financial year 2018-19 was filed within the due date. The due date for submission of the Cost Audit Report for the year 2019-20 is within 180 days from 31 March 2020.

The Board has appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad for the FY 2020-21 as a Cost Auditor of the Company in the Board meeting held on 26 June 2020, after obtaining its willingness and eligibility letter for appointment as Cost Auditor of the Company. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for ratification.

Accordingly, a resolution seeking ratification by members for the remuneration payable to Kiran J. Mehta & Co. is included in the Notice convening 33rd Annual General Meeting of the Company.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2019-20. The Secretarial Audit Report for the FY 2019-20 is annexed to this Directors' Report as **Annexure-4**. The Board of Directors has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation/clarification by the Board of Directors as provided under section 134 of the Act.

The Board of Directors has appointed Mr. Tapan Shah, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the FY 2020-21 in the Board Meeting held on 26 June 2020.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

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

BUSINESS RISK MANAGEMENT POLICY AND FRAMEWORK

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximising returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

INTERNAL FINANCIAL CONTROL SYSTEMS AND ITS ADEQUACY

The Company has its internal audit function which endeavours to make meaningful contributions to the organisations' overall governance, risk management and internal controls. The function reviews and ensures sustained effectiveness of Internal Financial Control by adopting a systematic approach to its work.

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134 (5) (e) of the Act. For the year ended on 31 March 2020, the Board having

opinion that the Company has sound Internal Financial Control commensurate with the size, scale and complexity of its business operations. The Internal Financial Control operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls whenever the effect of such gaps would have a material effect on the Company's operations.

CREDIT RATING

During the year, CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A- : Stable / CARE A2" for long-term /short term bank facilities and "CARE A2" for short term bank facilities of the Company. Further, the CARE Ratings Limited has reaffirmed the ratings on request of State Bank of India upon sanctioned of additional term loan facility.

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

During the year, the Company has transferred 4,826 Equity Shares of 58 shareholders whose dividend has remained unclaimed / unpaid for a consecutive period of 7 (seven) years to Investor Education & Protection Fund pursuant in compliance with the provisions of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"). The Company has sent letters to shareholders to claim their unpaid dividend before the shares transferred to IEPF Account.

EXTRACT OF ANNUAL RETURN

Pursuant to Sub-section 3(a) of Section 134 and Sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at 31 March 2020 in Form MGT-9 is annexed to this report as **Annexure-5**. The same is available on the website of the Company: www.hester.in.

PARTICULAR OF EMPLOYEES

The information required under section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in this Annual Report as **Annexure-6**.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, is provided in **Annexure-7** and forms part of this report.

GENERAL DISCLOSURES

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134 (3) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, to the extent the transactions took place on these items during the year.

Apart from what are mentioned in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by various Banks. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage to the Company's products. Your Directors also place on record sincere appreciation of the continued hard work put in by the employees at all levels. The Directors also thank the Company's vendors, investors, business associates, Stock Exchanges, Government of India, State Government and various departments and agencies for their support and co-operation.

For and on behalf of Board of Directors

Date: 26 June 2020
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Annexure-1

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

The main projects or programs proposed to be undertaken by the Company are as provided under the Schedule VII of the Companies Act, 2013. Further, The Company focuses its philanthropy primarily in geographic regions of India, where the Company has a business presence. However, the Company may contribute to causes in other parts of India, if the CSR Committee is of the opinion that such contribution is appropriate.

The CSR Committee approved the CSR spending on promotion of education, health care, improving livelihood of rural populations and so on, through charitable institutions and also directly by the Company during the FY 2019-20.

2. Composition of CSR Committee (with effect from 1 April 2020)

Mr. Rajiv Gandhi	Chairman
Mr. Sanjiv Gandhi	Member
Mr. Amit Shukla	Member

3. Average net profits of the Company for last three financial years: ₹ 455.95 million

4. Prescribed CSR expenditure [2% of the amount as in item No. 3 above]: ₹ 9.12 million

5. Details of CSR spent during the financial year:

- Total amount spent during the financial year: ₹ 3.45 million
- Amount unspent, if any: ₹ 5.67 million
- Manner in which the amount spent during the financial year is detailed below:

							(₹ in million)
Sr.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local areas or other (2) Specify the state or district where projects or programmes was undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programmes sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting date	Amount spent: Direct or through implementing agency
1	Environment Conservation Programme	Healthcare	Ahmedabad (Gujarat)	0.90	0.90	0.90	Through NGO (Centre for Environment Educations)
2	Environment Conservation Programme	Healthcare	Ahmedabad (Gujarat)	0.05	0.05	0.95	Through NGO (Centre for Environment Educations)
3	Socio Economic Development and Relief & Welfare	Socio Economic Development	All India	2.50	2.50	3.45	Through Government Fund (PM Cares Fund*)

*The Company has contributed into PM Cares Fund aggregating total amount of ₹ 8.50 million out of which ₹ 2.50 in the FY 2019-20 and remaining in FY 2020-21.

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

During the year, the Company unspent ₹ 5.67 million towards a project of promoting education, healthcare and environment conservation through NGOs. A few projects undertaken by the Company are ongoing where the Company will have a continuing engagement over the years to come. The Company was in process of identifying and evaluating projects which were in line with the CSR policy. However given the projects were still under the evaluation process, the Company could not spend a minimum of two per cent of its average profit for CSR, as defined in the Act, during the year. The Company has plans to achieve its objectives and completing the identification of projects.

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

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

For and on behalf of Board of Directors

Date: 26 June 2020
Place: Ahmedabad

Rajiv Gandhi
Chairman - CSR Committee and
CEO & Managing Director

Sanjiv Gandhi
Director

Annexure-2

AOC-1

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATES/JOINT VENTURES

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

PART "A" - SUBSIDIARIES

(₹ in million)

Name of Subsidiaries	Hester Biosciences Nepal Private Limited		Texas Lifesciences Private Limited		Hester Biosciences Africa Limited		Hester Biosciences Kenya Limited (Consolidated)		Hester Biosciences Tanzania Limited	
Particulars	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019	As on 31 March 2020	As on 31 March 2019
Equity Share capital	119.49	119.49	48.08	48.08	297.83	155.63	10.85	10.34	37.16	38.34
Other Equity	(86.97)	(126.36)	8.39	(1.78)	(22.23)	(3.25)	60.27	57.83	(8.16)	(6.64)
Total Assets	496.93	457.17	84.10	62.41	977.47	434.04	86.48	76.15	42.90	31.70
Total Liabilities	496.93	457.17	84.10	62.41	977.47	434.04	86.48	76.15	42.90	31.70
Investments	-	-	-	-	-	-	-	-	-	-
Turnover	161.80	63.97	128.30	83.50	-	-	27.28	0.28	26.56	2.20
Profit before Taxation	39.39	(30.29)	13.36	6.00	(15.04)	-	(1.76)	(4.65)	(2.63)	(3.60)
Provision for Taxation	-	-	(3.19)	(1.83)	-	-	-	-	-	-
Profit after Taxation	39.39	(30.29)	10.17	4.18	(15.04)	-	(1.76)	(4.65)	(2.63)	(3.60)
% of Shareholding	65%	65%	54.80%	54.80%	100%	100%	100%	100%	98.10%*	100%*

* Shares held by Hester Biosciences Kenya Limited

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

- Names of subsidiaries which are yet to commence operations:
 - Hester Biosciences Africa Limited
 - Hester Biosciences Kenya Limited
- Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

PART "B": ASSOCIATES AND JOINT VENTURES

The Company does not have any Associates or Joint Ventures as on 31 March 2020.

For and on behalf of Board of Directors

Date: 26 June 2020
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Annexure-3

FORM NO. AOC-2

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

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

FORMS FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARM'S LENGTH TRANSACTIONS UNDER THIRD PROVISIO THERETO

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

The Company has not entered into any contract/arrangement/ transaction with its related parties, which is not in ordinary course of business or at arm's length during the year ended on 31 March 2020. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

- a) Name(s) of the related party and nature of relationship: Not Applicable
- b) Nature of contracts/arrangements/transactions: Not Applicable
- c) Duration of the contracts/arrangements/ transactions: Not Applicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f) Date(s) of approval by the Board: Not Applicable
- g) Amount paid as advances, if any: Not Applicable
- h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

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

- a) Name(s) of the related party and nature of relationship: Not Applicable
- b) Nature of contracts/arrangements/transactions: Not Applicable
- c) Duration of the contracts/arrangements/ transactions: Not Applicable
- d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e) Date(s) of approval by the Board, if any: Not Applicable
- f) Amount paid as advances, if any: None

Note: All related party transactions are benchmarked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10 percent of consolidated turnover and considering wholly owned subsidiaries are exempt for the purpose of Section 188(1) of the Act.

For and on behalf of Board of Directors

Date: 26 June 2020
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Annexure-4

SECRETARIAL AUDIT REPORT

For the financial year ended 31 March 2020

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

To,
The Members,
HESTER BIOSCIENCES LIMITED
CIN: L99999GJ1987PLC022333
1st Floor, Pushpak,
Panchvati Circle, Motilal Hirabhai Road,
Ahmedabad - 380 006

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and based on the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit through electronically by way of scan copy or soft copy through mail or otherwise and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined through electronically by way of scan copy or soft copy through mail or otherwise, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2020 according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- 6) Secretarial Standards issued by the Institute of Company Secretaries of India (SS - 1 and SS - 2)

I have also examined compliance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges.

Further being a Pharmaceutical Company, following are some of the Acts applicable to the Company, for which examination of the relevant documents and records, on test check basis, have been carried out under:

- 1) Pharmacy Act, 1948
- 2) Drugs and Cosmetics Act, 1940 & Amendment 2008 and its Rules
- 3) Biological Diversity Act, 2002 & its Rules
- 4) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954 and its Rules
- 5) The Drugs (Prices Control) Order, 1995 (under the Essential Commodities Act)
- 6) Drug Policy, 2002
- 7) Gujarat Drugs (Control) Act, 1959

During the period under review, the Company has generally complied with the all material aspects of applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, the Company has spent less than the prescribed threshold limit of two percent of its average net profits for the last three financial years (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility.

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

- i. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & 2018;
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 & 2018; and
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings.

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

I further report that, Based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit and on the basis of Compliance Certificates issued by the Directors, CEO & Managing Director and Company Secretary of the Company and taken on record by the Board of Directors at their meetings, in my opinion, adequate systems and processes and control mechanism exist

in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines and general laws like various labour laws, competition law, environmental laws, etc.

I further report that, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review. During the year, Mr. Jigar Shah has resigned as Chief Financial Officer (CFO) with effect from 1 September 2019 and Mr. Sahil Shah has been appointed as CFO of the Company with effect from 1 March 2020.

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

During the year, all decision in the Board Meetings were carried unanimously.

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

- i) Approval of shareholders has been taken for giving Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director of the Company for FY 2018-19 to the extent of ₹ 3.20 crores in Annual General Meeting held on 31 July 2019.
- ii) Approval of shareholders has been taken for issuance of equity shares or equity linked securities/securities convertible into equity shares through Qualified Institutional Placement (QIP) or Preferential allotment to the extent of ₹ 150 crores through postal ballot process on 24 January 2020.
- iii) Approval for Re-appointment of Mr. Rajiv Gandhi as a CEO & Managing Director for the period of 3 years with effect from 1 April 2020, has been taken through postal ballot process on 24 January 2020.
- iv) The Companys' operation were partially affected in the last month of FY 2019-20, due to lockdown effected by Government of India under Pandemic COVID-19.

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

FCS No. : **4476**

C P No. : **2839**

UDIN : **F004476B000385989**

Place: Ahmedabad
Date: 26 June 2020

Note:

1. This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report.
2. Due to restricted movement amid CoVID-19 pandemic, I have conducted the secretarial audit by examining the secretarial records including Minutes, Documents, Registers and other records, etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.

Annexure-A

To,
The Members,
HESTER BIOSCIENCES LIMITED
CIN: L99999GJ1987PLC022333
1st Floor, Pushpak,
Panchvati Circle, Motilal Hirabhai Road,
Ahmedabad - 380 006

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

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

Place: Ahmedabad
Date: 26 June 2020

Name of Company Secretary in practice: **Tapan Shah**
FCS No. : **4476**
C P No. : **2839**
UDIN : **F004476B000385989**

Annexure-5

FORM NO MGT - 9 EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2020

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

I. REGISTRATION AND OTHER DETAILS

Sr.	Particulars	Details
1	CIN	L99999GJ1987PLC022333
2	Registration Date	29 April 1987
3	Name of the Company	Hester Biosciences Limited
4	Category / Sub-category of the Company	Public Company / Limited by Share Capital
5	Address of Registered Office and Contact Details	1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad - 380 006, Gujarat Phone: +91 79 26445107 Fax: +91 79 26445105 Email: mail@hester.in Website: www.hester.in
6	Whether Listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre Near St. Xaviers' College Corner, Off C G Road, Ellisbridge, Ahmedabad 380006 Phone: 91 79 26465179 / 86 / 87

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of Main Products / Services	NIC Code of the Product / Service	% of Total Turnover of the Company
Manufacture of pharmaceuticals, medicinal chemical and botanical products	2100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.	Name and Address of the Company	CIN / GLN / Registration No.	Holding / Subsidiary / Associate Company	% of Shares held	Applicable Section
1	Hester Biosciences Nepal Private Limited	-	Subsidiary Company	65.00	2(87)
2	Texas Lifesciences Private Limited	U24304GJ2017PTC097758	Subsidiary Company	54.80	2(87)
3	Hester Biosciences Africa Limited	-	Wholly-Owned Subsidiary Company	100.00	2(87)
4	Hester Biosciences Kenya Limited	-	Wholly-Owned Subsidiary Company	100.00	2(87)
5	Hester Biosciences Tanzania Limited	-	Wholly-Owned Step-down Subsidiary Company	98.10*	2(87)

* Shares held by Hester Biosciences Kenya Limited.

IV. SHAREHOLDING PATTERN:

i. Category -Wise Shareholding:

Category of Shareholders as per Clause 31 (b)	Shareholding at the Beginning of the Year (1 April 2019)				Shareholding at the End of the Year (31 March 2020)				% Change during Year
	Demateria- lised	Physical	Total	% of Total Shares	Demateria- lised	Physical	Total	% of Total Shares	
Shareholding of Promoter and Promoter Group									
Indian									
Individuals/ Hindu Undivided Family	3,524,629	0	3,524,629	41.43	3,430,151	0	3,430,151	40.32	(1.10)
Bodies Corporate	272,838	0	272,838	3.21	336,838	0	336,838	3.96	0.75
Sub Total (A)(1)	3,797,467	0	3,797,467	44.64	3,766,989	0	3,766,989	44.28	(0.36)
Foreign									
Individuals (Non-Residents Individuals/Foreign Individuals)	803,955	0	803,955	9.45	803,955	0	803,955	9.45	0.00
Sub Total (A) (2)	803,955	0	803,955	9.45	803,955	0	803,955	9.45	0.00
Total Shareholding of Promoter and Promoter Group (A = 1 + 2)	4,601,422	0	4,601,422	54.09	4,570,944	0	4,570,944	53.73	(0.36)
Public Shareholding									
Institutions									
Mutual Funds/ UTI	0	2,850	2,850	0.03	0	2,850	2,850	0.03	0.00
Alternate Investment Funds	36,370	0	36,370	0.43	4,311	0	4,311	0.05	(0.38)
Foreign Portfolio Investor	150,981	0	150,981	1.78	50,003	0	50,003	0.59	(1.19)
Financial Institutions / Banks	14,822	0	14,822	0.17	2,759	0	2,759	0.03	(0.14)
Sub Total (B)(1)	202,173	2,850	205,023	2.41	57,073	2,850	59,923	0.70	(1.71)
Non - Institutions									
Bodies Corporate	352,911	0	352,911	4.15	381,961	0	381,961	4.49	0.34
NBFCs registered with RBI	68,451	0	68,451	0.81	0	0	0	0.00	(0.81)
Employee Trusts	0	0	0	0.00	750	0	750	0.01	0.01
Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	1,438,817	161,381	1,600,198	18.81	1,473,783	145,316	1,619,099	19.03	0.22
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	923,092	0	923,092	10.85	1,080,929	0	1,080,929	12.71	1.86
Others									
i) Non-Resident Indians	291,693	200,586	492,279	5.79	313,119	200,586	513,705	6.04	0.25
ii) Trusts	30,000	0	30,000	0.35	29,701	0	29,701	0.35	0.00
iii) Investors Education & Protection Fund (IEPF)	62,701	0	62,701	0.74	67,327	0	67,327	0.79	0.05
iv) Others	164,338	0	164,338	1.93	177,526	0	177,526	2.09	0.16
v) Foreign Nations	6,450	0	6,450	0.07	5,000	0	5,000	0.06	(0.01)
Sub Total (B)(2)	3,338,453	361,967	3,700,420	43.50	3,530,096	345,902	3,875,998	45.57	2.07
Total Public Shareholding (B) = (1) + (2)	3,540,626	364,817	3,905,443	45.91	3,587,169	348,752	3,935,921	46.27	0.36
Total (A)+(B)	8,142,048	364,817	8,506,865	100.00	81,58,113	348,752	8,506,865	100.00	0.00

ii. Shareholding of Promoters

Sr. Shareholders' Name	Shareholding at the Beginning of the Year (as on 1 April 2019)			Shareholding at the End of the Year (as on 31 March 2020)			% Change during Year
	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1 Mr. Rajiv Gandhi	949,397	11.16	0.00	885,397	10.41	0.00	(0.75)
2 Ms. Nina Gandhi	696,340	8.19	0.00	696,340	8.19	0.00	0.00
3 Mr. Sanjiv Gandhi	692,820	8.14	0.00	692,820	8.14	0.00	0.00
4 Mr. Ravin Gandhi	403,320	4.74	0.00	403,320	4.74	0.00	0.00
5 Ms. Bela Gandhi	400,635	4.71	0.00	400,635	4.71	0.00	0.00
6 Dr. Bhupendra Gandhi	399,082	4.69	0.00	399,100	4.69	0.00	0.00
7 Bhupendra Vitthal Das Gandhi HUF	311,595	3.66	0.00	311,600	3.66	0.00	0.00
8 Biolink Healthcare Limited	248,838	2.93	0.00	248,838	2.93	0.00	0.00
9 Ms. Madhuri Kapadia	236,100	2.78	0.00	205,534	2.37	0.00	(0.41)
10 Ms. Shaila Gandhi	189,555	2.23	0.00	189,700	2.23	0.00	0.00
11 Hester Coatings LLP	0	0.00	0.00	64,000	0.75	0.00	0.75
12 Mr. Anup Kapadia	27,000	0.32	0.00	27,000	0.32	0.00	0.00
13 Hester Diagnostics Private Limited	24,000	0.28	0.00	24,000	0.28	0.00	0.00
14 Ms. Hetal Gandhi	19,590	0.23	0.00	19,590	0.23	0.00	0.00
15 Mr. Yash Gandhi	3,150	0.03	0.00	7,250	0.09	0.00	0.06

iii. Change in Promoters' Shareholding

Sr. Name	Shareholding at the Beginning of the Year (1 April 2019)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the Ending of the Year (31 March 2020)	
	No. of Shares	% of Total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1 Ms. Madhuri Kapadia	236,100	2.78	27 September 2019	29,843	Sell	206,257	2.42	201,354	2.37
			30 September 2019	903	Sell	205,354	2.41		
			11 February 2020	(4,000)	Transfer (Gift)	201,354	2.37		
2 Mr. Rajiv Gandhi	949,397	11.16	13 December 2019	(64,000)	Transfer	885,397	10.41	885,397	10.41
3 Hester Coatings LLP	0	0.00	13 December 2019	64,000	Transfer	64,000	0.75	64,000	0.75
4 Mr. Yash Gandhi	3,150	0.03	9 December 2019	100	Purchase	3,250	0.04	7,250	0.09
			11 February 2020	4,000	Transfer (Gift)	7,250	0.09		
5 Dr. Bhupendra Gandhi	399,082	4.69	9 March 2020	18	Purchase	399,100	4.69	399,100	4.69
6 Bhupendra Vitthal Das Gandhi HUF	311,595	3.66	9 March 2020	5	Purchase	311,600	3.66	311,600	3.66
7 Ms. Shaila Gandhi	189,555	2.23	9 March 2020	145	Purchase	189,700	2.23	189,700	2.23

iv. Shareholding Pattern of Top 10 Shareholders

(Other than Directors, Promoters and Holders of ADRs and GDRs)

Sr.	Name	Shareholding at the Beginning of the Year (1 April 2019)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the End of the Year (31 March 2020)	
		No. of Shares	% of Total Shares of the Company	Date	Increase / (Decrease) in Shareholding	Reason	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Ms. Darshna Dinesh Kapadia	138,300	1.63	Nil movement during the year			138,300	1.63	138,300	1.63
2	Mr. Vinay Shah	108,900	1.28	Nil movement during the year			108,900	1.28	108,900	1.28
3	Mr. Mahaveer Prasad Jain [#]	107,182	1.26	21 June 2019	(102,000)	Sale	5,182	0.06	5,182	0.06
4	Mr. Manish Jain	100,360	1.18	21 June 2019	102,000	Purchase	202,360	2.38	204,882	2.41
5	Mr. Kuntal Hasmukhlal Shah	84,466	0.99	27 March 2020	2,522	Purchase	204,882	2.41		
				27 March 2020	2,522	Purchase	204,882	2.41		
				10 May 2019	1,002	Purchase	85,468	1.00		
				7 June 2019	10,000	Purchase	95,468	1.12		
				14 June 2019	2,000	Purchase	97,468	1.15		
				21 June 2019	59,394	Purchase	1,56,862	1.84		
				29 June 2019	1,500	Purchase	1,58,362	1.86		
				26 July 2019	3,130	Purchase	1,61,492	1.90		
				2 August 2019	34,405	Purchase	1,95,897	2.30		
				9 August 2019	8,999	Purchase	2,04,896	2.41		
				16 August 2019	1,482	Purchase	2,06,378	2.43		
				23 August 2019	3,900	Purchase	2,10,278	2.47		
				30 August 2019	3,670	Purchase	2,13,948	2.52		
				13 September 2019	3,159	Purchase	2,17,107	2.55		
				20 September 2019	2,444	Purchase	2,19,551	2.58		
				11 October 2019	4,250	Purchase	2,23,801	2.63		
				10 January 2020	12,500	Purchase	2,36,301	2.78		
				13 March 2020	1,545	Purchase	2,37,846	2.80		
				20 March 2020	3,224	Purchase	2,41,070	2.83		
				27 March 2020	1,111	Purchase	2,42,181	2.85	2,42,181	2.85
6	Mr. Aniruddha Narayan Malpani	80,346	0.94	5 April 2019	(1,589)	Sale	78,757	0.93	77,746	0.91
7	Ms. Anjali Aniruddha Malpani	77,886	0.92	19 April 2019	(653)	Sale	78,104	0.92		
				21 February 2020	(70)	Sale	78,034	0.92		
				28 February 2020	(288)	Sale	77,746	0.91		
8	India Acorn Fund Limited [#]	75,330	0.89	Nil movement during the year			77,886	0.92	77,886	0.92
9	Nirmal Bang Financial Services Private Limited [#]	75,000	0.88	13 September 2019	(26,000)	Sale	75,330	0.89	3,281	0.04
				11 October 2019	(10,000)	Sale	39,330	0.46		
				3 January 2020	(29,723)	Sale	10,057	0.12		
				17 January 2020	(2,076)	Sale	7,981	0.09		
				24 January 2020	(2,000)	Sale	5,981	0.07		
				27 March 2020	(2,700)	Sale	3,281	0.04		
				12 April 2019	(4,190)	Sale	70,810	0.83		
				19 April 2019	(10)	Sale	70,800	0.83		
				10 May 2019	756	Purchase	71,556	0.84		
				31 May 2019	(20,756)	Sale	50,800	0.60		
10	Indianivesh Capitals Limited [#]	68,431	0.80	2 August 2019	24,245	Purchase	75,045	0.88	-	-
				16 August 2019	(45)	Sale	75,000	0.88		
				30 August 2019	(75,000)	Sale	-	-		
				07 June 2019	(1,900)	Sale	66,531	0.78		
				14 June 2019	(800)	Sale	65,731	0.77		
				13 September 2019	(250)	Sale	65,481	0.77		
				20 September 2019	(8,022)	Sale	57,459	0.68		
				27 September 2019	(2,001)	Sale	55,458	0.65		
				4 October 2019	(55,458)	Sale	-	-	-	-

Sr.	Name	Shareholding at the Beginning of the Year (1 April 2019)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the End of the Year (31 March 2020)	
		No. of Shares	% of Total Shares of the Company	Date	Increase / (Decrease) in Shareholding	Reason	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
11	Mr. Manish Jain (HUF)*	67,018	0.79	Nil movement during the year			67,018	0.79	67,018	0.79
12	Ms. Anupriya Jain*	66,921	0.79	Nil movement during the year			66,921	0.79	66,921	0.79
13	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs*	62,701	0.74	26 April 2019	(100)	Transfer	62,601	0.74	67,327	0.79
				30 November 2019	4,826	Transfer	67,427	0.79		
				10 January 2019	(100)	Transfer	67,327	0.79		
14	Mr. Manish Prataprai Gandhi*	29,387	0.32	3 January 2020	25,000	Purchase	54,387	0.64	62,967	0.74
				17 January 2020	2,500	Purchase	56,887	0.67		
				14 February 2020	750	Purchase	57,637	0.68		
				28 February 2020	363	Purchase	58,000	0.68		
				20 March 2020	3,466	Purchase	61,466	0.72		
				27 March 2020	1,501	Purchase	62,967	0.74		

* Not in list of top 10 shareholders as on 1 April 2019. The same has been reflected above since the shareholders were one of the top 10 shareholders as on 31 March 2020.

Ceased to be in the list of top 10 shareholders as on 31 March 2020. The same is reflected since the shareholders were one of the top 10 shareholders as on 1 April 2019

v. Shareholding of Directors and Key Managerial Personnel

Sr.	Name	Shareholding at the Beginning of the Year as on (1 April 2019)		Date-Wise Increase / Decrease in Shareholding			Cumulative Shareholding During the Year		Shareholding at the End of the Year (31 March 2020)	
		No. of Shares	% of Total Shares of the Company	Date	Increase/ (Decrease) in Shareholding	Reason	No. of Share	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mr. Rajiv Gandhi	949,397	11.16	13 December 2019	(64,000)	Transfer	885,397	10.41	885,397	10.41
2	Mr. Sanjiv Gandhi	692,820	8.14	Nil movement during the year			692,820	8.14	692,820	8.14
3	Mr. Ravin Gandhi	403,320	4.74	Nil movement during the year			403,320	4.74	403,320	4.74
4	Dr. Bhupendra Gandhi	399,082	4.69	9 March 2020	18	Purchase	399,100	4.69	399,100	4.69
5	Mr. Vishwesh Patel [§]	51,000	0.60	Nil movement during the year			51,000	0.60	51,000	0.60
6	Ms. Grishma Nanavaty [§]	0	0.00	Nil movement during the year			0	0.00	0	0.00
7	Mr. Amit Shukla	5,250	0.06	Nil movement during the year			5,250	0.06	5,250	0.06
8	Mr. Naman Patel	1,500	0.02	Nil movement during the year			1,500	0.02	1,500	0.02
9	Ms. Nina Gandhi	696,340	8.19	Nil movement during the year			696,340	8.19	696,340	8.19
10	Mr. Jigar Shah*	1,152	0.01	Nil movement during the year			1,152	0.01	1,152	0.01
11	Mr. Vinod Mali	0	0.00	Nil movement during the year			0	0.00	0	0.00
12	Mr. Sahil Shah [#]	0	0.00	Nil movement during the year			0	0.00	0	0.00

* Resigned with effect from 1 September 2019

Appointed with effect from 1 March 2020 till 29 April 2020

§ Ceased to be Director with effect from 1 April 2020

V. INDEBTEDNESS

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

(₹ in million)

Particulars	Secured loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I. Principal amount	281.42	100.00	-	381.42
II. Interest due but not paid	1.49	-	-	1.49
III. Interest accrued but not due	-	-	-	-
Total (I+II+III)	282.92	100.00	-	382.92
Change on indebtedness during the financial year				
I. Addition	279.09	-	-	279.09
II. Reduction	83.05	100.00	-	183.05
Net Change (I+II)	196.04	(100.00)	-	96.04
Indebtedness at the end of the financial year				
I. Principal Amount	475.91	-	-	475.91
II. Interest due but not paid	1.16	-	-	1.16
III. Interest accrued but not due	1.89	-	-	1.89
Total (I+II+III)	478.96	-	-	478.96

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sr.	Particulars of Remuneration	Mr. Rajiv Gandhi (CEO & Managing Director)	Total Amount
1	Gross Salary		
a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	22.20	22.20
b)	Value of perquisite u/s 17 (2) of Income Tax Act, 1961	0.60	0.60
c)	Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission as 4% of profit	16.08	16.08
5	Others, Specify -	-	-
	Total (A)	38.88	38.88

Note: The Company has paid milestone bonus of ₹ 32 million to Mr. Rajiv Gandhi for the financial year 2018-19, in the year 2019-20, which is approved by the members in the 32nd Annual General Meeting held on 31 July 2020.

ii. Remuneration to other Directors

(₹ in million)

Sr.	Name of Director	Fee for Attending Board / Committee Meetings	Commission	Other, Specify	Total Amount
A	Independent Directors				
1	Mr. Vishwesh Patel	0.68	-	-	0.68
2	Ms. Grishma Nanavaty	0.43	-	-	0.43
3	Mr. Naman Patel	0.68	-	-	0.68
4	Mr. Amit Shukla	0.65	-	-	0.65
	Total (A)	2.44	-	-	2.44
B	Other Non-Executive Directors				
1	Dr. Bhupendra Gandhi	0.21	-	-	0.21
2	Mr. Sanjiv Gandhi	0.21	-	-	0.21
3	Ms. Nina Gandhi	0.26	-	-	0.26
	Total (B)	0.68	-	-	0.68
	Total (A+B)	3.12	-	-	3.12

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

Sr.	Particulars of Remuneration	Key Managerial Personnel			(₹ in million)
		Mr. Jigar Shah* (Chief Financial Officer)	Mr. Sahil Shah# (Chief Financial Officer)	Mr. Vinod Mali (Company Secretary)	Total Amount
1	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	2.87	0.04	0.57	3.48
	b) Value of perquisite u/s 17 (2) of Income Tax Act, 1961	-	-	-	-
	c) Profit in lieu of Salary u/s 17 (3) of Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others, Specify:	-	-	-	-
	Total	2.87	0.04	0.57	3.48

* Resigned with effect from 1 September 2019

Appointed with effect from 1 March 2020 till 29 April 2020

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES (UNDER COMPANIES ACT, 2013)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishments/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Director					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officer in Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors

Date: 26 June 2020

Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Annexure-6

PARTICULARS OF EMPLOYEES

A. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES' REMUNERATION AND OTHER DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

Sr.	Name	Designation	Ratio
1	Mr. Rajiv Gandhi	CEO & Managing Director	118:1

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

Sr.	Name	Designation	Percentage (%)
1	Mr. Rajiv Gandhi*	CEO & Managing Director	8.57%
2	Mr. Jigar Shah [#]	Chief Financial Officer	N. A.
3	Mr. Vinod Mali	Company Secretary & Compliance Officer	32%
4	Mr. Sahil Shah**	Chief Financial Officer	N. A.
5	Mr. Chetas Patel ^{\$}	Chief Financial Officer	N. A.

* Percentage excluding Commission on Profit.

[#] Resigned with effect from on 1 September 2019

** Appointed with effect from on 1 March 2020 to till 29 April 2020

^{\$} Appointed with effect from 29 April 2020

c) The percentage increase in the median remuneration of employees in the financial year 2019-20 was 8.80%.

d) There were 397 permanent employees on the rolls of the Company as on 31 March 2020.

e) Average increase in the salaries of the employees and managerial remuneration:

The average annual increase in the salaries of the employees, other than managerial personnel was 7.21%, whereas average increase in the managerial remuneration was 8.57% for the financial year. The increase in managerial remuneration was on the recommendation of Nomination and Remuneration Committee considering the performance of the managerial personnel and the Company.

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

B. PARTICULARS OF EMPLOYEE IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

There was no employee except Mr. Rajiv Gandhi, CEO & Managing Director of the Company, employed throughout the financial year with salary above ₹ 1 Crore and 2 Lakh per annum or employed in part of the financial year with an average salary above ₹ 8 Lakh and 50 Thousands per month. Details of Remuneration paid to Mr. Rajiv Gandhi is provided into Directors Report and Corporate Governance Report, which is forming part of this Annual Report

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

For and on behalf of Board of Directors

Annexure-7

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

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

1) Rain Water Harvesting

Target: Rain water harvesting at site

Action:

- 1) Consumption of ground water at our site 122 KL/ Day (122,000 liters) and recharge capacity should be 200% of consumption as per CGWA (Central Ground water Authority) guidelines as Mehsana comes under over exploited area as per ground water levels.
- 2) We appointed agency called Furaat for rainwater harvesting. They did survey of site, ground water levels and proposed to make six recharge wells at site based on our consumption data.
- 3) First rainwater recharge well was made in 2017, then we made application on 29 December 2017 to CGWA (Central Ground water Authority). Application (No: 21-4/3401/GJ/IND/2017) It is in wait list so still approval has not come. We are continuously monitoring its status and in touch with Furaat for updates.

Result:

- 1) In 2018 monsoon was weak we recharged 6.35 lakh liters of rainwater.
- 2) In 2019 summer, we recharged 37.32 lakh liters of rainwater.
- 3) In total since installation we recharged 43.67 lakh liters.

Advantage: Savings on electricity bill.

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

2) Electricity

Target: Find out areas, saving of electricity is possible.

Action/ savings:

- 1) VP2 HVAC system: Out of total 31 AHUs, only 18 AHUs are running in full capacity for 16 hours else 13 AHUs are only run for 3-4 hours/ 3.6% savings
- 2) Old Plant Reynold chiller is kept in OFF condition in general & RUN only when R&D batch in old LV3200 is taken which is merely thrice a month/ 1.27% saving

Result:

Result of above both initiatives, total savings of 393,466 units/ ₹ 2.5 million. Due to the increasing fuel surcharge and contract demand saving not reflected in terms of revenue.

Advantage: Reduction in energy bill.

Status: It is ongoing process; more possible way will be explored in 2020-21.

3) Furnace oil

Target: How to reduce furnace oil consumption.

Action:

- 1) Condensate recovery in make-up water to boiler has started, which leads to lesser energy input to produce steam & relatively lesser FO consumption : 1.3%
- 2) Steam leakages have been arrested in Autoclave header after PRV resulting in lesser steam loss & subsequently lesser FO consumption: 2.8%

Result: Result of above both initiatives - Total saving 4.11% total savings in furnace oil bill in FY 2019-20 is ₹ 0.93 million.

Advantage: Reduction in energy bill.

Status: It is ongoing process; more possible way will be explored in 2020-21.

4) Fire hydrant system and reject water sump

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

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

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

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

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

5) Fire protection- Smoke detection/ alarm system:

Target: To protect administration block for fire hazard.

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

Result: System is functional now.

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

6) New boiler

Target: To replace existing two nos. of Non-IBR boilers of capacity 1,250 Kg/Hr. with new one IBR boiler of 3,000 Kg/ Hr. benefits are:

a) Quality of plant steam will improve

b) Water, fuel power consumption will be reduced in 2020-21 once VP-2 will be fully functional along with VP-1, QC Lab and R&D Lab.

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

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

iii) The capital investment on energy conservation equipment: NIL

B. TECHNOLOGY ABSORPTION

i. The effort made towards technology absorption;

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

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

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

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

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

iv. The expenditure incurred on Research and Development

Particulars	(₹ in million)	
	FY 2019-20	FY 2018-19
Capital	1.25	1.14
Recurring	27.45	31.74
Total	28.70	32.88
Total R&D expenditure as a percentage of turnover	1.69%	1.92%

C. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

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

a. Expenditure in Foreign Currency

Particulars	(₹ in million)	
	FY 2019-20	FY 2018-19
Purchase / Materials / Trading Goods / Packing (including payment to creditors)	11.72	44.76
Travelling	0.22	-
Capital Expenditure (Furniture and Machinery)	6.44	0.94
Membership / Registration fees	0.55	-
Consultancy and Professional fees	-	0.93
Sales Promotion	21.45	26.64
Office Maintenance	1.33	0.43
Others	-	0.06
Total	41.71	73.76

b. Earning in Foreign Currency:

Particulars	(₹ in million)	
	FY 2019-20	FY 2018-19
Free on Board (FOB) Value of Exports	201.76	119.86
Other Operating Income	154.02	8.34
Other Income	9.97	-
Total	365.75	128.20

For and on behalf of Board of Directors

Date: 26 June 2020
Place: Ahmedabad

Rajiv Gandhi
CEO & Managing Director

Sanjiv Gandhi
Director

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr.	Particulars	Details								
1	Corporate Identity Number (CIN)	L99999GJ1987PLC022333								
2	Name of the Company	HESTER BIOSCIENCES LIMITED								
3	Registered address	1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad, Gujarat 380006								
4	Website	www.hester.in								
5	Email Id	mail@hester.in								
6	Financial Year reported	2019-2020								
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table><tr><th>Group</th><th>Class</th><th>Sub Class</th><th>Description</th></tr><tr><td>210</td><td>2100</td><td>21001</td><td>Manufacture of pharmaceuticals, medicinal chemical and botanical products</td></tr></table>	Group	Class	Sub Class	Description	210	2100	21001	Manufacture of pharmaceuticals, medicinal chemical and botanical products
Group	Class	Sub Class	Description							
210	2100	21001	Manufacture of pharmaceuticals, medicinal chemical and botanical products							
8	Key products/Services	The Company manufactures and markets a wide range of veterinary products.								
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across different geographies. The Company's Manufacturing and research and development activities are operated from Plant situated at Kadi, Mehsana, Gujarat in India, details whereof provided in this annual report. The Company's registered office and five branch offices details are provided in this annual report. Details of business performance in Indian markets as well as international markets are reported as a part of the Management Discussion and Analysis Report, which forms a part of this Annual Report.								
10	Markets served by the Company - Local/State/ National/International	The Company has a significant presence nationally and globally in the veterinary healthcare sector.								

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	₹ 85.07 million
2	Total Income from Operations	₹ 1,694.25 million
3	Total profit after taxes	₹ 312.24 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 3.45 million 1.10%
5	List of activities in which expenditure in Sr. No. 4 above has been incurred:	
	a) Healthcare	
	b) Education	
	c) Socio Economic Development and Relief & Welfare	

SECTION C: OTHER DETAILS

The Company is a global veterinary healthcare Company with subsidiaries in India and across the world. As on date, the Company has four subsidiary Companies, including three subsidiaries outside India. Names of the subsidiary Companies are provided in the statement of salient features of the subsidiary Companies under section 129(3) of the Act and Rules made there under, which is a part of this Annual Report. Each of the Company's subsidiaries abides by the law of the respective land, where it operates in a responsible manner. The subsidiary companies' Business Responsibility (BR) initiatives are aligned with those of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

Sr.	Particulars	Details
1	DIN Number (if applicable)	00438037
2	Name	Mr. Rajiv Gandhi
3	Designation	CEO & Managing Director
4	Telephone number	+91 79 26445106
5	E-mail id	mail@hester.in

2. Principle-wise (as per NVGs) BR Policy/policies:

Alignment to National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)

NVG Principle	Page No.
Business should conduct and govern themselves with Ethics, Transparency and Accountability	60
Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	60
Businesses should promote the well-being of all employees.	61
Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	61
Businesses should respect and promote human rights.	61
Businesses should respect, protect, and make efforts to restore the environment.	61
Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	62
Business should support inclusive growth and equitable development.	62
Business should engage with and provide value to their customers and consumers in a responsible manner.	62

3. Principle-wise (as per NVGs) BR Policy/policies:

(a) Details of compliance (Reply in Y/N)

[illegible]

Sr.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, The Company has formed a Stakeholders' Grievances and Relationship Committee to redress any grievances of shareholders and investors. The respective department heads attends all grievances pertaining to their department and addresses the grievance. Product related grievances are also resolved by the respective department heads to which the product pertains to.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company regularly carries out evaluation of the working of all the policies through committees and internal auditors. CSR expenditure is also audited by the Company's statutory auditors.								

1. The Policy is embedded in the Company's Code of Conduct, HR policies and various other HR practices.
2. The policies for the wellbeing of employees are for internal circulation to the employees and approved by the CEO & Managing Director.
3. The Company fulfills the requirements by introducing innovative products and services.

4. Governance related to BR:

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The BR performance of the Company is regularly monitored by the Company and reviewed by the CEO & Managing Director and respective departmental heads. The Board of Directors reviews BR performance on an annual basis.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes BR Report as a part of Annual Report. The Company publishes BR report annually. Report is posted on the Company's website: www.hester.in.

The Company has also prescribed a very detailed Code of Ethics for its employees and every employee has to sign and affirm its compliance. Though the Code of Conduct for Board Members and Senior Management Personnel is posted on the Company's website, the internal code of conduct is accessible to all employees.

Details relating to shareholders' complaints are provided in Corporate Governance Report, which is a part of this Annual Report. However, there was no stakeholder complaint during the reporting period with regard to ethics, bribery and corruption.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Our manufacturing plant has been inspected by the leading regulatory agencies of India, Tanzania, Egypt, Uganda, Saudi Arabia etc. Drug authority will grant an approval after evaluation of WHO GMP and cGMP standards defined in our various standard operating procedures and protocols along with compliance action plan if any given. Hence, utmost care is taken to ensure that products conform to stringent quality standards and bio stability of products is submitted during the periodic audits. All these manufacturing plants have received environment audit certifications from ISO and OHSAS.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials and packaging materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority of procurement of materials is from the approved manufacturers.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability

The Company firmly believes and adheres to transparent, fair and ethical governance practices. The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and employees of the Company. This is reviewed and reported annually. The Company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company. Further, our major suppliers are also required to agree and to confirm to the code of responsible business conduct.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are provided to them about system and procedures for regulated markets.

The company manufacture drugs as per the latest regulatory requirements which give assurance to customers and regulators regarding product quality, safety and efficacy up to the end of shelf life.

The waste generated in the Company's operations is either recycled or disposed of safely & scientifically as per applicable rules / laws. Our manufacturing facility has Effluent Treatment Plant, which ensures discharge of treated water meets the norms prescribed by respective pollution control boards. It is a part of operational management.

Principle 3:

Businesses should promote the well-being of all employees

1. Please indicate the total number of employees and the number of contractual employees, women employees and permanent employees with disabilities:

The Company does not discriminate among existing employees or during the process of recruitment on the grounds of religion, race, color, gender and disability. The Company provides equal opportunities to all employees. Key employee data as on 31 March 2020 are provided in the below table:

Sr.	Category of Employees	No. of Employees
1	Management staff	14
2	Marketing field staff	198
3	Others	184
4	Total	396
5	Contractual employees	-
6	Permanent Woman employees	22
7	Permanent employees with disabilities	-

2. The Company's management has not recognised any association of employees. The Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year.
3. The permanent and contractual employees at the Company's manufacturing site, Registered Office and Branch offices are provided training on relevant Environment, Health and Safety aspects. Further, all other employees are given soft skill up-gradation training to improve their skills as may be relevant to the respective functions.

Principle 4:

Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company has mapped its internal and external stakeholders. We recognize employees, business associates, joint venture partners, suppliers, vendors, NGOs, communities, shareholders / investors, regulatory authorities and other governmental bodies and intermediaries as our key stakeholders.

The Company has also identified disadvantaged, vulnerable and marginalized stakeholders. The Company works actively to enhance the employability of youth, leading to income generation and economic empowerment in the marginalized section of the communities.

The workers in our manufacturing premises are from the economically disadvantaged groups and local communities. The company invests in their skill development and up-gradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5:

Businesses should respect and promote human rights

The company is committed to promote human rights and adheres to the same in spirit and deed. This extends to all areas of business operations and various stakeholder groups. The Company is also committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company strives to provide a non-discriminatory and harassment-free workplace for all its employees and contract staff. The Factories Act, 1948 and Gujarat Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2019, provides the overarching framework for the Company's policy on human rights for the employees working at different locations. The Company provides equal opportunities to all its employees to improve their skills and capabilities. The Company also has a policy in place to foster a professional, open and trusting workplace and safeguard the interests of its women employees. There were no stakeholder complaints in the reporting period pertaining to human rights.

Principle 6:

Business should respect, protect, and make efforts to restore environment

The Company is committed towards conservation of the environment and compliance with all requirements related to Environment, Health and Safety (EHS). We have been looking at these initiatives beyond statutory compliance with a focus on the 4Rs - Reduce, Reuse, Recycle and Recover for valuable

resources. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in EHS.

The Company continues to invest substantial resources towards sustaining and continuously improving standards of environment, occupational health and safety. Competent EHS cell has been instituted at each facility to cater to the day-to-day EHS related activities. To gratify the EHS value as a whole with systematic approach, company's facility is accredited for ISO 9001, ISO 14001 and OHSAS 180001. Towards green initiatives, the Company is, rain water recharge, using energy efficient techniques, developing green belt, etc. The Company conducts various programmes on environment, health and safety to raise awareness among all employees.

To develop safety culture at work place, the Company has implemented Process Safety Management and Behaviour Based Safety Management tools across the units and as a part of Environment Management System and stringent monitoring. Every year the Company organises a Tree Plantation drive on 5 June to celebrate World Environment Day. Each employee plants a sapling in the company premises or in the nearby area of the Company's plant. The Company has commissioned a 100-kilowatt solar plant to generate electricity at our R&D facility for the use of Renewable energy. The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

Principle 7:
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is a member of following Chambers and Associations:

- A. Federation of Indian Chambers of Commerce and Industry (FICCI),
- B. The Indian Drug Manufacturers Association,
- C. Gujarat Chamber of Commerce & Industry,
- D. Indian Federation of Animal Health Companies (INFAH)

The Company interacts with Government / Regulatory Authorities on any public policy framework through apex industry institutions, like Federation of Indian Chambers of Commerce and Industry, The Indian Drug Manufacturers Association, Gujarat Chamber of Commerce and Industry

and Indian Federation of Animal Health Companies. The Company puts forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry, broadly in the areas concerning access to quality medicines, best manufacturing practices, corporate governance, corporate social responsibility, etc.

Principle 8:
Businesses should support inclusive growth and equitable development

The Company's CSR initiatives are taken in line with policy framed by Board of Directors. The Company has implemented the activities and programs through external NGOs and other implementing agencies. The Company carries out initiatives in the field of education, health and environment conversations.

In line with its policy, the Company has contributed towards education, healthcare and social outreach programs and a majority of its CSR spending in the previous financial year has been in these areas. A report in the prescribed format on CSR activities carried out by the Company forms a part of this Annual Report.

Principle 9:
Businesses should engage with and provide value to their customers and consumers in a responsible manner

The company has well established customer complaint handling standard operating procedures. Our Quality Assurance department always close the customer complaint as per defined procedure. Our company maintains customer complaint register which is duly inspected by regulatory authority at the time of inspection.

There are no cases filed by any customer or consumer against the company in the financial year 2019-20 and no consumer case is pending at the end of financial year 2019-20.

The Company displays all product information on the product label, which is mandatory and as may be required for the use of the products by the consumers. The Company shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behaviour. The Company has various checks and balances to ensure that the business of the Company is done in a fair and responsible manner.

The Company carries out the consumer satisfaction survey to measure the satisfaction among its consumers. Post marketing surveillance is also carried out by the marketing team to track and monitor the efficacy and safety of the products.

Management Discussion and Analysis

ECONOMIC OVERVIEW

Global Economy

The global economy was facing challenges amidst heightened policy uncertainty, persistent trade tensions, Brexit issues and declining business and consumer confidence. The outbreak of COVID-19 pandemic in early 2020 has spread with alarming pace, infecting millions and bringing economic activity to a near-standstill, as countries imposed tight restrictions on movement to halt the spread of the virus. The lockdown measures brought in by most governments had frozen business activity in many sectors leading to supply chain disruptions, international trade disturbances, widened inequality and undermined confidence in the future. Consumption in most of the economies will slowdown owing to increase in precautionary savings. Consequently, the global economy is expected to contract by 4.9% during 2020 which

will mark the steepest downturn since global financial crisis of 2008-09.

The pandemic is expected to plunge most countries into recession in 2020. Advanced economies are projected to shrink by 8.0% in 2020, emerging market and developing economies are expected to contract by 3.0%. China, where the coronavirus's impacts were first recorded this year is the only country projected to remain in positive growth trajectory in 2020. In China, the business activity has started resuming with the help of large fiscal and monetary stimulus and is thus projected to grow at 1.0% in 2020. Emerging Asia is likely to remain in the best position for recovery with growth seen improving to 7.4% in 2021. However, a varying degree of fiscal support, economic output, commodity exposure and debt structure result in large divergences across emerging economies.

World Economies: Performance at a Glance

World Economic output growth in %

	2018	2019	2020P	2021P
World Output	3.6	2.9	-4.9	5.4
Advanced Economies	2.2	1.7	-8.0	4.8
United States	2.9	2.3	-8.0	4.5
Euro Area	1.9	1.3	-10.2	6.0
Japan	0.3	0.7	-5.8	2.4
United Kingdom	1.3	1.4	-10.2	6.3
Canada	2.0	1.7	-8.4	4.9
Other Advanced Economies	2.7	1.7	-4.8	4.2
Emerging Market and Developing Economies	4.5	3.7	-3.0	5.9
Emerging and Developed Asia	6.3	5.5	-0.8	7.4
China	6.7	6.1	1.0	8.2
India	6.1	4.2	-4.5	6.0
ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	5.3	4.9	-2.0	6.2

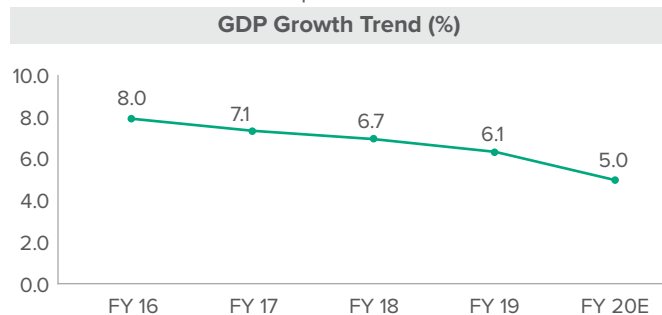
Source: IMF, June 2020

To combat the economic disruption caused by COVID-19, the governments and central banks worldwide have enacted sweeping and sizable fiscal and monetary stimulus measures. The Governments across the world are strengthening health care systems and build the supply of medical equipment. To support governments requiring financial assistance, several facilities are also made available from the IMF and the other global community. Even after COVID-19 is contained, it will take some time for economic activity returning to pre-pandemic levels. Assuming the pandemic fades in the

second half of 2020, partial recovery is expected in 2021, although with considerable uncertainty about the strength of the rebound. A sharp decline in consumer spending in the European Union and the United States will reduce imports of consumer goods from developing countries. World economy is still exposed to re-escalation of US-China frictions and a global credit crunch. Further the growth prospects depend on many factors, including containment period for COVID-19, the duration of any shutdowns, the impact on activity, and the implementation of fiscal and monetary policy support.

Indian Economy

India is currently facing notable challenges, including the outbreak of COVID-19 and the preceding slowdown of the informal economy. However, prolonged weak investment, slowdown in private consumption driven by financial stress among rural households, weak job creation and credit crunch among non-bank financial institutions (NBFIs) have increased the probability of a more entrenched weakening. As per the second advance estimates released by the Central Statistics Organisation (CSO), the growth in real GDP during FY 2019-20 is estimated at 5.0% as compared to 6.1% in FY 2019-20.



Source: Central Statistics Organisation, 2nd Advance Estimates dated 28th Feb, 2020

To support the Indian economy in the aftermath of the Covid-19 pandemic, the Government had announced the “Aatma Nirbhar Bharat Abhiyan” or “Self-Reliant India Movement”, which is equivalent to approximately 10% of the nominal GDP of India. The package includes the liquidity measures announced by the Reserve Bank of India, levy to banks over asset quality, relief package announced under the Pradhan Mantri Garib Kalyan Yojana (PMGKY), the emergency response and health system preparedness package etc. However, the pandemic has significantly weakened India’s growth potential for this year and exposed the challenges associated with a high public-debt burden.

Outlook

The Moody’s rating agency has downgraded the India’s sovereign rating to ‘Baa3’ from Baa2’, and maintained negative outlook noting that there are risks of sustained period of relatively low growth, significant deterioration in the general government fiscal position and stress in the financial sector. Moody’s expects India’s real GDP to contract by 4.0% in FY 2019-20 due to the shock from the coronavirus pandemic and related lockdown measures, followed by 8.7% growth in FY 2020-21.

Despite near-term volatility, the country’s robust foundation—built on structural reform, the domestic nature of the market and prudent monetary and fiscal policy will help it to navigate the current challenging market environment. The RBI has also cut interest rates by 115bps since March 2020 and lending rates are headed lower which is always a good sign for the economy. The growth in India’s GDP will be further aided by reinforcement of labour reforms and regulations, savings from oil import bills due to fluctuations in oil prices and improvement in supply chain.

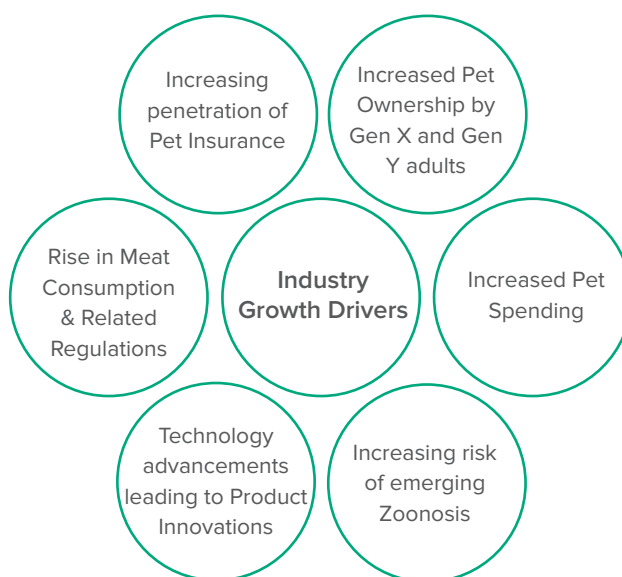
INDUSTRY OVERVIEW

Global Veterinary healthcare industry

The veterinary healthcare industry comprises of goods and services consumed for diagnosis, treatment and prevention of animal diseases. It includes establishments that provide veterinary services, veterinary medical equipment producers and animal medicine producers. The industry can be classified under three categories namely veterinary services, veterinary medical equipment and animal medicine.

In the year 2019, the global veterinary healthcare industry has reached to USD154.4 billion, achieved a remarkable CAGR of 10.1% between 2015 and 2019. As per a study, the trend is expected to further accelerate to achieve 11.0% CAGR to reach USD234 billion by 2023.

Following factors are the major growth drivers for the industry:



Following factors are the major challenges for the industry:



As per a study, North America is the largest region in the global veterinary healthcare market, contributed 47.1% share of the global industry in 2019. It's followed by Western Europe, Asia Pacific, and then the other regions. It is expected that Africa and Asia Pacific regions, would be the fastest-growing regions in the veterinary healthcare market.

<https://www.thebusinessresearchcompany.com/report/veterinary-healthcare-market>

Indian Animal healthcare industry

The India animal health market is currently witnessing strong growth and expected to achieve a CAGR of 5.5% between 2020 and 2025. Animal health refers to the regular monitoring of the health of domesticated animals or livestock including the development of veterinary drugs, pesticides, feed additives, pharmaceuticals and biologics. In addition, it also consist of ensuring constant food supply and preventing the outbreak of various zoonotic diseases, such as feline leukemia, animal flu, Lyme disease and tick infestation, caused by viruses, bacteria and parasites. In order to reduce the chances of inter-species infection in a veterinary or a domesticated situation, effective practice of animal healthcare is inevitable. In India, the Government focuses and invests significantly for improving the animal healthcare practices as major industries such as dairy in India are animal-dependent.

Animal healthcare sector in India has witnessed a paradigm shift over the last few years because of the adoption of innovative technologies used for prevention and cure of farm and companion animals. The business approach among animal health companies have evolved from therapeutics to preventive and then from productivity enhancement to now focusing on overall healthcare.

India has the highest zoonotic disease burden among the developing countries with widespread illness and death. As per the International Livestock Research Institute (ILRI) study, 27% of the livestock in India showed signs of being infected with bacterial food-borne diseases, which are sources of food contamination. Hence rising prevalence of infectious and parasitic diseases is creating the next wave of innovation in managing animal health.

Major growth enablers for the industry

- Significant growth in the veterinary pharmaceutical industry
- Rising prevalence of zoonotic diseases
- Various technological advancements, such as the integration of the Internet of Things (IoT) with animal health monitoring solutions, coupled with the increasing utilization of mobile sensors and wearables to monitor animal behaviour and health
- Increasing demand for poultry and milk products is, in turn, driving the demand for feed additives, vaccines and drugs.

- Growing urbanisation, changing lifestyle and increase in per capita income have encouraged pet ownership as well as increased willingness to pay for pet healthcare.
- Increase in the number of Government strategies to promote healthcare policies

The Government of India, along with various non-governmental organizations, are undertaking research and development (R&D) activities in the field of animal health. For instance, the Indian Federation of Animal Health Companies (INFHA), an organization formed under Section 25 of the Companies Act, works extensively to create awareness for controlling disease and provides effective treatments.

<https://www.imarcgroup.com/india-animal-health-market>

Government Initiatives

- In September 2019, The Government has launched world's largest ever vaccination programme National Animal Disease Control Programme (NACDP) for eradicating the foot and mouth disease (FMD) and brucellosis in livestock with a financial outlay of ₹ 13,343 crore for five years (FY 2019-20 to FY 2023-24). The programme aims to control the livestock diseases by 2025 and eradicate the same by 2030 It also aims at vaccinating over 500 million livestock including cattle, buffalo, sheep, goats and pigs against the FMD and 36 million female bovine calves annually in its fight against the brucellosis disease. As on 24 June 2020, out of 51.7 million animals registered, 17.5 million FMD vaccination and 6,105 brucellosis vaccination were conducted.
- The government also launched several other programmes concerning Livestock Health, Nutrition and Dairy Farming. It launched the National Artificial Insemination Programme (NAIP) and a country wide workshop in all the Krishi Vigyan Kendras (KVKs) in all the 687 Districts of the country on vaccination and disease management, Artificial Insemination and Productivity. More than 11 Lakh Artificial Inseminations were done under NAIP for breed improvement in 2019. As on 24 June 2020, out of 51.7 million animals registered, 4.96 million Artificial Insemination and 0.42 million pregnancy diagnosis were conducted in total. Swachhta Hi Seva Programme focuses on reducing the usage of Single Use Plastic in the country.
- DAHD launched Quality Milk Programme in July 2019 with the objectives to achieve Global standards for domestic milk consumption and increasing share of milk and milk products in world exports. In the first phase of the programme during FY 2019-20, approval has been granted for strengthening of 231 dairy plants under "National Programme for Dairy Development (NPDD)" to equip them to detect adulterants in milk. The total cost of the project was ₹ 271.64 crore. Out of this, an amount of ₹ 128.56 crore has been released to States as first instalment during FY 2019-20.
<https://pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=1598062>
<http://inaph.nddb.coop/>
<https://pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=1584719>

COMPANY OVERVIEW

Hester Biosciences Limited (hereinafter to be referred as the Company/Hester) is one of the leading animal healthcare companies in India. Incorporated in 1987, Hester has established a strong brand name and is presently the second largest poultry vaccine manufacturer in India.

Hester has four business verticals namely Poultry Vaccines, Animal Vaccines, Poultry Health Products and Animal Health Products. The Company's products and services portfolio comprises of more than 49 vaccines and 60 health products. Hester's products and services are catering to all sectors of animal healthcare with wide acceptance across India and international markets. The Company has established its footprints in various countries of the African and Middle East region and in many countries like Colombia, Mongolia, Uzbekistan, Vietnam, Indonesia, Nepal and Bangladesh.

Headquartered in Ahmedabad, Gujarat, the Company has three state-of-the-art manufacturing units for vaccine, health products and diagnostics. Its first manufacturing unit located in Kadi, Mehsana district of Gujarat, is the largest single location animal biological manufacturing facility in Asia, created to benchmarked international quality and compliance standards. The second unit located in Kathmandu, Nepal. Hester has an installed manufacturing capacity of 4.80 billion doses in India and 1.24 billion doses in Nepal. The Company is also setting up another unit at Dar es Salaam in Tanzania, Africa. The Company's key strength lies in its cutting-edge research and development capabilities.

Hester is WHO Good Manufacturing Practices (GMP), Good Laboratory Practices (GLP), ISO 9001, ISO 14001 and OHSAS 18001-certified Company. During the year under review, the Company has received GMP from Tanzania drug authority manufacturing facility for both Hester India and HBNPL. The Company's R&D department is recognised and approved by the DSIR (Department of Scientific & Industrial Research) for in-house development.

Products & Services

In the product category, the Company has two segments i.e. Poultry and Animals. It provides over 45 products across poultry vaccines, which includes Live Vaccines, Inactivated Vaccines and several health products. In addition to ELISA & PCR diagnostic kits, the Company develop and sale NDV and IBV ELISA kits for sero-monitoring of poultry and PCR molecular diagnostic kits for a variety of diseases. These kits help towards an accurate diagnosis of diseases or virus strains in broiler, thereby inducing corrective action.

HBL started manufacturing and marketing of animal vaccines in March 2015 and currently manufactures three types of vaccines for animals

1. PPR vaccine (sheep and goat plague)
2. Goat Pox vaccine, HBL is the first Company to manufacture Goat Pox vaccine in India.
3. Brucella abortus (S19) calf Vaccine.

The Company also markets wide range of medicines, feed supplements and disinfectants for poultry and animals.

Financial and Operational Overview – On Standalone basis

During the period under review, poultry industry remained in a recessionary condition throughout the year. The animal segment performed reasonably well. However, the supplies under tenders in animal segment, which were expected to be executed in Q4 FY20 got delayed due to outbreak of Covid-19 and subsequent lockdown measures.

During FY 2019-20, the Company has invested considerably in marketing and distribution by hiring additional field force in order to drive increase in sales, by covering larger territories and expanding geographical presence. However, the investment did not delivered proportionate growth, resulting into high costs impacting the profitability of the Company.

Hester has established laboratory for nutritional products to get and test samples from various dairies and give them the report on the health status of their animals, etc. This will complement the efforts of the marketing strategy to extend the scope onto the large animal side and better market penetration.

Hester has also set up the Manufacturing Science & Technology Division to work on the improvisation of production yields and performances of the vaccines in the field. The Company has initiated the development of a vaccine against COVID-19 disease. A recombinant vaccine is being developed in collaboration with IIT Guwahati. The Company expects vaccine to get into animal trials by December 2020.

The Company has achieved sales of ₹ 1,694.25 million in FY 2019-20 as against ₹ 1,711.87 million in FY 2018-19, de-growth of 1%.

The Poultry segment has achieved sales of ₹ 1,203.46 million in FY 2019-20 as against ₹ 1,258.18 million in previous year, de-growth of 4%. The segment has contributed 71% in total revenues of the Company in FY 2019-20 as compared to 74% in FY 2018-19.

The Animal segment has achieved sales of ₹ 308.37 million in FY 2019-20 as against ₹ 293.86 million in previous year, growth of 5%. The segment has contributed 18% in total revenues of the Company in FY 2019-20 as compared to 17% in FY 2018-19.

Other Operating Income was ₹ 182.42 million in FY 2019-20 as against ₹ 159.82 million in previous year.

The Company has achieved domestic sales of ₹ 1,316.04 million in FY 2019-20 as against ₹ 1,443.45 million in FY 2018-19, de-growth of 9%. The Company has achieved export sales of ₹ 224.19 million in FY 2019-20 as against ₹ 133.89 million in FY 2019-20, growth of 67%.

The Company has achieved EBITDA of 31% of sales in FY 2019-20 as against 40% of sales in FY 2018-19, de-growth of 846 basis points.

The Company has achieved Net Profit of 18% of sales in FY 2019-20 as against 26% of sales in FY 2018-19, de-growth of 719 basis points.

The Company has recommended a dividend of ₹ 6.60 per equity share representing 66% of Face Value ₹ 10 per share for FY 2019-20. This is in line with the Company's dividend policy to distribute a minimum of 18% of the net profit.

Outlook

- **Diversify product-mix**

In the past few years, the Company has attained Significant gains in Veterinary Healthcare Industry/Sector viz. Bovines, Poultry and other large animals. The entire vaccine portfolio i.e. PPR, Goat Pox, Brucella Abortus has witnessed healthy growth in previous year. The segment's contribution in sales has increased from 17% in FY 2018-19 to 18% in FY 2019-20. Going forward, the segment's contribution in sales is expected to rise further.

- **Strengthen the marketing team**

With the objective to penetrate our products in new geographies, marketing and sales team has been strengthened by adding 25+ manpower in the field force. These initiatives are expected to generate larger scale, specifically for Animal healthcare products.

- **Boosting International Revenues**

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

In Nepal, the Company has 14 number of vaccine licenses and expects another 9 number of vaccine licenses in the future. These vaccines will be available for domestic sale as well as for exports.

To capturing the immense potential of the Africa market, the Company is setting-up a specific animal vaccine manufacturing plant in Tanzania. The new unit is under construction with full-fledged depot, cold room storage, transportation facility.

The Company has also entered into technical collaboration with Egypt-based Novapharma which is expected to reveal significant opportunity. Given high demand for poultry vaccine and low competition in Egypt, the Company would be able to gain significant market share.

- **Government Initiatives to drive growth**

Hester is currently manufacturing and selling Brucella vaccine. Hester will be a contributor in the Brucella disease

control program under National Animal Disease Control Program (NACDP) initiative taken by the Government by way of making the vaccine available across the country through the initiative of the Government. The Company has already geared-up to ensure that it is able to supply the required quantities in the coming years.

- **Unique Distribution Network**

The Company's distribution network in India ensures a delivery system that maintains a cold chain up to the end user, besides making the vaccines available at competitive prices. The uniqueness of the distribution system earned Hester its partnership with GALVmed for successfully setting up the world's largest backyard poultry and immunization program

RISKS IDENTIFICATION & MITIGATION STRATEGIES

- **Economic Slowdown**

The Company's products assist in producing the most low-cost forms of animal protein i.e. milk, eggs and meat. Any slowdown in economy will impact the demand of these products which could adversely affect the sales of the Company's animal healthcare products.

Mitigation Strategy:

The Company continuously monitor and evaluates the business and economic scenario. New technologies are being adopted to overcome such event and to improve market penetration.

The Company continuously monitor the business and economic environment and adapt new technologies and seek ways to improve market penetration to counter such an event.

- **Competition Risk**

The manufacturing processes as well as geographical expansion is very complex in the industry given stringent registration requirements. However, in case any competitor emerges with better technology or better access to markets, it may adversely affect the Company's prospects.

Mitigation Strategy:

The Company is one of the largest animal healthcare companies in Asia and effortlessly strive to stay ahead in the learning curve by implementing latest technologies. The Company is also expanding its geographical reach and changing its product mix to stay ahead among the peers.

- **Delay in Government Programs**

Animal vaccines such as those for Brucella and PPR are supported by the government for their initiatives to eradicate these animal diseases. The Company's operations in the short term may be affected, in case of delay in rolling out these programs by the government.

Mitigation Strategy

The Company is developing newer routes of market access such as selling to large dairy owners, cattle farms and co-operatives to ensure these products reach markets.

- **Product Development Issues**

One of the Company's key product advantages has been offering a thermostable vaccine for Newcastle disease, for the same any cold chain distribution system is not required. This allows the Company to offer product in remote regions as well. In case of delays in development, the Company would not be able to offer this product to areas doesn't have cold storage distribution facilities.

Mitigation Strategy

The Company have been building up inventory of these products and have implemented a production planning system. However, a disproportionately large government order or export tender may require us to divert stock from other markets, or use manufacturing capacity to handle such demand. Since these vaccines need to be administered only at a specific period in the animal life cycle, the Company build sufficient inventory to meet the demand.

- **Forex Risks**

Being exposed to a significant number of geographies, the Company deals in a number of currencies and runs the risk of unfavourable movement in any currency leading to financial losses

Mitigation Strategy

In the FY 2019-20, the Company derived over 13% of sales from exports and fulfil some of its raw material requirements through imports. The Company manage forex risks by adopting a very stringent hedging policy. The Company keeps a close watch on rupee movement and enters hedging contracts to protect margins.

- **Regulatory Risks**

The Company must comply with all applicable quality standards prescribed by regulatory authorities of countries where it either supplies products or intends to do the same.

Applicable regulations are increasingly becoming stringent and the cost for non-compliance can be severe as it can lead to the revocation or suspension of licenses, imposition of fines and criminal sanctions. Any violation of regulatory methods or non-compliance of standards can also tarnish a Company's reputation and thereby, risk its future.

Mitigation Strategy

The Company always endeavours to reduce political or regulatory risks by involving proper legal consultations and ensuring documentations are done properly.

INTERNAL CONTROLS, SYSTEMS AND ADEQUACY

A robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. The Company has established a strong internal control system aimed at providing assurance on the effectiveness and efficiency of operations, compliance with laws and regulations, safeguarding of assets and reliability of financial and management reporting. The Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations.

The Company's resilience and focus is driven to a large extent by its strong internal control systems for financial reporting. Audit committee is also responsible for implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of its business. The Company follows strict procedures to ensure prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. Internal audits are conducted periodically to provide reasonable assurance over internal control effectiveness and advice on industry-wide, best practices. The Audit committee review important issues raised by the Internal and Statutory Auditors on a periodic basis. Timely and adequate measures are undertaken ensuring that the risk is mitigated appropriately with necessary rectification measures on a periodic basis.

Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for Listed Companies vide Regulation 17 to 27 and 46 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as amended from time to time.

Corporate Governance is corporate discipline, extended transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance stakeholder's value by 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 continuous good corporate governance and always strives to improve performance at all level by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprises of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The Company's continued endeavour is to achieve good governance which ensures our performance rules with integrity, thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, consumers and the community at large. Apart from compliance with the statutory provisions of Company Law, allied acts and SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015, our disclosure seeks to attain best practices in corporate governance. We believe that good corporate governance is critical to enhance and retain stakeholders' trust.

GOVERNANCE STRUCTURE

Governance structure of the Company comprises of the Board of Directors and the Committees of the Board at the top level

and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organisational and governance structure enables an environment for value creation through sustainable and profitable growth. The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities. The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism, accountability and decision making process to be followed. The CEO & Managing Director is in overall control and responsible for the overall working of the Company. He gives strategic directions, lays down the policy guidelines and ensures the implementation of the decisions of the Board and its committees. The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

BOARD OF DIRECTORS

The CEO & Managing Director looks after the day-to-day business affairs of the Company; the Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the CEO & Managing Director.

A) Composition of the Board

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meet with the requirements of the Code of Corporate Governance and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. As on 31 March 2020, the Board is headed by Dr. Bhupendra Gandhi, Non-Executive Chairman and who is also related to the Promoters. Pursuant to Regulation 17A of Listing Regulations, the Company has obtained the approval of members through special resolution for attaining age of 75 Years and more. As on 31 March 2020, your Company's Board comprises of eight Directors (excluding One Alternate Director); which includes one Executive Director and seven Non-Executive Directors, including four Independent Directors, who have considerable experience and expertise in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 and Rules made there under and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert

knowledge in the fields of finance, taxation, legal, industry and information technology. Thus the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

The following is the list of core skills/expertise/competencies possessed by the Board of Directors of the Company, which are essential for the functioning of the Company in an effective manner:

- a) **Managerial:**
Experience and expertise in Business Management, Project Management and Risk Management functions.
- b) **Marketing & Distribution:**
Experience and expertise in developing promotional strategies to increase the sales in the existing market and explore potential for the Company at Domestic and Global level. Awareness about domestic and global markets business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
- c) **Finance & Audit:**
Expertise and Experience in accounting and financial control functions. Expertise in preparation of financial strategies for the long term growth of the business.
- d) **Environment Sustainability:**
Experience and expertise in developing and implementing high standards of environment sustainability in the Company.
- e) **Compliance & Governance:**
Awareness of the existing laws and economic policies applicable to the Company thereby ensuring proper legal and statutory compliances and appropriate application of policies to the

advantage of the Company. Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

- f) **Business Strategy & Planning:**
Experience in guiding and leading management teams to make decisions in uncertain environments and long term planning through business strategic management.
- g) **Merger & Acquisition:**
Experience of merger and acquisition activities to help Company for investment in right direction with better growth and development.
- h) **Technology & Innovation:**
Experience of Board members about the technology applicable to the company resulting in how to implement technological updates into the business of the Company. Innovative ideas about technology development and adoption which is helpful into the business of the Company.

The eligibility of a person to be appointed as a Director of the Company is dependent on the following:

- The person possesses the requisite skill sets identified by the Board as above;
- The person is a proven leader in running a business that is relevant to the Companies' business or;
- The person is a proven academician in the field relevant to the Company's business.

The Directors appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a director's name does not necessarily mean the member does not possess the corresponding skills/expertise/competencies:

Name of Director	Managerial	Marketing & Distribution	Finance & Audit	Environment Sustainability	Compliance & Governance	Business Strategy & Planning	Merger & Acquisition	Technology & Innovation
Dr. Bhupendra Gandhi Chairman	✓	-	-	✓	✓	-	-	✓
Mr. Rajiv Gandhi CEO & Managing Director	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Sanjiv Gandhi Director	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ravin Gandhi Director	✓	-	✓	-	-	✓	✓	-
Ms. Nina Gandhi Alternate Director	✓	✓	✓	✓	✓	✓	-	-

Name of Director	Managerial	Marketing & Distribution	Finance & Audit	Environment Sustainability	Compliance & Governance	Business Strategy & Planning	Merger & Acquisition	Technology & Innovation
Mr. Vishwesh Patel[#] Independent Director	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Grishma Nanavaty[#] Independent Director	✓	-	✓	-	✓	-	-	✓
Mr. Naman Patel Independent Director	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Amit Shukla Independent Director	✓	✓	✓	-	✓	-	-	✓
Ms. Sandhya Patel[*] Independent Director	✓	✓	✓	✓	✓	✓	-	✓
Mr. Ashok Bhadakal[*] Independent Director	✓	✓	-	✓	✓	✓	-	✓

* Appointed in Board as an Independent Directors with effect from 1 April 2020.

[#] Ceased to be a members of Board consequent to the completion of their term as Independent Director with effect from 1 April 2020

In the opinion of the board, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

B) Board of Directors and their Meetings

During the year, upon recommendation of Nomination and Remuneration Committee, Ms. Sandhya Patel (DIN: 02215022) and Mr. Ashok Bhadakal (DIN: 00981201), were appointed as an Additional Independent Director of the Company for the period of period of 3 years with effect from 1 April 2020 subject to approval of the members at the ensuing Annual General Meeting.

Mr. Naman Patel (DIN: 05143261) and Mr. Amit Shukla (DIN: 00709322), were appointed as an Independent Director for a period of 5 (five) consecutive years i.e. up to 31 March 2020. Based on the performance evaluation and upon the recommendation of Nomination and Remuneration Committee, the Board of Directors through circular resolution passed on 31 March 2020 approved their re-appointment as an Independent Director of the Company, subject to approval of the members by way of a special resolution, to hold office for a second term of 3 (three) consecutive years with effect from 1 April 2020 to 31 March 2023.

Mr. Vishwesh Patel and Ms. Grishma Nanavaty, Independent Directors of the Company, were ceased to hold office with effect from 1 April 2020, due to completion of two consecutive terms as independent directors.

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

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

In compliance with regulation 17 of the Listing Regulations and as required under the Act, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, six board meetings were held on 7 May 2019, 31 July 2019, 6 November 2019, 18 December 2019, 7 February 2020 and 4 March 2020.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual financial statements, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiary. The Agenda for the Board meeting covers items set out as guidelines in regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. In compliance with regulation 17 of Listing Regulations, the Company has circulated all agenda papers along with notes and other supporting before seven days of the Board meetings.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the Registered Office of the Company is situated. The Company Secretary, in consultation with the CEO & Managing Director, prepare detailed agenda for the

meetings. Directors are also free to bring up any matter for discussion at the Board meetings with the permission of the Chairman.

Video and audio conferencing facilities are also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings. During the year, no director has opted for video or audio means facility to attend the meetings.

The During the year, Information as mentioned in Part A of Schedule II of SEBI Listing Regulations, has been placed before the Board for its Consideration.

The Board periodically reviews the Compliance reports of all laws applicable to the Company

The draft minutes of the meeting approved by the Chairman is circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board/ Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board/ Committee meetings is placed, for the information, to the Board/ Committee members.

The Board has complete access to the information within the Company, which inter alia includes:

- 1) Quarterly results and results of operations of Company, its subsidiaries;
- 2) All borrowings, investments, loans and guarantees;
- 3) Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies;

- 4) Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements;
- 5) Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any;
- 6) Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or;
- 7) Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

The Independent Directors ("IDs") play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of pharmaceuticals, industry, marketing, accountancy, finance, taxation and other areas.

While constituting the Committee of Directors, the requirement that a Director shall not be a member of more than ten committees and Chairman of not more than five committees have been ensured and complied with. None of the Independent Directors serves as an Independent Director in more than seven listed Companies. None of the Director of the Company is serving as a Whole-Time Director in any listed Company and is holding a position of Independent Director in more than three listed Companies.

The following table gives the attendance of the Directors at the Board meetings of the Company as at 31 March 2020.

Name of the Director	Category & Position	No. of Board meetings held during the year	No. of Board meetings attended	Whether attended last AGM (Yes/No)	Number of equity Shares held
Dr. Bhupendra Gandhi*	Non-Executive Chairman	6	5	Yes	399,100
Mr. Rajiv Gandhi	Executive CEO & Managing Director	6	6	Yes	885,397
Mr. Sanjiv Gandhi	Non-Executive Non-Independent Director	6	5	Yes	692,820
Mr. Ravin Gandhi	Non-Executive Non-Independent Director	6	-	-	403,320
Mr. Vishwesh Patel [#]	Non-Executive Independent Director	6	6	No	54,000
Ms. Grishma Nanavaty [#]	Non-Executive Independent Woman Director	6	4	Yes	-
Mr. Naman Patel	Non-Executive Independent Director	6	6	Yes	1,500
Mr. Amit Shukla	Non-Executive a Independent Director	6	5	Yes	5,250
Ms. Sandhya Patel**	Non-Executive Independent Woman Director	-	-	-	-
Mr. Ashok Bhadaka ^{**}	Non-Executive Independent Director	-	-	-	-
Ms. Nina Gandhi	Non-Executive Alternate Director	6	6	Yes	696,340

* Promoter Director and uncle of Mr. Rajiv Gandhi (CEO & Managing Director)

** Appointed in Board as an Independent Directors with effect from 1 April 2020.

[#] Ceased to be a members of Board consequent to the completion of their term as Independent Director with effect from 1 April 2020

All the Directors as on the date of the AGM were present at the Annual General Meeting except Mr. Vishwesh Patel, held on 31 July 2019.

The following table gives the names of the listed entities where the Directors of the Company are Directors and the category of their respective directorship:

Name of the Director of the Company	Indian Public Companies [#]	Other Board Committee*		Name of the listed companies in which the Director of the Company is a Director	Category of Directorship in the listed companies
		Chairmanship	Member		
Dr. Bhupendra Gandhi	-	-	-	-	-
Mr. Rajiv Gandhi	2	1	-	-	-
Mr. Sanjiv Gandhi	1	-	-	-	-
Mr. Ravin Gandhi	-	-	-	-	-
Mr. Vishwesh Patel	-	1	1	-	-
Ms. Grishma Nanavatya	-	1	1	-	-
Mr. Naman Patel	2	-	3	Gujarat Apollo Industries Limited	Independent Director
Mr. Amit Shukla	-	-	2	-	-
Ms. Sandhya Patel	1	-	-	-	-
Mr. Ashok Bhadakal	-	-	-	-	-
Ms. Nina Gandhi	1	-	-	-	-

* Other Board committee means Audit Committee and Stakeholders' Grievances and Relationship Committee.

[#] Directorship in Public Companies (listed and unlisted) excluding Hester Biosciences Limited.

C) Details of Directors seeking appointment/re-appointment in ensuing Annual General Meeting

The information as required by regulations 26 & 36(3) of the SEBI (LODR) Regulation, 2015, in relation to appointment/re-appointment of Directors of the Company are provided in the 33rd Annual General Meeting Notice of the Company.

management from the Board etc. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgment etc.

D) Familiarisation Programme

At the time of appointment of an Independent Director, a formal letter of appointment is given to him/her, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made there under and regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Familiarisation programme is posted on the website of the Company and any member can visit the Company's website by clicking the link: <https://www.hester.in/s/Policy-on-Familiarization-Programme-for-the-Independent-Directors-bwm9.pdf>

Further, the Board of Directors have carried out the evaluation of the Independent Directors, which included the performance of the IDs and fulfillment of the independence criteria as specified in the Listing Regulations and their independence from the management. The Directors who were subject to evaluation did not participate in the proceedings of the meeting.

COMMITTEES OF BOARD OF DIRECTORS

The Board of Directors currently has the following committees:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders' Grievances and Relationship Committee
- 4) Corporate Social Responsibility (CSR) Committee
- 5) Management Committee
- 6) Share Transfer Committee

E) Evaluation of Board of Directors

During the year, the performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the each Board Committees are convened by the respective Committee Chairman / Chairperson.

1) Audit Committee

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

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

Audit Committee comprises four members Mr. Naman Patel as the Chairman of the Committee and Mr. Amit Shukla, Ms. Sandhya Patel and Mr. Ashok Bhadakal as the Members with effect from 1 April 2020. Mr. Vishwesh Patel and Ms. Grishma Nanavaty were ceased to be as a Members of the Committee with effect from 1 April 2020 due to their terms completed as an Independent Directors. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Audit Committee held six meetings during 2019-20 on 7 May 2019, 31 July 2019, 6 November 2019, 18 December 2019, 7 February 2020 and 4 March 2020. The time gap between any two meetings was less than 120 days. The Audit Committee, at its Meeting held on 7 May 2019, reviewed the audited financial results for the quarter and year ended on 31 March 2019 and recommended the accounts for approvals by the Board of Directors. The Audit Committee, at its meetings held on 31 July 2019, 6 November 2019 and 7 February 2020, reviewed the unaudited financial results for the quarter ended on 30 June 2019, 30 September 2019 and 31 December 2019. On 18 December 2019 the Audit Committee meeting held for approval of fund raising proposal.

Details of the attendance of the members of the Committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings held	No. of Meetings Attended
Mr. Vishwesh Patel [#]	Non-Executive/Independent	6	6
Ms. Grishma Nanavaty ^{##}	Non-Executive/Independent	6	4
Mr. Naman Patel (Chairman)*	Non-Executive/Independent	6	6
Mr. Amit Shukla	Non-Executive/Independent	6	5
Ms. Sandhya Patel ^{**}	Non-Executive/Independent	-	-
Mr. Ashok Bhadakal ^{**}	Non-Executive/Independent	-	-

* Appointed as a chairman of this Committee with effect from 1 April 2020.

^{**} Appointed as a members of this Committee with effect from 1 April 2020.

[#] Ceased to be a chairman and member of this Committee consequent to the completion of his term as Independent Director with effect from 1 April 2020

^{##} Ceased to be a member of this Committee consequent to the completion of her term as Independent Director with effect from 1 April 2020

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee was not able to attend the Annual General Meeting held on 31 July 2019 and he has appointed other senior member of the committee as a chairman for the meeting on behalf of the Committee.

Invitees at the Audit Committee Meetings

The Statutory Auditor is regularly invited and has attended all the Audit Committee meetings held during the year. The Chief Financial Officer and finance personnel were invited to attend and participate in these meetings. The Company Secretary act as a Secretary to the Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

Terms of Reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - Matters requiring inclusion in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.

- b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditors' independence and performance, and effectiveness of the audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors about any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower mechanism;
 19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
 21. Management discussion and analysis of financial condition and results of operations;
 22. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 23. Transactions done with promoter or promoter group holding 20% or more of Equity or Preference share capital will require prior approval of audit committee.
 24. Review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments made.
 25. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/ promoter group which holds 10% or more shareholding in the listed entity.
 26. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 27. Internal audit reports relating to internal control weaknesses; and
 28. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

29. Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

2) Nomination and Remuneration Committee

In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations 2015, the Board has constituted a "Nomination and Remuneration Committee" (NRC).

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

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

Nomination and Remuneration Committee comprises three members Mr. Naman Patel as the Chairman of the Committee and Mr. Amit Shukla and Mr. Ashok Bhadakal as the Members with effect from 1 April 2020. Mr. Vishwesh Patel and Ms. Grishma Nanavaty were ceased to be as a Members of the Committee with effect from 1 April 2020 due to their terms completed as an Independent Directors. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 19 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee held four meetings during 2019-20 on 7 May 2019, 31 July 2019, 18 December 2019 and 4 March 2020. The meeting was held on 7 May 2019 to evaluate performance of the Independent Directors and Board as whole and on 31 July 2019 to approve and recommend resignation of Mr. Jigar Shah as a CFO of the Company and on 18 December 2019 to approve & recommend re-appointment of Mr. Rajiv Gandhi as a CEO & Managing Director of the Company. On 4 March 2020, Appointment of Mr. Sahil Shah as a CFO of the Company with effect from 1 March 2020.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Vishwesh Patel [#]	4	4
Ms. Grishma Nanavaty ^{##}	4	2
Mr. Naman Patel (Chairman)*	4	4
Mr. Amit Shukla	4	3
Mr. Ashok Bhadakal**	-	-

* Appointed as a chairman of this Committee with effect from 1 April 2020.

** Appointed as a member of this Committee with effect from 1 April 2020.

[#] Ceased to be a chairman and member of this Committee consequent to the completion of his term as Independent Director with effect from 1 April 2020

^{##} Ceased to be a member of this Committee consequent to the completion of her term as Independent Director with effect from 1 April 2020

The Company Secretary acts as the Secretary to the Committee.

Terms of Reference

The Terms of reference of the said NRC is specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration Policy and details of remuneration paid/payable to the Directors for the year ended 31 March 2020:

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The terms of reference of the Committee are in line with the requirements of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II to the Listing Regulations. The salient aspects of the Policy are outlined below:

a) Objectives:

- 1) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;
- 2) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board; and
- 3) To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

b) Remuneration to Non-Executive and Independent Director:

- 1) Non-Executive and Independent Directors may receive remuneration / commission as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made there under.
- 2) Non-Executive and Independent Directors may receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Independent Director shall be entitled to reimbursement of expenses for participation in the Board and other meeting.
- 3) Non-Executive and Independent Directors may receive commission within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- 4) An Independent Director shall not be entitled to any stock option of the Company.
- 5) Company's remuneration policy is guided by a common reward framework and set of principles and objectives as particularly

envisaged under section 178 of the Companies Act 2013, inter alia, principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

- 6) Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on 31 March 2020.
- 7) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

c) Remuneration to CEO & Managing Director:

Mr. Rajiv Gandhi is the CEO & Managing Director of the Company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors decides and approves the remuneration payable to Mr. Rajiv Gandhi, as approved by shareholders as per the resolution passed through postal ballot and result declared on 20 December 2018.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Rajiv Gandhi, CEO & Managing Director will be paid / was paid remuneration of INR 38.88 million for the financial year ended on 31 March 2020

The Company has entered into agreement with Mr. Rajiv Gandhi for their respective employment. Either party to an agreement is entitled to terminate the agreement by giving notice in writing to the other party.

d) Remuneration to Senior Management Employees:

The CEO & Managing Director with the help of the Human Resources Department, carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like - Key Performance Area v/s initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after assessing the candidates' capability to shoulder higher responsibility.

e) Details of the sitting fees paid to the Non-Executive Directors for the year 2019-20 are given below:

(In ₹ million)

Name of the Non-Executive Directors	Board Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meeting	Stakeholders' Grievances and Relationship Committee Meetings	Total
Dr. Bhupendra Gandhi	0.21	-	-	-	0.21
Mr. Sanjiv Gandhi	0.21	-	-	-	0.21
Mr. Vishwesh Patel	0.26	0.26	0.08	0.08	0.68
Ms. Grishma Nanavaty	0.16	0.16	0.03	0.08	0.43
Mr. Naman Patel	0.26	0.26	0.08	0.08	0.68
Mr. Amit Shukla	0.25	0.25	0.07	0.08	0.65
Ms. Nina Gandhi	0.26	-	-	-	0.26
Total	1.61	0.93	0.26	0.32	3.12

f) **Stock Option:**

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

The Stakeholder's Grievances & Relationship Committee held four meetings during 2019-20 on 7 May 2019, 31 July 2019, 6 November 2019 and 7 February 2020.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Amit Shukla (Chairman)*	4	3
Ms. Grishma Nanavaty [#]	4	4
Mr. Vishwesh Patel ^{##}	4	4
Mr. Naman Patel	4	4
Ms. Sandhya Patel**	-	-

* Appointed as a chairman of this Committee with effect from 1 April 2020.

** Appointed as a member of this Committee with effect from 1 April 2020.

[#] Ceased to be a chairman and member of this Committee consequent to the completion of her term as Independent Director with effect from 1 April 2020

^{##} Ceased to be a member of this Committee consequent to the completion of his term as Independent Director with effect from 1 April 2020

3) **Stakeholders' Grievances & Relationship Committee**

In compliance with the provisions of section 178 of the Companies Act, 2013 and the Listing Agreement/regulation 20 of the Listing Regulations, the Board has formed a "Stakeholder's Grievances & Relationship Committee". The Stakeholders' Grievances & Relationship Committee as a committee of the Board has been constituted specifically look into various aspects of interest of shareholders, debenture holders and other security holder pertaining to the requests/complaints of the shareholders related to transfer of shares, dematerialisation of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc..

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

Stakeholder's Grievances & Relationship Committee comprises three members Mr. Amit Shukla as the Chairman of the Committee and Mr. Naman Patel and Ms. Sandhya Patel as the Members with effect from 1 April 2020. Mr. Vishwesh Patel and Ms. Grishma Nanavaty were ceased to be as a Members of the Committee with effect from 1 April 2020 due to their terms completed as an Independent Directors. All members of the committee are Non-Executive Independent Directors. The composition of committee meets all the requirements of Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations. The Committee ensures that the shareholders'/investors' grievances and correspondence are attended and resolved expeditiously.

Number of Complaints

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

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

Terms of Reference

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

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

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Board has delegated powers for approving transfer and transmission of shares and issue of duplicate shares to the Share Transfer Committee.

4) Corporate Social Responsibility (CSR) Committee

The CSR committee constituted under Board to oversee and give direction to the Company's CSR activities under section 135 of the Companies Act, 2013. A CSR policy indicates activities, projects or programs, to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to recommend the amount of expenditure to be incurred on the CSR activity.

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

CSR Committee comprises three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv

Gandhi and Mr. Amit Shukla as the Members with effect from 1 April 2020. Mr. Vishwesh Patel and Ms. Grishma Nanavaty were ceased to be as a Members of the Committee with effect from 1 April 2020 due to their terms completed as an Independent Directors. The CSR committee held one meeting on 7 February 2020.

Details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Rajiv Gandhi (Chairman)	1	1
Mr. Vishwesh Patel [#]	1	1
Ms. Grishma Nanavaty [#]	1	1
Mr. Sanjiv Gandhi [*]	-	-
Mr. Amit Shukla [*]	-	-

* Appointed as a member of this Committee with effect from 1 April 2020.

[#] Ceased to be a members of this Committee consequent to the completion of their term as Independent Director with effect from 1 April 2020

Terms of Reference

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

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

The Company has framed a Corporate Social Responsibility policy and placed it on the website of the Company.

5) Management Committee

The Management Committee comprises three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members with effect from 1 April 2020. Ms. Grishma Nanavaty has ceased to be as a Members of the Committee with effect from 1 April 2020 due to her term completed as an Independent Directors. Management Committee oversees day to day operations of the Company. The Management Committee makes decision within the authority delegated by the Board of Directors. All decisions / recommendations of the Committee are placed before the Board of Directors for information and / or their approval. The Management Committee met 7 times during the year and all the members have attended the Meetings.

6) Share Transfer Committee

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

The Management Committee comprises three members Mr. Rajiv Gandhi as the Chairman of the Committee and Mr. Sanjiv Gandhi and Mr. Amit Shukla as the Members with effect from 1 April 2020. Ms. Grishma Nanavaty was ceased to be as a Members of the Committee with effect from 1 April 2020 due to her term completed as an Independent Directors. The Company Secretary acts as the Secretary to the committee. The Share Transfer Committee met 30 times during the year and mostly all the members attended the meetings.

The Committee meets on a need basis to ensure the regular process of transfers/transmission of shares, split, consolidation, demat/remat and issuance of duplicate share certificates.

Terms of Reference

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring transfers, transmission, dematerialisation, rematerialisation, issue of duplicate share certificates, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

INDEPENDENT DIRECTORS' MEETING

During the year under review, a separate meeting of Independent Directors was held on 7 February 2020, inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,
2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors, and

3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

RISK MANAGEMENT COMMITTEE

Pursuant to regulation 21 of the Listing Regulations mandates top 500 listed entities based on market capitalisation as at the end of the immediate previous financial year to constitute the Risk Management Committee and pursuant to based on Market Capitalisation as at the end of immediate financial year to form a Risk management Committee is not applicable to the Company.

BUSINESS RESPONSIBILITY REPORT

As per SEBI (Listing Obligation and Disclosures Requirements) Amendment Regulations, has mandated Top 1000 Companies as per market capitalisation that Annual Report shall contain Business Responsibility Report (BRR) describing the initiatives taken by the Company from an Environmental, Social and Governance perspective, in the format as specified by SEBI. Accordingly, the BRR containing the general information about the Company, financial details of the Company, other details like Business Responsibility information, principle-wise performance etc. forms part of this Annual report.

SUBSIDIARY COMPANIES

Company has four non-material Subsidiary Companies namely, Hester Biosciences Nepal Private Limited, Texas Lifesciences Private Limited, Hester Biosciences Africa Limited and Hester Biosciences Kenya Limited as on 31 March 2020. The Company has one Step-down subsidiary namely, Hester Biosciences Tanzania Limited, which is wholly-owned subsidiary of Hester Biosciences Kenya Limited as on 31 March 2020. The Audit Committee reviews the financial statements, particularly, the investments made in Subsidiary Companies and step-down subsidiary Company. The Board also reviews the financial statements of the said Subsidiary Companies on annual basis.

The Company has devised the policy for "Determining Material Subsidiaries" which is available on the website of the Company: <https://www.hester.in/s/Policy-for-Determining-Material-Subsidiaries-9m3y.pdf>

DISCLOSURES

A) Related Party Transaction

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

significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Related Party Transactions during the year have been disclosed in notes on financial statements as per the requirement of “Indian Accounting Standard (Ind As) - 24 Related Party Disclosure” issued by ICAI.

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

B) Code of Conduct

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel in Compliance with Part-D under Schedule V of SEBI (LODR) Regulations, 2015. The Code of Conduct is available on the website of the Company: www.hester.in. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended on 31 March 2020 under review. The declaration of CEO & Managing Director is given below:

To the Shareholders of Hester Biosciences Limited

Subject: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place: Ahmedabad
Date: 26 June 2020

Rajiv Gandhi
CEO & Managing Director

C) Prohibition of Insider Trading

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

D) Whistle Blower Policy

The Company has a Whistle Blower Policy to deal with instance of fraud and mismanagement. The employees of the Company are free to report instances of unethical behavior, actual or suspected fraud, violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained while dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern. Employees can lodge their Complaints through anonymous e-mails besides usual means of communications like written complaints. No personnel have been denied access to the Audit Committee.

E) Management

Management Discussion and Analysis:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report as required under Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015.

Disclosure of material financial and commercial transactions:

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

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

The particulars about the brief resume and other information required to be disclose under Regulation 36 (3) of SEBI (LODR) Regulations, 2015, of the Director seeking appointment/re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the 33rd Annual General Meeting.

G) Compliance by the Company

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H) Disclosure of accounting treatment in the preparation of financial statements

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

I) CEO/CFO Certification

The requisite certification from the CEO & Managing Director and Chief Financial Officer required to be given under Regulation 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015. The aforesaid certificate, duly signed by the CEO & Managing Director and Chief Financial Officer in respect of the financial year ended 31 March 2020, has been placed before the Board.

J) Credit Ratings

During the year, CARE Ratings Limited has reaffirmed the credit rating of "CARE A- /Stable" for long-term bank facilities and "CARE A- : Stable / CARE A2" for long-term /short term bank facilities and "CARE A2" for short term bank facilities of the Company. Further, the CARE Ratings Limited has reaffirmed the ratings on request of State Bank of India upon sanctioned of additional term loan facility.

K) Fees of Statutory Auditor

The Company has obtained the services of statutory auditor of the Company i.e. Shah Karia & Associates, Chartered Accountant, Ahmedabad and paid/payable during the FY 2019-20, towards stated services as below and Statutory Auditor of the Company is not appointed as an Auditor for any subsidiary company:

Sr.	Services	Amount (₹ in million)
1	Statutory Audit Fees	0.75
2	Limited Review and Consolidation Fees	0.35
3	Other Professional / Certification Fees	0.02
	Total	1.12

L) Certificate from a Practicing Company Secretary

The Company has obtained a certificate from Mr. Tapan Shah, Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The certificate is attached herewith as an Annexure.

M) Unclaimed Shares

During the year, the Company has transferred 4,826 equity shares held by 58 equity shareholders to Demat account of IEPF authorities for which the Company had complied with the necessary requirements. The Company have transferred total 67,327 equity shares to demat account of IEPF Authority.

N) Recommendation of the Committees:

The Board of Directors of the Company have accepted there commendations of the Committees of the Board.

MEANS OF COMMUNICATION

1. The Company has 8,901 the shareholders as on 31 March 2020. The main channel of communication to shareholders through Annual Report, which includes inter-alia, the Directors' Report, Managements' Discussion and Analysis, Report on Corporate Governance and Audited Financial Results.
2. The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman and other Key Managerial Personnel also respond to the specific queries of the shareholders.
3. The quarterly, half yearly and annual financial results are sent to Stock Exchanges and published in "Financial Express", in English and Gujarati Editions. Simultaneously, they are also put on the Company's website and can be accessed at: www.hester.in.
4. The official news releases and official media releases are sent to stock exchanges and are put on the Company's website (www.hetser.in). Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half yearly and annual financial results. These presentations and schedule of analyst or institutional investors meet or call are also put on the Company's website and the transcripts of the call can be accessed at www.hester.in as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in meeting / presentation with institutional investors and financial analysts.
5. The Company's website (www.hester.in) contains a separate dedicated section 'Investor Relations' and 'Shareholders' where information are available.
6. The Annual Report containing, inter alia, Audited Financial Statements, Audited Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms part of the Annual Report. The Company's Annual Report is also available on the Company's website and can be accessed at www.hester.in.
7. The Company disseminates the requisite corporate announcements including the SEBI Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS/ BSE's Listing Centre is a web-based application and periodical fillings like shareholding pattern, corporate governance report, financial results, material / price sensitive information, etc. are filed electronically on such designated platforms.

8. The investor complaints received through SEBI Complaints Redress System (SCORES) are processed in a centralised web-based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
9. The Company has designated the following email-id exclusively for investor servicing: investor@hesterbiosciences.co.in, for queries on share transfer, transmission, bonus shares, dividend etc.

GENERAL MEETINGS

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

Financial Year	Meeting	Date	Venue	Time
2016-17	30th AGM	28 July 2017	Ahmedabad Textile Mills' Association	11.00 a.m.
2017-18	31st AGM	10 August 2018	Hall (ATMA Hall), Ashram Road,	
2018-19	32nd AGM	31 July 2019	Navrangpura, Ahmedabad 380 009	

2) Special Resolutions passed in the previous three Annual General Meeting:

The shareholders of the Company have passed the following special resolutions in the previous three Annual General Meetings.

Sr.	Nature of Special Resolutions passed	Relevant provisions of the Companies Act	AGM details
1	Granting loan, giving guarantee, providing security or making investment in excess of limit specified in Section 186 of the Companies Act, 2013	Section 186 of Companies Act, 2013	31st AGM held on 10 August 2018
2	To give Milestone Bonus to Mr. Rajiv Gandhi, CEO & Managing Director for the FY 2018-19	Section 197 and 203 of Companies Act, 2013	32nd AGM held on 31 July 2019

The special resolutions indicated above were passed with requisite majority.

3) Approval of Members through Postal Ballot

During the year, members of the Company have approved the resolutions, stated in the below table by requisite majority, by means of Postal Ballot, including Electronics Voting (e-voting). The Postal Ballot Notice dated 18 December 2019 along with the Postal Ballot Form was sent in electronic form to the members whose email addresses were registered with the Company/ respective Depository Participants. In case of physical shareholding, copies of Postal Ballot Notice along with the Postal Ballot Form was sent in physical, by permitted mode along with self-addressed postage pre-paid Business Reply Envelope.

The Company had published a notice in the newspaper on Tuesday, 24 December 2019 in Financial Express (English and Gujarati Editions) in compliance with the provisions of the Companies Act, 2013 and Secretarial

Standard - 2. The voting period commenced from Wednesday, 25 December 2019 at 9:00 a.m. (IST) and ended on Thursday, 23 January 2020 at 5:00 p.m. (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as on Friday, 19 December 2019.

The Board of Directors had appointed Mr. Tapan Shah, a Practicing Company Secretary, as a Scrutiniser to conduct the Postal Ballot process in a fair and transparent manner and had engaged the services of Central Depository Services (India) Limited (CDSL) as an agency for the purpose of providing e-voting facility. Mr. Tapan Shah, Scrutiniser, had submitted his report on the Postal Ballot to the CEO & Managing Director and the Resolutions were passed on Saturday, 25 January 2020.

The details of the Voting Pattern are given below:

Special Resolutions passed through Postal Ballot	Votes in favour of the resolution (%)	Votes against the resolution (%)
Issuance of equity shares, and/or equity linked securities and/or securities convertible into equity shares through Qualified Institutional Placement (QIP) or preferential allotment	100.00	-
Re-Appointment of Mr. Rajiv Gandhi as a CEO & Managing Director for the period of 3 year with effect from 1 April 2020	100.00	-

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

GENERAL SHAREHOLDERS' INFORMATION

1) General Information

Date, Time and Mode of AGM	Friday, 4 September 2020 at 11.00 am. Through Video Conferencing / Other Audio Visual Means
Financial Year	1 April 2019 to 31 March 2020
Book Closure Date	Saturday, 29 August 2020 to Friday, 4 September 2020
Registered Office Address	1st Floor, Pushpak , Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380 006
Website	www.hester.in

2) Tentative Financial Calendar

First quarter financial results	On or before 14 August 2020
Half yearly financial results	On or before 14 November 2020
Third quarter financial results	On or before 14 February 2021
Audited financial results for the year 2020-21	On or before 30 May 2021

3) Listing of Equity Shares on Stock Exchanges

The Company's shares are listed and traded on the BSE Limited (BSE) at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 and The National Stock Exchange of India Limited (NSE) at Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

4) Payment of Listing Fees

Annual listing fee for the financial year 2020-21 has been paid by the Company to BSE and NSE.

5) Payment of Depository Fees

Annual Custody/ Issuer fee for the financial year 2020-21 has been paid by the Company to Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).

6) a) Details of Shares:

Types of Shares	: Equity Shares
No. of Paid Up Shares	: 8,506,865
Security Code (ISIN)	: INE782E01017

b) Stock Code, Closing Price, Market Capitalisation and Rank based on Market Capitalisation:

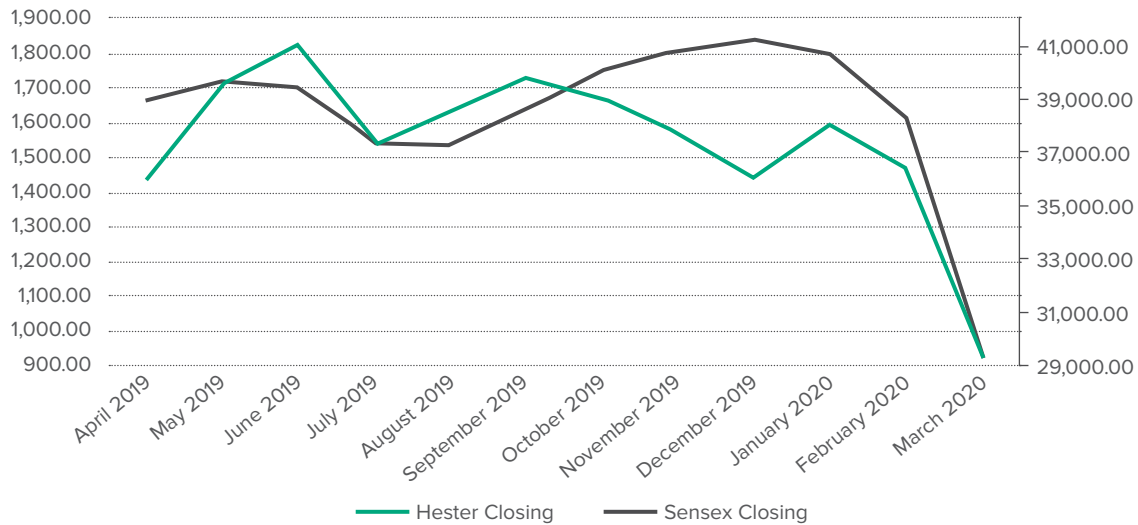
Name of the Stock Exchanges	Stock Code	Closing Price as on 31 March 2020 (₹)	Market Capitalisation as on 31 March 2020 (₹ in million)	Rank based on Market Capitalisation as on 31 March 2020
BSE Limited	524669	925.05	7,869.28	586
The National Stock Exchange of India Limited	HESTERBIO	920.45	7,830.14	575

7) Stock Market Price Data

a) Monthly share price data on BSE for the financial year 2019-20 is as under:

Month (FY 2019-20)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	BSE Sensex Closing* (₹)
April	1,557.00	1,334.30	1,435.05	39,031.55
May	1,740.00	1,403.70	1,718.00	39,714.20
June	1,930.25	1,653.00	1,824.20	39,394.64
July	1,873.75	1,508.20	1,533.15	37,481.12
August	1,700.00	1,440.00	1,628.45	37,332.79
September	2,044.40	1,593.45	1,731.60	38,667.33
October	1,831.80	1,648.00	1,670.20	40,129.05
November	1,771.00	1,555.00	1,569.75	40,793.81
December	1,627.00	1,425.00	1,441.30	41,253.74
January	1,695.00	1,421.00	1,599.90	40,723.49
February	1,679.00	1,467.00	1,472.50	38,297.29
March	1,492.15	870.00	925.05	29,468.49

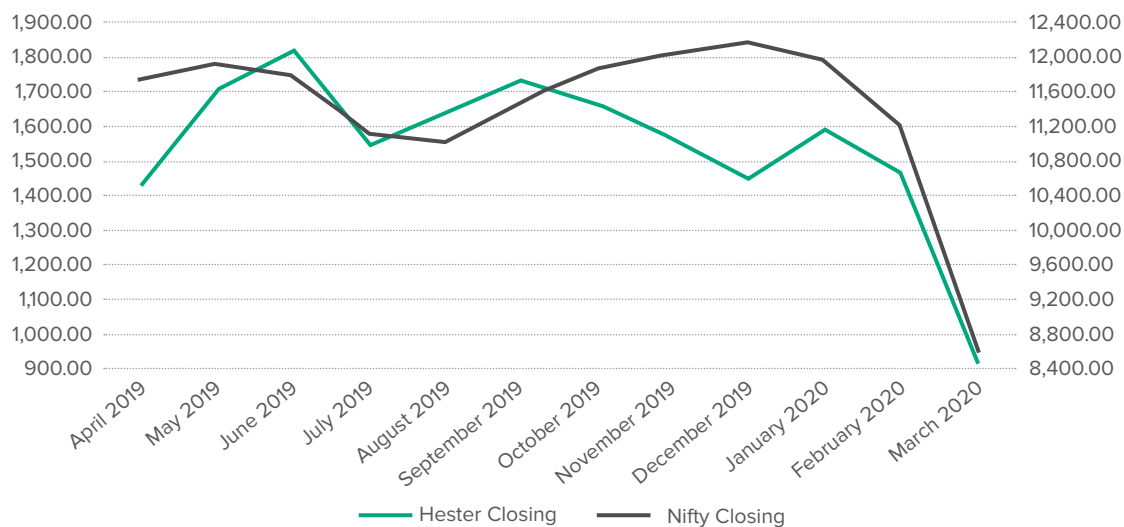
* Closing prices on the last working day of month



b) Monthly share price data on NSE for the financial year 2019-20 is as under:

Month (FY 2019-20)	Hester High (₹)	Hester Low (₹)	Hester Closing* (₹)	NSE Nifty Closing* (₹)
April	1,579.90	1,372.00	1,416.40	11,748.15
May	1,810.00	1,415.30	1,707.40	11,922.80
June	1,925.00	1,700.00	1,819.75	11,788.85
July	1,871.00	1,509.00	1,545.60	11,118.00
August	1,723.00	1,441.00	1,632.10	11,023.25
September	2,048.00	1,589.95	1,733.85	11,474.45
October	1,800.00	1,640.00	1,660.90	11,877.45
November	1,748.00	1,551.00	1,567.10	12,056.05
December	1,633.75	1,424.10	1,450.00	12,168.45
January	1,698.00	1,405.25	1,595.15	11,962.10
February	1,683.20	1,452.80	1,471.20	11,201.75
March	1,530.00	864.00	920.45	8,597.75

* Closing prices on the last working day of month



8) Shares held in Physical and Dematerialised Form

The Company's shares are compulsorily traded in the dematerialised mode. As on 31 March 2020, 95.90% shares were held in the dematerialised form and the balance 4.10% shares were held in physical form. The shareholders whose shares are held in physical form are requested to dematerialise the same at the earliest in their own interest. The dematerialised security code (ISIN) for the equity shares is **INE782E01017**. As on that date, total promoters' holding is 53.73% of the capital. Shareholding pattern of the Company as on 31 March 2020 is given in Point 9 (b).

9) Distribution of Shareholding as on 31 March 2020

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

No. of Equity Shares Held (Range)	Number of Shareholders	Percentage of Total Shareholders	Number of Shares held	Percentage to Total Shares Held
1 to 500	8,388	92.09	611,553	7.19
501 to 1000	311	3.41	221,725	2.61
1001 to 2000	175	1.92	248,770	2.92
2001 to 3000	61	0.67	150,348	1.77
3001 to 4000	34	0.37	120,498	1.42
4001 to 5000	15	0.16	66,325	0.78
5001 to 10000	51	0.56	360,153	4.23
Above 10001	73	0.80	6,727,493	79.08
Total	9,108	100.00	8,506,865	100.00

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

Sr.	Description	No. of Members		No. of Shares	
		Nos.	%	Nos.	%
A	Promoters Holding (A)	15	0.16	4,570,944	53.73
1	Promoters	12	0.13	4,234,106	49.77
2	Promoters' Group	3	0.03	336,838	3.96
B	Non-Promoter Holding (B)	8,886	99.83	3,935,921	46.27
1	Resident Individual	8,083	90.81	2,700,028	31.74
2	Hindu Undivided Family	281	3.16	166,429	1.96
3	Non-Resident Individual	286	3.21	513,705	6.04
4	Investors Education and Protection Fund (IEPF)	1	0.01	67,327	0.79
5	Mutual Fund, Nationalised Bank and Financial Institution, NBFCs etc.	3	0.03	5,609	0.07
6	Foreign Portfolio Investor	11	0.12	50,003	0.59
7	Alternate Investment Funds	1	0.01	4,311	0.05
8	Domestic Companies	184	2.07	381,961	4.49
9	Clearing Members and others	36	0.40	46,548	0.55
	Total (A+B)	8,901	100.00	8,506,865	100.00

10) Share Transfer System

Applications for transfer of shares in the physical form are processed by the Company's Registrar & Transfer Agent, Link Intime India Private Limited. The Share Transfer Committee constituted for transfer/transmission of shares, issue of duplicate shares and allied matters considers and approves the share transfer within the stipulated time limit, subject to transfer instrument being valid and complete in all respects.

The Company has obtained half-yearly certificates from the Company Secretary in practice for compliance of share transfer formalities as per the requirement of Regulation 40(9) of the SEBI (LODR) Regulations, 2015 and submitted to Stock Exchanges for compliances of Regulation 40 (10) of the SEBI (LODR) Regulations, 2015.

11) Reconciliation of Share Capital

A practicing company secretary carried out audit in each of the quarters in the financial year 2019-20, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories. The reports of audit were submitted to stock exchanges for compliances of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

12) Nomination Facility

It is in the interest of the shareholders to appoint a nominee for their investments in the Company. Those members who are holding shares in the physical mode

and have not appointed a nominee or want to change the nomination are requested to send us the nomination form duly filled in and signed by all the joint holders.

13) Change in shareholders' details

In case you are holding your shares in dematerialised form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialisation of your share certificates or other inquiries should be addressed to your DP where you have opened your dematerialised account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our registrar and transfer agent of the Company, Link Intime India Private Limited, as per the address mentioned below.

14) Details of Dividend

The Board of Directors has recommended final dividend at INR 6.60 per share (66%) for the financial year 2019-20. The payment of final dividend as recommended by the Directors, if approved at the Meeting, will be made:

- (i) To those members whose names are on the Register of Members on Friday, 28 August 2020 or to their mandates.
- (ii) In respect of shares held in electronic form, to those "deemed members" whose names appear of the statement of beneficiary ownership, furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on Friday, 28 August 2020.

15) Details of Unclaimed Dividend as on 31 March 2020

Financial Years	Date of Declaration of Dividend	Dividend payment %	Unpaid/ Unclaimed Amount (in ₹)	Expected date of transfer of unclaimed dividend of IEPF
2012-13	14 August 2013	20	296,584.00	18 October 2020
2013-14	23 September 2014	20	277,608.00	27 November 2021
2014-15	15 September 2015	31	416,032.40	19 November 2022
2015-16 (Interim)	10 March 2016	30	398,922.00	15 May 2023
2015-16 (Final)	29 July 2016	11	159,388.90	3 October 2023
2016-17 (Interim)	20 October 2016	30	410,424.00	25 December 2023
2016-17 (Final)	28 July 2017	23	329,546.80	1 October 2024
2017-18 (Interim)	9 November 2017	40	557,336.00	13 January 2025
2017-18 (Final)	10 August 2018	60	593,538.00	14 October 2025
2018-19 (1st Interim)	10 August 2018	20	209,876.00	14 October 2025
2018-19 (2nd Interim)	29 October 2018	20	218,746.00	2 January 2026
2018-19 (Final)	31 July 2019	70	591,759.00	4 October 2026

16) Locations of the Company's Offices and Manufacturing Plant

Plant	: Village: Merda Adraj Taluka: Kadi Dist: Mehsana Gujarat 382 721
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Registered Office : 1st Floor, Pushpak, Panchvati Circle,
Motilal Hirabhai Road,
Ahmedabad 380 006

Branches:

Coimbatore 738/1A, 1B & 2C A.P Kalyanamandapam Back Side Goldwins, Civil Aerodrome Post, Avinashi Road, Coimbatore - 641 014, Tamilnadu	Hyderabad Plot No. 64, Himapuri Colony, Mansoorabad, Saroornagar Mandal, Hyderabad - 500068, Telangana	Bangalore Suvey No. 10/7, Site No. 610, Doddagubbi Village, Bidrahalli Hobli, Bangalore East Taluk, Bangalore 560077, Karnataka
Pune Gate No.1313, Milakat No. 2354, Near Ramkrishna Warehousing, Pune - Saswad Road, At Post. Wadki, Tal. Haweli, Pune 412 308, Maharashtra	Panchkula Plot No. - 97, Industrial Area, Phase - 1, Panchkula - 134112, Haryana	

17) Registrar and Share Transfer Agent

Link Intime India Private Limited (Link Intime) is acting as Registrar & Share Transfer Agent of the Company. For lodgement of transfer deeds and other documents or any grievances/complaints, investors may contact the Companys' Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited

Unit: Hester Biosciences Limited
506-508, Amarnath Business Centre-1(ABC-1),
Besides Gala Business Centre,
Near St. Xavier's College Corner,
Off C G Road, Ellisebridge, Ahmedabad 380006
Phone: +91 79 26465179 /86 / 87
E-mail: ahmedabad@linkintime.co.in

18) Address for Correspondence

Shareholders' correspondence should be addressed to the Companys' Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance:

Mr. Vinod Mali

Company Secretary and Compliance Officer
Phone: +91 7926445106
E-mail ID: cs@hester.in

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

19) Outstanding GDRs/ ADRs/Warrants, its conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/warrants or any convertible instruments.

20) Details of Non-Compliance

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. The Company Secretary in Practice has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports filed by the Company.

21) Non-Mandatory Requirements of regulation 27 (1) & Part E of Schedule II of the SEBI (LODR) Regulations, 2015

- Shareholders' Right: Half-yearly financial results, including summary of the significant events, are presently not being sent to shareholders of the Company. However, quarterly financial results are published in the leading newspapers and are also available on the Companys' website: www.hester.in
- Audit Qualification: There is no qualification in the Auditors' Report on the Financial Statements to the shareholders of the Company.
- Separate post of Chairman and CEO: Dr. Bhupendra Gandhi is acting as the Chairman of the Company and Mr. Rajiv Gandhi acting as CEO & Managing Director of the Company.
- Reporting of Internal Auditor: The Companys' Internal Auditor reports directly to the Audit Committee.

For and on behalf of Board of Directors

CEO & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,
Board of Directors
Hester Biosciences Limited
Ahmedabad

As required under the Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) read with Schedule II part B of the Listing Regulations, we hereby certify that;

1. We have reviewed the Balance Sheet and Profit and Loss account, its schedule and notes to the accounts and cash flow statements for the year ended 31 March 2020 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - b. These statements together present a true and fair view of the Companys' affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Companys' Code of Conduct.
3. We accept the responsibilities for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps take nor propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a. Significant change in internal control over financial reporting during the year.
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Companys' internal control system over financial reporting.

Place: Ahmedabad
Date: 26 June 2020

Rajiv Gandhi
CEO & Managing Director

Chetas Patel
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No.: L99999GJ1987PLC022333

Nominal Capital: INR 112,000,000

To,
The Members of
HESTER BIOSCIENCES LIMITED
CIN: L99999GJ1987PLC022333
Ahmedabad

I have examined the compliance of conditions of corporate governance by HESTER BIOSCIENCES LIMITED, for the year ended on 31 March 2020 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the CoVID-19, I certify that the Company has complied with the mandatory conditions as stipulated in above mentioned Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement of the said Company with stock exchanges.

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

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

Place: Ahmedabad
Date: 26 June 2020

Name of Company Secretary : **TAPAN SHAH**
Membership No. : **FCS4476**
C P No. : **2839**
UDIN : **F004476B000385945**

Note:

Due to restricted movement amid CoVID-19 pandemic, I have conducted the Corporate Governance Compliance audit by examining the various records including Minutes, Documents, Registers and other records, etc., some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to me are the true and correct.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HESTER BIOSCIENCES LIMITED
1st Floor, Pushpak,
Panchvati Circle, Motilal Hirabhai Road,
Ahmedabad 380006

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hester Biosciences Limited, having CIN: L99999GJ1987PLC022333 and having registered office at 1st Floor, Pushpak, Panchvati Circle, Motilal Hirabhai Road, Ahmedabad 380006 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the CoVID-19, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr.	Name of Director	DIN	Date of appointment in Company*
1	Dr. Bhupendra Vithaldas Gandhi	00437907	21/04/2005
2	Rajiv Dinesh Gandhi	00438037	29/04/1987
3	Sanjiv Dinesh Gandhi	00024548	29/04/1987
4	Ravin Kanti Gandhi	00438361	22/04/1999
5	Nina Rajiv Gandhi	00024657	07/05/2016
6	Vishwesh Patel	00503666	23/05/2010
7	Amit Priyatam Shukla	00709322	22/07/2015
8	Naman Madhav Patel	05143261	18/10/2014
9	Grishma Pratik Nanavaty	06931130	24/07/2014

* Date of appointment is as per the MCA portal

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 26 June 2020

Name of Company Secretary : **TAPAN SHAH**
Membership No. : **FCS4476**
C P No. : **2839**
UDIN : **F004476B000385991**

Independent Auditor's Report

To the Members of Hester Biosciences Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Hester Biosciences Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Emphasis of Matter

We draw attention to Note No. 47 of the standalone financial statements, as regards the management's evaluation of COVID-19 impact on the future performance of the Company as well as of its subsidiaries and to assess the recoverability of certain assets, the Company has considered internal and external information in respect of the current and estimated future global including Indian economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Emphasis of Matter' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Sr. No.	Key Audit Matter	Auditor's Response
1	Impairment of Company's Investments in and loans to subsidiaries As at 31 March 2020, the carrying value of the Company's investments in equity shares and loans given to the subsidiaries amounted to ₹ 406,705,732 and ₹ 50,863,356. The Company accounts for above investments in subsidiaries at cost (subject to impairment assessment). Management regularly reviews whether there are any indicators of impairment of the investments by reference to Ind AS 36 - 'Impairment of Assets'. This is a Key Audit Matter as the amount of investments and loans to subsidiaries is material to the separate financial statements of the Company and the determination of recoverable value for impairment assessment involves significant management judgement.	 Our audit procedures in relation to evaluation of impairment testing of investments in and loans to subsidiaries included the following: <ul style="list-style-type: none">• We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the impairment assessment of such investments.• We evaluated the Company's process regarding impairment assessment• We evaluated the cash flow forecasts (with underlying economic growth rate) by comparing them to the approved budgets and our understanding of the internal and external factors.

Sr. No. Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> ● We checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results and other supporting documents. ● We compared the carrying values of the investments and loans to subsidiaries with their respective net assets values and earnings for the period. ● We evaluated the disclosures made in the Standalone Financial Statements.
2 Existence of inventory of raw and packing materials, work in progress, finished goods (manufactured and traded) The Company has its inventory located at various locations. Due to the travel restrictions imposed because of COVID-19, in the month of March 2020, we were unable to verify the inventory located at various premises of the Company. We therefore performed alternate procedures to test existence of inventory as at year-end, in accordance with the requirements of the auditing standards; and hence identified as a key audit matter.	Inventory verification not performed by us at the year end, we performed the following key audit procedures: <ul style="list-style-type: none"> ● Understood and evaluated the management's internal controls process to establish the existence of inventory such as (a) maintenance of stock records at all locations and (b) the process for identifying expired, near-expiry items of inventory. ● On a sample basis, we inspected documentation subsequent to the year- end; determined production up to the year-end; tested purchase of inventory prior to the year end, and tested movement of raw materials to work in progress and work in progress to finished goods up to the year end. ● On a sample basis, we independently performed quantity reconciliation from 1 April 2019 to 31 March 2020 for key items of raw material and finished goods.
3 Revenue Recognition The Company provides a right of return to its customers as a customary business practice. These arrangements result in deductions to gross amounts invoiced. The revenue is reduced taking into consideration the anticipated sales returns. Due to the Company's presence across different regions and the competitive business environment, the estimation of anticipated sales returns involves significant estimates and considered to be complex and judgemental. The estimation is dependent on various internal and external factors. These factors include, for example, the length of time when a sale is made and when the sales return takes place, some of which are beyond the control of the Company. Accuracy of revenues may deviate because of change in judgements and estimates. Accordingly, evaluating the assumption of expected returns based on experience. We considered the evaluation of accrual for sales returns as a key audit matter.	Our audit procedures included following: <ul style="list-style-type: none"> ● Assessing the Company's accounting policies for sales returns by comparing with applicable accounting standards ● Testing the design, implementation and operating effectiveness of key controls over the development of assumption of expected sales returns based on experience and completeness, recognition and measurement of accruals for sales returns ● Testing samples relating to sales returns recorded during the year and compared to the actual payments made or credit notes generated towards these items ● Checking completeness and accuracy of the data used by the Company for sales returns and also checking the selected sample of sales ● Comparing the assumptions to current trends of sales returns. We have also examined the historical trend of the Company's estimates to assess the assumptions and judgements used by the Company in accrual of sales returns as well as current trend of sales return.
4 Carrying Value of Trade Receivables The collectability of the Company's trade receivables and the valuation of allowance for impairment of trade receivables require significant management judgment. Due to slack in the Poultry Industry, Company has extended an additional credit period, however, this adverse impact is temporary in nature and Industry will recover in the short run as per the management estimate. As per the current assessment of the	Our audit procedures included following: <ul style="list-style-type: none"> ● We assessed a sample of trade receivables and advances. ● We assessed the ageing of trade receivables and advances, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of completing our audit procedures.

Sr. No. Key Audit Matter	Auditor's Response
<p>situation based on the Internal and external information available up to the date of approval of these financial results by the Board of Directors, the Company believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying value. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. Accordingly, it has been determined as a key audit matter.</p>	<ul style="list-style-type: none"> ● We also discussed with the management regarding any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties wherever available. ● In assessing the appropriateness of the overall provision for impairment, we considered the management's application of policy for recognizing provisions. ● We assessed the Company's provisioning policy and comparing the Company's provisioning against historical collection data. ● Considered the completeness and accuracy of the disclosures.

Other Information - Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Standalone Financial Statements and our Auditor's Report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, including the Companies (Indian Accounting Standards) Amendment Rules, 2019.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive Income, the Statement of Changes in Equity and the Cash Flow

Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019;
- (e) On the basis of the written representations received from the Directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us by the management, the remuneration paid/provided during the Current Year by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid/provided to any director is not in excess of the limit laid down under Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 37 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Shah Karia and Associates**
Chartered Accountants
ICAI Firm Registration No.: 131546W

Priyank Shah
Partner

Place: Ahmedabad
Date: 26 June 2020

Membership No.: 118627
UDIN: 20118627AAAAABF7140

Annexure A

referred to in Paragraph 1 on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2020

- (i) In respect of its Property, Plant and Equipment:
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification carried out during the year in accordance with the aforesaid plan.
- (c) As per the information and explanations provided to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified by the management during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at 31 March 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) The Company has granted loan to a subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013.
- (a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is prima facie, not prejudicial to the interest of the Company.
- (b) The schedule of repayment of principal and payment of interest has not been stipulated and is at the discretion of the Company. Hence, in the absence of stipulation of repayment terms, there has been no default on the part of Party to whom the money has been lent; and
- (c) According to the information and explanations given to us, the dues outstanding of Income Tax on account of disputes, are as follows:
- (c) There is no amount of loan granted to company listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of grant of loans and advances, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act. Therefore, the provision of Clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, related to the manufacturing of vaccines, and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanation given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the 31 March 2020 for a period of more than six months from the date of becoming payable.

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

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

For **Shah Karia and Associates**
Chartered Accountants
ICAI Firm Registration No.: 131546W

Priyank Shah
Partner

Place: Ahmedabad
Date: 26 June 2020

Membership No.: 118627
UDIN: 20118627AAAAABF7140

Annexure B

referred to in Paragraph 2(f) on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2020

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Hester Biosciences Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and both issued by the Institute of Chartered Accountants of India. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financials reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operative effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial

statements, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion on the internal financial control system over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial controls over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

subject to the risk that the internal financial controls over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanation given by the management, the Company has, in all material respects, an adequate internal financial control system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively

as at 31 March 2020, based on the internal controls over financials reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Shah Karia and Associates**
Chartered Accountants
ICAI Firm Registration No.: 131546W

Priyank Shah
Partner

Place: Ahmedabad
Date: 26 June 2020

Membership No.: 118627
UDIN: 20118627AAAABF7140

Balance Sheet

as at 31 March 2020

		(Figures in ₹)	
Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
(1) Non-Current Assets			
(a) Property Plant & Equipment	3	960,809,501	1,001,166,510
(b) Capital Work-in-Progress		8,741,820	4,170,480
(c) Other Intangible Assets	4	3,930,602	4,798,621
(d) Biological Assets other than the Bearer Plants	5	2,900,428	2,127,628
(e) Financial Assets			
(i) Investments	6	406,705,732	282,188,487
(ii) Loans	7	50,863,356	54,688,194
(iii) Other Financial Assets	8	52,367,862	24,320,696
(f) Other Non-current Assets	9	49,341,434	34,925,458
		1,535,660,736	1,408,386,074
(2) Current Assets			
(a) Inventories	10	604,319,396	484,964,055
(b) Financial Assets			
(i) Trade Receivables	11	447,612,399	326,712,951
(ii) Cash and Cash Equivalents	12	47,435,331	20,916,625
(iii) Other Bank Balances	13	4,459,761	4,032,115
(iv) Loans	14	965,662	2,571,564
(c) Current Tax Assets	15	4,428,515	14,892,515
(d) Other Current Assets	16	105,765,960	139,931,785
		1,214,987,023	994,021,610
Total Assets		2,750,647,759	2,402,407,684
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Share Capital	17	85,068,650	85,068,650
(b) Other Equity	18	1,945,734,597	1,709,295,813
Total Equity		2,030,803,247	1,794,364,463
(2) Liabilities			
(a) Non-current Liabilities			
(i) Financial Liabilities			
- Borrowings	19	74,452,861	113,674,017
- Other Financial Liabilities	20	1,525,000	500,000
(ii) Deferred Tax Liabilities (Net)	21	82,890,323	100,892,927
		158,868,184	215,066,944
(b) Current Liabilities			
(i) Financial Liabilities			
- Borrowings	22	318,009,207	209,365,958
- Trade Payables	23	121,992,527	80,491,475
- Other Financial Liabilities	24	98,215,049	77,703,988
(ii) Other Current Liabilities	25	22,752,333	22,828,563
(iii) Provisions	26	7,212	2,586,293
		560,976,328	392,976,277
Total Liabilities		719,844,512	608,043,221
Total Equity and Liabilities		2,750,647,759	2,402,407,684
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 48		

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Statement of Profit and Loss

for the year ended 31 March 2020

(Figures in ₹)

Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
I. REVENUE FROM OPERATIONS	27	1,694,253,035	1,711,866,192
II. OTHER INCOME	28	29,270,260	30,972,991
III. TOTAL REVENUE (I+II)		1,723,523,295	1,742,839,183
IV. EXPENSES			
Cost of Materials Consumed	29	211,309,230	227,323,045
Purchase of Stock-in-Trade	30	171,890,800	137,262,460
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	31	(155,744,807)	(72,452,719)
Employee Benefit Expenses	32	371,566,069	267,408,314
Finance Cost	33	50,339,714	35,426,315
Depreciation and Amortisation Expenses	3 & 4	93,849,742	75,663,882
Other expenses	34	568,026,163	474,694,558
V. TOTAL EXPENSES		1,311,236,911	1,145,325,856
VI. PROFIT BEFORE TAX (III-V)		412,286,383	597,513,327
VII. TAX EXPENSES			
(1) Current Tax		118,051,632	152,390,633
(2) Deferred Tax		(18,002,604)	6,601,761
VIII. PROFIT FOR THE YEAR (VI-VII)	(A)	312,237,355	438,520,933
IX. OTHER COMPREHENSIVE INCOME			
Item will not to be reclassified to profit or loss			
(1) Re-measurement of Defined Benefit Plans		(5,359,134)	(3,359,047)
(2) Income Tax Effect		1,348,894	978,154
Net Re-measurement of Defined Benefit Plans		(4,010,240)	(2,380,893)
Total Items that will not be reclassified to Profit or Loss	(B)	(4,010,240)	(2,380,893)
X. OTHER COMPREHENSIVE INCOME, NET OF TAXES	(C)	(4,010,240)	(2,380,893)
XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(A)+(C)	308,227,115	436,140,040
XII. EARNINGS PER SHARE (in ₹)			
Basic & Diluted [Nominal value of Equity per Share of ₹ 10]		36.70	51.55
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 48		

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Statement of Changes in Equity

for the year ended 31 March 2020

A Equity Share Capital

(Figures in ₹)

Balance at the beginning of the reporting period i.e. 1 April 2018	Changes in Equity share capital during the 2018-19	Balance at the end of the reporting period i.e. 31 March 2019	Changes in Equity share capital during the 2019-20	Balance at the end of the reporting period i.e. 31 March 2020
85,068,650	-	85,068,650	-	85,068,650

B Other Equity

(Figures in ₹)

Particular	Reserve and Surplus				Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	
Balance as at 31 March 2018	9,424,089	175,067,104	392,262,311	798,957,028	1,375,710,532
Profit for the Year	-	-	-	438,520,933	438,520,933
Other Comprehensive Income for the year	-	-	-	(2,380,893)	(2,380,893)
Dividends (including dividend distribution tax)	-	-	-	(102,554,760)	(102,554,760)
Transfer to General Reserve	-	-	-	-	-
Balance as at 31 March 2019	9,424,089	175,067,104	392,262,311	1,132,542,308	1,709,295,812
Profit for the Year	-	-	-	312,237,355	312,237,355
Other Comprehensive Income for the year	-	-	-	(4,010,240)	(4,010,240)
Dividends (including dividend distribution tax)	-	-	-	(71,788,332)	(71,788,332)
Transfer to General Reserve	-	-	-	-	-
Balance as at 31 March 2020	9,424,089	175,067,104	392,262,311	1,368,981,092	1,945,734,596

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Cash Flow Statement

for the year ended 31 March 2020

Particulars	(Figures in ₹)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash Flow from Operating Activities		
Net Profit Before Tax as Per Profit & Loss statement	412,286,383	597,513,327
Adjustments For:		
Depreciation and Amortisation Expenses	93,849,742	75,663,882
Bad Debts Written off	621,891	-
(Profit) / Loss on Sale of Property, Plant & Equipments	(5,310,248)	549,812
Finance Cost	50,339,714	35,426,315
Interest & Commission Income	(15,378,307)	(15,195,043)
Unrealised Foreign Exchange Gain	(6,394,686)	(8,118,491)
Remeasurement of Net Defined Benefit Plans	(5,359,134)	(3,359,047)
Operating Profit / (Loss) Before Changes in Working Capital	524,655,355	682,480,755
Adjustments For:		
Trade Receivables	(115,126,653)	756,979
Inventories	(119,355,341)	(97,957,585)
Other Current and Non Current Assets	19,749,850	(72,715,359)
Trade Payables	41,501,053	1,973,514
Other Current Liabilities	948,770	(9,202,345)
Short-term Provisions	(2,579,081)	2,573,161
Loans & Advances	5,430,739	(12,206,506)
Other Financial Liability	20,511,061	16,473,606
Other Financial Assets	(5,175,966)	5,585,318
Cash Generated from Operations	370,559,786	517,761,539
Net Income Tax (paid) / refunds	(106,238,738)	(155,827,119)
Net Cash Flow from / (used in) Operating Activities (A)	264,321,049	361,934,420
B. Cash Flow from Investing Activities		
Proceeds from sale of Property, Plant & Equipments	9,814,593	1,220,000
Investment in Subsidiary Companies	(124,517,245)	(137,411,580)
Capital Expenditure on Property, Plant & Equipments	(62,473,199)	(117,570,457)
Interest & Commission Income	15,378,307	15,195,043
Investment in Bank Deposits	(23,298,846)	(8,427,954)
Net Cash Flow from / (used in) Investing Activities (B)	(185,096,389)	(246,994,948)
C. Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short-term Borrowings	108,643,249	(32,553,130)
Interest Paid	(50,339,714)	(35,426,315)
Dividend Paid (Including Dividend Distribution Tax)	(71,788,332)	(102,554,763)
Proceeds/(Repayment) of Long Term Borrowing	(39,221,156)	(32,396,114)
Net Cash Flow from / (used in) Financing Activities (C)	(52,705,953)	(202,930,322)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	26,518,706	(87,990,850)
Cash and Cash Equivalents at the beginning of the year	20,916,625	108,907,475
Cash and Cash Equivalents at the end of the year [Note No. 12]	47,435,331	20,916,625
Major Components of Cash & Cash Equivalents		
Cash on Hand	1,655,357	2,598,151
Balance with Banks - On Current Accounts	10,779,974	18,318,474
Fixed Deposits having maturity of less than 3 Months	35,000,000	-
Total Cash & Cash Equivalents	47,435,331	20,916,625

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

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants
FRN: 131546W

Priyank Shah

Partner
Membership No.: 118627

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director
DIN: 00438037

Chetas Patel

CFO

Sanjiv Gandhi

Director
DIN: 00024548

Vinod Mali

Company Secretary

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

1 Corporate Information

Hester Biosciences Limited is a public limited company domiciled in India and listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company is engaged in Manufacturing and Trading of Veterinary Vaccines and health products having its manufacturing plant at Merda Adraj village, Mehsana District, Gujarat.

2 Significant Accounting Policies

a. Basis of Preparation:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Defined benefit plans: plan assets measured at fair value
- ii) Biological assets: measured at fair value less cost to sell

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

b. Use of Estimates:

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

c. Revenue Recognition:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably. Sale of goods is recorded net of returns, trade discounts, rebates, Goods and Service Tax

Revenue from services are recognised as the related services are performed.

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary

companies. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

d. Property Plant & Equipments :

Property, Plant and Equipments are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Capital assets under erection/installation are stated at cost in the Balance Sheet as "Capital Work-in-Progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

e. Intangible Assets :

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate."

f. Depreciation / Amortisation :

Depreciation on Fixed Assets is provided on Straight Line method (SLM) method based on useful life of

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

the assets as prescribed under Part-C of Schedule II to the companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used. The Management estimates the useful lives for such fixed assets as under:-

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

g. Impairment of Non - Financial Asset :- Property, Plant and Equipment and Intangible Assets:

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, assets' carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets' fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

h. Investments:

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

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

Investments in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment properties. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

i Inventories:

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

Finished products:

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.”

Work in Progress:

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

Raw materials and stores & spares:

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

j. Borrowing Costs:

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

k. Foreign Currency Transactions:

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

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

- ii. Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date.
- iii. Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.
- iv. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognised as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

I. Research and Development:

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

m. Provision for Retirement Benefits:

- (i) **Short-Term Employee Benefits:**
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.
- (ii) **Post-employment benefit plans:**
 - a) **Defined Contribution Plan:**
Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.
 - b) **Defined Benefit Plan:**
The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan

is recognised in full in the period in which they occur.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

n. Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, which includes all stock options granted to employees.

o. Cash and Cash Equivalents:

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

p. Financial Instruments:

- (i) **Financial Asset:**
 - (a) **Classification:**
On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.
 - (b) **Initial recognition and measurement:**
All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

(c) Financial assets at amortised cost:

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- 1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised.

(d) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's financial statements) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (i) the Company has transferred substantially all the risks and rewards of the asset, or
- (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(e) Impairment of financial assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(ii) Financial Liabilities:

(a) Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

- (b) Initial recognition and measurement: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

- (c) Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.

- (d) Derecognition: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition

of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

q. Taxation:

i. Current Tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii. Deferred Tax Provision:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

iii. Minimum Alternative Tax (MAT):

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

r. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

s. Grants:

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

t. Provisions and Contingent Liabilities:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is a possible obligation that arises from past events

whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

u. Operating Cycle and Current/Non-current classification:

All the assets and liabilities have been classified as current or non current as per the Companies' normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

v. Biological Assets:

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

3 Property, Plant & Equipment

Particulars	Freehold Land	Buildings	Plant & Machineries	Electrical Installations	Storage Equipment	Furniture & Fixtures	Vehicles	Computer	Total
(Figures in ₹)									
Gross Carrying Value									
As at 1 April 2018	18,300,844	477,406,473	484,916,606	64,174,047	32,889,202	49,313,407	52,357,433	14,905,957	1,194,263,971
Additions during the Year	-	157,357,567	211,633,324	20,016,399	15,028,597	9,113,958	336,032	3,742,109	417,227,986
Disposals during the Year	-	-	1,405,834	313,268	33,750	-	5,990,964	126,000	7,869,816
As at 31 March 2019	18,300,844	634,764,041	695,144,096	83,877,178	47,884,049	58,427,365	46,702,501	18,522,066	1,603,622,140
Additions during the Year	-	5,236,942	29,703,030	1,120,623	4,838,880	1,093,287	14,005,163	1,073,635	57,071,559
Disposals during the Year	-	4,191,825	4,521,757	-	-	-	-	-	8,713,582
As at 31 March 2020	18,300,844	635,809,158	720,325,369	84,997,800	52,722,929	59,520,652	60,707,664	19,595,701	1,651,980,117
Accumulated Depreciation & Impairment:									
As at 1 April 2018	-	116,140,386	280,250,247	46,456,041	18,005,453	30,569,376	31,599,848	11,715,569	534,736,920
Charge for the Year	-	17,207,175	41,285,439	3,947,744	3,014,070	3,669,032	3,572,681	1,983,407	74,679,548
Impairment for the Year*	-	-	-	-	-	-	-	-	-
Deductions due to Disposals	-	-	1,149,241	-	-	-	5,691,897	119,700	6,960,838
As at 31 March 2019	-	133,347,561	320,386,445	50,403,785	21,019,523	34,238,408	29,480,633	13,579,276	602,455,630
Charge for the Year	-	20,013,722	53,002,355	5,015,538	4,093,299	4,151,275	4,458,084	2,189,950	92,924,223
Impairment for the Year*	-	-	-	-	-	-	-	-	-
Deductions due to Disposals	-	1,322,032	2,887,205	-	-	-	-	-	4,209,237
As at 31 March 2020	-	152,039,250	370,501,595	55,419,323	25,112,822	38,389,684	33,938,717	15,769,226	691,170,616
Net Carrying Value									
As at 1 April 2018	18,300,844	361,266,088	204,666,359	17,718,005	14,883,749	18,744,031	20,757,585	3,190,389	659,527,051
As at 31 March 2019	18,300,844	501,416,480	374,757,652	33,473,393	26,864,526	24,188,957	17,221,868	4,942,790	1,001,166,510
As at 31 March 2020	18,300,844	483,769,908	349,823,774	29,578,477	27,610,107	21,130,968	26,768,947	3,826,474	960,809,501

For Details of Property, Plant & Equipment pledged as security against Borrowings, Please Refer Note 19 - Long Term Borrowings.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

4 Intangible Assets

(Other than Internally Generated)

(Figures in ₹)

Particulars	Software	Product & Trademark	Goodwill	Total
Gross Carrying Value				
As at 1 April 2018	6,441,653	4,020,025	2,800,000	13,261,678
Additions during the Year	692,500	-	-	692,500
Disposals during the Year	-	-	-	-
As at 31 March 2019	7,134,153	4,020,025	2,800,000	13,954,178
Additions during the Year	57,500	-	-	57,500
Disposals during the Year	-	-	-	-
As at 31 March 2020	7,191,653	4,020,025	2,800,000	14,011,678
Accumulated Amortisation & Impairment:				
As at 1 April 2018	4,421,178	1,089,942	1,259,194	6,770,313
Charge for the Year	441,440	402,997	139,897	984,334
Impairment for the Year *			1,400,909	1,400,909
Deductions due to Disposals	-	-	-	-
As at 31 March 2019	4,862,618	1,492,939	2,800,000	9,155,556
Charge for the Year	522,522	402,997	-	925,519
Impairment for the Year *				-
Deductions due to Disposals	-	-	-	-
As at 31 March 2020	5,385,140	1,895,936	2,800,000	10,081,075
Carrying Amount				
As at 1 April 2018	2,020,475	2,930,083	1,540,806	6,491,364
As at 31 March 2019	2,271,535	2,527,086	-	4,798,621
As at 31 March 2020	1,806,513	2,124,089	-	3,930,602

* Company has carried out impairment testing during the previous year for identification of impairment of assets, if any, in accordance with the Indian Accounting Standard (Ind AS) - 36, issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, the Company has impaired Goodwill during the previous year.

5 Biological Assets Other than the Bearer Plants

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Live Stock (Poultry Healthcare)		
As at 1 April 2019	2,127,628	1,378,098
Add: Purchased during the Year	1,347,657	1,485,763
Less: Sold/(Disposed) during the Year	574,857	736,233
As at 31 March 2020	2,900,428	2,127,628

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

Particulars	UNIT	As at 31 March 2020	As at 31 March 2019
Live Stock (Poultry Healthcare)			
- Poultry Healthcare	Nos.	39,329	35,889
At the end of the year		39,329	35,889

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

6 Non Current Investment

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Investment in Equity Instrument	-	-
Investment in subsidiaries:		
1,280,000 (31 March 2019:1,280,000) Equity shares each of NPR 100 in Hester Biosciences Nepal Private Limited	86,016,130	86,016,130
9,112,079 (31 March 2019:5,130,080) Equity shares each of TSHS 1,000 in Hester Biosciences Africa Limited	283,968,704	159,451,459
2,634,702 (31 March 2019 :2,634,702) Equity shares each of ₹ 10 in Texas Lifesciences Private Limited	26,347,018	26,347,018
150,600 (31 March 2019: 150,600) Equity shares each of KSHS 100 in Hester Biosciences Kenya Limited	10,373,880	10,373,880
Total	406,705,732	282,188,487

Note: Aggregate amount of unquoted investments (Book Value)

7 Loans (Non Current)

(Unsecured, Considered Good)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Loans & Advances to related parties (Refer Note No.: 41)	50,863,356	54,688,194
Total	50,863,356	54,688,194

8 Other Financial Assets (Non Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Bank Deposits with more than 12 months maturity	38,694,423	15,823,223
Security Deposit	13,673,439	8,497,473
Total	52,367,862	24,320,696

9 Other Non Current Assets

(Unsecured, Considered Good)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Capital Advances	49,341,434	34,925,458
Total	49,341,434	34,925,458

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

10 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw Materials	32,437,151	57,625,904
Work-in-Progress	393,872,984	262,290,545
Finished Goods	81,818,608	54,967,416
Stock-in-Trade	60,779,201	63,468,026
Stores & Spares	10,256,356	19,459,294
Packing Materials	25,155,095	27,152,870
Total	604,319,396	484,964,055

11 Trade Receivables

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Dues from Related Parties (Refer Note No.: 41)	28,157,278	11,825,906
Others	419,455,121	314,887,045
Total	447,612,399	326,712,951

12 Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with Banks		
- In Current Accounts	10,779,974	18,318,474
- In Deposit Accounts with original Maturity less than 3 Months	35,000,000	-
Cash on Hand	1,655,357	2,598,151
Total	47,435,331	20,916,625
Total	604,319,396	484,964,055

13 Other Bank Balances

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked Balances with Banks	4,459,761	4,032,115
Total	4,459,761	4,032,115

14 Loans (Current)

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Loan to Employees	965,662	2,571,564
Total	965,662	2,571,564

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

15 Current Tax Assets (Net)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Advance Tax (Net of Provision for tax)	4,428,515	14,892,515
Total	4,428,515	14,892,515

16 Other Current Assets

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Unsecured, Considered Good		
Advances to Suppliers	42,062,653	57,407,991
Advances to Employees	-	836,556
Prepaid Expenses	7,643,891	1,605,728
Export Incentives Receivables	1,145,304	1,145,304
Balance with Government Authorities	54,088,258	53,776,199
Others	825,854	25,160,008
Total	105,765,960	139,931,785

17 Share Capital

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Authorised Capital		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112,000,000	112,000,000
	112,000,000	112,000,000
Issued, Subscribed & Paid Up Capital		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85,068,650	85,068,650
Total	85,068,650	85,068,650

17.1 The Reconciliation of the Number of Shares Outstanding is Set Out Below

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Equity Shares at the beginning of the year	8,506,865	8,506,865
Changes during the Year	-	-
Outstanding at the end of the year	8,506,865	8,506,865

17.2 Rights, Preferences and Restriction Attached to Shares

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

The Board of Directors has recommended a dividend of ₹ 6.60 per equity share (66%) for FY20, subject to the approval of the shareholders.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

17.3 The Details of Shareholders Holding More Than 5% Equity Shares in the Company

Name of the share holders	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	885,397	10.41	949,397	11.16
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	692,820	8.14	692,820	8.14

18 Other Equity

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital Reserve		
As per last Balance sheet	9,424,089	9,424,089
Add: Addition during the year	-	-
	9,424,089	9,424,089
Securities Premium		
As per last Balance sheet	175,067,105	175,067,105
Add: Addition during the year	-	-
	175,067,105	175,067,105
General Reserve		
As per last Balance sheet	392,262,312	392,262,312
Add: Transferred from Surplus in Statement of Profit and Loss	-	-
	392,262,312	392,262,312
Surplus- Statement of Profit & Loss		
As per Last Balance Sheet	1,132,542,307	798,957,027
Add: Profit for the year	312,237,355	438,520,933
Add: Other Comprehensive Income	(4,010,240)	(2,380,893)
	1,440,769,423	1,235,097,067
Less: Appropriations		
- Dividend (Including Dividend distribution tax)	71,788,332	102,554,760
	1,368,981,091	1,132,542,307
Total	1,945,734,597	1,709,295,813

19 Borrowing (Non Current)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Borrowings		
Term Loans from Banks	152,532,544	172,119,669
Hire Purchase Loans from Banks	8,420,811	1,433,264
	160,953,355	173,552,933
Less: Current Maturities of Long Term Borrowings (Refer Note No.: 24)		
Term Loans from Banks	(84,876,718)	(59,111,112)
Hire Purchase Loans from Banks	(1,623,776)	(767,804)
	(86,500,494)	(59,878,916)
Total	74,452,861	113,674,017

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

19.1 Repayment Terms and Security Pledged Against the Borrowings

Particulars	No. of Shares	Terms of repayment	Repayable in	
			Number of installments	Each Installment of ₹
State Bank of India: Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50%^	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
State Bank of India: Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50%^	Quarterly	4	2,777,778
			4	2,777,778
			4	2,777,778
			4	2,777,778
			2	2,777,778
State Bank of India: Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50%^	Quarterly	4	5,000,000
			4	5,000,000
			2	5,000,000
Axis Bank Loan is secured by hypothecation of specific vehicle/car	9.26%	Monthly	60	115,435*
HDFC Bank Loan is secured by hypothecation of specific vehicle/car	8.70%	Monthly	60	77,711*

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

*Installment includes interest.

20 Other Financial Liabilities (Non Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Trade Deposits	1,525,000	500,000
Total	1,525,000	500,000

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

21 Deferred Tax Liabilities (Net)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Deferred Tax Liabilities		
- Benefit availed under Income Tax Act	44,790,215	59,057,573
- Excess of Net Block over Written Down Value as per provision of Income Tax Act	38,600,237	40,961,778
- Provision for Employee Benefits	-	873,576
Total Deferred Tax Liabilities (A)	83,390,452	100,892,927
Deferred Tax Assets		
- Provision for Employee Benefits	500,129	-
- MAT Credit Entitlement	-	-
Total Deferred Tax Assets (B)	500,129	-
Net Deferred Tax Liabilities (A-B)	82,890,323	100,892,927

22 Borrowings (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Loan Repayable on Demand		
(1) Secured		
- Cash Credit from Bank	317,846,702	104,852,991
- Credit Card	162,505	4,512,967
(2) Unsecured		
- Working Capital Demand Loan	-	100,000,000
Total	318,009,207	209,365,958

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

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

23 Trade Payables

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Dues to Micro, Small and Medium Enterprises (Refer Note No.: 38)	7,081,076	2,238,894
Other Trade Payables	114,911,451	78,252,581
Total	121,992,527	80,491,475

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

24 Other Financial Liabilities (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Current Maturities of Long Term Borrowings (Refer Note No.: 19)		
- Term Loans	84,876,718	59,111,112
- Hire Purchase Loans	1,623,776	767,804
Unclaimed Dividends	4,459,761	4,032,115
Creditors for Capital expenses	7,254,794	13,792,957
Total	98,215,049	77,703,988

25 Other Current Liabilities

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Advance from Customers	4,288,602	4,913,278
Payables to Statutory Authorities	-	6,214,957
Other Liabilities	18,463,731	11,700,329
Total	22,752,333	22,828,563

26 Provisions (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Provision for Employee Benefit	7,212	2,586,293
Total	7,212	2,586,293

27 Revenue from Operations

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
(A) Sale of Goods		
Manufacturing Sales		
Domestic Sales	1,041,436,206	1,205,221,211
Export Sales	214,030,993 1,255,467,199	131,058,201 1,336,279,412
Trading Sales		
Domestic Sales	274,603,375	238,231,174
Export Sales	10,160,921 284,764,296	2,835,176 241,066,349
(B) Other Operating Revenue	154,021,540	134,520,431
Total	1,694,253,035	1,711,866,192

27.1 Segment-Wise Break-up of Revenue

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
- Poultry Healthcare	1,203,463,978	1,258,183,680
- Animal Healthcare	308,366,844	293,860,940
- Others	182,422,213	159,821,572
Total	1,694,253,035	1,711,866,192

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

28 Other Income

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest Income		
- From Bank Deposits	354,942	1,151,212
- From Others	5,048,435	4,359,849
Commission Income	9,974,930	9,683,982
Miscellaneous Income	1,865,989	6,354,006
Rent Income	321,030	410,610
Exchange Profit & Loss (Net)	6,394,686	8,118,491
Profit on Sale of Property, Plant and Equipment	5,310,248	894,841
Total	29,270,260	30,972,991

29 Cost of Material Consumed

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the Beginning of the Year	57,625,904	29,730,817
Add: Purchased during the Year	186,120,477	255,218,132
Less: Inventory at the End of the Year	32,437,151	57,625,904
Total	211,309,230	227,323,045

29.1 Break-up of Raw Material Consumed

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Growth Media	140,151,012	138,718,970
Other Chemicals	71,158,218	88,604,075
Total	211,309,230	227,323,045

29.2 Value of Indigeneous and Imported Raw Material Consumed During the Year

Name of the share holders	Year ended 31 March 2020		Year ended 31 March 2019	
	Percentage	Value (In ₹)	Percentage	Value (In ₹)
Imported	8.49%	17,948,100	9.14%	16,047,730
Indigeneous	91.51%	193,361,130	90.86%	211,275,315
Total	100.00%	211,309,230	100.00%	227,323,045

30 Purchase of Stock-in-Trade

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
- Poultry Healthcare	45,512,995	44,268,070
- Animal Healthcare	108,416,387	78,128,932
- Others	17,961,418	14,865,458
Total	171,890,800	137,262,460

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

31 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the End of the Year		
-Finished Goods	142,597,810	118,435,441
-Semi-finished Goods	393,872,984	262,290,545
	536,470,794	380,725,987
Inventories at the Beginning of the Year		
-Finished Goods	118,435,441	62,160,848
-Semi-finished Goods	262,290,545	246,112,420
	380,725,987	308,273,268
Total	(155,744,807)	(72,452,719)

32 Employee Benefit Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries & Wages	353,281,331	251,221,584
Contributions to Provident Fund & Other Funds	13,734,943	10,724,315
Staff Welfare Expenses	4,549,795	5,462,415
Total	371,566,069	267,408,314

33 Finance Cost

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest Expenses	38,175,833	23,229,043
Bank Commission & Charges	12,163,881	12,197,272
Total	50,339,714	35,426,315

34 Other Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Manufacturing Expenses		
Power and Fuel	71,005,914	69,525,965
Consumption of Stores and Spares	38,415,776	56,396,944
Repairs & Maintenance		
- Plant and Machinery	5,806,729	8,121,317
- Building	202,724	1,711,601
- Electrical Equipments	7,341,239	2,039,167
Packing Expenses	64,921,738	54,255,442
Quality Control and Testing Expenses	2,252,338	2,482,708
Other Production Expenses	59,129,039	29,601,763
	249,075,497	224,134,907
Selling and Distribution Expenses		
Selling Expenses	104,378,899	92,770,645
Sales Tax Expenses	240,259	272,756

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Transportation Expenses	55,749,004	67,198,108
Travelling Expenses	37,498,772	19,142,535
	197,866,934	179,384,043
Administrative Expenses		
Communication Expenses	5,214,929	3,657,839
Insurance Expenses	4,252,336	2,588,712
Legal, Professional and Consultancy Fees	30,713,472	6,936,156
Printing and Stationery Expenses	2,152,771	4,537,999
Travelling and Conveyance Expenses	15,388,667	13,819,746
Rent, Rates and Taxes	7,589,659	6,946,427
Repairs and Maintenance - Others	7,913,147	4,446,606
Vehicle Maintenance and Conveyance Expenses	11,743,441	9,120,308
Electricity Charges	1,850,373	1,311,446
CSR Expenses (Refer Note No.: 40)	3,451,000	1,700,000
Charity & Donations	605,101	162,575
Bad Debts written off	621,891	182,138
Loss on Sale of Property, Plant and Equipment	-	1,444,653
Miscellaneous Expenses	28,236,946	12,971,003
Payment to Auditor	-	-
- As Auditor	1,000,000	1,000,000
- For Taxation Matters	250,000	250,000
- For Other Services	100,000	100,000
	121,083,732	71,175,608
Total	568,026,163	474,694,558

35 Tax Reconciliation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit Before Tax	412,286,383	597,513,327
Enacted Income Tax Rate applicable to Company	25.17%	29.12%
Expected Income Tax Expenses	103,772,483	173,995,881
Adjustments to reconcile expected income tax expense to reported income tax		
Weighted deduction allowed in respect of research and development expense	-	(5,120,515)
Expenses Disallowed as per Income Tax	1,033,069	842,444
Other Adjustments	13,246,081	(17,327,177)
Current Tax Provision (A)	118,051,632	152,390,633
Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets	(16,628,899)	4,965,818
Incremental Deferred Tax Liability on account of Financial Assets & other Items	(1,373,705)	1,635,943
Deferred Tax Provision (B)	(18,002,604)	6,601,761
Tax Expense Recognised in the Statement of Profit & Loss (A+B)	100,049,028	158,992,394
Effective Tax Rate	24.27%	26.61%

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

36 Commitments

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	14,078,779	15,784,588

37 Contingent Liabilities Not Provided For

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Claims against the company not acknowledged as debts:		
Income Tax *	1,101,580	1,101,580
Corporate Guarantee given against credit facilities availed by Subsidiary**	497,000,000	276,685,200

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

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

38 Dues to Micro, Small & Medium Enterprises as Per MSMED Act, 2006

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(i) Principal amount due remaining unpaid to Micro and Small Enterprises as at end of the year;	7,081,076	2,238,894
(ii) Interest accrued and remaining unpaid to Micro and Small Enterprises as at end of the year;	-	-
(iii) Interest due and payable to Micro and Small Enterprises for the year;	-	-
(iv) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to Micro and Small Enterprises.	-	-

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

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

39 Research and Development Expenditure

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue Expenditure		
Salary and Wages	10,401,423	15,672,135
Contribution to Provident Fund	206,401	276,122
Packing-Forwarding-Freight expenses	15,882	22,425
Power and Fuel	11,272,351	13,822,633
Consumption of Chemicals	655,693	932,374
Other Consumables	1,055,078	779,528
Repair and Maintenance expenses	44,285	-
Travelling Expenses	104,561	218,662
Miscellaneous Expenses	289,129	18,100
Total (A)	24,044,803	31,741,979
Capital Expenditure (B)	1,234,272	1,142,130
Total Research and Development Expenditure (A+B)	25,279,075	32,884,109

40 Details of Corporate Social Responsibility (CSR) Expenditure

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

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Amount Required to be spent under Section 135 of the Companies Act, 2013	9,119,045	6,800,432
Amount Spent during the year	3,451,000	1,700,000

The Company has contributed into PM Cares Fund aggregating total amount of ₹ 8,500,000 out of which ₹ 2,500,000 in the FY 2019-20 and remaining in FY 2020-21.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

41 Related Party Disclosure

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

(i) List of Related Parties as on 31 March 2020

(a) Subsidiary Companies:

	% Holding	
	31 March 2020	31 March 2019
1) Hester Biosciences Nepal Private Limited	65.00	65.00
2) Texas Lifesciences Private Limited	54.80	54.80
3) Hester Biosciences Africa Limited	100.00	100.00
4) Hester Biosciences Kenya Limited	100.00	100.00

(b) Step-down Subsidiary Company:

1) Hester Biosciences Tanzania Limited	98.10	100.00
(Subsidiary of Hester Biosciences Kenya Limited)		

(c) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Mr. Chetas patel - Chief Financial Officer^{\$}
- 3) Mr. Vinod Mali - Company Secretary
- 4) Mr. Sahil Shah - Chief Financial Officer[#]
- 5) Mr. Jigar Shah - Chief Financial Officer^{*}

* Resigned with effect from 1 September 2019

[#] Appointed with effect from 1 March 2020 till 29 April 2020

^{\$} Appointed with effect from 29 April 2020

(d) Promoters and their relatives having control:

- 1) Dr. Bhupendra Gandhi (Non-Executive Chairman)
- 2) Mr. Sanjiv Gandhi (Non-Executive Director)
- 3) Mr. Ravin Gandhi (Non Executive Director)
- 4) Ms. Nina Gandhi (Non - Executive Alternate Director of Mr. Ravin Gandhi)
- 5) Ms. Priya Gandhi

(e) Enterprise having significant influence:

- 1) Hester Coatings LLP
- 2) Sinsui India Private Limited
- 3) Biolink Healthcare Limited
- 4) Hester Diagnostics Private Limited
- 5) Gujarat Polyplast Private Limited

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

(ii) Transactions during the year with Related Parties

(Figures in ₹)

Particulars	Key Management Personnel/ Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(a) Purchase								
Texas Lifesciences Private Limited	-	-	106,725,822	70,654,744	24,024,575	22,398,410	130,750,397	93,053,154
Gujarat Polyplast Private Limited	-	-	106,725,822	70,654,744	-	-	106,725,822	70,654,744
(b) Sales								
Hester Biosciences Nepal Private Limited	-	-	57,668,213	10,835,075	-	-	57,668,213	10,835,075
Hester Biosciences Tanzania Limited	-	-	4,944,820	7,742,629	-	-	4,944,820	7,742,629
Hester Biosciences Africa Limited	-	-	27,538,056	290,030	-	-	27,538,056	290,030
Texas Lifesciences Private Limited	-	-	24,813,470	-	-	-	24,813,470	-
(c) Interest Income								
Hester Biosciences Nepal Private Limited	-	-	371,867	2,802,416	-	-	371,867	2,802,416
Hester Biosciences Africa Limited	-	-	4,406,547	3,987,824	-	-	4,406,547	3,987,824
(d) Commission Income								
Hester Biosciences Nepal Private Limited	-	-	10,669,625	9,683,892	-	-	10,669,625	9,683,892
Hester Biosciences Africa Limited	-	-	10,669,625	-	-	-	10,669,625	-
(e) Sitting Fees for Board Meetings								
Mr. Sanjiv Gandhi	680,000	100,000	-	-	-	-	680,000	100,000
Dr. Bhupendra Gandhi	210,000	40,000	-	-	-	-	210,000	40,000
Ms. Nina Gandhi	260,000	20,000	-	-	-	-	260,000	20,000
(f) Remuneration Paid								
Mr. Rajiv Gandhi	73,769,235	27,776,212	-	-	-	-	73,769,235	27,753,954
Mr. Jigar Shah	70,280,785	20,400,000	-	-	-	-	70,280,785	20,400,000
Mr. Sahil Shah	2,874,415	6,919,101	-	-	-	-	2,874,415	6,919,101
Mr. Vinod Mali	40,020	-	-	-	-	-	40,020	-
(g) Rent Paid - MDs' Residence								
Biolink Healthcare Limited	574,015	434,853	-	-	-	-	574,015	434,853
(h) Salary Paid								
Ms. Priya Gandhi	1,708,707	1,452,975	-	-	600,000	600,000	600,000	600,000
(i) Loans and Advances Given								
Hester Biosciences Africa Limited	-	-	798,975	2,639,352	-	-	798,975	2,639,352
(j) Loans and Advances Received Back								
Hester Biosciences Africa Limited	-	-	2,639,352	4,580,259	-	-	4,580,259	-
(k) Investment in Subsidiary Companies								
Hester Biosciences Africa Limited	-	-	124,517,245	137,411,580	-	-	124,517,245	137,411,580
Hester Biosciences Kenya Limited	-	-	-	10,373,880	-	-	-	10,373,880

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

Balances at the end of the Year:

(Figures in ₹)

Particulars	Key Management Personnel/ Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(a) Trade Receivables								
Hester Biosciences Nepal Private Limited	-	-	42,978,725	16,687,680	-	-	42,978,725	16,687,680
Hester Biosciences Tanzania Limited	-	-	28,157,278	11,825,906	-	-	28,157,278	11,825,906
	-	-	14,821,447	4,861,774	-	-	14,821,447	4,861,774
(b) Trade Payables								
Gujarat Polyplast Private Limited	-	-	18,656,534	5,933,402	2,530,895	3,424,825	21,187,429	9,358,227
Texas Lifesciences Private Limited	-	-	-	-	2,530,895	3,424,825	2,530,895	3,424,825
	-	-	18,656,534	5,933,402	-	-	18,656,534	5,933,402
(c) Loans & Advances								
Hester Biosciences Nepal Private Limited	-	-	68,343,065	63,137,543	-	-	68,343,065	63,137,543
Hester Biosciences Africa Limited	-	-	67,544,090	63,137,543	-	-	67,544,090	63,137,543
	-	-	798,975	-	-	-	798,975	-
(d) Investments								
Hester Biosciences Nepal Private Limited	-	-	406,705,732	282,188,487	-	-	406,705,732	282,188,487
Hester Biosciences Africa Limited	-	-	86,016,130	86,016,130	-	-	86,016,130	86,016,130
Hester Biosciences Kenya Limited	-	-	283,968,704	159,451,459	-	-	283,968,704	159,451,459
Texas Lifesciences Private Limited	-	-	10,373,880	10,373,880	-	-	10,373,880	10,373,880
	-	-	26,347,018	26,347,018	-	-	26,347,018	26,347,018
(e) Remuneration Payable								
Mr. Rajiv Gandhi	9,206,249	-	-	-	-	-	9,206,249	-
(f) Commission Receivables								
Hester Biosciences Africa Limited	-	-	-	8,231,385	-	-	-	8,231,385
	-	-	-	8,231,385	-	-	-	8,231,385

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

42 Disclosure as per Indian Accounting Standard 19 (Ind AS 19) on “Employee Benefit” for the Year Ended 31 March 2020

a. Defined Contribution Plans:

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

The Company recognised ₹ 10.24 million (2018-19: ₹ 8.16 million) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

b. Defined Benefit Plan:

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

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companies' financial statement as at 31 March 2019.

Balance Sheet

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

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Defined Benefit Obligation at Beginning of the Year	27,200,525	21,199,399
Current Service Costs	2,995,324	2,400,073
Interest Cost on Defined Benefit Obligation	2,116,201	1,668,393
Actuarial (Gain) / Loss on Defined Benefit Obligation	5,283,200	3,062,222
Benefits paid during the Year	(3,543,232)	(1,129,562)
Defined Benefit Obligation at End of the Year	34,052,018	27,200,525

(ii) Change in Plan Asset

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Fair Value of Plan Assets at the Beginning of the Year	24,627,910	24,153,423
Expected Return on Plan Assets	1,916,051	1,900,874
Contribution made during the Year	14,145,108	-
Benefits paid during the Year	(3,543,232)	(1,129,562)
Actuarial Loss on Plan Assets	(75,934)	(296,825)
Fair Value of Plan Assets at the End of the Year	37,069,903	24,627,910

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

(iii) Disclosure in Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Defined Benefit Obligation at the End of the Year	(34,052,018)	(27,200,525)
Fair Value of Plan Assets at the end of the Year	37,069,903	24,627,910
Funded Status [(Deficit)/Surplus]	3,017,885	(2,572,615)
Net (Liability)/Asset Recognised in the Balance Sheet	3,017,885	(2,572,615)

(iv) Reconciliation - Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Net (Asset)/Liability at the Beginning of the Year	2,572,615	(2,954,024)
Expenses Recognised in Statement of Profit or Loss	3,195,474	2,167,592
Expenses Recognised in Other Comprehensive Income	5,359,134	3,359,047
Employers Contribution Paid	(14,145,108)	-
Net Liability/(Asset) at the End of the Year	(3,017,885)	2,572,615

Statement of Profit and Loss

(v) Expenses recognised during the Year

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
In Income Statement		
Current Service Costs	2,995,324	2,400,073
Interest Cost	200,150	(232,481)
Expenses Recognised in Statement of Profit or Loss	3,195,474	2,167,592
In Other Comprehensive Income		
Actuarial (Gain) / Loss	5,283,200	3,062,222
Return on Plan Assets	75,934	296,825
Expenses Recognised in Other Comprehensive Income	5,359,134	3,359,047

(vi) Assumptions used

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate	6.82%	7.78%
Rate of return on plan asset	6.82%	7.78%
Salary escalation	6.00%	6.00%
Attrition rate	2.00%	2.00%

(vii) Sensitivity Analysis

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	
	Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(3,501,215)	4,224,551
Change in rate of salary increase (delta effect of +/- 1%)	4,216,736	(3,556,435)
Change in rate of employee turnover(delta effect of +/- 1%)	241,800	(289,234)

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

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

43 Earnings Per Share

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Net Profit as per Statement of Profit and Loss	312,237,355	438,520,933
Weighted Average No. of Equity Shares of ₹ 10 each (Basic & Diluted)	8,506,865	8,506,865
Basic and diluted Earnings per share	36.70	51.55
Nominal Value of Share (In INR)	10.00	10.00

44 Financial Instruments

(i) Financial assets and liabilities

Particulars	As at 31 March 2020		As at 31 March 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets				
Amortised Cost:				
- Loans	51,829,018	51,829,018	57,259,758	57,259,758
- Cash and Cash Equivalents	47,435,331	47,435,331	20,916,625	20,916,625
- Other Bank Balances	4,459,761	4,459,761	4,032,115	4,032,115
- Other Financial Assets	52,367,862	52,367,862	24,320,696	24,320,696
Total	156,091,972	156,091,972	106,529,194	106,529,194
Financial Liabilities				
Amortised Cost:				
- Borrowings	392,462,068	392,462,068	323,039,976	323,039,976
- Trade Payables	121,992,527	121,992,527	80,491,475	80,491,475
- Other Financial Liabilities	99,740,049	99,740,049	78,203,988	78,203,988
Total	614,194,645	614,194,645	481,735,439	481,735,439

(ii) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

(i) Foreign currency exchange rate Risk :

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

Particulars	(Figures in ₹)	
	31 March 2020	31 March 2019
	USD	USD
Assets		
Cash and Cash Equivalents	737,000	4,950,797
Trade Receivables	67,531,820	24,058,519
Total	68,268,820	29,009,316
Liabilities		
Trade Payables	1,583,104	-
Total	1,583,104	-
Net assets/(liabilities)	66,685,716	29,009,316

For the years ended 31 March 2020 and 31 March 2019, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Companys' net profit by approximately ₹ 0.67 million and ₹ 0.29 million respectively.

(ii) Interest Rate Risk:

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest.

For the years ended 31 March 2020 and 31 March 2019, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ 4.79 million and ₹ 7.46 million respectively.

(b) Credit risk :

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

(c) Liquidity Risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Particulars	Maturity Profiles as at 31 March 2020			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	117.82	100.16	31.45	249.44
Trade Payable	121.99	-	-	121.99
Total	239.82	100.16	31.45	371.43

(Figures in ₹)

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

(Figures in ₹)

Particulars	Maturity Profiles as at 31 March 2019			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	159.88	71.55	69.78	301.21
Trade Payable	80.49	-	-	80.49
Total	240.37	71.55	69.78	381.70

(iii) Capital management

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

45 Segment Information:

(Figures in ₹)

Particulars	Year ended 31 March 2020				Year ended 31 March 2019			
	Poultry Healthcare	Animal Healthcare	Others	Total	Poultry Healthcare	Animal Healthcare	Others	Total
A. Segment Revenue								
Sales and Operating Earnings (Net)	1,178,169,516	304,394,528	182,422,213	1,664,986,257	1,306,204,237	354,845,165	50,816,790	1,711,866,192
Other Income	25,294,461	3,972,316	-	29,266,777	27,819,818	3,108,675	44,499	30,972,992
Total Segment Revenue	1,203,463,978	308,366,844	182,422,213	1,694,253,034	1,334,024,055	357,953,840	50,861,289	1,742,839,184
Identifiable Segment Expenses	902,762,508	269,977,846	58,886,583	1,231,626,937	855,417,432	205,956,918	48,525,193	1,109,899,542
Segment Operating Income	300,701,470	38,388,999	123,535,629	462,626,098	478,606,624	151,996,922	2,336,096	632,939,642
Less : Unallocable Finance Cost	-	-	-	50,339,714	-	-	-	35,426,315
Net Profit Before Tax	-	-	-	412,286,383	-	-	-	597,513,327
Less : Tax Expense	-	-	-	100,049,028	-	-	-	158,992,394
Net Profit after Tax	-	-	-	312,237,355	-	-	-	438,520,933

(Figures in ₹)

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
B. Other Information						
Segment Assets	2,148,306,404	144,772,266	2,293,078,670	1,880,891,731	243,203,158	2,124,094,889
Unallocated Assets	-	-	457,569,089	-	-	338,549,792
Segment Liabilities	603,135,050	33,819,139	636,954,189	441,220,492	126,166,804	567,387,296
Unallocated Liabilities	-	-	82,890,323	-	-	100,892,927
Depreciation/Amortisation	93,026,085	823,657	93,849,742	74,760,961	902,923	75,663,884
Capital Expenditure	4,571,340	-	4,571,340	117,299,286	271,171	117,570,457

46 Events Occurred After the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 26 June 2020, there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

Notes Forming Part of Financial Statements

for the year ended 31 March 2020

47 The outbreak of COVID-19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's manufacturing operations have been partially functional during the lockdown. All the operations of the Company have resumed post lifting of lockdown. As per the current assessment of the situation based on the Internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the Impact of COVID-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any major impact on the carrying amounts of Inventories, trade receivables, Investments and other financial assets.

48 Previous Years' figures have been regrouped / reclassified wherever necessary to confirm to Current Year's classification / disclosure.

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Independent Auditors' Report

To the Members of Hester Biosciences Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of HESTER BIOSCIENCES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, and their consolidated profit including other comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 46 of the consolidated financial results, as regards the management's evaluation of COVID-19 impact on the future performance of the Group.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. For the entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other Matter

We did not audit the financial statements and other financial information of four subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of ₹ 1,225 million, total revenue of ₹ 365 million and total profit after tax of ₹ 33 million for the year ended 31 March 2020. These financial statements and other financial information have been audited by other auditors, whose report have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far relates to the amounts and disclosures included in respect of subsidiaries, is solely based on the reports of such other auditors.

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

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements

below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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

- (a) We/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and reports of the Other Auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors who are appointed under Section 139 of the Act, of its subsidiary incorporated in India, none of the directors of the Group's companies is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating

effectiveness of such controls with reference to these Consolidated Financial Statements, refer to our separate report in "Annexure A".

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us by the management, the remuneration paid/provided during the Current Year by the Holding Company and its subsidiary incorporated in India to their directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. The remuneration paid/provided to any director by the Holding Company and its subsidiary incorporated in India is not in excess of the limit laid down under Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - Refer Note 35 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For **Shah Karia and Associates**
Chartered Accountants
ICAI Firm Registration No.: 131546W

Priyank Shah
Partner

Place: Ahmedabad
Date: 26 June 2020

Membership No.: 118627
UDIN: 20118627AAAABG9759

Annexure A

referred to in Paragraph (f) on Report on Other Legal and Regulatory Requirements of Our Report of even date of Hester Biosciences Limited for the year ended 31 March 2020

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of HESTER BIOSCIENCES LIMITED (‘the Holding Company’) and its subsidiaries (collectively referred to as “the Group”) as of 31 March 2020 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group’s internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. The Guidance Note and those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial Controls over financials reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated financial statements and their operative effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing

the risk that material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the Auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion on the internal financial control system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A Holding Companies’ internal financial controls over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Companies’ internal financial control over financial reporting include those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the respective Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group’s assets that could have material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information, according to the explanations given by the management and based on the consideration of report of Other Auditor, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial control system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at 31 March 2020, based on the internal controls over financials reporting criteria established by the Holding Company considering the essential components of internal controls stated in the Guidance Note.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statement, in so far as it relates to separate financial statement of one subsidiary company which is incorporated in India, is based in the corresponding report of the auditor of such subsidiary incorporated in India.

For **Shah Karia and Associates**
Chartered Accountants
ICAI Firm Registration No.: 131546W

Place: Ahmedabad
Date: 26 June 2020

Priyank Shah
Partner
Membership No.: 118627
UDIN: 20118627AAAABG9759

Balance Sheet

as at 31 March 2020

Particulars		Note No.	As at 31 March 2020	(Figures in ₹) As at 31 March 2019
I. ASSETS				
(1) Non-current Assets				
(a)	Property Plant & Equipment	3	1,368,555,534	1,441,244,538
(b)	Right to use Assets		49,988,253	-
(c)	Capital Work-in-Progress		741,505,693	70,543,940
(d)	Other Intangible Assets	4	3,930,602	4,798,621
(e)	Biological Assets other than the Bearer Plants	5	2,900,428	2,127,628
(f)	Financial Assets			
(i)	Investments		-	-
(ii)	Loans		-	-
(iii)	Other Financial Assets	6	52,367,862	24,320,696
(f)	Other Non-current Assets	7	49,341,434	34,925,458
			2,268,589,807	1,577,960,880
(2) Current Assets				
(a)	Inventories	8	639,673,572	507,852,463
(b)	Financial Assets			
(i)	Trade Receivables	9	584,355,423	328,651,894
(ii)	Cash and Cash Equivalents	10	230,853,148	406,472,052
(iii)	Other Bank Balances	11	4,459,761	4,032,115
(iv)	Loans	12	965,662	2,571,564
(c)	Current Tax Assets	13	4,342,528	15,302,316
(d)	Other Current Assets	14	111,527,236	151,671,059
			1,576,177,331	1,416,553,463
Total Assets			3,844,767,138	2,994,514,343
II. EQUITY AND LIABILITIES				
(1) Equity				
(a)	Share Capital	15	85,068,650	85,068,650
(b)	Other Equity	16	1,925,652,372	1,689,515,397
	Equity Attributable to Owners		2,010,721,022	1,774,584,047
	Non Controlling Interest		54,209,427	36,967,612
Total Equity			2,064,930,450	1,811,551,659
(2) Liabilities				
(a) Non-current Liabilities				
(i)	Financial Liabilities			
-	Borrowings	17	764,757,946	583,511,984
-	Other Financial Liabilities	18	1,650,000	500,000
-	Lease Liabilities		51,934,391	-
(ii)	Deferred Tax Liabilities (Net)	19	88,174,031	106,603,705
(iii)	Deferred Capital Grant		59,927,779	5,740,346
			966,444,148	696,356,035
(b) Current Liabilities				
(i)	Financial Liabilities			
-	Borrowings	20	325,424,201	224,981,301
-	Trade Payables	21	186,141,604	87,516,029
-	Other Financial Liabilities	22	132,818,508	108,376,949
-	Lease Liabilities		3,216,984	-
(ii)	Other Current Liabilities	23	165,635,282	63,146,078
(iii)	Provisions	24	155,962	2,586,293
			813,392,540	486,606,649
Total Equity and Liabilities			1,779,836,688	1,182,962,684
Significant Accounting Policies			3,844,767,138	2,994,514,344
Accompanying notes form part of financial statements.		2 3 to 47		

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants
FRN: 131546W

Priyank Shah

Partner
Membership No.: 118627

Place : Ahmedabad
Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director
DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad
Date : 26 June 2020

Sanjiv Gandhi

Director
DIN: 00024548

Vinod Mali

Company Secretary

Statement of Profit and Loss

for the year ended 31 March 2020

(Figures in ₹)

Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
I. REVENUE FROM OPERATIONS	27	1,832,684,052	1,780,667,732
II. OTHER INCOME	28	63,663,209	72,102,772
III. TOTAL REVENUE (I+II)		1,896,347,261	1,852,770,504
IV. EXPENSES			
Cost of Materials Consumed	27	293,588,239	289,546,247
Purchase of Stock-in-Trade	28	65,164,978	71,276,411
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(161,675,125)	(76,106,869)
Employee Benefit Expenses	30	406,514,700	289,292,048
Finance Cost	31	76,659,870	66,338,888
Depreciation and Amortisation Expenses	3 & 4	132,298,933	117,553,683
Other expenses	32	670,533,745	526,309,303
V. TOTAL EXPENSES		1,483,085,340	1,284,209,711
VI. PROFIT BEFORE TAX (III-V)		413,261,920	568,560,792
VII. TAX EXPENSES			
Current Tax		121,666,772	154,235,326
(2) Deferred Tax		(18,429,674)	7,389,489
VIII. PROFIT FOR THE YEAR (VI-VII)	(A)	310,024,822	406,935,977
IX. OTHER COMPREHENSIVE INCOME			
(a) Item will not to be reclassified to profit or loss			
Re-measurement of Defined Benefit Plans		(5,359,134)	(3,359,047)
(2) Income Tax Effect		1,348,894	978,154
Net Re-measurement of Defined Benefit Plans		(4,010,240)	(2,380,893)
Total Items that will not be reclassified to Profit or Loss	(B)	(4,010,240)	(2,380,893)
(b) Item will be reclassified to profit or loss			
(1) Gain or Loss arising from translating the financial statement of foreign operation		24,488,457	(132,616)
(2) Income Tax Effect		-	-
Total Items that will be reclassified to Profit or Loss	(C)	24,488,457	(132,616)
X. OTHER COMPREHENSIVE INCOME, NET OF TAXES	(D)	20,478,217	(2,513,509)
XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(A)+(D)	330,503,039	404,422,468
XII. PROFIT ATTRIBUTABLE TO			
(1) Owners		291,707,437	415,673,316
(2) Non Controlling Interest		18,317,385	(8,737,339)
		310,024,822	406,935,977
XIII. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO			
(1) Owners		20,478,360	(2,587,003)
(2) Non Controlling Interest		(143)	73,494
		20,478,217	(2,513,509)
XIV. TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
(1) Owners		312,185,797	413,086,313
(2) Non Controlling Interest		18,317,242	(8,663,845)
		330,503,039	404,422,468
XV. EARNINGS PER SHARE (in ₹)			
Basic & Diluted		36.44	47.84
[Nominal value of Equity per Share of ₹ 10]			
Significant Accounting Policies	2		
Accompanying notes form part of financial statements.	3 to 47		

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Statement of Changes in Equity

for the year ended 31 March 2020

A Equity Share Capital

(Figures in ₹)

Balance at the beginning of the reporting period i.e. 1 April 2018	Changes in Equity share capital during the 2018-19	Balance at the end of the reporting period i.e. 31 March 2019	Changes in Equity share capital during the 2019-20	Balance at the end of the reporting period i.e. 31 March 2020
85,068,650	-	85,068,650	-	85,068,650

B Other Equity

(Figures in ₹)

Particular	Reserve and Surplus					Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	
Balance as at 31 March 2018	25,737,774	175,067,104	392,262,311	728,962,658	(759,835)	1,321,270,012
Profit for the Year	-	-	-	415,673,316	-	415,673,316
Other Comprehensive Income for the year	-	-	-	(2,380,893)	(132,616)	(2,513,509)
Dividends (including dividend distribution tax)	-	-	-	(102,554,763)	-	(102,554,763)
Others	57,640,340	-	-	-	-	57,640,340
Transfer to General Reserve	-	-	-	-	-	-
Balance as at 31 March 2019	83,378,114	175,067,104	392,262,311	1,039,700,318	(892,451)	1,689,515,396
Profit for the Year	-	-	-	291,707,437	-	291,707,437
Other Comprehensive Income for the year	-	-	-	(4,010,240)	24,488,457	20,478,217
Transitional Adjustment	-	-	-	(3,438,618)	-	(3,438,618)
Dividends (including dividend distribution tax)	-	-	-	(71,788,332)	-	(71,788,332)
Others	(821,729)	-	-	-	-	(821,729)
Transfer to General Reserve	-	-	-	-	-	-
Balance as at 31 March 2020	82,556,385	175,067,104	392,262,311	1,252,170,565	23,596,006	1,925,652,371

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Cash Flow Statement

for the year ended 31 March 2020

Particulars	(Figures in ₹)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash Flow from Operating Activities		
Net Profit Before Tax as Per Profit & Loss statement	413,261,920	568,560,792
Adjustments For:		
Depreciation and Amortisation Expenses	132,298,933	117,553,683
Bad Debts Written off	621,891	182,138
(Profit) / Loss on Sale of Property, Plant & Equipments	(5,310,248)	549,812
Finance Cost	76,659,870	66,338,888
Interest Income	(3,734,231)	(1,523,237)
Unrealised Foreign Exchange Gain	(6,394,686)	(8,118,491)
Loss on disposal of investment in subsidiary	736,964	-
Pre-operative Expenditure Written Off	7,564,774	7,604,193
Remeasurement of Net Defined Benefit Plans	(5,359,134)	(3,359,047)
Operating Profit / (Loss) Before Changes in Working Capital	610,346,053	747,788,732
Adjustments For:		
Trade Receivables	(249,930,734)	58,810,981
Inventories	(131,821,109)	(103,636,852)
Other Current and Non Current Assets	25,727,847	(36,416,522)
Trade Payables	98,625,575	6,105,812
Other Current Liabilities	96,074,430	(55,270,881)
Short-term Provisions	(2,430,331)	2,507,161
Loans & Advances	1,605,902	(1,872,030)
Other Financial Liability	30,841,172	16,639,288
Other Financial Assets	(5,175,966)	(9,431,905)
Cash Generated from Operations	473,862,837	625,223,784
Net Income Tax (paid) / refunds	(109,358,090)	(158,091,612)
Exchange rate fluctuation arising on consolidation	18,415,575	(47,930)
Net Cash Flow from / (used in) Operating Activities (A)	382,920,323	467,084,242
B. Cash Flow from Investing Activities		
Proceeds from sale of Property, Plant & Equipments	9,814,593	1,138,964
Capital Expenditure on Property, Plant & Equipments	(734,980,810)	(226,530,755)
Interest & Commission Income	3,734,231	1,523,237
Investment in Bank Deposits	(23,298,846)	6,589,269
Net Cash Flow from / (used in) Investing Activities (B)	(744,730,831)	(217,279,286)
C. Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short-term Borrowings	100,442,900	(28,451,289)
Interest Paid	(76,659,870)	(66,338,888)
Dividend Paid (Including Dividend Distribution Tax)	(71,788,332)	(102,554,763)
Proceeds/(Repayment) of Long Term Borrowing	181,245,962	218,119,383
Repayment of Lease Liabilities	(1,236,490)	-
Receipt of Capital Grant	54,187,433	5,740,346
Net Cash Flow from / (used in) Financing Activities (C)	186,191,603	26,514,789
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(175,618,905)	276,319,746
Cash and Cash Equivalents at the beginning of the year	406,472,052	123,274,842
Add: Upon Addition of Subsidiary	-	6,877,464
Cash and Cash Equivalents at the end of the year [Note No. 10]	230,853,148	406,472,052
Major Components of Cash & Cash Equivalents		
Cash on Hand	1,748,269	8,073,521
Balance with Banks - On Current Accounts	194,104,880	124,374,931
Fixed Deposits having maturity of less than 3 Months	35,000,000	274,023,600
Total Cash & Cash Equivalents	230,853,148	406,472,052

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

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants

FRN: 131546W

Priyank Shah

Partner

Membership No.: 118627

Place : Ahmedabad

Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director

DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad

Date : 26 June 2020

Sanjiv Gandhi

Director

DIN: 00024548

Vinod Mali

Company Secretary

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

1 Corporate Information

Hester Biosciences Limited is a public limited company domiciled in India and listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company is engaged in Manufacturing and Trading of Veterinary Vaccines and health products having its manufacturing plant at Merda Adraj village, Mehsana District, Gujarat.

2 Significant Accounting Policies

a. Basis of Preparation:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Defined benefit plans: plan assets measured at fair value
- ii) Biological assets: measured at fair value less cost to sell

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

b. Use of Estimates:

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

c. Revenue Recognition:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably. Sale of goods is recorded net of returns, trade discounts, rebates, VAT/Sales Tax, Service Tax, Goods and Service Tax but inclusive excise duty.

Revenue from services are recognised as the related services are performed.

Interest income primarily comprises of interest from term deposits with banks and on loans to subsidiary

companies. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

d. Property Plant & Equipments :

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred except for high values which are capitalised.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Capital assets under erection/installation are stated at cost in the Balance Sheet as "Capital Work-in-Progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

e. Intangible Assets :

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

f. Depreciation / Amortisation :

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

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

g. Impairment of Non - Financial Asset - Property, Plant and Equipment and Intangible Assets:

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU's) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

h. Investments:

Investments, which are readily realisable and intended to be held for not more than a year from

the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

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

Investments in buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment properties. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

i. Inventories:

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

Finished products:

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads.

Work in Progress:

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

Raw materials and stores & spares:

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

j. Borrowing Costs:

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

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

k. Foreign Currency Transactions:

- i. Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.
- ii. Monetary items representing assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates prevailing on balance sheet date.
- iii. Investments in equity capital of company registered outside India are carried in the Balance Sheet at the rates prevailing on the date of transaction.
- iv. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognised as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

l. Research and Development:

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

m. Provision for Retirement Benefits:

- (i) **Short-Term Employee Benefits:**
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.
- (ii) **Post-employment benefit plans:**
 - a) **Defined Contribution Plan:**
Contribution for provident fund are accrued in accordance with applicable Statutes and deposited with the Regional Provident Fund Commissioner.
 - b) **Defined Benefit Plan:**
The Company operates two defined benefit plans for its employees, viz., Gratuity and Leave Encashment. The costs of providing benefits under these plans

are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognised in full in the period in which they occur.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

n. Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, which includes all stock options granted to employees.

o. Cash and Cash Equivalents:

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

p. Financial Instruments:

- (i) **Financial Asset:**
 - (a) **Classification:**
On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.
 - (b) **Initial recognition and measurement:**
All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Notes Forming Part of Consolidated Financial Statements

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Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(c) Financial assets at amortised cost:

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- 1) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 2) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognised.

(d) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's financial statements) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay

to a third party under a 'pass-through' arrangement; and either:

- (i) the Company has transferred substantially all the risks and rewards of the asset, or
- (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(e) Impairment of financial assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) trade receivables:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

Notes Forming Part of Consolidated Financial Statements

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The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(i) Financial Liabilities:

(a) Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

(b) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(c) Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or

costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

(d) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

q. Taxation:

i. Current Tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii. Deferred Tax Provision:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

iii. Minimum Alternative Tax (MAT):

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India which gives rise to future economic benefit in the form of MAT credit entitlement for adjustment of future income tax liability, is considered as an asset only when there is convincing evidence

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

that the company will pay normal income tax within the specified period. Accordingly MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such assets are revised at each balance sheet date.

r. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of

impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

s. Grants:

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

t. Provisions and Contingent Liabilities:

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

A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

u. Operating Cycle and Current/Non-current classification:

"All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.

Notes Forming Part of Consolidated Financial Statements

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- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading.

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

v. Biological Assets:

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of Profit and Loss.

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

3 Property, Plant & Equipment

Particulars	Freehold Land	Buildings	Plant & Machineries	Electrical Installations	Storage Equipment	Furniture & Fixtures	Vehicles	Computer	Total
(Figures in ₹)									
Gross Carrying Value									
As at 1 April 2018	71,273,271	688,298,969	706,296,310	64,174,047	32,889,203	52,305,386	57,310,950	15,028,178	1,687,576,314
Additions during the Year	1,266,373	181,396,280	230,313,394	20,264,299	15,028,597	10,258,594	2,867,763	3,833,586	465,228,886
Disposals during the Year	-	-	1,405,834	313,268	33,750	-	7,377,273	126,000	9,256,125
Translation Reserves	(7,372)	(130,288)	(108,463)	-	-	(7,817)	(4,975)	-	(258,915)
As at 31 March 2019	72,532,273	869,564,961	935,095,406	84,125,078	47,884,049	62,556,164	52,796,466	18,735,764	2,143,290,161
Additions during the Year	228,433	6,981,786	30,185,900	1,152,231	5,825,827	1,523,416	14,452,850	1,100,717	61,451,159
Disposals during the Year	-	4,191,825	4,521,757	-	-	-	-	-	8,713,582
Translation Reserve	807	5,675	5,889	-	69,484	22,797	126,820	-	231,473
As at 31 March 2020	72,761,513	872,360,597	960,765,438	85,277,308	53,779,360	64,102,377	67,376,137	19,836,481	2,196,259,211
Accumulated Depreciation & Impairment:									
As at 1 April 2018	-	129,877,624	322,100,413	46,456,041	18,005,453	31,542,593	33,529,396	11,748,000	593,259,521
Depreciation Expenses	-	28,069,808	70,328,331	3,959,685	3,014,070	4,323,051	4,814,959	2,059,440	116,569,344
Elimination on Disposals	-	-	1,149,241	-	-	-	6,298,408	119,700	7,567,349
Translation Reserves	-	(54,574)	(148,338)	-	-	(6,082)	(9,053)	-	(216,085)
As at 31 March 2019	-	157,892,859	391,131,165	50,415,726	21,019,523	35,861,717	32,036,895	13,687,739	702,045,623
Charge for the Year	-	30,391,818	77,638,455	5,041,943	4,264,008	4,753,656	5,442,793	2,262,036	129,794,709
Elimination on Disposals	-	1,322,032	2,887,205	-	-	-	-	-	4,209,237
Translation Reserves	-	609	1,784	-	13,852	5,402	50,934	-	72,581
As at 31 March 2020	-	186,963,253	465,884,199	55,457,669	25,297,383	40,620,775	37,530,622	15,949,775	827,703,677
Net Carrying Value									
As at 1 April 2018	71,273,271	558,421,345	384,195,897	17,718,005	14,883,750	20,762,793	23,781,554	3,280,179	1,094,316,795
As at 31 March 2019	72,532,273	711,672,102	543,964,241	33,709,352	26,864,526	26,694,447	20,759,571	5,048,025	1,441,244,538
As at 31 March 2020	72,761,513	685,397,344	494,881,239	29,819,639	28,481,976	23,481,602	29,845,515	3,886,705	1,368,555,534

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

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

4 Intangible Assets

(Other than Internally Generated)

(Figures in ₹)

Particulars	Software	Product & Trademark	Goodwill	Total
Gross Carrying Value				
As at 1 April 2018	6,441,653	4,020,025	2,800,000	13,261,678
Additions during the Year	692,500	-	-	692,500
Disposals during the Year	-	-	-	-
As at 31 March 2019	7,134,153	4,020,025	2,800,000	13,954,178
Additions during the Year	57,500	-	-	57,500
Disposals during the Year	-	-	-	-
As at 31 March 2020	7,191,653	4,020,025	2,800,000	14,011,678
Accumulated Amortisation & Impairment:				
As at 1 April 2018	4,421,178	1,089,942	1,259,194	6,770,313
Charge for the Year	441,440	402,997	139,897	984,334
Impairment for the Year *	-	-	1,400,909	1,400,909
Deductions due to Disposals	-	-	-	-
As at 31 March 2019	4,862,618	1,492,939	2,800,000	9,155,556
Charge for the Year	522,522	402,997	-	925,519
Impairment for the Year *	-	-	-	-
Deductions due to Disposals	-	-	-	-
As at 31 March 2020	5,385,140	1,895,936	2,800,000	10,081,075
Carrying Amount				
As at 1 April 2018	2,020,475	2,930,083	1,540,806	6,491,364
As at 31 March 2019	2,271,535	2,527,086	-	4,798,621
As at 31 March 2020	1,806,513	2,124,089	-	3,930,602

* Company has carried out impairment testing during the previous year for identification of impairment of assets, if any, in accordance with the Indian Accounting Standard (Ind AS) - 36, issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, the Company has impaired Goodwill during previous the year.

5 Biological Assets Other than the Bearer Plants

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Live Stock (Poultry Healthcare)		
As at 1 April 2019	-	1,378,098
Add: Purchased during the Year	2,900,428	1,485,763
Less: Sold/(Disposed) during the Year	-	736,233
As at 31 March 2020	2,900,428	2,127,628

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

Particulars	UNIT	As at 31 March 2020	As at 31 March 2019
Live Stock (Poultry Healthcare)			
- Poultry Healthcare	Nos.	39,329	35,889
At the end of the year		39,329	35,889

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

6 Other Financial Assets (Non Current)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Bank Deposits with more than 12 months maturity	38,694,423	15,823,223
Security Deposits	13,673,439	8,497,473
Total	52,367,862	24,320,696

7 Other Non Current Assets

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital Advances	49,341,434	34,925,458
Total	49,341,434	34,925,458

8 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw Materials	45,821,465	62,527,118
Work-in-Progress	393,872,984	262,290,545
Finished Goods	95,636,236	67,405,312
Stock-in-Trade	60,779,201	63,468,026
Stores & Spares	10,256,356	19,459,294
Packing Materials	33,307,329	32,702,169
Total	639,673,572	507,852,463

9 Trade Receivables

(Unsecured, Considered Good)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Receivables	584,355,423	328,651,894
Total	584,355,423	328,651,894

10 Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with Banks		
- In Current Accounts	194,104,880	124,374,931
- In Deposit Accounts with original Maturity less than 3 Months	35,000,000	274,023,600
Cash on Hand	1,748,269	8,073,521
Total	230,853,148	406,472,052

Notes Forming Part of Consolidated Financial Statements

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11 Other Bank Balances

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Earmarked Balances with Banks	4,459,761	4,032,115
Total	4,459,761	4,032,115

12 Loans (Current)

(Unsecured, Considered Good)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Loan to Employees	965,662	2,571,564
Total	965,662	2,571,564

13 Current Tax Assets (Net)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Advance Tax Paid (Net of Provision for tax)	4,342,528	15,302,316
Total	4,342,528	15,302,316

14 Other Current Assets

(Unsecured, Considered Good)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Advances to Suppliers	25,381,920	40,727,258
Advances to Employees	-	836,556
Prepaid Expenses	7,643,891	1,605,728
Export Incentives Receivables	1,145,304	1,145,304
Balance with Government Authorities	55,539,275	53,785,199
Others	21,816,846	53,571,015
Total	111,527,236	151,671,059

15 Share Capital

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Authorised Capital		
11,200,000 (P.Y. 11,200,000) Equity Shares of ₹ 10 each	112,000,000	112,000,000
	112,000,000	112,000,000
Issued, Subscribed & Paid Up Capital		
8,506,865 (P.Y. 8,506,865) Equity Shares of ₹ 10 each fully paid up	85,068,650	85,068,650
Total	85,068,650	85,068,650

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

15.1 The Reconciliation of the Number of Shares Outstanding is Set Out Below

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Equity Shares at the beginning of the year	8,506,865	8,506,865
Add.: Changes during the Year	-	-
Outstanding at the end of the year	8,506,865	8,506,865

15.2 Rights, Preferences and Restriction Attached to Shares

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

The Board of Directors has recommended a dividend of ₹ 6.60 per equity share (66%) for FY20, subject to the approval of the shareholders.

15.3 The Details of Shareholders Holding More Than 5% Equity Shares in the Company

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% held	No. of Shares	% held
Mr. Rajiv Gandhi	885,397	10.41	949,397	11.16
Ms. Nina Gandhi	696,340	8.19	696,340	8.19
Mr. Sanjiv Gandhi	692,820	8.14	692,820	8.14

16 Other Equity

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Capital Reserve		
As per last Balance sheet	83,378,114	25,737,774
Add: Addition during the year	(821,729)	57,640,340
	82,556,385	83,378,114
Securities Premium		
As per last Balance sheet	175,067,105	175,067,105
Add: Addition during the year	-	-
	175,067,105	175,067,105
General Reserve		
As per last Balance sheet	392,262,312	392,262,312
Add: Transferred from Surplus in Statement of Profit and Loss	-	-
	392,262,312	392,262,312
Surplus- Statement of Profit & Loss		
As per Last Balance Sheet	1,039,700,318	728,962,658
Add: Profit for the year	291,707,437	415,673,316
Add: Other Comprehensive Income	(4,010,240)	(2,380,893)
Less: Transitional Adjustment	(3,438,618)	-
	1,323,958,897	1,142,255,081
Less: Appropriations		
- Dividend (Including Dividend Distribution Tax)	71,788,332	102,554,763
	1,252,170,565	1,039,700,318
Foreign Currency Translation Reserve		
As per Last Balance Sheet	(892,451)	(759,835)
Add: Addition during the year	24,488,457	(132,616)
	23,596,006	(892,451)
Total	1,925,652,372	1,689,515,397

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

17 Borrowing (Non Current)

(Figures in ₹)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Borrowings		
Term Loans from Banks	871,775,795	670,244,416
Hire Purchase Loans from Banks	9,609,504	3,272,567
	881,385,299	673,516,983
Less: Current Maturities of Long Term Borrowings (Refer Note No.: 22)		
Term Loans from Banks	(115,003,577)	(89,237,195)
Hire Purchase Loans from Banks	(1,623,776)	(767,804)
	(116,627,353)	(90,004,999)
Total	764,757,946	583,511,984

17.1 Repayment Terms and Security Pledged Against the Borrowings

Particulars	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each Installment of ₹
State Bank of India : Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50% [^]	Monthly	10	1,000,000
			12	2,000,000
			12	2,500,000
			12	3,000,000
			12	4,000,000
			12	5,000,000
State Bank of India : Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50% [^]	Quarterly	4	2,777,778
			4	2,777,778
			4	2,777,778
			4	2,777,778
			2	2,777,778
State Bank of India: Term Loan is Secured by hypothecation of plant and machinery purchased out of bank finance and also collaterally secured by Equitable mortgage of Land & Building on survey no. 1972 and 1973/p at village Merda-Adraj, Kadi Thol Road, Kadi, Mehsana and Hypothecation of uncumbered plant and machinery of the company. It is also secured by Personal Guarantee of some of the Directors of the company.	9.50% [^]	Quarterly	4	5,000,000
			4	5,000,000
			2	5,000,000
Axis Bank Loan is secured by hypothecation of specific vehicle/car	9.26%	Monthly	60	115,435*
HDFC Bank Loan is secured by hypothecation of specific vehicle/car	8.70%	Monthly	60	77,711*

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

Particulars	Rate of Interest	Terms of repayment	Repayable in	
			Number of installments	Each Installment of NPR
Century Commercial Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors.	10.00%	Quarterly	3	550,000
			4	2,750,000
			4	4,125,000
			4	6,325,000
			8	6,875,000
Century Commercial Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors.	10.00%	Quarterly	2	55,700
			4	278,500
			4	417,750
			12	557,000
			2	779,800
Nepal Investment Bank Limited is secured by hypothecation of current assets. It is also collaterally secured by Equitable Mortgage of Land and Building on Ward No: 7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors.	10.00%	Quarterly	4	594,500
			4	2,972,500
			3	4,458,750
			4	734,460
			4	736,500
			4	1,104,750
			12	1,473,000
			2	2,062,000
			4	3,672,310
			4	5,508,470
			4	6,836,750
			8	7,431,250
			4	8,446,320
			7	9,180,720
Nepal Investment Bank Limited is secured by hypothecation of specific vehicle / car	10.25%	Monthly	60	34,190
Nepal Investment Bank Limited is secured by hypothecation of specific vehicle / car	9.25%	Monthly	60	39,365
Nepal Investment Bank Limited is secured by hypothecation of specific vehicle / car	9.00%	Monthly	60	60,407

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

*Installment includes interest.

18 Other Financial Liabilities (Non Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Trade Deposits	1,650,000	500,000
Total	1,650,000	500,000

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

19 Deferred Tax Liabilities (Net)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Deferred Tax Liabilities		
- Benefit availed Under Income Tax Act	82,890,323	59,057,573
- Excess of Net Block over Written Down Value as per provision of Income Tax Act	5,283,708	46,672,556
- Provision for Employee Benefits	-	873,576
Total Deferred Tax Liabilities (A)	88,174,031	106,603,705
Deferred Tax Assets		
- Provision for Employee Benefits	-	-
- MAT Credit Entitlement	-	-
Total Deferred Tax Assets (B)	-	-
Net Deferred Tax Liabilities (A-B)	88,174,031	106,603,705

20 Borrowings (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Loan Repayable on Demand		
(1) Secured		
- Cash Credit from Bank	325,261,695	120,468,334
- Credit Card	162,505	4,512,967
(2) Unsecured		
- Working Capital Demand Loan	-	100,000,000
Total	325,424,201	224,981,301

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

20.02 Cash Credit accounts of subsidiary company are secured by first and exclusive hypothecation charge on all the current assets of the Company. It is also collateral secured by Equitable mortgage of Land and Building on ward No.:7 Ugarachandi VDC Kavre, Nepal and hypothecation of unencumbered plant and machinery of the Company and personal guarantee of some of the Directors.

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

21 Trade Payables

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Dues to Micro, Small and Medium Enterprises (Refer Note No.: 36)	7,081,076	2,238,894
Other Trade Payables	179,060,528	85,277,135
Total	186,141,604	87,516,029

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

22 Other Financial Liabilities (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Current Maturities of Long Term Borrowings (Refer Note No.: 17)		
- Term Loans	115,003,577	89,237,195
- Hire Purchase Loans	1,623,776	767,805
Unclaimed Dividends	4,459,761	4,032,115
Creditors for Capital expenses	11,731,394	14,339,834
Total	132,818,508	108,376,949

23 Other Current Liabilities

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Advance from Customers	4,288,602	4,913,278
Payables to Statutory Authorities	436,231	6,724,809
Other Liabilities	160,910,449	51,507,990
Total	165,635,282	63,146,078

24 Provisions (Current)

Particulars	(Figures in ₹)	
	As at 31 March 2020	As at 31 March 2019
Provision for Employee Benefit	155,962	2,586,293
Total	155,962	2,586,293

25 Revenue from Operations

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
(A) Sale of Goods		
Manufacturing Sales		
Domestic Sales	1,041,436,206	1,202,418,795
Export Sales	370,080,080 1,411,516,285	187,598,327 1,390,017,122
Trading Sales		
Domestic Sales	295,576,523	253,295,003
Export Sales	9,789,054 305,365,577	2,835,176 256,130,179
(B) Other Operating Revenue	115,802,189	134,520,430
Total	1,832,684,052	1,780,667,732

25.1 Segment-Wise Break-up of Revenue

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
- Poultry Healthcare	1,203,463,978	1,258,183,680
- Animal Healthcare	473,417,885	387,963,622
- Others	135,802,189	134,520,430
Total	1,812,684,052	1,780,667,732

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

26 Other Income

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest Income		
- From Bank Deposits	3,092,343	1,151,212
- From Others	641,888	372,025
Miscellaneous Income	8,829,132	8,174,774
Rent Income	321,030	410,610
Exchange Profit & Loss (Net)	9,358,021	8,284,827
Profit on Sale of Property, Plant and Equipment	5,310,248	894,841
Grant Income (AmortiSation)	36,110,546	52,814,484
Total	63,663,209	72,102,772

27 Cost of Material Consumed

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the Beginning of the Year	62,527,118	32,191,633
Add: Purchased during the Year	276,882,586	319,881,732
Less: Inventory at the End of the Year	45,821,465	62,527,118
Total	293,588,239	289,546,247

27.1 Break-up of Raw Material Consumed

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Growth Media	142,998,251	142,289,050
Other Chemicals	150,589,988	147,257,197
Total	293,588,239	289,546,247

27.2 Value of Indigenous and Imported Raw Material Consumed During the Year

Name of the share holders	Year ended 31 March 2020		Year ended 31 March 2019	
	Percentage	Value (In ₹)	Percentage	Value (In ₹)
Imported	7.08%	20,795,340	6.78%	19,617,810
Indigeneous	92.92%	272,792,899	93.22%	269,928,437
Total	100.00%	293,588,239	100.00%	289,546,247

28 Purchase of Stock-in-Trade

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
- Poultry Healthcare	45,512,995	44,268,070
- Animal Healthcare	1,690,565	12,142,883
- Others	17,961,418	14,865,458
Total	65,164,978	71,276,411

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

29 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the End of the Year		
- Finished Goods	156,415,438	126,322,752
- Semi-finished Goods	393,872,984	262,290,545
	550,288,422	388,613,297
Inventories at the Beginning of the Year		
- Finished Goods	126,322,751	66,394,008
- Semi-finished Goods	262,290,545	246,112,420
	388,613,297	312,506,428
Total	(161,675,125)	(76,106,869)

30 Employee Benefit Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries & Wages	387,473,131	272,707,881
Contributions to Provident Fund & Other Funds	14,437,526	11,083,761
Staff Welfare Expenses	4,604,043	5,500,406
Total	406,514,700	289,292,048

31 Finance Cost

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest Expenses	63,893,256	53,042,743
Bank Commission & Charges	12,766,614	13,296,145
Total	76,659,870	66,338,888

32 Other Expenses

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Manufacturing Expenses		
Power and Fuel	79,460,150	77,024,247
Consumption of Stores and Spares	41,379,415	56,764,763
Repairs & Maintenance		
- Plant and Machinery	5,806,729	8,121,317
- Building	202,724	1,711,601
- Electrical Equipments	7,341,239	2,039,167
Packing Expenses	85,674,594	58,383,401
Quality Control and Testing Expenses	2,336,722	2,591,866
Other Production Expenses	62,750,319	32,789,455
	284,951,891	239,425,818
Selling and Distribution Expenses		
Selling Expenses	123,319,182	98,225,592
Sales Tax Expenses	240,259	272,756
Transportation Expenses	66,342,842	69,176,478
Travelling Expenses	37,527,231	19,384,860
	227,429,513	187,059,686

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

(Figures in ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Administrative Expenses		
Communication Expenses	5,536,744	3,910,486
Insurance Expenses	7,474,025	4,412,259
Legal, Professional and Consultancy Fees	37,894,495	9,393,094
Printing and Stationery Expenses	2,615,332	4,906,229
Travelling and Conveyance Expenses	15,583,668	13,860,365
Rent, Rates and Taxes	12,532,939	14,466,031
Repairs and Maintenance - Others	9,283,138	5,915,529
Vehicle Maintenance and Conveyance Expenses	12,256,978	9,352,938
Electricity Charges	1,850,373	1,311,446
CSR Expenses (Refer Note No.: 38)	3,451,000	1,700,000
Charity & Donations	682,289	162,575
Bad Debts written off	621,891	182,138
Loss on Sale of Property, Plant and Equipment	-	1,444,653
Miscellaneous Expenses	37,926,611	17,845,530
Preoperative Expenses Written off	7,564,774	7,604,193
Prior Period Expenses	-	828,578
Loss on Disposal of Subsidiary Investment	736,964	-
Payment to Auditor	-	-
- As Auditor	1,718,618	2,117,757
- For Taxation Matters	275,000	275,000
- For Other Services	147,500	135,000
	158,152,341	99,823,800
Total	670,533,745	526,309,303

33 Tax Reconciliation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit Before Tax	413,261,920	568,560,792
Enacted Income Tax Rate applicable to Company	25.17%	29.12%
Expected Income Tax Expenses	104,018,025	165,564,903
Adjustments to reconcile expected income tax expense to reported income tax		
Weighted deduction allowed in respect of research and development expense	-	(5,120,515)
Expenses Disallowed as per Income Tax	1,286,443	1,126,061
Non Taxable Subsidiaries and effect of Differential Tax Rate under various jurisdiction	3,116,223	9,992,054
Other Adjustments	13,246,081	(17,327,177)
Current Tax Provision (A)	121,666,772	154,235,326
Incremental Deferred Tax Liability on account of Tangible and Intangibles Assets	(17,055,969)	4,949,106
Incremental Deferred Tax Liability on account of Financial Assets & other Items	(1,373,705)	2,440,383
Deferred Tax Provision (B)	(18,429,674)	7,389,489
Tax Expense Recognised in the Statement of Profit & Loss (A+B)	103,237,098	161,624,815
Effective Tax Rate	24.98%	28.43%

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

34 Commitments

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance]	14,078,779	15,784,588

35 Contingent Liabilities Not Provided For

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Claims against the company not acknowledged as debts:		
Income Tax *	1,101,580	1,101,580

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

36 Dues to Micro, Small & Medium Enterprises as Per MSMED Act, 2006

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(i) Principal amount due remaining unpaid to Micro and Small Enterprises as at end of the year;	7,081,076	2,238,894
(ii) Interest accrued and remaining unpaid to Micro and Small Enterprises as at end of the year;	-	-
(iii) Interest due and payable to Micro and Small Enterprises for the year;	-	-
(iv) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day;	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to Micro and Small Enterprises.	-	-

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

37 Research and Development Expenditure

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue Expenditure		
Salary and Wages	10,401,423	15,672,135
Contribution to Provident Fund	206,401	276,122
Packing-Forwarding-Freight expenses	15,882	22,425
Power and Fuel	11,272,351	13,822,633
Consumption of Chemicals	655,693	932,374
Other Consumables	1,055,078	779,528
Repair and Maintenance expenses	44,285	-
Travelling Expenses	104,561	218,662
Miscellaneous Expenses	289,129	18,100
Total (A)	24,044,803	31,741,979
Capital Expenditure (B)	1,234,272	1,142,130
Total Research and Development Expenditure (A+B)	25,279,075	32,884,109

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

38 Details of Corporate Social Responsibility (CSR) Expenditure

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

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Amount Required to be spent under Section 135 of the Companies Act, 2013	9,119,045	6,800,432
Amount Spent during the year	3,451,000	1,700,000

The Company has contributed into PM Cares Fund aggregating total amount of ₹ 8,500,000 out of which ₹ 2,500,000 in the FY 2019-20 and remaining in FY 2020-21.

39 Related Party Disclosure

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

(i) List of Related Parties as on 31 March 2020

(a) Key Management Personnel:

- 1) Mr. Rajiv Gandhi - CEO & Managing Director
- 2) Mr. Chetas patel - Chief Financial Officer^{\$}
- 3) Mr. Vinod Mali - Company Secretary
- 4) Mr. Sahil Shah - Chief Financial Officer[#]
- 5) Mr. Jigar Shah - Chief Financial Officer^{*}

* Resigned with effect from 1 September 2019

[#] Appointed with effect from 1 March 2020 till 29 April 2020

^{\$} Appointed with effect from 29 April 2020

(b) Promoters and their relatives having control:

- 1) Dr. Bhupendra Gandhi (Non-Executive Chairman)
- 2) Mr. Sanjiv Gandhi (Non-Executive Director)
- 3) Mr. Ravin Gandhi (Non Executive Director)
- 4) Ms. Nina Gandhi (Non - Executive Alternate Director of Mr. Ravin Gandhi)
- 5) Ms. Priya Gandhi

(c) Enterprise having significant influence:

- 1) Hester Coatings LLP
- 2) Sinsui India Private Limited
- 3) Biolink Healthcare Limited
- 4) Hester Diagnostics Private Limited
- 5) Gujarat Polyplast Private Limited

Notes Forming Part of Consolidated Financial Statements

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(ii) Transactions during the year with Related Parties

Particulars	Key Management Personnel/ Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(Figures in ₹)								
(a) Purchase								
Gujarat Polyplast Private Limited	-	-	-	-	24,024,575	22,398,410	24,024,575	22,398,410
(b) Sitting Fees for Board Meetings								
Mr. Sanjiv Gandhi	680,000	100,000	-	-	-	-	680,000	100,000
Dr. Bhupendra Gandhi	210,000	40,000	-	-	-	-	210,000	40,000
Ms. Nina Gandhi	210,000	40,000	-	-	-	-	210,000	40,000
Ms. Nina Gandhi	260,000	20,000	-	-	-	-	260,000	20,000
(c) Remuneration Paid								
Mr. Rajiv Gandhi	73,769,235	27,776,212	-	-	-	-	73,769,235	27,753,954
Mr. Rajiv Gandhi	70,280,785	20,400,000	-	-	-	-	70,280,785	20,400,000
Mr. Jigar Shah	2,874,415	6,919,101	-	-	-	-	2,874,415	6,919,101
Mr. Sahil Shah	40,020	-	-	-	-	-	40,020	-
Mr. Vinod Mali	574,015	434,853	-	-	-	-	574,015	434,853
(d) Rent Paid - MDs' Residence								
Biolink Healthcare Limited	-	-	-	-	600,000	600,000	600,000	600,000
(e) Salary Paid								
Ms. Priya Gandhi	1,708,707	1,452,975	-	-	-	-	1,708,707	1,452,975
	1,708,707	1,452,975	-	-	-	-	1,708,707	1,452,975

Balances at the end of the Year

Particulars	Key Management Personnel/ Relatives of Key Managerial Personnel		Subsidiary / Associate Company		Enterprises Having Significant Influence (EHSI)		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(Figures in ₹)								
(a) Trade Payables								
Gujarat Polyplast Private Limited	-	-	-	-	2,530,895	3,424,825	2,530,895	3,424,825
(b) Remuneration Payable								
Mr. Rajiv Gandhi	9,206,249	-	-	-	-	-	9,206,249	-
	9,206,249	-	-	-	-	-	9,206,249	-

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

40 Disclosure as Per Indian Accounting Standard 19 (Ind AS 19) on “Employee Benefit” for the Year Ended 31 March 2020

a. Defined Contribution Plans:

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

The Company recognised ₹ 10.24 million (2018-19: ₹ 8.16 million) for provident fund contribution in the Statement of Profit and Loss. The contributions payable to this plan by the Company are at rates specified in the rules of the scheme. The Company has no further obligations under the plan beyond its monthly contributions.

b. Defined Benefit Plan:

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

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

The following table sets out the funded status of the gratuity plan and the amount recognised by the Companys' financial statement as at 31 March 2020.

Balance Sheet

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

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Defined Benefit Obligation at Beginning of the Year	27,200,525	21,199,399
Current Service Costs	2,995,324	2,400,073
Interest Cost on Defined Benefit Obligation	2,116,201	1,668,393
Actuarial (Gain) / Loss on Defined Benefit Obligation	5,283,200	3,062,222
Benefits paid during the Year	(3,543,232)	(1,129,562)
Defined Benefit Obligation at End of the Year	34,052,018	27,200,525

(ii) Change in Plan Asset

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Fair Value of Plan Assets at the Beginning of the Year	24,627,910	24,153,423
Expected Return on Plan Assets	1,916,051	1,900,874
Contribution made during the Year	14,145,108	-
Benefits paid during the Year	(3,543,232)	(1,129,562)
Actuarial Loss on Plan Assets	(75,934)	(296,825)
Fair Value of Plan Assets at the End of the Year	37,069,903	24,627,910

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

(iii) Disclosure in Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Defined Benefit Obligation at the End of the Year	(34,052,018)	(27,200,525)
Fair Value of Plan Assets at the end of the Year	37,069,903	24,627,910
Funded Status [(Deficit)/Surplus]	3,017,885	(2,572,615)
Net (Liability)/Asset Recognised in the Balance Sheet	3,017,885	(2,572,615)

(iv) Reconciliation - Balance Sheet

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Net (Asset)/Liability at the Beginning of the Year	2,572,615	(2,954,024)
Expenses Recognised in Statement of Profit or Loss	3,195,474	2,167,592
Expenses Recognised in Other Comprehensive Income	5,359,134	3,359,047
Employers Contribution Paid	(14,145,108)	-
Net Liability/(Asset) at the End of the Year	(3,017,885)	2,572,615

Statement of Profit and Loss

(v) Expenses recognised during the Year

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
In Income Statement		
Current Service Costs	2,995,324	2,400,073
Interest Cost	200,150	(232,481)
Expenses Recognised in Statement of Profit or Loss	3,195,474	2,167,592
In Other Comprehensive Income		
Actuarial (Gain) / Loss	5,283,200	3,062,222
Return on Plan Assets	75,934	296,825
Expenses Recognised in Other Comprehensive Income	5,359,134	3,359,047

(vi) Assumptions used

Particulars	(Figures in ₹)	
	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate	6.82%	7.78%
Rate of return on plan asset	6.82%	7.78%
Salary escalation	6.00%	6.00%
Attrition rate	2.00%	2.00%

(vii) Sensitivity Analysis

Particulars	(Figures in ₹)	
	Year ended 31 March 2020 Increase	Decrease
Change in discounting rate (delta effect of +/- 1%)	(3,501,215)	4,224,551
Change in rate of salary increase (delta effect of +/- 1%)	4,216,736	(3,556,435)
Change in rate of employee turnover(delta effect of +/- 1%)	241,800	(289,234)

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

(Figures in ₹)

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

41 Earnings Per Share

Earnings Per Share

Particulars	Year ended	(Figures in ₹) Year ended
	31 March 2020	31 March 2019
Net Profit as per Statement of Profit and Loss	310,024,822	406,935,977
Weighted Average No. of Equity Shares of ₹ 10 each (Basic & Diluted)	8,506,865	8,506,865
Basic and diluted Earnings per share	36.44	47.84
Nominal Value of Share (In ₹)	10.00	10.00

42 Financial Instruments

(i) Financial assets and liabilities

Particulars	As at 31 March 2020		As at 31 March 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets				
Amortised Cost:				
- Loans	965,662	965,662	2,571,564	2,571,564
- Cash and Cash Equivalents	230,853,148	230,853,148	406,472,052	406,472,052
- Other Bank Balances	4,459,761	4,459,761	4,032,115	4,032,115
- Other Financial Assets	52,367,862	52,367,862	24,320,696	24,320,696
Total	288,646,433	288,646,433	437,396,427	437,396,427
Financial Liabilities				
Amortised Cost:				
- Borrowings	1,090,182,147	1,090,182,147	808,493,285	808,493,285
- Trade Payables	186,141,604	186,141,604	87,516,029	87,516,029
- Other Financial Liabilities	189,619,883	189,619,883	108,876,949	108,876,949
Total	1,465,943,635	1,465,943,635	1,004,886,263	1,004,886,263

(ii) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates and interest rates.

(i) Foreign currency exchange rate Risk :

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

The major foreign currency exposure for the company is denominated in USD. Additionally, transactions entered into in other currencies are not significant in relation to the total volume of the foreign currency exposures.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

Particulars	31 March 2020	(Figures in ₹) 31 March 2019
	USD	USD
Assets		
Cash and Cash Equivalents	134,862,160	391,300,400
Trade Receivables	240,473,787	41,874,171
Total	375,335,946	433,174,571
Liabilities		
Trade Payables	63,927,249	12,805,221
Borrowings	525,063,268	275,963,813
Total	588,990,518	288,769,034
Net assets/(liabilities)	(213,654,571)	144,405,537

For the years ended 31 March 2020 and 31 March 2019, every 1% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Company's net profit by approximately ₹ 2.14 million and ₹ 1.44 million respectively.

(ii) **Interest Rate Risk:**

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The company is exposed to fluctuations in interest rates in respect of rupee loans carrying a floating rate of interest.

For the years ended 31 March 2020 and 31 March 2019, a reasonable possible change of 100 basis points in interest rates at the reporting dates would have increased/(decreased) profit or loss by approximately ₹ 9.54 million and ₹ 7.93 million respectively.

(b) **Credit risk :**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers.

All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

(c) Liquidity Risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

(Figures in ₹)

Particulars	Maturity Profiles as at 31 March 2020			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	167.26	164.42	237.50	569.17
Trade Payable	186.14	-	-	186.14
Total	353.40	164.42	237.50	755.31

(Figures in ₹)

Particulars	Maturity Profiles as at 31 March 2019			
	Within 1 year	1-2 Years	2-5 Years	Total
Borrowings	220.91	139.07	143.87	503.85
Trade Payable	87.52	-	-	87.52
Total	308.43	139.07	143.87	591.37

(iii) Capital management

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

43 Segment Information

(Figures in ₹)

Particulars	Year ended 31 March 2020				Year ended 31 March 2019			
	Poultry Healthcare	Animal Healthcare	Others	Total	Poultry Healthcare	Animal Healthcare	Others	Total
A. Segment Revenue								
Sales and Operating Earnings (Net)	1,203,463,978	493,417,885	135,802,189	1,832,684,052	1,303,401,821	426,449,120	50,816,790	1,780,667,731
Other Income	25,294,461	3,972,316	34,396,431	63,663,209	27,819,818	44,238,456	44,499	72,102,773
Total Segment Revenue	1,228,758,439	497,390,201	170,198,621	1,896,347,261	1,331,221,639	470,687,576	50,861,289	1,852,770,504
Identifiable Segment Expenses	928,056,969	396,108,975	82,259,527	1,406,425,471	852,233,503	317,112,127	48,525,193	1,217,870,823
Segment Operating Income	300,701,470	101,281,226	87,939,094	489,921,790	478,988,136	153,575,449	2,336,096	634,899,681
Less : Unallocable Finance Cost				76,659,870				66,338,888
Net Profit Before Tax				413,261,920				568,560,794
Less : Tax Expense				103,237,098				161,624,815
Net Profit after Tax				310,024,822				406,935,979

(Figures in ₹)

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	Poultry Healthcare	Animal Healthcare	Total	Poultry Healthcare	Animal Healthcare	Total
B. Other Information						
Segment Assets	2,148,306,404	144,772,266	2,293,078,670	1,880,891,731	243,203,158	2,124,094,889
Unallocated Assets	-	-	1,551,688,467	-	-	870,419,452
Segment Liabilities	603,135,050	33,819,139	636,954,189	441,220,492	126,166,804	567,387,296
Unallocated Liabilities	-	-	1,197,091,926	-	-	652,543,000
Depreciation/Amortisation	93,026,085	39,272,848	132,298,933	74,760,961	42,792,723	117,553,684
Capital Expenditure	4,571,340	666,390,413	670,961,754	117,299,286	1,318,341	118,617,627

Notes Forming Part of Consolidated Financial Statements

for the year ended 31 March 2020

44 Additional Information, as Required Under Schedule III to the Companies Act, 2013, of Enterprises Consolidated as Subsidiary / Associates / Joint Ventures:

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated total comprehensive income	Amount
Holding Company								
Hester Biosciences Limited	80.06%	1,653,264,955	89.49%	277,448,955	-19.58%	(4,010,240)	82.73%	273,438,715
Subsidiary Company (Indian)								
Texas Lifesciences Private Limited	1.50%	30,944,810	1.80%	5,572,158	-	-	1.69%	5,572,158
Subsidiary Companies (Foreign)								
Hester Biosciences Nepal Private Limited	1.02%	21,038,243	8.22%	25,482,547	0.00%	(265)	7.71%	25,482,282
Hester Biosciences Africa Limited	13.31%	274,824,967	-4.85%	(15,036,932)	102.32%	20,953,814	1.79%	5,916,882
Hester Biosciences Kenya Limited	1.48%	30,648,047	-0.57%	(1,759,291)	17.26%	3,535,051	0.54%	1,775,760
Non Controlling interest in Subsidiary Companies	2.63%	54,209,427	5.91%	18,317,385	0.00%	(143)	5.54%	18,317,242
Total	100.00%	2,064,930,450	100%	310,024,822	100%	20,478,217	100%	330,503,039

45 Events Occurred After the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the Balance Sheet date prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the Financial Statements. As of 26 June 2020, there was no subsequent event to be recognised or reported that are not already disclosed elsewhere in these Financial Statements.

46 The outbreak of COVID-19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's manufacturing operations have been partially functional during the lockdown. All the operations of the Company have resumed post lifting of lockdown. As per the current assessment of the situation based on the Internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the Impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any major impact on the carrying amounts of Inventories, trade receivables, Investments and other financial assets.

47 Previous Years' figures have been regrouped / reclassified wherever necessary to confirm to Current Year's classification / disclosure.

As per our report of even date attached.

For Shah Karia & Associates

Chartered Accountants
FRN: 131546W

Priyank Shah

Partner
Membership No.: 118627

Place : Ahmedabad
Date : 26 June 2020

For & on behalf of the Board of Directors

Rajiv Gandhi

CEO & Managing Director
DIN: 00438037

Chetas Patel

CFO

Place : Ahmedabad
Date : 26 June 2020

Sanjiv Gandhi

Director
DIN: 00024548

Vinod Mali

Company Secretary

Ten-Year Financial Statistics

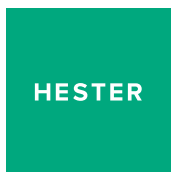
(₹ in Million)

Year Ended on 31 March	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Manufacturing Sales	416.73	479.21	618.08	638.34	826.17	877.28	1,114.88	1,133.52	1,462.46	1,255.47
Trading Sales	2.98	3.42	32.96	52.14	62.89	105.08	119.99	185.62	241.07	284.76
Other Operational Income	-	-	-	-	11.31	26.56	20.91	33.39	8.34	154.02
Net Sales	419.71	482.63	651.04	690.48	900.37	1,008.92	1,255.78	1,352.53	1,711.87	1,694.25
Other Income	1.31	2.44	2.34	7.73	3.57	8.72	7.26	18.77	30.97	29.26
Total Income	421.02	485.07	653.38	698.21	903.94	1,017.64	1,263.04	1,371.30	1,742.84	1,723.51
Total Expenses	239.13	293.55	426.98	437.18	643.60	674.97	845.00	856.56	1,034.24	1,167.04
(a) (Increase)/decrease in Inventories	(54.59)	(51.45)	(24.64)	(30.32)	59.58	(29.75)	33.21	(62.35)	(72.45)	(155.74)
(b) Trading Purchase	1.89	6.72	31.76	39.28	37.23	67.59	88.05	78.42	137.26	171.89
(c) Consumption of Raw materials	113.76	119.21	147.15	104.56	150.01	157.68	177.67	217.04	227.32	211.31
(d) Manufacturing Expenses	60.98	87.41	93.48	116.49	128.91	168.40	175.53	197.55	224.13	245.67
(e) Staff Cost	58.19	68.68	90.62	98.37	123.17	154.40	183.23	222.88	267.41	371.56
(f) Selling, General & Admin. Expenses	58.89	62.98	88.61	108.80	144.71	156.65	187.31	203.02	250.56	322.35
Interest	25.28	28.27	32.18	64.34	44.49	36.86	32.08	23.16	35.43	50.34
Depreciation	44.78	41.23	43.95	53.78	54.94	57.32	55.09	54.51	75.66	93.85
Profit Before Exceptional Items	111.83	122.02	150.27	142.91	160.91	248.49	330.87	437.07	597.51	412.28
Exceptional Items	-	-	-	-	27.21	-	-	-	-	-
Profit Before Tax	111.83	122.02	150.27	142.91	188.11	248.49	330.87	437.07	597.51	412.28
Provision for taxation	35.88	44.11	53.37	42.03	48.16	56.26	81.47	131.49	158.99	100.05
Net Profit	75.96	77.91	96.90	100.88	139.95	192.23	249.40	305.58	438.52	312.23
Balance Sheet as at	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sources of Funds :										
Paid-up Equity Share Capital	51.91	56.71	85.07	85.07	85.07	85.07	85.07	85.07	85.07	85.07
Equity Warrants	16.44	-	-	-	-	-	-	-	-	-
General Reserve & Surplus	411.50	543.78	593.68	674.65	757.39	918.13	1,135.85	1,375.71	1,709.30	1,945.73
Loan Funds	213.25	140.20	214.81	324.49	387.17	386.56	394.27	426.17	382.92	478.96
Total	693.10	740.69	893.56	1,084.21	1,229.63	1,389.76	1,615.19	1,886.95	2,177.28	2,509.77
Application of Funds :										
Net Fixed Assets	392.16	365.32	346.99	506.77	565.30	615.68	608.50	667.40	1,008.09	967.64
Capital Work-in-Progress	-	63.04	240.53	131.50	142.74	104.70	212.94	304.73	4.17	8.74
Investment	25.00	25.00	27.85	36.33	88.80	86.70	86.02	144.78	282.19	406.71
Net Current Assets	301.40	311.81	304.18	458.87	486.12	663.01	743.19	843.27	983.72	1,209.57
Deferred Tax Assets / (Liabilities)	(25.46)	(24.48)	(25.99)	(49.26)	(53.33)	(80.33)	(35.46)	(73.23)	(100.89)	(82.89)
Total	693.10	740.69	893.56	1,084.21	1,229.63	1,389.76	1,615.19	1,886.95	2,177.28	2,509.77
Equity Dividend	35%	10%	20%	20%	31%	41%	53%	100%	110%	66%

Abbreviations

1	Act	Companies Act, 2013
2	AGM	Annual General Meeting
3	ADRs	American Depository Receipts
4	AS	Accounting Standards
4	Board	Board of Directors
5	bps	Basis points
6	BSE	The BSE Limited
7	bn	Billion
8	Capital W.I.P.	Capital Work in Progress
9	CARE	Credit Analysis and Research Limited
10	CAGR	Compound Annual Growth Rate
11	CGWA	Central Water Ground Authority
12	C.I.F.	Cost Insurance and Freight
13	CDSL	Central Depository Services Limited
14	CEO	Chief Executive Officer
15	CFO	Chief Finance Officer
16	CIN	Corporate Identity Number
17	CLID	Client Identity
18	CS	Company Secretary
19	CSR	Corporate Social Responsibility
20	DIN	Director Identification Number
21	DPID	Depositroy Participant Identity
22	DSIR	Department for Scientific & Industrial Research
23	EBIDTA	Earnings Before Interest, Depreciation, Taxes, and Amortisation
24	EPCG	Export Promotion Capital Goods
25	EPS	Earning Per Share
26	ESOS	Employees Stock Option Scheme
27	ETP	Effluent Treatment Plant
28	FAO	Food and Agriculture Organisation
29	FD	Fixed Deposit
30	FOB	Free On Board
31	F.Y.	Financial Year
32	GAAP	Generally Accepted Accounting Principles
33	GALVmed	Global Alliance for Livestock Veterinary Medicines
34	GDRs	Global Depository Receipts
35	GMP	Good Manufacturing Practices
36	GLN	Global Location Number
37	GLP	Good Laboratory Practices
38	HBL	Hester Biosciences Limited
39	HBAL	Hester Biosciences Africa Limited
41	HBNPL	Hester Biosciences Nepal Private Limited
42	HUF	Hindu Undivided Family
43	IBR	Indian Boiler Regulations
44	ICAI	Institute of Chartered Accountants of India
45	ILRI	International Livestock Research Institute
46	IEPF	Investor Education and Protection Fund
47	IPO	Initial Public Offer
48	ISIN	International Securities Identification Number

49	ISO	International Organisation for Standardisation
50	KMP	Key Managerial Personnel
51	LLP	Limited Liability Partnership
52	Listing Regulations	SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015
53	LODR	Listing Obligations and Disclosures Requirements
54	MAT	Minimum Alternate Tax
55	MBL	Maine Biological Laboratories
56	MCA	Ministry of Corporate Affairs
57	mn	Million
58	NEAPS	NSE Electronic Application Processing System
59	NGO	Non-Governmental Organisation
60	NIC	National Industrial Classification
61	NSDL	National Securities Depository Limited
62	NSE	The National Stock Exchange of India Limited
63	OHSAS	Occupational Health and Safety Assessment Series
64	OIE	World Organisation for Animal Health
65	PAT	Profit After Tax
66	PBT	Profit Before Tax
67	PBIT	Profit Before Interest and Tax
68	P/E	Price-Earnings
69	PPR	Peste des Petits Ruminants
70	PAN	Permanent Account Number
71	P.Y.	Previous Year
72	QIP	Qualified Institutional Placement
73	R & D	Research & Development
74	ROC	Registrar of Companies
75	SCRA	The Securities Contracts (Regulation) Act, 1956
76	SCORES	SEBI Complaints Redressal System
77	SEBI	Securities Exchange Board of India
78	SLM	Straight Line Method
79	SS	Secretarial Standards
80	the Company	Hester Biosciences Limited
81	WDV	Written Down Value
82	WHO	World Health Organisation



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